Use these links to rapidly review the document
Table of contents
Index to consolidated financial statements

Table of Contents

As filed with the Securities and Exchange Commission on December 16, 2009

Registration No. 333-162590

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

AMENDMENT NO. 2 TO

FORM S-1

REGISTRATION STATEMENT UNDER
THE SECURITIES ACT OF 1933

Generac Holdings Inc.

(Exact name of registrant as specified in its charter)

Delaware	**3621**	**20-5654756**
(State or Other Jurisdiction of Incorporation or Organization)	(Primary Standard Industrial Classification Code Number)	(I.R.S. Employer Identification No.)

Generac Holdings Inc.
S45 W29290 Hwy. 59
Waukesha, Wisconsin 53187
(262) 544-4811
(Address, Including Zip Code, and Telephone Number, Including Area Code, of Registrant's Principal Executive Offices)

Aaron Jagdfeld
Chief Executive Officer
Generac Holdings Inc.
S45 W29290 Hwy. 59
Waukesha, Wisconsin 53187
(262) 544-4811
(Name, Address, Including Zip Code, and Telephone Number, Including Area Code, of Agent For Service)

Copies to:

Matthew D. Bloch, Esq.
David Blittner, Esq.
Weil, Gotshal & Manges LLP
767 Fifth Avenue
New York, New York 10153
(212) 310-8000 (Phone)
(212) 310-8007 (Fax)

John C. Ericson, Esq.
Simpson Thacher & Bartlett LLP
425 Lexington Avenue
New York, New York 10017
(212) 455-2000 (Phone)
(212) 455-2502 (Fax)

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

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, as amended (the "Securities Act"), check the following box. o

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

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

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

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

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

CALCULATION OF REGISTRATION FEE

Title of each class of securities to be registered	**Proposed maximum aggregate offering price(1)(2)**	**Amount of registration fee**
Common Stock, $0.01 par value	$300,000,000	$16,740(3)

(1) Estimated solely for the purpose of calculating the registration fee in accordance with Rule 457(o) promulgated under the Securities Act.

(2) Includes shares of common stock that may be purchased by the underwriters under their option to purchase additional shares of common stock, if any.

(3) Previously paid.

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

Table of Contents

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

Subject to Completion, dated , 2009

Prospectus

shares

Generac Holdings Inc.

Common stock

This is an initial public offering of shares of common stock by Generac Holdings Inc. Generac is selling shares of common stock. The estimated initial public offering price is between $ and $ per share.

After pricing the offering, we expect that the shares will be listed on the New York Stock Exchange under the symbol "GNRC."

Investing in our common stock involves a high degree of risk. See "Risk factors" beginning on page 15.

	Per share	Total
Initial public offering price	$	$
Underwriting discounts and commissions	$	$
Proceeds to Generac, before expenses	$	$

The underwriters may also purchase up to an additional shares from us at the public offering price, less the underwriting discount, within 30 days from the date of this prospectus.

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

The shares will be ready for delivery on or about , 2010.

J.P. Morgan **Goldman, Sachs & Co.**

, 2010

Table of contents

You should rely only on the information contained in this prospectus. We have not, and the underwriters have not, authorized any other person to provide you with different information. If anyone provides you with different or inconsistent information, you should not rely on it. We are not, and the underwriters are not, making an offer to sell these securities in any jurisdiction where the offer or sale is not permitted. You should assume that the information appearing in this prospectus is only accurate as of the date on the front cover of this prospectus. Our business, financial condition, results of operations and prospects may have changed since that date.

Prospectus summary

This section summarizes key information contained elsewhere in this prospectus and is qualified in its entirety by the more detailed information and consolidated financial statements included elsewhere in this prospectus. You should carefully review the entire prospectus, including the risk factors, the consolidated financial statements and the notes thereto, and the other documents to which this prospectus refers before making an investment decision. Unless the context requires otherwise, references in this prospectus to "Generac," "we," "us," "our company" or similar terms refer to Generac Holdings Inc. and its subsidiaries.

Our company

We are a leading designer and manufacturer of a wide range of automatic, stationary standby and portable generators. We have a leading market share of the standby generator market in the United States and Canada, having grown our company organically by a 16% compound annual growth rate since 2000. We design, engineer and manufacture generators with an output of between 800W and 9mW of power for which we also manufacture, source and modify engines, alternators, automatic transfer switches and other necessary components. Our generators are fueled by natural gas, liquid propane, gasoline, diesel and Bi-Fuel™ (combined diesel and natural gas) and serve the power requirements of a wide variety of end markets, including the residential, commercial, industrial and telecommunications markets. For the twelve months ended September 30, 2009, we generated net sales of $606.9 million, a net loss of $491.4 million (includes a non-cash goodwill and trade name impairment charge of $583.5 million) and Adjusted EBITDA (as defined on page 11) of $153.7 million. We generated net sales of $574.2 million and a net loss of $556.0 million (includes a non-cash goodwill and trade name impairment charge of $583.5 million) in the year ended December 31, 2008; we generated net sales of $434.2 million and net income of $24.4 million in the nine months ended September 30, 2009. For an explanation of Adjusted EBITDA, a reconciliation of Adjusted EBITDA to net income (loss) and a description of how management uses Adjusted EBITDA, see pages 11 to 14; for a description of the calculation and use of financial data for the twelve months ended September 30, 2009, see page 10.

While standby power systems have long been present in hospitals, data centers and industrial facilities, their use for residential and small business applications is a relatively recent development. Our leadership position, first mover advantage and focus on natural gas generators have enabled us to successfully penetrate these new markets. We believe that our leading market position in the U.S. and Canadian standby markets is largely attributable to our strategy of providing high-quality, innovative and affordable products through our extensive and multi-layered distribution network.

Our market opportunity

Aging U.S. power grid leading to recurring power outages

Disruptions to the aging U.S. power grid are increasing due to demand growth, equipment failures, prevalent under-investment and a variety of environmental causes. Given the large estimated cost to upgrade the U.S. power grid, we believe it is unlikely that the core causes of power disturbances will be addressed in the near future.

Generators are an alternative reliable power solution

Emergency standby generators, permanently installed outside a home, business or manufacturing facility, provide back-up power to a utility power source to ensure an uninterrupted power supply. Portable generators are used where a permanent back-up power source is impractical. We estimate that the generator market in the United States and Canada was $3.6 billion in 2008 in a global generator market estimated by Frost and Sullivan to be over $11 billion in 2008.

The cost of outages and the relative affordability of generators have improved their potential return on investment

Compared to the potential cost of power outages, the purchase and installation of back-up power generators is relatively inexpensive, often yielding a short-term positive return on investment for commercial and industrial consumers. According to a report published by Lawrence Berkeley National Laboratory, the total estimated cost of power outages was $57 billion and $20 billion for commercial and industrial consumers, respectively. The increased availability of natural gas generators that are a lower cost solution than traditional diesel generators has improved the return on investment in back-up power for these consumers.

Low penetration in residential and light-commercial markets and opportunities for increased penetration in industrial market

There is a substantial opportunity for penetration in the residential standby market, since we estimate penetration to be approximately 2% of U.S. single-family, detached, owner-occupied households with a home value of over $100,000, as defined by the U.S. Census Bureau. We believe that each 1% of U.S. household penetration potentially represents up to an approximate $2 billion market opportunity at current product pricing. The light-commercial market also represents a significant penetration opportunity, with over two million potential customer locations in the United States.

Demographic trends lead to an increased focus on the safety and security provided by standby generators

We believe that demographic changes may lead to an increase in demand as the U.S. population ages and becomes increasingly conscious of safety issues, focused on convenience and dependent on electronic devices. According to our warranty registration data, currently over 70% of home standby generators are purchased by consumers over 50 years of age.

Opportunities for international expansion

The international market represents a significant opportunity for growth in the sale of generators. Generator sales are expected to grow 14% to 15% in Colombia and Mexico in 2010, 10% annually in Russia through 2011 and approximately 14% in China by 2015, in each case according to Frost and Sullivan.

Regulatory changes should lead to growth in the commercial and industrial standby markets

Federal, state and local legislation, as well as building, health and safety codes, require the use of standby generators within certain segments of the industrial and light-commercial markets, and any new mandates could have a significant impact on the generator market. Additionally, increased federal and municipal regulation of diesel engine emissions and fuel storage should encourage market growth for natural gas-powered standby generators.

Potential benefits from infrastructure spending programs and recovery in the non-residential construction market

The American Recovery and Reinvestment Act passed in February 2009 provides for $130 billion of construction-related spending for a wide range of projects, which we believe should benefit the industrial generator market. After the current downturn in non-residential construction in the United States, the Rosen Consulting Group estimates that spending in this sector will recover after 2010.

Our competitive strengths

Significant market share with opportunities for further penetration

We enjoy a leading industry market position with a significant market share in the United States and Canada and opportunities for future penetration. In the residential standby generator market, we believe we are the market leader with a market share that we estimate to be approximately 70%. We believe we also hold strong positions in the light-commercial and industrial markets with an 8% overall market share and a higher share in certain end markets.

Multi-layered distribution model

The majority of standby power systems are installed by an experienced contractor. As a result, having a network of experienced dealers who can sell, manage the installation of, and service the generator is important. We believe that our multi-layered distribution model gives us an advantage over competitors who generally rely on a single distribution channel. We use over 3,700 direct dealers for residential, light-commercial and industrial end-users, as well as wholesale, private label, retail, e-commerce and catalog distribution channels, enabling us to reach a broad range of customers.

Broadest product line in the industry

Our product offerings include a comprehensive selection of standby and portable generators with ranges of power output and fuel type capable of catering to many end markets and users. We believe that our broad product line provides us with a competitive advantage because dealers and distributors prefer dealing with a single source for a broad range of their generator needs.

Engineering excellence

We currently employ over 100 engineers focused on new product development, existing product improvement and cost reduction. Our commitment to research and development has resulted in a portfolio of approximately 50 patents and patent applications. Examples of our innovation include our technology concerning Bi-Fuel™ and our Modular Power Systems, or MPS, technology.

Low-cost producer

We believe that our product engineering, manufacturing and sourcing capabilities, along with our production volume, have enabled us to be one of the lowest-cost producers in the industry. We have implemented lean manufacturing initiatives and designed our production facilities to quickly adapt to customer demand and to the development of new product offerings. As part of our sourcing strategy, we have developed strong relationships with a network of reliable, low-cost suppliers in the United States and abroad.

Financial flexibility and strong free cash flow generation

Our flexible cost structure has contributed to our financial strength and strong cash flow generation, enabling us to respond quickly to varying market environments. Furthermore, our business model generally requires low capital expenditures. In addition, due to a tax election we made at the time of the CCMP Transactions described below, we expect to have $122 million in annual amortization deductions of intangibles for tax purposes through 2020, which can be used to reduce any cash tax obligations, in addition to our $163.6 million balance of net operating losses as of September 30, 2009.

Experienced management team with substantial equity stake

Our senior management team has significant generator industry experience and a strong track record with a combined total of over 100 years of industry and related experience. We expect that upon consummation of this offering, members of our senior management team will own approximately % of our outstanding common stock on a fully-diluted basis.

Our strategy

Further develop domestic distribution and sales channels

We intend to further expand our footprint in North America by continuing to develop our network of dealers, wholesalers and retailers. We have recruited over 600 new dealers in 2009, and we have trained over 10,000 technicians on our products over the last three years. We are also targeting non-traditional commercial end markets, such as smaller health care facilities, nursing homes, pharmacies and convenience stores, through our national accounts program.

Increase awareness of standby power solutions

We believe that through our extensive distribution network, potential customers are becoming increasingly aware of the benefits of standby power solutions. Through our targeted marketing initiatives, we seek to increase customer awareness of our products and to further develop Generac® as the leading brand in the standby power market.

Focus on innovation and product development

We intend to continue to provide innovative and affordable products to our customers, drawing upon our engineering expertise and experience. In the industrial market, we market our proprietary MPS technology, which provides increased affordability, redundancy and scalability within the 600kW to 9,000kW output ranges when compared to single-engine generators. We have also developed an affordable line of natural gas generators for the light-commercial market, with proprietary fuel systems, emissions technology and control systems.

Further develop international distribution opportunities

With less than 1% of our 2008 net sales from markets outside of the United States and Canada, international sales represent a significant growth opportunity for us. We have a developing distribution network in Mexico and Central and South America and are actively pursuing partnerships with established international distribution partners in other regions.

Expand product offering in complementary markets

We introduced an expanded line of portable generators in 2008 and have subsequently added significant distribution capacity, providing us increased opportunities to sell both portable and standby generators. We expect to evaluate opportunities to expand organically or through opportunistic acquisitions into other complementary engine-driven products where we can leverage our manufacturing, sourcing and engineering capabilities and our distribution network.

Risks associated with our business

Our business is subject to numerous risks, as discussed more fully in the section entitled "Risk factors" beginning on page 15 of this prospectus, which you should read in its entirety. In particular:

- Demand for our products is significantly affected by unpredictable major power outage events that can lead to substantial variations in, and uncertainties regarding, our financial results from period to period;
- Demand for our standby generators is significantly affected by durable goods spending by consumers and businesses and other macroeconomic conditions;
- Decreases in the availability, or increases in the cost, of raw materials and key components we use could materially reduce our earnings;
- The industry in which we compete is highly competitive, and our failure to compete successfully could adversely affect our results of operations and financial condition;
- Our industry is subject to technological change, and our failure to continue developing new and improved products and to bring these products rapidly to market could have an adverse impact on our business;
- We rely on independent dealers and distribution partners, and the loss of these dealers and distribution partners, or of any of our sales arrangements with significant private label, telecommunications or retail customers, would adversely affect our business;
- Our business could be negatively impacted if we fail to adequately protect our intellectual property rights or if third parties claim that we are in violation of their intellectual property rights;
- Our operations are subject to various environmental, health and safety laws and regulations, and non-compliance with or liabilities under such laws and regulations could result in substantial costs, fines, sanctions and claims;
- Our products are subject to substantial government regulation;
- We have a substantial amount of indebtedness, which may adversely affect our cash flow and our ability to operate our business, remain in compliance with debt covenants and make payments on our indebtedness; and
- After this offering, our principal stockholder will continue to have substantial control over us.

Principal stockholder

In November 2006, affiliates of CCMP Capital Advisors, LLC, or CCMP, together with affiliates of Unitas Capital Ltd., or Unitas, and members of our management, formed Generac and, through Generac, acquired all of the capital stock of Generac Power Systems, Inc., or Generac Power Systems. After this offering, affiliates of CCMP will collectively own approximately % of our outstanding common stock. For more information, see "CCMP transactions."

CCMP is a leading global private equity firm specializing in buyouts and growth equity investments in companies ranging from $500 million to more than $3 billion in size. CCMP's founders have invested over $12 billion since 1984, which includes their activities at J.P. Morgan Partners, LLC (a private equity division of JPMorgan Chase & Co.) and its predecessor firms. CCMP was formed in August 2006 when the buyout and growth equity investment professionals of J.P. Morgan Partners, LLC separated from JPMorgan Chase & Co. to commence operations as an independent firm. CCMP's latest fund, CCMP Capital Investors II, L.P., closed in September 2007 with commitments of approximately $3.38 billion. The foundation of CCMP's investment approach is to leverage the combined strengths of its deep industry expertise and proprietary global network of relationships by focusing on five targeted industries (Consumer, Retail and Services; Energy; Healthcare Infrastructure; Industrials; and Media and Telecom).

Corporate reorganization

Prior to the consummation of this offering and after giving effect to a for one reverse Class A Common Stock split:

- our Class B Common Stock will convert automatically into an aggregate of shares of our Class A Common Stock;
- our Series A Preferred Stock will convert automatically into an aggregate of shares of our Class A Common Stock; and
- our Class A Common Stock will be reclassified as common stock.

We refer to the transactions listed above as the "Corporate Reorganization."

For more information, see "Management's discussion and analysis of financial condition and results of operations—Corporate reorganization."

Our executive offices

Generac is a Delaware corporation, which was founded in 2006 and is headquartered in Waukesha, Wisconsin. Generac Power Systems, our principal operating subsidiary, is a Wisconsin corporation founded in 1959. Our principal executive offices are located at S45 W29290 Hwy. 59, Waukesha, Wisconsin 53187. Our main telephone number is (262) 544-4811. Our website address is *www.generac.com*. None of the information on our website or any other website identified herein is part of this prospectus.

The offering

Shares of common stock offered by us	shares.
Shares of common stock to be outstanding after this offering	shares.
Option to purchase additional shares	The underwriters have an option to purchase a maximum of additional shares of our common stock. The underwriters can exercise this option at any time within 30 days from the date of this prospectus.
Use of proceeds	We estimate that the net proceeds to us from this offering, after deducting underwriting discounts and estimated offering expenses, will be approximately $ million, assuming the shares are offered at $ (the midpoint of the price range set forth on the cover of this prospectus). We intend to use these net proceeds to pay down a portion of our first and second lien term loans, to pay fees and expenses associated with the offering and for general corporate purposes. See "Use of proceeds."
Dividend policy	We do not anticipate paying any dividends on our common stock; however, we may change this policy in the future. See "Dividend policy."
Proposed New York Stock Exchange symbol	"GNRC".
Conflicts of interest	One or more affiliates of J.P. Morgan Securities Inc. are limited partners in CCMP Capital Investors II, L.P., which is a stockholder of our company. For more information, see "Conflicts of interest."

Unless otherwise indicated, the number of shares of common stock to be outstanding after this offering excludes shares of our common stock issuable upon exercise of stock options at an exercise price equal to the initial public offering price and shares of restricted stock that we intend to grant to our named executive officers and other employees and certain of our directors at the time of this offering and shares of our common stock to be reserved for future grants under our Omnibus Plan.

Unless otherwise noted, the information in this prospectus:

- gives effect to the modification to our capital structure described above under "—Corporate reorganization";
- assumes no exercise of the underwriters' option to purchase up to additional shares from us; and
- assumes an initial public offering price of $ per share, the midpoint of the price range set forth on the cover of this prospectus. A $1.00 increase (decrease) in the assumed initial public offering price would increase (decrease) the aggregate number of shares of common stock to be outstanding after this offering by shares.

Summary historical consolidated financial and other data

The table below provides our summary historical consolidated financial and other data for the periods and as of the dates indicated. The summary historical consolidated financial and other data for the period from January 1, 2006 through November 10, 2006 (Predecessor Period), the period from November 11, 2006 through December 31, 2006 (Successor Period) and the years ended December 31, 2007 and 2008 are derived from our audited consolidated financial statements for such periods included elsewhere in this prospectus. The summary historical consolidated financial and other data for the nine months ended September 30, 2008 and 2009 are derived from our unaudited condensed consolidated financial statements included elsewhere in this prospectus. In the opinion of management, the unaudited condensed consolidated financial statements have been prepared on the same basis as the audited consolidated financial statements and include all adjustments, consisting of normal recurring adjustments, necessary for a fair presentation of our operating results and financial position for those periods and as of such dates. The results for any interim period are not necessarily indicative of the results that may be expected for a full year.

The summary historical consolidated financial data for the twelve months ended September 30, 2009, which are unaudited, have been calculated by subtracting the data for the nine months ended September 30, 2008 from the data for the year ended December 31, 2008, and adding the data for the nine months ended September 30, 2009. This presentation is not in accordance with U.S. GAAP.

In November 2006, affiliates of CCMP, together with affiliates of Unitas and members of our management formed Generac and, through Generac, acquired all of the capital stock of Generac Power Systems. See "CCMP transactions." Generac in all periods prior to November 2006 is referred to as "Predecessor," and in all periods including and after such date is referred to as "Successor." As a result of purchase accounting adjustments associated with the CCMP Transactions, the consolidated financial statements for all Successor periods may not be comparable to those of the Predecessor Period.

The results indicated below and elsewhere in this prospectus are not necessarily indicative of our future performance. You should read this information together with "Selected historical consolidated financial data," "Capitalization," "Management's discussion and analysis of financial condition and results of operations" and our consolidated financial statements and related notes included elsewhere in this prospectus.

(Dollars in thousands)	Predecessor Period from January 1, 2006 through November 10, 2006	Predecessor Period from November 11, 2006 through December 31, 2006	Predecessor Year ended December 31, 2007	Predecessor Year ended December 31, 2008	Predecessor Nine months ended September 30, 2008	Predecessor Nine months ended September 30, 2009	Successor Twelve months ended September 30, 2009(1)
Statement of operations data:							
Net sales	$ 606,249	$ 74,110	$ 555,705	$ 574,229	$ 401,605	$ 434,284	$ 606,908
Costs of goods sold	371,425	55,105	333,428	372,199	257,736	262,078	376,541
Gross profit	234,824	19,005	222,277	202,030	143,869	172,206	230,367
Operating expenses:							
Selling and service	45,800	5,279	52,652	57,449	41,068	44,863	61,244
Research and development	9,141	1,168	9,606	9,925	7,477	7,752	10,200
General and administrative	12,631	1,695	17,581	15,869	11,708	11,538	15,699
Amortization of intangibles(2)	—	8,576	47,602	47,602	35,604	38,863	50,861
Transaction-related expenses(3)	149,792	—	—	—	—	—	—
Goodwill and trade name impairment charge(4)	—	—	—	583,486	—	—	583,486
Total operating expenses	217,364	16,718	127,441	714,331	95,857	103,016	721,490
Income (loss) from operations	17,460	2,287	94,836	(512,301)	48,012	69,190	(491,123)
Other income (expense):							
Interest expense	(673)	(18,354)	(125,366)	(108,022)	(81,466)	(60,384)	(86,940)
Gain on extinguishment of debt(5)	—	—	18,759	65,385	5,311	14,745	74,819
Investment income	1,571	302	2,682	600	1,578	2,089	1,111
Other, net	(52)	(192)	(1,196)	(1,217)	(856)	(941)	(1,302)
Total other (expense) income, net	846	(18,244)	(105,121)	(43,254)	(75,433)	(44,491)	(12,312)
Income (loss) before provision (benefit) for income taxes	18,306	(15,957)	(10,285)	(555,555)	(27,421)	24,699	(503,435)
Provision (benefit) for income taxes	5,519	—	(571)	400	12,769	324	(12,045)
Net income (loss)	$ 12,787	$ (15,957)	$ (9,714)	$ (555,955)	$ (40,190)	$ 24,375	$ (491,390)
Statement of cash flows data:							
Depreciation	4,654	936	6,181	7,168	5,286	5,818	7,700
Amortization	24	8,576	47,602	47,602	35,604	38,863	50,861
Net change in operating assets and liabilities	(15,441)	41,879	7,629	(11,197)	(17,624)	(30,062)	(23,635)
Net cash provided by operating activities	2,761	36,060	38,513	10,225	(18,845)	45,131	74,201
Expenditures for property and equipment	(6,225)	(720)	(13,191)	(5,186)	(3,877)	(2,902)	(4,211)
Net cash used in investing activities	(5,707)	(1,865,003)	(12,732)	(5,038)	(3,758)	(2,741)	(4,021)
Net cash (used in) provided by financing activities	(15,227)	1,883,414	(8,937)	4,728	(10,743)	10,500	25,971
Other financial data:							
Adjusted EBITDA(6)	174,303	19,042	158,148	129,858	91,192	115,006	153,672

(Dollars in thousands)	As of September 30, 2009
Balance sheet data:	
Current assets:	
Cash and cash equivalents	$ 134,119
Other current assets	205,950
Total current assets	340,069
Property, plant and equipment, net	73,666
Intangibles and other long-term assets	932,591
Total assets	1,346,326
Current portion of long-term debt	7,125
Other current liabilities	126,372
Total current liabilities	133,497
Long-term debt, less current portion	1,084,414
Other long-term liabilities	17,834
Total liabilities	1,235,745
Series A Preferred Stock	113,109
Class B Voting Common Stock	765,096
Stockholders' deficit	(767,624)
Total liabilities and stockholders' equity(7)	1,346,326

(1) The statement of operations and cash flow data for the twelve months ended September 30, 2009, which are unaudited, have been calculated by subtracting the data for the nine months ended September 30, 2008 from the data for the year ended December 31, 2008, and adding the data for the nine months ended September 30, 2009. This presentation is not in accordance with generally accepted accounting principles, or U.S. GAAP. We believe that this presentation provides useful information to investors regarding our recent financial performance and we view this presentation of the four most recently completed quarters as a key measurement period for investors to assess our historical results. In addition, our management uses trailing four quarter financial information to evaluate the financial performance of the company for ongoing planning purposes, including a continuous assessment of our financial performance in comparison to budgets and internal projections. We also use trailing four quarter financial data to test compliance with covenants under our senior secured credit facilities. This presentation has limitations as an analytical tool, and you should not consider it in isolation or as a substitute for analysis of our results as reported under U.S. GAAP. See footnote (6) below for a description of these limitations.

(2) Our amortization of intangibles expenses include the straight-line amortization of customer lists, patents and other intangibles assets.

(3) Transaction-related expenses incurred by the Predecessor, primarily related to the settlement of the employee share appreciation program in connection with the CCMP Transactions.

(4) As of October 31, 2008, as a result of our annual goodwill and trade names impairment test, we determined that an impairment of goodwill and trade names existed, and we recognized a non-cash charge of $583.5 million in 2008.

(5) During 2007, affiliates of CCMP acquired $80.3 million principal amount of second lien term loans for approximately $60.0 million. CCMP's affiliates exchanged this debt for additional shares of our Class B Common Stock. The fair value of the shares exchanged was $60.0 million. We recorded this transaction as additional Class B Common Stock of $60.0 million based on the fair value of the debt contributed by CCMP's affiliates, which approximated the fair value of shares exchanged. The debt is now held in treasury at face value. Consequently, we recorded a gain on extinguishment of debt of $18.8 million, which includes a write-off of deferred financing fees and other closing costs in the consolidated statement of operations for the year ended December 31, 2007.

During 2008, affiliates of CCMP acquired $148.9 million principal amount of second lien term loans for approximately $81.1 million. CCMP's affiliates exchanged this debt for additional shares of our Class B Common Stock and Series A Preferred Stock. The fair value of the shares exchanged was $81.1 million. We recorded this transaction as Series A Preferred Stock of $62.9 million and Class B Common Stock of $18.2 million based on the fair value of the debt contributed by CCMP's affiliates, which approximated the fair value of shares exchanged. The debt is now held in treasury at face value. Consequently, we recorded a gain on extinguishment of debt of $65.4 million, which includes a write-off of deferred financing fees and other closing costs in the consolidated statement of operations for the year ended December 31, 2008.

During the nine months ended September 30, 2009, affiliates of CCMP acquired $9.9 million principal amount of first lien term loans and $20.0 million principal amount of second lien term loans for approximately $14.8 million. CCMP's affiliates exchanged this debt for 1,475.4596 shares of Series A Preferred Stock. The fair value of the shares exchanged was $14.8 million. We recorded this transaction as additional Series A Preferred Stock of $14.8 million based on the fair value of the debt contributed by CCMP's affiliates, which approximated the fair value of shares exchanged. The debt is now held in treasury at face value.

Consequently, we recorded a gain on extinguishment of debt of $14.7 million, which includes a write-off of deferred financing fees and other closing costs, in the consolidated statement of operations for the nine months ended September 30, 2009.

During the nine months ended September 30, 2008, affiliates of CCMP acquired $24.0 million principal amount of second lien term loans for approximately $18.2 million. CCMP's affiliates exchanged this debt for 2,400 shares of Class B Common Stock. The fair value of the shares exchanged was $18.2 million. We recorded this transaction as additional Class B Common Stock of $18.2 million based on the fair value of the debt contributed by CCMP's affiliates, which approximated the fair value of shares exchanged. The debt is now held in treasury at face value. Consequently, we recorded a gain on extinguishment of debt of $5.3 million, which includes a write-off of deferred financing fees and other closing costs, in the consolidated statement of operations for the nine months ended September 30, 2008.

(6) Adjusted EBITDA represents net income (loss) before interest expense, taxes, depreciation and amortization, as further adjusted for the other items reflected in the reconciliation table set forth below. This presentation is substantially consistent with the presentation used in our senior secured credit facilities, which we refer to in this prospectus as "Covenant EBITDA", except that we do not give effect to certain additional adjustments that are permitted under those facilities which, if included, would increase the amount reflected in this table. For a description of the additional adjustments permitted for Covenant EBITDA under our senior secured credit facilities, see "Management's discussion and analysis of financial condition and results of operations—Liquidity and capital resources—Senior secured credit facilities—Covenant compliance."

We view Adjusted EBITDA as a key measure of our performance. We present Adjusted EBITDA not only due to its importance for purposes of our senior secured credit facilities but also because it assists us in comparing our performance across reporting periods on a consistent basis because it excludes items that we do not believe are indicative of our core operating performance. Our management uses Adjusted EBITDA:

- for planning purposes, including the preparation of our annual operating budget and developing and refining our internal projections for future periods;
- to allocate resources to enhance the financial performance of our business;
- as a benchmark for the determination of the bonus component of compensation for our senior executives under our management incentive plan, as described further under "Compensation discussion and analysis—Components of compensation—Annual bonus: incentive compensation plan";
- to evaluate the effectiveness of our business strategies and as a supplemental tool in evaluating our performance against our budget for each period; and
- in communications with our board of directors and investors concerning our financial performance.

We believe Adjusted EBITDA will be used by securities analysts, investors and other interested parties in the evaluation of our company. Management believes that the disclosure of Adjusted EBITDA offers an additional financial metric that, when coupled with U.S. GAAP results and the reconciliation to U.S. GAAP results, provides a more complete understanding of our results of operations and the factors and trends affecting our business. We believe Adjusted EBITDA is useful to investors for the following reasons:

- Adjusted EBITDA and similar non-GAAP measures are widely used by investors to measure a company's operating performance without regard to items that can vary substantially from company to company depending upon financing and accounting methods, book values of assets, tax jurisdictions, capital structures and the methods by which assets were acquired;
- Investors can use Adjusted EBITDA as a supplemental measure to evaluate the overall operating performance of our company, including our ability to service our debt and other cash needs; and
- by comparing our Adjusted EBITDA in different historical periods, our investors can evaluate our operating performance excluding the impact of items described below.

The adjustments included in the reconciliation table listed below are provided for under our senior secured credit facilities (except where noted in footnote (h) below) and also are presented to illustrate the operating performance of our business in a manner consistent with the presentation used by our management and board of directors. These adjustments eliminate the impact of a number of items that:

- we do not consider indicative of our ongoing operating performance, such as non-cash impairment and other charges, transaction costs relating to the CCMP Transactions and to repurchases of our debt by affiliates of CCMP, non-cash gains relating to the retirement of debt, severance costs and other restructuring-related business optimization expenses;
- we believe to be akin to, or associated with, interest expense, such as administrative agent fees, revolving credit facility commitment fees and letter of credit fees; or
- will be eliminated following the consummation of this offering, such as sponsor fees.

We explain in more detail in footnotes (a) through (h) below why we believe these adjustments are useful in calculating Adjusted EBITDA as a measure of our operating performance.

Adjusted EBITDA does not represent, and should not be a substitute for, net income or cash flows from operations as determined in accordance with U.S. GAAP. Adjusted EBITDA has limitations as an analytical tool, and you should not consider it in isolation, or as a substitute for analysis of our results as reported under U.S. GAAP. Some of the limitations are:

- Adjusted EBITDA does not reflect our cash expenditures, or future requirements for capital expenditures or contractual commitments;
- Adjusted EBITDA does not reflect changes in, or cash requirements for, our working capital needs;
- Adjusted EBITDA does not reflect the significant interest expense, or the cash requirements necessary to service interest or principal payments, on our debt;
- although depreciation and amortization are non-cash charges, the assets being depreciated and amortized will often have to be replaced in the future, and Adjusted EBITDA does not reflect any cash requirements for such replacements;
- several of the adjustments that we use in calculating Adjusted EBITDA, such as non-cash impairment charges, while not involving cash expense, do have a negative impact on the value our assets as reflected in our consolidated balance sheet prepared in accordance with U.S. GAAP;
- the adjustments for business optimization expenses, which we believe are appropriate for the reasons set out in note (d) below, represent costs associated with severance and other items which are reflected in operating expenses and income (loss) from continuing operations in our consolidated statements of operations prepared in accordance with U.S. GAAP; and
- other companies may calculate Adjusted EBITDA differently than we do, limiting its usefulness as a comparative measure.

Furthermore, as noted above, one of our uses of Adjusted EBITDA is as a benchmark for determining elements of compensation for our senior executives. At the same time, some or all of these senior executives have responsibility for monitoring our financial results generally, including the items that are included as adjustments in calculating Adjusted EBITDA (subject ultimately to review by our board of directors in the context of the board's review of our quarterly financial statements). While many of the adjustments (for example, transaction costs and credit facility fees and sponsor fees), involve mathematical application of items reflected in our financial statements, others (such as business optimization adjustments) involve a degree of judgment and discretion. While we believe that all of these adjustments are appropriate, and while the quarterly calculations are subject to review by our board of directors in the context of the board's review of our quarterly financial statements and certification by our chief financial officer in a compliance certificate provided to the lenders under our senior secured credit facilities, this discretion may be viewed as an additional limitation on the use of Adjusted EBITDA as an analytical tool.

Because of these limitations, Adjusted EBITDA should not be considered as a measure of discretionary cash available to us to invest in the growth of our business. We compensate for these limitations by relying primarily on our U.S. GAAP results and using Adjusted EBITDA only supplementally.

Our senior secured credit facilities require us to maintain a leverage ratio of consolidated total debt, net of unrestricted cash and marketable securities, to Covenant EBITDA at a level that varies over time. As of September 30, 2009, our ratio was 6.37 to 1.00, which was below the covenant requirement of 7.25 to 1.00 under the first lien credit facility and 7.50 to 1.00 under the second lien credit facility, as well as the requirement of 6.75 to 1.00, which will be the requirement under the more restrictive of the facilities at December 31, 2009. Failure to comply with this covenant would result in an event of default under our senior secured credit facilities unless waived by our lenders. Our senior secured credit facilities contain other events of default that are customary for similar facilities and transactions, including a cross-default provision under the first lien credit facility with respect to any other indebtedness in an outstanding aggregate principal amount in excess of $25.0 million and a cross-default provision under the second lien credit facility with respect to any other indebtedness in an outstanding aggregate principal amount in excess of $28.75 million. An event of default under our senior secured credit facilities could result in the acceleration of our indebtedness under the facilities, and we may be unable to repay or finance the amounts due. In addition, our senior secured credit facilities restrict our ability to take certain actions, such as incur additional debt or make certain acquisitions, if we are unable to meet our leverage ratio. Failure to comply with these covenants would result in limiting our long-term growth prospects by hindering our ability to incur future indebtedness or grow through acquisitions. As our failure to comply with the covenants described above can, at best, limit our ability to incur debt or grow our company and, at worst, cause us to default under the agreements governing our indebtedness, management believes that our senior secured credit facilities and these covenants are material to us. We explain the importance of Covenant EBITDA and describe how it is calculated in more detail in "Management's discussion and analysis of financial

condition and results of operations—Liquidity and capital resources—Senior secured credit facilities—Covenant compliance," including a reconciliation of Covenant EBITDA to net income on pages 65 to 66.

The following table presents a reconciliation of net income (loss) to Adjusted EBITDA:

	Predecessor						Successor
(Dollars in thousands)	Period from January 1, 2006 through November 10, 2006	Period from November 11, 2006 through December 31, 2006	Year ended December 31, 2007	Year ended December 31, 2008	Nine months ended September 30, 2008	Nine months ended September 30, 2009	Twelve months ended September 30, 2009
Net income (loss)	$ 12,787	$ (15,957)	$ (9,714)	$ (555,955)	$ (40,190)	$ 24,375	$ (491,390)
Interest expense	673	18,354	125,366	108,022	81,466	60,384	86,940
Depreciation and amortization	4,678	9,512	53,783	54,770	40,890	44,681	58,561
Income taxes provision (benefit)	5,519	—	(571)	400	12,769	324	(12,045)
Non-cash impairment and other charges(a)	416	6,998	5,328	585,634	(32)	(1,389)	584,277
Transaction costs and credit facility fees(b)	149,792	80	1,044	1,319	807	1,168	1,680
Non-cash gains(c)	—	—	(18,759)	(65,385)	(5,311)	(14,745)	(74,819)
Business optimization expenses(d)	438	62	1,944	971	724	—	247
Sponsor fees(e)	—	70	500	500	375	375	500
Letter of credit fees(f)	—	—	335	169	145	109	133
Other state taxes(g)	—	—	—	53	—	78	131
Holding company interest income(h)	—	(77)	(1,108)	(640)	(451)	(354)	(543)
Adjusted EBITDA	$ 174,303	$ 19,042	$ 158,148	$ 129,858	$ 91,192	$ 115,006	$ 153,672

(a) Represents the following non-cash charges:

- for the Predecessor Period, a loss on disposal of assets;
- for the period from November 11 through December 31, 2006, a charge for the step-up in book value of inventory as a result of the application of purchase accounting in connection with the CCMP Transactions;
- for the year ended December 31, 2007, primarily a $3.9 million charge for the step-up in book value of inventory as a result of the application of purchase accounting in connection with the CCMP Transactions. Also includes $1.4 million of other charges, including a write-off of a pre-CCMP Transactions receivable, stock compensation expense, unsettled mark-to-market losses on copper forward contracts and losses on disposals of assets;
- for the year ended December 31, 2008, primarily $503.2 million in goodwill impairment charges and $80.3 million in trade name impairment charges described in "Management's discussion and analysis of financial condition and results of operations—Critical accounting policies—Goodwill and other intangible assets." $1.6 million of the amount is comprised of unsettled mark to market losses on copper forward contracts, a write-off of pre-CCMP Transactions bad debts and losses on disposals of assets. Separately, the amount also includes a write-off of certain inventory;
- for the nine months ended September 30, 2008, losses on disposals of assets less unsettled mark-to-market gains on copper forward contracts;
- for the nine months ended September 30, 2009, primarily unsettled mark-to-market gains on copper forward contracts; and
- for the twelve months ended September 30, 2009, primarily $503.2 million in goodwill impairment charges and $80.3 million in trade name impairment charges described above. Also includes $0.8 million of other charges, including a write-off of pre-CCMP Transactions bad debts, a write-off of certain inventory and losses on disposals of assets.

We believe that adjusting net income for these non-cash charges is useful for the following reasons:

- The losses on disposals of assets in several periods described above result from the sale of assets that are no longer useful in our business and therefore represent losses that are not from our core operations;
- The charge for the step-up in the value of inventory as a result of the application of purchase accounting at the time of the CCMP Transactions is a one-time charge resulting from our acquisition by CCMP in 2006 described in "CCMP transactions;"
- The write-offs of certain pre-CCMP Transaction bad debts in the years ended December 31, 2007 and 2008 are non-cash charges that we believe do not reflect cash outflows after our acquisition by CCMP;
- The charges for unsettled mark-to-market gains and losses on copper forward contracts represent non-cash items to reflect changes in the fair value of forward contracts that have not been settled or terminated. We believe that it is useful to adjust net income for these items because the charges do not represent a cash outlay in the period in which the charge is incurred,

although Adjusted EBITDA must always be used together with our U.S. GAAP statements of operations and cash flows to capture the full effect of these contracts on our operating performance;

- The goodwill and trade name impairment charges recorded in the year ended December 31, 2008 (and also reflected in the twelve months ended September 30, 2009) are one-time items that we believe do not reflect our ongoing operations. These charges are explained in greater detail in "Management's discussion and analysis of financial condition and results of operations—Critical accounting policies—Goodwill and other intangible assets;"
- The small amount of stock compensation expense recorded in the year ended December 31, 2007 was a non-cash charge for compensation under our 2006 Management Equity Incentive Plan. We do not believe that equity awards and the related expense under our 2006 Management Equity Incentive Plan, which we intend to terminate in connection with this offering, will be useful in predicting stock compensation expense that we may incur under the new equity incentive plan that we intend to adopt in connection with this offering. However, we do expect to incur stock compensation expense under the new plan, and you should see "Compensation discussion and analysis —Components of compensation—Equity-based compensation" and "Executive compensation—Equity incentive plan" for more information about that plan; and
- The write-off of certain pre-CCMP Transaction excess inventory recorded in the year ended December 31, 2008 was a non-cash charge that we believe does not reflect cash outflows after our acquisition by CCMP.

(b) Represents the following transaction costs and fees relating to our senior secured credit facilities:

- transaction costs relating to the CCMP Transactions recorded in the Predecessor Period from January 1, 2006 through November 10, 2006 and the Successor Period from November 11, 2006 through December 31, 2008, which consisted primarily of the expense incurred by our Predecessor when grants under its Equity Appreciation Share Plan vested upon the change of control triggered by the CCMP Transactions, as described in Note 9 to our audited consolidated financial statements included elsewhere in this prospectus;
- for all periods after 2006, administrative agent fees and revolving credit facility commitment fees under our senior secured credit facilities, which we believe to be akin to, or associated with, interest expense and whose inclusion in Adjusted EBITDA is therefore similar to the inclusion of interest expense in that calculation;
- for all periods after 2006, transaction costs relating to repurchases of debt under our first and second lien credit facilities by affiliates of CCMP, which CCMP's affiliates contributed to our company in exchange for the issuances of securities described in "Certain relationships and related person transactions—Issuances of securities," which repurchases we do not expect to recur following the consummation of this offering; and
- for the nine months and twelve months ended September 30, 2009, $0.3 million in transaction costs relating to this offering, which we do not believe reflect our ongoing operations.

(c) Represents non-cash gains on the extinguishment of debt repurchased by affiliates of CCMP, as described in note (b) above, which we do not expect to recur following the consummation of this offering.

(d) Primarily represents severance costs incurred from restructuring-related activities. For the year ended December 31, 2007, consists of $1.4 million of severance costs and $0.6 million of other restructuring-related costs. We do not believe the charges for restructuring-related activities in the year ended December 31, 2007 reflect our ongoing operations. Although we have incurred severance costs in most of the periods set forth in the table above, it is difficult to predict the amounts of similar costs in the future, and we believe that adjusting for these costs aids in measuring the performance of our ongoing operations. We believe that these costs will tend to be immaterial to our results of operations in future periods.

(e) Represents management, consulting, monitoring, transaction and advisory fees and related expenses paid or accrued to affiliates of CCMP and affiliates of Unitas under the advisory services and monitoring agreement described in "Certain relationships and related person transactions—Advisory services and monitoring agreement." Upon consummation of this offering, this agreement will automatically terminate, and, accordingly, we believe that these expenses do not reflect the expenses of our ongoing operations after this offering.

(f) Represents fees on letters of credit outstanding under our senior secured credit facilities, which we believe to be akin to, or associated with, interest expense and whose inclusion in Adjusted EBITDA is therefore similar to the inclusion of interest expense.

(g) Represents franchise and business activity taxes paid at the state level. We believe that the inclusion of these taxes in calculating Adjusted EBITDA is similar to the inclusion of income taxes, as set forth in the table above.

(h) Represents interest earned on cash held at Generac Holdings Inc. We exclude these amounts because we do not include them in the calculation of "Covenant EBITDA" under and as defined in our senior secured credit facilities.

(7) Includes our Series A Preferred Stock and Class B Voting Common Stock. See Note 6 to our audited consolidated financial statements included elsewhere in this prospectus.

Risk factors

An investment in our common stock involves a high degree of risk. You should carefully consider the following risks, as well as the other information contained in this prospectus, before making an investment decision. If any of the following risks, as well as other risks and uncertainties that are not yet identified or that we currently think are immaterial, actually occur, our business, results of operations or financial condition could be materially and adversely affected. In such an event, the trading price of our common stock could decline and you could lose part or all of your investment.

Risks related to our business and industry

Demand for our products is significantly affected by unpredictable major power-outage events that can lead to substantial variations in, and uncertainties regarding, our financial results from period to period.

Sales of our products are subject to consumer buying patterns, and demand for our products is affected by weather-driven and other outage events, including thunderstorms, hurricanes, ice storms and blackouts caused by grid reliability issues. Sustained periods without major power disruptions can lead to reduced consumer awareness of the benefits of standby and portable generator products and can result in reduced sales and excess inventory. For example, in 2007, our net sales declined significantly from the prior year, and this decline was driven in part by the fact that the storm seasons in the two years leading up to and including 2007 resulted in fewer power outages than in the prior years. The lack of major power-outage events can affect our net sales in the quarters following a given storm season. Unpredictable fluctuations in demand are therefore part of managing our business, and these fluctuations could have an adverse effect on our net sales and profits.

Demand for our standby generators is significantly affected by durable goods spending by consumers and businesses and other macroeconomic conditions.

Our business is affected by general economic conditions, and uncertainty or adverse changes such as the recent downturn in worldwide economic conditions and the impact of the credit crisis could lead to a significant decline in demand for our products and pressure to reduce our prices. Our sales of light-commercial and industrial generators are affected by conditions in the non-residential construction sector and by the capital investment trends for small and large businesses and municipalities. For example, lower capital spending by our industrial national account and other industrial and commercial customers caused an 8.5% decline in net sales to the industrial and commercial market in the nine months ended September 30, 2009. If these businesses and municipalities cannot access credit markets or do not utilize discretionary funds to purchase our products as a result of the economy or other factors, our business could suffer. In addition, consumer confidence and home remodeling expenditures have a significant impact on sales of our residential products, and prolonged periods of weakness in consumer durable goods spending could have a material impact on our business. Typically, we do not have contracts with our customers, and we cannot guarantee that our current customers will continue to purchase our products. If general economic conditions or consumer confidence were to worsen, or if the non-residential construction sector or rate of capital investments were to decline, our net sales and profits would likely be adversely affected.

Decreases in the availability, or increases in the cost, of raw materials and key components we use could materially reduce our earnings.

The principal raw materials that we use to produce our generators are steel, copper and aluminum. We also source a significant number of component parts that we utilize to manufacture our generators from third parties. The prices of those raw materials and components are susceptible to significant fluctuations due to trends in supply and demand, transportation costs, government regulations and tariffs, price controls, economic conditions and other unforeseen circumstances beyond our control. We do not have long-term supply contracts in place to ensure the raw materials and components we use are available in necessary amounts or at fixed prices. If we are unable to mitigate raw material or component price increases through product design improvements, price increases to our customers or hedging transactions, our profitability could be adversely affected. For example, in 2008, we experienced a 4.8% decrease in gross margin percentage, partially due to increases in commodity prices, including steel, copper and aluminum. Also, our ability to continue to obtain materials and components is subject to the continued reliability and viability of our suppliers, including in some cases, suppliers who are the sole source of important components. If we are unable to obtain adequate, cost efficient or timely deliveries of required raw materials and components, we may be unable to manufacture sufficient quantities of products on a timely basis. This could cause us to lose sales, incur additional costs, delay new product introductions or suffer harm to our reputation.

The industry in which we compete is highly competitive, and our failure to compete successfully could adversely affect our results of operations and financial condition.

We operate in markets that are highly competitive. Some of our competitors have established brands and are larger in size or are divisions of large diversified companies and have substantially greater financial resources. Some of our competitors may be willing to reduce prices and accept lower margins in order to compete with us. In addition, we could face new competition from large international or domestic companies with established industrial brands that enter the generator market. Demand for our products may also be affected by our ability to respond to changes in design and functionality, to respond to downward pricing pressure, and to provide shorter lead times for our products than our competitors. If we are unable to respond successfully to these competitive pressures, we could lose market share, which would have an adverse impact on our results. For more information, see "Business—Competition."

Our industry is subject to technological change, and our failure to continue developing new and improved products and to bring these products rapidly to market could have an adverse impact on our business.

New products, or refinements and improvements of existing products, may have technical failures, their introduction may be delayed, they may have higher production costs than originally expected or they may not be accepted by our customers. If we are not able to anticipate, identify, develop and market high quality products in line with technological advancements that respond to changes in customer preferences, demand for our products could decline and our operating results could be adversely affected.

We rely on independent dealers and distribution partners, and the loss of these dealers and distribution partners, or of any of our sales arrangements with significant private label, telecommunications or retail customers, would adversely affect our business.

In addition to our direct sales force and manufacturer sales representatives, we depend on the services of independent distributors and dealers to sell our products and provide service and aftermarket support to our customers. We also rely upon our distribution channels to drive awareness for our product categories and our brands. In addition, we sell our products to our customers through private label arrangements with leading HVAC equipment, electrical equipment and construction machinery companies, arrangements with top retailers and our direct national accounts with telecommunications and industrial customers. Our distribution agreements and any contracts we have with large telecommunications, retail and other customers are typically not exclusive, and many of the distributors and customers with whom we do business offer products and services of our competitors. Impairment of our relationships with our distributors, dealers or large customers, loss of a substantial number of these distributors or dealers or of one or more large customers, or an increase in our distributors' or dealers' sales of our competitors' products to our customers or of our large customers' purchases of our competitors' products could materially reduce our sales and profits. Also, our ability to successfully realize our growth strategy is dependent in part on our ability to identify, attract and retain new distributors at all layers of our distribution platform, and we cannot be certain that we will be successful in these efforts.

Our business could be negatively impacted if we fail to adequately protect our intellectual property rights or if third parties claim that we are in violation of their intellectual property rights.

We view our intellectual property rights, including those relating to our Generac® brand name, fuel management systems and MPS technology, as important assets. We seek to protect our intellectual property rights through a combination of patent, trademark, copyright and trade secret laws, as well as licensing and confidentiality agreements. These protections may not be adequate to prevent third parties from using our intellectual property without our authorization, breaching any confidentiality agreements with us, copying or reverse engineering our products, or developing and marketing products that are substantially equivalent to or superior to our own. The unauthorized use of our intellectual property by others could reduce our competitive advantage and harm our business. If it became necessary for us to litigate to protect these rights, any proceedings could be burdensome and costly and we may not prevail. We cannot guarantee that any patents, issued or pending, will provide us with any competitive advantage or will not be challenged by third parties. Moreover, the expiration of our patents may lead to increased competition with respect to certain products.

In addition, we cannot be certain that we do not or will not infringe third parties' intellectual property rights. Any such claim, even if it is without merit, may be expensive and time-consuming to defend, subject us to damages, cause us to cease making, using or selling certain products that incorporate the disputed intellectual property, require us to redesign our products, divert management time and attention and/or require us to enter into costly royalty or licensing arrangements.

Our operations are subject to various environmental, health and safety laws and regulations, and non-compliance with or liabilities under such laws and regulations could result in substantial costs, fines, sanctions and claims.

Our operations are subject to a variety of foreign, federal, state and local environmental, health and safety laws and regulations including those governing, among other things, emissions to air, discharges to water, noise, the generation, handling, storage, transportation, treatment and disposal of waste and other materials. In addition, under federal and state environmental laws, we could be required to investigate, remediate and/or monitor the effects of the release or disposal of materials both at sites associated with past and present operations and at third-party sites where wastes generated by our operations were disposed. This liability may be imposed retroactively and whether or not we caused, or had any knowledge of, the existence of these materials and may result in our paying more than our fair share of the related costs. Violations of or liabilities under such laws and regulations could result in substantial costs, fines and civil or criminal proceedings or personal injury and workers' compensation claims.

Our products are subject to substantial government regulation.

Our products are subject to extensive statutory and regulatory requirements governing, among other things, emissions and noise, including standards imposed by the federal Environmental Protection Agency, or EPA, state regulatory agencies, such as the California Air Resources Board, or CARB, and other regulatory agencies around the world. These laws are constantly evolving and many are becoming increasingly stringent. Changes in applicable laws or regulations, or in the enforcement thereof, could require us to redesign our products and could adversely affect our business or financial condition in the future. Developing and marketing products to meet such new requirements could result in substantial additional costs that may be difficult to recover in some markets. In some cases, we may be required to modify our projects or develop new products to comply with new regulations, particularly those relating to air emissions. For example, we were required to modify our natural gas and liquid propane-fueled engines and generators by January 1, 2009 to comply with emissions standards in the United States. While we have been able to meet previous deadlines, failure to comply with other existing and future regulatory standards could adversely affect our position in the markets we serve.

We may incur costs and liabilities as a result of product liability claims.

We face a risk of exposure to product liability claims in the event that the use of our products is alleged to have resulted in injury or other damage. Although we currently maintain product liability insurance coverage, we may not be able to obtain such insurance on acceptable terms in the future, if at all, or obtain insurance that will provide adequate coverage against potential claims. Product liability claims can be expensive to defend and can divert the attention of management and other personnel for long periods of time, regardless of the ultimate outcome. An unsuccessful product liability defense could have a material adverse effect on our financial condition, and results of operations. In addition, we believe our business depends on the strong brand reputation we have developed. If our reputation is damaged, we may face difficulty in maintaining our market share and pricing with respect to some of our products, which would reduce our sales and profitability.

The loss of any key members of our senior management team or key employees could disrupt our operations and harm our business.

Our success depends, in part, on the efforts of certain key individuals, including the members of our senior management team, who have significant experience in the generator industry. If, for any reason, our senior executives do not continue to be active in management, or if our key employees leave our company, our business, financial condition or results of operations could be adversely affected. Failure to continue to attract these individuals at reasonable compensation levels could have a material adverse effect on our business, liquidity and results of operations. Although we do not anticipate that we will have to replace any of these individuals in the near future, the loss of the services of any of our key employees could disrupt our operations and have a material adverse effect on our business.

Disruptions caused by labor disputes or organized labor activities could harm our business.

Currently, less than 3% of our workforce is a member of a labor union. In addition, we may from time to time experience union organizing activities in our non-union facilities. Disputes with the current labor union or new union organizing activities could lead to work slowdowns or stoppages and make it difficult or impossible for us to meet scheduled delivery times for product shipments to our customers, which could result in loss of business. In addition, union activity could result in higher labor costs, which could harm our financial condition, results of operations and competitive position.

We may experience material disruptions to our manufacturing operations.

While we seek to operate our facilities in compliance with applicable rules and regulations and take measures to minimize the risks of disruption at our facilities, a material disruption at one of our manufacturing facilities could prevent us from meeting customer demand, reduce our sales and/or negatively impact our financial results. Any of our manufacturing facilities, or any of our machines within an otherwise operational facility, could cease operations unexpectedly due to a number of events, including:

- equipment or information technology infrastructure failure;
- disruptions in the transportation infrastructure including roads, bridges, railroad tracks;
- fires, floods, earthquakes, or other catastrophes; and
- other operational problems.

In addition, all of our manufacturing and production facilities are located in Wisconsin within a 30-mile radius. We could experience prolonged periods of reduced production due to unforeseen events occurring in or around our manufacturing facilities in Wisconsin. In the event of a business interruption at our Wisconsin facilities, we may be unable to shift manufacturing capabilities to alternate locations, accept materials from suppliers or meet customer shipment needs, among other severe consequences. Such an event could have a material and adverse impact on our financial condition and results of our operations.

A significant portion of our purchased components are sourced in foreign countries, exposing us to additional risks that may not exist in the United States.

We source a significant portion of our purchased components overseas, primarily in Asia. Our international sourcing subjects us to a number of potential risks in addition to the risks associated with third-party sourcing generally. Such risks include:

- inflation or changes in political and economic conditions;
- unstable regulatory environments;
- changes in import and export duties;
- domestic and foreign customs and tariffs;
- currency rate fluctuations;
- trade restrictions;
- labor unrest;
- logistical and communications challenges; and
- other restraints and burdensome taxes.

These factors may have an adverse effect on our ability to source our purchased components overseas. In particular, if the U.S. dollar were to depreciate significantly against the currencies in which we purchase raw materials from foreign suppliers, our cost of goods sold could increase materially, which would adversely affect our results of operations.

As a U.S. corporation that sources components in foreign countries, we are subject to the Foreign Corrupt Practices Act. A determination that we violated this act may affect our business and operations adversely.

As a U.S. corporation, we are subject to the regulations imposed by the U.S. Foreign Corrupt Practices Act, or the FCPA, which generally prohibits U.S. companies and their intermediaries from making improper payments to foreign officials for the purpose of obtaining or keeping business. Any determination that we have violated the FCPA could have a material adverse effect on our financial position, operating results and cash flows.

We have significant tax assets, usage of which may be subject to limitations in the future.

As of September 30, 2009, we had $163.6 million of net operating losses for U.S. federal income tax purposes. While this offering of our common stock will not result in a change of control under Section 382 of the U.S. Internal Revenue Code of 1986, any subsequent accumulations of common stock ownership leading to a change of control under that section, including through sales of stock by large stockholders after this offering, all of which are out of our control, could limit our ability to utilize our net operating losses to offset future federal income tax liabilities.

Our total assets include goodwill and other indefinite-lived intangibles. If we determine these have become impaired in the future, net income could be materially adversely affected.

Goodwill represents the excess of cost over the fair market value of net assets acquired in business combinations. Indefinite-lived intangibles are comprised of certain trade names. At September 30, 2009, goodwill and other indefinite-lived intangibles totaled $665.9 million, most of which arose from the CCMP Transactions. We review goodwill and other intangibles at least annually for impairment and any excess in carrying value over the estimated fair value is charged to the results of operations. A reduction in net income resulting from the write-down or impairment of goodwill or indefinite-lived intangibles could have a material adverse effect

on our financial statements. For example, in October 2008, due to an increase in our weighted average cost of capital and lower comparable public company market values resulting from weakening economic conditions, we determined that an impairment of goodwill existed and recorded a non-cash charge of $503.2 million in 2008.

Goodwill and identifiable intangible assets are recorded at fair value on the date of acquisition. In accordance with FASB ASC (Accounting Standards Codification) Topic 350-20, goodwill and indefinite lived intangibles are reviewed at least annually for impairment and definite-lived intangible assets are reviewed for impairment whenever events or changes in circumstances indicate that their carrying value may not be recoverable. Future impairment may result from, among other things, deterioration in the performance of the acquired business or product line, adverse market conditions and changes in the competitive landscape, adverse changes in applicable laws or regulations, including changes that restrict the activities of the acquired business or product line, and a variety of other circumstances. The amount of any impairment is recorded as a charge to the statement of operations. We may never realize the full value of our intangible assets. Any future determination requiring the write-off of a significant portion of intangible assets would have an adverse effect on our financial condition and results of operations. See "Management's discussion and analysis of financial condition and results of operations" for details.

We may need additional capital to finance our growth strategy or to refinance our existing credit facilities, and we may not be able to obtain it on acceptable terms, or at all, which may limit our ability to grow.

We may require additional financing to expand our business. Financing may not be available to us or may be available to us only on terms that are not favorable. The terms of our senior secured credit facilities limit our ability to incur additional debt. In addition, economic conditions, including any further downturn or crisis in the credit markets, could impact our ability to finance our growth on acceptable terms or at all. If we are unable to raise additional funds or obtain capital on acceptable terms, we may have to delay, modify or abandon some or all of our growth strategies. Our revolving credit facility matures in November 2012, our first lien term loan facility matures in November 2013 and our second lien term loan facility matures in May 2014. If we are unable to refinance these facilities on acceptable terms, our liquidity could be adversely affected.

We have a recent history of net losses.

We have incurred net losses during the periods following the CCMP Transactions. For the Successor Period of 2006 and the years ended December 31, 2007 and 2008, we incurred net losses of $16.0 million, $9.7 million and $556.0 million (includes a non-cash goodwill and trade name impairment charge of $583.5 million), respectively. Achieving profitability depends upon numerous factors, including our ability to generate increased net sales and our ability to control expenses. We can make no assurances that we will achieve profitability, or if we do, that we will be able to sustain or increase profitability in the future. Failure to achieve profitability could have an adverse impact on the trading prices of our common stock.

Risk relating to this offering

Management may invest or spend our net proceeds from this offering in ways that may not yield an acceptable return to you.

Although we plan to use a portion of our net proceeds from this offering to pay down a portion of our first and second lien term loans and to pay fees and expenses associated with the offering, we also may use a portion of the net proceeds for general corporate purposes. We will have broad discretion as to how we will spend such proceeds, and you will have no advance opportunity to evaluate our decisions and may not agree with the manner in which we spend such proceeds. We may not be successful investing the proceeds from this offering in either our operations or external investments.

We do not anticipate paying dividends on our common stock in the foreseeable future.

We do not anticipate paying any dividends in the foreseeable future on our common stock. We intend to retain all future earnings for the operation and expansion of our business and the repayment of outstanding debt. In addition, the terms of our senior secured credit facilities limit our ability to pay dividends on our common stock. As a result, capital appreciation, if any, of our common stock will be your sole source of gain for the foreseeable future. While we may change this policy at some point in the future, we cannot assure you that we will make such a change. See "Dividend policy."

There has been no prior market for our common stock. The market price for our common stock could be volatile, which could cause the value of your investment to decline.

Prior to this offering, there has been no public market for our common stock, and an active trading market may not develop or be sustained after this offering. The market price for our common stock will vary from the initial public offering price after trading commences, and you may not be able to resell your shares of our common stock at or above the initial offering price. The initial public offering price will be determined by negotiation between us and the underwriters based upon a number of factors and may not be indicative of future market prices for our common stock. This could result in substantial losses for investors. The market price of our common stock may fluctuate significantly in response to a number of factors, some of which are beyond our control. These factors include, but are not limited to:

- developments in the generator industry;
- power outages and storms;
- the availability and cost of raw materials and components;
- strategic actions by us or our competitors, including the entrance to the market of new competition;
- our ability to continue to develop our distribution channels;
- the performance of third-party component suppliers;
- developments with respect to our brand name, patents and other intellectual property rights;
- environmental and product safety regulations;
- new laws or regulations or changes in existing laws or regulations applicable to our business;
- our ability to manufacture our products to commercial standards;
- additions or departures of key personnel;
- labor stoppages or strikes;
- our operating and financial performance and prospects;

- our quarterly or annual earnings or those of other companies in our industry;
- changes in earnings estimates or recommendations by securities analysts;
- changes in accounting standards, policies, guidance, interpretations or principles;
- changes in general economic conditions in the United States and global economies or financial markets, including such changes resulting from war or incidents of terrorism; and
- sales of our common stock by us, our principal stockholders or members of our management team.

In addition, the stock market has recently experienced significant price and volume fluctuations. This volatility has had a significant impact on the trading price of securities issued by many companies, including companies in our industry. The changes frequently occur irrespective of the operating performance of the affected companies. Hence, the trading price of our common stock could fluctuate based upon factors that have little or nothing to do with our business.

Future sales of our common stock may cause our stock price to decline.

If our stockholders sell substantial amounts of our common stock in the public market following this offering, the market price of our common stock could decline. These sales might also make it more difficult for us to sell additional equity securities at a time and price that we deem appropriate. Based on shares outstanding as of September 30, 2009, upon completion of this offering, we will have shares of our common stock outstanding. All of the shares of our common stock sold in this offering will be freely tradable in the public market. The remaining shares of our common stock will be "restricted securities" as defined in Rule 144 under the Securities Act.

In connection with this offering, we, our executive officers and directors and our significant stockholders have agreed that, subject to limited exceptions, for a period of 180 days from the date of this prospectus, we and they will not, directly or indirectly, offer, sell, offer to sell, contract to sell or otherwise dispose of any shares of our common stock without the prior written consent of J.P. Morgan Securities Inc. and Goldman, Sachs & Co., on behalf of the underwriters, except in limited circumstances. However, J.P. Morgan Securities and Goldman, Sachs & Co., in their sole collective discretion, may release any of the securities subject to these lock-up agreements at any time without notice.

Subject to the lock-up agreements, these restricted securities may be sold into the public market in the future without registration under the Securities Act to the extent permitted under Rule 144. shares will be available for sale 180 days after the date of this prospectus pursuant to Rule 144; of these shares, approximately % would be available for sale under Rule 144, which imposes no volume or other limits. In addition, commencing 180 days after the date of this prospectus, certain stockholders holding outstanding shares of these restricted securities will have registration rights which could allow those holders to sell their shares freely through a future registration statement filed under the Securities Act.

If securities or industry analysts do not publish research or reports about our business, if they adversely change their recommendations regarding our common stock or if our results of operations do not meet their expectations, our common stock price and trading volume could decline.

The trading market for our common stock will be influenced by the research and reports that industry or securities analysts publish about us or our business. If one or more of these analysts cease coverage of our company or fail to publish reports on us regularly, we could lose visibility in the financial markets, which in turn could cause our stock price or trading volume to decline. Moreover, if one or more of the analysts who cover us downgrade recommendations regarding our stock, or if our results of operations do not meet their expectations, our stock price could decline and such decline could be material.

You will experience immediate and substantial dilution as a result of this offering and may experience additional dilution in the future.

The initial public offering price is substantially higher than the book value per share of our outstanding common stock. As a result, you will incur immediate and substantial dilution of $ per share, based on an assumed public offering price of $ per share, the mid-point of the price range set forth on the cover of this prospectus. For additional information, see the section of this prospectus entitled "Dilution."

As a public company, we will be required to meet periodic reporting requirements under the Securities and Exchange Commission, or SEC, rules and regulations. Complying with federal securities laws as a public company is expensive and we will incur significant time and expense enhancing, documenting, testing and certifying our internal control over financial reporting. Any deficiencies in our financial reporting or internal controls could adversely affect our business and the trading price of our common stock.

SEC rules require that, as a publicly-traded company following completion of this offering, we file periodic reports containing our financial statements within a specified time following the completion of quarterly and annual periods. Prior to this offering, we have not been required to comply with SEC requirements to have our financial statements completed and reviewed or audited within a specified time and, as such, we may experience difficulty in meeting the SEC's reporting requirements. Any failure by us to file our periodic reports with the SEC in a timely manner could harm our reputation and reduce the trading price of our common stock.

As a public company, we will incur significant legal, accounting, insurance and other expenses. The Sarbanes-Oxley Act of 2002, as well as compliance with other rules of the SEC and the New York Stock Exchange, or NYSE, will increase our legal and financial compliance costs and make some activities more time-consuming and costly. Furthermore, once we become a public company, SEC rules require that our chief executive officer and chief financial officer periodically certify the existence and effectiveness of our internal control over financial reporting. Our independent registered public accounting firm will be required, beginning with our Annual Report on Form 10-K for our fiscal year ending on December 31, 2010, to attest to our assessment of our internal control over financial reporting. This process, which we have not undertaken in the past, will require significant documentation of policies, procedures and systems, review of that documentation by our internal accounting staff and our outside auditors and testing of our internal control over financial reporting by our internal accounting staff and our outside independent registered public accounting firm. This process will involve

considerable time and expense, may strain our internal resources and have an adverse impact on our operating costs. We may experience higher than anticipated operating expenses and outside auditor fees during the implementation of these changes and thereafter.

During the course of our testing, we may identify deficiencies that would have to be remediated to satisfy the SEC rules for certification of our internal control over financial reporting. As a consequence, we may have to disclose in periodic reports we file with the SEC significant deficiencies or material weaknesses in our system of internal controls. The existence of a material weakness would preclude management from concluding that our internal control over financial reporting is effective and would preclude our independent auditors from issuing an unqualified opinion that our internal control over financial reporting is effective. In addition, disclosures of this type in our SEC reports could cause investors to lose confidence in our financial reporting and may negatively affect the trading price of our common stock. Moreover, effective internal controls are necessary to produce reliable financial reports and to prevent fraud. If we have deficiencies in our disclosure controls and procedures or internal control over financial reporting, it may negatively impact our business, results of operations and reputation.

Anti-takeover provisions in our amended and restated certificate of incorporation and by-laws could prohibit a change of control that our stockholders may favor and could negatively affect our stock price.

Upon the closing of this offering, provisions in our amended and restated certificate of incorporation and by-laws may make it more difficult and expensive for a third party to acquire control of us even if a change of control would be beneficial to the interests of our stockholders. These provisions could discourage potential takeover attempts and could adversely affect the market price of our common stock. These provisions may also prevent or frustrate attempts by our stockholders to replace or remove our management. For example, our amended and restated certificate of incorporation and by-laws:

- permit our board of directors to issue preferred stock with such terms as they determine, without stockholder approval;
- provide that only one-third of the members of the board are elected at each stockholders meeting and prohibit removal without cause;
- require advance notice for stockholder proposals and director nominations; and
- contain limitations on convening stockholder meetings.

These provisions make it more difficult for stockholders or potential acquirers to acquire us without negotiation and could discourage potential takeover attempts and could adversely affect the market price of our common stock.

Risks relating to our capital structure

We have a substantial amount of indebtedness, which may adversely affect our cash flow and our ability to operate our business, remain in compliance with debt covenants and make payments on our indebtedness.

We have a significant amount of indebtedness. As of September 30, 2009, we had total indebtedness of $1,091.5 million.

Our substantial level of indebtedness increases the possibility that we may be unable to generate cash sufficient to pay, when due, the principal of, interest on or other amounts due in respect of our indebtedness. Our substantial indebtedness, combined with our lease and other financial obligations and contractual commitments could have other important consequences. For example, it could:

- make it more difficult for us to satisfy our obligations with respect to our indebtedness, including financial and other restrictive covenants, which could result in an event of default under the agreements governing our indebtedness;
- make us more vulnerable to adverse changes in general economic, industry and competitive conditions and adverse changes in government regulation;
- require us to dedicate a substantial portion of our cash flow from operations to payments on our indebtedness, thereby reducing the availability of our cash flows to fund working capital, capital expenditures, acquisitions and other general corporate purposes;
- limit our flexibility in planning for, or reacting to, changes in our business and the industry in which we operate;
- place us at a competitive disadvantage compared to our competitors that have less debt; and
- limit our ability to borrow additional amounts for working capital, capital expenditures, acquisitions, debt service requirements, execution of our business strategy or other purposes.

Any of the above-listed factors could materially adversely affect our business, financial condition, results of operations and cash flows. Furthermore, our interest expense could increase if interest rates increase because debt under our senior secured credit facilities bears interest at a variable rate. If we do not have sufficient earnings to service our debt, we may be required to refinance all or part of our existing debt, sell assets, borrow more money or sell securities, none of which we can guarantee we will be able to do.

The terms of our senior secured credit facilities restrict our current and future operations, particularly our ability to respond to changes in our business or to take certain actions.

Our senior secured credit facilities contain, and any future indebtedness of ours or our subsidiaries would likely contain, a number of restrictive covenants that impose significant operating and financial restrictions on us and our subsidiaries, including restrictions on our ability to engage in acts that may be in our best long-term interests. Our senior secured credit facilities include a financial covenant that requires us not to exceed a maximum total leverage ratio.

Our senior secured credit facilities require us to use a portion of excess cash flow and proceeds of certain asset sales that are not reinvested in our business and other dispositions to repay indebtedness under our senior secured credit facilities.

Our senior secured credit facilities also include covenants restricting, among other things, our ability to:

- incur liens;
- incur or assume additional debt or guarantees or issue preferred stock;

- pay dividends, or make redemptions and repurchases, with respect to capital stock;
- prepay, or make redemptions and repurchases of, subordinated debt;
- make loans and investments;
- make capital expenditures;
- engage in mergers, acquisitions, asset sales, sale/leaseback transactions and transactions with affiliates;
- change the business conducted by us or our subsidiaries; and
- amend the terms of subordinated debt.

The operating and financial restrictions and covenants in our senior secured credit facilities and any future financing agreements may adversely affect our ability to finance future operations or capital needs or to engage in other business activities. A breach of any of the restrictive covenants in our senior secured credit facilities would result in a default under our senior secured credit facilities. If any such default occurs, the lenders under our senior secured credit facilities may elect to declare all outstanding borrowings, together with accrued interest and other fees, to be immediately due and payable, or enforce their security interest, any of which would result in an event of default. The lenders will also have the right in these circumstances to terminate any commitments they have to provide further borrowings.

At September 30, 2008, we failed to satisfy the leverage ratio in our senior secured credit facilities. This default was cured by an equity contribution from affiliates of CCMP. However, CCMP and its affiliates are under no obligation to provide additional funds to us in the event of future covenant defaults.

After this offering, our principal stockholder will continue to have substantial control over us.

After the consummation of this offering, affiliates of CCMP will collectively beneficially own approximately % of our outstanding common stock and will collectively beneficially own approximately % of our outstanding common stock if the underwriters' option to purchase additional shares is exercised in full. As a consequence, CCMP or its affiliates will be able to exert a significant degree of influence or actual control over our management and affairs and will control matters requiring stockholder approval, including the election of directors, a merger, consolidation or sale of all or substantially all of our assets, and any other significant transaction. The interests of this stockholder may not always coincide with our interests or the interests of our other stockholders. For instance, this concentration of ownership may have the effect of delaying or preventing a change in control of us otherwise favored by our other stockholders and could depress our stock price.

Because affiliates of CCMP control more than 50% of the voting power of our common stock, we are a "controlled company" within the meaning of the NYSE's Listed Company Manual. Under the NYSE's Listed Company Manual, a controlled company may elect not to comply with certain NYSE corporate governance requirements, including requirements that: (1) a majority of the board of directors consist of independent directors; (2) compensation of officers be determined or recommended to the board of directors by a majority of its independent directors or by a compensation committee that is composed entirely of independent directors;

and (3) director nominees be selected or recommended by a majority of the independent directors or by a nominating committee composed solely of independent directors. Because we have taken advantage of the controlled company exemption to certain NYSE corporate governance requirements, our stockholders do not have the same protections afforded to stockholders of companies that are subject to all of the NYSE corporate governance requirements.

Conflicts of interest may arise because some of our directors are principals of our principal stockholder.

Upon the completion of this offering, representatives of CCMP and its affiliates will occupy a majority of the seats on our board of directors. CCMP or its affiliates could invest in entities that directly or indirectly compete with us or companies in which CCMP or its affiliates are currently invested may already compete with us. As a result of these relationships, when conflicts arise between the interests of CCMP or its affiliates and the interests of our stockholders, these directors may not be disinterested. The representatives of CCMP and its affiliates on our board of directors, by the terms of our amended and restated certificate of incorporation, are not required to offer us any transaction opportunity of which they become aware and could take any such opportunity for themselves or offer it to other companies in which they have an investment, unless such opportunity is expressly offered to them solely in their capacity as our directors.

Forward-looking statements

This prospectus contains forward-looking statements that are subject to risks and uncertainties. All statements other than statements of historical fact included in this prospectus are forward-looking statements. Forward-looking statements give our current expectations and projections relating to our financial condition, results of operations, plans, objectives, future performance and business. You can identify forward-looking statements by the fact that they do not relate strictly to historical or current facts. These statements may include words such as "anticipate," "estimate," "expect," "project," "plan," "intend," "believe," "may," "should," "can have," "likely," "future" and other words and terms of similar meaning in connection with any discussion of the timing or nature of future operating or financial performance or other events.

The forward-looking statements contained in this prospectus are based on assumptions that we have made in light of our industry experience and on our perceptions of historical trends, current conditions, expected future developments and other factors we believe are appropriate under the circumstances. As you read and consider this prospectus, you should understand that these statements are not guarantees of performance or results. They involve risks, uncertainties (some of which are beyond our control) and assumptions. Although we believe that these forward-looking statements are based on reasonable assumptions, you should be aware that many factors could affect our actual financial results and cause them to differ materially from those anticipated in the forward-looking statements. The forward-looking statements contained in this prospectus include estimates regarding:

- our business, financial and operating results and future economic performance;
- proposed new product and service offerings; and
- management's goals, expectations and objectives and other similar expressions concerning matters that are not historical facts.

Factors that could affect our actual financial results and cause them to differ materially from those anticipated in the forward-looking statements include:

- demand for our products;
- power outages and storms;
- availability of raw materials and key components used producing our products;
- competitive factors in the industry in which we operate;
- our dependence on our distribution network;
- our ability to invest in, develop or adapt to changing technologies and manufacturing techniques;
- changes in environmental, health and safety laws and regulations;
- loss of our key management and employees;

- increase in product liability claims; and
- other factors that are described under "Risk factors."

Should one or more of these risks or uncertainties materialize, or should any of these assumptions prove incorrect, our actual results may vary in material respects from those projected in these forward-looking statements.

Any forward-looking statement made by us in this prospectus speaks only as of the date on which we make it. Factors or events that could cause our actual results to differ may emerge from time to time, and it is not possible for us to predict all of them. We undertake no obligation to update any forward-looking statement, whether as a result of new information, future developments or otherwise, except as may be required by law.

CCMP transactions

In November 2006, affiliates of CCMP, together with affiliates of Unitas and members of our management, purchased an aggregate of $689 million of our equity capital. In addition, on November 10, 2006, Generac Power Systems borrowed an aggregate of $1,380 million, consisting of an initial drawdown of $950 million under a $1.1 billion first lien secured credit facility and $430 million under a $430 million second lien secured credit facility. With the proceeds from these equity and debt financings, together with cash on hand at Generac Power Systems, we (1) acquired all of the capital stock of Generac Power Systems and repaid certain pre-transaction indebtedness of Generac Power Systems for $2.0 billion, (2) paid $66 million in transaction costs related to the transaction and (3) retained $3.0 million for general corporate purposes.

We refer to the foregoing transactions collectively as the "CCMP Transactions."

Use of proceeds

We estimate that the net proceeds to us from our sale of shares of our common stock in this offering will be $, after deducting underwriting discounts and commissions and estimated expenses payable by us in connection with this offering. This assumes a public offering price of $ per share, which is the midpoint of the price range set forth on the cover of this prospectus. We intend to use approximately $ of the net proceeds to pay down a portion of our first and second lien term loans and approximately $ to pay fees and expenses associated with the offering. We will use the remainder of the net proceeds, if any, for general corporate purposes.

Our first and second lien term loans bear interest at rates based upon either a base rate or adjusted LIBOR rate plus an applicable margin. At September 30, 2009, the interest rates applicable to our first and second lien term loans were 5.7% and 9.2%, respectively. The maturity date for our first and second lien term loans are November 10, 2013 and May 10, 2014, respectively.

A $1.00 increase (decrease) in the assumed initial public offering price of $ per share would increase (decrease) the net proceeds to us from this offering by $ million, assuming the number of shares offered by us, as set forth on the cover page of this prospectus, remains the same and after deducting underwriting discounts and commissions and estimated expenses payable by us.

Dividend policy

We have never paid dividends on our common stock. After this offering, we intend to retain all available funds and any future earnings to reduce debt and fund the development and growth of our business, and we do not anticipate paying any dividends on our common stock. However, in the future, subject to the factors described below and our future liquidity and capitalization, we may change this policy and choose to pay dividends. Our ability to pay dividends on our common stock is currently restricted by the terms of our senior secured credit facilities and may be further restricted by any future indebtedness we incur. Our business is conducted through our principal operating subsidiary, Generac Power Systems. Dividends from, and cash generated by Generac Power Systems will be our principal sources of cash to repay indebtedness, fund operations and pay dividends. Accordingly, our ability to pay dividends to our stockholders is dependent on the earnings and distributions of funds from Generac Power Systems.

Any future determination to pay dividends will be at the discretion of our board of directors and will take into account:

- restrictions in our senior secured credit facilities;
- general economic and business conditions;
- our financial condition and results of operations;
- our capital requirements;
- the ability of Generac Power Systems to pay dividends and make distributions to us; and
- such other factors as our board of directors may deem relevant.

See "Management's discussion and analysis of financial condition and results of operations."

Capitalization

The following table sets forth our capitalization as of September 30, 2009:

- on an actual basis reflecting the capitalization of Generac; and
- on a pro forma as adjusted basis to give effect to (1) the Corporate Reorganization and (2) the sale of shares of our common stock in this offering by us at an assumed initial public offering price of $ per share (the midpoint of the price range set forth on the cover of this prospectus) after deducting underwriting discounts and commissions and estimated offering expenses payable by us, and the application of the net proceeds from this offering as described in "Use of proceeds."

As of September 30, 2009, we had cash and cash equivalents of $134.1 million.

This table should be read in conjunction with "Use of proceeds," "Selected historical consolidated financial data," "Management's discussion and analysis of financial condition and results of operations" and the consolidated financial statements and the related notes thereto included elsewhere in this prospectus.

	As of September 30, 2009	
(In thousands, except share data)	**Actual**	**Pro forma as adjusted**
Debt:		
Current portion of long-term debt	7,125	
Long-term debt, less current portion(1)	1,084,414	
Total debt(1)	1,091,539	
Series A Convertible Non-voting Preferred Stock, $0.01 par value, 20,000 shares authorized and 9,234 shares outstanding(2)	113,109	
Class B Convertible Voting Common Stock, $0.01 par value, 110,000 shares authorized and 79,114 shares outstanding(2)	765,096	
Stockholders' equity:		
Class A Nonvoting Common Stock, $0.01 par value, 31,200 shares authorized and 5,717 shares outstanding	0	
Preferred stock, $0.01 par value, shares authorized and shares issued and outstanding(3)	—	
Common stock, $0.01 par value, shares authorized and shares issued and outstanding(3)	—	
Additional paid-in capital	2,384	
Excess purchase price over predecessor basis	(202,116)	
Accumulated deficit	(557,251)	
Accumulated other comprehensive loss	(10,483)	
Stockholder notes receivable	(158)	
Total stockholders' equity (deficit)	(767,624)	
Total capitalization	$ 1,202,120	

(1) A $1.00 increase (decrease) in the assumed initial public offering price of $ per share, the midpoint of the price range set forth on the cover of this prospectus, would increase (decrease) our long-term debt, less current portion and total debt by $ million and would increase (decrease) equity by $ million, assuming the number of shares offered by us, as set forth on the cover of this prospectus, remains the same and after deducting the estimated underwriting discounts and commissions and estimated expenses payable by us. To the extent we raise more proceeds in this offering, we will pay down a greater

portion of our first and second lien term loans. To the extent we raise less proceeds in this offering, we will reduce the amount we pay down of our first and second lien term loans.

(2) See Note 6 to our audited consolidated financial statements included elsewhere in this prospectus for a discussion of the features and accounting treatment of our Series A Preferred Stock and our Class B Voting Common Stock.

(3) Reflects the preferred stock and common stock to be outstanding following the Corporate Reorganization and upon completion of this offering.

Dilution

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

As of September 30, 2009, our net tangible book value was approximately negative $808.0 million, or $ per share. Our net tangible book value per share represents the amount of our total tangible assets less total liabilities, divided by the total number of shares of common stock outstanding as of September 30, 2009. Dilution in net tangible book value per share represents the difference between the amount per share paid by purchasers of common stock in this offering and the pro forma as adjusted net tangible book value per share of common stock immediately after the completion of this offering.

After giving effect to (1) the conversion of our multiple outstanding series of capital stock into our common stock in the Corporate Reorganization and (2) the sale of our common stock at an assumed initial public offering price of $ per share (the midpoint of the price range set forth on the cover of this prospectus), and after deducting underwriting discounts and commissions and estimated offering expenses payable by us, our pro forma as adjusted net tangible book value as of September 30, 2009 would have been approximately $, or $ per share. For more information on the number of common shares to be issued as a result of the Corporate Reorganization, see "Management's discussion and analysis of financial condition and results of operations—Corporate reorganization."

This represents an immediate increase in pro forma net tangible book value of $ per share to our existing stockholders and an immediate dilution in pro forma net tangible book value of $ per share to new investors purchasing shares of our common stock in this offering at the initial public offering price.

The following table illustrates the dilution to new investors on a per share basis:

Assumed initial public offering price per share	
Pro forma net tangible book value per share as of September 30, 2009(1)	
Increase in pro forma net tangible book value per share attributable to the sale of shares in this offering	
Decrease in pro forma net tangible book value per share attributable to the issuance of restricted stock	
Pro forma as adjusted net tangible book value per share after this offering(2)	
Dilution per share to new investors	

(1) Represents the net tangible book value per share after giving effect to the conversion of our multiple outstanding series of capital stock into our common stock in the Corporate Reorganization.

(2) Represents the net tangible book value per share after giving effect to the conversion of our multiple outstanding series of capital stock into our common stock in the Corporate Reorganization and the sale of our common stock in this offering at an assumed initial public offering price of $ per share.

A $1.00 increase (decrease) in the assumed initial public offering price of $ per share (the midpoint of the price range set forth on the cover of this prospectus) would increase (decrease) our pro forma as adjusted net tangible book value after this offering by

$ million and increase (decrease) the dilution to new investors by $ per share, assuming the number of shares offered by us, as set forth on the cover page of this prospectus, remains the same and after deducting the estimated underwriting discounts and commissions and estimated offering expenses payable by us.

The following table summarizes, as of September 30, 2009, the total number of shares of our common stock we issued and sold, the total consideration we received and the average price per share paid to us by our existing stockholders and to be paid by new investors purchasing shares of our common stock in this offering. The table assumes an initial public offering price of $ per share (the midpoint of the price range set forth on the cover of this prospectus) and deducts underwriting discounts and commissions and estimated offering expenses payable by us:

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

A $1.00 increase (decrease) in the assumed initial public offering price of $ per share (the midpoint of the price range set forth on the cover of this prospectus) would increase (decrease) the total consideration paid by new investors by $ and the total consideration paid by all stockholders by $.

In addition, we may choose to raise additional capital due to market conditions or strategic considerations even if we believe we have sufficient funds for our current or future operating plans. To the extent that additional capital is raised through the sale of equity or convertible debt securities, the issuance of such securities could result in further dilution to our stockholders.

Selected historical consolidated financial data

The following table sets forth our selected historical consolidated financial data for the periods and at the dates indicated. The selected historical consolidated financial data for the period from January 1, 2006 through November 10, 2006 (Predecessor Period), the period from November 11, 2006 through December 31, 2006 (Successor Period) and the years ended December 31, 2007 and 2008 are derived from our audited consolidated financial statements included elsewhere in this prospectus. The selected historical consolidated financial data for the years ended December 31, 2004 and 2005 are derived from our historical financial statements not included in this prospectus.

The selected historical consolidated financial data for the nine months ended September 30, 2008 and 2009 are derived from our unaudited condensed consolidated financial statements included elsewhere in this prospectus. In the opinion of management, the unaudited condensed consolidated financial statements have been prepared on the same basis as the audited consolidated financial statements and include all adjustments, consisting of normal recurring adjustments, necessary for a fair presentation of our operating results and financial position for those periods and as of such dates. The results for any interim period are not necessarily indicative of the results that may be expected for a full year.

In November 2006, affiliates of CCMP, together with affiliates of Unitas and members of our management, formed Generac and, through Generac, acquired all of the capital stock of Generac Power Systems. See "CCMP transactions." Generac in all periods prior to November 2006 is referred to as "Predecessor," and in all periods including and after such date is referred to as "Successor." The consolidated financial statements for all Successor periods may not be comparable to those of the Predecessor Period.

The results indicated below and elsewhere in this prospectus are not necessarily indicative of our future performance. You should read this information together with "Capitalization," "Management's discussion and analysis of financial condition and results of operations" and our consolidated financial statements and related notes included elsewhere in this prospectus.

(Dollars in thousands)	Predecessor			Successor				
	Year ended December 31, 2004	Year ended December 31, 2005(1)	Period from January 1, 2006 through November 10, 2006	Period from November 11, 2006 through December 31, 2006	Year ended December 31, 2007	Year ended December 31, 2008	Nine months ended September 30, 2008	Nine months ended September 30, 2009
Statement of operations data:								
Net sales	$ 354,233	$ 518,763	$ 606,249	$ 74,110	$ 555,705	$ 574,229	$ 401,605	$ 434,284
Costs of goods sold	237,507	333,739	371,425	55,105	333,428	372,199	257,736	262,078
Gross profit	116,726	185,024	234,824	19,005	222,277	202,030	143,869	172,206
Operating expenses:								
Selling and service	33,905	41,777	45,800	5,279	52,652	57,449	41,068	44,863
Research and development	9,527	9,903	9,141	1,168	9,606	9,925	7,477	7,752
General and administrative	14,221	11,564	12,631	1,695	17,581	15,869	11,708	11,538
Amortization of intangibles(2)	—	—	—	8,576	47,602	47,602	35,604	38,863
Transaction-related expenses(3)	—	—	149,792	—	—	—	—	—
Goodwill and trade name impairment charge(4)	—	—	—	—	—	583,486	—	—
Total operating expenses	57,653	63,244	217,364	16,718	127,441	714,331	95,857	103,016
Income (loss) from operations	59,073	121,780	17,460	2,287	94,836	(512,301)	48,012	69,190
Other income (expense):								
Interest expense	(212)	(269)	(673)	(18,354)	(125,366)	(108,022)	(81,466)	(60,384)
Gain on extinguishment of debt(5)	—	—	—	—	18,759	65,385	5,311	14,745
Investment income	3,582	841	1,571	302	2,682	600	1,578	2,089
Other, net	(1,745)	(335)	(52)	(192)	(1,196)	(1,217)	(856)	(941)
Total other income (expense), net	1,625	237	846	(18,244)	(105,121)	(43,254)	(75,433)	(44,491)
Income (loss) before provision (benefit) for income taxes	60,698	122,017	18,306	(15,957)	(10,285)	(555,555)	(27,421)	24,699
Provision (benefit) for income taxes	476	726	5,519	—	(571)	400	12,769	324
Net income (loss)(6)	$ 60,222	$ 121,291	$ 12,787	$ (15,957)	$ (9,714)	$ (555,955)	$ (40,190)	$ 24,375
Income (loss) per share:								
Class A Common Stock(7)	n/m	n/m	n/m	(3,068)	(10,626)	(108,581)	(17,766)	(10,434)
Class B Common Stock(7)	n/m	n/m	n/m	139	1,051	1,148	850	938
Pro forma earnings per common share(8)								
Statement of cash flows data:								
Depreciation	4,570	5,046	4,654	936	6,181	7,168	5,286	5,818
Amortization	—	—	24	8,576	47,602	47,602	35,604	38,863
Expenditures for property and equipment	(12,802)	(7,029)	(6,225)	(720)	(13,191)	(5,186)	(3,877)	(2,902)

(Dollars in thousands)	As of December 31, 2004	As of December 31, 2005	As of December 31, 2006	As of December 31, 2007	As of December 31, 2008	As of September 30, 2009
Balance sheet data:						
Current assets	$ 123,401	$ 180,954	$ 226,760	$ 217,750	$ 274,997	$ 340,069
Property, plant and equipment, net	52,411	53,964	72,087	78,982	76,674	73,666
Goodwill	—	—	847,442	1,029,068	525,875	525,875
Other intangibles and other assets	3,464	4,024	817,720	582,859	448,668	406,716
Total assets	$ 179,276	$ 238,942	$ 1,964,009	$ 1,908,659	$ 1,326,214	$ 1,346,326
Total current liabilities	$ 55,700	$ 84,710	$ 112,179	$ 94,690	$ 127,981	$ 133,497
Long-term debt, less current portion	4,800	4,800	1,370,500	1,280,750	1,121,437	1,084,414
Other long-term liabilities	8,765	7,219	10,436	27,439	43,539	17,834
Redeemable stock(9)	—	—	685,667	747,070	843,451	878,205
Total liabilities and stockholders' equity(9)	$ 179,276	$ 238,942	$ 1,964,009	$ 1,908,659	$ 1,326,214	$ 1,346,326

(1) Our financial data for the year ended December 31, 2005 were derived from consolidated financial statements of Generac Power Systems as of and for the year ended December 31, 2005 that were audited by another audit firm whose report dated March 31, 2006 expressed an unqualified opinion on those financial statements. These results agree to those audited financial statements, except for adjustment for an accounting change related to revenue recognition such that the 2005 period is in compliance with SAB No. 104 and consistent with all other periods presented.

(2) Our amortization of intangibles expenses include the straight-line amortization of customer lists, patents and other intangibles assets.

(3) Transaction-related expenses incurred by the Predecessor, which primarily related to the settlement of the employee share appreciation program in connection with the CCMP Transactions.

(4) As of October 31, 2008, as a result of our annual goodwill and trade names impairment test, we determined that an impairment of goodwill and trade names existed, and we recognized a non-cash charge of $583.5 million in 2008.

(5) During 2007, affiliates of CCMP acquired $80.3 million principal amount of second lien term loans for approximately $60.0 million. CCMP's affiliates exchanged this debt for additional shares of our Class B Common Stock. The fair value of the shares exchanged was $60.0 million. We recorded this transaction as additional Class B Common Stock of $60.0 million based on the fair value of the debt contributed by CCMP's affiliates, which approximated the fair value of shares exchanged. The debt is now held in treasury at face value. Consequently, we recorded a gain on extinguishment of debt of $18.8 million, which includes a write-off of deferred financing fees and other closing costs in the consolidated statement of operations for the year ended December 31, 2007.

During 2008, affiliates of CCMP acquired $148.9 million principal amount of second lien term loans for approximately $81.1 million. CCMP's affiliates exchanged this debt for additional shares of our Class B Common Stock and Series A Preferred Stock. The fair value of the shares exchanged was $81.1 million. We recorded this transaction as Series A Preferred Stock of $62.9 million and Class B Common Stock of $18.2 million based on the fair value of the debt contributed by CCMP's affiliates, which approximated the fair value of shares exchanged. The debt is now held in treasury at face value. Consequently, we recorded a gain on extinguishment of debt of $65.4 million, which includes a write-off of deferred financing fees and other closing costs in the consolidated statement of operations for the year ended December 31, 2008.

During the nine months ended September 30, 2009, affiliates of CCMP acquired $9.9 million principal amount of first lien term loans and $20.0 million principal amount of second lien term loans for approximately $14.8 million. CCMP's affiliates exchanged this debt for 1,475.4596 shares of Series A Preferred Stock. The fair value of the shares exchanged was $14.8 million. We recorded this transaction as additional Series A Preferred Stock of $14.8 million based on the fair value of the debt contributed by CCMP's affiliates, which approximated the fair value of shares exchanged. The debt is now held in treasury at face value. Consequently, we recorded a gain on extinguishment of debt of $14.7 million, which includes a write-off of deferred financing fees and other closing costs, in the consolidated statement of operations for the nine months ended September 30, 2009.

During the nine months ended September 30, 2008, affiliates of CCMP acquired $24.0 million principal amount of second lien term loans for approximately $18.2 million. CCMP's affiliates exchanged this debt for 2,400 shares of Class B Common Stock. The fair value of the shares exchanged was $18.2 million. We recorded this transaction as additional Class B Common Stock of $18.2 million based on the fair value of the debt contributed by CCMP's affiliates, which approximated the fair value of shares exchanged. The debt is now held in treasury at face value. Consequently, we recorded a gain on extinguishment of debt of $5.3 million, which includes a write-off of deferred financing fees and other closing costs, in the consolidated statement of operations for the nine months ended September 30, 2008.

(6) Includes the following items:

- for the year ended December 31, 2004, a $0.2 million non-cash charge related to losses on the sale of equipment and $2.5 million related to employee severance costs; and
- for the year ended December 31, 2005, a $0.4 million non-cash charge related to losses on the sale of equipment, a $1.3 million cash gain related to adjustments to a deferred compensation plan and $0.5 million related to employee severance costs.

(7) n/m—Earnings per share for the Predecessor has not been presented since it is not meaningful due to changes in our equity structure that resulted from the CCMP Transactions.

(8) Represents earnings per common share after giving effect to the Corporate Reorganization. A $1.00 increase (decrease) in the assumed initial public offering price of $ per share, the midpoint of the price range set forth on the cover of this prospectus, would increase (decrease) the net proceeds to us from this offering by $ million and the aggregate number of

shares of Class A Common Stock into which our shares of Class B Common Stock and Series A Preferred Stock will convert by , assuming the number of shares offered by us, as set forth on the cover of this prospectus, remains the same and after deducting the estimated underwriting discounts and commissions and estimated offering expenses. Accordingly, a $1.00 increase (decrease) in the assumed initial public offering price of $ per share, the midpoint of the price range set forth on the cover of this prospectus, would increase (decrease) our pro forma earnings per common share by $ million for the year ended December 31, 2004, $ million for the year ended December 31, 2005, $ million for the period from January 1, 2006 through November 10, 2006, $ million for the period between November 11, 2006 through December 31, 2006, $ million for the year ended December 31, 2007, $ million for the year ended December 31, 2008, $ million for the nine months ended September 30, 2008 and $ million for the nine months ended September 30, 2009.

(9) Includes our Series A Preferred Stock and Class B Common Stock. See Note 6 to our audited consolidated financial statements included elsewhere in this prospectus.

Management's discussion and analysis of financial condition and results of operations

The following discussion and analysis of our financial condition and results of operations should be read together with "Selected historical consolidated financial data" and the consolidated financial statements and the related notes included elsewhere in this prospectus. This discussion contains forward-looking statements, based on current expectations and related to future events and our future financial performance, that involve risks and uncertainties. Our actual results may differ materially from those anticipated in these forward-looking statements as a result of many factors, including those set forth under "Risk factors," "Forward-looking statements" and elsewhere in this prospectus.

Overview

We are a leading designer and manufacturer of a wide range of automatic, stationary standby and portable generators. As the only significant market participant focused exclusively on these products, we have a leading market share of the standby generator market in the United States and Canada, having grown our company organically by a 16% CAGR since 2000. We design, engineer and manufacture generators with an output of between 800W and 9mW of power. We design, manufacture, source and modify engines, alternators, automatic transfer switches and other components necessary for our products. Our generators are fueled by natural gas, liquid propane, gasoline, diesel and Bi-Fuel™. Our products serve the power requirements of a wide variety of end markets including the residential, commercial, industrial and telecommunications markets.

Business drivers and measures

In operating our business and monitoring its performance, we pay attention to a number of industry trends, performance measures and operational factors. The statements in this section are based on our current expectations.

Industry trends

Our performance is affected by the demand for reliable power solutions by our customer base. This demand is influenced by several important trends affecting our industry, including the following:

Increasing penetration opportunity. Although there have been recent increases in product costs for installed standby generators in the residential and light-commercial markets (driven in the last two years by raw material costs), these costs have declined overall over the last decade, and many potential customers are not aware of the costs and benefits of backup power solutions. We estimate that penetration rates for residential products are approximately 2% of U.S. single-family detached, owner-occupied households with a home value of over $100,000, as defined by the U.S. Census Bureau's 2007 American Housing Survey for the United States, and penetration rates of many light-commercial outlets such as restaurants, drug stores, and gas stations are significantly lower than penetration of hospitals and industrial locations. We believe that by expanding our distribution network, continuing to develop our product line, and targeting our marketing efforts, we can continue to build awareness for our standby generators.

Effect of large scale power disruptions. Power disruptions are an important driver of consumer awareness and have historically influenced demand for generators. Disruptions in the aging U.S. power grid and tropical and winter storm activity increase product awareness and may drive consumers to accelerate their purchase of a standby or portable generator during the immediate and subsequent period, which we believe may last for six to twelve months for standby generators. While there are power outages every year across all regions of the country, major storm activity is unpredictable by nature and, as a result, our sales levels and profitability may fluctuate from period to period.

Impact of business capital investment cycle. The market for commercial and industrial generators is affected by the capital investment cycle and overall durable goods spending, as businesses either add new locations or make investments to upgrade existing locations. These trends can have a material impact on demand for industrial and commercial generators. However the capital investment cycle may differ for the various industrial and commercial end markets (industrial, telecommunications, distribution, retail health care facilities and municipal infrastructure, among others). The market for generators is also affected by general economic conditions and trends in durable goods spending by consumers and businesses.

Operational factors

We are subject to various factors that can affect our results of operations, which we attempt to mitigate through factors we can control, including continued product development, pricing and cost control. The operational factors that affect our business include the following:

New product start-up costs. When we launch new products, we generally experience an increase in start-up costs, including engineering expenses, air freight expenses, testing expenses and marketing expenses, resulting in lower gross margins after the initial launch of a new product. Margins on new product introductions generally increase over the life of the product as these start-up costs decline and we focus our engineering efforts on product cost reduction.

Effect of commodity and component price fluctuations. Industry-wide price fluctuations of key commodities, such as steel, copper and aluminum and other components we use in our products, can have a material impact on our results of operations. We have historically attempted to mitigate the impact of commodity and component prices through improved product design, price increases and select hedging transactions. Our results are also influenced by changes in fuel prices in the form of freight rates, which in some cases are borne by our customers and in other cases are paid by us.

Other factors

Other factors that affect our results of operations include the following:

Factors influencing interest and amortization expense. As a result of the CCMP Transactions, our interest expense and amortization expense have increased. Accordingly, our consolidated financial statements prior to November 2006 are not comparable to subsequent periods, primarily as a result of significantly increased interest expense and amortization expense. We anticipate that interest expense will decrease after completion of this offering because we intend to use a portion of the net proceeds from the offering to repay outstanding indebtedness.

Seasonality. Although there is demand for our products throughout the year, in each of the past three years approximately 20% to 25% of our net sales occurred in the first quarter, 22% to 31% in the second quarter, 26% to 29% in the third quarter and 21% to 30% in the fourth quarter, with different seasonality depending on the timing of outage activity in each year. We maintain a flexible production schedule in order to respond to weather-driven peak demand, but typically increase production levels in the second and third quarters of each year.

Transactions with CCMP

In November 2006, affiliates of CCMP, together with affiliates of Unitas and members of our management, purchased an aggregate of $689 million of our equity capital. In addition, on November 10, 2006, Generac Power Systems borrowed an aggregate of $1,380 million, consisting of an initial drawdown of $950 million under a $1.1 billion first lien secured credit facility and $430 million under a $430 million second lien secured credit facility. With the proceeds from these equity and debt financings, together with cash on hand at Generac Power Systems, we (1) acquired all of the capital stock of Generac Power Systems and repaid certain pre-transaction indebtedness of Generac Power Systems for $2.0 billion, (2) paid $66 million in transaction costs related to the transaction and (3) retained $3 million for general corporate purposes. See "CCMP transactions."

During 2007, affiliates of CCMP acquired $80.3 million principal amount of second lien term loans for approximately $60.0 million. CCMP's affiliates exchanged this debt for additional shares of Class B Common Stock. The fair value of the shares exchanged was $60.0 million. We recorded this transaction as additional Class B Common Stock of $60.0 million based on the fair value of the debt contributed by CCMP's affiliates, which approximated the fair value of shares exchanged. The debt is now held in treasury at face value. Consequently, we recorded a gain on extinguishment of debt of $18.8 million, which includes the write-off of deferred financing fees and other closing costs, in the consolidated statement of operations for the year ended December 31, 2007.

During 2008, affiliates of CCMP acquired $148.9 million principal amount of second lien term loans for approximately $81.1 million. CCMP's affiliates exchanged $24.0 million principal amount of this debt for additional shares of Class B Common Stock and $124.9 million principal amount of this debt for shares of our Series A Preferred Stock. The fair value of the shares of our Class B Common Stock and Series A Preferred Stock so exchanged was $18.2 million and $62.9 million, respectively. We recorded this transaction as Series A Preferred Stock of $62.9 million and Class B Common Stock of $18.2 million based on the fair value of the debt contributed by CCMP's affiliates, which approximated the fair value of shares exchanged. The debt is now held in treasury at face value. Consequently, we recorded a gain on extinguishment of debt of $65.4 million, which includes the write-off of deferred financing fees and other closing costs, in the consolidated statement of operations for the year ended December 31, 2008.

During the nine months ended September 30, 2009, affiliates of CCMP acquired $9.9 million principal amount of first lien term loans and $20.0 million principal amount of second lien term loans for approximately $14.8 million. CCMP's affiliates exchanged this debt for 1,475.4596 shares of Series A Preferred Stock. The fair value of the shares exchanged was $14.8 million. We recorded this transaction as additional Series A Preferred Stock of $14.8 million based on the fair value of the debt contributed by CCMP's affiliates, which approximated the fair value

of shares exchanged. The debt is now held in treasury at face value. Consequently, we recorded a gain on extinguishment of debt of $14.7 million, which includes a write-off of deferred financing fees and other closing costs, in the consolidated statement of operations for the nine months ended September 30, 2009.

In connection with such issuances of our Class B Common Stock to affiliates of CCMP in connection with debt exchanges in 2007 and 2008 and the satisfaction of preemptive rights under the shareholders' agreement described in "Certain relationships and related persons transactions" that arose from such issuances, affiliates of CCMP sold some of the shares of our Class B Common Stock they were issued in connection with such debt exchanges to an entity affiliated with CCMP, certain affiliates of Unitas and certain members of our management and board of directors. In addition, in connection with such issuances of our Series A Preferred Stock to affiliates and CCMP in connection with debt exchanges in 2008 and 2009 and the satisfaction of preemptive rights under the shareholders' agreement that arose from such issuances, during the nine months ended September 30, 2009, we issued 2,000 shares of Series A Preferred Stock for an aggregate purchase price of $20.0 million in cash to an entity affiliated with CCMP and certain members of management and our board of directors, and affiliates of CCMP sold some of the shares of Series A Preferred Stock they were previously issued in connection with such debt exchanges to an entity affiliated with CCMP and a member of the board of directors at the same price.

Corporate reorganization

Our current and restated certificate of incorporation provides for the mandatory conversion of our Class B Voting Common Stock to Class A Common Stock in the event of an initial public offering. At the time we enter into an underwriting agreement with respect to an initial public offering, each share of our Class B Common Stock will automatically convert into a number of shares of our Class A Common Stock equal to one plus the quotient obtained by dividing (i)(x) the amount paid for such share of Class B Common Stock plus (y) an increase to such amount equal to 10% per annum calculated and compounded quarterly on the basis of a 360-day year of twelve 30-day months and which increased amount shall be deemed to have accrued on a daily basis (i.e., the "Class B Return"), by (ii) the public offering price (net of underwriting discounts and commissions). We refer to this as the "Class B Conversion." For purposes of calculating the number of shares of our Class A Common Stock into which shares of Class B Common Stock will convert, we have assumed an offering price of $ per share, the mid-point of the range on the cover page of this prospectus, and that the Class B Conversion will have occurred on , 2010, and, based on these assumptions, each share of our Class B Common Stock would convert into shares of our Class A Common Stock (i.e., the "Class B Conversion Ratio"). As a result of the Class B Conversion, we will issue an aggregate of shares of our Class A Common Stock. As discussed above, the Class B Return increases on a daily basis, and, accordingly, for each day that passes until an initial public offering, the number of shares of our Class A Common Stock into which our shares of Class B Common Stock would convert in connection with the Class B Conversion will increase.

Immediately following the Class B Conversion, we will effect a for one reverse stock split of our then outstanding shares of Class A Common Stock, including those shares of our Class A Common Stock issued as part of the Class B Conversion, which will decrease the number of shares of our Class A Common Stock immediately after the Class B Conversion from shares to shares. We refer to this as the "Reverse Stock Split."

The certificate of designations for our Series A Preferred Stock provides for the mandatory conversion of the Series A Preferred Stock to Class A Common Stock in the event of an initial public offering. At 8:00 a.m. (New York City time) on the business day immediately following the date on which we enter into an underwriting agreement with respect to an initial public offering, each share of our Series A Preferred Stock will automatically convert into a number of shares of our Class A Common Stock equal to the sum of (A) the quotient obtained by dividing (i)(w) the amount paid for such share of Series A Preferred Stock plus (x) an increase to such amount equal to 14% per annum calculated and compounded quarterly on the basis of a 360-day year of twelve 30-day months and which increased amount shall be deemed to have accrued on a daily basis (the "Series A Preferred Return"), by (ii) the public offering price (net of underwriting discounts and commissions), plus (B) the product of (y) a fraction, the numerator of which is one and the denominator of which is the number of shares of our Series A Preferred Stock outstanding at such time, and (z) an additional number of shares of our Class A Common Stock that, when added to the number of shares of our Class A Common Stock outstanding at such time, including after giving effect to the Class B Conversion, the Reverse Stock Split and the issuance of Class A Common Stock pursuant to clause (A) above, would equal 24.3% of the number of shares of our Class A Common Stock outstanding at such time. We refer to this as the "Series A Preferred Conversion." For purposes of calculating the number of shares of Class A Common Stock into which our shares of Series A Preferred Stock will convert, we have assumed an offering price of $ per share, the mid-point of the range on the cover page of this prospectus, that the Series A Preferred Conversion will have occurred on , 2010, that the Class B Conversion and the Reverse Stock Split will have occurred, and, based on these assumptions, each share of our Series A Preferred Stock would convert into shares of our Class A Common Stock (i.e., the "Series A Preferred Conversion Ratio"). As a result of the Series A Preferred Conversion, we will issue an aggregate of shares of our Class A Common Stock. As discussed above, the Series A Preferred Return increases on a daily basis, and, accordingly, for each day that passes until an initial public offering, the number of shares of our Class A Common Stock into which our shares of Series A Preferred Stock would convert in connection with the Series A Preferred Conversion will increase.

A $1.00 increase (decrease) in the assumed initial public offering price of $ per share, based on the mid-point of the offering range on the cover page of this prospectus, would increase (decrease) the aggregate number of shares of Class A Common Stock into which our Series A Preferred Stock will convert by or , respectively.

Prior to the consummation of this offering and after giving effect to the Class B Conversion, the Reverse Stock Split and the Series A Preferred Conversion, our Class A Common Stock will be reclassified as common stock.

We refer to the transactions listed above as the "Corporate Reorganization."

Components of net sales and expenses

Net sales

Substantially all of our net sales are generated through the sale of our automatic, stationary standby and portable generators to the residential, commercial, industrial and telecommunications markets. We also sell air-cooled engines to certain customers and sell service parts to our dealer network. Net sales are recognized upon shipment of products to our

customers. Net sales also includes shipping and handling charges billed to customers which are recognized at the time of shipment of products to our customers. Related freight costs are included in cost of sales. Our generators are fueled by natural gas, liquid propane, gasoline, diesel or Bi-Fuel™ systems with power output from 800W to 9mW. Our products are primarily manufactured and assembled at our Wisconsin facilities and distributed through over 17,000 outlets across the United States and Canada. Our smaller kW generators for the residential, portable and commercial markets are typically built to stock, while our larger kW products for the industrial markets are generally customized and built to order.

Our net sales are affected primarily by the U.S. economy, with 96% of our net sales for the year ended December 31, 2008 generated in the United States, and the remainder generated primarily in Canada.

We are not dependent on any one industry or customer for our net sales, with no single customer representing more than 7% of our net sales for the year ended December 31, 2008 and our top ten customers representing less than 32% of our net sales for the same period.

Costs of goods sold

The principal elements of costs of goods sold in our manufacturing operations are component parts, raw materials, factory overhead and labor. Component parts and raw materials comprised over 80% of costs of goods sold for the year ended December 31, 2008. The principal component parts are engines and alternators. We design and manufacture air-cooled engines for certain of our products smaller than 20kW. We source engines for some of our smaller products and all of our products larger than 20kW. We design all the alternators for our units and manufacture alternators for certain of our units. We also manufacture other generator components where we believe we have a design and cost advantage. We source component parts from an extensive global network of reliable, low-cost suppliers.

The principal raw materials used in our manufacturing processes and in the manufacturing of the components we source are steel, copper and aluminum. We are susceptible to fluctuations in the cost of these commodities, impacting our costs of goods sold. We seek to mitigate the impact of commodity prices on our business through a continued focus on product design improvements and price increases in our products. However, there is typically a lag between raw material price fluctuations and their effect on our costs of goods sold.

Other sources of costs include our manufacturing facilities, which require significant factory overhead, labor and shipping costs, are also significant sources of costs. Factory overhead includes utilities, support personnel, depreciation, general supplies and support and maintenance. Although we maintain a low-cost, largely non-union workforce and flexible manufacturing processes, our margins can be impacted when we cannot promptly decrease labor and manufacturing costs to match declines in net sales.

Operating expenses

Our operating expenses consist of costs incurred to support our marketing, distribution, engineering, information systems, human resources, finance, purchasing, risk management, legal and tax functions. All of these categories include personnel costs such as salaries, bonuses, employee benefit costs and taxes. We classify our operating expenses into four categories: selling and service, research and development, general and administrative, and amortization of intangibles.

Selling and service. Our selling and service expenses consist primarily of personnel expense, marketing expense, warranty expense and other sales expenses. Our personnel expense recorded in selling and services expenses includes the expense of our sales force responsible for our national accounts and other personnel involved in the marketing and sales of our products. Warranty expense, which is recorded at the time of sale, is estimated based on historical trends. Our marketing expenses include direct mail costs, printed material costs, product display costs, market research expenses, trade show expenses and media advertising. Marketing expenses generally increase as our sales efforts increase and are related to the launch of new product offerings and opportunities within selected markets or associated with specific events such as awareness marketing in areas impacted by storms, participation in trade shows and other events.

Research and development. Our research and development expenses support our nearly 100 active research and development projects. We currently operate three advanced facilities and employ over 100 engineers who focus on new product development, existing product improvement and cost reduction. Our commitment to research and development has resulted in a significant portfolio of approximately 50 U.S. and international patents and patent applications. Our research and development is expensed as incurred.

General and administrative. Our general and administrative expenses include personnel costs for general and administrative employees, accounting and legal professional services fees, information technology costs, insurance, travel and entertainment expense and other corporate expense. We expect our general and administrative expenses to increase in future periods as we expect to incur additional expenses associated with being a public company, including increased personnel costs, legal costs, accounting costs, board compensation expense, investor relations costs, higher insurance premiums and costs associated with our compliance with Section 404 of the Sarbanes-Oxley Act of 2002, other applicable SEC regulations and the requirements of the NYSE.

Amortization of intangibles. Our amortization of intangibles expenses include the straight-line amortization of customer lists, patents and other intangibles assets.

Goodwill and trade name impairment charges. Goodwill represents the excess of the amount paid to acquire us over the estimated fair value of the net tangible and intangible assets acquired as of the November 2006 date of the CCMP Transactions.

Other indefinite-lived intangible assets consist of trade names. The fair value of trade names is measured using a relief-from-royalty approach, which assumes the fair value of the trade name is the discounted cash flows of the amount that would be paid had we not owned the trade name and instead licensed the trade name from another company.

In some periods, we have recorded a charge for the writedown of goodwill and trade names that was recorded in operating expenses. Please see "Critical accounting policies—Goodwill and other intangible assets" for additional detail on this charge.

Transaction-related expenses. In the year ended December 31, 2006, our operating expenses include one-time transaction-related expenses incurred during the Predecessor Period related to the CCMP Transactions.

Other income (expense)

Our other income (expense) includes the interest expense on the outstanding balances of our $950.0 million first lien term loan, $430.0 million second lien term loan and $150.0 million revolving credit facility entered into in November 2006 and the amortization of debt financing costs. No amounts were outstanding under the revolving credit facility at September 30, 2009 and December 31, 2008. The amounts borrowed under our term loans bear interest at rates based upon either a base rate or LIBOR, plus an applicable margin. We also earn interest income on our cash and cash equivalents, which is included in other income (expense). We also record expenses related to interest rate swap agreements, which had a notional amount of $675.0 million outstanding at September 30, 2009 at an average rate of 5.04%. Other income (expense) may also include other financial items such as extinguishment of debt.

Taxes

Because we made a Section 338(h)(10) election in connection with the CCMP Transactions, we have $1.5 billion of tax-deductible goodwill and intangible asset amortization remaining as of September 30, 2009 that we expect to generate cash federal tax savings of $529 million through 2021, assuming continued profitability and a 35% federal tax rate. The amortization of these assets for tax purposes is expected to be $122 million annually through 2020 and $102 million in 2021, which generates annual cash tax savings of $43 million through 2020 and $36 million in 2021, assuming profitability and a 35% federal tax rate. Additionally, we have net operating loss, or NOL, carry-forwards of $163.6 million as of September 30, 2009, which we expect to generate an additional $46 million of cash tax savings when and if utilized.

Based on current business plans, we believe that our cash tax obligations through 2021 will be significantly reduced by these tax attributes.

Critical accounting policies

Our critical accounting policies are more fully described in Note 2 to our audited consolidated financial statements included elsewhere in this prospectus. As discussed in Note 2, the preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions about future events that affect the amounts reported in the financial statements and accompanying notes. Future events and their effects cannot be determined with absolute certainty. Therefore, the determination of estimates requires the exercise of judgment. Actual results may differ from those estimates, and such differences may be material to the financial statements.

The most significant accounting estimates inherent in the preparation of our financial statements include a goodwill and other indefinite-lived intangible asset impairment assessment, estimates as to the recovery of accounts receivable and inventory reserves, and estimates used in the determination of liabilities related to customer rebates, pension obligations, product warranty, product liability, interest rate swap derivative contracts and taxation.

Goodwill and other intangible assets

We perform an annual impairment test for goodwill and trade names and more frequently if an event or circumstances indicate that an impairment loss has been incurred. Conditions that would trigger an impairment assessment include, but are not limited to, a significant adverse change in legal factors or business climate that could affect the value of an asset. The analysis

of potential impairment of goodwill requires a two-step process. The first step is the estimation of fair value of the applicable reporting unit. We have determined we have one reporting unit, and all significant decisions are made on a companywide basis by our chief operating decision maker. Estimated fair value is based on management judgments and assumptions with the assistance of a third-party valuation firm, and those fair values are compared with our aggregate carrying value. If our fair value is greater than the carrying amount, there is no impairment. If our carrying amount is greater than the fair value, then the second step must be completed to measure the amount of impairment, if any.

The second step calculates the implied fair value of the goodwill, which is compared to its carrying value. The implied fair value of goodwill is calculated by valuing all of the tangible and intangible assets of the reporting unit at the hypothetical fair value, assuming the reporting unit had been acquired in a business combination. The excess of the fair value of the entire reporting unit over the fair value of its identifiable assets and liabilities is the implied fair value of goodwill. If the implied fair value of goodwill is less than the carrying value of goodwill, an impairment loss is recognized equal to the difference.

As of October 31, 2008, we performed our annual goodwill impairment test. Our fair value was estimated based on a weighted analysis of discounted cash flows and comparable public company analysis (i.e., market approach). The rate used in determining discounted cash flows is a rate corresponding to our weighted average cost of capital, adjusted for risk where appropriate. In determining the estimated future cash flows, current and future levels of income are considered as well as business trends and market conditions. Due to an increase in the our weighted average cost of capital and lower comparable public company market values resulting from weakening economic conditions, the analysis indicated the potential for impairment.

We performed the second step of the goodwill impairment evaluation with the assistance of a third-party valuation firm and determined an impairment of goodwill existed. Accordingly, a non-cash charge of $503.2 million was recognized in 2008 for goodwill impairment. There was no impairment recorded for the year ended December 31, 2007.

We performed our annual fair value-based impairment test on trade names as of October 31, 2008. As a result of the test, we recorded a non-cash charge of $80.3 million for trade name impairment. The primary reason for this impairment charge related to a re-branding strategy, which was committed to in the fourth quarter of 2008 and resulted in our plan to discontinue use of the Guardian® trade name over time as we consolidate brands under the Generac label. Accordingly, this particular trade name was written down to its estimated realizable value of $8.7 million, which will be amortized over its remaining useful life of two years.

When preparing a discounted cash flow analysis, we make a number of key estimates and assumptions. We estimate the future cash flows of the business based on historical and forecasted revenues and operating costs. This, in turn, involves further estimates, such as estimates of future growth rates and inflation rates. In addition, we apply a discount rate to the estimated future cash flows for the purpose of the valuation. This discount rate is based on the estimated weighted average cost of capital for the business and may change from year to year. Weighted average cost of capital includes certain assumptions such as market capital structures, market betas, risk-free rate of return and estimated costs of borrowing. Changes in these key estimates and assumptions, or in other assumptions used in this process, could materially affect our impairment analysis for a given year. Additionally, since our measurement

also considers a market approach, changes in comparable public company multiples can also materially impact our impairment analysis.

As previously discussed, we recognized a $503.2 million goodwill impairment charge and $80.3 million trade name impairment charge in the fourth quarter of 2008. As economic conditions, market comparables and cash flows from operations have improved from the fourth quarter of 2008, we expect the fair value of our reporting unit to improve, and we believe that no further goodwill impairment is likely at this time.

In the long term, our remaining goodwill and trade name balances could be further impaired in future periods. A number of factors, many of which we have no ability to control, could affect our financial condition, operating results and business prospects and could cause actual results to differ from the estimates and assumptions we employed. These factors include:

- a prolonged global economic crisis;
- a significant decrease in the demand for our products;
- the inability to develop new and enhanced products and services in a timely manner;
- a significant adverse change in legal factors or in the business climate;
- an adverse action or assessment by a regulator; and
- successful efforts by our competitors to gain market share in our markets.

Our cash flow assumptions are based on historical and forecasted revenue, operating costs and other relevant factors. If management's estimates of future operating results change or if there are changes to other assumptions, the estimate of the fair value of our business may change significantly. Such change could result in impairment charges in future periods, which could have a significant impact on our operating results and financial condition.

Defined benefit pension obligations

The funded status of our pension plans is more fully described in Note 9 to our audited consolidated financial statements included elsewhere in this prospectus. As discussed in Note 9, the pension benefit obligation and related pension expense or income are calculated in accordance with ASC 715-30, *Defined Benefit Plans—Pension*, and are impacted by certain actuarial assumptions, including the discount rate and the expected rate of return on plan assets.

Rates are evaluated on an annual basis considering such factors as market interest rates and historical asset performance. Actuarial valuations for fiscal year 2008 used a discount rate of 6.48% and an expected rate of return on plan assets of 9.0%. Our discount rate was selected using a methodology that matches plan cash flows with a selection of Moody's Aa or higher rated bonds, resulting in a discount rate that better matches a bond yield curve with comparable cash flows. In estimating the expected return on plan assets, we study historical markets and preserve the long-term historical relationships between equities and fixed-income securities. We evaluate current market factors such as inflation and interest rates before we determine long-term capital market assumptions and review peer data and historical returns to check for reasonableness and appropriateness. Changes in the discount rate and return on assets can have a significant effect on the funded status of our pension plans, stockholders' equity and related expense. We cannot predict these changes in discount rates or investment

returns and, therefore, cannot reasonably estimate whether the impact in subsequent years will be significant.

The funded status of our pension plans is the difference between the projected benefit obligation and the fair value of its plan assets. The projected benefit obligation is the actuarial present value of all benefits expected to be earned by the employees' service adjusted for future potential wage increases. At December 31, 2008, the fair value of plan assets was less than the projected benefit obligation by approximately $14.4 million.

Our funding policy for our pension plans is to contribute amounts at least equal to the minimum annual amount required by applicable regulations. We expect to contribute $850,000 to our pension plans in 2009. See Note 9 to our audited consolidated financial statements included elsewhere in this prospectus for a description of our pension plans.

We elected to freeze our pension plans effective December 31, 2008. This resulted in a cessation of all future benefit accruals for both hourly and salary pension plans. A curtailment liability gain of $5.8 million related to the salary plan was recognized as a reduction to the unrecognized net loss, as the curtailment liability gain was less than the unrecognized net loss prior to the plan amendment and therefore did not impact the statement of operations for the year ended December 31, 2008.

Allowance for doubtful accounts, excess and obsolete inventory reserves, product warranty reserves and other contingencies

The reserves, if any, for customer rebates, product warranty, product liability, litigation, excess and obsolete inventory and doubtful accounts are fact-specific and take into account such factors as specific customer situations, historical experience, and current and expected economic conditions. These reserves are reflected under Notes 2, 3, 4 and 13 to our audited consolidated financial statements included elsewhere in this prospectus.

Derivative accounting

We have interest rate swap contracts, or the Swaps, in place to fix a portion of our variable rate indebtedness. For 2006, 2007 and 2008, the Swaps were deemed highly effective per ASC 815 (formerly SFAS No. 133, *Accounting for Derivative Instruments and Hedging Activities*) and therefore, any changes in fair value of these Swaps is recorded in accumulated other comprehensive income (loss). As of January 3, 2009, in accordance with the terms of our senior secured credit facilities, we changed the interest rate election from three-month LIBOR to one-month LIBOR. As a result, we concluded that as of January 3, 2009, the Swaps no longer met hedge effectiveness criteria under SFAS No. 133. Future changes in the fair value of the Swaps will be immediately recognized in our statement of operations as interest expense, while the effective portion of the Swaps prior to the change will remain in accumulated other comprehensive income (loss) and will be amortized as interest expense over the period of the originally designated hedged transactions scheduled to end on January 4, 2010.

We estimated the fair value of the Swaps pursuant to ASC 815, *Derivatives and Hedging*, which defines fair value, establishes a consistent framework for measuring fair value and expands disclosure for each major asset and liability category measured at fair value. When determining the fair value of the Swaps, we considered our credit risk in accordance with ASC 815. The fair value of the Swaps, including the impact of credit risk, at December 31, 2007 and 2008 was a liability of $18.5 million and $24.2 million, respectively.

Income taxes

We account for income taxes in accordance with ASC 740, *Income Taxes*. Our estimate of income taxes payable, deferred income taxes and the effective tax rate is based on an analysis of many factors including interpretations of federal and state income tax laws, the difference between tax and financial reporting bases of assets and liabilities, estimates of amounts currently due or owed in various jurisdictions, and current accounting standards. We review and update our estimates on a quarterly basis as facts and circumstances change and actual results are known.

We have generated significant deferred tax assets as a result of goodwill and intangible asset book versus tax differences as well as significant net operating loss carryforwards to date. In assessing the realizability of these deferred tax assets, we consider whether it is more likely than not that some portion or all of the deferred tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the years in which those temporary differences become deductible. We consider the scheduled reversal of deferred tax liabilities, projected future taxable income and tax planning strategies in making this assessment. As a result of this analysis, we have recorded a full valuation allowance against these net deferred tax assets.

On January 1, 2007, we adopted the provisions of ASC 740-10 (formerly known as FASB Interpretation No. 48, *Accounting for Uncertainty in Income Taxes—an interpretation of FASB Statement No. 109*). ASC 740-10 prescribes a comprehensive model for how a company should recognize, measure, present and disclose in its financial statements uncertain tax positions that a company has taken or expects to take on tax returns. As such, accruals for tax contingencies, if any, are provided for in accordance with the requirements of ASC 740-10.

Results of operations

Nine months ended September 30, 2009 compared to nine months ended September 30, 2008

The following table sets forth our consolidated statement of operations data for the periods indicated:

	Nine months ended September 30,	
(Dollars in thousands)	**2008**	**2009**
Net sales	$ 401,605	$ 434,284
Costs of goods sold	257,736	262,078
Gross profit	143,869	172,206
Operating expenses:		
Selling and service	41,068	44,863
Research and development	7,477	7,752
General and administrative	11,708	11,538
Amortization of intangibles	35,604	38,863
Total operating expenses	95,857	103,016
Income from operations	48,012	69,190
Total other expense, net	(75,433)	(44,491)
Income (loss) before provision (benefit) for income taxes	(27,421)	24,699
Provision (benefit) for income taxes	12,769	324
Net income (loss)	$ (40,190)	$ 24,375

Net sales. Net sales increased $32.7 million, or 8.1%, to $434.3 million for the nine months ended September 30, 2009 from $401.6 million for the nine months ended September 30, 2008. This increase was driven by a $50.0 million, or 22.9%, increase in sales to the residential markets due to the introduction of our new air-cooled product line, increases in our points of distribution, our re-entry into the small kilowatt portable generator market in May 2008, and a strong winter storm season in the beginning of 2009 partially offset by the impact of a weaker summer storm season during the third quarter of 2009. Net sales were also impacted by increased selling prices on certain residential, commercial and industrial units, which we expect to continue to benefit our operations through the remainder of the year. The increase in home standby and portable generators was partially offset by a $13.3 million, or 8.5%, decline in industrial and commercial sales as industrial national account and other customers lowered capital spending in late 2008 and 2009. Net sales for the three months ended September 30, 2009 declined $20.8 million or 12.6% compared to the three months ended September 30, 2008, largely as a result of a decline in portable generator sales due to the weaker summer storm season and the decline in industrial and commercial sales referenced above.

Costs of goods sold. Costs of goods sold increased $4.3 million, or 1.7%, to $262.1 million for the nine months ended September 30, 2009 from $257.7 million for the nine months ended September 30, 2008. This increase was driven by an $8.6 million increase in materials cost, primarily due to higher sales volumes offset by the impact of lower steel, copper and aluminum costs. Mitigating the increase in materials cost was a $2.8 million decline in freight costs and a $1.5 million decline in labor and overhead expenses.

Gross profit. Gross profit increased $28.3 million, or 19.7%, to $172.2 million for the nine months ended September 30, 2009 from $143.9 million for the nine months ended September 30, 2008, primarily due to the increase in net sales described above. As a percentage of net sales, gross profit increased to 39.7% for the nine months ended September 30, 2009 from 35.8% for the nine months ended September 30, 2008. We realized the margin improvement from price increases and improved sourcing of certain components and products, partially offset by higher sales of lower margin products. Gross profit for the three months ended September 30, 2009 increased $8.7 million or 15.5% compared to the three months ended September 30, 2008, due to the gross margin improvement referenced above.

Operating expenses. Operating expenses increased $7.2 million, or 7.5%, to $103.0 million for the nine months ended September 30, 2009 from $95.9 million for the nine months ended September 30, 2008. This increase was attributable to a $3.8 million increase in selling and service expenses due to higher variable expenses related to our increase in net sales, such as warranty, commission and credit card fees, as well as higher advertising costs. Amortization of intangibles also increased by $3.3 million, primarily due to the recharacterization of a particular trade name with an estimated value of $8.7 million net of impairment from indefinite-lived to defined life following the implementation of our re-branding strategy, whereby we are consolidating brands under the Generac label and began phasing out the particular trade name over time as described in "Critical accounting policies—Goodwill and other intangible assets." Research and development expenses increased $0.3 million from ongoing product development. General and administrative expenses declined $0.2 million due to cost reduction initiatives across the business.

Other expense. Other expense decreased $30.9 million, or 41.0%, to $44.5 million for the nine months ended September 30, 2009 from $75.4 million for the nine months ended September 30, 2009. This decrease was driven by a $21.1 million decline in interest expense as

a result of our reduction in indebtedness and lower LIBOR rates, offset by accounting for ineffectively hedged interest rate swaps resulting in additional net interest expense of $8.0 million. Gains on extinguishment of debt also increased by $9.4 million from $5.3 million for the nine months ended September 30, 2008 to $14.7 million for the nine months ended September 30, 2009. The gains on extinguishment of debt and the related decrease in interest expense are due to the debt repurchases by affiliates of CCMP of $104.3 million of our second lien term loans from September 2007 to April 2008, which such CCMP affiliates contributed to our company in exchange for shares of our Class B Voting Common Stock, and debt repurchases of $154.8 million of our first and second lien term loans from December 2008 to July 2009, which such CCMP affiliates contributed to our company in exchange for shares of our Series A Preferred Stock. See "Certain relationships and related person transactions."

Income tax expense (benefit). Income tax expense was $0.3 million for the nine months ended September 30, 2009 and $12.8 million for the nine months ended September 30, 2008. During the nine months ended September 30, 2008, our tax basis in goodwill was lower than our book basis. As such, a deferred tax liability was recognized on our consolidated balance sheet. These deferred tax liabilities were considered to have indefinite lives and therefore were ineligible to be considered as a source of future taxable income in assessing the realization of deferred tax assets. This resulted in tax expense of $12.8 million recorded in our consolidated statement of operations for the nine months ended September 30, 2008.

Net income (loss). As a result of the factors identified above, we generated net income of $24.4 million for the nine months ended September 30, 2009 and a loss of $40.2 million for the nine months ended September 30, 2008.

Year ended December 31, 2008 compared to year ended December 31, 2007

The following table sets forth our consolidated statement of operations data for the periods indicated:

	Year ended December 31,	
(Dollars in thousands)	**2007**	**2008**
Net sales	$ 555,705	$ 574,229
Costs of goods sold	333,428	372,199
Gross profit	222,277	202,030
Operating expenses:		
Selling and service	52,652	57,449
Research and development	9,606	9,925
General and administrative	17,581	15,869
Amortization of intangibles	47,602	47,602
Goodwill and trade name impairment charges	—	583,486
Total operating expenses	127,441	714,331
Income (loss) from operations	94,836	(512,301)
Total other expense, net	(105,121)	(43,254)
Loss before provision for income taxes	(10,285)	(555,555)
Provision (benefit) for income taxes	(571)	400
Net loss	$ (9,714)	$ (555,955)

Net sales. Net sales increased $18.5 million, or 3.3%, to $574.2 million for the year ended December 31, 2008 from $555.7 million for the year ended December 31, 2007. This increase was driven by a $25.9 million, or 8.4%, increase in sales to the residential markets, partially offset by a $9.5 million, or 21.9%, decrease in other sales driven by weakness in the RV market. The increase in sales to the residential markets was driven by our re-entry into the small kilowatt portable generator market in the second quarter of 2008, increased sales volumes of standby generators following the redesign of our air-cooled home standby generators and growth in our dealer and electrical wholesale points of distribution. Demand for home standby and portable products was also aided by heightened awareness following a strong hurricane and winter ice storm season. In 2008, we also experienced a modest increase in sales to commercial and industrial markets.

Costs of goods sold. Costs of goods sold increased $38.8 million, or 11.6%, to $372.2 million for the year ended December 31, 2008 from $333.4 million for the year ended December 31, 2007. This increase was driven primarily by a $35.1 million increase in materials cost due to higher steel, copper and aluminum prices and higher sales volumes. Additionally, labor expenses increased by $3.2 million due to higher sales volumes.

Gross profit. Gross profit decreased $20.2 million, or 9.1%, to $202.0 million for the year ended December 31, 2008 from $222.3 million for the year ended December 31, 2007. As a percentage of net sales, gross profit declined to 35.2% for the year ended December 31, 2008 from 40.0% for the year ended December 31, 2007. This decline was primarily due to the above-mentioned increases in commodity prices, as well as an increase in sales of lower margin products.

Operating expenses. Operating expenses increased $586.9 million to $714.3 million for the year ended December 31, 2008 from $127.4 million for the year ended December 31, 2007. This increase is primarily attributable to a $583.5 million goodwill and trade name impairment charge that was recorded in the fourth quarter of 2008. Excluding the goodwill and trade name impairment charge, operating expenses increased $3.4 million, or 2.7%. This was driven primarily by a $4.8 million increase in selling and service expenses due to increased sales volumes and associated increases in freight and warranty expenses. Research and development costs also increased by $0.3 million from ongoing product development. As a percentage of net sales, operating expenses, excluding the goodwill and trade name impairment charge, declined to 22.8% for the year ended December 31, 2008 from 22.9% for the year ended December 31, 2007 due to cost management efforts, including a $1.7 million decline in general and administrative expense and operating cost leverage over higher sales volumes.

Other expense. Other expense decreased $61.9 million, or 58.9%, to $43.3 million for the year ended December 31, 2008 from $105.1 million for the year ended December 31, 2007. This decline was driven by a $46.6 million increase in gains on the extinguishment of debt to $65.4 million, as well as a $17.3 million decrease in interest expense as a result of debt repurchases made during the year and the ongoing deleveraging of the business. The debt repurchases consisted of purchases by affiliates of CCMP of $104.3 million of our second lien term loans from September 2007 to April 2008, which such CCMP affiliates contributed to our company in exchange for shares of our Class B Common Stock, and $154.8 million of our first and second lien term loans from December 2008 to July 2009, which such CCMP affiliates contributed to our company in exchange for shares of our Series A Preferred Stock. See "Certain relationships and related person transactions."

Income tax expense (benefit). We incurred an income tax expense of $0.4 million for the year ended December 31, 2008 compared to an income tax benefit of $0.6 million for the year ended December 31, 2007.

Net income (loss). As a result of the factors identified above, we generated a net loss of $556.0 million, for the year ended December 31, 2008, compared to a net loss of $9.7 million for the year ended December 31, 2007.

Year ended December 31, 2007 compared to the combined year ended December 31, 2006

We compare the year ended December 31, 2007 (post-merger) and the combined periods from January 1, 2006 to November 10, 2006 (Predecessor) and from November 11, 2006 to December 31, 2006 (Successor) for purposes of management's discussion and analysis of the results of operations. Any references below to the year ended December 31, 2006 refer to the combined periods. Material fluctuations in operations resulting from the effect of purchase accounting have been highlighted.

U.S. GAAP does not allow for such combination of Predecessor and Successor financial results. We believe the combined results provide the most meaningful way to comment on our results of operations for the year ended December 31, 2006 compared to the year ended December 31, 2007 because discussion of any partial period comparisons would not be meaningful. The combined information is the result of merely adding the Predecessor and Successor columns, is not consistent with U.S. GAAP and does not include any pro forma assumptions or adjustments.

The following table sets forth our consolidated statement of operations data for the periods indicated:

	Predecessor	Successor		
(Dollars in thousands)	Period from January 1, 2006 through November 10, 2006	Period from November 11, 2006 through December 31, 2006	Combined year ended December 31, 2006	Year ended December 31, 2007
Net sales	$ 606,249	$ 74,110	$ 680,359	$ 555,705
Costs of goods sold	371,425	55,105	426,530	333,428
Gross profit	234,824	19,005	253,829	222,277
Operating expenses:				
Selling and service	45,800	5,279	51,079	52,652
Research and development	9,141	1,168	10,309	9,606
General and administrative	12,631	1,695	14,326	17,581
Amortization of intangibles	—	8,576	8,576	47,602
Transaction related expenses	149,792	—	149,792	—
Total operating expenses	217,364	16,718	234,082	127,441
Income from operations	17,460	2,287	19,747	94,836
Total other income (expense), net	846	(18,244)	(17,398)	(105,121)
Income (loss) before provision (benefit) for income taxes	18,306	(15,957)	2,349	(10,285)
Provision (benefit) for income taxes	5,519	—	5,519	(571)
Net income (loss)	$ 12,787	$ (15,957)	$ (3,170)	$ (9,714)

Net sales. Net sales declined $124.7 million, or 18.3%, to $555.7 million for the year ended December 31, 2007 from $680.4 million for the year ended December 31, 2006. This decline was driven by a $121.1 million, or 28.3%, decline in sales to the residential markets, particularly in the regions where consumer durable purchases weakened in tandem with lower awareness. Awareness declined following less active 2006 and 2007 storm seasons compared to the significant hurricane activity in 2005, which led to increased 2006 net sales above the historical trend. The decrease in net sales in 2007 followed two years of significant net sales increases, 31.2% in the year ended December 31, 2006 from $518.8 million in the year ended December 31, 2005, and 46.4% in 2005 from $354.2 million in the year ended December 31, 2004. Other sales also declined by $12.5 million, or 22.4%, for the year ended December 31, 2007 driven by lower RV generator and engine sales volumes. This decline was partially offset by continued strength in shipments to new and existing telecommunications customers and increased sales of our MPS products.

Costs of goods sold. Costs of goods sold decreased $93.1 million, or 21.8%, to $333.4 million for the year ended December 31, 2007 from $426.5 million for the year ended December 31, 2006. This decrease was primarily driven by a $74.9 million decline in materials costs as a result of lower sales volumes of home standby and portable generators. Lower sales volumes also drove a $7.5 million decline in overhead expense, $6.8 million decline in labor expense and $3.9 million decline in freight costs.

Gross profit. Gross profit decreased $31.6 million, or 12.4%, to $222.3 million for the year ended December 31, 2007 from $253.8 million for the year ended December 31, 2006, driven primarily by the decline in net sales. As a percentage of net sales, gross profit increased to 40.0% for the year ended December 31, 2007 from 37.3% for the year ended December 31, 2006. This margin improvement was driven by a combination of new product introductions, price increases and ongoing manufacturing cost reductions.

Operating expenses. Operating expenses decreased $106.6 million, or 45.6%, to $127.4 million for the year ended December 31, 2007 from $234.1 million for the year ended December 31, 2006. This was primarily attributable to $149.8 million in one-time transaction expenses incurred in 2006 during the Predecessor Period. This was partially offset by a $39.0 million increase in the amortization of intangibles as a result of the CCMP Transactions incurred for the year ended December 31, 2007 over the prior year.

As a percentage of net sales, operating expenses decreased to 22.9% for the year ended December 31, 2007 from 34.4% for the year ended December 31, 2006. Excluding the impact of the transaction and amortization expenses described above, operating expenses as a percentage of net sales increased to 14.4% in the year ended December 31, 2007 from 11.1% for the year ended December 31, 2006, driven by reduced operating cost leverage on lower sales volumes. Selling and service expenses increased by $1.6 million due to an increase in strategic marketing expenses. General and administrative expenses increased by $3.3 million due to higher severance expenses. These increases were partially offset by a $0.7 million decrease in research and development expenses due to a reduced number of product introductions.

Other expense. Other expense increased $87.7 million to $105.1 million for the year ended December 31, 2007 from $17.4 million for the year ended December 31, 2006. This was largely due to a $106.3 million increase in interest expense due to the increase in our leverage in connection with the CCMP transactions. We also recorded a gain on the extinguishment of

debt of $18.8 million for the year ended December 31, 2007 as a result of debt purchases by affiliates of CCMP and contributed to us during the year.

Income tax expense (benefit). We recorded an income tax benefit of $0.6 million for the year ended December 31, 2007 versus income tax expense of $5.5 million for the year ended December 31, 2006.

Net income (loss). As a result of the factors identified above, net loss after taxes increased by $6.5 million to a net loss of $9.7 million for the year ended December 31, 2007, compared to a net loss of $3.2 million for the year ended December 31, 2006.

Liquidity and capital resources

Our primary cash requirements include the payment of our raw material and components suppliers and operating expenses, interest and principal payments on our debt, and capital expenditures. We finance our operations primarily through cash flow from operations and borrowings under our revolving credit facility. In November 2006, Generac Power Systems entered into a seven-year $950.0 million first lien term loan, a seven-and-a-half year $430.0 million second lien term loan, and a six-year $150.0 million revolving credit facility. To date, we have paid $29.4 million in principal and our affiliates have repurchased and contributed $9.9 million in face value of Generac Power System's first lien term loan. Our affiliates have also repurchased and contributed $249.1 million in face value of Generac Power System's second lien term loan. See "Senior secured credit facilities" below.

At December 31, 2008, we had cash and cash equivalents of $81.2 million and $143.3 million of availability under our revolving credit facility, after giving effect to $6.7 million of outstanding letters of credit. Our total indebtedness was $1,130.9 million at December 31, 2008. At September 30, 2009, our principal sources of liquidity were cash and cash equivalents of $134.1 million and $144.0 million of availability under our revolving credit facility, after giving effect to $6.0 million of outstanding letters of credit. Our total indebtedness was $1,091.5 million at September 30, 2009.

Long-term liquidity

We believe that our cash flow from operations, our availability under our revolving credit facility, combined with our low capital expenditure and working capital costs, will provide us with sufficient capital to continue to grow our business in the next twelve months and beyond. However, we will use a significant portion of our cash flow to pay interest on our outstanding debt, limiting the amount available for working capital, capital expenditures and other general corporate purposes. As we continue to expand our business, we may in the future require additional capital to fund working capital, capital expenditures, or acquisitions.

Cash flow

Nine months ended September 30, 2009 compared to nine months ended September 30, 2008

The following table summarizes our cash flows by category for the periods presented:

	Nine months ended September 30,			
(Dollars in thousands)	**2008**	**2009**	**Change**	**% Change**
Net cash provided by (used in) operating activities	$ (18,845)	$ 45,131	$ 63,976	339.5%
Net cash provided by (used in) investing activities	$ (3,758)	$ (2,741)	$ 1,017	27.1%
Net cash provided by (used in) financing activities	$ (10,743)	$ 10,500	$ 21,243	197.7%

Net cash provided by operating activities was $45.1 million during the nine months ended September 30, 2009 compared to net cash used in operating activities of $18.8 million during the nine months ended September 30, 2008. This $64.0 million increase was primarily attributable to the $64.6 million increase in net income as described in "Results of operations." Fluctuations in non-cash items for the nine months ended September 30, 2009 are driven by a $9.4 million increase in gain on extinguishment of debt and $18.2 million in amortization of unrealized loss on interest rate swaps related to the loss recorded in accumulated other comprehensive income (loss) while the swaps were deemed highly effective hedges. On January 3, 2009, the Company changed its interest rate election which resulted in the swaps no longer being a highly effective hedge and hedge accounting ceased prospectively. The increase in net income was offset by a $12.4 million decrease in cash flows from net changes in operating assets and liabilities. Net changes in operating assets and liabilities were an increase of $30.1 million for the nine months ended September 30, 2009, driven by a $27.2 million decrease in other accrued liabilities and $19.7 million increase in inventories, offset by a $9.4 million increase in accounts payable and $6.1 million decrease in accounts receivable. This increase was due to higher inventory levels in the third quarter of 2009 versus the fourth quarter of 2008 due to higher portable generator inventories, partially offset by seasonal management of accounts payable with certain of our suppliers and accounts receivable days. Net changes in operating assets and liabilities were an increase of $17.6 million for the nine months ended September 30, 2008, driven by a $35.2 increase in accounts receivable and $11.0 million increase in inventories, offset by a $17.8 million increase in accounts payable and $11.7 million increase in other accrued liabilities. This increase was primarily driven by increased sales and production volumes in the third quarter of 2008 versus the fourth quarter of 2007.

Net cash used in investing activities for the nine months ended September 30, 2009 was $2.7 million, which was the result of $2.9 million used for the purchase of property and equipment.

Net cash provided by financing activities in the nine months ended September 30, 2009 was $10.5 million due to a $20.0 million capital contribution in exchange for shares of our Series A Preferred Stock, offset by principal payments on our first lien term loan.

Year ended December 31, 2008 compared to year ended December 31, 2007

The following table summarizes our cash flows by category for the periods presented:

(Dollars in thousands)	Year ended December 31, 2007	2008	Change	% Change
Net cash provided by operating activities	$ 38,513	$ 10,225	$ (28,288)	(73.5)%
Net cash used in investing activities	$ (12,732)	$ (5,038)	$ 7,694	60.4%
Net cash provided by (used in) financing activities	$ (8,937)	$ 4,728	$ 13,665	152.9%

Net cash provided by operating activities was $10.2 million for 2008 compared to $38.5 million in 2007. The $28.3 million decrease was primarily due to a $9.4 million increase in net loss, excluding the impact of significant noncash charges such as a $583.5 million goodwill and trade name impairment charge in 2008 and non-cash gains on extinguishment of debt of $65.4 million in 2008 and $18.8 million in 2007. Increases in net operating assets and liabilities led to a further decrease of $18.8 million of net cash provided by operating activities, primarily driven by increased sales and production volumes in the fourth quarter of 2008 as compared to the fourth quarter of 2007. The increase in net operating assets and liabilities was primarily the result of a $20.8 million increase in accounts receivable and a $26.4 million increase in inventories, partially offset by a $34.4 million increase in accounts payable.

Net cash used for investing activities for the year ended December 31, 2008 was $5.0 million and included $5.2 million used for the purchase of property and equipment. Net cash used for investing activities for the year ended December 31, 2007 was $12.7 million and included $13.2 million used for the purchase of property and equipment and the construction of our distribution center in Whitewater, Wisconsin, partially offset by a cash inflow of $0.4 million from collections on receivable notes.

Net cash provided by financing activities was $4.7 million for the year ended December 31, 2008, driven by $15.5 million in stockholder contributions of capital, offset in part by $10.4 million of payments on our term loans. Net cash used for financing activities was $8.9 million for the year ended December 31, 2007, primarily due to $9.5 million in principal payments on our first lien term loan.

Year ended December 31, 2007 compared to the combined year ended December 31, 2006

We compare the year ended December 31, 2007 (post-merger) and the combined periods from January 1, 2006 to November 10, 2006 (Predecessor) and from November 11, 2006 to December 31, 2006 (Successor) for purposes of management's discussion and analysis of our cash flows. Any references below to the year ended December 31, 2006 refer to the combined periods. Material fluctuations in cash flows resulting from the effect of purchase accounting have been highlighted.

U.S. GAAP does not allow for such combination of Predecessor and Successor financial results. We believe the combined information provides the most meaningful way to comment on our cash flows for the year ended December 31, 2006 compared to the year ended December 31, 2007 because discussion of any partial period comparisons would not be meaningful. The combined information is the result of merely adding the Predecessor and Successor columns, is not consistent with U.S. GAAP and does not include any pro forma assumptions or adjustments.

The following table summarizes our cash flows by category for the periods presented:

(Dollars in thousands)	Predecessor Period from January 1, 2006 through November 10, 2006	Period from November 11, 2006 through December 31, 2006	Combined year ended December 31, 2006	Year ended December 31, 2007	Change	% Change	Successor
Net cash provided by operating activities	$ 2,761	$ 36,060	$ 38,821	$ 38,513	$ (308)	(0.8)%	
Net cash used in investing activities	$ (5,707)	$ (1,865,003)	$ (1,870,710)	$ (12,732)	$ 1,857,978	99.3%	
Net cash provided by (used in) financing activities	$ (15,227)	$ 1,883,414	$ 1,868,187	$ (8,937)	$ (1,877,124)	(100.5)%	

Net cash provided by operating activities was $38.5 million in 2007 compared with $38.8 million for the combined period in 2006. The $0.3 million decrease was primarily attributable to an $18.8 million decrease in cash flows from net changes in operating assets and liabilities and the $18.8 million non-cash gain on extinguishment of debt incurred in 2007. Changes in operating assets and liabilities in 2007 were driven by a decrease in accrued liabilities of $14.2 million and a decrease in accounts payable of $3.4 million, offset by a decrease in inventories of $21.4 million and a $4.8 million decrease in accounts receivable as a result of lower sales volumes. These decreases were offset by a $39.0 million increase in amortization of intangibles as a result of the CCMP Transactions.

Net cash used for investing activities for the year ended December 31, 2007 was $12.7 million and included $13.2 million used for the purchase of property and equipment and the construction of our distribution center in Whitewater, Wisconsin. Net cash used for investing activities for the year ended December 31, 2006 was $1,870.7 million and included $1,864.3 million net cash used for the purchase of Generac Power Systems in connection with the CCMP Transactions and $6.9 million used for the purchase of property and equipment.

Net cash used for financing activities was $8.9 million for the year ended December 31, 2007, primarily due to $9.5 million in principal payments on our first lien term loan. Net cash provided by financing activities was $1,868.2 million for the year ended December 31, 2006. This was primarily due to $1,380.0 million in proceeds from long-term debt and $688.5 million in stockholder contributions of capital in connection with the CCMP Transactions.

Senior secured credit facilities

In November 2006, as part of the CCMP Transactions, Generac Power Systems entered into (i) a first lien credit facility with Goldman Sachs Credit Partners L.P., as administrative agent, composed of (x) a $950.0 million term loan, which matures in November 2013 and (y) a $150 million revolving credit facility, which matures in November 2012, and (ii) a second lien credit facility with JP Morgan Chase Bank, N.A., as administrative agent, composed of a $430.0 million term loan, which matures in May 2014. A summary of these senior secured credit facilities are described below. This description is qualified in its entirety by reference to the complete text of the related credit agreements and security agreements, copies of which have been filed as exhibits to the registration statement of which this prospectus is a part.

The first lien credit facility bears interest at rates based upon either a base rate, plus an applicable margin (1.50% as of September 30, 2009, 1.50% as of December 31, 2008 and 1.50% as of December 31, 2007) or adjusted LIBOR rate plus an applicable margin (2.50% as of September 30, 2009, 2.50% as of December 31, 2008 and 2.50% as of December 31, 2007) determined based on a leverage ratio. The effective interest rate on the first lien credit facility term loan on September 30, 2009 was 5.7%. The second lien credit facility bears interest at rates based upon a base rate, plus an applicable margin of 5.00% or an adjusted LIBOR rate, plus an applicable margin of 6.00%. The effective interest rate on the second lien credit facility term loan on September 30, 2009 was 9.2%. Amounts under the revolving credit facility can be borrowed and repaid, from time to time, at our option, provided there is no default or event of default under either credit facility.

The obligations under the senior secured credit facilities are guaranteed by Generac Acquisition Corp. The first lien term loan facility and the revolving credit facility are secured by a first- priority perfected security interest (subject to permitted liens) in:

- substantially all tangible and intangible assets (subject to certain exceptions) owned by Generac Acquisition Corp. and Generac Power Systems;
- the capital stock of the existing and future domestic subsidiaries of Generac Acquisition Corp. and Generac Power Systems; provided that the pledge of the capital stock of non-U.S. subsidiaries is limited to 65% of the stock of the guarantors' non-U.S. subsidiaries; and
- all proceeds and products of the property and assets described above.

The second lien term loan facility is secured by a second-priority security interest in all the assets pledged to the first lien term loan facility and the revolving credit facility, as described above.

In addition, our senior secured credit facilities provide us the option to raise incremental credit facilities, subject to certain limitations.

Covenant compliance

The senior secured credit facilities require Generac Power Systems to maintain a leverage ratio of consolidated total debt, net of unrestricted cash and marketable securities, to EBITDA (as defined in the senior secured credit facilities). We refer to the calculation of EBITDA under and as defined in our senior secured credit facilities in this prospectus as "Covenant EBITDA." Covenant EBITDA and the leverage ratio are calculated based on the four most recently completed fiscal quarters of Generac Power Systems. Based on the formulations set forth in the first lien credit facility, as of September 30, 2009, Generac Power Systems was required to maintain a maximum leverage ratio of 7.25 to 1.00, and the second lien credit facility required Generac Power Systems to maintain a maximum leverage ratio of 7.50 to 1.00. The maximum leverage ratio decreases over time under both facilities. The more restrictive of the facilities is the first lien credit facility, which requires Generac Power Systems to have a leverage ratio of no greater than 6.75 to 1.00 in the fourth quarter of 2009 and the first quarter of 2010, 6.50 to 1.00 in the second quarter of 2010, 6.25 to 1.00 in the third quarter of 2010, 5.75 to 1.00 in the fourth quarter of 2010 and the first quarter of 2011, 5.50 to 1.00 in the second quarter of 2011, 5.25 to 1.00 in the third quarter of 2011 and 4.75 to 1.00 in the fourth quarter of 2011 and thereafter. As of September 30, 2009, Generac Power Systems' leverage ratio was 6.37 to

1.00. Failure to comply with this covenant would result in an event of default under our senior secured credit facilities unless waived by our lenders. As of September 30, 2008, Generac Power Systems had violated its leverage ratio covenant. As permitted by the senior secured credit facilities, this violation was remedied by an equity contribution of $15.3 million from affiliates of CCMP in the fourth quarter of 2008. Generac Power Systems was in compliance with all of its covenants as of December 31, 2007, December 31, 2008 and September 30, 2009.

The maximum leverage ratio is a material term of our senior secured credit facilities in part because it is a maintenance covenant, and our compliance with the covenant is used in determining, among other things, the interest rate of the first lien credit facility, our ability to undertake business acquisitions, our ability to incur certain types of indebtedness and the maximum amount of dividends and distributions that our senior secured credit facilities permit us to pay to our stockholders, as described in more detail below.

The senior secured credit facilities contain other events of default that are customary for similar facilities and transactions, including a cross-default provision under the first lien credit facility with respect to any other indebtedness in an outstanding aggregate principal amount in excess of $25.0 million and a cross-default provision under the second lien credit facility with respect to any other indebtedness in an outstanding aggregate principal amount in excess of $28.75 million. An event of default under the senior secured credit facilities could result in the acceleration of our indebtedness under the facilities, and we may be unable to repay or finance the amounts due. If there were an event of default as a result of a failure to maintain our required leverage ratio or otherwise, it would have an adverse effect on our financial condition and liquidity, including preventing us from utilizing our revolving credit facility. In addition, the senior secured credit facilities restrict our ability to take certain actions, such as incur additional debt or make certain acquisitions, if we are unable to meet our leverage ratio.

We present Covenant EBITDA not only because of the maximum leverage ratio covenant in our senior secured credit facilities but also because our management uses Covenant EBITDA as a measure of our operating performance.

Covenant EBITDA represents net income (loss) as adjusted for the items reflected in the reconciliation table set forth below.

Covenant EBITDA does not represent, and should not be a substitute for net income (loss) as determined in accordance with U.S. GAAP. Covenant EBITDA has limitations as an analytical tool, and you should not consider it in isolation, or as a substitute for analysis of our results as reported under U.S. GAAP. Some of the limitations are:

- Covenant EBITDA does not reflect our cash expenditures, or future requirements for capital expenditures or contractual commitments;
- Covenant EBITDA does not reflect changes in, or cash requirements for, our working capital needs;
- Covenant EBITDA does not reflect the significant interest expense, or the cash requirements necessary to service interest or principal payments, on our debt;
- although depreciation and amortization are non-cash charges, the assets being depreciated and amortized will often have to be replaced in the future, and Covenant EBITDA does not reflect any cash requirements for such replacements;

- several of the adjustments that we use in calculating Covenant EBITDA, such as non-cash impairment charges, while not involving cash expense, do have a negative impact on the value of our assets as reflected in our consolidated balance sheet prepared in accordance with U.S. GAAP; and

- the adjustments for business optimization expenses, represent costs associated with severance and other items which are reflected in operating expenses and income (loss) from continuing operations in our consolidated statements of operations prepared in accordance with U.S. GAAP.

Because of these limitations, Covenant EBITDA should not be considered as a measure of discretionary cash available to us to invest in the growth of our business.

The following table presents a reconciliation of net income (loss) to Covenant EBITDA:

(Dollars in thousands)	Year ended December 31, 2007	Year ended December 31, 2008	Twelve months ended September 30, 2009
Net income (loss)	$ (9,714)	$ (555,955)	$ (491,390)
Interest expense	125,366	108,022	86,940
Depreciation and amortization	53,783	54,770	58,561
Income taxes provision (benefit)	(571)	400	(12,045)
Non-cash impairment and other charges(1)	5,328	585,634	584,277
Transaction costs and credit facility fees(2)	1,044	1,319	1,680
Non-cash gains(3)	(18,759)	(65,385)	(74,819)
Business optimization expenses(4)	1,944	971	247
Sponsor fees(5)	500	500	500
Letter of credit fees(6)	335	169	133
Other state taxes(7)	—	53	131
Holding company interest income(8)	(1,108)	(640)	(543)
Adjusted EBITDA(9)	158,148	129,858	153,672
Savings(10)	—	3,343	470
Equity cure(11)	—	15,319	—
Covenant EBITDA	$ 158,148	$ 148,520	$ 154,142
Leverage ratio covenant:			
Net debt(12)	$ 1,219,094	$ 1,051,350	$ 981,597
Ratio of consolidated net debt to Covenant EBITDA	7.71x	7.08x	6.37x

(1) Represents the following non-cash charges:

- for the Predecessor Period, a loss on disposal of assets;

- for the period from November 11 through December 31, 2006, a charge for the step-up in book value of inventory as a result of the application of purchase accounting in connection with the CCMP Transactions;

- for the year ended December 31, 2007, primarily a $3.9 million charge for the step-up in book value of inventory as a result of the application of purchase accounting in connection with the CCMP Transactions. Also includes $1.4 million of other charges, including a write-off of a pre-CCMP Transactions receivable, stock compensation expense, unsettled mark-to-market losses on copper forward contracts and losses on disposals of assets;

- for the year ended December 31, 2008, primarily $503.2 million in goodwill impairment charges and $80.3 million in trade name impairment charges described in "Management's discussion and analysis of financial condition and results of operations—Critical accounting policies—Goodwill and other intangible assets." Also includes $1.6 million of unsettled mark to market losses on copper forward contracts, a write-off of pre-CCMP Transactions bad debts and losses on disposals of assets. Separately, the amount also includes a write-off of certain inventory; and

- for the twelve months ended September 30, 2009, primarily $503.2 million in goodwill impairment charges and $80.3 million in trade name impairment charges described above. Also includes $0.8 million of other charges, including a write-off of pre-CCMP Transactions bad debts, a write-off of certain inventory, and losses on disposals of assets.

(2) Represents the following transaction costs and fees relating to our senior secured credit facilities:

- transaction costs relating to the CCMP Transactions recorded in the Predecessor Period from January 1, 2006 through November 10, 2006 and the Successor Period from November 11, 2006 through December 31, 2008, which consisted primarily of the expense incurred by our Predecessor when grants under its Equity Appreciation Share Plan vested upon the change of control triggered by the CCMP Transactions, as described in Note 9 to our audited consolidated financial statements included elsewhere in this prospectus;
- for all periods after 2006, administrative agent fees and revolving credit facility commitment fees under our senior secured credit facilities;
- for all periods after 2006, transaction costs relating to repurchases of debt under our first and second lien credit facilities by affiliates of CCMP, which CCMP's affiliates contributed to our company in exchange for the issuances of securities described in "Certain relationships and related person transactions—Issuances of securities;" and
- for the twelve months ended September 30, 2009, $0.3 million in transaction costs relating to this offering.

(3) Represents non-cash gains on the extinguishment of debt repurchased by affiliates of CCMP, as described in note (2) above.

(4) Primarily represents severance costs incurred from restructuring-related activities. For the year ended December 31, 2007, consists of $1.4 million of severance costs and $0.6 million of other restructuring-related costs.

(5) Represents management, consulting, monitoring, transaction and advisory fees and related expenses paid or accrued to affiliates of CCMP and affiliates of Unitas under the advisory services and monitoring agreement described in "Certain relationships and related person transactions—Advisory services and monitoring agreement." Upon consummation of this offering, this agreement will automatically terminate.

(6) Represents fees on letters of credit outstanding under our senior secured credit facilities.

(7) Represents franchise and business activity taxes paid at the state level.

(8) Represents interest earned on cash held at Generac Holdings Inc. We exclude these amounts because we do not include them in the calculation of covenant "EBITDA" under and as defined in our senior secured credit facilities.

(9) For a detailed explanation of Adjusted EBITDA, please see note 6 to the table contained under "Summary historical consolidated financial and other data."

(10) Includes prospective cost savings permitted to be added back under our senior secured credit facilities. Because a portion of the prospective cost savings of $3.3 million for the year ended December 31, 2008 had been realized at September 30, 2009, the prospective cost savings at September 30, 2009 were $0.5 million.

(11) Equity cure represents a contribution by affiliates of CCMP in 2008 in order to cure a default under our leverage ratio. This contribution is permitted to be added back under our senior secured credit facilities and is not expected to be a recurring item.

(12) Represents Generac Power Systems' total debt less cash (Cash balance: $71.2 million as of December 31, 2007, $79.6 million as of December 31, 2008 and $111.9 million as of September 30, 2009). $2.0 million of second lien term loans purchased in 2009 has not yet been contributed to Generac Power Systems and is being held in treasury by the Company. As a result, this $2.0 million remains outstanding for the purposes of covenant compliance.

The differences between the definition of Covenant EBITDA and the definition of Adjusted EBITDA presented under "Prospectus summary—Summary historical consolidated financial and other data" and used in this prospectus are that the calculation of Adjusted EBITDA excludes the adjustments included under the line items "Savings" (note 10) and "Equity cure" (note 11) above. We did not include the adjustment for the prospective cost savings in our calculation of Adjusted EBITDA because we are presenting Adjusted EBITDA as a measure of our historical operating performance, and this adjustment represents cost savings that we expect to achieve in the future. Similarly, we did not include the adjustment for the equity cure by affiliates of CCMP in 2008 in our calculation of Adjusted EBITDA because this cash amount received from affiliates of CCMP was not generated by our operations.

In addition to the financial covenant described above, the senior secured credit facilities contain certain other affirmative and negative covenants that, among other things, provide limitations on the incurrence of additional indebtedness, liens on property, sale and leaseback

transactions, investments, loans and advances, merger or consolidation, asset sales, acquisitions, transactions with affiliates, prepayments of any other indebtedness, modifications of Generac Power Systems' organizational documents, restrictions on Generac Power Systems' subsidiaries' ability to make capital expenditures. The ability to declare or pay dividends or make any other distributions with respect to any equity interests of Generac Power Systems, or to redeem, purchase, retire or otherwise acquire for value any equity interests of Generac Power Systems is also restricted under the first lien and second lien credit facility, subject to certain exceptions, including but not limited to dividends and distributions with the net proceeds of any issuance of qualified capital stock and a dollar basket which may be increased, subject, in the case of the dollar basket, to compliance with a pro forma ratio of consolidated senior secured debt (as defined in the senior secured credit facilities), which is net of unrestricted cash and marketable securities and excludes the indebtedness under the second lien credit facility, to Covenant EBITDA not exceeding 3.00 to 1.00 under the more restrictive of the facilities and subject to the other restrictions set forth in the credit documents. Additionally, the senior secured credit facilities contain events of default that are customary for similar facilities and transactions, including, among others, non-payment, breach of covenants, other defaults, change of control, misrepresentations and a cross-default provision with respect to any other indebtedness. As of September 30, 2009, Generac Power Systems was in compliance with all covenants.

The principal amount of the first lien term loan amortizes in equal installments of $2.375 million on the last date of each fiscal quarter through September 30, 2013, with a final payment of $875.081 million on November 10, 2013. Any amounts outstanding under the revolving credit facility are due on November 10, 2012. The principal amount of the second lien term loan facility is due on May 10, 2014.

Both the first lien and second lien credit facility grant Generac Power Systems the option to prepay its borrowings under the term loans or the revolving credit facility, subject to the procedures set forth in the credit documents. In certain circumstances, Generac Power Systems may be required to make prepayments on its borrowings if it receives proceeds as a result of certain asset sales, debt issuances, casualty or similar events of loss or if Generac Power Systems has excess cash flow (as defined in the senior secured credit facilities).

As of September 30, 2009, $910.7 million of borrowings were outstanding under the first lien term loan, and $180.8 million of borrowing were outstanding under the second lien term loan. As of December 31, 2008, $930.1 million of borrowings were outstanding under the first lien term loan and $200.8 million of borrowing were outstanding under the second lien term loan.

Contractual obligations

The following table summarizes our expected payments for significant contractual obligations as of September 30, 2009:

(Dollars in thousands)		**Payment due by period**			
Contractual obligations	**Total**	**Less than 1 year**	**2-3 years**	**4-5 years**	**After 5 years**
Long-term debt, including current portion	$ 1,091,539	$ 7,125	$ 19,000	$ 1,065,414	—
Interest on long-term debt(1)	158,426	37,524	74,335	46,567	—
Operating leases	502	203	299	—	—
Total contractual cash obligations	$ 1,250,467	$ 44,852	$ 93,634	$ 1,111,981	$ —

(1) Assumes all debt will remain outstanding until maturity and using the interest rates in effect for our senior secured credit facilities as of September 30, 2009.

Capital expenditures

Our operations continue to require significant capital expenditures for technology, capacity expansion and upgrades. Capital expenditures were $5.2 million for the year ended December 31, 2008, and were funded through cash from operations. Capital expenditures were $13.2 million for the year ended December 31, 2007, including expenditures relating to the construction of our distribution center in Whitewater, Wisconsin. We currently project our capital expenditures for 2009 to be approximately $5 million, and we expect to fund these capital expenditures with cash from operations.

Off-balance sheet arrangements

We have an arrangement with a finance company to provide floor plan financing for selected dealers. This arrangement provides liquidity for our dealers by financing dealer purchases of products with credit availability from the finance company. We receive payment from the finance company within a few days of shipment and our dealers are given a longer period of time to pay the finance provider. If our dealers do not pay the finance company, we may be required to repurchase the applicable inventory held by the dealer. We also indemnify the financing company for credit losses up to 50% of the financed balance where inventory cannot be returned. Total inventory financed accounted for approximately 5% of net sales for the year ended December 31, 2008 and approximately 4% of net sales for the nine months ended September 30, 2009. The amount financed by dealers which remained outstanding was $7.5 million as of December 31, 2008 and $1.3 million as of September 30, 2009. In 2009, we entered into a floor plan financing arrangement with another financing company under which we do not indemnify the financing company for credit losses associated with unreturnable inventory.

On October 5, 2009, we entered into a six-month commodity hedge transaction for copper with a total notional amount of $1.4 million. The primary objective of the hedge is to mitigate the impact of potential price fluctuations of copper on our financial results. Total losses or gains are recognized in the consolidated statement of operations.

Inflation

We do not believe that inflation has had a material effect on our results of operations. However, our business could be affected by inflation in the future.

Quantitative and qualitative disclosures about market risk

We are exposed to market risk from changes in foreign currency exchange rates, commodity prices and interest rates. To reduce the risk from changes in certain foreign currency exchange rates and commodity prices, we use financial instruments from time to time. We do not hold or issue financial instruments for trading purposes.

Foreign currency

We are exposed to foreign currency exchange risk as a result of purchasing from suppliers in other countries. Periodically, we utilize foreign currency forward purchase and sales contracts to manage the volatility associated with foreign currency purchases in the normal course of business. Contracts typically have maturities of one year or less. Realized and unrealized gains and losses on transactions denominated in foreign currency are recorded in earnings as a

component of cost of goods sold. At September 30, 2009 and December 31, 2008, we had no foreign exchange contracts outstanding.

Commodity prices

We are a purchaser of commodities and of components manufactured from commodities, including steel, aluminum, copper and others. As a result, we are exposed to fluctuating market prices for those commodities. While such materials are typically available from numerous suppliers, commodity raw materials are subject to price fluctuations. We generally buy these commodities and components based upon market prices that are established with the supplier as part of the purchase process. Depending on the supplier, these market prices may reset on a periodic basis based on negotiated lags. To the extent that commodity prices increase and we do not have firm pricing from our suppliers, or our suppliers are not able to honor such prices, we may experience a decline in our gross margins to the extent we are not able to increase selling prices of our products or obtain manufacturing efficiencies to offset increases in commodity costs.

Periodically, we engage in certain commodity risk management activities. The primary objectives of these activities are to understand and mitigate the impact of potential price fluctuations on our financial results. Generally, these risk management transactions will involve the use of commodity derivatives to protect against exposure resulting from significant price fluctuations.

We primarily utilize commodity contracts with maturities of one year or less. These are intended to offset the effect of price fluctuations on actual inventory purchases. At December 31, 2008, there were two outstanding commodity contracts in place to hedge our projected commodity purchases. Total gains or losses recognized in the statements of operations on commodity contracts were a loss of $1,092,000 for the year ended December 31, 2008. At September 30, 2009, there were no outstanding commodity contracts in place to hedge our projected commodity purchases. Total gains or losses recognized in the statements of operations on commodity contracts were a $137,000 gain for the nine-month period ended September 30, 2009.

On October 5, 2009, we entered into a six-month commodity hedge transaction for copper with a total notional amount of $1.4 million. The primary objective of the hedge is to mitigate the impact of potential price fluctuations of copper on our financial results. Total losses or gains are recognized in the consolidated statement of operations.

Interest rates

As of September 30, 2009, a portion of the outstanding debt under our term loans was subject to floating interest rate risk. We previously entered into swaps with certain banks. The notional amount of these swaps was $675.0 million as of September 30, 2009. At September 30, 2009, the fair value of the swaps reduced for our credit risk was a liability of $14.0 million. For further information on these swaps, see Note 6 to our audited consolidated financial statements included elsewhere in this prospectus. Even after giving effect to these swaps, we are exposed to risks due to fluctuations in the market value of these swaps and changes in interest rates with respect to the portion of our term loans that are not covered by these swaps. A hypothetical change in the LIBOR interest rate of 100 basis points would have changed annual cash interest expense by approximately $4.2 million (or, without the swaps in place, $10.9 million).

Recent accounting pronouncements

In June 2009, the Financial Accounting Standards Board, or FASB, issued ASC 105 (formerly SFAS No. 168, *The FASB Accounting Standards Codification and the Hierarchy of Generally Accepted Accounting Principles—a Replacement of FASB Statement No. 162*). ASC 105 establishes the Codification as the source of authoritative GAAP recognized by the FASB to be applied by nongovernmental entities. Following this Statement, the FASB will not issue new standards in the form of Statements, FASB Staff Positions, or Emerging Issues Task Force Abstracts. Instead, it will issue Accounting Standards Updates. All guidance contained in the Codification carries an equal level of authority. The GAAP hierarchy will be modified to include only two levels of GAAP: authoritative and nonauthoritative. All nongrandfathered non-SEC accounting literature not included in the Codification will become nonauthoritative. SFAS No. 168 is effective for interim or annual financial periods ending after September 15, 2009. We will adopt this statement in the third quarter of fiscal 2009 and do not anticipate adoption will have a material impact on our consolidated financial position, results of operations or liquidity.

In May 2009, the FASB issued ASC 855, *Subsequent Events*. ASC 855 establishes general standards of accounting for the disclosure of events that occur after the balance sheet date but before financial statements are issued or available to be issued. It requires the disclosure of the date through which an entity has evaluated subsequent events and whether that date represents the date the financial statements were issued or were available to be issued. ASC 855 is effective for interim or annual financial periods ending after June 15, 2009 and is applied prospectively. We adopted this statement effective June 30, 2009. There was no material financial statement impact as a result of adoption.

In March 2008, the FASB amended ASC 815, *Derivatives and Hedging*. ASC 815 is intended to help investors better understand how derivative instruments and hedging activities affect an entity's financial position, financial performance and cash flows through enhanced disclosure requirements. ASC 815 is effective for fiscal years and interim periods beginning after November 15, 2008. We adopted this statement effective January 1, 2009, which impacted our disclosures related to our hedging activities.

In December 2007, the FASB issued amended ASC 805. ASC 805 will significantly change the accounting for business combinations in a number of areas including the treatment of contingent consideration, contingencies, acquisition costs, in-process research and development, and restructuring costs. In addition, under ASC 805, changes in deferred tax asset valuation allowances and acquired income tax uncertainties in a business combination after the measurement period will impact income taxes. ASC 805 is effective for fiscal years beginning after December 15, 2008 and will impact the accounting for any business combinations entered into after the effective date.

Industry

Industry and market data

This prospectus contains market data related to our business and industry. The market data and certain other statistical information used throughout this prospectus are based on independent industry publications, governmental publications, reports by market research firms or other independent sources. Although we believe these third-party sources are reliable, we have not independently verified the information. Also, some data are based on our management's internally derived good faith estimates, which are based on, among other things, third-party sources, internal market research, publicly available information about our competitors and feedback from distributors and customers.

Portions of this market data that relate to future market growth are based on a number of assumptions. If these assumptions turn out to be incorrect, actual market performance may differ from projected growth based on these assumptions. As a result, our markets may not grow at the rates projected by these data, or at all. The failure of these markets to grow at these projected rates may have a material adverse effect on our business, financial condition, results of operations and the market price of our common stock.

Aging U.S. power grid leading to recurring power outages

Disruptions to the aging U.S. power grid are increasing due to demand growth, equipment failures, prevalent under-investment and a variety of environmental causes. Over 20% of the power plants in the U.S. are more than 50 years old, with the average power plant having been constructed in 1964. According to the North American Electrical Reliability Council, or NERC, 30% to 50% of the transmission and distribution network in the United States is 40 to 50 years old. Under-investment in the transmission and distribution networks also compounds these challenges. The Edison Foundation estimates that approximately $880 billion will need to be invested in the U.S. transmission and distribution networks through 2030 to maintain today's level of electric service reliability.

Due to constraints on investment in the generation and transmission networks, the U.S. power grid has historically been prone to both minor and significant outage events caused by shortages in peak system capacity or equipment failure, as well as periodic outages caused by weather events. While major tropical storms and ice storms cause critical outages and receive extensive news coverage, power consumers in many regions of the country experience more frequent power quality disruptions driven by a wide variety of causes. Based on NERC reports on the causes of major power outages from 2002 to 2008, we estimate that the most significant cause of major power disturbances from 2002 to 2008 was high winds and thunderstorms with 43% of disturbances over this period, while ice and winter storms accounted only for 9%. Other important factors included grid reliability issues with 14% and other causes with 19% of disturbances over this period related to equipment failure, short circuits, vandalism and fire. Extreme weather conditions, including hurricanes, accounted for only 15% of major power disturbances over the same period.

In an effort to address these challenges, many utilities have performed feasibility and cost-benefit studies on burying above-ground power distribution lines underground, sometimes referred to as undergrounding. Undergrounding is expensive, costing up to an average of

$1 million per mile. With an estimated 4.0 million miles of overhead distribution lines across the United States according to the Edison Electric Institute, the implied cost to underground the national grid is $4.0 trillion. Given the large estimated cost to upgrade the U.S. power grid, we believe it is unlikely that the core causes of power disturbances will be addressed in the near future.

Generators are an alternative reliable power solution

The emergency standby generator market provides back-up power to a utility power source to ensure an uninterrupted power supply. Generators can be stationary or portable. A stationary standby generator is permanently installed outside a home, business or manufacturing facility. When primary utility power fails, the generator automatically starts and provides electrical power until utility power returns. Portable generators are used in locations that have no utility power source, such as construction sites, or in locations and situations where a permanent back-up power source is impractical.

Generator users can be broadly grouped into the residential, portable, commercial and industrial end markets. We estimate that the generator market in the United States and Canada was $3.6 billion in 2008, and the overall global generator market was estimated by Frost and Sullivan to be over $11 billion in 2008. The residential standby and portable market in the United States and Canada, which we estimate to be $1.1 billion in 2008, includes standby generators with a power range of 8kW to 60kW and portable generators with a power range of less than 1kW to 17.5kW. Residential standby generators are sold to homeowners and portable generators are sold to consumer and professional users.

We estimate that the light-commercial and industrial market in the United States and Canada was $2.3 billion in 2008. The light-commercial market in the United States and Canada primarily uses standby generators that range between 20kW and 150kW. Light-commercial end users include grocery and convenience stores, restaurants, gas stations, pharmacies, retail banks, small hospitals and health care facilities and police and fire stations. Small businesses, such as convenience stores and restaurants, rely on standby power generation to preserve sales potentially lost during a power outage and to protect against the high cost of inventory spoilage. The U.S. industrial market utilizes emergency standby, mobile and prime generators with output ranges from 20kW to several megawatts. Industrial end users include data centers, telecommunications operators, hospitals, manufacturing facilities, water and waste water treatment plants, large retailers, and government and other municipal facilities. We estimate that other generator markets, including RV generators, comprise an additional $200 million market in the United States and Canada in 2008.

The cost of outages and the relative affordability of generators have improved their potential return on investment

According to a 2006 report by Lawrence Berkeley National Laboratory, or LBNL, quoted in the SENTECH report, the average consumer on the U.S. power grid experienced 4.3 momentary power outages (less than five minutes) and 1.2 sustained power outages (more than five minutes) per year with an average duration of 106 minutes. LBNL published an estimate in 2006 that indicates, based on 2002 data, out of an annual $79 billion total cost to all U.S electricity consumers, the estimated cost of power outages was $57 billion for commercial U.S.

electricity consumers ($3,800 per commercial consumer annually) and $20 billion for industrial U.S. electricity customers ($12,750 per industrial consumer annually).

According to the SENTECH report, it is estimated that the average annual cost of sustained power outages is $7.2 billion for the industrial sector and $11.5 billion for the commercial sector. According to the same report, the cost of one hour of downtime in the industrial sector can be between $20,000 and $50,000, while four hours of downtime can cost up to seven times as much. In the commercial sector, one hour of downtime often costs the average commercial business less than $1,500, but one hour of downtime in the food selling and services industry typically results in losses of between $3,000 and $5,000 and of up to $23,000 for refrigerated warehouses.

Compared to the potential cost of power outages, the purchase and installation of back-up power generators is relatively inexpensive, often yielding a short-term positive return on investment for commercial and industrial consumers. In the light-commercial sector in particular, natural gas and liquid propane-fueled generators have begun to replace traditional diesel generators due to their lower acquisition and operating costs. As an example, due to the increased regulation of diesel engines, the acquisition cost of a typical 150kW diesel generator is approximately 35% higher than the acquisition cost of a 150 kW natural gas generator. For many light-commercial businesses, the cost of a generator can now be recouped through the savings realized during a single power outage. We believe that the lower cost of natural gas generators for small and medium commercial businesses has expanded the potential market for generators by making the purchase of a generator more economically compelling for those businesses.

Generator prices have also declined significantly for residential consumers over the last 10 years, resulting in increased affordability. Since 1999, the retail price for our entry level residential standby generator has decreased by more than 50% from over $4,500 to approximately $2,000 (before installation costs). We believe that this reduction in price has significantly narrowed the affordability gap between portable and automatic, stationary home standby generators, resulting in higher growth rates in the automatic home standby market.

Low penetration in residential and light-commercial markets and opportunities for increased penetration in industrial market

We believe that the penetration in the residential and light-commercial markets is significantly lower than the rate of penetration in established markets for industrial generators like hospitals, data centers and industrial facilities. We estimate that the residential standby generator market has grown at an approximate 16% CAGR since 2003. There is a substantial opportunity for further penetration in this market, since we estimate penetration to be approximately 2% of U.S. single-family, detached, owner-occupied households with a home value of over $100,000, as defined by the U.S. Census Bureau's 2007 American Housing Survey for the United States. This low penetration, when coupled with demographic and lifestyle changes and increasing reliance on home electronics for communication, recreation and work over the last decade, represents a significant opportunity for growth. We believe that each 1% of U.S. household penetration potentially represents up to an approximate $2 billion market opportunity at current product pricing. Based on warranty information consumers provide us when registering their products, most purchased generators are dedicated to existing homes, and a relatively small percentage of generators are purchased for newly constructed homes.

We also believe there are potential parallels between today's residential standby generator market and the developing central air conditioning market in the 1960s, including low penetration, improving affordability and availability, and a growing demand for convenience and comfort. Central air conditioning penetration increased rapidly from under 25% of homes in 1978 to more than 60% of U.S. homes today. Although we cannot predict future generator penetration rates, we believe there is potential for significant increases in standby generator penetration over the next several years.

Opportunities for further penetration of the residential market are enhanced by the increasing visibility of residential generators through expanded distribution in the dealer and retail channels. In the past few years, automatic, standby home generators have become standard merchandise in most national retail chains, leading home improvement chains and independent community hardware stores, and we believe the resulting product awareness and availability will facilitate the expansion of our sales to this market.

According to a 2007 Frost and Sullivan report, the light-commercial market is projected to grow at a higher rate than the industrial market, as businesses evaluate the increasing affordability of back-up power solutions. Most commercial structures, such as grocery and convenience stores, restaurants, pharmacies, gas stations and retail banks, show minimal penetration by generators. This market represents an attractive opportunity in the United States, which has over two million commercial business locations.

We estimate that the market for portable generators currently has a higher penetration rate of approximately 10% to 15% of U.S. homes, however we believe there are further opportunities for growth. While portable generator purchases are driven by many factors, the first purchase is often driven by spontaneous purchases in the context of unanticipated power outages. Portable generators can also be useful for recreational purposes (such as camping and tailgating) or homeowner usage (cost-effective back-up planning). Portable generators also offer a solution for contractors or professional users who require mobile portable power on their jobsites. We believe portable generators serve as an entry point into the standby residential market, as those consumers who already own portable generators may choose to upgrade to automatic, standby generators. When comparing the ease of use of an automatic system to the more labor-intensive nature of a portable generator, these customers may view the permanently installed and automatic, standby generator as an attractive alternative. Overall, portable generators have similar consumer attributes and demographics as standby generators and share many of the same drivers of a purchase decision. In fact, according to a survey of our customers that we commissioned in 2006, over 45% of standby generator buyers own or have previously owned portable generators.

Even in the more mature industrial market, we believe there are additional opportunities for penetration, especially given the benefits provided by natural gas engines over more common diesel engine-based generators. Natural gas-fueled generators minimize spillage, spoilage, environmental or odor concerns, eliminate fuel-related storage and address the need to comply with emission regulation. According to Frost and Sullivan, in North America, smaller gas generators (less than 250kW) are expected to grow 6.1% annually by 2011, slightly faster than diesel generators, which are expected to grow 5.0% annually over the same period. However, larger gas generators (250kW to 1mW) are expected to grow 7.3% by 2011, significantly higher than diesel generators at 4.2% over the same period. In addition, continued regulation of diesel engine emissions as well as rising fuel costs and raw material prices could significantly

increase the costs involved in manufacturing and operating diesel generators in the long-term. We expect industrial customers to increasingly transition to generators powered by liquid propane gas or natural gas instead of diesel fuel.

Demographic trends lead to an increased focus on the safety and security provided by standby generators

We believe favorable consumer demographic trends provide opportunities for growth for automatic home standby generators. We believe demographic changes may lead to an increase in demand as the U.S. population becomes older, increasingly conscious of safety issues, focused on convenience and dependent on electronic devices. According to our warranty registration data, currently over 70% of home standby generators are purchased by consumers over 50 years of age. According to the U.S. Census Bureau, the population segment in the United States between 45 and 64 years of age is expected to grow 7.5% from 2008 to 2015. This generation is expected to be a key factor in the growth of the industry, since, as homeowners, they may consider standby generators a source of security. For example, many owners of second homes or people who travel away from home purchase generators for their residences because they enhance home safety and functionality in their absence by securing constant power for furnaces and preventing freezing of pipes during winter outages. Generators provide protection from home flooding in the event of a sump pump malfunction due to a power loss and help inhibit home and basement mold growth that could occur due to central air or ventilation failures from an outage. In addition, a standby power source is important for people who depend on home electronics for communication, work and recreation. Homeowners also find comfort in knowing that their generators protect against possible vandalism or theft that could occur from a power loss to their home security system.

The oldest segment of the population, those above 64 years of age, is projected to grow by 20.5% from 2008 to 2015, according to the U.S. Census Bureau and may consider generators as investment protection against potentially expensive damage or life-threatening situations caused by power loss. As this age group grows older, its members may choose to remain in their homes instead of relocating to assisted living communities and may require medical devices in their homes that depend on continuous power to function properly. A continuous power solution will be a critical issue for this population segment, which may turn to standby power generation for safety, security, convenience and peace of mind.

Individuals who purchase standby generators typically focus on factors such as affordability, availability, reliability and ease of installation, which have been improving over the past decade. In addition, the shift in population habits has driven increased reliance on electronics, and a growing number of individuals working from home depend on a constant power source to operate their electronic devices and avoid personal business disruption.

Opportunities for international expansion

The international market represents a significant opportunity for growth in the sale of generators. Market growth rates in Latin America in 2010, as estimated by Frost and Sullivan, range from 8% to 9% in Argentina and Chile to 14% to 15% in Colombia and Mexico. According to Frost and Sullivan, while the European market is expected to grow 3% annually through 2013 to $1.8 billion, other international markets are expected to grow faster, such as

Russia (expected to grow by 10% annually through 2011) and China (expected to grow annually by approximately 14% to a market size of $6.9 billion by 2015).

In emerging markets such as Brazil, Russian, India and China, the power infrastructure is generally not as developed as that of developed markets, and the majority of generators sold in these markets are designed for use in extended outages or in place of utility power. In developed markets such as the United States, generators are primarily sold for emergency standby purposes as electrical generation, transmission and distribution in these markets is generally more mature. In addition, diesel generators represent a more significant percentage of the market in many international markets than in the United States, providing an opportunity for increased sales of gaseous and Bi-Fuel™ generators for certain applications in areas with existing natural gas infrastructure.

Competitive dynamics outside North America differ by market but are generally characterized by competition between international generator manufacturers that have established distribution infrastructure and regional generator manufacturers in each market. Currently, Generac has limited sales infrastructure in markets outside of the United States, Canada and certain Latin American countries.

Regulatory changes should lead to growth in the commercial and industrial standby markets

In some industries the use of a generator is regulated. Federal, state and local governmental authorities have proposed and passed legislation requiring the use of generators within some segments of the industrial and light-commercial markets. Building, health and safety codes often require back-up standby generators in municipal and government buildings, typically for crucial applications such as life support systems, safe building egress or critical equipment functionality. Industry practice, as defined by the National Electrical Code, dictates that certain types of facilities, such as hospitals, are required to have emergency standby power systems.

Additionally, increased federal regulation of diesel engine emissions and increased municipal regulation of diesel fuel storage should encourage market growth for natural gas-powered standby generators. Generac is a leader in natural gas generators, which are currently the generator of choice for the residential standby market and are increasingly used in the commercial and industrial market.

In the event of new federal, state or municipal legislation and regulation, additional infrastructure and buildings may be required to be equipped with back-up power supplies, and these changes may have a significant impact on the generator market. For example, in 2007, the Federal Communications Commission, or FCC, proposed that all cell phone towers have eight hours of standby back-up power. Though this proposal has not been enacted, it illustrates the increased focus of regulators on ensuring adequate back-up power for crucial services. In addition, in 2006, Florida passed its Disaster Preparedness Response and Recovery bill, which required gas stations located on hurricane evacuation routes to have a back-up power generator.

Potential benefits from infrastructure spending programs and recovery in the non-residential construction market

The American Recovery and Reinvestment Act passed in February 2009 provides for $130 billion of construction-related spending for a wide range of projects, including federal buildings and hospitals. We believe that the generator market should benefit from this infusion of funds into the construction market as the construction of large municipal infrastructure usually includes the installation of back-up standby generators larger than 150kW. In addition, after the current downturn in non-residential construction, the Rosen Consulting Group estimates that spending in this sector will recover after 2010 and increase by 12.5% to $315 billion in 2011 and increase by another 20.6% to $380 billion in 2012. Any such recovery in this market should provide additional marketing opportunities for our standby and portable generator business.

Business

Overview

We are a leading designer and manufacturer of a wide range of automatic, stationary standby and portable generators. As the only significant market participant focused exclusively on these products, we have a leading market share of the standby generator market in the United States and Canada, having grown our company organically by a 16% CAGR since 2000. We design, engineer and manufacture generators with an output of between 800W and 9mW of power. We design, manufacture, source and modify engines, alternators, automatic transfer switches and other components necessary for our products. Our generators are fueled by natural gas, liquid propane, gasoline, diesel and Bi-Fuel™. Our products serve the power requirements of a wide variety of end markets including the residential, commercial, industrial and telecommunications markets.

We have what we believe is an industry leading, multi-layered distribution network, and our products are available in over 17,000 outlets across the United States and Canada. We distribute our generators through independent and industrial dealers, electrical wholesalers, national accounts, private label arrangements, retailers, catalogs and e-commerce merchants. We currently sell our products primarily in North America, and for the year ended December 31, 2008, sales in the U.S. and Canadian markets represented over 99% of our net sales. We believe that our leading market position is largely attributable to our strategy of providing high-quality, innovative and affordable products through our extensive and multi-layered distribution network.

We own and operate three manufacturing plants and one distribution facility in Eagle, Wisconsin, Waukesha, Wisconsin and Whitewater, Wisconsin, totaling approximately 1,000,000 total square feet. We also maintain inventory warehouses in the United States that accommodate the rapid response requirements of our customers.

Our competitive strengths

We believe that the following strengths contribute to our being a leading generator manufacturer and will allow us to further capitalize on growth opportunities in our industry:

Significant market share with opportunities for further penetration

We enjoy a leading industry market position with a significant market share and opportunities for future penetration. In the residential standby generator market in the United States and Canada, we believe we are the market leader with a market share that we estimate to be approximately 70%. We believe that we will have opportunities for growth in this market as spending on new homes and construction recovers and consumer awareness of the benefits of standby generators grows. Our market share in the market for portable generators was less than 10% in 2008, as we re-entered the market in the second quarter of 2008 following the expiration of a non-competition agreement in 2007.

We believe we also hold strong positions in the $2.3 billion light-commercial and industrial markets with an 8% overall market share in the United States and Canada, with a higher share in certain end markets. We believe we will experience growth in these markets as potential end-users recognize that our modular power systems and our natural gas engine platforms provide increased efficiency, affordability and flexibility, by allowing the addition of generating

capacity or the maintenance of existing generators without replacing other modules. Within this market, we believe we have a higher share in certain end markets, including light-commercial applications.

We believe that our leading market position and brand recognition and our resulting sales volumes enable us to realize economies of scale in both sourcing and manufacturing, creating cost advantages and giving us a competitive edge when seeking to exploit new business opportunities.

Multi-layered distribution model

The majority of standby power systems are installed by an experienced contractor. As a result, having a network of experienced dealers who can sell, manage the installation of and service the generator is important. We believe that our multi-layered distribution model gives us an advantage over competitors who do not have as broad a distribution network and generally rely on a single channel to market and sell their products. Our distribution network includes independent and industrial dealers, electrical wholesalers, national accounts, private label arrangements, retailers, catalogs and e-commerce merchants.

Dealers. We are constantly developing the scope and strength of our dealer networks, comprised of over 3,700 dealers. Our dealers include electrical, plumbing, heating, ventilating and air conditioning, or HVAC, and home security contractors and outdoor power equipment dealers. Our dealers serve as both a nationwide direct sales channel and an after-sale service and product support network and are therefore critical to our business, growth strategy and brand management. We are committed to continually engaging new dealers and improving overall performance through training, incentive and certification programs. We have trained over 10,000 technicians on our products over the last three years alone. We believe that our dedicated training program helps us capture the best talent and retain the most profitable dealers and that our commitment to growing our dealer network positions us well to pursue opportunities for improved sales distribution in underserved markets.

Wholesale. We sell our products to electrical wholesale distributors who generally supply electrical contractors. The wholesale channel allows us broader access and exposure to electrical contractors, who represent an important source of business and referrals. We currently distribute our products through over 1,700 wholesale locations across the United States and Canada.

Private label. In addition to distributing our products under our Generac® brand name, we have entered into several private label arrangements, which allow us to further distribute our products through HVAC equipment, electrical equipment and construction machinery companies. Private label arrangements provide us with access to additional sales channels through other dealers and opportunities for deeper market penetration.

Retail and e-commerce. We have sales arrangements with top retailers and e-commerce companies, including regional and national home improvement chains, independent hardware stores, electrical supply companies and catalog businesses. We believe the visibility that our products receive through these outlets not only creates brand awareness but also sparks customer curiosity, prompting customers to research generators which they ultimately may purchase through these channels or directly through dealers.

Direct national accounts. Our direct-to-national accounts strategy provides a direct coordinated sales approach for our large customers, backed by our network of dealers and

trained technicians who can install and service the generator. We have achieved success with this strategy within the telecommunications and industrial market. Products sold through our national account sales are installed and serviced by our industrial dealers.

Our multi-layered distribution model enables us to capture new growth opportunities through evolving sales channels. Overall, our complementary network of sales channels positions us competitively for efficient customer outreach.

Broadest product line in the industry

Our product offerings include a comprehensive selection of standby and portable generators of various sizes and types with ranges of power output capable of catering to many end markets and users. Our product portfolio includes generators powered by gasoline, diesel, liquid propane and natural gas as well as Bi-Fuel™ systems. Because we manufacture units for all fuel types, we are able to take advantage of marketing opportunities created by changing emission regulations and customer preferences. For example, we believe that the lower cost of natural gas powered generators for commercial purchasers such as retail stores, nursing homes, bank branches and gas stations has expanded the market by making the return on investment more compelling for these businesses. We also manufacture a complete line of automatic transfer switches, which we pair with our generators to create a complete back-up power system.

We believe that our broad product line provides us with a competitive advantage because dealers and distributors prefer dealing with a single source for a broad range of their standby and portable generator needs.

Engineering excellence

Our primary focus on generators drives technological innovation, specialized engineering and manufacturing competencies and distinguishes us from other engine and generator manufacturers for whom the sale and manufacture of power generation equipment is not their primary business. We currently operate three advanced facilities and employ over 100 engineers who focus on new product development, existing product improvement and cost reduction. Our integrated approach to engineering and manufacturing gives us the ability to quickly modify existing products or design new ones to better satisfy customer demands and evolving regulatory requirements.

Our commitment to research and development has resulted in a portfolio of approximately 50 U.S. and international patents and patent applications. Examples of our technological advancements include our technology concerning Bi-Fuel™ and our MPS technology. Bi-Fuel™ generators run on both diesel and natural gas to allow our customers the advantage of multiple fuel sources and extended run times. Our MPS technology gives our customers the flexibility to combine the power of several smaller generators to produce the output of a larger generator, providing them with redundancy and scalability in a cost-effective manner.

Over the past 50 years, our business has earned a reputation for designing and manufacturing affordable, innovative and high-quality products.

Low-cost producer

We believe that our product engineering, manufacturing and sourcing capabilities, along with our production volume, have enabled us to be one of the lowest-cost producers in the industry, based on management's experience and publicly available information concerning our competitors, which, in general, do not focus exclusively on the generator business. These

capabilities are based on processes that we have developed and refined over our history and that provide us with significant operating flexibility and capital efficiency.

We have implemented lean manufacturing initiatives and designed our production facilities to quickly adapt to customer demand and to the development of new product offerings. Our vertical integration gives us the ability to produce both standard and customizable products efficiently.

As part of our sourcing strategy, we have developed a network of reliable, low-cost suppliers in the United States and abroad. Our volume requirements and leading market position generally enable us to obtain favorable terms from our suppliers. In 2009 to date, we sourced more than half of our product components from outside the United States through foreign suppliers with whom we have built strong relationships. We believe that this network of relationships cannot be easily replicated.

Our volume-driven purchasing advantages, manufacturing excellence and sourcing relationships enable us to reduce the cost and manufacturing time of our generators and allow us to respond favorably to changes in the market.

Financial flexibility and strong free cash flow generation

Our disciplined and flexible cost structure and low-cost global sourcing has contributed to our financial strength and strong cash flow generation. With a highly variable manufacturing and selling, general and administrative cost structure, we believe that we are well positioned for future, growth, and have the ability to respond quickly to varying market environments. Furthermore, our business model generally requires low capital expenditures with amounts that have averaged less than $9 million per year for each of the last three years. In addition, due to a tax election that was made at the time of the CCMP Transactions, we expect to have $122 million in annual amortization deductions of intangibles for tax purposes through 2020, which can be used to reduce any cash tax obligations. Any additional cash tax obligations may be further reduced by our $163.6 million balance of net operating losses as of September 30, 2009.

Experienced management team with substantial equity stake

Our senior management team has significant generator industry experience and a strong track record with a combined total of over 100 years of industry and related experience. This team has been highly successful at expanding our product line, distribution channels, and technology leadership, positioning our business for growth through innovation. We expect that upon consummation of this offering, members of our senior management team will own approximately % of our outstanding common stock on a fully-diluted basis.

Our strategy

We believe we can capitalize on our competitive strengths to grow our business through the following strategies:

Further develop domestic distribution and sales channels

New dealers. We intend to further expand our geographic and product markets in North America through new dealer recruitment and the continued development of our dealer network. Our dealer recruitment efforts have yielded non-exclusive relationships with over 600 new dealers in 2009, and we have trained over 10,000 technicians on our products over the last

three years. We do not own any of the dealers that distribute our products. We believe that we can create an enhanced dealer network with qualified dealers capable of improving sales distribution in underserved and under-penetrated markets and providing critical after-sale support of our products to new end users.

Private labels. We continue to explore additional strategic partnerships to expand our distribution reach. We have entered into several successful private label arrangements, and we expect to expand these and other programs. Our management identifies and endeavors to establish mutually beneficial relationships with companies that manufacture complementary products and provide additional distribution opportunities. We employ similar efforts with companies that could act as referrals for Generac® products in their respective markets.

Direct national accounts. We target commercial and industrial customers through national accounts programs that are serviced by our industrial dealers. These efforts generally are directed at companies that have the potential to generate large commitments, such as our existing non-exclusive supply contracts with several leading telecommunications operators. In the light-commercial market, we are focusing on opportunities to grow our existing customer base while increasing penetration in smaller, non-traditional end markets. This approach targets potential customers such as smaller health care facilities, nursing homes and medical clinics, grocery and convenience stores, pharmacies and other stores with needs for stationary standby generators, and we seek to develop sales programs with higher volume customers through our national accounts program.

Homebuilders. We believe homebuilders represent an attractive sales channel opportunity given the size of the industry and its potential for recovery from the current economic climate. The installation of a stationary standby generator is less expensive during the initial construction of a house and can be financed by the homeowner as a part of the mortgage for the property. Alternatively, new homes can be wired as "generator ready," making the subsequent installation of a generator relatively easy and inexpensive. In the year ended December 31, 2008, we believe that less than 10% of our net sales were generated in the new home construction market. Moreover, of the approximately 550,000 new homes constructed this year in the United States, we estimate that fewer than 5% had a stationary standby generator installed at construction.

Increase awareness of standby power solutions

We believe that through our extensive dealer network, our private label partnerships and our targeted marketing initiatives, residential and light-commercial potential customers are becoming increasingly aware of the benefits of standby power solutions, and we intend to continue our efforts to further increase that awareness. As recently as 10 years ago, stationary standby generators were available only at select dealers. Today, in large part due to our sales, marketing and distribution efforts, standby generators can be purchased at more than 9,000 retail locations, 1,700 electrical wholesale outlets and through several leading electrical supply catalogs and e-commerce sites, as well as through over 3,700 Generac dealers and our private label partners.

We also believe that standby power solutions benefit from natural marketing awareness created by power outage events. When outage events occur (whether related to typical seasonal winds and storms, power grid failures or severe weather incidents), potential customers become increasingly aware of the advantages of generators as reliable sources of

back-up electrical power in the affected area and beyond. Although these events do not always lead to immediate increases in short-term sales, we believe they support long-term demand by increasing interest in our products. We seek to extend the impact of the increase in awareness created by outage events by targeted marketing initiatives. We believe that as the frequency of outages and the duration of the outage period increases, more customers will seek backup protection from a standby generator.

We believe we are well positioned to benefit from any increased awareness of generator solutions because we believe our products are more accessible than those of our competitors. We also continue to identify initiatives to take advantage of increased product awareness to further improve penetration rates and gain market share. We believe firmly in increasing product visibility through national retail chains and through our marketing campaigns. Product visibility not only increases awareness of the standby power market, but more importantly markets our name as a reputable and prominent brand. We are committed to marketing our superior quality and innovation to further develop Generac® as the leading brand in standby power generation.

Focus on innovation and product development

We intend to continue to provide innovative and affordable products to all of our customers. For instance, in the industrial market, we market our proprietary MPS technology, which provides increased affordability, redundancy and scalability within the 600kW to 9,000kW output ranges when compared to single engine generators. We believe that our natural gas powered generators represent a key opportunity within the light-commercial market as well. These generators provide an affordable standby power solution that does not include the fuel storage, spillage, spoilage, environmental or odor concerns of traditional diesel units. We have had over 30 years of experience using natural gas engines, and have developed proprietary fuel systems, emissions technology and control systems. Our XG line of portable generators was recently named as an Editor's Choice by Popular Mechanics magazine. We intend to use our engineering expertise and experience to build upon these and other technological advances and respond to shifting customer demands.

Further develop international distribution opportunities

With less than 1% of our 2008 net sales from markets outside of the United States and Canada, international sales represent a significant growth opportunity for us. We have focused our initial international sales efforts on our industrial and light-commercial generators and have successfully built a network of 34 distributors in 16 international markets, primarily in Mexico and Central and South America. International sales of residential generators represent a longer term growth opportunity, with Frost and Sullivan predicting Argentina and Chile to grow by 8% to 9% in 2010, and Colombia and Mexico expected to show growth rates in the 14% to 15% range. To further penetrate these and other international markets, we are actively pursuing partnerships with established international companies with complementary products and distribution capabilities. Over the next few years, we expect to initially leverage our proprietary technology and innovation to increase our presence in the international industrial and light-commercial generator markets.

Expand product offering in complementary markets

We believe that, in addition to the standby market, the portable generator market represents an attractive opportunity to sell products that are strategic to our customer base and complementary to our manufacturing capabilities. We made the decision to re-enter the portable generator market following the expiration of a non-competition agreement in 2007. We introduced an expanded line of portable generators in 2008 and subsequently have added significant distribution capacity in the portable generator market. We believe our dealers and distributors of portable generators make our products more visible in the market, which has enabled us to increase opportunities to sell standby generators.

We also expect to continuously evaluate opportunities to expand organically or through opportunistic acquisitions into other complementary engine-driven adjacent products where we can leverage our manufacturing and sourcing capabilities, technological expertise and strength in distribution.

History

Generac is a Delaware corporation that was founded in 2006. Generac Power Systems, our principal operating subsidiary, is a Wisconsin corporation, which was founded in 1959 to market a line of affordable portable generators that offered superior performance and features. We expanded beyond portable generators in 1980 into the industrial market with the introduction of our first stationary generators that provided up to 200 kW. We entered the residential market in 1989 with a residential standby generator, and expanded our product development and global distribution system in the 1990s, forming a series of alliances that tripled our higher output generator net sales. In 1998, we sold our Generac® portable products business to The Beacon Group, a private equity firm, which eventually sold this business to Briggs & Stratton. In connection with our sale of Generac Portable Products to the Beacon Group, we granted the Beacon Group a perpetual license for the use of the "Generac Portable Products" trademark. Our growth accelerated in 2000 when our products entered retail distribution, and our offering of quiet-running QT Series generators in 2005 accelerated our penetration in the commercial market. In 2008 we successfully expanded our position in the portable generator market after the expiration of our non-compete agreement with the Beacon Group entered into in connection with the aforementioned Beacon Group transaction. Today, we manufacture a full line of standby and portable generators for a wide variety of applications and markets. Our success is built on engineering expertise, manufacturing excellence and our innovative approaches to the market.

Our products

We design, engineer and manufacture generators with an output of between 800W and 9mW. In the manufacturing process for our generators, we design, manufacture, source and modify engines, alternators, transfer switches and other components necessary to production. Residential power products comprised 62.7%, 55.2% and 57.9%, respectively, of total net sales in 2006, 2007, and 2008. Industrial and commercial power products comprised 28.4%, 37.0% and 36.2%, respectively, of total net sales in 2006, 2007 and 2008. Other sales (RV generators, engines and parts) comprised the remainder of net sales in each period.

Our automatic residential standby generators range in output from 8kW to 60kW, with manufacturer's suggested retail prices, or MSRPs, from approximately $2,000 to $15,000. They operate on either natural gas or liquid propane and are permanently installed with an automatic transfer switch. Our air-cooled residential standby generators range in outputs from 8kW to 20kW and are available in steel and aluminum enclosures. Our liquid-cooled generators range in outputs from 22kW to 60kW, including the Guardian® Series and the premium Quietsource® Series, with a quiet, low-speed engine and a standard aluminum enclosure. We believe that we have the broadest residential standby product line in the generator industry.

We provide portable generators fueled by gasoline that range in size from 800W to 17,500W. Following the expiration of a non-compete agreement in 2007, we expanded our portable product line to introduce portable generators below 12,500W. We have currently have four portable product lines: the GP series, targeted at homeowners, ranging from 1,850W to 17,5005W; the XG series, targeted at the premium homeowner markets, ranging from 4,000 to 8,000W; the XP series, targeted at the professional contractor market, ranging from 4,000 to 8,000W; and the iX series, targeted at the recreational market, ranging from 800W to 2,000W.

Our light-commercial product line includes a full range of affordable generators from 22kW to 150kW, providing three-phase power that is sufficient for most small and mid-sized businesses including grocery stores, convenience stores, restaurants, gas stations, pharmacies, retail banks, small health care facilities. Our light-commercial generators run on natural gas or liquid propane, which avoids the fuel spillages, spoilage, environmental or odor concerns that are common with traditional diesel units.

We manufacture a broad line of standard and configured industrial standby generators through our industrial dealers. Our single-engine industrial generators range in output from 10kW to 600kW with our MPS extending our product range up to 9mW. We offer four fuel options including gasoline, diesel, natural gas, liquid propane or Bi-Fuel™. Bi-Fuel™ generators run on both diesel and natural gas to allow our customers the advantage of multiple fuel sources and extended run times.

Our MPS combines the power of several smaller generators to produce the output of a larger generator, providing our customers with redundancy and scalability in a cost-effective manner. For larger industrial applications, our MPS product line offers customers an efficient, affordable way to scale their standby power needs. By offering a series of smaller Generac generators integrated with Generac's proprietary PowerManager control system, we provide a lower cost alternative to traditional large, single-engine generators. The MPS product line also offers superior functionality due to the redundancy and scalability of the generator systems.

We provide the telecommunications market our full range of generator systems, ranging from 20kW air-cooled generators to 3mW MPS.

We also manufacture automatic transfer switches that are either packaged with our residential standby generators or sold separately. Automatic transfer switches are devices that transfer power from the electrical grid to a generator without interruption.

Our RV generators range in size from 3.4kW to 8.5kW and are available in gasoline, liquid propane or diesel fuel models. These generators are sold directly to original equipment manufacturers, or OEMs, as well as aftermarket dealers.

Distribution channels and customers

We distribute our product through several channels to increase awareness of our product categories and the Generac® brand, and to ensure our products reach a broad customer base. This distribution network includes independent and industrial dealers, electrical wholesalers, national accounts, private label arrangements, retailers, catalogs and e-commerce merchants. We believe our distribution network is a competitive advantage that we have strengthened over the last decade by expanding our network from our base of industrial dealers to include other channels of distribution as we have increased our product offerings. Our network is well balanced with no one sales channel providing more than 24% of our sales and no customer providing more than 7% of our sales in 2008.

Our dealer network of over 3,700 dealers, which are mainly located in the United States and Canada, is the industry's largest network of independent generator contractors.

Our residential dealer network sells, installs and services our residential and commercial products to end users. We have developed a number of proprietary dealer management systems to evaluate, manage and incentivize our dealers, which we believe has improved the level of customer service provided to end customers. These systems include both technical and sales training programs, under which we train new and existing dealers about our products, service and installation. We regularly perform market analyses to determine if a given market is either under-served or has poor independent distributor representation. Within these locations, we selectively add distribution or invest resources in existing dealer support and training to improve dealer performance.

Our industrial dealer network provides industrial and commercial end-users with on-going, local and nationwide product support. Our sales group works in conjunction with our industrial dealers to ensure that national accounts receive engineering support, competitive pricing and nationwide service. We promote our industrial generators through the use of traveling demonstrations, specifying engineer education events, dealer forums and training events. In recent years, we have been particularly focused on expanding our industrial dealer network in Canada and Latin America in order to expand our international sales opportunities.

Our direct to national accounts strategy provides national coverage for large customers in a coordinated sales approach. We have achieved success with this strategy within the telecommunications and industrial market as we have won business from major wireless telecommunications providers. We seek to duplicate this success within the health care and retail sectors. Products sold through our national account sales are installed and serviced by our industrial dealers.

Our electrical wholesaler network consists of over 1,700 selling branches of both national and local distribution houses. Our electrical wholesalers distribute our residential, light-commercial, industrial and portable generators and are a key introduction to the category for electrical contractors.

On a selective basis, we have established arrangements with private label partners to provide residential and light-commercial generators. The partners include leading HVAC equipment, electrical equipment and construction machinery companies, each of which provides access to incremental channels of distribution for our products. We have multi-year contracts with

certain of these partners with terms of between three and four years establishing the terms of these arrangements.

Our retail distribution network includes over 9,000 locations, which includes regional and national home improvement chains, retailers, clubs, buying groups and farm supply stores. This is supplemented with a number of catalogue and e-commerce retailers. This network sells our residential standby, portable and light-commercial generators. In some cases, we have worked with our retail partners to create installation networks using our dealers to support the sale and installation of standby generator products sold at retail. We also use a combination of advertising through our partners and other national retail accounts to promote our products within the network.

We also sell our generators for RVs directly to OEM manufacturers and after-market dealers.

Manufacturing

Our excellence in manufacturing reflects our philosophy of high standards, continuous measurement and commitment to quality. Our facilities showcase our advanced manufacturing techniques and demonstrate the effectiveness of lean manufacturing.

We are focused on low-cost production techniques and technology and continually seek to reduce manufacturing costs while improving product quality. We deliver an affordable product to our customers through our low-cost design philosophy, foreign sourcing strategy and adherence to lean manufacturing principles. We believe we have sufficient capacity to achieve our business goals for the foreseeable future without the need for further expansion.

Our product quality is essential to maintaining a leading market position. Incoming shipments from our suppliers are tested to ensure engineering specifications are met. Purchased components are tested for quality before entering production lines and are continuously tested throughout the manufacturing process. Internal product and production audits are performed to ensure a quality product and process. We test finished products under a variety of simulated conditions at each of our manufacturing facilities.

Research and development and intellectual property

Research and development is a core competency and includes a staff of over 100 engineers working on nearly 100 active projects. Our sponsored research and development expense was $9.9 million, $9.6 million, $9.1 million and $1.2 million for the years ended December 2008 and 2007, for the period from January 1, 2006 through November 10, 2006 and for the period from November 11, 2006 through December 31, 2006, respectively. Research and development is conducted at each of our manufacturing facilities and additionally at our technical center in Suzhou, China with dedicated teams for each product line. Research and development is focused on developing new technologies and product enhancements as well as maintaining product competitiveness by improving manufacturing costs, safety characteristics, reliability and performance while ensuring compliance with governmental standards. We have had over 30 years of experience using natural gas engines, including our proprietary fuel systems and emissions technology. In the residential market we have developed proprietary engines, cooling packages, controls and fuel and emissions systems.

We rely on a combination of patents and trademarks to establish and protect our proprietary rights. We currently own approximately 42 U.S. issued patents, two internationally issued patents, one U.S. patent application, one international patent application, approximately 20 trademark registrations and applications in the United States and approximately 30 registrations and applications for the "Generac" trademark in other countries. Our patents expire between June 2012 and January 2027 and protect certain features and technologies we have developed for use in our products including fuel systems, air flow, electronics and controls, noise reduction and air-cooled engines. U.S. trademark registrations generally have a perpetual duration if they are properly maintained and renewed. New U.S. patents that are issued generally have a life of 20 years from the date the patent application is initially filed. We believe the existence of these patents and trademarks, along with our ongoing processes to register additional patents and trademarks, protect our intellectual property rights and enhance our competitive position. We also use proprietary manufacturing processes that require customized equipment.

Suppliers of raw materials

Our primary raw materials are steel, copper and aluminum, all of which are purchased from third parties and, in many cases, as part of machined components. We have developed an extensive network of reliable, low-cost suppliers in the United States and abroad. In 2009 to date, we sourced more than half of our components from outside the United States. We source liquid-cooled natural gas/liquid propane engines and diesel engines from multiple suppliers, in many cases customizing these engines to our own proprietary specifications. We source from over 2,000 suppliers with our largest supplier accounting for 8% and our top ten suppliers accounting for 36% of our purchases in the year ended December 31, 2008.

Quality control

We maintain rigorous standards of performance using manufacturing methods that measure individuals, departments and plant metrics. Our manufacturing group measures itself daily, weekly and monthly in five key areas: quality, productivity, delivery, materials management and safety. Monthly conferences with upper management maintain focus on meeting operational challenges and working in a productive and cost effective manner.

We were an early adopter of the UL 2200 Listings for standby generator products, and all of our products meet UL 2200 specifications. We conduct our own self-certification for sound and exhaust emissions to help ensure compliance with the regulatory standards of the EPA, CARB and the South Coast Air Quality Management District.

Warranties

Our warranty policies differ by product line. The majority of our sales are of products carrying a standard two- or three-year warranty, with certain variations in the second or third year that cover reimbursement of the parts cost only. Some of our products carry warranties for longer periods. Our provision for warranty expense averaged less than 3.0% of net sales for the last three years.

Properties

We own and operate three manufacturing facilities located in Eagle, Wisconsin, Waukesha, Wisconsin and Whitewater, Wisconsin, which total approximately 800,000 square feet. We also operate a dealer training center at our Eagle, Wisconsin facility, which allows us to train new industrial and residential dealers on the service and installation of our products and provide existing dealers with training on product innovations.

We own a distribution center totaling 200,000 square feet and an undeveloped lot of approximately 18.1 acres in Whitewater, Wisconsin. We also have leased inventory warehouses in the United States that accommodate the rapid response requirements of our customers.

The following table shows the location and activities of our operations.

Location	Owned/ Leased	Square footage	Activities
Manufacturing:			
Waukesha, WI	Owned	264,000	Corporate headquarters and manufacturing of water-cooled generators and transfer switches
Eagle, WI	Owned	236,000	Manufacturing of water-cooled generators and metal fabrication
Eagle, WI	Owned	6,000	Training facility
Whitewater, WI	Owned	295,000	Manufacturing of vertically integrated engines and generators
Distribution:			
Whitewater, WI	Owned	196,000	Distribution center
Other:			
Maquoketa, IA	Owned	137,000	Rental property

All of our properties are subject to mortgages under our senior secured credit facilities.

Information systems

Our current Enterprise Resource Planning, or ERP, is AS/400 based and has been in place for over eight years. This system provides an integrated link between our manufacturing, inventory, purchasing, engineering, order entry, sales, planning, customer relationship management, accounting and human resources functions. In addition, we have made significant investments in customizing our ERP software for our business needs.

Competition

The market for onsite generators is competitive and continually evolving. We face competition from a variety of large diversified industrial technology companies as well as smaller generator manufacturers abroad. However, most of the traditional participants in the standby generator market compete on a more specialized basis, focused on specific applications within their larger diversified product mix. We are the only significant market participant focused exclusively on standby and portable generators with broad capabilities across the residential, industrial and light-commercial generator markets. We believe that our engineering capabilities and core focus on generators provide us with manufacturing flexibility and enable us to maintain a first-mover advantage over our competition for product innovation.

Our competitors include Briggs & Stratton, Caterpillar, Cummins, Honda, Kohler, MTU (Katolight division), and Techtronics International (TTI). In the market for standby industrial and commercial generators, our primary competitors are Caterpillar, Cummins, Kohler and MTU, most of which also focus on the market for diesel generators as they are also diesel engine manufacturers. In the market for residential standby generators, our primary competitors include Briggs & Stratton, Cummins (Onan division) and Kohler, which also have broad operations in other manufacturing businesses. In the portable generator market, our primary competitors include Briggs & Stratton, Honda and Techtronics International (TTI), along with a number of smaller domestic and foreign competitors.

There are a number of other standby generator manufacturers located outside North America, but most supply their products mainly to their respective regional markets. In a continuously evolving sector, we think our size and broad capabilities make us well positioned to remain competitive. Furthermore, we view several of these international manufacturers as potential candidates for future strategic partnerships.

We compete primarily on the basis of brand reputation, quality, reliability, pricing, innovative features, breadth of product and product availability.

Employees

As of September 30, 2009, we had 1,486 employees (1,361 full time and 125 part-time and temporary employees). Of those, 880 employees were directly involved in manufacturing at our manufacturing facilities, 91 employees were involved in research and development, 298 employees were part of our sales, distribution and service groups, and 217 employees were involved in corporate or other functions.

We have had an "open shop" bargaining agreement for the past 45 years. Our current agreement is with the Communication Workers of America, Local 5503. The current agreement, which expires October 14, 2011, covers our Waukesha and Eagle facilities, but because membership is voluntary, only 33 of the 416 eligible employees at those locations are members of the union. Our facility in Whitewater, Wisconsin is not unionized.

Regulation, including environmental matters

As a manufacturing company, our operations are subject to a variety of foreign, federal, state and local environmental, health and safety laws and regulations including those governing, among other things, emissions to air, discharges to water, noise and the generation, handling, storage, transportation, treatment and disposal of waste and other materials. In addition, our products are subject to various laws and regulations relating to, among other things, emissions and fuel requirements, as well as labeling and marketing.

Our products are regulated by the EPA and CARB. These governing bodies continuously pass regulations that require us to meet more stringent emission standards. With the adoption of a recent regulation covering stationary propane and natural gas-fueled generators, the EPA now regulates all products we produce for sale in the United States. New regulations could require us to redesign our products and could affect market growth for our products.

For example, the EPA has developed multiple phases of national emission standards for small air-cooled engines. In 2008, the EPA adopted a proposed Phase III regulation that further

reduces permitted exhaust emissions from small engines and also requires the engines and equipment in which engines are used to meet new evaporative emission standards. The EPA's Phase III program requires the use of evaporative controls that must be phased in starting in 2009 and take full effect in 2011 for Class II engines (225 cubic center displacement and larger) and 2012 for Class I engines (less than 225 cubic center displacement). The Phase III program's more stringent exhaust emission requirements also apply starting in 2011 for Class II engines and 2012 for Class I engines. The Phase III standards are similar to the CARB's Tier 3 emission standards which were fully phased in during fiscal year 2008. CARB's Tier 3 regulation required additional reductions to engine exhaust emissions as well as new controls on evaporative emissions from small engines.

We believe that our operations and our products are in material compliance with applicable laws and regulations, including environmental and workplace safety regulations. We are not subject to any pending investigations, claims, or proceedings by any foreign, federal, state, or local governmental agency or administration that would materially impact our financial condition or our results.

Litigation

From time to time, we are involved in legal proceedings primarily involving product liability and employment matters and general commercial disputes arising in the ordinary course of our business. We believe that there is no litigation pending that would have a material effect on our results of operations or financial condition.

Management

Board of directors

The following table sets forth information regarding the board of directors of Generac as of November 2009. Within one year after the consummation of this offering, we intend to appoint enough additional independent persons to our board of directors to meet SEC and NYSE guidelines. The full composition of the board of directors will be determined at that time. Executive officers serve at the request of the board of directors:

Name	Age	Position
Aaron Jagdfeld	38	Chief Executive Officer and Director
Stephen Murray	47	Director
Timothy Walsh	46	Director
Stephen V. McKenna	40	Director
John D. Bowlin	58	Director
Edward A. LeBlanc	62	Director
Barry J. Goldstein	66	Director

The following biographies describe the business experience of each director:

Aaron Jagdfeld has served as our Chief Executive Officer since September 30, 2008 and as a director since November 2006. Prior to becoming Chief Executive Officer, Mr. Jagdfeld worked for Generac for 15 years. He began his career in the finance department in 1994 and became our Chief Financial Officer in 2002. In 2007, he was appointed president and was responsible for sales, marketing, engineering and product development. Prior to joining Generac, Mr. Jagdfeld worked in the audit practice of the Milwaukee, Wisconsin office of Deloitte and Touche. Mr. Jagdfeld holds a Bachelor of Business Administration in Accounting from the University of Wisconsin-Whitewater.

Stephen Murray has served as a director of Generac since November 2006. Mr. Murray currently serves as President and Chief Executive Officer of CCMP Capital Advisors, LLC. Prior to joining CCMP when it was founded in August 2006, Mr. Murray was a Partner at J.P. Morgan Partners, LLC. Prior to joining J.P. Morgan Partners in 1989, Mr. Murray was a Vice President with the Middle-Market Lending Division of Manufacturers Hanover. Mr. Murray holds a B.A. from Boston College and an M.B.A. from Columbia Business School. He also serves on the board of directors of AMC Entertainment, ARAMARK Corporation, CareMore Medical Enterprises, Chefs' Warehouse, Crestcom, Hanley Wood, Jetro Holdings, Legacy Hospital Partners, Noble Environmental Power, Octagon Credit Investors, Quiznos Sub, Strongwood Insurance and Warner Chilcott.

Timothy Walsh has served as a director of Generac since November 2006. Mr. Walsh currently serves as a Managing Director in the New York office of CCMP. Prior to joining CCMP when it was founded in August 2006, Mr. Walsh was a Partner at J.P. Morgan Partners, LLC. Prior to joining J.P. Morgan Partners in 1993, Mr. Walsh worked on various industry-focused client teams within The Chase Manhattan Corporation. Mr. Walsh holds a B.S. from Trinity College and an M.B.A. from the University of Chicago Graduate School of Business. He also serves on

the board of directors of KRATON Polymers, MetoKote, Octagon Credit Investors and Pliant Corporation.

Stephen V. McKenna has served as a director of Generac since November 2006. Mr. McKenna currently serves as a Managing Director in the New York office of CCMP. Prior to joining CCMP when it was founded in August 2006, Mr. McKenna was a Partner at J.P. Morgan Partners, LLC. Prior to joining J.P. Morgan Partners in 2000, Mr. McKenna worked in the Consumer Investment Banking Group of Morgan Stanley. Prior to Morgan Stanley, he worked in the Industrial Mergers & Acquisitions Group of J.P. Morgan. Mr. McKenna holds a B.A. from Dartmouth College and an M.B.A. from the University of Chicago Graduate School of Business. Mr. McKenna currently also serves on the board of directors of Jetro Holdings and Pliant Corporation.

John D. Bowlin has served as a director of Generac since December 2006. Mr. Bowlin is a consultant to CCMP Capital Advisors, LLC. Mr. Bowlin previously served as President and Chief Executive Officer of Miller Brewing Company from 1999 until 2003. From 1985 until 2002, Mr. Bowlin was employed by Philip Morris Companies, Inc., in various leadership capacities, including President, Kraft International, Inc. (1996-1999), President and Chief Operating Officer, Kraft Foods North America (1994-1996), President and Chief Operating Officer, Miller Brewing Company (1993-1994), and President, Oscar Mayer Food Corporation (1991-1993). He also serves as a director and Non-Executive Chairman of Pliant Corporation and Spectrum Brands.

Edward A. LeBlanc has served as a director of Generac since December 2006. Prior to founding the management consulting firm Focus Associates, LLC in the fall of 2008, Mr. LeBlanc served in an interim capacity as Chairman and CEO of Generac from October 2007 to September 2008. From 2000 to 2005 Mr. LeBlanc was Chief Executive Officer of Kidde PLC's R&C Division, the world's premier manufacturer of smoke and carbon monoxide alarms and fire extinguishers headquartered in Mebane, North Carolina. He served as President and CEO of Regent Lighting Corporation from 1997 through 2000. Prior to joining Regent he held numerous senior level positions at Macklanburg-Duncan, Oklahoma City, Oklahoma serving as President and COO from 1987 to 1997. Mr. LeBlanc also serves on the Board of Directors for Ames True Temp, Pro-Build Holding, Inc., Calera Capital and IPS Corporation. He is also currently serving as Immediate Past Chairman of the Home Safety Council in Washington, DC.

Barry J. Goldstein has served as a director of Generac since September 2009. In October 2000, Mr. Goldstein retired as Executive Vice President and Chief Financial Officer of Office Depot, Inc., which he joined as Chief Financial Officer in May 1987. Mr. Goldstein was with Grant Thornton from 1969 through May 1987, where he was named a Partner in 1976. Mr. Goldstein also currently serves on the board of directors of Interline Brands Inc., Noble Environmental Power, LLC and Kraton Polymers, LLC.

Our board of directors currently consists of seven members. Following the consummation of this offering, our amended and restated certificate of incorporation and by-laws will provide that our board of directors may be divided into three classes, with one class being elected each year. Each director will serve a three-year term, with termination staggered according to class.

Messrs. Murray, Walsh and McKenna were elected to our board of directors pursuant to the shareholders agreement described in "Certain relationships and related person transactions—Shareholders agreement."

Director compensation

For 2008, Mr. Bowlin received $50,000 in board fees; none of our other directors received any compensation for 2008.

Following the consummation of this offering, the non-employee members of the board of directors will be compensated for their services as directors, through annual board fees of $ and annual committee fees of $ for each committee and reimbursement for out-of-pocket expenses incurred in connection with rendering such services. In addition, certain non-employee members of the board of directors may also participate in the future in our Omnibus Plan as described under "Executive compensation—Equity incentive plan."

Executive officers

The following table sets forth information regarding our executive officers:

Name	Age	Position
Aaron Jagdfeld	38	Chief Executive Officer and Director
York A. Ragen	38	Chief Financial Officer
Dawn Tabat	57	Chief Operating Officer
Clement Feng	46	Executive Vice President and Chief Marketing Officer
Allen Gillette	53	Senior Vice President, Engineering
Roger Schaus, Jr.	55	Senior Vice President, Service Operations
Roger Pascavis	49	Senior Vice President, Operations

York A. Ragen has served as our Chief Financial Officer since September 30, 2008. Prior to becoming Chief Financial Officer, Mr. Ragen held Director of Finance and Vice President of Finance positions at Generac. Prior to joining Generac in 2005, Mr. Ragen was Vice President, Corporate Controller at APW Ltd., a spin-off from Applied Power Inc., now known as Actuant Corporation. Mr. Ragen began his career in the Audit division of Arthur Andersen's Milwaukee office. Mr. Ragen holds a Bachelor of Business Administration from the University of Wisconsin-Whitewater.

Dawn Tabat has served as our Chief Operating Officer since 2002. Ms. Tabat joined Generac in 1972 and served as Personnel Manager and Personnel Director before being promoted to Vice President of Human Resources in 1992. During this period, Ms. Tabat was responsible for creating the human resource function within Generac, including recruiting, compensation, training and workforce relations. In her current position, Ms. Tabat oversees manufacturing, logistics, global supply chain, quality, safety, information services and human resources.

Clement Feng has served as our Chief Marketing Officer and Executive Vice President since 2007. Prior to joining Generac, Mr. Feng was the Vice President of Marketing at Broan-NuTone from 2003 to 2007. From 2000-2003 Mr. Feng was the Vice President of Marketing for Robert Bosch Tool Corporation. From 1994 to 2000, Mr. Feng was the Director of Marketing at Mast Lock Company. Mr. Feng holds and M.B.A from the University of Chicago School of Business, a B.S. in Chemical Engineering from Stanford University, and is a Certified Public Accountant.

Allen Gillette is our Senior Vice President of Engineering. Mr. Gillette joined Generac in 1998 and has served as Engineering Manager, Director of Engineering and Vice President of Engineering. Prior to joining Generac, Mr. Gillette was Manager of Engineering at Transamerica Delaval Enterprise Division, Chief Engineer—High-Speed Engines at Ajax-Superior Division and Manager of Design & Development, Cooper-Bessemer Reciprocating Products Division. Mr. Gillette holds an M.S. in Mechanical Engineering from Purdue University and a B.S. in Mechanical Engineering from Gonzaga University.

Roger Schaus, Jr. serves as our Senior Vice President of Service Operations. Mr. Schaus joined Generac in 1988 and has served as Director of Manufacturing Services, Vice President of Manufacturing Services and Senior Vice President of Operations. Prior to joining Generac, Mr. Schaus was a Manufacturing Area Manager for Harley Davidson Motor Company in Wauwatosa, Wisconsin and a Plant Manager for Custom Products in Menomonee Falls, Wisconsin. Mr. Schaus holds and B.S. in Agricultural Economics from the University of Wisconsin, Madison.

Roger Pascavis has served as our Senior Vice President of Operations since January 2008. Mr. Pascavis joined Generac in 1995 and has served as Director of Materials and Vice President of Operations. Prior to joining Generac, Mr. Pascavis was a Plant Manager for MTI in Waukesha, Wisconsin. Mr. Pascavis holds a B.S. in Industrial Technology from the University of Wisconsin, Stout and an M.B.A. from Lake Forest Graduate School of Management.

Code of ethics

Upon completion of this offering, we intend to adopt a code of ethical conduct for directors and all employees of Generac. We intend to post our code of ethical conduct on our website at www.generac.com. To the extent permitted, we intend to post on our website any amendments to, or waivers from, our code of ethical conduct.

Director independence and controlled company exception

Our board of directors has affirmatively determined that Barry J. Goldstein will be an independent director under the applicable rules of the NYSE and as such term is defined in Rule 10A-3(b)(1) under the Exchange Act.

After completion of this offering, affiliates of CCMP will continue to control a majority of our outstanding common stock. As a result, we are a "controlled company" within the meaning of the NYSE corporate governance standards. Under these rules, a "controlled company" may elect not to comply with certain NYSE corporate governance standards, including:

- the requirement that a majority of the board of directors consist of independent directors;
- the requirement that we have a nominating and corporate governance committee that is composed entirely of independent directors with a written charter addressing the committee's purpose and responsibilities;
- the requirement that we have a compensation committee that is composed entirely of independent directors with a written charter addressing the committee's purpose and responsibilities; and
- the requirement for an annual performance evaluation of the nominating and corporate governance committee and compensation committee.

Following this offering, we intend to utilize these exemptions. As a result, we will not have a majority of independent directors, our nominating and corporate governance committee and compensation committee will not consist entirely of independent directors and such committees will not be subject to annual performance evaluations. Accordingly, our stockholders will not have the same protections afforded to shareholders of companies that are subject to all of the NYSE corporate governance requirements.

Board committees

Audit committee

The purpose of the audit committee is set forth in the audit committee charter. The committee's primary duties and responsibilities are to:

- appoint, compensate, retain and oversee the work of any registered public accounting firm engaged for the purpose of preparing or issuing an audit report or performing other audit, review or attest services and review and appraise the audit efforts of our independent accountants;
- establish procedures for the receipt, retention and treatment of complaints regarding accounting, internal accounting controls or auditing matters;
- engage independent counsel and other advisers, as necessary;
- determine funding of various services provided by accountants or advisers retained by the committee;
- serve as an independent and objective party to oversee our internal controls and procedures system; and
- provide an open avenue of communication among the independent accountants, financial and senior management and the board.

Upon the completion of this offering, the members of the audit committee will be Messrs. Barry J. Goldstein, Stephen McKenna and Timothy Walsh. Mr. Goldstein will serve as the chairman of the audit committee and the board of directors has determined that he is an "audit committee financial expert" as defined in Item 407(d)(5) of Regulation S-K. The board is satisfied that all members or our audit committee have sufficient expertise and business and financial experience necessary to effectively perform their duties as members of the audit committee. Upon completion of the offering, we will add additional "independent directors," as required by SEC and NYSE rules, within the time limits described by such rules. Under those rules, we will be required to have a majority of independent directors on the audit committee within 90 days after the date of effectiveness of the registration statement in connection with this offering and all members will be required to be independent within one year from such date.

Compensation committee

The purpose of the compensation committee is to review and approve the compensation of our executives. The compensation committee approves compensation objectives and policies as well as compensation plans and specific compensation levels for all executive officers.

With respect to compensation matters for each named executive officer other than Mr. Jagdfeld, Mr. Jagdfeld solicits information and recommendations on each executive's duties, responsibilities, business goals, objectives and upcoming challenges from York A. Ragen, the Chief Financial Officer, or CFO, and Dawn Tabat, the Chief Operating Officer, or COO. Mr. Jagdfeld provides the compensation committee his recommendation of compensation for each named executive officer. Mr. Jagdfeld also provides publicly available compensation data for senior executives, including chief executive officers, of various companies. After reviewing and discussing Mr. Jagdfeld's recommendations for each named executive officer, the compensation committee and Mr. Jagdfeld establish the compensation of the management team generally and the compensation committee establishes Mr. Jagdfeld's compensation independently.

Upon the completion of this offering, Messrs. Timothy Walsh and John D. Bowlin will serve on the compensation committee, and Mr. Walsh will serve as the chairman. Our board of directors will affirmatively determine that each of Mr. Walsh and Mr. Bowlin meets the definition of "outside director" for the purposes of Section 162(m) of the Internal Revenue Code of 1986, as amended.

Nominating and corporate governance committee

The primary purpose of the nominating and corporate governance committee is to:

- identify and recommend to the board individuals qualified to serve as directors of our company and on committees of the board;
- advise the board with respect to the board composition, procedures and committees;
- develop and recommend to the board a set of corporate governance guidelines and principles applicable to us; and
- review the overall corporate governance of our company and recommend improvements when necessary.

Upon the completion of this offering, Messrs. Stephen Murray and Edward A. LeBlanc will serve on the nominating and corporate governance committee, and Mr. Murray will serve as the chairman.

Compensation committee interlocks and insider participation

During 2008, the members of our compensation committee were Messrs. Timothy Walsh and John D. Bowlin. Mr. Walsh is a Managing Director of CCMP. Mr. Bowlin is a consultant to CCMP. CCMP provides Generac with advisory services pursuant to its advisory services and monitoring agreement and has entered into other transactions with us. See "Certain relationships and related party transactions."

Upon the completion of this offering, none of our executive officers will serve on the compensation committee or board of directors of any other company of which any of the members of our compensation committee or any of our directors is an executive officer.

Compensation discussion and analysis

Compensation philosophy and objectives

Generac's executive compensation policy, as established by our compensation committee, is designed to drive share value creation over the long term. The principal components of its pay plan, including base pay, annual incentive and long-term incentives are designed to attract and retain high caliber executive talent. The pay plan is also designed to motivate executives to achieve the sustainable share value creation at the heart of Generac's compensation philosophy.

The compensation committee looks to the aggregate compensation package for each named executive officer to determine the individual elements of each such named executive officer's pay. The compensation committee and board of directors of Generac approve an annual variable compensation plan targeted to pay at competitive levels, provided that pre-established individual and Generac performance goals are achieved. The compensation committee has engaged Hewitt Associates LLC, or Hewitt, as its independent compensation consultant. In that role, Hewitt has supplied the committee with compensation data from its Total Compensation Management database relating to compensation paid to executives at similar sized public companies which operate in Generac's industry. Hewitt has provided advice on market practices, as well as support regarding specific decisions regarding compensation for named executive officers. In addition, the compensation committee expects that Messrs. Jagdfeld and Ragen, in consultation with the board of directors, will establish an annual budget that will include sales targets and other performance-related goals, which the compensation committee may consult in making decisions with respect to bonuses and other payments. The compensation committee may also approve the grant of shares of restricted stock, options or other equity or equity-based awards from time to time, the value of which is intended to retain and motivate our chief executive officer, chief financial officer and each of our three other most highly compensated executive officers (referred to as our "named executive officers"), as well as align a portion of their compensation with our performance.

We expect that, upon completion of our initial public offering, each of the named executive officers will receive one or more of the types of awards described below. These awards are intended to align the long-term interests of the named executive officers with those of Generac and its stockholders, while also promoting retention by utilizing multi-year vesting periods. Generally, we will grant equity awards to executives in connection with their commencement of employment with us. The compensation committee, with the advice of Hewitt, will determine the value of such grants by reviewing compensation practices of peer companies, our past practice, and individual negotiations with the executive. In addition, the compensation committee has the discretion to grant additional equity awards to executives, including the named executive officers, based on the individual's contributions to Generac.

Role of the compensation committee

Our compensation committee discharges the responsibility of the board of directors relating to the compensation of the named executive officers. In 2008, the members of the compensation committee were Messrs. Timothy Walsh and John D. Bowlin.

The compensation committee annually reviews our goals and objectives related to the compensation of the named executive officers. During that review, the compensation committee considers the balance between short-term compensation and long-term incentives, evaluates the performance of the named executive officers in light of established goals and objectives, considers our prior performance and our relative shareholder return and sets the compensation levels of the named executive officers based on that evaluation. In addition, the Chief Executive Officer and Vice President of Human Resources provide the compensation committee with additional analyses and recommendations as to the compensation of the named executive officers, although neither the Chief Executive Officer nor the Vice President of Human Resources makes recommendations about his/her own compensation to the compensation committee. Historically, the compensation committee has not hired outside compensation consultants to conduct a direct analysis of our compensation levels; however, we subscribe to databases maintained by two independent consultant companies, which include aggregated data with respect to manufacturing companies with comparable net sales and headcount but which do not include specific data for the individual companies included in the dataset. Once the compensation committee has determined appropriate compensation levels for the named executive officers, the compensation committee uses the data to confirm that compensation levels are reasonable based on that data. Although the compensation committee reviews this data by position annually and attempts to award salaries that are reasonable in light of such data, the compensation committee does not identify a specific peer group for the purpose of benchmarking executive compensation. In the future, we anticipate that the compensation committee may elect to identify a peer group of specified companies in consultation with Hewitt for purposes of establishing the compensation of the named executive officers and other senior executive officers.

Components of compensation

Base salary

Employment agreements for certain of the named executive officers were established as a result of negotiations between the individual and Generac at the time of hire. The employment agreements currently in effect for our named executive officers are described below under "Executive compensation—Employment agreements and severance benefits." The compensation committee reviews the base salaries of the named executive officers on an annual basis. In December of each year, the Chief Executive Officer and the Vice President of Human Resources provide the compensation committee with an evaluation of each named executive officer's performance, with the exception of the Chief Executive Officer's performance, and provide their recommendation for base salary adjustments. Once the compensation committee has determined the appropriate adjustment based on its subjective assessment of individual performance, the compensation committee uses databases containing aggregated information maintained by two independent consulting companies to confirm that base salary levels are reasonable in light of that data. The compensation committee does not, however, compare the executive's compensation to compensation levels at other specifically identified companies. Additionally, in making subjective evaluations of the overall performance of named executive officers, the compensation committee considers the performance from the perspective of our core values, which include practicing integrity, driving innovation, delivering value, operating lean, continually improving quality, developing employees, putting our customers first and environmental stewardship. Final base salary adjustments are then reviewed

by the compensation committee against base salary data for manufacturing companies with comparable net sales to ensure that these adjustments are reasonable in light of that data.

As of January 1, 2008, Mr. Jagdfeld served as President and Chief Financial Officer with a base salary of $400,000. Mr. Ragen served as Vice President of Finance with a base salary of $150,000. Ms. Tabat served as Chief Operating Officer, Executive Vice President and Secretary with a base salary of $450,000. Mr. Feng served as Chief Marketing Officer and Executive Vice President with a base salary of $262,000. Mr. Schaus served as Vice President of Operations-Whitewater with a base salary of $176,805. On January 21, 2008, the compensation committee approved an increase to Mr. Schaus' compensation to $200,000 upon his appointment to Senior Vice President of Service Operations. On October 1, 2008, the compensation committee approved an increase to Mr. Ragen's base salary to $165,000 upon his appointment as Chief Financial Officer and also approved general increases for Mr. Feng to $270,000 and Mr. Schaus to $206,611. On October 12, 2009, the compensation committee approved an increase to Mr. Ragen's base salary to $246,500 as a result of a compensation comparison using third party salary surveys.

Annual bonus: incentive compensation plan

In 2009 and prior years, the named executive officers were eligible to receive annual bonuses based upon target bonus award levels, or Target Bonus Levels, equal to 35% of base salary for Messrs. Jagdfeld, Tabat, and Ragen, 30% of base salary for Mr. Feng and 25% of base salary for Mr. Schaus, with maximum bonuses of 105% of base salary for Messrs. Jagdfeld, Tabat, and Ragen, 90% of base salary for Mr. Feng and 75% of base salary for Mr. Schaus. All annual bonuses are paid pursuant to the Incentive Compensation Plan, subject to the discretion of the compensation committee to make such adjustments as it deems appropriate.

In prior years, the compensation committee measured performance based upon the achievement of Adjusted EBITDA targets selected by the compensation committee using a target earnings before interest, taxes, depreciation and amortization factor, or Target EBITDA Factor. The Target EBITDA Factor is a number on a sliding scale ranging from zero (0) to three (3) with the target factor of 0 set at 90%, the target factor of 1 set at 95%, the target factor of 2 set at 100% and the target factor of 3 set at 110% of our Adjusted EBITDA. A participant's annual bonus is the product of his or her Target Bonus Level, multiplied by our Target EBITDA Factor achieved, multiplied by his or her base salary.

For the bonus year ended December 31, 2008, our earnings before interest, taxes, depreciation and amortization was 72.7% of Adjusted EBITDA resulting in a Target EBITDA Factor of zero (0). As a result, the compensation committee did not grant any performance bonuses under the Incentive Compensation Plan for the year ended December 31, 2008.

In addition, Mr. Feng's employment agreement allows for his participation in Generac's corporate quarterly bonus program. This program provides Mr. Feng with the opportunity to receive a bonus payment in the event we achieve certain target quarterly Cash Earnings margins with Cash Earnings defined as net income plus amortization of intangibles and deferred interest less gain on extinguishment of debt. In the event we achieve a Cash Earnings margin greater than 6% but less than 12% of gross sales, Mr. Feng is entitled to a bonus payment of $2,000. If our Cash Earnings margin is greater than 12% but less than 18% of gross sales, Mr. Feng is entitled to a bonus payment of $4,000, and if our Cash Earnings margin is greater than 18%, Mr. Feng is entitled to a bonus payment of $6,000. Mr. Feng must be

employed for the entire quarter to be eligible to receive any bonus payments made for that quarter's Cash Earnings margin performance. In the quarter ended December 31, 2008, Mr. Feng earned a bonus payment of $2,000 as a result of our achieving a Cash Earnings margin of 6.6%.

Annual performance bonus plan

After the consummation of this offering, Section 162(m) of the Internal Revenue Code will impose a limit on the amount that we may deduct for compensation paid to our CEO and certain other executive officers. This limitation does not apply to compensation that meets the requirements under Section 162(m) for "qualified performance-based" compensation. Prior to the consummation of this offering, our shareholders will approve the Generac Holdings Inc. Annual Performance Bonus Plan, or the Annual Bonus Plan. The Annual Bonus Plan has been drafted to comply with and is intended to be administered in compliance with the requirements of Section 162(m) of the Code. The Annual Bonus Plan is designed to ensure that executive compensation paid pursuant to the Annual Bonus Plan is "qualified performance-based compensation" and deductible for federal income tax purposes. Initially we will rely on a transition exemption from Section 162(m) for the Annual Bonus Plan that applies to compensation plans adopted prior to an initial public offering. The transition exemption for the Annual Bonus Plan will terminate at the time of our annual meeting that occurs after the third calendar year following the year of our initial public offering or, if earlier, at the time we materially modify the Annual Bonus Plan.

Summary of material features of the annual bonus plan. The purpose of the Annual Bonus Plan is to motivate and reward superior short-term performance through the payment of cash award amounts based upon pre-established performance metrics. Under the Annual Bonus Plan, each participating employee's bonus is based upon the level of achievement of performance metrics established by our compensation committee. In general, performance periods are expected to be one year in length and coincident with our fiscal year. Pursuant to the plan, bonuses will only be paid to the extent that the short-term performance metrics are achieved.

The Annual Bonus Plan is administered by our compensation committee. Any of our employees may be selected by the compensation committee to participate in the Annual Bonus Plan. In its discretion, the committee may add or remove participants from the Annual Bonus Plan at any time during a performance period or otherwise, subject to the requirements of Section 162(m).

Performance metrics may be based on one or more financial, strategic and operational business criteria specified in the Annual Bonus Plan. The Annual Bonus Plan provides that such criteria may be determined with respect to Generac, or any division or business unit thereof, alone or in combination. Goals need not be the same for all participants and may change from year to year, as long as they are based on the performance criteria specified in the Annual Bonus Plan. This flexibility permits us to maintain alignment with our business strategy and respond to changing market conditions, while maintaining focus on financial measures.

Following the completion of each performance period, our compensation committee will review the performance of the participating employees against the established performance goals. Cash bonus awards are paid after our compensation committee has determined the extent to which the performance goals have been achieved. The Annual Bonus Plan allows the compensation committee to reduce but not increase the amount of an award that is otherwise

payable to a participant upon achievement of the performance goals. The Annual Bonus Plan specifies that payments will be in a lump sum and will be made no later than the date that is two and one-half months following the close of the fiscal year in which such bonus was earned. Section 162(m) requires that the Annual Bonus Plan contain a limit on the amount any one participant may receive in order for bonuses to be tax deductible to us. The maximum bonus that may be paid to any employee in any fiscal year under the Annual Bonus Plan is $.

Equity-based compensation

In November 2006, we adopted a 2006 Management Equity Incentive Plan, or the 2006 Equity Incentive Plan, providing for the grant or sale of equity awards to certain members of our management and employees, including our named executive officers, of up to a maximum of 9,350.0098 shares of Class A Common Stock and 5,000 shares of Class B Common Stock, subject to certain adjustments. In connection with this offering, we intend to terminate the 2006 Equity Incentive Plan and adopt a new equity incentive plan, or the Omnibus Plan. The Omnibus Plan will provide for grants of nonqualified stock options, incentive stock options, stock appreciation rights, restricted stock, other stock-based awards and performance-based compensation. Directors, officers and other employees of us and our subsidiaries and affiliates, as well as other individuals performing services for us, will be eligible for grants under the Omnibus Plan. The purpose of the Omnibus Plan will be to provide incentives that will attract, retain and motivate highly competent officers, directors, employees and other service providers by providing them with appropriate incentives and rewards either through a proprietary interest in our long-term success or compensation based on their performance in fulfilling their personal responsibilities.

Pension plans

We provide retirement benefits to the named executive officers under the terms of qualified defined benefit plans. The Generac Power Systems Inc. Salaried, Technical & Clerical Employees Pension Plan, or the Plan, is a tax qualified retirement plan in which the named executive officers participate on the same terms as our other participating employees.

The Plan is a non-contributory defined benefit pension plan subject to the provisions of the Employee Retirement Income Security Act. The Plan was frozen effective December 31, 2008. This resulted in a cessation of all future benefit accruals under the Plan.

401(k) plan

Beginning on January 1, 2009, we elected to sponsor a voluntary 401(k) tax-qualified savings plan covering employees, including our named executive officers. We match 50% of the first 6% of each eligible employee's compensation that he or she contributes to the plan each year up to 20%.

Executive compensation

Summary compensation table

The following table shows compensation information for 2008 for our named executive officers.

Name and principal position	Year	Salary ($)	Bonus ($)	Change in pension value ($)	All other compensation ($)	Total ($)
Aaron Jagdfeld *Chief Executive Officer*	2008	400,000	—	28,334	9,936	438,270
Edward LeBlanc *Interim Chief Executive Officer*	2008	375,342	—	—	22,500	397,842
York Ragen *Chief Financial Officer*	2008	153,740	—	2,992	497	157,229
Dawn Tabat *Chief Operating Officer, Executive Vice President and Secretary*	2008	450,000	—	101,862	9,936	561,798
Clement Feng *Chief Marketing Officer and Executive Vice President*	2008	263,846	2,000	10,620	2,484	278,950
Roger Schaus, Jr. *Senior Vice President of Service Operations*	2008	200,377	—	59,643	994	261,014

On September 30, 2008, Edward LeBlanc resigned as interim Chief Executive Officer. The compensation disclosed above under the column titled "All other compensation" represents his housing allowance paid for the year through the date of his resignation. Upon his resignation from the company, Mr. LeBlanc entered a separation agreement, which provides for 19 months of continuing medical and dental coverage ($12,965 value). In connection with the separation agreement. Mr. LeBlanc entered into a consulting agreement that began on October 1, 2008 with an annual fee of $150,000. This consulting agreement is in place through December 31, 2009 and can be extended upon our mutual agreement.

The compensation disclosed above under the column titled "All other compensation," for all but Mr. LeBlanc, consists of the amortization of restricted Class A Common Stock expense.

At September 30, 2009, the number of restricted shares of Class A Common Stock held by Messrs. Jagdfeld, Ragen, Feng and Schaus and Ms. Tabat were 1,558.335, 77.9167, 389.5799, 155.8335 and 1,558.335, respectively. Assuming the Corporate Reorganization had occurred and this offering was completed at an initial offering price of $ per share, the midpoint of the price range set forth on the cover of this prospectus, these shares would have had a value of $, $, $, $ and $, respectively.

Grants of plan-based awards in 2008

In 2008, there were no bonuses awarded under our Incentive Compensation Plan. The table below shows threshold, target and maximum payouts under our Incentive Compensation Plan.

		Estimated future payouts under non-equity incentive plan awards			Estimated future payouts under equity incentive plan awards			All other stock awards: number of shares of stock or units (#)	All other option awards: number of securities underlying options (#)	Exercise or base price of option awards ($/Sh)	Grant date fair value of stock and option awards
Name	Grant date	Threshold	Target ($)	Maximum ($)	Threshold (#)	Target (#)	Maximum (#)				
Aaron Jagdfeld	—	—	280,000	420,000	—	—	—	—	—	—	—
Edward LeBlanc	—	—	—	—	—	—	—	—	—	—	—
York Ragen	—	—	115,500	173,250	—	—	—	—	—	—	—
Dawn Tabat	—	—	315,000	472,500	—	—	—	—	—	—	—
Clement Feng	—	—	162,000	243,000	—	—	—	—	—	—	—
Roger Schaus, Jr.	—	—	103,306	154,958	—	—	—	—	—	—	—

None of these amounts were payable in 2008 under the Incentive Compensation Plan, which is described in "Compensation discussion and analysis."

Equity incentive plan

We intend to adopt an equity incentive plan, or the Omnibus Plan, in connection with this offering. The Omnibus Plan will become effective prior to the consummation of this offering and a total of shares of our common stock will be reserved for sale.

Administration

The Omnibus Plan will provide for its administration by the compensation committee of our board of directors or any committee designated by our board of directors to administer the Omnibus Plan.

Eligibility for participation

Members of our board of directors, as well as employees of, and service providers to, us or any of our subsidiaries and affiliates will be eligible to participate in the Omnibus Plan.

Types of awards

The Omnibus Plan will provide for the grant of nonqualified stock options, incentive stock options, stock appreciation rights, shares of restricted stock, other stock-based awards and performance-based compensation, collectively, the awards. The committee will, with regard to each award, determine the terms and conditions of the award, including the number of shares subject to the award, the vesting terms of the award, and the purchase price for the award. Awards may be made in assumption of or in substitution for outstanding awards previously granted by us or our affiliates, or a company acquired by us or with which we combine.

Forms of award agreements

We intend to grant options and restricted shares to certain of our employees, including our named executive officers, in connection with this offering. Generally, the options will vest in equal installments on each of the first anniversaries of the date of grant, subject to the grantee's continued employment, such that % of the option vests on each such anniversary.

In general the restricted shares will vest in full on the anniversary of the date of grant, subject to the grantee's continued employment.

In the event a grantee's employment is terminated without Cause within year following a Change of Control, the options and restricted shares generally vest in full. In the event of termination of employment for any other reason, the unvested portion of the awards is forfeited.

"Cause" is defined as the grantee's: (a) material breach of any of the grantee's obligations under any written agreement with us; (b) material violation of our policies, procedures, rules and regulations applicable to our employees; (c) failure to reasonably and substantially perform his or her duties to us; (d) willful misconduct or gross negligence causing or reasonably expected to cause material injury to us; (e) fraud or misappropriation of funds; or (f) commission of a felony or crime involving moral turpitude. If the grantee has an employment agreement containing a different definition of cause, the definition of cause in the employment agreement will control.

"Change of Control" is defined as an event or series of events resulting in any of the following: (a) the acquisition of at least 50% of the total fair market value or total voting power of our stock by any person or group, other than our subsidiaries and certain of our affiliates; (b) a change in the composition of our board of directors such that during any twelve-month period at least a majority of our incumbent board members cease to be members of the board, provided, that, any new director whose election or nomination is approved by a majority of our incumbent board members shall be deemed to be a member of the incumbent board; or (c) the acquisition of at least 50% of the total fair market value of our assets by any person or group, other than our subsidiaries and certain of our affiliates.

Initial grants

The following table shows the outstanding equity awards that we expect will be held by each of the named executive officers immediately following the closing of this offering, taking into account anticipated grants of new equity awards. All amounts are denominated in shares of common stock.

Name	Options granted on the IPO(1)	Restricted shares granted on the IPO
Aaron Jagdfeld		
York A. Ragen		
Dawn Tabat		
Clement Feng		
Allen Gillette		
Roger Schaus, Jr.		
Roger Pascavis		

(1) The exercise price for these options will equal the average closing price for the first five trading days following the effective date of our initial public offering, but in no event beginning earlier than , 20 (the "Pricing Period"). The grant date for these options shall be the day before the first day of the Pricing Period.

Pension benefits for 2008

The following table presents information regarding the present value of accumulated benefits that may become payable to the named executive officers under the Plan:

Name	Plan Name	Number of years credited service	Present value of accumulated benefit(1)	Payments during last fiscal year
Aaron Jagdfeld	Generac Power Systems Inc. Salaried, Technical & Clerical Employees Pension Plan	14.0	86,200	—
Edward LeBlanc(2)	Generac Power Systems Inc. Salaried, Technical & Clerical Employees Pension Plan	—	—	—
York Ragen	Generac Power Systems Inc. Salaried, Technical & Clerical Employees Pension Plan	3.0	9,397	—
Dawn Tabat	Generac Power Systems Inc. Salaried, Technical & Clerical Employees Pension Plan	36.0	747,079	—
Clement Feng	Generac Power Systems Inc. Salaried, Technical & Clerical Employees Pension Plan	1.0	10,620	—
Roger Schaus, Jr	Generac Power Systems Inc. Salaried, Technical & Clerical Employees Pension Plan	20.0	317,653	—

(1) The accumulated benefit is based on service and earnings considered by the Plan for the period through December 31, 2008, at which time the Plan was frozen. Present value has been calculated assuming the named executive officers will remain in service until age 65, the age at which may occur without any reduction in benefits, and that the benefit is payable under the available forms of annuity consistent with the Plan. The interest assumption is 6.48%. The post retirement mortality assumption is based on the RP 2000 Combined Healthy Mortality for males or females, as appropriate, projected to 2007 with Projection Scale AA. See Note 9—Benefit Plans to our consolidated financial statements included elsewhere in this prospectus for more information.

(2) Mr. LeBlanc is not eligible for a pension benefit. At the time of his resignation on September 30, 2008, he did not meet the five-year vesting requirement of the plan.

The benefits under the Plan are based upon years of service and each participant's defined final average monthly compensation. For purposes of calculating benefits, average annual compensation is limited by Section 401(a)(17) of the Internal Revenue Code and is based upon wages, salaries and other amounts paid to the employee. Under the Plan, a participant earns a vested right to an accrued benefit upon completion of five years of vesting service.

Employment agreements and severance benefits

We have entered into employment agreements with Mr. Jagdfeld and Ms. Tabat under which, in the event the agreement is terminated, the relevant executive is entitled to severance payments determined by whether or not the agreement was terminated without Cause or Good Reason. The term of each employment agreement commenced on November 10, 2006 and continues unless terminated until November 10, 2011.

Cause is defined as the executive's: (a) willful and continued failure to substantially perform his/her duties; (b) gross negligence or willful misconduct in the performance of his or her duties; (c) commission of fraud, embezzlement, misappropriation of funds, breach of fiduciary duty or a material act of dishonesty against us; (d) indictment for a felony; or (e) drug addiction or habitual intoxication that adversely effects his or her performance or the reputation or best interest of the company.

Good Reason is defined as: (a) a reduction in the executive's base salary; (b) a material reduction of the executive's duties or responsibilities that has not been cured within 20 days after written notice has been given; and (c) a requirement by us that the executive be based in an office that is 50 miles more than his or her principal place of employment as of November 10, 2006.

All severance payments are subject to the executive's execution and effectiveness of a release of claims in the form attached to each employment agreement, and the executive's continued compliance with the Non-Competition Agreement (as defined herein).

If we terminate an employment agreement for Cause, or if the executive terminates his or her employment agreement without Good Reason, the executive is entitled only to the obligations already accrued under his or her employment agreement. If we terminate an employment agreement without Cause or if an executive terminates his or her employment agreement for Good Reason, the executive is entitled to receive from us (1) any accrued but unpaid base salary and vacation pay through the Termination Date (as defined in each employment agreement), payable as soon as practicable following such Termination Date, (2) any earned annual bonus for the fiscal year during which the Termination Date occurred (and the annual bonus for the prior fiscal year, if earned but not yet paid), payable in accordance with our usual bonus payment schedule, and (3) for a period of 18 months commencing on the Termination Date, 150% of the executive's then current base salary, payable in accordance with our standard payroll practices. In addition, we shall maintain the medical, hospitalization, dental and life insurance programs that the executive participated in prior to the Termination Date, in full force and effect, for the continued benefit of the executive, his or her spouse and dependents for a period of 18 months commencing on the Termination Date, and the executive would be entitled to full COBRA rights following the termination of such benefits. If we terminated Mr. Jagdfeld's or Ms. Tabat's employment agreement without Cause on December 31, 2008 or if either of them terminated his or her employment agreement for Good Reason, Mr. Jagdfeld would have been entitled to receive an aggregate of $919,442 ($900,000 for salary and $19,442 for benefits) and Ms. Tabat would have been entitled to receive an aggregate of $1,018,538 ($1,012,500 for salary and $6,038 for benefits), payable as described above, plus any accrued and unpaid base salary and bonus.

Simultaneously with the execution of each employment agreement, we entered into a confidentiality, non-competition and intellectual property agreement or Non-Competition Agreement. Pursuant to each of the Non-Competition Agreements, Mr. Jagdfeld and Ms. Tabat have agreed to maintain Confidential Information (as defined in each Non-Competition Agreement) in confidence and secrecy and have agreed not to compete with us or solicit any of our employees during his or her employment and for a period following eighteen months of his or her termination.

Although they have not entered into employment agreements, Mr. Ragen and Mr. Schaus have signed Non-Competition Agreements. Our salary and bonus arrangements with Mr. Ragen and Mr. Schaus are described under "Compensation discussion and analysis—Components of compensation."

In addition to the previously discussed employment agreements, Mr. Feng has an employment letter dated August 7, 2007 that provides salary and benefit continuation for a 12 month period commencing on his termination date, in the event he is terminated without Cause. If Mr. Feng had been terminated on December 31, 2008 without Cause, he would have been entitled to receive an aggregate of $282,961 ($270,000 for salary and $12,961 for benefits), payable as described above, plus any accrued and unpaid base salary and bonus. Mr. Feng has also entered into a Non-Competition Agreement.

Vesting of restricted shares under the 2006 Equity Incentive Plan

One-half of the restricted shares that have been issued to date under the 2006 Equity Incentive Plan pursuant to restricted stock agreements vest over time, or Time Vesting Shares, with 25% vesting on November 10, 2007 and on the next three anniversaries thereof, so long as the participant is still employed by us or one of our subsidiaries on the applicable vesting date. Upon the occurrence of a change of control of Generac, any unvested Time Vesting Shares immediately vest in full, so long as the participant is still employed by us or one of our subsidiaries.

The other half of the restricted shares immediately vest in full upon the occurrence, provided the participant is still then employed by us or one of our subsidiaries, of either: (1) a change in control of Generac that results in a quotient equal or greater than two when the aggregate net proceeds received by CCMP, Unitas Capital Pte. Ltd. and Unitas Capital Consulting Company, Ltd., together, the "Sponsors", with respect to their shares of capital stock of Generac is divided by the dollar amount of the Sponsors' equity investment in Generac; or (2) from and after the date of the consummation of this offering, the achievement with respect to shares of the Class A Common Stock of an average closing trading price exceeding, in any 60 consecutive trading day period starting prior to the later of (a) the fifth year anniversary of the date of grant of the restricted shares, and (b) one year after the date of the consummation of this offering, the lowest amount which when multiplied by the number of shares of Class A Common Stock then held by the Sponsors and added to the aggregate net proceeds received by the Sponsors with respect to their shares of capital stock of Generac would yield a quotient of equal or greater than two when divided by the Sponsors' equity investment in Generac. In connection with any change in control, the aggregate net proceeds the Sponsors would need to receive with respect to shares of capital stock of Generac to cause the restricted shares to vest in full is $. In connection with this offering, the lowest average trading price per share in any period meeting the requirements of (2)(b) above needed to cause the restricted shares to vest in full is $.

The following table sets forth, for each named executive officer, the number of restricted shares that would have vested if a change in control had occurred on December 31, 2008 resulting in the full vesting of all restricted shares of Class A Common Stock, including Time Vesting Shares and the value of such restricted shares that would have vested on an accelerated basis, assuming the Corporate Reorganization had occurred and this offering was

completed at an initial offering price of $ per share, the midpoint of the price range set forth on the cover of this prospectus:

Name	Shares of Class A Common Stock that would have vested on an accelerated basis upon a change in control on December 31, 2008	Shares of common stock to be issuable upon Corporate Reorganization in exchange for restricted shares subject to accelerated vesting upon a change in control on December 31, 2008	$ value
Aaron Jagdfeld			
York A. Ragen			
Dawn Tabat			
Clement Feng			
Allen Gillette			
Roger Schaus, Jr.			
Roger Pascavis			

If a change in control had occurred on December 31, 2008, whether or not all of the restricted shares held by our named executive officers would have vested on an accelerated basis, we would not have been required to pay any consideration to the named executive officers pursuant to the 2006 Equity Incentive Plan. The amount that the named executive officers could have realized on the sale of their shares in the change in control transaction would have depended on the price paid by the purchaser in such transaction.

In addition, as disclosed under "Certain relationships and related person transactions—Shareholders agreement," under certain circumstances, we have the right to purchase shares owned by our employees or management shareholders. The following table shows the estimated amounts that we could pay to our named executive officers for the shares of common stock held by such named executive officer, assuming the completion of our initial public offering at a public offering price of $ per share, which is the midpoint of the price range set forth on the cover of this prospectus, the completion of the Corporate Reorganization, the full vesting of all restricted shares held by such named executive officer and the termination for cause or the violation of any non-competition or non-solicitation covenant by such named executive officer as of the date of our initial public offering.

Name	Number of shares	Potential payment per share(1)	Total potential payment
Aaron Jagdfeld			
York A. Ragen			
Dawn Tabat			
Clement Feng			
Allen Gillette			
Roger Schaus, Jr.			
Roger Pascavis			

(1) The Shareholders Agreement provides that the price that we are entitled to pay for shares purchased as a result of termination for cause or as the result of a violation of any non-competition or non-solicitation covenant is the lesser of the fair market value of the shares or the price paid for such shares.

Certain relationships and related person transactions

Shareholders agreement

On November 10, 2006, Generac entered into a shareholders agreement, or Shareholders Agreement, with its shareholders, or Shareholders, including CCMP Capital Investors II, L.P., various of its affiliated funds, various funds affiliated with Unitas and the management shareholders party thereto, including Roger Schaus Jr., Roger Pascavis, Allen Gillette, York A. Ragen, Dawn Tabat and Aaron Jagdfeld.

The Shareholders Agreement includes provisions regarding the election of members of our boards of directors, share transfer restrictions, tag-along rights, drag-along rights and certain preemptive rights, all of which provisions terminate upon the occurrence of an initial public offering, or IPO. The preemptive rights provisions of the Shareholders Agreement and their exercise by the parties to the Shareholders Agreement are described under "—Issuances of securities—Preemptive rights."

The Shareholders Agreement also provides for: (1) demand registration rights, which require Generac to effect registration of the Registrable Securities (as defined in the Shareholders Agreement) upon a written request from CCMP, subject to certain limitations; (2) piggy-back registration rights, after the occurrence of an IPO of Generac; and (3) shelf demand registration rights at any time after the one-year anniversary of an IPO of Generac when Generac becomes eligible to use a registration statement on Form S-3. In addition, under the Shareholders Agreement, Generac agrees to indemnify any selling stockholders with respect to registrations made pursuant to the above-mentioned registration rights.

The Shareholders Agreement also includes provisions regarding the repurchase of shares held by management shareholders who cease to be employed by Generac or any of its subsidiaries. After the occurrence of an IPO, Generac will continue to have a right (but not an obligation) to repurchase shares of common stock held by our employees, in the case of vested shares, if any such employee is terminated for cause prior to the first anniversary of the IPO or in the event a management shareholder violates the terms of any non-competition or non-solicitation covenant applicable to such employee, and in the case of unvested shares, if such employee's employment is terminated for any reason prior to the time when such shares vest, whereupon the Company's repurchase right terminates.

Advisory services and monitoring agreement

On November 10, 2006, Generac, Generac Acquisition Corp., and Generac Power Systems entered into a five-year advisory services and monitoring agreement with the Sponsors pursuant to which the Sponsors (or their affiliates) provide us with business monitoring and transaction advisory services. We pay the Sponsors (or their designees), collectively, a quarterly advisory fee in an amount equal to $125,000 and are obligated to reimburse for (1) reasonable out-of-pocket expenses incurred in connection with the provision of such management services, in connection with any enforcement of remedies under the agreement, and (2) reasonable out-of-pocket expenses incurred by each director appointed to the board of directors of any of Generac, Generac Acquisition Corp., and Generac Power Systems in connection with attending regular and special meetings of such board of directors and any committee thereof. In 2007, the Sponsors received a total of $563,000 under this agreement, consisting of $500,000 of

advisory fees and $63,000 for the reimbursement of out-of-pocket expenses. In 2008, the Sponsors received a total of $580,000 under this agreement consisting of $500,000 of advisory fees and $80,000 for the reimbursement of out-of-pocket expenses. In the nine months ended September 30, 2009, the Sponsors have received a total of $250,000 in advisory fees and have not been reimbursed for any out-of-pocket expenses.

In connection with and upon the consummation of the CCMP Transactions, the Sponsors received an aggregate fee of $15 million for, among other things, advisory services provided by them related to, and payable upon the completion of, the CCMP Transactions. In addition, pursuant to the advisory services and monitoring agreement, in January 2007 the Sponsors received a fee of $15 million in the aggregate as a result of our having a specified level of borrowing capacity under our revolving credit facility for a specified period of time.

Upon the consummation of an IPO (including this offering), the advisory services and monitoring agreement will automatically terminate, and we are required to promptly pay to the Sponsors the final installment of the quarterly advisory fee referred to above, pro rated if the final period is less than 90 days, and any unreimbursed expenses. The advisory fee and unreimbursed expenses will not be paid with the proceeds of this offering.

The advisory services and monitoring agreement also includes indemnification provisions in favor of the Sponsors and their affiliates.

2006 management equity incentive plan

On November 10, 2006, we adopted the 2006 Equity Incentive Plan, which provided for the grant or sale of equity awards to certain members of our management and employees, including our named executive officers, of up to a maximum of 9,350.0098 shares of our Class A Common Stock and 5,000 shares of our Class B Common Stock, subject to certain adjustments. For a discussion of the effect of change in control on the vesting of these shares, see "Executive compensation—Vesting of restricted shares under the 2006 Equity Incentive Plan."

As a condition to the purchases by members of management of restricted shares under the 2006 Equity Incentive Plan, members of management executed confidentiality, non-competition and intellectual property agreements, requiring them, for the period of their employment with Generac and for 18 months thereafter, to (1) keep certain information relating to Generac confidential, (2) not participate in a business competing with Generac and (3) not solicit any employee to leave his or her employment whom such member of management supervised or about whom such member or management gained confidential information during the last 18 months of such member of management's employment with Generac.

Issuances of securities

Sales of Class B Voting Common Stock. Between September 2007 and April 2008, we issued an aggregate of 10,425 shares of our Class B Voting Common Stock to affiliates of CCMP in exchange for certain term loans under our second lien credit facility that such CCMP affiliates had purchased for an aggregate purchase price of $78,202,000. The exchange ratio in connection with the exchange was one share of our Class B Voting Common Stock per $10,000

of the aggregate outstanding principal amount of the loans that were so exchanged. Such purchased term loans had an aggregate outstanding principal amount equal to $104,250,000.

In February 2007, we issued 5, 50 and 90 shares of our Class B Voting Common Stock to Edward A. LeBlanc, Harry Hornish and John D. Bowlin, respectively, for an aggregate purchase price of $1,450,000. Messrs. LeBlanc and Bowlin are currently serving on our board of directors. Mr. Hornish is a former director.

Sales of Series A Preferred Stock. In November 2008, we issued 1,550 shares of our Series A Preferred Stock to affiliates of CCMP for an aggregate purchase price of $15,500,000. This contribution was made by affiliates of CCMP, and the proceeds were used to cure a default under the leverage ratio covenant of our senior secured credit facilities. For a description of our senior secured credit facilities and the leverage ratio, see "Management's discussion and analysis of financial condition and results of operations—Liquidity and capital resources—Senior secured credit facilities—Covenant compliance."

Between December 2008 and July 2009, we issued an aggregate of 7,760.8845 shares of our Series A Preferred Stock to affiliates of CCMP in exchange for certain term loans under our first and second lien credit facility that such CCMP affiliates had purchased for an aggregate purchase price of $77,608,845. The exchange ratio in connection with the exchange was one share of our Series A Preferred Stock per $10,000 of the amount paid by the CCMP affiliates for the loans that were so exchanged. Such purchased term loans had an aggregate outstanding principal amount equal to $154,814,528.

Sales of Class A Nonvoting Common Stock. In December 2007, we issued 389.5799 shares of our Class A Nonvoting Common Stock to Clement Feng for the purchase price of $132,987. Mr. Feng is an executive officer.

Preemptive rights. Pursuant to the preemptive rights provisions in the Shareholders Agreement, with respect to certain new issuances of equity securities by us, each of our shareholders that is an "accredited investor" (as such term is defined in Rule 501(a) of the Securities Act) has the right to purchase an amount of such equity securities being issued based on a percentage that is equivalent to such stockholder's then current equity ownership interest in us. Under the Shareholders Agreement, we had the right to offer and sell equity securities to CCMP without first complying with the preemptive rights provisions, provided that our other stockholders were subsequently afforded the opportunity to purchase an amount of such equity securities equal to the number of shares that would have been offered for sale to such other investors had the preemptive rights initially been complied with. Preemptive rights were available to the stockholders under the Shareholders Agreement in connection with the issuances of Class B Common Stock to affiliates of CCMP from September 2007 to April 2008. In connection with these issuances and with the satisfaction of the preemptive rights related to these issuances, in December 2007, CCMP Generac Co-Invest, L.P., Unitas, Aaron Jagdfeld, Allen Gillette, Roger Schaus, Jr., John D. Bowlin, Edward A. LeBlanc and Harry Hornish (a former member of our board of directors) exercised their preemptive rights and purchased 3,234.5317, 1,136.2524, 33.1304, 1.9106, 6.0000, 13.6350, 15.9075 and 27.5750 shares of our Class B Common Stock, respectively, from affiliates of CCMP and such affiliates of CCMP were paid an aggregate of $33,722,328.36 in connection with such purchases. In addition, preemptive rights were available in connection with the issuances of Series A Preferred Stock to affiliates of CCMP from December 2008 to July 2009. In connection with these issuances and the

satisfaction of the preemptive rights related to these issuances, in September 2009, we issued 14.8166, 2.9891, 6.0000, 2.1325, 2.4791 and 1,950.3427 shares of our Series A Preferred Stock to John Bowlin, Ed LeBlanc, Roger W. Shaus, Jr., Allen Gillette, York A. Ragen and CCMP Generac Co-Invest, L.P., respectively, for an aggregate purchase price of $19,787,600, and CCMP Generac Co-Invest, L.P. purchased 444.0373 shares from affiliates of CCMP for an aggregate purchase price of $4,440,373. Messrs. Bowlin and LeBlanc are currently serving on our board of directors. Messrs. Jagdfeld, Schaus, Gillette and Ragen are executive officers. The preemptive rights under the Shareholders Agreement do not apply to, and will terminate upon the consummation of, this offering.

Repurchases of securities

In November 2007, we repurchased all of the shares of Class A Nonvoting Common Stock held in a trust affiliated with William Treffert for an aggregate purchase price of $797,929.83. Each share of Class A Nonvoting Stock was repurchased for $341.36, the price which Mr. Treffert initially paid for the securities. Mr. Treffert is the former Chief Executive Officer of Generac.

Loans to executive officers

In December 2007, Generac Power Systems loaned Clement Feng, our Chief Marketing Officer and Executive Vice President, $132,987. We made the loan to facilitate Mr. Feng's purchase of 389.5799 shares of our Class A Nonvoting Common Stock, and such shares are pledged as collateral to secure the loan. The principal amount of the loan is due on December 27, 2010, and the interest rate on the loan is 5.25% per annum. Pursuant to the terms of the loan, Mr. Feng has not repaid any of the principal amount of the loan, and all interest ($12,558.52 through September 30, 2009) has accumulated and been added to the principal amount of the loan. This loan will be repaid, cancelled or otherwise satisfied prior to December 31, 2009. This loan is classified as a reduction to stockholders' equity in the consolidated statements of redeemable stock and stockholders' equity (deficit).

CCMP transactions

In November 2006, affiliates of CCMP, together with affiliates of Unitas and members of our management, purchased an aggregate of $689 million of our equity capital. For information concerning the CCMP Transactions, see "CCMP transactions" and Note 1—Merger transaction and Note 11 to our audited consolidated financial statements included elsewhere in this prospectus.

Indemnification of directors and officers

Prior to the closing of this offering, we will enter into indemnification agreements with each of our directors and executive officers. These agreements, among other things, will require us to indemnify each director and executive officer to the fullest extent permitted by Delaware law, including indemnification of expenses such as attorneys' fees, judgments, fines, and settlement amounts incurred by the director or executive officer in any action or proceeding, including any action or proceeding by or in right of us, arising out of the person's services as a director or executive officer. At present, we are not aware of any pending or threatened litigation or proceeding involving any of our directors, executive officers, employees, or agents in which indemnification would be required or permitted. We believe these indemnification

agreements are necessary to attract and retain qualified persons as directors and executive officers.

Policies for approval of related person transactions

In connection with this offering, we will adopt a written policy relating to the approval of related person transactions. Our audit committee will review and approve or ratify all relationships and related person transactions between us and (1) our directors, director nominees, executive officers or their immediate family members, (2) any 5% record or beneficial owner of our common stock or (3) any immediate family member of any person specified in (1) and (2) above. Our controller will be primarily responsible for the development and implementation of processes and controls to obtain information from our directors and executive officers with respect to related party transactions and for determining, based on the facts and circumstances, whether we or a related person have a direct or indirect material interest in the transaction.

As set forth in the related person transaction policy, in the course of its review and approval or ratification of a related party transaction, the committee will consider:

- the nature of the related person's interest in the transaction;
- the availability of other sources of comparable products or services;
- the material terms of the transaction, including, without limitation, the amount and type of transaction; and
- the importance of the transaction to us.

Any member of the audit committee who is a related person with respect to a transaction under review will not be permitted to participate in the discussions or approval or ratification of the transaction. However, such member of the audit committee will provide all material information concerning the transaction to the audit committee.

Principal stockholders

Security ownership

As of September 30, 2009, affiliates of CCMP owned 76.5% of our Class B Common Stock and 99.4% of our Series A Preferred Stock; affiliates of Unitas owned 10.9% of our Class B Common Stock; and some of our current and former members of the management team, employees and members of our board of directors owned all of our outstanding Class A Common Stock and the remainder of our Class B Common Stock and Series A Preferred Stock.

The following table shows information regarding the beneficial ownership of our common stock (1) immediately prior to and (2) as adjusted to give effect to this offering by:

- each person or group who is known by us to own beneficially more than 5% of our common stock;
- each member of our board of directors and each of our named executive officers; and
- all members of our board of directors and our named executive officers as a group.

Beneficial ownership of shares is determined under rules of the SEC and generally includes any shares over which a person exercises sole or shared voting or investment power. Except as noted by footnote, and subject to community property laws where applicable, we believe based on the information provided to us that the persons and entities named in the table below have sole voting and investment power with respect to all shares of our common stock shown as beneficially owned by them. Percentage of beneficial ownership is based on shares of common stock outstanding as of September 30, 2009 after giving effect to our Corporate Reorganization and assuming an initial public offering price of $ per share (the midpoint of the price range set forth on the cover of this prospectus), shares of common stock to be outstanding after the completion of this offering, assuming no exercise of the underwriters' option to purchase additional shares. Except as otherwise indicated, the persons named in the table below have sole voting and investment power with respect to all shares of

capital stock held by them. Unless otherwise indicated, the address for each holder listed below is Generac Holdings Inc., S45 W29290 Hwy. 59, Waukesha, Wisconsin 53187.

Name and address of beneficial owner	Shares beneficially owned before this offering		Shares beneficially owned after this offering		Shares beneficially owned after this offering assuming full exercise of the option to purchase additional shares	
	Number of shares	Percentage of shares	Number of shares	Percentage of shares	Number of shares	Percentage of shares
Principal stockholders						
CCMP Capital, LLC(1)						
Unitas Capital Ltd.(2)						
Directors and Executive Officers						
Aaron Jagdfeld						
York A. Ragen						
Dawn Tabat						
Clement Feng						
Allen Gillette						
Roger Schaus						
Roger Pascavis						
Stephen McKenna(1)						
John D. Bowlin						
Edward A. LeBlanc						
Barry J. Goldstein						
Stephen Murray(1)						
Timothy Walsh(1)						
All board of director members and named executive officers as a group 13 persons						

(1) In the case of CCMP Capital, LLC, or CCMP Capital, includes shares of common stock owned by CCMP Capital Investors II, L.P., or CCMP Capital Investors, shares of common stock owned by CCMP Capital Investors (Cayman) II, L.P., or CCMP Cayman, and together with CCMP Capital Investors, the CCMP Capital Funds, and shares of common stock owned by CCMP Generac Co-Invest, L.P., or Generac Co-Invest.

The general partner of the CCMP Capital Funds is CCMP Capital Associates, L.P., or CCMP Capital Associates. The general partner of CCMP Capital Associates is CCMP Capital Associates GP, LLC, or CCMP Capital Associates GP. CCMP Capital Associates GP is wholly-owned by CCMP Capital. The general partner of Generac Co-Invest is CCMP Generac Co-Invest GP, LLC, or Generac Co-Invest GP. Generac Co-Invest GP is wholly-owned by CCMP Capital.

CCMP Capital ultimately exercises voting and dispositive power over the shares held by the CCMP Capital Funds and Generac Co-Invest. Voting and disposition decisions at CCMP Capital with respect to such shares are made by an investment committee, the members of which are Stephen Murray, Greg Brenneman and Timothy Walsh.

Stephen Murray is President and Chief Executive Officer of CCMP Capital. Each of Timothy Walsh and Stephen McKenna is a Managing Director of CCMP Capital. The address of each of Messrs. Murray, Walsh and McKenna and each of the CCMP Capital entities (other than CCMP Cayman) is c/o CCMP Capital, LLC, 245 Park Avenue, New York, New York 10167. The address of CCMP Cayman is c/o Walkers SPV Limited, PO Box 908 GT, Walker House, George Town, Grand Cayman, Cayman Islands.

Each of Messrs. Murray, Walsh, McKenna and Brenneman disclaims any beneficial ownership of any shares beneficially owned by the CCMP Capital Funds or Generac Co-Invest.

(2) In the case of Unitas includes shares of common stock owned by Asia Opportunity Fund II, L.P. , or AOF II, and shares of common stock owned by AOF II Employee Co-Invest Fund, L.P. , or AOF II Co-Invest, and together with AOF II , the AOF Funds.

The general partner of the AOF Funds is Unitas Capital Equity Partners II, L.P., or Unitas Equity Partners. The general partner of Unitas Equity Partners is Liu Asia Equity Company II, or Liu Asia Equity. Liu Asia Equity is wholly-owned by Andrew Liu.

Unitas ultimately exercises voting and dispositive power over the shares held by the AOF Funds. Voting and disposition decisions at Unitas with respect to such shares are made by an investment committee, the members of which are Kei Chua, Stephen King, John Lewis, Andrew Liu, Anurag Mathur, Ajeet Singh and Eugene Suh. Each of Messrs. Chua, King, Lewis, Liu, Mathur, Singh and Suh disclaims any beneficial ownership of any shares beneficially owned by the AOF Funds.

The address of each of the Unitas entities is c/o Walkers Corporate Services Limited, PO Box 908 GT, Walker House, George Town, Grand Cayman, Cayman Islands.

Description of capital stock

The following is a description of the material terms of our amended and restated certificate of incorporation and bylaws as they will be in effect following the Corporate Reorganization and immediately prior to the consummation of this offering. This summary does not purport to be complete and is qualified in its entirety by reference to the actual terms and provisions of our amended and restated certificate of incorporation and bylaws, copies of which will be filed as exhibits to the registration statement of which this prospectus is a part as well as the relevant portions of the Delaware General Corporation Law.

Authorized capitalization

Our shares of capital stock are currently held by 41 holders. Upon the completion of the Corporate Reorganization immediately prior to the consummation of this offering, our authorized capital stock will consist of shares of common stock, par value $0.01 per share, and shares of preferred stock, par value $ per share. Immediately following the completion of this offering, shares of common stock, or shares if the underwriters exercise their option to purchase additional shares in full, will be outstanding, and there will be no outstanding shares of preferred stock.

Common stock

The holders of our common stock are entitled to the following rights.

Voting rights

Each share of common stock entitles the holder to one vote with respect to each matter presented to our stockholders on which the holders of common stock are entitled to vote. Our common stock votes as a single class on all matters relating to the election and removal of directors on our board of directors and as provided by law, with each share of common stock entitling its holder to one vote. Holders of our common stock will not have cumulative voting rights. Accordingly, holders of a majority of the shares of common stock entitled to vote in any election of directors may elect all of the directors standing for election. Except as otherwise provided in our amended and restated certificate of incorporation or required by law, all matters to be voted on by our stockholders must be approved by a majority of the shares present in person or by proxy at the meeting and entitled to vote on the subject matter.

Dividend rights

Holders of common stock will share equally in any dividend declared out of legally available funds by our board of directors, subject to any preferential rights of the holders of any outstanding preferred stock.

Liquidation rights

In the event of any voluntary or involuntary liquidation, dissolution or winding up of our affairs, holders of our common stock would be entitled to share ratably in our assets that are legally available for distribution to stockholders after payment of liabilities. If we have any preferred stock outstanding at such time, holders of the preferred stock may be entitled to distribution and/or liquidation preferences. In either such case, we must pay the applicable

distribution to the holders of our preferred stock before we may pay distributions to the holders of our common stock.

Other rights

Our stockholders have no subscription, redemption or conversion privileges. Our common stock does not entitle its holders to preemptive rights for additional shares and does not have any sinking fund provisions. All of the outstanding shares of our common stock are fully paid and nonassessable. The rights, preferences and privileges of the holders of our common stock are subject to the rights of the holders of shares of any series of preferred stock which we may issue.

Registration rights

Our existing stockholders have certain registration rights with respect to our common stock pursuant to a registration rights agreement. For further information regarding this agreement, see "Certain relationships and related person transactions" and "Shares eligible for future sale."

Preferred stock

Our board of directors is authorized to provide for the issuance of preferred stock in one or more series and to fix the preferences, powers and relative, participating, optional or other special rights, and qualifications, limitations or restrictions thereof, including the dividend rate, conversion rights, voting rights, redemption rights and liquidation preference and to fix the number of shares to be included in any such series without any further vote or action by our stockholders. Any preferred stock so issued may rank senior to our common stock with respect to the payment of dividends or amounts upon liquidation, dissolution or winding up, or both. In addition, any such shares of preferred stock may have class or series voting rights. The issuance of preferred stock may have the effect of delaying, deferring or preventing a change in control of our company without further action by the stockholders and may adversely affect the voting and other rights of the holders of our common stock. Our board of directors has not authorized the issuance of any shares of preferred stock, and we have no agreements or current plans for the issuance of any shares of preferred stock.

Anti-takeover effects of our amended and restated certificate of incorporation and bylaws

Upon the closing of this offering, our amended and restated certificate of incorporation and bylaws will contain provisions that may delay, defer or discourage another party from acquiring control of us. We expect that these provisions, which are summarized below, will discourage coercive takeover practices or inadequate takeover bids. These provisions are also designed to encourage persons seeking to acquire control of us to first negotiate with our board of directors, which we believe may result in an improvement of the terms of any such acquisition in favor of our stockholders. However, they also give our board the power to discourage acquisitions that some stockholders may favor.

Board composition and filling vacancies. We will have a classified board of directors upon the closing of this offering. See "Management—Board of directors." It will take at least two annual meetings of stockholders to elect a majority of the board of directors given our classified board. As a result, it may discourage third-party proxy contests, tender offers or attempts to obtain control of us even if such changes would be beneficial to us and our stockholders.

Our amended and restated certificate of incorporation will provide that directors may be removed only for cause by the affirmative vote of the holders of a majority of the voting power of the outstanding shares of common stock entitled to vote. Furthermore, any vacancy on our board of directors, however occurring, including a vacancy resulting from an increase in the size of our board, may only be filled by the affirmative vote of a majority of our directors then in office even if less than a quorum.

No stockholder action by written consent. Our amended and restated certificate of incorporation will provide that, subject to the rights of any holders of preferred stock to act by written consent instead of a meeting, stockholder action may be taken only at an annual meeting or special meeting of stockholders and may not be taken by written consent instead of a meeting, unless affiliates of CCMP own at least 50% of our outstanding common stock or the action to be taken by written consent of stockholders and the taking of this action by written consent has been expressly approved in advance by the board of directors. Failure to satisfy any of the requirements for a stockholder meeting could delay, prevent or invalidate stockholder action.

Meetings of stockholders. Our amended and restated certificate of incorporation will provide that only a majority of the members of our board of directors then in office or the Chief Executive Officer may call special meetings of the stockholders and only those matters set forth in the notice of the special meeting may be considered or acted upon at a special meeting of stockholders. Our bylaws will limit the business that may be conducted at an annual meeting of stockholders to those matters properly brought before the meeting.

Advance notice requirements. Our bylaws will establish an advance notice procedure for stockholders to make nominations of candidates for election as directors or to bring other business before an annual meeting of our stockholders. The bylaws will provide that any stockholder wishing to nominate persons for election as directors at, or bring other business before, an annual meeting must deliver to our secretary a written notice of the stockholder's intention to do so. To be timely, the stockholder's notice must be delivered to or mailed and received by us not later than the 90th day nor earlier than the 120th day prior to the anniversary date of the preceding annual meeting, except that if the annual meeting is not within 30 days before or 60 days after the date contemplated at the time of the previous year's proxy statement, we must receive the notice not earlier than the 120th day prior to such annual meeting and not later than the 90th day prior to such annual meeting. If a public announcement of the date of such annual meeting is made fewer than 100 days prior to the date of such annual meeting, then notice must be received by us no later than the tenth day following the public announcement of the date of the meeting. The notice must include the information specified in the bylaws. These provisions may preclude stockholders from bringing matters before an annual or special meeting of stockholders or from making nominations for directors at an annual or special meeting of stockholders.

Amendment to bylaws and certificate of incorporation. Any amendment to our amended and restated certificate of incorporation must first be approved by a majority of our board of directors and (i) if required by law, thereafter be approved by a majority of the outstanding shares entitled to vote on the amendment or (ii) if related to provisions regarding the classification of the board of directors, the removal of directors, stockholder action by written consent, the ability to call special meetings of stockholders, indemnification, corporate opportunities or the amendment of our bylaws or certificate of incorporation, thereafter be

approved by 66 2/3% of the outstanding shares entitled to vote on the amendment. Our bylaws may be amended (x) by the affirmative vote of a majority of the directors then in office, subject to any limitations set forth in the bylaws, without further stockholder action or (y) by the affirmative vote of at least 66 2/3% of the outstanding shares entitled to vote on the amendment, without further action by our board of directors.

Authorized but unissued shares. The authorized but unissued shares of our common stock and our preferred stock will be available for future issuance without any further vote or action by our stockholders. These additional shares may be utilized for a variety of corporate purposes, including future public offerings to raise additional capital, corporate acquisitions and employee benefit plans. The existence of authorized but unissued shares of our common stock and our preferred stock could render more difficult or discourage an attempt to obtain control over us by means of a proxy contest, tender offer, merger or otherwise.

Delaware Anti-Takeover Statute

Upon the closing of this offering, our amended and restated certificate of incorporation will provide that the provisions of Section 203 of the Delaware General Corporation Law or DGCL, which relate to business combinations with interested stockholders, do not apply to us. Section 203 of the DGCL prohibits a publicly held Delaware corporation from engaging in a business combination transaction with an interested stockholder (a stockholder who owns more than 15% of our common stock) for a period of three years after the interested stockholder became such unless the transaction fits within an applicable exemption, such as board approval of the business combination or the transaction that resulted in such stockholder becoming an interested stockholder. These provisions would apply even if the business combination could be considered beneficial by some shareholders. By opting out of Section 203 of the DGCL, a stockholder that becomes an interested stockholder will be able to engage in a business combination transaction with us without prior board approval.

Corporate opportunities

Our certificate of incorporation will provide that CCMP and its affiliates have no obligation to offer us an opportunity to participate in business opportunities presented to CCMP or its respective affiliates even if the opportunity is one that we might reasonably have pursued (and therefore may be free to compete with us in the same business or similar businesses), and that neither CCMP nor its respective affiliates will be liable to us or our stockholders for breach of any duty by reason of any such activities unless, in the case of any person who is a director or officer of our company, such business opportunity is expressly offered to such director or officer in writing solely in his or her capacity as an officer or director of our company. Stockholders will be deemed to have notice of and consented to this provision of our certificate of incorporation.

Listing

We have applied to have our common stock listed on the NYSE under the symbol "GNRC."

Transfer agent and registrar

The transfer agent and registrar for our common stock is Computershare Trust Company, N.A.

Shares eligible for future sale

Prior to this offering, there was no public market for our common stock.

Sale of restricted securities

After this offering, there will be outstanding shares (assuming no exercise of the underwriters' option to purchase additional shares), or shares (assuming full exercise of the underwriters' option to purchase additional shares), of our common stock. Of these shares, all of the shares sold in this offering will be freely tradable without restriction under the Securities Act, unless purchased by our "affiliates" as that term is defined in Rule 144 under the Securities Act. The remaining shares of common stock that will be outstanding after this offering are "restricted securities" within the meaning of Rule 144 under the Securities Act. Restricted securities may be sold in the public market only if they are registered under the Securities Act or are sold pursuant to an exemption from registration under Rule 144 under the Securities Act, which is summarized below. Subject to the lock-up agreements described below, shares held by our affiliates that are not restricted securities may be sold subject to compliance with Rule 144 of the Securities Act without regard to the prescribed one-year holding period under Rule 144.

Lock-up arrangements

In connection with this offering, we, each of our directors, executive officers and certain of our significant stockholders, representing shares of our common stock, will enter into lock-up agreements as described under "Underwriting" that restrict the sale of shares of our common stock for up to 180 days after the date of this prospectus, subject to an extension in certain circumstances.

In addition, following the expiration of the lock-up period, certain stockholders will have the right, subject to certain conditions, to require us to register the sale of their shares of our common stock under federal securities laws. If these stockholders exercise this right, our other existing stockholders may require us to register their registrable securities. By exercising their registration rights, and selling a large number of shares, these selling stockholders could cause the prevailing market price of our common stock to decline.

Following the lock-up periods described above, all of the shares of our common stock that are restricted securities or are held by our affiliates as of the date of this prospectus will be eligible for sale in the public market in compliance with Rule 144 under the Securities Act.

Rule 144

The shares of our common stock sold in this offering will generally be freely transferable without restriction or further registration under the Securities Act, except that any shares of our common stock held by an "affiliate" of ours may not be resold publicly except in compliance with the registration requirements of the Securities Act or under an exemption under Rule 144 or otherwise. Rule 144 permits our common stock that has been acquired by a person who is an affiliate of ours, or has been an affiliate of ours within the past three

months, to be sold into the market in an amount that does not exceed, during any three-month period, the greater of:

- one percent of the total number of shares of our common stock outstanding; or
- the average weekly reported trading volume of our common stock for the four calendar weeks prior to the sale.

Such sales are also subject to specific manner of sale provisions, a six-month holding period requirement, notice requirements and the availability of current public information about us.

Approximately shares of our common stock that are not subject to the lock-up arrangements described above will be eligible for sale under Rule 144 immediately upon closing this offering.

Rule 144 also provides that a person who is not deemed to have been an affiliate of ours at any time during the three months preceding a sale, and who has for at least six months beneficially owned shares of our common stock that are restricted securities, will be entitled to freely sell such shares of our common stock subject only to the availability of current public information regarding us. A person who is not deemed to have been an affiliate of ours at any time during the three months preceding a sale, and who has beneficially owned for at least one year shares of our common stock that are restricted securities, will be entitled to freely sell such shares of our common stock under Rule 144 without regard to the current public information requirements of Rule 144.

Equity incentive plan

We intend to file one or more registration statements on Form S-8 under the Securities Act to register shares of our common stock issued or reserved for issuance under the Omnibus Plan, referred to under "Executive compensation—Equity incentive plan." The first such registration statement is expected to be filed soon after the date of this prospectus and will automatically become effective upon filing with the SEC. Accordingly, shares registered under such registration statement will be available for sale in the open market, unless such shares are subject to vesting restrictions with us or the lock-up restrictions described above.

Material U.S. federal income and estate tax considerations

The following is a general discussion of the material U.S. federal income and estate tax consequences of the purchase, ownership and disposition of common stock that may be relevant to you if you are a non-U.S. Holder (as defined below). This discussion is based on current law, which is subject to change, possibly with retroactive effect. This discussion is limited to non-U.S. Holders who hold shares of common stock as capital assets within the meaning of the U.S. Internal Revenue Code. Moreover, this discussion is for general information only and does not address all the tax consequences that may be relevant to you in light of your particular circumstances, nor does it discuss special tax provisions, which may apply to you if you relinquished U.S. citizenship or residence, are a "controlled foreign corporation," "passive foreign investment company" or a partnership or other pass-through entity for U.S. federal income tax purposes.

As used in this discussion, the term "non-U.S. Holder" means a beneficial owner of our common stock that is not, for U.S. federal income tax purposes:

- an individual who is a citizen or resident of the United States;
- a corporation (or other entity classified as a corporation for these purposes) created or organized in or under the laws of the United States or of any political subdivision of the United States;
- an estate whose income is includible in gross income for U.S. federal income tax purposes regardless of its source; or
- a trust, if (1) a U.S. court is able to exercise primary supervision over the trust's administration and one or more "United States persons" (within the meaning of the U.S. Internal Revenue Code) has the authority to control all of the trust's substantial decisions, or (2) the trust has a valid election in effect under applicable U.S. Treasury regulations to be treated as a "United States person."

If you are an individual, you may, in many cases, be deemed to be a resident alien, as opposed to a nonresident alien, by virtue of being present in the United States (1) for at least 183 days during the calendar year, or (2) for at least 31 days in the calendar year and for an aggregate of at least 183 days during a three-year period ending in the current calendar year. For purposes of (2), all the days present in the current year, one-third of the days present in the immediately preceding year, and one-sixth of the days present in the second preceding year are counted. Resident aliens are subject to U.S. federal income tax as if they were U.S. citizens.

If a partnership, including any entity or arrangement treated as a partnership for U.S. federal income tax purposes, is a holder of our common stock, the tax treatment of a partner in the partnership will generally depend upon the status of the partner, the activities of the partnership and certain determinations made at the partner level. A holder that is a partnership, and the partners in such partnership, should consult their own tax advisors regarding the tax consequences of the purchase, ownership and disposition of our common stock.

EACH PROSPECTIVE PURCHASER OF COMMON STOCK IS ADVISED TO CONSULT A TAX ADVISOR WITH RESPECT TO CURRENT AND POSSIBLE FUTURE TAX CONSEQUENCES OF PURCHASING,

OWNING AND DISPOSING OF OUR COMMON STOCK, AS WELL AS ANY TAX CONSEQUENCES THAT MAY ARISE UNDER THE LAWS OF ANY U.S. STATE, MUNICIPALITY OR OTHER TAXING JURISDICTION, IN LIGHT OF THE PROSPECTIVE PURCHASER'S PARTICULAR CIRCUMSTANCES.

Dividends

We do not anticipate making any distributions on our common stock. See "Dividend policy." If distributions are paid on shares of our common stock, such distributions will constitute dividends for U.S. federal income tax purposes to the extent paid from our current or accumulated earnings and profits, as determined under U.S. federal income tax principles. If a distribution exceeds our current and accumulated earnings and profits, such excess will constitute a return of capital that reduces, but not below zero, a non-U.S. Holder's tax basis in our common stock. Any remainder will constitute gain from the sale or exchange of our common stock. If dividends are paid, as a non-U.S. Holder, you will be subject to withholding of U.S. federal income tax at a 30% rate, or a lower rate as may be specified by an applicable income tax treaty, on the gross amount of the dividends paid to you. To claim the benefit of a lower rate under an income tax treaty, you must properly file with the payor an Internal Revenue Service Form W-8BEN, or other applicable form, claiming an exemption from or reduction in withholding under the applicable tax treaty. In addition, where dividends are paid to a non-U.S. Holder that is a partnership or other pass-through entity, persons holding an interest in the entity may need to provide certification claiming an exemption or reduction in withholding under the applicable treaty.

If dividends are considered effectively connected with the conduct of a trade or business by you within the United States and, if required by an applicable income tax treaty, are attributable to a U.S. permanent establishment of yours, those dividends will be subject to U.S. federal income tax on a net basis at applicable graduated individual or corporate rates but will not be subject to withholding tax, provided an Internal Revenue Service Form W-8ECI, or other applicable form, is filed with the payor. If you are a foreign corporation, any effectively connected dividends may, under certain circumstances, be subject to an additional "branch profits tax" at a rate of 30% or a lower rate as may be specified by an applicable income tax treaty.

You must comply with the certification procedures described above, or, in the case of payments made outside the United States with respect to an offshore account, certain documentary evidence procedures, directly or, under certain circumstances, through an intermediary, to obtain the benefits of a reduced rate under an income tax treaty with respect to dividends paid with respect to your common stock. In addition, if you are required to provide an Internal Revenue Service Form W-8ECI or other applicable form, as discussed above, you must also provide your tax identification number.

If you are eligible for a reduced rate of U.S. withholding tax pursuant to an income tax treaty, you may obtain a refund of any excess amounts withheld by timely filing an appropriate claim for refund with the Internal Revenue Service.

Gain on disposition of common stock

As a non-U.S. Holder, you generally will not be subject to U.S. federal income or withholding tax on any gain recognized on a sale or other disposition of common stock unless:

- the gain is considered effectively connected with the conduct of a trade or business by you within the United States and, if required by an applicable income tax treaty, is attributable to a U.S. permanent establishment of yours (in which case the gain will be subject to U.S. federal income tax on a net basis at applicable individual or corporate rates and, if you are a foreign corporation, the gain may, under certain circumstances, be subject to an additional branch profits tax equal to 30% or a lower rate as may be specified by an applicable income tax treaty);
- you are an individual who is present in the United States for 183 or more days in the taxable year of the sale or other disposition and certain other conditions are met (in which case, except as otherwise provided by an applicable income tax treaty, the gain, which may be offset by U.S. source capital losses, generally will be subject to a flat 30% U.S. federal income tax, even though you are not considered a resident alien under the U.S. Internal Revenue Code); or
- we are or become a U.S. real property holding corporation ("USRPHC"). We believe that we are not currently, and are not likely not to become, a USRPHC. Even if we were to become a USRPHC, gain on the sale or other disposition of common stock by you generally would not be subject to U.S. federal income tax provided:
    - the common stock was "regularly traded on an established securities market"; and
    - you do not actually or constructively own more than 5% of the common stock during the shorter of (i) the five-year period ending on the date of such disposition or (ii) the period of time during which you held such shares.

Federal estate tax

Individuals, or an entity the property of which is includable in an individual's gross estate for U.S. federal estate tax purposes, should note that common stock held at the time of such individual's death will be included in such individual's gross estate for U.S. federal estate tax purposes and may be subject to U.S. federal estate tax, unless an applicable estate tax treaty provides otherwise.

Information reporting and backup withholding tax

We must report annually to the Internal Revenue Service and to each of you the amount of dividends paid to you and the tax withheld with respect to those dividends, regardless of whether withholding was required. Copies of the information returns reporting those dividends and withholding may also be made available to the tax authorities in the country in which you reside under the provisions of an applicable income tax treaty or other applicable agreements.

Backup withholding is generally imposed (currently at a 28% rate, which rate currently is scheduled to increase to 31% for taxable years beginning on or after January 1, 2011) on certain payments to persons that fail to furnish the necessary identifying information to the

payor. You generally will be subject to backup withholding tax with respect to dividends paid on your common stock unless you certify your non-U.S. status. Dividends subject to withholding of U.S. federal income tax as described above in "Dividends" would not be subject to backup withholding.

The payment of proceeds of a sale of common stock effected by or through a U.S. office of a broker is subject to both backup withholding and information reporting unless you provide the payor with your name and address and you certify your non-U.S. status or you otherwise establish an exemption. In general, backup withholding and information reporting will not apply to the payment of the proceeds of a sale of common stock by or through a foreign office of a broker. If, however, such broker is, for U.S. federal income tax purposes, a U.S. person, a controlled foreign corporation, a foreign person that derives 50% or more of its gross income for certain periods from the conduct of a trade or business in the United States or a foreign partnership that at any time during its tax year either is engaged in the conduct of a trade or business in the United States or has as partners one or more U.S. persons that, in the aggregate, hold more than 50% of the income or capital interest in the partnership, backup withholding will not apply but such payments will be subject to information reporting, unless such broker has documentary evidence in its records that you are a non-U.S. Holder and certain other conditions are met or you otherwise establish an exemption.

Any amounts withheld under the backup withholding rules generally will be allowed as a refund or a credit against your U.S. federal income tax liability provided the required information is furnished in a timely manner to the Internal Revenue Service.

Underwriting

We are offering the shares of common stock described in this prospectus through a number of underwriters. J.P. Morgan Securities Inc. and Goldman, Sachs & Co. are acting as joint book running managers of the offering and as representatives of the underwriters. We have entered into an underwriting agreement with the underwriters. Subject to the terms and conditions of the underwriting agreement, we have agreed to sell to the underwriters, and each underwriter has severally agreed to purchase, at the public offering price less the underwriting discounts and commissions set forth on the cover page of this prospectus, the number of shares of common stock listed next to its name in the following table:

Name	Number of Shares
J.P. Morgan Securities Inc.	
Goldman, Sachs & Co.	
Total	

The underwriters are committed to purchase all the shares of our common stock offered by us if they purchase any shares. The underwriting agreement also provides that if an underwriter defaults, the purchase commitments of non-defaulting underwriters may also be increased or the offering may be terminated.

The underwriters propose to offer the shares of our common stock directly to the public at the initial public offering price set forth on the cover page of this prospectus and to certain dealers at that price less a concession not in excess of $ per share. Any such dealers may resell shares to certain other brokers or dealers at a discount of up to $ per share from the initial public offering price. After the initial public offering of the shares of our common stock, the offering price and other selling terms may be changed by the underwriters. The representatives have advised us that the underwriters do not intend to confirm discretionary sales in excess of 5% of the common shares offered in this offering.

The underwriters have an option to buy up to additional shares of common stock from us to cover sales of shares by the underwriters which exceed the number of shares specified in the table above. The underwriters have 30 days from the date of this prospectus to exercise this option. If any shares of common stock are purchased with such option, the underwriters will purchase shares of common stock in approximately the same proportion as shown in the table above. If any additional shares of common stock are purchased, the underwriters will offer the additional shares of common stock on the same terms as those on which the shares are being offered.

The underwriting fee is equal to the public offering price per share of common stock less the amount paid by the underwriters to us per share of common stock. The underwriting fee is $ per share. The following table shows the per share and total underwriting discounts

and commissions to be paid to the underwriters assuming both no exercise and full exercise of the underwriters' option to purchase additional shares.

		Without exercise of option		With full exercise of option
Per share	$		$	
Total	$		$	

We estimate that the total expenses of this offering, including registration, filing and listing fees, printing fees and legal and accounting expenses, but excluding the underwriting discounts and commissions, will be approximately $.

A prospectus in electronic format may be made available on the websites maintained by one or more underwriters, or selling group members, if any, participating in the offering. The underwriters may agree to allocate a number of shares to underwriters and selling group members for sale to their online brokerage account holders. Internet distributions will be allocated by the representatives to underwriters and selling group members that may make Internet distributions on the same basis as other allocations.

We have agreed that we will not (i) offer, pledge, announce the intention to sell, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase or otherwise dispose of, directly or indirectly, or file with the SEC a registration statement under the Securities Act relating to, any shares of our common stock or securities convertible into or exchangeable or exercisable for any shares of our common stock, or publicly disclose the intention to make any offer, sale, pledge, disposition or filing, or (ii) enter into any swap or other arrangement that transfers all or a portion of the economic consequences associated with the ownership of any shares of common stock or any such other securities (regardless of whether any of these transactions are to be settled by the delivery of shares of common stock or such other securities, in cash or otherwise), in each case without the prior written consent of J.P. Morgan Securities Inc. and Goldman, Sachs & Co. for a period of 180 days after the date of this prospectus, other than the shares of our common stock to be sold hereunder and any shares of our common stock issued upon the exercise of options granted under our existing management incentive plans. Notwithstanding the foregoing, if (1) during the last 17 days of the 180-day restricted period, we issue an earnings release or material news or a material event relating to our company occurs; or (2) prior to the expiration of the 180-day restricted period, we announce that we will release earnings results during the 16-day period beginning on the last day of the 180-day period, the restrictions described above shall continue to apply until the expiration of the 18-day period beginning on the issuance of the earnings release or the occurrence of the material news or material event.

Our directors and executive officers, and our significant stockholders will enter into lock-up agreements with the underwriters prior to the commencement of this offering pursuant to which each of these persons or entities, with limited exceptions, for a period of 180 days after the date of this prospectus, may not, without the prior written consent of J.P. Morgan Securities Inc. and Goldman, Sachs & Co., (1) offer, pledge, announce the intention to sell, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, or otherwise transfer or dispose of, directly or indirectly, any shares of our common stock or any securities convertible into or exercisable or

exchangeable for our common stock (including, without limitation, common stock or such other securities which may be deemed to be beneficially owned by such directors, executive officers, managers and members in accordance with the rules and regulations of the SEC and securities which may be issued upon exercise of a stock option or warrant) or (2) enter into any swap or other agreement that transfers, in whole or in part, any of the economic consequences of ownership of the common stock or such other securities, whether any such transaction described in clause (1) or (2) above is to be settled by delivery of common stock or such other securities, in cash or otherwise, or (3) make any demand for or exercise any right with respect to the registration of any shares of our common stock or any security convertible into or exercisable or exchangeable for our common stock. Notwithstanding the foregoing, if (1) during the last 17 days of the 180-day restricted period, we issue an earnings release or material news or a material event relating to our company occurs; or (2) prior to the expiration of the 180-day restricted period, we announce that we will release earnings results during the 16-day period beginning on the last day of the 180-day period, the restrictions described above shall continue to apply until the expiration of the 18-day period beginning on the issuance of the earnings release or the occurrence of the material news or material event.

We have agreed to indemnify the underwriters against certain liabilities, including liabilities under the Securities Act.

We have applied to have our common stock listed on the NYSE under the symbol "GNRC." In order to meet one of the requirements for listing our common stock on the NYSE, the underwriters have undertaken to sell lots of our common stock in the offering such that, upon consummation of the offering, the underwriters expect that there will be at least 400 beneficial U.S. stockholders holding 100 shares or more of our common stock each and at least 1,100,000 publicly-held shares of our common stock outstanding in the United States having a market value of at least $60,000,000.

In connection with this offering, the underwriters may engage in stabilizing transactions, which involves making bids for, purchasing and selling shares of common stock in the open market for the purpose of preventing or retarding a decline in the market price of the common stock while this offering is in progress. These stabilizing transactions may include making short sales of the common stock, which involves the sale by the underwriters of a greater number of shares of common stock than they are required to purchase in this offering, and purchasing shares of common stock on the open market to cover positions created by short sales. Short sales may be "covered" shorts, which are short positions in an amount not greater than the underwriters' option to purchase additional shares of our common stock referred to above, or may be "naked" shorts, which are short positions in excess of that amount. The underwriters may close out any covered short position either by exercising their option to purchase additional shares of our common stock, in whole or in part, or by purchasing shares in the open market. In making this determination, the underwriters will consider, among other things, the price of shares available for purchase in the open market compared to the price at which the underwriters may purchase shares through this option. A naked short position is more likely to be created if the underwriters are concerned that there may be downward pressure on the price of the common stock in the open market that could adversely affect investors who purchase in this offering. To the extent that the underwriters create a naked short position, they will purchase shares in the open market to cover the position.

The underwriters have advised us that, pursuant to Regulation M of the Securities Act, they may also engage in other activities that stabilize, maintain or otherwise affect the price of the common stock, including the imposition of penalty bids. This means that if the representatives of the underwriters purchase common stock in the open market in stabilizing transactions or to cover short sales, the representatives can require the underwriters that sold those shares as part of this offering to repay the underwriting discount received by them.

These activities may have the effect of raising or maintaining the market price of the common stock or preventing or retarding a decline in the market price of the common stock, and, as a result, the price of the common stock may be higher than the price that otherwise might exist in the open market. If the underwriters commence these activities, they may discontinue them at any time. The underwriters may carry out these transactions on the NYSE, in the over the counter market or otherwise.

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

- the information set forth in this prospectus and otherwise available to the representatives;
- our prospects and the history and prospects for the industry in which we compete;
- an assessment of our management;
- our prospects for future earnings;
- the general condition of the securities markets at the time of this offering;
- the recent market prices of, and demand for, publicly traded common stock of generally comparable companies; and
- other factors deemed relevant by the underwriters and us.

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

Other than in the United States, no action has been taken by us or the underwriters that would permit a public offering of the securities offered by this prospectus in any jurisdiction where action for that purpose is required. The securities offered by this prospectus may not be offered or sold, directly or indirectly, nor may this prospectus or any other offering material or advertisements in connection with the offer and sale of any such securities be distributed or published in any jurisdiction, except under circumstances that will result in compliance with the applicable rules and regulations of that jurisdiction. This prospectus does not constitute an offer to sell or a solicitation of an offer to buy any securities offered by this prospectus in any jurisdiction in which such an offer or a solicitation is unlawful.

This document is only being distributed to and is only directed at (i) persons who are outside the United Kingdom or (ii) to investment professionals falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "Order") or (iii) high net worth entities, and other persons to whom it may lawfully be communicated, falling with Article 49(2)(a) to (d) of the Order (all such persons together being referred to as

"relevant persons"). The securities are only available to, and any invitation, offer or agreement to subscribe, purchase or otherwise acquire such securities will be engaged in only with, relevant persons. Any person who is not a relevant person should not act or rely on this document or any of its contents.

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive, each, a Relevant Member State, from and including the date on which the European Union Prospectus Directive, or the EU Prospectus Directive, is implemented in that Relevant Member State, or the Relevant Implementation Date, an offer of securities described in this prospectus may not be made to the public in that Relevant Member State prior to the publication of a prospectus in relation to the shares which has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, all in accordance with the EU Prospectus Directive, except that it may, with effect from and including the Relevant Implementation Date, make an offer of shares to the public in that Relevant Member State at any time:

- to legal entities which are authorized or regulated to operate in the financial markets or, if not so authorized or regulated, whose corporate purpose is solely to invest in securities;
- to any legal entity which has two or more of (1) an average of at least 250 employees during the last financial year; (2) a total balance sheet of more than €43,000,000 and (3) an annual net turnover of more than €50,000,000, as shown in its last annual or consolidated accounts;
- to fewer than 100 natural or legal persons (other than qualified investors as defined in the EU Prospectus Directive) subject to obtaining the prior consent of the joint book-running mangers for any such offer; or
- in any other circumstances which do not require the publication by the Issuer of a prospectus pursuant to Article 3 of the Prospectus Directive.

For the purposes of this provision, the expression an "offer of securities to the public" in relation to any securities in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the securities to be offered so as to enable an investor to decide to purchase or subscribe for the securities, as the same may be varied in that Member State by any measure implementing the EU Prospectus Directive in that Member State and the expression EU Prospectus Directive means Directive 2003/71/EC and includes any relevant implementing measure in each Relevant Member State.

The securities offered by this prospectus may not be offered or sold by means of any document other than (i) in circumstances which do not constitute an offer to the public within the meaning of the Companies Ordinance (Cap.32, Laws of Hong Kong), or (ii) to "professional investors" within the meaning of the Securities and Futures Ordinance (Cap.571, Laws of Hong Kong) and any rules made thereunder, or (iii) in other circumstances which do not result in the document being a "prospectus" within the meaning of the Companies Ordinance (Cap.32, Laws of Hong Kong), and no advertisement, invitation or document relating to the securities may be issued or may be in the possession of any person for the purpose of issue (in each case whether in Hong Kong or elsewhere), which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the laws of Hong Kong) other than with respect to shares which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" within the meaning of

the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) and any rules made thereunder.

This prospectus has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this prospectus and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the securities may not be circulated or distributed, nor may the shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Section 274 of the Securities and Futures Act, Chapter 289 of Singapore (the "SFA"), (ii) to a relevant person, or any person pursuant to Section 275(1A), and in accordance with the conditions, specified in Section 275 of the SFA or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the securities offered by this prospectus are subscribed or purchased under Section 275 by a relevant person which is: (a) a corporation (which is not an accredited investor) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary is an accredited investor, shares, debentures and units of shares and debentures of that corporation or the beneficiaries' rights and interest in that trust shall not be transferable for 6 months after that corporation or that trust has acquired the shares under Section 275 except: (1) to an institutional investor under Section 274 of the SFA or to a relevant person, or any person pursuant to Section 275(1A), and in accordance with the conditions, specified in Section 275 of the SFA; (2) where no consideration is given for the transfer; or (3) by operation of law.

The securities offered by this prospectus have not been and will not be registered under the Financial Instruments and Exchange Law of Japan (the Financial Instruments and Exchange Law) and each underwriter has agreed that it will not offer or sell any securities, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organized under the laws of Japan), or to others for re-offering or resale, directly or indirectly, in Japan or to a resident of Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the Financial Instruments and Exchange Law and any other applicable laws, regulations and ministerial guidelines of Japan.

Certain of the underwriters and their affiliates have provided in the past to us and our affiliates and may provide from time to time in the future certain commercial banking, financial advisory, investment banking and other services for us and such affiliates in the ordinary course of their business, for which they have received and may continue to receive customary fees and commissions. J.P. Morgan Securities Inc. and Goldman, Sachs & Co. have acted as an administrative agent under our first lien secured credit facility and our second lien secured credit facility, respectively, as well as lenders under the revolving credit facility included within the first lien secured credit facility. Furthermore, from time to time, certain of the underwriters and their affiliates may effect transactions for their own account or the account of customers, and hold on behalf of themselves or their customers, long or short positions in our debt or equity securities or loans, and may do so in the future.

One or more affiliates of J.P. Morgan Securities Inc. are limited partners in CCMP Capital Investors II, L.P., which is a stockholder of our company. One or more affiliates of Goldman, Sachs & Co. are limited partners in CCMP Capital Investors (Cayman) II, L.P. and CCMP Generac Co-Invest, L.P., which are stockholders of our company.

Conflicts of interest

One or more affiliates of J.P. Morgan Securities Inc. beneficially own more than 10% of CCMP Capital Investors II, L.P., which is a stockholder in our company. Because J.P. Morgan Securities Inc. is an underwriter and its affiliates beneficially, through CCMP Capital Investors II, L.P., own more than 10% of our company, J.P. Morgan Securities Inc. is deemed to have a "conflict of interest" under Rule 2720 of the Conduct Rules of the National Association of Securities Dealers, Inc., which is overseen by the Financial Industry Regulatory Authority. Accordingly, this offering will be made in compliance with the applicable provisions of Rule 2720. Rule 2720 requires that a "qualified independent underwriter" meeting certain standards to participate in the preparation of the registration statement and prospectus and exercise the usual standards of due diligence with respect thereto. has agreed to act as a "qualified independent underwriter" within the meaning of NASD Rule 2720 of FINRA in connection with this offering. will not receive any additional compensation for acting as a qualified independent underwriter. J.P. Morgan Securities Inc. will not confirm any sales to any accounts over which it exercises discretionary authority without first receiving a written consent from those accounts. We have agreed to indemnify against certain liabilities incurred in connection with acting as a "qualified independent underwriter," including liabilities under the Securities Act.

Legal matters

Weil, Gotshal & Manges LLP, New York, New York has passed upon the validity of the common stock offered hereby on behalf of us. The validity of the common stock offered hereby will be passed upon on behalf of the underwriters by Simpson Thacher & Bartlett LLP, New York, New York.

Experts

Ernst & Young LLP, independent registered public accounting firm, has audited our consolidated financial statements at December 31, 2008 and 2007, and for the years ended December 31, 2008 and 2007, and the period from November 11, 2006 to December 31, 2006 (Successor) as set forth in their report. Ernst & Young LLP also audited the consolidated financial statements of our predecessor, Generac Power Systems, Inc., for the period from January 1, 2006 through November 10, 2006 (Predecessor), as set forth in their report. We have included our financial statements in the prospectus and elsewhere in this registration statement in reliance on Ernst & Young LLP's report, given on their authority as experts in accounting and auditing.

Where you can find additional information

We have filed with the SEC a registration statement on Form S-1 under the Securities Act with respect to the shares of common stock offered hereby. This prospectus does not contain all of the information set forth in the registration statement and the exhibits and schedules thereto. For further information with respect to Generac and the shares of common stock offered hereby, you should refer to the registration statement and to the exhibits and schedules filed therewith. Statements contained in this prospectus regarding the contents of any contract or any other document that is filed as an exhibit to the registration statement are not necessarily complete, and each such statement is qualified in all respects by reference to the full text of such contract or other document filed as an exhibit to the registration statement. A copy of the Generac registration statement and the exhibits and schedules thereto may be inspected without charge at the public reference room maintained by the SEC located at 100 F Street, N.E., Room 1580, Washington, D.C. 20549. Copies of all or any portion of the registration statements and the filings may be obtained from such offices upon payment of prescribed fees. The public may obtain information on the operation of the public reference room by calling the SEC at 1-800-SEC-0330 or (202) 551-8090. The SEC maintains a website at *www.sec.gov* that contains reports, proxy and information statements and other information regarding registrants that file electronically with the SEC.

You may obtain a copy of any of our filings, at no cost, by writing or telephoning us at:

Generac Holdings Inc.
S45 W29290 Hwy. 59
Waukesha, WI 53187
(262) 544-4811

Index to consolidated financial statements

Report of Independent Registered Public Accounting Firm

The Board of Directors and Stockholders
of Generac Holdings Inc.

We have audited the accompanying consolidated balance sheets of Generac Holdings Inc. and subsidiaries (the Company) as of December 31, 2008 and 2007, and the related consolidated statements of operations, redeemable stock and stockholders' equity (deficit), and cash flows for the years ended December 31, 2008 and 2007, and the period from November 11, 2006 to December 31, 2006 (Successor). We have also audited the statements of operations, redeemable stock and stockholders' equity (deficit), and cash flows of Generac Power Systems, Inc. (Predecessor) for the period from January 1, 2006 through November 10, 2006. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. We were not engaged to perform an audit of the Company's internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Generac Holdings Inc. and subsidiaries at December 31, 2008 and 2007, and the consolidated results of their operations and their cash flows for the years ended December 31, 2008 and 2007, and the period from November 11, 2006 to December 31, 2006, and the results of operations and cash flows of Generac Power Systems, Inc. (Predecessor) for the period from January 1, 2006 through November 10, 2006, in conformity with U.S. generally accepted accounting principles.

As discussed in Note 2 and 9 to the consolidated financial statements, the accompanying financial statements have been retrospectively adjusted for the adoption of the guidance originally issued in Statement of Financial Accounting Standards No. 158, *Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans an amendment of FASB Statements No. 87, 88, 106, and 132(R)* (codified in FASB ASC Topic 715 Compensation—Retirement Benefits), effective December 31, 2006, and the guidance originally issued in Financial Accounting Standards Board Interpretation No. 48, *Accounting for Uncertainty in Income Taxes an interpretation of FASB Statement No. 109* (codified in FASB ASC Topic 740 Income Taxes), effective January 1, 2007.

/s/ Ernst & Young LLP

Milwaukee, Wisconsin
October 20, 2009

Audited consolidated financial statements

Generac Holdings Inc.
Consolidated balance sheets
(Dollars in thousands, except share and per share data)

	December 31,	
	2008	2007
Assets		
Current assets:		
Cash and cash equivalents	$ 81,229	$ 71,314
Accounts receivable, less allowance for doubtful accounts of $1,020 in 2008 and $808 in 2007	66,107	45,551
Notes receivable, less allowance of $965 in 2008 and $850 in 2007	134	305
Inventories	123,980	97,614
Prepaid expenses and other assets	3,547	2,966
Total current assets	274,997	217,750
Property and equipment:		
Land and improvements	3,913	3,901
Buildings and improvements	48,148	47,613
Leasehold improvements	—	21
Machinery and equipment	24,010	21,880
Dies and tools	9,077	7,650
Vehicles	984	1,094
Office equipment	4,542	3,916
Construction-in-progress	139	—
	90,813	86,075
Less accumulated depreciation	14,139	7,093
Property and equipment, net	76,674	78,982
Customer lists, net	173,104	211,535
Patents, net	100,574	108,394
Other intangible assets, net	9,142	10,493
Deferred financing costs, net	16,885	23,217
Trade names	148,765	229,058
Goodwill	525,875	1,029,068
Other assets	198	162
Total assets	$ 1,326,214	$ 1,908,659
Liabilities and stockholders' equity (deficit)		
Current liabilities:		
Accounts payable	$ 54,525	$ 20,076
Accrued wages and employee benefits	5,064	5,637
Other accrued liabilities	58,892	59,477
Current portion of long-term debt	9,500	9,500
Total current liabilities	127,981	94,690
Long-term debt	1,121,437	1,280,750
Other long-term liabilities	43,539	27,439
Total liabilities	1,292,957	1,402,879
Class B convertible voting common stock, par value $0.01, 110,000 shares authorized, 79,114 and 76,737 shares issued at December 31, 2008 and 2007, respectively	765,096	747,070
Series A convertible nonvoting preferred stock, par value $0.01, 20,000 shares authorized, 7,835 shares issued at December 31, 2008	78,355	—
Stockholders' equity (deficit):		
Class A non-voting common stock, par value $0.01, 31,200 shares authorized, 5,717 and 6,272 shares issued at December 31, 2008 and 2007, respectively	—	—
Additional paid-in capital	2,356	2,505
Excess purchase price over predecessor basis	(202,116)	(202,116)
Accumulated deficit	(581,626)	(25,671)
Accumulated other comprehensive loss	(28,650)	(15,813)
Stockholder notes receivable	(158)	(195)
Total stockholders' equity (deficit)	(810,194)	(241,290)
Total liabilities and stockholders' equity (deficit)	$ 1,326,214	$ 1,908,659

See notes to consolidated financial statements.

Generac Holdings Inc.
Consolidated statements of operations
(Dollars in thousands, except share and per share data)

	Year ended December 31,		Successor	Predecessor
	2008	2007	Period from November 11, 2006 through December 31, 2006	Period from January 1, 2006 through November 10, 2006
Net sales	$ 574,229	$ 555,705	$ 74,110	$ 606,249
Costs of goods sold	372,199	333,428	55,105	371,425
Gross profit	202,030	222,277	19,005	234,824
Operating expenses:				
Selling and service	57,449	52,652	5,279	45,800
Research and development	9,925	9,606	1,168	9,141
General and administrative	15,869	17,581	1,695	12,631
Amortization of intangibles	47,602	47,602	8,576	—
Transaction-related expenses	—	—	—	149,792
Goodwill impairment	503,193	—	—	—
Trade name impairment	80,293	—	—	—
Total operating expenses	714,331	127,441	16,718	217,364
(Loss) income from operations	(512,301)	94,836	2,287	17,460
Other (expense) income:				
Interest expense	(108,022)	(125,366)	(18,354)	(673)
Gain on extinguishment of debt	65,385	18,759	—	—
Investment income	600	2,682	302	1,571
Other, net	(1,217)	(1,196)	(192)	(52)
Total other (expense) income, net	(43,254)	(105,121)	(18,244)	846
(Loss) income before provision (benefit) for income taxes	(555,555)	(10,285)	(15,957)	18,306
Provision (benefit) for income taxes	400	(571)	—	5,519
Net (loss) income	$ (555,955)	$ (9,714)	$ (15,957)	$ 12,787
Preferential distribution to:				
Series A preferred stock holders	(785)	—	—	—
Class B common stockholders	(90,567)	(73,676)	(9,502)	—
Net loss attributable to Class A common stockholders	$ (647,307)	$ (83,390)	$ (25,459)	$ 12,787
Net loss per common share, basic and diluted				
Class A Common Stock	(108,581)	(10,626)	(3,068)	n/m
Class B Common Stock	1,148	1,051	139	n/m
Weighted average common shares outstanding				
Class A Common Stock	5,962	7,848	8,298	n/m
Class B Common Stock	78,926	70,102	68,567	n/m

See notes to consolidated financial statements.

n/m—earnings per share on predecessor has not been presented since it is not meaningful due to changes in equity structure which resulted from the acquisition of the company in 2006.

Generac Holdings Inc.
Consolidated statements of redeemable stock and stockholders' equity (deficit)
(Dollars in thousands, except share data)

	Redeemable																	
	Series A preferred stock		Class B common stock		Preferred stock		Class A common stock		Class B common stock		Additional paid-in capital	Excess purchase price over predecessor basis	Retained earnings (accumulated deficit)	Accumulated other comprehensive income (loss)	Treasury stock	Stockholder notes receivable	Total stockholders' equity (deficit)	Comprehensive income (loss)
	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount								
														(As adjusted)			(Adjusted)	(Adjusted)
Predecessor																		
Balance at January 1, 2006	—	$ —	—	$ —	600	$39	12,000	$—	142,820	$ 1	$7,261	$ —	$ 156,763	$ (4,205)	$(14,259)	$(3,388)	$142,212	$ —
Net earnings	—	—	—	—	—	—	—	—	—	—	—	—	12,787	—	—	—	12,787	12,787
Payment of stockholder note receivable	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	3,388	3,388	—
Minimum pension liability adjustment	—	—	—	—	—	—	—	—	—	—	—	—	—	683	—	—	683	683
Discretionary distributions to stockholders	—	—	—	—	—	—	—	—	—	—	—	—	(107,413)	—	—	—	(107,413)	—
S Corporation distributions to stockholders	—	—	—	—	—	—	—	—	—	—	—	—	(41,074)	—	—	—	(41,074)	—
Balance at November 10, 2006	—	$ —	—	$ —	600	$39	12,000	$—	142,820	$ 1	$7,261	$ —	$ 21,063	$ (3,522)	$(14,259)	$ —	$ 10,583	$ 13,470
Successor																		
Balance at November 11, 2006	—	$ —	—	$ —	—	$—	—	$—	—	$—	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Contribution of capital	—	—	68,567	685,667	—	—	8,298	—	—	—	2,833	—	—	—	—	—	2,833	—
Impact of Predecessor basis adjustment on acquisition	—	—	—	—	—	—	—	—	—	—	—	(202,116)	—	—	—	—	(202,116)	—
Net loss	—	—	—	—	—	—	—	—	—	—	—	—	(15,957)	—	—	—	(15,957)	(15,957)
Unrealized gain on interest rate swaps	—	—	—	—	—	—	—	—	—	—	—	—	—	3	—	—	3	3
Amortization of restricted stock expense	—	—	—	—	—	—	—	—	—	—	7	—	—	—	—	—	7	—
																		$ (15,954)
Recording of underfunded pension liability upon adoption of SFAS No. 158 (as adjusted)	—	—	—	—	—	—	—	—	—	—	—	—	—	457	—	—	457	
Balance at December 31, 2006 (as adjusted)	—	$ —	68,567	$685,667	—	$—	8,298	$—	—	$—	$2,840	$(202,116)	$ (15,957)	$ 460	$ —	$ —	$(214,773)	
Unrealized loss on interest rate swaps	—	—	—	—	—	—	—	—	—	—	—	—	—	(18,511)	—	—	(18,511)	(18,511)
Issuance of stockholder notes receivable	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	(195)	(195)	—
Contribution of capital related to debt extinguishment	—	—	8,025	59,953	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Proceeds from shares issued to directors	—	—	145	1,450	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Proceeds from shares issued to management	—	—	—	—	—	—	623	—	—	—	212	—	—	—	—	—	212	—
Repurchase of shares from management	—	—	—	—	—	—	(2,649)	—	—	—	(904)	—	—	—	—	—	(904)	—
Stock-based compensation expense	—	—	—	—	—	—	—	—	—	—	304	—	—	—	—	—	304	—
Net loss	—	—	—	—	—	—	—	—	—	—	—	—	(9,714)	—	—	—	(9,714)	(9,714)
Pension liability adjustment	—	—	—	—	—	—	—	—	—	—	—	—	—	2,238	—	—	2,238	2,238
Amortization of restricted stock expense	—	—	—	—	—	—	—	—	—	—	53	—	—	—	—	—	53	—
																		$ (25,987)
Balance at December 31, 2007	—	—	76,737	747,070	—	—	6,272	—	—	—	2,505	(202,116)	(25,671)	(15,813)	—	(195)	(241,290)	
Unrealized loss on interest rate swaps	—	—	—	—	—	—	—	—	—	—	—	—	—	(5,715)	—	—	(5,715)	$ (5,715)
Repayment of stockholder notes receivable	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	37	37	—
Contribution of capital related to debt extinguishment	6,285	62,855	2,400	18,249	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Contribution of capital	1,550	15,500	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Repurchase of shares from management	—	—	(23)	(223)	—	—	(555)	—	—	—	(189)	—	—	—	—	—	(189)	—
Net loss	—	—	—	—	—	—	—	—	—	—	—	—	(555,955)	—	—	—	(555,955)	(555,955)
Amortization of restricted stock expense	—	—	—	—	—	—	—	—	—	—	40	—	—	—	—	—	40	—
Pension liability adjustment	—	—	—	—	—	—	—	—	—	—	—	—	—	(7,122)	—	—	(7,122)	(7,122)
																		$(568,792)
Balance at December 31, 2008	7,835	$ 78,355	79,114	$765,096	—	$—	5,717	$—	—	$—	$2,356	$(202,116)	$(581,626)	$(28,650)	$ —	$ (158)	$(810,194)	

See notes to consolidated financial statements.

Generac Holdings Inc.
Consolidated statements of cash flows
(Dollars in thousands)

	Year ended December 31,		Successor	Predecessor
	2008	2007	Period from November 11, 2006 through December 31, 2006	Period from January 1, 2006 through November 10, 2006
Operating activities				
Net (loss) income	$ (555,955)	$ (9,714)	$ (15,957)	$ 12,787
Adjustment to reconcile net (loss) income to net cash provided by operating activities:				
Depreciation	7,168	6,181	936	4,654
Amortization	47,602	47,602	8,576	24
Goodwill and tradename impairment charge	583,486	—	—	—
Gain on extinguishment of debt	(65,385)	(18,759)	—	—
Amortization of deferred finance costs	3,905	4,225	590	—
Provision for losses on accounts receivable	212	82	29	321
Provision for losses on notes receivable	115	850	—	—
Loss on disposal of property and equipment	234	60	—	416
Stock-based compensation expense—restricted stock	40	53	7	—
Stock-based compensation expense—Class B common stock	—	304	—	—
Net changes in operating assets and liabilities:				
Accounts receivable	(20,768)	4,808	7,002	(10,052)
Inventories	(26,366)	21,372	18,225	(30,206)
Other assets	(617)	(1,794)	(55)	2,049
Accounts payable	34,449	(3,369)	4,894	(3,467)
Accrued wages and employee benefits	(806)	776	(20,205)	8,512
Other accrued liabilities	2,911	(14,164)	32,018	17,723
Net cash provided by operating activities	10,225	38,513	36,060	2,761
Investing activities				
Proceeds from sale of property and equipment	92	56	1	63
Expenditures for property and equipment	(5,186)	(13,191)	(720)	(6,225)
Collections on receivable notes	56	403	35	455
Acquisition of business, net of cash acquired	—	—	(1,864,319)	—
Net cash used in investing activities	(5,038)	(12,732)	(1,865,003)	(5,707)

	Year ended December 31,		Successor Period from November 11, 2006 through December 31, 2006,	Predecessor Period from January 1, 2006 2006 through November 10, 2006
	2008	2007		
Financing activities				
Stockholders' contributions of capital—Class B common stock	$ —	$ 1,450	$ 685,667	$ —
Stockholders' contributions of capital—Class A common stock	—	212	2,833	—
Stockholders' contributions of capital—Series A preferred stock	15,500	—	—	—
Repurchase of shares from management—Class B common stock	(224)	—	—	—
Repurchase of shares from management—Class A common stock	(189)	(904)	—	—
Issuance of stockholder notes receivable	—	(195)	—	—
Repayment of stockholder notes receivable	37	—	—	—
Proceeds from long-term debt	—	—	1,380,000	—
Payment of long-term debt	(10,396)	(9,500)	—	—
Proceeds from term loan	—	—	—	155,000
Payment of term loan	—	—	(155,000)	—
Payment of debt financing costs	—	—	(30,086)	—
Payment of industrial revenue bond	—	—	—	(4,800)
Collection of stockholder note receivable	—	—	—	3,388
S Corporation distributions to stockholders	—	—	—	(168,815)
Net cash provided by (used in) financing activities	4,728	(8,937)	1,883,414	(15,227)
Net increase in cash and cash equivalents	9,915	16,844	54,471	(18,173)
Cash and cash equivalents at beginning of period	71,315	54,471	—	33,351
Cash and cash equivalents at end of period	$ 81,230	$ 71,315	$ 54,471	$ 15,178
Supplemental disclosure of cash flow information				
Cash paid during the period				
Interest	$ 109,431	$ 101,632	$ 8,713	$ 185
Income taxes	295	4,777	51	348
Supplemental disclosure of noncash financing and investing activities				
Contributions of capital related to debt extinguishment	$ 81,105	$ 59,953	$ —	$ —

See notes to consolidated financial statements

Generac Holdings Inc.
Notes to consolidated financial statements
Years ended December 31, 2008 and 2007 and the period from November 11, 2006 to December 31, 2006 and its predecessor for the period from January 1, 2006 to November 10, 2006

1. Description of business

Generac Holdings Inc. (the Company) owns all of the common stock of Generac Acquisition Corp., which in turn, owns all of the common stock of Generac Power Systems, Inc. (the Subsidiary). The Company designs, manufactures, and markets a complete line of automatic standby generators for residential, light-commercial, and industrial usage, as well as portable generators and air-cooled engines, for domestic and international markets.

Financial statement periods

The Subsidiary was owned by a principal executive and certain members of management through November 10, 2006. Financial statements of this company for the period from January 1, 2006 through November 10, 2006, are referred to as Predecessor financial statements and such period is hereafter referred to as Predecessor Period.

As described below, on September 13, 2006, GPS CCMP Merger Corp. (Merger Corp.) was formed and on November 10, 2006, was merged into the Subsidiary with the Subsidiary being the surviving entity. Merger Corp. had no operations between September 13, 2006 through November 10, 2006, the date it merged into the Subsidiary, other than entering into agreements to facilitate the merger transaction. The consolidated financial statements for the period from Merger Corp's incorporation, September 13, 2006 to December 31, 2006, are referred to as Successor financial statements and reflect the results of operations of the merged entity effective November 11, 2006 and such period is hereafter referred to as Successor Period.

Merger transaction

On September 13, 2006, the Subsidiary, Merger Corp., and its then parent company, GPS CCMP Acquisition Corp., and a shareholder representative, entered into an Agreement and Plan of Merger, pursuant to which Merger Corp. merged with and into the Subsidiary, on November 10, 2006, with the Subsidiary continuing as the surviving entity and a wholly owned subsidiary of Generac Acquisition Corp. (which was formed on October 26, 2006), which in turn is a wholly owned subsidiary of Generac Holdings Inc. Generac Holdings Inc. is a Delaware corporation, the outstanding common stock of which is owned by affiliates of CCMP Capital, LLC (collectively, CCMP) and related entities, affiliates of Unitas Capital Ltd., certain members of management of the Subsidiary and board of directors of the Company.

At the time of the merger transaction, previous owners of the Predecessor became the holders of 3,896 shares of the Company's Class A common stock and 7,790 shares of the Company's Class B common stock. As a result of this residual ownership interest in the Subsidiary and the

form of the leveraged transaction, the transaction was accounted for under the provisions of Emerging Issues Task Force (EITF) Issue No. 88-16, *Basis in Leveraged Buy-Out Transactions*. The application of EITF 88-16 to the merger transaction resulted in a new reporting entity as of the leveraged transaction closing date, but only a partial (89.19%) adjustment was made to the carrying values of the assets and liabilities acquired based on the purchase price. Approximately 10.81% of the carrying values of the acquired assets and liabilities were carried over at the predecessor company's basis.

The purchase price, net of cash acquired, of $1,864.3 million (including direct costs associated with the acquisition such as the CCMP transaction fee, legal costs, and other professional costs) was financed through the issuance of $1,380 million of term loans and common stock with a value of $688.5 million. The Predecessor incurred transaction-related expenses of approximately $149.8 million, which primarily related to the settlement of the employee share appreciation program (See Note 9). The transaction was accounted for as a purchase, whereby the purchase price was allocated to the underlying assets and liabilities based on the estimated fair values of those assets and liabilities, as adjusted for the Predecessor basis adjustment accounting described above.

The following represents the estimated fair values of the assets acquired and the liabilities assumed, net of the Predecessor basis adjustment, at the date of acquisition as finalized in 2007 (dollars in thousands):

Current assets	$ 212,731
Property and equipment	72,304
Customer list, patents, trade names, and other intangibles	615,658
Goodwill	1,029,068
Excess purchase price over predecessor basis (contra equity)	202,116
Short-term liabilities assumed	(97,380)
Long-term debt assumed and subsequently settled	(155,000)
Net assets acquired	1,879,497
Less cash acquired	(15,178)
Net cash payment for acquisition	$ 1,864,319

The tax basis for goodwill at the acquisition date was approximately $1.14 billion.

2. Significant accounting policies

Principles of consolidation

The consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries. All intercompany amounts and transactions have been eliminated in consolidation.

Cash equivalents

The Company considers all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents.

Concentration of credit risk

The Company maintains the majority of its cash in one commercial bank. Balances on deposit are insured by the Federal Deposit Insurance Corporation (FDIC) up to specified limits. Balances in excess of FDIC limits are uninsured.

Two customers accounted for approximately 13% and 11% of accounts receivable at December 31, 2008. No one customer accounted for greater than 10% of accounts receivable at December 31, 2007. No one customer accounted for greater than 10% of net sales during the years ended December 31, 2008 or 2007. One customer accounted for approximately 8% of net sales for the period from November 11, 2006 through December 31, 2006 (the Successor Period). One customer accounted for approximately 13% of net sales for the period from January 1, 2006 through November 10, 2006 (the Predecessor Period).

Accounts receivable

Receivables are recorded at their face value amount less an allowance for doubtful accounts. The Company estimates and records an allowance for doubtful accounts based on specific identification and historical experience. The Company writes off uncollectible accounts against the allowance for doubtful accounts after all collection efforts have been exhausted. Sales are generally made on an unsecured basis.

Inventories

Inventories are stated at the lower of cost or market, with cost determined using the first-in, first-out method.

Property and equipment

Property and equipment are recorded at cost and are being depreciated using the straight-line method over the estimated useful lives of the assets, which are summarized below (in years). Costs of leasehold improvements are amortized over the lesser of the term of the lease (including renewal option periods) or the estimated useful lives of the improvements.

Land improvements	15
Buildings and improvements	40
Leasehold improvements	10 - 20
Machinery and equipment	5 - 10
Dies and tools	3 - 5
Vehicles	3 - 5
Office equipment	3 - 10

Customer lists, patents, and other intangible assets

The following table summarizes intangible assets by major category as of December 31, 2008 and 2007 (dollars in thousands):

	Weighted average amortization years	2008			2007		
		Cost	Accumulated amortization	Amortized cost	Cost	Accumulated amortization	Amortized cost
Indefinite lived intangible assets							
Tradenames		$ 140,050	$ —	$ 140,050	$ 229,058	$ —	$ 229,058
Finite lived intangible assets							
Tradenames	2	8,715	—	8,715	—	—	—
Customer lists	7	256,760	(83,656)	173,104	256,760	(45,225)	211,535
Patents	15	117,811	(17,237)	100,574	117,811	(9,417)	108,394
Unpatented technology	9	11,015	(2,616)	8,399	11,015	(1,391)	9,624
Software	8	1,014	(271)	743	1,014	(145)	869
Total finite lived intangible assets	9	$ 395,315	$ (103,780)	$ 291,535	$ 386,600	$ (56,178)	$ 330,422

Amortization of intangible assets was $47,602,000 in 2008 and 2007, and $8,576,000 in the Successor Period. During the fourth quarter of 2008, the Company recorded an impairment related to its indefinite lived intangible assets. See the Goodwill and Other Indefinite-Lived Intangible Assets section for further discussion. Estimated amortization expense each year for the five years subsequent to December 31, 2008 is as follows: 2009 and 2010, $51,829,000; 2011, $47,471,000, 2012, $43,220,000; 2013, $21,347,000.

Deferred financing costs

Costs incurred in connection with the issuance of long-term debt have been capitalized and are being amortized using the effective interest rate method over the life of the related debt agreements. Deferred financing costs incurred in connection with the financing on November 10, 2006, totaled $29,571,000, and amortization expense for 2008 and accumulated amortization at December 31, 2008, were $3,905,000 and $8,720,000, respectively. Amortization expense for 2007 and accumulated amortization at December 31, 2007, were $4,225,000 and $4,815,000, respectively. In connection with the merger transaction and repayment of the Predecessor term debt, the Successor paid $515,000 of debt financing costs during the Successor Period. Amortization expense for the Successor Period was $590,000. As a result of the debt extinguishments in 2008 and 2007 (see Note 6), $2,427,000 and $1,539,000 of the deferred financing costs were written off, respectively, and recorded as a reduction to the gain on the extinguishment of debt. Amortization expense is included in interest expense in the consolidated statements of operations. Amortization expense for each of the next four years is expected to be approximately $3,474,000 and $2,989,000 in year five.

Long-lived assets

The Company periodically evaluates the carrying value of long-lived assets (including property and equipment, customer lists, patents and other intangible assets, but excluding goodwill and indefinite-lived trade names). Long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. If the sum of the expected future undiscounted cash flows is less than the carrying amount of an

asset, a loss is recognized for the difference between the fair value and carrying value of the asset. Such analyses necessarily involve significant judgements.

Because the Company recorded a goodwill impairment charge in the fourth quarter of fiscal 2008, the Company reviewed its long-lived assets, performed the undiscounted cash flow analysis and concluded there was no impairment as future undiscounted cash flows exceeded the carrying values as of December 31, 2008.

Goodwill and other indefinite-lived intangible assets

Goodwill represents the excess of the amount paid to acquire the Company over the estimated fair value of the net tangible and intangible assets acquired as of the acquisition date.

Other indefinite-lived intangible assets consist of trade names. The fair value of trade names was measured using a relief-from-royalty approach, which assumes the fair value of the trade name is the discounted cash flows of the amount that would be paid had the Company not owned the trade name and instead licensed the trade name from another company.

The Company performs an annual impairment test for goodwill and trade names and more frequently if an event or circumstances indicate that an impairment loss has been incurred. Conditions that would trigger an impairment assessment include, but are not limited to, a significant adverse change in legal factors or business climate that could affect the value of an asset. The analysis of potential impairment of goodwill requires a two-step process. The first step is the estimation of fair value of the applicable reporting unit. The Company has determined it has one reporting unit as the Company considers itself one business, and all significant decisions are made on a companywide basis by its chief decision maker. Estimated fair value is based on management judgments and assumptions with the assistance of a third-party valuation firm, and those fair values are compared with the aggregate carrying value of the Company. If the fair value of the Company is greater than its carrying amount, there is no impairment. If the Company carrying amount is greater than the fair value, then the second step must be completed to measure the amount of impairment, if any.

The second step calculates the implied fair value of the goodwill, which is compared to its carrying value. The implied fair value of goodwill is calculated by hypothetically valuing all of the tangible and intangible assets of the reporting unit at fair value as if the reporting unit had been acquired in a business combination. The excess of the fair value of the entire reporting unit over the fair value of its identifiable assets and liabilities is the implied fair value of goodwill. If the implied fair value of goodwill is less than the carrying value of goodwill, an impairment is recognized equal to the difference.

As of October 31, 2008, the Company performed its annual goodwill impairment test. The fair value of the Company was estimated based on a weighted average of a discounted cash flow analysis and comparable public company analysis (i.e. market approach). The rate used in determining discounted cash flows is a rate corresponding to the Company's cost of capital, adjusted for risk where appropriate. In determining the estimated future cash flows, current and future levels of income are considered as well as business trends and market conditions. Due to an increase in the Company's weighted average cost of capital and lower comparable public company market values resulting from weakening economic conditions, the analysis indicated the potential for impairment.

The Company performed the second step of the goodwill impairment evaluation with the assistance of a third-party valuation firm, and determined an impairment of goodwill existed. Accordingly, a non-cash charge of $503,193,000 was recognized in 2008 for goodwill impairment. Due to the current economic uncertainty and other factors, the Company cannot assure remaining goodwill will not be further impaired in future periods. There was no impairment recorded for the year ended December 31, 2007 or the Successor Period.

The changes in the carrying amount of goodwill for the years ended December 31, 2008 and 2007 are as follows (dollars in thousands):

	December 31	
	2008	2007
Balance at beginning of year	$ 1,029,068	$ 847,442
Adjustment to finalize purchase accounting	—	181,626
Impairment charge	(503,193)	—
Balance at end of year	$ 525,875	$ 1,029,068

The Company performed its annual fair value-based impairment test on trade names as of October 31, 2008 using a relief-from-royalty approach. As a result of the test, the Company recorded a non-cash charge of $80,293,000 for trade name impairment. The primary reason for this impairment charge related to a re-branding strategy, which was committed to in the fourth quarter of 2008 and resulted in the Company's plan to discontinue use of a particular trade name over time as the Company consolidates its brands under the Generac label. Accordingly, this particular trade name was written down to its estimated realizable value of $8,715,000, which will be amortized over its remaining useful life of 2 years. There was no impairment recorded for the year ended December 31, 2007 or the Successor Period.

Income taxes

Successor

The Company is a C Corporation and, therefore, accounts for income taxes pursuant to the liability method. Accordingly, the current or deferred tax consequences of a transaction are measured by applying the provision of enacted tax laws to determine the amount of taxes payable currently or in future years. Deferred income taxes are provided for temporary differences between the income tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

In assessing the realizability of deferred tax assets, the Company considers whether it is more likely than not that some portion or all of the deferred tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the years in which those temporary differences become deductible. The Company considers the scheduled reversal of deferred tax liabilities, projected future taxable income, and tax planning strategies, as appropriate, in making this assessment.

Effective January 1, 2007, the Company adopted the guidance on accounting for uncertainty in income taxes in ASC 740-10 (formerly referred to as FASB Interpretation 48, *Accounting for Uncertainty in Income Taxes*), which provides a comprehensive model for the recognition, measurement, and disclosure in financial statements of uncertain income tax positions a company has taken or expects to take on an income tax return. Additionally, when applicable,

the Company would classify interest and penalties related to uncertain tax positions in income tax expense. Upon adoption, the Company determined no additional reserves for uncertain tax positions were required.

Predecessor

The Predecessor Company and its stockholders elected for federal and certain state income tax purposes to be treated as an S Corporation under the provisions of the Internal Revenue Code. Accordingly, the Predecessor Company's taxable income was included in the individual tax returns of its stockholders, and generally, there was no provision for income taxes or deferred tax assets or liabilities in the financial statements except for certain state income taxes imposed at the corporate level.

Revenue recognition

Sales, net of estimated returns and allowances, are recognized upon shipment of product to the customer, which is when title passes, the Company has no further obligations, and the customer is required to pay. The Company, at the request of certain customers, will warehouse inventory billed to the customer but not delivered. The Company does not recognize revenue on these transactions until the customers take possession of the product. The funds collected on product warehoused for these customers are recorded as a customer advance until the customer takes possession of the product and the Company's obligation to deliver the goods is completed. Customer advances are included in accrued liabilities in the accompanying consolidated balance sheets.

The Company provides for estimated sales promotion and incentive expenses which are recognized as a reduction of sales. Historically, product returns, whether in the normal course of business or resulting from repurchases made under a floor plan financing program, have not been material. The Company has agreed to repurchase product repossessed by a finance company (see Note 10), which has resulted in minimal losses to the Company. However, an adverse change in dealer sales could cause this situation to change.

Shipping and handling costs

Shipping and handling costs billed to customers are included in net sales, and the related costs are included in cost of goods sold in the consolidated statements of operations.

Advertising and co-op advertising

Expenditures for advertising, included in selling and service expenses in the accompanying consolidated statements of operations, are expensed as incurred. Total expenditures for advertising were $9,210,000, $11,236,000, $836,000, and $9,088,000 for the years ended December 31, 2008 and 2007, the Successor Period, and the Predecessor Period, respectively.

Research and development

The Company expenses research and development costs as incurred. Total expenditures incurred for research and development were $9,925,000, $9,606,000, $1,168,000, and $9,141,000 for the years ended December 31, 2008 and 2007, the Successor Period, and the Predecessor Period, respectively.

Foreign currency transactions

Realized and unrealized gains and losses on transactions denominated in foreign currency are recorded in earnings as a component of cost of goods sold.

Accumulated other comprehensive income (loss)

Accumulated other comprehensive income (OCI) includes unrealized losses on certain cash flow hedges and the pension liability. The components of OCI at December 31, 2008 and 2007 were (dollars in thousands):

	December 31	
	2008	2007
Pension liability	$ (4,427)	$ 2,695
Unrealized losses on cash flow hedges	(24,223)	(18,508)
Accumulated other comprehensive loss	$ (28,650)	$ (15,813)

Fair value of financial instruments

The Company believes the carrying amount of its financial instruments (cash and cash equivalents, accounts receivable, notes receivable, accounts payable, and accrued liabilities), excluding long-term debt, approximates the fair value of these instruments based upon their short-term nature. The fair value of long-term debt was approximately $558.6 million at December 31, 2008, as calculated based on current quotations.

Fair value measurements

The Company adopted Accounting Standards Codification (ASC) 820-10 *Fair Value Measurements and Disclosures* (formerly SFAS No. 157, *Fair Value Measurements*) on January 1, 2008. ASC 820-10, among other things, defines fair value, establishes a consistent framework for measuring fair value, and expands disclosure for each major asset and liability category measured at fair value on either a recurring basis or nonrecurring basis. ASC 820-10 clarifies that fair value is an exit price, representing the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. As such, fair value is a market-based measurement that should be determined based on assumptions that market participants would use in pricing an asset or liability. As a basis for considering such assumptions, the pronouncement establishes a three-tier fair value hierarchy, which prioritizes the inputs used in measuring fair value as follows: (Level 1) observable inputs such as quoted prices in active markets; (Level 2) inputs, other than the quoted prices in active markets, that are observable either directly or indirectly; and (Level 3) unobservable inputs in which there is little or no market data, which require the reporting entity to develop its own assumptions.

Assets and liabilities measured at fair value are based on the market approach, which is prices and other relevant information generated by market transactions involving identical or comparable assets or liabilities.

Liabilities measured at fair value on a recurring basis are as follows (dollars in millions):

	Total December 31, 2008	Fair value measurement using: Quoted prices in active markets for identical contracts (Level 1)	Fair value measurement using: Significant other observable inputs (Level 2)
Net derivative contracts	$ 25.6	$ —	$ 25.6

The fair value of derivative contracts above consider the Company's credit risk in accordance with ASC 820-10. Excluding the impact of credit risk, the fair value of derivatives at December 31, 2008, was $29,000,000 and this represents the amount the Company would need to pay to exit the agreements on this date.

Use of estimates

The preparation of the consolidated financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Derivative instruments and hedging activities

The Company records all derivatives in accordance with ASC 815, *Derivatives and Hedging*, which requires all derivative instruments be reported on the consolidated balance sheets at fair value and establishes criteria for designation and effectiveness of hedging relationships. The Company is exposed to market risk such as changes in commodity prices, foreign currencies, and interest rates. The Company does not hold or issue derivative financial instruments for trading purposes.

Commodities

The primary objectives of the commodity risk management activities are to understand and mitigate the impact of potential price fluctuations on the Company's financial results and its economic well-being. While the Company's risk management objectives and strategies will be driven from an economic perspective, the Company attempts, where possible and practical, to ensure that the hedging strategies it engages in can be treated as "hedges" from an accounting perspective or otherwise result in accounting treatment where the earnings effect of the hedging instrument provides substantial offset (in the same period) to the earnings effect of the hedged item. Generally, these risk management transactions will involve the use of commodity derivatives to protect against exposure resulting from significant price fluctuations.

The Company primarily utilizes commodity contracts with maturities of less than 12 months. These are intended to offset the effect of price fluctuations on actual inventory purchases. At December 31, 2008 and 2007, there were two outstanding commodity contracts in place to hedge its projected commodity purchases. In October 2008, the Company entered into commodity swaps to purchase $4,180,000 of copper. The swaps are effective from October 1 and November 1, 2008, and terminate on March 31, 2009. In November 2007, the Company

entered into commodity swaps to purchase $3,271,000 of copper. The swaps were effective from November 7 and 8, 2007, and terminated on July 2, 2008.

Total losses or gains recognized in the consolidated statements of operations on commodity contracts were a loss of $1,092,000, gains of $1,120,000, $0, and $862,000 for the years ended December 31, 2008 and 2007, the Successor Period and the Predecessor Period, respectively.

Foreign currencies

The Company is exposed to foreign currency exchange risk as a result of transactions in other currencies. The Company utilizes foreign currency forward purchase and sales contracts to manage the volatility associated with foreign currency purchases in the normal course of business. Contracts typically have maturities of one year or less. There were no outstanding foreign currency hedge contracts outstanding as of December 31, 2008 or 2007. The Predecessor Company entered into a Yen foreign currency contract in the Predecessor Period. The total loss recorded on this contract was $184,000.

Interest rates

During the Successor Period, the Company entered into various interest rate swap agreements. The Company has formally documented all relationships between interest rate hedging instruments and hedged items, as well as its risk-management objectives and strategies for undertaking various hedge transactions. The Company's interest rate swap agreements qualify as cash flow hedges. For derivatives that are designated and qualify as a cash flow hedge, the effective portion of the gain or loss on the derivative is reported as a component of accumulated other comprehensive income (loss) and reclassified into earnings in the same period or periods during which the hedged transaction affects earnings. The ineffective portion of the derivatives' change in fair value, if any, is immediately recognized in earnings. The Company assesses on an ongoing basis whether derivatives used in hedging transactions are highly effective in offsetting changes in cash flows of hedged items. The impact of hedge ineffectiveness on earnings was not material for the years ended December 31, 2008 and 2007, and the Successor Period. The Predecessor did not have any interest rate swaps.

Stock-based compensation

The Company accounts for its restricted stock awards and other stock-based payments in accordance with ASC 718 *Compensation—Stock Compensation*. On January 1, 2006, the Company adopted the guidance originally issued in the FASB Statement FAS123(R) *Share Based Payments* (codified in FASB ASC Topic 718 Compensation—Stock Compensation) using the prospective method, accordingly, the provisions of FAS 123(R) are applied prospectively to new awards and to awards modified, repurchased or cancelled after the adoption date.

Segment reporting

The Company operates in and reports as a single operating segment, which is the manufacture and sale of power products. Net sales are generated through the sale of generators and service parts to distributors and retailers. The Company manages and evaluates its operations as one segment primarily due to similarities in the nature of the products, production processes and methods of distribution. All of the Company's identifiable assets are located in the United States. The Company's sales outside North America are not material, representing less than 1% of net sales.

The Company's product offerings consist primarily of power products with a range of power output. Residential power products and industrial & commercial power products are each a similar class of products based on similar power output and customer usage.

	Year ended December 31,		Successor	Predecessor
(Dollars in thousands)	2008	2007	Period from November 11, 2006 through December 31, 2006	Period from January 1, 2006 through November 10, 2006
Residential power products	$ 332,618	$ 306,741	$ 43,092	$ 383,809
Industrial & Commercial power products	207,861	205,759	24,210	168,672
Other	33,750	43,205	6,808	53,768
Total	$ 574,229	$ 555,705	$ 74,110	$ 606,249

New accounting standards to be adopted

In December 2007, the FASB originally issued SFAS No. 141(R), *Business Combinations* (codified in FASB ASC Topic 805—*Business Combinations*). This statement requires the acquiring entity in a business combination to recognize all assets acquired and liabilities assumed in the transaction, establishes the acquisition-date fair value as the measurement objective for all assets acquired and liabilities assumed, and requires the acquirer to disclose certain information related to the nature and financial effect of the business combination. SFAS 141(R) is effective for business combinations entered into in fiscal years beginning on or after December 15, 2008. Depending on the terms, conditions, and details of the business combination, if any, that take place on or subsequent to January 1, 2009, SFAS 141(R) may have a material impact on the Company's consolidated financial statements.

In March 2008, the FASB originally issued *SFAS No. 161 Disclosures about Derivative Instruments and Hedging Activities, an amendment of SFAS No. 133* (codified in FASB ASC Topic 815 *Derivatives and Hedging*). SFAS No. 161 is intended to improve financial standards for derivative instruments and hedging activities by requiring enhanced disclosures to enable investors to better understand the effect these instruments and activities have on an entity's financial position, financial performance, and cash flows. Entities are required to provide enhanced disclosures about: how and why an entity uses derivative instruments; how derivative instruments and related hedged items are accounted for under SFAS No. 161 and its related interpretations; and how derivative instruments and related hedged items affect an entity's financial position, financial performance, and cash flows. SFAS No. 161 is effective for the Company in the year beginning January 1, 2009 and will impact future disclosures relating to the Company's hedging activities.

In December 2008, the FASB originally issued FSP No. FAS 132(R)-1 *Employer's Disclosures about Postretirement Benefit Assets* (FSP No. FAS 132R) (codified in FASB ASC Topic 715 *Compensation—Retirement Benefits*). FSP No. 132(R) requires additional disclosures regarding assets held in an employer's defined benefit pension or other postretirement plan. FSP No. 132(R) replaces the requirement to disclose the percentage of the fair value of total plan assets with a requirement to disclose the fair value of each major asset category, requires disclosure of the level within the fair value hierarchy in which each major category of plan assets falls using the guidance in FSP No. 132(R) and requires a reconciliation of beginning and ending balances of plan asset fair values that are derived using significant unobservable inputs. FSP No. 132(R) will be adopted as of January 1, 2010. We are currently reviewing the requirements of FSP No. 132(R) to determine the disclosure impact on our consolidated financial statements.

In April 2008, the FASB originally issued FSP No. FASB 142-3, *Determination of the Useful Life of Intangible Assets* (FSP No. FAS No. 142-3) (codified in *FASB ASC Topic 350—Intangibles—Goodwill and Other*). FSP No. FASB 142-3 prospectively amends the factors that should be considered in developing renewal or extension assumptions used to determine the useful life of a recognized intangible asset. The intent of the position is to improve the consistency between the useful life of a recognized intangible asset under FSP No. FASB 142-3 and the period of expected cash flows used to measure the fair value of the asset under FSP No. FASB 142-3. The Company is required to adopt this pronouncement on January 1, 2009. The Company does not believe the adoption of this pronouncement will have a material impact to the Company's consolidated financial statements.

3. Balance sheet details

Inventories consist of the following (dollars in thousands):

	December 31,	
	2008	2007
Raw material	$ 104,310	$ 69,358
Work-in-process	1,217	379
Finished goods	23,361	31,533
Reserves for excess and obsolescence	(4,908)	(3,656)
	$ 123,980	$ 97,614

Other accrued liabilities consist of the following (dollars in thousands):

	December 31,	
	2008	2007
Accrued commissions	$ 6,444	$ 6,211
Accrued interest	25,228	29,785
Accrued warranties—short term	14,015	13,542
Other accrued liabilities	13,205	9,939
	$ 58,892	$ 59,477

4. Product warranty obligations

The Company records a liability for product warranty obligations at the time of sale to a customer based upon historical warranty experience. The Company also records a liability for specific warranty matters when they become known and are reasonably estimatable. The Company's product warranty obligations are included in other accrued liabilities and other long-term liabilities in the balance sheets.

Changes in the product warranty obligations are as follows (dollars in thousands):

	Year ended December 31,		Successor	Predecessor
	2008	2007	For the period from November 11, 2006 through December 31, 2006	For the period January 1, 2006 through November 10, 2006
Balance at beginning of period	$ 14,807	$ 14,788	$ —	$ 11,454
Obligations assumed in acquisition	—	—	15,144	—
Payments	(15,946)	(13,935)	(1,492)	(7,192)
Charged to operations	18,678	13,954	1,136	10,882
Balance at end of period	$ 17,539	$ 14,807	$ 14,788	$ 15,144

The product warranty obligations are included in the balance sheets as follows (dollars in thousands):

	December 31,	
	2008	2007
Other accrued liabilities	$ 14,015	$ 13,542
Other long-term liabilities	3,524	1,265
Balance at end of period	$ 17,539	$ 14,807

5. Credit agreements

Long-term debt consists of the following (dollars in thousands):

	December 31,	
	2008	2007
First lien term loan	$ 930,104	$ 940,500
Second lien term loan	430,000	430,000
	1,360,104	1,370,500
Less treasury debt	229,167	80,250
Less current portion	9,500	9,500
	$ 1,121,437	$ 1,280,750

Maturities of long-term debt outstanding at December 31, 2008, are as follows (dollars in thousands):

Year	
2009	$ 9,500
2010	9,500
2011	9,500
2012	9,500
2013	892,104
2014	200,833
Total	$ 1,130,937

Successor

At December 31, 2008, the Subsidiary had credit agreements which provided for borrowings under a revolving credit facility (the Revolving Credit Facility) and two term loans (collectively, the Credit Agreements), which are described further below. The Credit Agreements of the Subsidiary are secured by the associated collateral agreements which pledge virtually all assets of the Subsidiary.

Borrowings available under the Revolving Credit Facility are limited to a maximum of $150,000,000. Availability under the Revolving Credit Facility is reduced by the amount of outstanding undrawn letters of credit. Interest on the Revolving Credit Facility is payable at LIBOR plus 2.5%, or ABR plus 1.5%, as selected by the Subsidiary. ABR is the greater of the prime rate or the federal funds rate plus 0.5%. The spreads on these rates may be reduced as a result of the Subsidiary meeting certain financial ratios. As of December 31, 2008, the Subsidiary's interest rate on the Revolving Credit Facility was 6.65%. As of December 31, 2008,

the Subsidiary had $143,347,000 available under its Revolving Credit Facility and no outstanding borrowings. The Subsidiary pays a Revolving Credit Facility commitment fee of 0.50% on the average available unused commitment. The Revolving Credit Facility matures and is due on November 10, 2012, unless terminated earlier under certain conditions contained in the Credit Agreements.

The Credit Agreements provide the Subsidiary the ability to issue letters of credit. Outstanding undrawn letters of credit reduce availability under the Subsidiary's Revolving Credit Facility. The letters of credit accrue interest at a rate of 2.63%, paid quarterly on the undrawn daily aggregate exposure of the preceding quarter. This rate may be reduced as a result of meeting certain financial ratios. At December 31, 2008 and 2007, letters of credit outstanding were $6,653,000 and $2,504,000, respectively.

The principal amount of and the outstanding balance under the First Lien Term Loan (the First Lien) were $930,104,000 and $940,500,000 at December 31, 2008 and 2007, respectively. Principal payments are due in quarterly installments of $2,375,000. Interest on the First Lien is payable at LIBOR plus 2.5%, or ABR plus 1.5%, as selected by the Subsidiary. The spreads on these rates may be reduced as a result of the Subsidiary meeting certain financial ratios. At December 31, 2008, 2007, and 2006, the Subsidiary's interest rate on the First Lien was 6.65%, 7.73%, and 7.82%, respectively. The outstanding principal balance is payable on the earlier of November 10, 2013, or the date of termination of the First Lien, whether by its terms, by prepayment, or by acceleration.

The principal amount of and the outstanding balance under the Second Lien Term Loan (the Second Lien) were $200,833,000 and $349,750,000 (excluding loans held in treasury by the Subsidiary) at December 31, 2008 and 2007, respectively. Interest on the Second Lien is payable at LIBOR plus 6.0%, or ABR plus 5.0%, as selected by the Subsidiary. The spreads on these rates may be reduced as a result of meeting certain financial ratios. At December 31, 2008, 2007, and 2006, the Subsidiary's interest rate on the Second Lien was 10.15%, 11.23%, and 11.32%, respectively. The outstanding principal balance is payable on the earlier of May 10, 2014, or the date of termination of the Second Lien, whether by its terms, by prepayment, or by acceleration.

The Credit Agreements require the Subsidiary, among other things, to meet certain financial and nonfinancial covenants and maintain financial ratios in such amounts and for such periods as set forth therein. The Subsidiary is required to maintain a leverage ratio (EBITDA divided by net debt, as defined within the Credit Agreements) of 7.75 as of December 31, 2008. The leverage ratio decreases quarterly, and for 2009, the Subsidiary will be required to maintain a leverage ratio of 7.75, 7.50, 7.25, and 6.75 for the first, second, third, and fourth quarters, respectively. As of September 30, 2008, the Subsidiary had violated its debt covenant. As permitted by the Credit Agreements, this violation was remedied by an equity contribution of $15,319,000 from CCMP in the fourth quarter of 2008 as part of a $15,500,000 equity contribution. The Subsidiary was in compliance with all requirements as of December 31, 2008 and 2007.

In an event where full repayment of the Credit Agreements is required, the First Lien and Revolving Credit Facility take priority over the Second Lien.

The Credit Agreements restrict the circumstances in which distributions and dividends can be paid by the Subsidiary. Payments can be made to the Subsidiary for certain expenses, and dividends can be used to repurchase equity interests, subject to an annual limitation.

Additionally, the Credit Agreements restrict the aggregate amount of dividends and distributions that can be paid and require the maintenance of certain leverage ratios.

During 2008, CCMP acquired $148,917,000 par value of Second Lien term loans for approximately $81,105,000. CCMP exchanged this debt for additional shares of Class B Common stock and Series A Preferred stock issued by the Company. The fair value of the shares exchanged was $81,105,000. These shares have beneficial conversion features which are contingent upon a future event (see Note 6). The Company recorded this transaction as Series A Preferred Stock of $62,855,000 and Class B Common Stock of $18,249,000 based on the fair value of the debt contributed by CCMP which approximated the fair value of shares exchanged. The debt is now held in treasury at face value. Consequently, the Company recorded a gain on extinguishment of debt of $65,385,000, which includes the write-off of deferred financing fees and other closing costs, in the consolidated statement of operations for the year ended December 31, 2008. See Note 6.

During 2007, CCMP acquired $80,250,000 par value of Second Lien term loans for approximately $59,952,000. CCMP exchanged this debt for additional shares of Class B Common stock issued by the Company. The fair value of the shares exchanged was $59,952,000. These shares have beneficial conversion features which are contingent upon a future event (see Note 6). The Company recorded this transaction as additional Class B Common Stock of $59,952,000 based on the fair value of the debt contributed by CCMP which approximated the fair value of shares exchanged. The debt is now held in treasury at face value. Consequently, the Company recorded a gain on extinguishment of debt of $18,759,000, which includes the write-off of deferred financing fees and other closing costs, in the consolidated statement of operations for the year ended December 31, 2007. See Note 6.

During the Successor Period, the Subsidiary entered into various interest rate swap agreements (the Swaps) with certain banks. The Swaps, which were effective January 2, 2007, October 3, 2007, and January 3, 2008, have notional amounts totaling $825,000,000, $100,000,000, and $275,000,000, respectively. The total notional amount of $1,200,000,000 declined to $1,100,000,000 at October 3, 2008, further decline to $675,000,000 at January 3, 2009, and terminate January 4, 2010. The Subsidiary swapped floating three-month LIBOR interest rates for fixed rates with an aggregate weighted-average interest rate of 4.775% and 4.774% as of December 31, 2008 and 2007, respectively. The fair value of the interest rate swap agreements, including the impact of credit risk, at December 31, 2008, was a liability of $24,222,000. At December 31, 2007, the fair value of the interest rate swap agreements was a liability of $18,508,000. The Subsidiary has determined its Swaps meet hedge effectiveness tests and are deemed highly effective for hedge accounting under ASC 815 *Derivatives and Hedging* as of December 31, 2008 and 2007. Accordingly, the change in fair value is recorded in accumulated other comprehensive income (loss) net of tax for the effective portion of the hedges.

Effective January 3, 2009, the Subsidiary, within the terms of the Credit Agreements, changed the interest rate election from three-month LIBOR to one-month LIBOR. The Subsidiary has concluded that as of January 3, 2009, the Swaps no longer meet hedge effectiveness tests and are therefore, no longer highly effective as a hedge against the impact on interest payments of changes in the LIBOR interest rate. The effective portion of the Swaps prior to the change will remain in accumulated other comprehensive income (loss) and will be amortized as interest expense over the period of the originally designated hedged transactions. Future changes in the fair value of the Swaps will be immediately recognized in the consolidated statements of operations as interest expense.

Predecessor

The Predecessor Company had an unsecured revolving credit agreement with a bank that allowed borrowings of up to $15,000,000 for working capital requirements with interest rates at 0.90% below the prime rate, or LIBOR plus 1.00%, as selected by the Predecessor Company. Under the terms of this credit agreement, the bank agreed, on behalf of the Predecessor Company, to issue letters of credit aggregating not more than the unused revolver balance. The outstanding amount of these letters of credit reduced the amount available to the Predecessor Company under the revolving credit agreement.

On November 6, 2006, the Predecessor Company entered into a credit agreement with a bank establishing a term loan in the amount of $155,000,000 with interest rates at LIBOR plus 1.25%.

The Predecessor Company had an Industrial Development Revenue Bond Agreement with the Village of Eagle, Wisconsin, for $4,800,000 at December 31, 2005. The bonds were paid in full and the letter of credit, used as collateral, was terminated when the Predecessor Company elected to exercise its right to pay off the bonds as of September 1, 2006.

6. Redeemable stock and stockholders' equity (deficit)

As a result of the merger transaction on November 10, 2006 and from time to time thereafter, certain of the current equity investors (affiliates of CCMP Capital Advisors, LLC and related entities, affiliates of Unitas Capital Ltd., certain members of management of the Subsidiary and board of directors of the Company) acquired a combination of Class A and Class B Common stock and Series A Preferred stock of GPS CCMP Acquisition Corporation. General terms of these securities are:

Preferred stock

Series A Convertible Preferred stock: Each Series A Preferred share is entitled to a priority return preference equal to the sum of $10,000 per share base amount plus an amount sufficient to generate a 14% annual return on that base amount compounded quarterly from the date of issuance until the accreted priority return preference is paid in full. Each Series A Preferred share also participates in any equity appreciation beyond the Series A Preferred priority return (the Series A Equity Participation).

Voting: Series A Preferred shares do not have voting rights, subject to certain limited approval rights.

Distributions: Dividends and other distributions to stockholders in respect of shares, whether as part of an ordinary distribution of earnings, as a leveraged recapitalization or in the event of an ultimate liquidation and distribution of available corporate assets are to be paid to Series A Preferred stockholders as follows: Series A Preferred shares are entitled to receive an amount equal to the Series A Preferred base amount of $10,000 per share plus an amount sufficient to generate a 14% annual return on that base amount, compounded quarterly from the date in which the Series A Preferred shares were originally issued. Series A Preferred shares then receive an equity participation on all remaining proceeds after payment of this priority return to all Series A Preferred stockholders equal to 24.3% of remaining proceeds (Series A Equity Participation). No distribution shall be made to any holder of common stock until the

Series A Preferred stockholders have received all distributions to which they are entitled as previously described. After such distributions are made to the Series A Preferred stockholders, the holders of common stock shall be entitled to receive any remaining payments or distributions in accordance with their respective priorities.

Liquidations: Distributions in connection with any liquidation or change of control transaction would be made in accordance with the distributions described above. No distribution shall be made to any holder of common stock until the Series A Preferred stockholders have received all distributions to which they are entitled as described above. After such distributions are made to the Series A Preferred stockholders, the holders of common stock shall be entitled to receive any remaining payments or distributions in accordance with their respective priorities.

Conversion: Series A Preferred shares automatically convert into Class A common shares immediately prior to an initial public offering (IPO). In the case of any such conversion, any unpaid Series A preferred return (base $10,000 per share plus 14% accretion) will be converted into additional Class A common shares valued at the deal (the IPO price net of underwriter's discount). That is, each Series A Preferred share would convert into a number of Class A common shares equal to (i) a fraction, the numerator of which is the unpaid priority return on such Series A Preferred share and the denominator of which is the value of a Class A common share at the time of conversion plus (ii) the number of Class A common shares required to be issued to satisfy the Series A Equity Participation. The number of shares of Class A common stock which will be issued upon conversion of the Series A Preferred is dependent upon the initial public offering price of the Class A common stock on the date of conversion as well as the unpaid priority return of the Series A Preferred Stock.

The Series A Preferred are redeemable in a deemed liquidation in the event of a change of control. The redemption features are considered to be outside the control of the Company and therefore, all shares of Series A Preferred stock are recorded outside of permanent equity in accordance with guidance originally issued under EITF Topic D-98, *Classification and Measurement of Redeemable Securities* (codified under Accounting Standards Codification 480, *Distinguishing Liabilities from Equity)*. No adjustment to the carrying value of the Series A Preferred stock securities has been recorded, and the priority returns have not been accreted as a change of control is not probable.

Common stock

Class B Convertible common stock: Class B shares participate in the equity appreciation after the Series A Preferred priority return is satisfied. Each Class B share is entitled to a priority return preference equal to the sum of $10,000 per share base amount plus an amount sufficient to generate a 10% annual return on that base amount compounded quarterly from the date of issue until the Class B priority return preference is paid in full. Each Class B share also participates in any equity appreciation beyond the Class B priority return.

Voting: Each Class B share is entitled to one vote per share on all matters on which stockholders vote.

Class A common stock: Class A shares participate in the equity appreciation after the Class B priority return is satisfied.

Class A shares do not have voting rights, priority preference or any accretion rights.

Distributions: After payment of the priority return to Series A Preferred shareholders previously described above under Preferred Stock, dividends and other distributions that remain available to stockholders in respect of shares, whether as part of an ordinary distribution of earnings, as a leveraged recapitalization or in the event of an ultimate liquidation and distribution of available corporate assets, are to be paid to the common stockholders as follows: Class B shares are entitled to receive an amount equal to the Class B base amount of $10,000 per share plus an amount sufficient to generate a 10% annual return on that base amount, compounded quarterly from the date in which the Class B shares were originally issued. After payment of this priority return to Class B holders, the holders of Class A shares and Class B shares participate together equally and ratably in any and all distributions by the Company.

Liquidations: Distributions made in connection with any liquidation or change of control transaction would be made in accordance with the distributions previously described above in the preceding paragraph. In addition, any remaining assets after the Class B preferential distribution will be allocated to the Class A and Class B shares as follows: the Class B shares will receive a percentage of the remaining assets equal to the sum of (i) 88% plus (ii) the product of (A) 12% multiplied by (B) one minus a fraction, the numerator of which is the number of issued and outstanding vested shares of Class A shares and the denominator is 9,350.0098. The remainder will be allocated to the Class A shares.

Conversion: Class B shares automatically convert into Class A shares immediately prior to an IPO. In the case of any such conversion any unpaid Class B Common priority return (base $10,000 per share plus 10% accretion) will be "paid" in additional Class A common shares valued at the deal (the IPO price net of underwriter's discount). That is, each Class B share would convert into a number of Class A shares required to be issued to satisfy the Series A Equity Participation. Each Class B share would convert into a number of Class A shares equal to (i) one plus (ii) a fraction, the numerator of which is the unpaid priority return on such Class B share and the denominator of which is the value of a Class A share at the time of conversion, in all cases subject to the priority rights and preferences of the Series A Preferred Shares. The number of shares of Class A common stock which will be issued upon conversion of the Class B common stock is dependent upon the initial public offering price of the Class A common stock on the date of conversion as well as the unpaid priority return of the Class B common stock.

As the Class B common are redeemable in a deemed liquidation in the event of a change of control. The redemption features are considered to be outside the control of the Company and therefore, all shares of Class B common stock are recorded outside of permanent equity in accordance with guidance originally issued under EITF Topic D-98, *Classification and Measurement of Redeemable Securities* (codified under Accounting Standards Codification 480, *Distinguishing Liabilities from Equity).* No adjustment to the carrying value of Class B common stock securities has been recorded, and the priority returns have not been accreted as a change of control is not probable.

Accretion: Cumulative accretion on Series A Preferred stock and Class B common stock at December 31, 2008, was as follows:

	Series A preferred	Class B common
Carrying value	$ 78,355	$ 765,096
Cumulative accretion	785	173,745
	$ 79,140	$ 938,841

The amounts above do not include the additional base amount of $25,790,000 on Class B common stock or the impact of Series A Equity Participation on Series A Preferred Stock, both of which would be recognized as a beneficial conversion upon an initial public offering.

Management Equity Incentive Plan: On November 10, 2006, the Company adopted the 2006 Management Equity Incentive Plan (2006 Equity Incentive Plan). The 2006 Equity Incentive Plan provides for awards with respect to a maximum of 9,350.0098 Class A Common shares and 5,000 Class B Common shares, subject to certain adjustments. On November 10, 2006, and from time to time thereafter, certain members of management purchased restricted shares of Class A Common stock under the 2006 Equity Incentive Plan for $341 per share and pursuant to restricted stock agreements. One half of the restricted shares vest over time (Time Vesting Shares), with 25% vesting on November 10, 2007 and on the next three anniversaries thereafter, so long as the participant is still employed by the Company or one of its subsidiaries on the applicable vesting date. Upon the occurrence of a change of control of the Company, any unvested Time Vesting Shares immediately vest in full, so long as the participant is still employed by the Company or one of its subsidiaries. The other half of the restricted shares immediately vest (performance-based vesting) in full, provided the participant is still then employed by the Company or one of its subsidiaries, upon the occurrence of either: (i) a change of control of the Company that provides CCMP with a certain rate of return with respect to net proceeds received by CCMP from their investment in the Company; or (ii) from and after the date of an IPO, the achievement with respect to shares of the Class A Common stock of an average closing trading price exceeding, in any 60 consecutive trading day period starting prior to the later of (a) the fifth year anniversary of the date of grant of the restricted shares, and (b) one year after the IPO, a certain threshold with respect to net proceeds received by CCMP from their investment in the Company. As a condition to the purchase of restricted shares, members of management executed confidentiality, non-competition and intellectual property agreements. The fair value of the Class A common stock on the date of issuance was estimated to be $390 per share.

The Company has recorded $40,000, $53,000 and $7,000 of stock-based compensation expense related to the Time Vesting Shares in 2008, 2007, and the Successor Period, respectively, related to amortization of the excess of fair value over purchase price of these restricted shares. This excess is being amortized over a four-year vesting period.

Issuance and repurchases of securities

Class A Common Stock: As discussed above, on November 10, 2006 at the time of the merger transaction, certain members of management purchased 8,298.1337 restricted shares of the Class A Common stock, at a price of $341.36 per share, under the 2006 Equity Incentive Plan and pursuant to restricted stock agreements. In 2007, an additional 623.3301 restricted shares

of Class A nonvoting common stock, at a price of $341.36 per share, were issued to new members of management. In 2008 and 2007, 555.1566 and 2,649.1694 restricted shares of Class A common stock, respectively, were repurchased by the Company, at a price of $341 per share, from members of management who terminated their employment with the Subsidiary.

Class B Common Stock: On November 10, 2006 at the time of the merger transaction, 68,566.7382 shares of the Class B Common stock were issued to affiliates of CCMP, affiliates of Unitas Capital LLC, certain members of management of the Subsidiary and board of directors of the Company, for their investment in the Company, at a price of $10,000 per share. In February 2007, 145 shares of the Class B Common stock were issued to new members appointed to the Company's board of directors, at a price of $10,000 per share. In 2008 and 2007, the Company issued 2,400 and 8,025 shares of Class B Common stock, respectively, to CCMP in exchange for certain term loans under the second lien credit facility that CCMP had purchased. The exchange ratio in connection with the exchange was one share of our Class B Common Stock per $10,000 of the aggregate outstanding principal amount of the loans that were so exchanged. Such purchased term loans had an aggregate outstanding principal amount equal to $104,250,000. In accordance with the preemptive rights provisions of the Shareholders' Agreement, CCMP subsequently transferred shares of our Class B Common Stock it had purchased to various investment funds affiliated with CCMP, certain members of management and board members. The shares exchanged were valued at the discounted amount paid for the debt, which approximated the Class B common stock's fair value at that date. The equity consideration was less than the outstanding principal amount, therefore a gain on debt extinguishment was recorded. A summary of how the 10,425 Class B common shares issued in exchange for repurchased debt is accounted for in the consolidated financial statements is as follows (dollars in thousands):

	Number of shares	Face value of debt	Consideration paid	Fair value of shares exchanged	Contingent beneficial conversion	Gain on extinguishment of debt
Year ending December 31, 2008	2,400	$ 24,000	$ 18,249	$ 18,249	$ 5,492	$ 5,363
Year ending December 31, 2007	8,025	80,250	59,952	59,952	20,298	18,759
Total	10,425	$ 104,250	$ 78,201	$ 78,201	$ 25,790	$ 24,122

The Company determined that the conversion feature in the Class B Common stock is in-the-money at the date of issuance and therefore represents a beneficial conversion feature. Since the Class B Common stock is convertible upon an initial public offering, it is contingent upon a future event and has not been recorded in the consolidated financial statements. The beneficial conversion feature, which has been valued at $25,790,000 at its commitment date, will be recorded at the date of an initial public offering as a return to Class B Common stockholders analogous to a dividend. If no retained earnings are available to pay this dividend at resolution of the contingency, the dividend will be charged against additional paid in capital resulting in no net impact.

Following the exchange of purchased debt for Class B common stock, certain members of management and the board of directors were provided the opportunity to purchase Class B common stock at fair value. Because the Class B common stock includes a contingent beneficial conversion feature, the Company recorded stock-based compensation expense of $304,000,

which represents the intrinsic value associated with the contingent beneficial conversion feature.

Series A Preferred Stock: In November 2008, the Company issued 1,550 shares of the Series A Preferred Stock to CCMP for an aggregate purchase price of $15,500,000. In December 2008, the Company issued an aggregate of 6,285 shares of Series A Preferred Stock to CCMP in exchange for certain term loans under the second lien credit facility that CCMP had purchased. The exchange ratio in connection with the exchange was one share of Series A Preferred Stock per $10,000 of the amount paid by CCMP for the loans that were so exchanged. The equity consideration was less than the outstanding principal amount, therefore a gain on debt extinguishment was recorded. A summary of the exchanges of purchased term loans for Series A Preferred Stock by year is as follows (dollars in thousands):

	Number of shares	Face value of debt	Consideration paid	Gain on extinguishment of debt
Year ending December 31, 2008	6,285	$ 124,917	$ 62,855	$ 60,022

The Company determined that the conversion feature in the Series A Preferred stock has a contingent beneficial conversion feature at the date of issuance. Since the Series A Preferred stock is convertible upon an initial public offering and the number of additional Class A Common shares which may be issued is unknown, it is contingent upon a future event and has not been recorded in the consolidated financial statements. The beneficial conversion feature, which is the result of the additional Class A shares which will be issued to satisfy the Series A Equity Participation, will be recorded at the date of an initial public offering as a return to Series A Preferred stockholders analogous to a dividend. If no retained earnings are available to pay this dividend at resolution of the contingency, the dividend will be charged against additional paid in capital resulting in no net impact.

During 2007, the Company entered into subscription notes receivable with certain stockholders related to their purchase of restricted Class A common stock of $195,000. During 2008, $37,000 of outstanding notes receivable were repaid. The subscription notes receivables are included in stockholders' equity in the accompanying consolidated financial statements.

7. Earnings per share

The Company has one class of preferred stock (Series A) and two classes of common stock (Class B common stock and Class A common stock). Each Series A Preferred share is entitled to a priority return preference equal to the sum of $10,000 per share base amount plus an amount sufficient to generate a 14% return on that base amount compounded quarterly from the date of the transaction in which the Series A Preferred shares were originally issued (issuance dates from November 2008 to September 2009) until the priority return preference is paid in full. Each Series A Preferred share also participates in any equity appreciation beyond the Series A Preferred priority return. Class B Common shares participate in the equity appreciation after the Series A preferred priority return is satisfied. Each Class B share is entitled to a priority return preference equal to the sum of $10,000 per share base amount plus an amount sufficient to generate a 10% return on that base amount compounded quarterly from the date of the transaction in which the Class B shares were originally issued (November 10, 2006 in the case of the merger transaction, dates from September 2007 to April

2008 in the case of the follow-on Class B investments) until the priority return preference is paid in full. Each Class B share also participates in any equity appreciation beyond the priority return. Class A shares participate in the equity appreciation after the Class B priority return is satisfied.

The Class B common stock is considered a participating stock security requiring use of the "two-class" method for the computation of basic net income (loss) per share in accordance with provision of FASB Topic ASC 260-10 *Earnings per share*. Losses are not allocated to the Class B common stock in the computation of basic earnings per share as the Class B common stock is not obligated to share in losses.

Basic earnings per share excludes the effect of common stock equivalents and is computed using the "two-class" computation method, which divides earnings attributable to the Class B preference from total earnings. Any remaining loss is attributed to the Class A shares.

			Successor	Predecessor
	Year ended December 31, 2008	Year ended December 31, 2007	Period from November 11, 2006 through December 31, 2006	Period from January 1, 2006 through November 10, 2006
	(Dollars in thousands)			
Net loss	$ (555,955)	$ (9,714)	$ (15,957)	n/m
Less: accretion of Series A preferred stock	(785)	—	—	n/m
Less: accretion of Class B common stock	(90,567)	(73,676)	(9,502)	n/m
Net loss attributable to Class A common stock	(647,307)	(83,390)	(25,459)	n/m
Income attributable to Class B common stock	90,567	73,676	9,502	n/m
Earnings (Loss) per common share, basic and diluted:				
Class A common stock	$ (108,581)	$ (10,626)	$ (3,068)	n/m
Class B common stock	$ 1,148	$ 1,051	$ 139	n/m
Weighted average number of shares outstanding:				
Class A common stock	5,962	7,848	8,298	n/m
Class B common stock	78,926	70,102	68,567	n/m

The Series A preferred and Class B common stock are only convertible to Class A common stock immediately prior to an initial public offering. The impact of the conversion of Series A preferred and Class B common stock are excluded from diluted earnings per share calculations for all years presented, as this contingent event did not occur by the end of the respective reporting periods. The number of shares of Class A common stock which will be issued upon conversion of the Series A preferred and Class B common stock is dependent upon the initial public offering price of the Class A common stock on the date of conversion as well as the unpaid priority return.

8. Income taxes

The Company's provision (benefit) for income taxes consists of the following (dollars in thousands):

	Year ended December 31, 2008	Year ended December 31, 2007	For the period from November 11, 2006 through December 31, 2006
Current:			
Federal	$ —	$ —	$ —
State	400	(571)	—
	400	(571)	—
Deferred:			
Federal	(195,035)	(3,860)	(5,605)
State	(11,240)	(322)	(640)
	(206,275)	(4,182)	(6,245)
Change in valuation allowance	206,275	4,182	6,245
Provision (benefit) for income taxes	$ 400	$ (571)	$ —

The Company is the taxpaying entity and files a consolidated federal income tax return. Currently, the Company is not under examination by any major taxing jurisdiction to which the Company is subject. The statute of limitation for tax years 2008 and 2007 is open, as well as, the 2006 tax year for both Predecessor and Successor companies for federal and state income taxes. Additionally, tax years 2004 and 2005 remain open for examination by certain state taxing authorities.

Significant components of deferred tax assets and liabilities are as follows:

	December 31	
	2008	2007
	(Dollars in thousands)	
Deferred tax assets:		
Goodwill and intangible assets	$ 228,482	$ 39,166
Accrued expenses	11,426	9,924
Deferred revenue	925	814
Inventories	2,146	1,866
Pension obligations	3,572	2,814
Unrealized investment loss	530	—
Operating loss and contribution carryforwards	49,493	33,844
Other	214	134
Valuation allowance	(292,372)	(86,097)
Total deferred tax assets	4,416	2,465
Deferred tax liabilities:		
Depreciation	4,029	2,074
Prepaid expenses	387	391
Total deferred tax liabilities	4,416	2,465
Net deferred tax asset	$ —	$ —

The net current and noncurrent components of deferred taxes included in the consolidated balance sheets are as follows:

	December 31	
	2008	2007
	(Dollars in thousands)	
Net current deferred tax assets	$ 14,176	$ 12,277
Net long-term deferred tax assets	278,196	73,820
Valuation allowance	(292,372)	(86,097)
Net deferred tax assets	$ —	$ —

At December 31, 2008, the Company has federal net operating loss carryforwards of approximately $131,000,000, which expire between 2026 and 2028, and various state net operating loss carryforwards, which expire between 2016 and 2028.

As a result of ownership changes, Section 382 of the Internal Revenue Code of 1986 as amended and similar state provisions can limit the annual deductions of net operating loss and tax credit carry forwards. Such annual limitations could result in the expiration of net operating loss and tax credit carry forwards before utilization. We have no such limitation as of December 31, 2008. Future ownership changes may result in such a limitation.

A reconciliation of the statutory tax rates and the effective tax rates for the years ended December 31, 2008 and 2007 and the Successor Period is a follows:

	Year ended December 31, 2008	Year ended December 31, 2007	For the period from November 11, 2006 through December 31, 2006
U.S. statutory rate	35%	35%	35%
State tax	2	(2)	4
Valuation allowance	(37)	(38)	(39)
Effective tax rate	0%	(5)%	0%

At December 31, 2008 and 2007, the Company has no reserves recorded for uncertain tax positions.

The Predecessor Company had elected to be treated as a Subchapter S Corporation and therefore income taxes were paid at the shareholder level. The Predecessor Period included certain corporate level taxes on the sale transaction described in Note 1.

The Predecessor Company generally made quarterly cash distributions to its stockholders for payments of federal and certain state income taxes to be made by the individual stockholders as a result of the Predecessor Company's S Corporation election. The Predecessor Company accrued for such S Corporation distributions based on the Predecessor Company's estimated taxable income for the year multiplied by the highest combined federal and state personal income tax rates. In the event the sum of the Predecessor Company's quarterly cash distributions exceeded the amount of the required annual S Corporation distributions for payments of federal and certain state income taxes, the stockholders had agreed to either apply such excess to reduce future quarterly cash distributions or repay the excess to the Predecessor Company.

As an S Corporation, the Predecessor Company did not have deferred tax assets or liabilities.

9. Benefit plans

Medical and dental plan

The Company has a medical and dental benefit plan covering full-time employees of the Company and their dependents. The plan is a partially self-funded plan under which participant claims are obligations of the plan. The plan is funded through employer and employee contributions at a level sufficient to pay for the benefits provided by the plan. The Company's contributions to the plan were $6.0 million, $7.2 million, $0.8 million, and $5.1 million for the years ended December 31, 2008 and 2007, the Successor Period and the Predecessor Period, respectively. The plan maintains individual stop loss insurance policies on the medical portion of $0.2 million to mitigate losses. Balances for the incurred but not yet reported claims, including reported but unpaid claims at December 31, 2008, and 2007, were $1.0 million and $0.9 million, respectively. The Company estimates claims incurred but not yet reported each month based on its historical experience, and the Company adjusts its accrual to meet the estimated liability.

Savings plan

The Company maintains a defined-contribution 401(k) savings plan for virtually all employees who meet certain eligibility requirements. Under the plan, employees may defer receipt of a portion of their eligible compensation. The Company made no contributions to this plan in 2008, 2007, Successor Period or Predecessor Period and accordingly, no expense has been recognized in the accompanying consolidated statements of operations.

The Company amended the 401(k) savings plans effective January 1, 2009, to add Company matching and non-elective contributions. The Company may contribute a matching contribution of 50% of the first 6% of eligible compensation of employees. No matching contribution shall be made with respect to employee catch-up contributions. The Company may contribute a non-elective contribution for each plan year after 2008. The contribution will apply to eligible employees employed on or before December 31, 2008. The rate of the non-elective contribution is determined based upon years of service as of December 31, 2008, and is fixed. Both Company matching contributions and non-elective contributions are subject to vesting. Forfeitures may be applied against plan expenses.

Pension plans

The Company has noncontributory salaried and hourly pension plans (combined the Pension Plans) covering substantially all of its employees. The benefits under the salaried plan are based upon years of service and the participants' defined final average monthly compensation. The benefits under the hourly plan are based on a unit amount at the date of termination multiplied by the participant's years of credited service. The Company's funding policy for the Pension Plans is to contribute amounts at least equal to the minimum annual amount required by applicable regulations.

The Company elected to freeze the Pension Plans effective December 31, 2008. This resulted in a cessation of all future benefit accruals for both hourly and salary pension plans. A curtailment liability gain of $5,809,000 related to the salary plan was recognized as a reduction to the unrecognized net loss, as the curtailment liability gain was less than the unrecognized net loss prior to the plan amendment and, therefore, did not impact the consolidated statement of operations for the year ended December 31, 2008.

The Company uses a December 31 measurement date for the Pension Plans. Information related to the Pension Plans is as follows (dollars in thousands):

	Year ended December 31	
	2008	2007
Accumulated benefit obligation at end of period	$ 38,030	$ 32,918
Change in projected benefit obligation		
Projected benefit obligation at beginning of period	$ 38,291	$ 38,238
Service cost	2,477	2,454
Interest cost	2,452	2,172
Net actuarial loss (gain)	1,602	(3,668)
Curtailment gain	(5,809)	—
Benefits paid	(983)	(905)
Projected benefit obligation at end of period	$ 38,030	$ 38,291
Change in plan assets		
Fair value of plan assets at beginning of period	$ 30,813	$ 28,988
Actual return on plan assets	(8,597)	1,231
Company contributions	2,430	1,499
Benefits paid	(983)	(905)
Fair value of plan assets at end of period	$ 23,663	$ 30,813
Funded status: accrued pension liability included in other long-term liabilities	$ (14,367)	$ (7,478)
Amounts recognized in accumulated other comprehensive income		
Net actuarial (loss) gain	$ (7,122)	$ 2,695

The estimated actuarial loss for the Pension Plans that will be amortized from OCI into net periodic benefit cost during 2009 is $0.2 million.

The incremental effect of applying the guidance originally issued in SFAS No. 158, *Employer's Accounting for Defined Benefit Pension and Other Postretirements* (codified in FASB ASC Topic 715—*Compensation—Retirement Benefits* as of December 31, 2006, on individual line items in the balance sheet was as follows (dollars in thousands):

	Before application of SFAS No. 158	Adjustments	After application of SFAS No. 158
Other long-term liabilities	$ 10,891	$ (457)	$ 10,434
Deferred income tax	—	—	—
Accumulated other comprehensive income	3	457	460

Effective December 31, 2006, the Company adopted the guidance originally issued in SFAS No. 158. SFAS No. 158 requires the recognition of the funded status of defined-benefit and other postretirement benefit plans in the accompanying balance sheets, with changes in the funded status recognized through OCI, net of tax. SFAS No. 158 also requires the measurement of the funded status to be the same as the balance sheet date. The adoption of SFAS No. 158

did not change the amount of net periodic benefit cost included in the Company's consolidated statements of operations.

Additional information related to the Pension Plans is as follows:

	Year ended December 31, 2008	Year ended December 31, 2007	Successor Period from November 11, 2006 through December 31, 2006	Predecessor Period from January 1, 2006 through November 10, 2006
		(Dollars in thousands)		
Components of net periodic pension expense:				
Service cost	$ 2,477	$ 2,454	$ 400	$ 2,170
Interest cost	2,452	2,172	352	1,732
Expected return on plan assets	(2,733)	(2,661)	(424)	(1,964)
Amortization of net loss	—	—	—	460
Amortization of prior service cost	—	—	—	119
Net periodic pension expense	$ 2,196	$ 1,965	$ 328	$ 2,517

Weighted-average assumptions used to determine benefit obligation are as follows:

	December 31	
	2008	2007
Discount rate	6.28%	6.48%
Rate of compensation increase	(1)	4.25%

(1) No compensation increase was assumed, as the plans were frozen effective December 31, 2008.

Weighted-average assumptions used to determine net periodic pension expense are as follows:

	Year ended December 31, 2008	Year ended December 31, 2007	Successor Period from November 11, 2006 through December 31, 2006	Predecessor Period from January 1, 2006 through November 10, 2006
Discount rate	6.48%	5.75%	5.75%	5.75%
Expected long-term rate of return on plan assets	9.00	9.25	9.25	9.25
Rate of compensation increase	4.25	4.25	4.25	4.25

To determine the long-term rate of return assumption for plan assets, the Company studies historical markets and preserves the long-term historical relationships between equities and fixed-income securities consistent with the widely accepted capital market principle that assets with higher volatility generate a greater return over the long run. The Company evaluates current market factors such as inflation and interest rates before it determines long-term capital market assumptions and reviews peer data and historical returns to check for reasonableness and appropriateness.

The Pension Plan's weighted-average asset allocation at December 31, 2008 and 2007, by asset category, is as follows:

	2008	2007
Equity securities	48.0%	55.0%
Debt securities	36.0	37.0
Real estate	9.0	8.0
Other	7.0	—
	100.0%	100.0%

The Company's target allocation for equity securities and real estate is generally between 55%–65%, with the remainder allocated primarily to bonds. The Company regularly reviews its actual asset allocation and periodically rebalances its investments to the targeted allocation when considered appropriate.

The Company expects to contribute $850,000 to the Pension Plans in 2009.

The following benefit payments are expected to be paid from the Pension Plans (dollars in thousands):

Year	
2009	$ 1,086
2010	1,230
2011	1,370
2012	1,490
2013	1,778
Years 2014 - 2018	11,798

Effective January 1, 1999, the Predecessor Company established the Equity Appreciation Share Plan (the "Plan") for select individuals to promote the long-term success of the Predecessor. The Plan allowed for certain individuals to share in non-tax related distributions and/or redemption of equity appreciation upon termination or a change in control. Grants under the Plan vested according to a graduated vesting schedule over an eight-year period. Each agreement also contained provisions providing for immediate vesting upon the participant's death or disability or in the event of a change in control during the participant's employment. The Equity Appreciation Share Plan provided for plan participants to receive a calculated amount which was derived based on the increase in book value of the Predecessor's equity. At January 1, 2006, the Predecessor had a liability accrued of $1,650,000 related to the Plan. Prior to the CCMP change in control transaction, the amount charged to net earnings, which represents amortization of the book value at the issuance date for newly granted shares and the estimated change in book value of existing shares, was approximately $1,377,000 for the Predecessor Period ended November 10, 2006, and was recorded in the consolidated statements of operations.

As a result of the CCMP change in control transaction, which triggered immediate vesting, the Predecessor Company expensed $149,348,000 in the consolidated statements of operations for the increase in the book value, and paid $152,375,000 to Plan participants during the

Predecessor Period ended November 10, 2006. This Plan was terminated following the CCMP change of control transaction.

10. Commitments and contingencies

The Company leases certain computer equipment and warehouse space under operating leases with initial lease terms ranging up to three years.

The approximate aggregate minimum rental commitments at December 31, 2008, are as follows (dollars in thousands):

Year	Amount
2009	$ 297
2010	173
2011	32
Total	$ 502

Total rent expense for the years ended December 31, 2008 and 2007, the Successor Period and the Predecessor Period which includes short-term data processing equipment rentals, was approximately $415,000, $633,000, $191,000, and $1,258,000, respectively.

The Company has an arrangement with a finance company to provide floor plan financing for selected dealers. The Company receives payment from the finance company within a few days of shipment of product to the dealer. The Company participates in the cost of dealer financing up to certain limits. The Company has agreed to repurchase products repossessed by the finance company. The Company's financial exposure when repurchasing product is limited to the difference between the outstanding balance due and the amount received on the resale of the repossessed product. In the event of default, the Company is liable for up to 50% of the financed balance. The amount financed by dealers which remained outstanding under this arrangement at December 31, 2008 and 2007 was approximately $7,547,000 and $6,811,000, respectively.

Minimal losses have been incurred under this agreement, and a minimal reserve accrual for future losses has been recorded. However, an adverse change in dealer retail sales could cause this situation to change and thereby require the Company to repurchase repossessed units.

In the normal course of business, the Company is named as a defendant in various lawsuits in which claims are asserted against the Company. In the opinion of management, the liabilities, if any, which may result from such lawsuits are not expected to have a material adverse effect on the financial position, results of operations, or cash flows of the Company.

11. Related-party transactions

The Company has entered into an agreement to pay CCMP Capital Advisors, LLC and affiliates of Unitas Capital Ltd. an annual advisory fee of $500,000. The Company expensed $500,000 in advisory fees for 2008 and 2007, and $70,000 in the Successor Period.

The Company also paid CCMP Capital Advisors, LLC and affiliates of Unitas Capital Ltd. a transaction fee of $30,000,000 related to the November 10, 2006, merger transaction. This fee was a direct transaction cost and, therefore, was included as part of the purchase price.

During the Predecessor Period, the Predecessor Company leased a facility from the then majority stockholder. The lease provided for annual rentals of approximately $76,000 through November 2007. This lease was terminated prior to the acquisition on November 10, 2006. There was no lease termination penalty incurred.

12. Quarterly financial information (unaudited)

Unaudited quarterly financial information for the years ended December 31, 2008 and 2007, respectively (in thousands, except per share data):

	Quarters ended 2008			
	Q1	Q2	Q3	Q4
Net sales	$ 112,367	$ 124,183	$ 165,054	$ 172,625
Gross profit	42,488	45,555	55,825	58,162
Operating income (loss)	11,327	14,154	22,531	(560,313)
Net loss	(11,417)	(15,628)	(13,144)	(515,766)
Less: accretion of Series A preferred stock	—	—	—	(785)
Less: accretion of Class B common stock	(21,681)	(22,381)	(22,965)	(23,539)
Net loss attributable to Class A common stock	(33,098)	(38,009)	(36,109)	(540,090)
Income attributable to Class B common stock	21,681	22,381	22,965	23,539
Net (loss) income per common share, basic and diluted:				
Class A common stock	$ (5,281)	$ (6,217)	$ (6,231)	$ (94,037)
Class B common stock	$ 276	$ 283	$ 290	$ 298

	Quarters ended 2007			
	Q1	Q2	Q3	Q4
Net sales	$ 139,506	$ 135,204	$ 144,111	$ 136,884
Gross profit	51,778	53,095	60,571	56,833
Operating income	22,390	22,230	29,751	20,465
Net (loss) income	(7,507)	(8,859)	(2,398)	9,050
Less: accretion of Class B common stock	(17,394)	(17,850)	(18,401)	(20,031)
Net loss attributable to Class A common stock	(24,901)	(26,709)	(20,799)	(10,981)
Income attributable to Class B common stock	17,394	17,850	18,401	20,031
Net (loss) income per common share, basic and diluted:				
Class A common stock	$ (3,177)	$ (3,249)	$ (2,530)	$ (1,575)
Class B common stock	$ 253	$ 260	$ 266	$ 271

13. Valuation and qualifying accounts

For the fiscal years ended December 31, 2008 and 2007, Successor Period and Predecessor Period (dollars in thousands):

	Balance at beginning of period	Reserves assumed in acquisition	Additions charged to earnings	Charges to reserve, net	Balance at end of year
Year ended December 31, 2008					
Allowance for doubtful accounts	$ 808	$ —	$ 394	$ (182)	$ 1,020
Allowance for doubtful notes	850	—	115	—	965
Reserves for inventory valuation	3,656	—	1,689	(437)	4,908
Valuation of deferred tax assets	86,097	—	206,275	—	292,372
Year ended December 31, 2007					
Allowance for doubtful accounts	$ 726	$ —	$ 108	$ (26)	$ 808
Allowance for doubtful notes	—	—	850	—	850
Reserves for inventory valuation	3,117	—	1,145	(606)	3,656
Valuation of deferred tax assets	81,915	—	4,182	—	86,097
Successor Period					
Allowance for doubtful accounts	$ —	$ 755	$ (41)	$ 12	$ 726
Reserves for inventory valuation	—	3,314	240	(437)	3,117
Valuation of deferred tax assets	—	—	81,915	—	81,915
Predecessor Period					
Allowance for doubtful accounts	$ 1,076	$ —	$ (281)	$ (40)	$ 755
Reserves for inventory valuation	2,794	—	1,752	(1,232)	3,314

14. Subsequent events

Subsequent to December 31, 2008, CCMP acquired $9,898,000 par value of First Lien term loans and $20,000,000 par value of Second Lien term loans for approximately $14,755,000. CCMP exchanged this debt for 1,475.4596 additional shares of Series A Preferred stock issued by the Company. The Company has effected the extinguishment of this debt by holding it in treasury.

Subsequent to December 31, 2008, the Company issued 2,000 shares of Series A Preferred Stock for an aggregate purchase price of $20,000,000 in cash. Additionally, in accordance with the preemptive rights provisions of the Shareholders' Agreement, CCMP sold shares of Series A Preferred Stock it had purchased previously to various investment funds affiliated with CCMP and certain members of management at the same price.

These subsequent Series A preferred stock transactions result in 11,310.8845 shares of outstanding Series A preferred stock.

On October 16, 2009, the board of directors approved the name change of the Company from GPS CCMP Acquisition Corp to Generac Holdings Inc.

The Company evaluated subsequent events through October 20, 2009.

Unaudited condensed consolidated financial statements

Generac Holdings Inc.
Consolidated balance sheets
(Dollars in thousands, except share and per share data)

	September 30, 2009	December 31, 2008
	(Unaudited)	
Assets		
Current assets:		
Cash and cash equivalents	$ 134,119	$ 81,229
Accounts receivable, less allowance for doubtful accounts of $981 at September 30, 2009 and $1,020 at December 31, 2008	59,924	66,107
Notes receivable, less allowance of $965 at September 30, 2009 and December 31, 2008	29	134
Inventories	143,691	123,980
Prepaid expenses and other assets	2,306	3,547
Total current assets	340,069	274,997
Property and equipment:		
Land and improvements	3,913	3,913
Buildings and improvements	48,438	48,148
Machinery and equipment	25,251	24,010
Dies and tools	9,541	9,077
Vehicles	857	984
Office equipment	5,551	4,542
Construction-in-progress	—	139
	93,551	90,813
Less accumulated depreciation	19,885	14,139
Property and equipment, net	73,666	76,674
Customer lists, net	144,360	173,104
Patents, net	94,724	100,574
Other intangible assets, net	8,132	9,142
Deferred financing costs, net	13,924	16,885
Trade names	145,506	148,765
Goodwill	525,875	525,875
Other assets	70	198
Total assets	$ 1,346,326	$ 1,326,214
Liabilities and stockholders' equity (deficit)		
Current liabilities:		
Accounts payable	$ 63,946	$ 54,525
Accrued wages and employee benefits	5,050	5,064
Other accrued liabilities	57,376	58,892
Current portion of long-term debt	7,125	9,500
Total current liabilities	133,497	127,981
Long-term debt	1,084,414	1,121,437
Other long-term liabilities	17,834	43,539
Total liabilities	1,235,745	1,292,957
Class B convertible voting common stock, par value $0.01, 110,000 shares authorized, 79,114 shares issued at September 30, 2009 and December 31, 2008, respectively	765,096	765,096
Series A convertible non-voting preferred stock, par value $0.01, 20,000 shares authorized, 11,311 and 7,835 shares issued at September 30, 2009 and December 31, 2008, respectively	113,109	78,355
Stockholders' equity (deficit):		
Class A non-voting common stock, par value $0.01, 31,200 shares authorized, 5,717 shares issued at September 30, 2009 and December 31, 2008, respectively	—	—
Additional paid-in capital	2,384	2,356
Excess purchase price over predecessor basis	(202,116)	(202,116)
Accumulated deficit	(557,251)	(581,626)
Accumulated other comprehensive loss	(10,483)	(28,650)
Stockholder notes receivable	(158)	(158)
Total stockholders' equity (deficit)	(767,624)	(810,194)
Total liabilities and stockholders' equity (deficit)	$ 1,346,326	$ 1,326,214

See notes to consolidated financial statements.

Generac Holdings Inc.
Consolidated statements of operations
(Dollars in thousands, except share and per share data)

	Nine Months Ended September 30,	
	2009	2008
	(Unaudited)	(Unaudited)
Net sales	$ 434,284	$ 401,605
Costs of goods sold	262,078	257,736
Gross profit	172,206	143,869
Operating expenses:		
Selling and service	44,863	41,068
Research and development	7,752	7,477
General and administrative	11,538	11,708
Amortization of intangibles	38,863	35,604
Total operating expenses	103,016	95,857
Income from operations	69,190	48,012
Other (expense) income:		
Interest expense	(60,384)	(81,466)
Gain on extinguishment of debt	14,745	5,311
Investment income	2,089	1,578
Other, net	(941)	(856)
Total other expense, net	(44,491)	(75,433)
Income (loss) before provision for income taxes	24,699	(27,421)
Provision for income taxes	324	12,769
Net income (loss)	24,375	(40,190)
Preferential distribution to:		
Series A preferred stockholders	(9,821)	—
Class B common stockholders	(74,208)	(67,027)
Net loss attributable to Class A common stockholders	$ (59,654)	$ (107,217)
Net (loss) income per common share, basic and diluted		
Class A common stock	$ (10,434)	$ (17,766)
Class B common stock	$ 938	$ 850
Weighted average common shares outstanding		
Class A common stock	5,717	6,035
Class B common stock	79,114	78,856

See notes to consolidated financial statements.

Generac Holdings Inc.
Consolidated statements of redeemable stock and stockholders' equity (deficit)
(Dollars in thousands, except share data)

	Redeemable																
	Series A preferred stock		Class B common stock		Preferred stock		Class A common stock		Class B common stock		Additional paid-in capital	Excess purchase price over predecessor basis	Retained earnings (accumulated deficit)	Accumulated other comprehensive income (loss)	Stockholder notes receivable	Total stockholders' equity (deficit)	Comprehensive income (loss)
	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount							
Balance at December 31, 2007	—	—	76,737	747,070	—	—	6,272	—	—	—	2,505	(202,116)	(25,671)	(15,813)	(195)	(241,290)	
Unrealized loss on interest rate swaps	—	—	—	—	—	—	—	—	—	—	—	—	—	(5,715)	—	(5,715)	$(5,715)
Repayment of stockholder notes receivable	—	—	—	—	—	—	—	—	—	—	—	—	—	—	37	37	—
Contribution of capital related to debt extinguishment	6,285	62,855	2,400	18,249	—	—	—	—	—	—	—	—	—	—	—	—	—
Contribution of capital	1,550	15,500	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Repurchase of shares from management	—	—	(23)	(223)	—	—	(555)	—	—	—	(189)	—	—	—	—	(189)	—
Net loss	—	—	—	—	—	—	—	—	—	—	—	—	(555,955)	—	—	(555,955)	(555,955)
Amortization of restricted stock expense	—	—	—	—	—	—	—	—	—	—	40	—	—	—	—	40	—
Pension liability adjustment	—	—	—	—	—	—	—	—	—	—	—	—	—	(7,122)	—	(7,122)	(7,122)
																	$(568,792)
Balance at December 31, 2008	7,835	$ 78,355	79,114	$765,096	—	$—	5,717	$—	—	$—	$2,356	$(202,116)	$(581,626)	$(28,650)	$ (158)	$(810,194)	
Amortization of unrealized loss on interest rate swaps	—	—	—	—	—	—	—	—	—	—	—	—	—	18,167	—	18,167	$18,167
Contribution of capital related to debt extinguishment	1,476	14,754	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Proceeds from shares issued to management and directors	50	497	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Proceeds from shares issued to shareholders	1,950	19,503	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Net income	—	—	—	—	—	—	—	—	—	—	—	—	24,375	—	—	24,375	24,375
Amortization of restricted stock expense	—	—	—	—	—	—	—	—	—	—	28	—	—	—	—	28	—
																	$ 42,542
Balance at September 30, 2009 (unaudited)	11,311	$113,109	79,114	$765,096	—	$—	5,717	$—	—	$—	$2,384	$(202,116)	$(557,251)	$(10,483)	$ (158)	$(767,624)	

See notes to consolidated financial statements.

Generac Holdings Inc.
Consolidated statements of cash flows
(Dollars in thousands)

	Nine months ended September 30,	
	2009	2008
	(Unaudited)	(Unaudited)
Operating activities		
Net income (loss)	$ 24,375	$ (40,190)
Adjustment to reconcile net income (loss) to net cash provided by operating activities:		
Depreciation	5,818	5,286
Amortization	38,863	35,604
Gain on extinguishment of debt	(14,745)	(5,311)
Amortization of deferred finance costs	2,562	2,927
Amortization of unrealized loss on interest rate swaps	18,167	—
Provision for losses on accounts receivable	89	244
Loss on disposal of property and equipment	36	189
Stock-based compensation expense— restricted stock	28	30
Net changes in operating assets and liabilities:		
Accounts receivable	6,094	(35,187)
Inventories	(19,711)	(11,018)
Other assets	1,369	721
Accounts payable	9,421	17,821
Accrued wages and employee benefits	(14)	(1,658)
Other accrued liabilities	(27,221)	11,697
Net cash provided by (used in) operating activities	45,131	(18,845)
Investing activities		
Proceeds from sale of property and equipment	56	82
Expenditures for property and equipment	(2,902)	(3,877)
Collections on receivable notes	105	37
Net cash used in investing activities	(2,741)	(3,758)
Financing activities		
Payment of long-term debt	(9,500)	(10,396)
Stockholders' contributions of capital—		
Series A preferred stock	20,000	—
Repurchase of shares from management—		
Class B common stock	—	(223)
Repurchase of shares from management—		
Class A common stock	—	(124)
Net cash provided by (used in) financing activities	10,500	(10,743)
Net increase (decrease) in cash and cash equivalents	52,890	(33,346)
Cash and cash equivalents at beginning of period	81,229	71,314
Cash and cash equivalents at end of period	$ 134,119	$ 37,968

See notes to consolidated financial statements

Generac Holdings Inc.
Notes to condensed consolidated financial statements

1. Basis of presentation

Description of business

Effective October 19, 2009, GPS CCMP Acquisition Corp. changed its name to Generac Holdings Inc.

Generac Holdings Inc. (the Company) owns all of the common stock of Generac Acquisition Corp., which in turn, owns all of the common stock of Generac Power Systems, Inc. (the Subsidiary). The Company designs, manufactures, and markets a complete line of automatic standby generators for residential, light-commercial, and industrial usage, as well as portable generators and air-cooled engines, for domestic and international markets.

The Company is a Delaware corporation, the outstanding common stock of which is owned by affiliates of CCMP Capital Advisors, LLC (collectively, CCMP), affiliates of Unitas Capital Ltd., and certain members of management of the Subsidiary and board of directors of the Company.

The consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries. All intercompany amounts and transactions have been eliminated in consolidation.

The consolidated balance sheet as of September 30, 2009 and the consolidated statements of operations and cash flows for the nine months ended September 30, 2009 and 2008 have been prepared by the Company and have not been audited. In the opinion of management, all adjustments, consisting of only normal recurring adjustments necessary for the fair presentation of the financial position, results of operation and cash flows, have been made.

Certain information and footnote disclosure normally included in consolidated financial statements prepared in accordance with U.S. generally accepted accounting principles have been condensed or omitted. These consolidated financial statements should be read in conjunction with the consolidated financial statements and notes thereto included in the consolidated financial statements for the year ended December 31, 2008.

The preparation of the consolidated financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Demand for our products is significantly affected by unpredictable major power-outage events that can lead to substantial variations in, and uncertainties regarding, our financial results from period to period. This can result in different seasonality trends from year to year. As a result, the results of the consolidated statement of operations for nine months ended September 30, 2009 are not necessarily indicative of the operating results for the full fiscal year.

During the fourth quarter of 2008, the Company committed to a re-branding strategy, whereby a certain trade name will be phased out over time. At that time, the Company recognized an impairment and recharacterized this trade name from an indefinite lived intangible asset to a finite lived intangible asset with an estimated remaining useful life of two years. For the nine month period ended September 30, 2009, the Company recorded $3,259,000 in amortization expense related to this trade name. This increased basic loss per share to Class A common stock by $570 per share.

Accumulated other comprehensive income (loss)

Accumulated other comprehensive income (AOCI) includes unrealized gains (losses) on certain cash flow hedges and the pension liability. The components of AOCI at September 30, 2009 and December 31, 2008 were (dollars in thousands):

	September 30, 2009	December 31, 2008
Pension liability	$ (4,427)	$ (4,427)
Unrealized losses on cash flow hedges	(6,056)	(24,223)
Accumulated other comprehensive loss	$ (10,483)	$ (28,650)

2. Derivative instruments and hedging activities

The Company accounts for its derivative contracts in accordance with ASC 815, *Derivatives and Hedging*, which requires all derivative instruments be reported on the consolidated balance sheets at fair value and establishes criteria for designation and effectiveness of hedging relationships. The Company is exposed to market risk such as changes in commodity prices, foreign currencies, and interest rates. The Company does not hold or issue derivative financial instruments for trading purposes.

Commodities

The primary objectives of the commodity risk management activities are to understand and mitigate the impact of potential price fluctuations on the Company's financial results and its economic well-being. While the Company's risk management objectives and strategies will be driven from an economic perspective, the Company attempts, where possible and practical, to ensure that the hedging strategies it engages in can be treated as "hedges" from an accounting perspective or otherwise result in accounting treatment where the earnings effect of the hedging instrument provides substantial offset (in the same period) to the earnings effect of the hedged item. Generally, these risk management transactions will involve the use of commodity derivatives to protect against exposure resulting from significant price fluctuations.

The Company primarily utilizes commodity contracts with maturities of less than 12 months. These are intended to offset the effect of price fluctuations on actual inventory purchases. At September 30, 2009 and September 30, 2008 there were no outstanding commodity contracts. Total gains recognized in the consolidated statements of operations on commodity contracts were $137,000 and $722,000 for the nine month periods ended September 30, 2009 and 2008, respectively.

Foreign currencies

The Company is exposed to foreign currency exchange risk as a result of transactions in other currencies. The Company utilizes foreign currency forward purchase and sales contracts to manage the volatility associated with foreign currency purchases in the normal course of business. Contracts typically have maturities of one year or less. There were no outstanding foreign currency hedge contracts outstanding as of September 30, 2009 or December 31, 2008. There were no gains or losses recorded in the consolidated statement of operations for the nine month periods ended September 30, 2009 and 2008.

Interest rates

The Company previously entered into various interest rate swap agreements (the Swaps) with certain banks. The Swaps, which were effective January 2, 2007, October 3, 2007, and January 3, 2008, have notional amounts totaling $825,000,000, $100,000,000, and $275,000,000, respectively. The total notional amount of $1,200,000,000 declined to $675,000,000 at January 3, 2009, and terminate January 4, 2010.

Effective January 3, 2009, the Company, within the terms of the Credit Agreements, changed the interest rate election from three-month LIBOR to one-month LIBOR. The Company has concluded that as of January 3, 2009, the Swaps no longer meet hedge effectiveness criteria and are therefore, no longer highly effective as a hedge against the impact on interest payments of changes in the LIBOR interest rate. The effective portion of the Swaps prior to the change will remain in AOCI and will be amortized as interest expense over the period of the originally designated hedged transactions. Future changes in the fair value of the Swaps are immediately recognized in the consolidated statement of operations as interest expense. For the nine month period ended September 30, 2009, the Company recognized in earnings $18,167,000 of unrealized losses that were previously recorded in AOCI when the swaps were deemed highly effective. The Company recorded in earnings a gain of $10,196,000 related to the change in fair value in the Swaps, as the Swaps are deemed fully ineffective, for the nine months ended September 30, 2009.

Upon entering into those hedge arrangements, the Company formally documented all relationships between interest rate hedging instruments and hedged items, as well as its risk-management objectives and strategies for undertaking various hedge transactions. During 2008, the Company's interest rate swap agreements qualified as cash flow hedges. For derivatives that are designated and qualify as a cash flow hedge, the effective portion of the gain or loss on the derivative is reported as a component of AOCI and reclassified into earnings in the same period or periods during which the hedged transaction affects earnings. The ineffective portion of the derivatives' change in fair value, if any, is immediately recognized in earnings. The Company assesses on an ongoing basis whether derivatives used in hedging transactions are highly effective in offsetting changes in cash flows of hedged items. The impact of hedge ineffectiveness on earnings was not material for the nine month period ended September 30, 2008.

The following table presents, in thousands, the fair value of the Company's derivatives:

	September 30, 2009	December 31, 2008
Derivatives designated as hedging instruments:		
Interest rate swaps	—	$ 24,223
	—	24,223
Derivatives not designated as hedging instruments:		
Commodity contracts	—	1,425
Interest rate swaps	14,026	—
Total derivatives	$ 14,026	$ 25,648

As of September 30, 2009, all derivatives that are not designated as hedging instruments are included in other current liabilities in the consolidated balance sheet. There were no derivatives that were designated as hedging instruments at September 30, 2009.

All derivatives designated as hedging instruments are included in other long-term liabilities in the consolidated balance sheet at December 31, 2008.

The fair value of the derivative contracts of $14,026,000 and $25,648,000 considers the Company's credit risk as of September 30, 2009 and December 31, 2008, respectively. Excluding the impact of credit risk, the fair value of the derivatives at September 30, 2009 and December 31, 2008 was $15,959,000 and $29,000,000, respectively, and this represents the amount the Company would need to pay to exit the agreements on those dates.

Cash flow hedges are recorded at fair value with a corresponding entry, net of taxes, recorded in earnings. At September 30, 2009, the notional amount of debt under interest rate swap agreements outstanding was $675.0 million.

The following presents the impact of interest rate swaps and commodity contracts on the consolidated statement of operations for the nine months ended September 30, 2009 and 2008 (dollars in thousands):

	Amount of gain (loss) recognized in AOCI For the nine months ended September 30,		Location of gain (loss) reclassified from AOCI into net income (loss)	Amount of gain (loss) reclassified from AOCI into net income (loss) for the nine months ended September 30,		Amount of gain (loss) recognized in net income (loss) on hedges (ineffective portion) for the nine months ended September 30,	
	2009	2008		2009	2008	2009	2008
Derivatives designated as hedging instruments							
Interest rate swaps	$ —	$ (2,267)	Interest expense	$ (18,167)	$—	$ —	$ —
Derivatives not designated as hedging instruments							
Commodity contracts	$ —	$ —	Cost of goods sold	$ —	$—	$ 137	$ 722
Interest rate swaps	$ —	$ —	Interest expense	$ —	$—	$ 10,196	$ —

During the nine months ended September 30, 2009, the impact of derivative instruments on the consolidated statement of operations for the interest rate swap agreements not designated as hedging instruments was a gain of $10,196,000. There was no impact of derivative instruments on the consolidated statement of operations for the comparable period last year. During the nine months ended September 30, 2009 and 2008, the impact of derivative instruments on the consolidated statement of operations for the commodity contracts not designated as hedging instruments was a gain of $137,000 and $722,000, respectively.

3. Fair value measurements

ASC 820-10 Fair Value Measurements and Disclosures (formerly SFAS No. 157, *Fair Value Measurements*) among other things, defines fair value, establishes a consistent framework for measuring fair value, and expands disclosure for each major asset and liability category measured at fair value on either a recurring basis or nonrecurring basis. ASC 820-10 clarifies that fair value is an exit price, representing the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. As such, fair value is a market-based measurement that should be determined based on assumptions that market participants would use in pricing an asset or liability. As a basis for considering such assumptions, the pronouncement establishes a three-tier fair value hierarchy, which prioritizes the inputs used in measuring fair value as follows: (Level 1) observable inputs such as quoted prices in active markets; (Level 2) inputs, other than the quoted prices in active markets, that are observable either directly or indirectly; and (Level 3) unobservable inputs in which there is little or no market data, which require the reporting entity to develop its own assumptions.

Assets and liabilities measured at fair value are based on the market approach, which is prices and other relevant information generated by market transactions involving identical or comparable assets or liabilities.

Liabilities measured at fair value on a recurring basis are as follows (dollars in thousands):

		Fair value measurement using	
	Total September 30, 2009	**Quoted prices in active markets for identical contracts (Level 1)**	**Significant other observable inputs (Level 2)**
Net derivative contracts	$14,026	$—	$14,026

The fair value of derivative contracts above consider the Company's credit risk in accordance with ASC 820-10. Excluding the impact of credit risk, the fair value of derivatives at September 30, 2009, was $15,959,000 and this represents the amount the Company would need to pay to exit the agreements on this date.

4. Balance sheet details

Inventories consist of the following (dollars in thousands):

	September 30, 2009	December 31, 2008
Raw material	$ 82,443	$ 104,310
Work-in-process	515	1,217
Finished goods	65,075	23,361
Reserves for excess and obsolescence	(4,342)	(4,908)
	$ 143,691	$ 123,980

Other accrued liabilities consist of the following (dollars in thousands):

	September 30, 2009	December 31, 2008
Accrued commissions	$ 4,978	$ 6,444
Accrued interest	10,564	25,228
Accrued warranties—short term	16,045	14,015
Derivative contract obligations	14,026	—
Other accrued liabilities	11,763	13,205
	$ 57,376	$ 58,892

5. Product warranty obligations

The Company records a liability for product warranty obligations at the time of sale to a customer based upon historical warranty experience. The Company also records a liability for specific warranty matters when they become known and are reasonably estimatable. The Company's product warranty obligations are included in other accrued liabilities and other long-term liabilities in the consolidated balance sheets.

Changes in the product warranty obligations are as follows (dollars in thousands):

	Nine months ended	
	September 30, 2009	September 30, 2008
Balance at beginning of period	$ 17,539	$ 14,807
Payments	(10,701)	(11,580)
Charged to operations	12,731	11,447
Balance at end of period	$ 19,569	$ 14,674

The product warranty obligations are included in the consolidated balance sheets as follows (dollars in thousands):

	September 30, 2009	December 31, 2008
Other accrued liabilities	$ 16,045	$ 14,015
Other long-term liabilities	3,524	3,524
	$ 19,569	$ 17,539

6. Credit agreements

Long-term debt consists of the following (dollars in thousands):

	September 30, 2009	December 31, 2008
First lien term loan	$ 920,604	$ 930,104
Second lien term loan	430,000	430,000
	1,350,604	1,360,104
Less treasury debt—first lien	9,898	—
Less treasury debt—second lien	249,167	229,167
Less current portion	7,125	9,500
	$ 1,084,414	$ 1,121,437

At September 30, 2009, the Company had credit agreements which provided for borrowings under a revolving credit facility and two term loans (collectively, the Credit Agreements). The Credit Agreements require the Company, among other things, to meet certain financial and nonfinancial covenants and maintain financial ratios in such amounts and for such periods as set forth therein. The Company is required to maintain a leverage ratio (EBITDA divided by net debt, as defined within the Credit Agreements) of 7.25 as of September 30, 2009. The leverage ratio decreases quarterly, and for the remainder of 2009, the Company will be required to maintain a leverage ratio of 6.75 for the fourth quarter. The Company was in compliance with all requirements as of September 30, 2009.

The Credit Agreements restrict the circumstances in which distributions and dividends can be paid by the Subsidiary. Payments can be made to the Company for certain expenses, and dividends can be used to repurchase equity interests, subject to an annual limitation. Additionally, the Credit Agreements restrict the aggregate amount of dividends and distributions that can be paid and require the maintenance of certain leverage ratios.

During the nine months ended September 30, 2009, CCMP acquired $9,898,000 par value of First Lien term loans and $20,000,000 par value of Second Lien term loans for approximately $14,754,000. CCMP exchanged this debt for 1,475.4596 shares of Series A Preferred stock. The Company subsequently contributed this debt to its Subsidiary, except for $2,000,000 par value of Second Lien term loans which are still held by the Company. The fair value of the shares exchanged was $14,754,000. These shares have beneficial conversion features which are contingent upon a future event. The Company recorded this transaction as Series A Preferred Stock of $14,754,000 based on the fair value of the debt contributed by CCMP which

approximated the fair value of shares exchanged. The debt is now held in treasury at face value. Consequently, the Company recorded a gain on extinguishment of debt of $14,745,000, which includes the write-off of deferred financing costs and other closing costs in the consolidated statement of operations for the nine months ended September 30, 2009.

During the nine months ended September 30, 2008, CCMP acquired $24,000,000 par value of Second Lien term loans for approximately $18,249,000. CCMP exchanged this debt for 2,400 shares of Class B Common stock. The Company subsequently contributed this debt to its Subsidiary. The fair value of the shares exchanged was $18,249,000. These shares have beneficial conversion features which are contingent upon a future event. The Company recorded this transaction as Class B Common Stock of $18,249,000 based on the fair value of the debt contributed by CCMP which approximated the fair value of shares exchanged. The debt is now held in treasury at face value. Consequently, the Company recorded a gain on extinguishment of debt of $5,311,000, which includes the write-off of deferred financing costs and other closing costs, in the consolidated statement of operations for the nine months ended September 30, 2008.

As of September 30, 2009, the fair value of long-term debt was approximately $939,051,000 as calculated based on current quotations.

7. Earnings per share

The Company has one class of preferred stock (Series A) and two classes of common stock (Class B stock and Class A stock). Each Series A Preferred share is entitled to a priority return preference equal to the sum of $10,000 per share base amount plus an amount sufficient to generate a 14% return on that base amount compounded quarterly from the date of the transaction in which the Series A Preferred shares were originally issued until the priority return preference is paid in full. Each Series A Preferred share also participates in any equity appreciation beyond the Series A Preferred priority return equal to 24.3% of remaining proceeds (Series A Equity Participation). Class B Common shares participate in the equity appreciation after the Series A preferred priority return is satisfied. Each Class B share is entitled to a priority return preference equal to the sum of $10,000 per share base amount plus an amount sufficient to generate a 10% return on that base amount compounded quarterly from the date of the transaction in which the Class B shares were originally issued until the priority return preference is paid in full. Each Class B share also participates in any equity appreciation beyond the priority return. Class A shares participate in the equity appreciation after the Class B priority return is satisfied.

The Class B stock is considered a participating stock security requiring use of the "two-class" method for the computation of basic net income (loss) per share in accordance with ASC 260 *Earnings Per Share*. Losses are not allocated to the Class B stock in the computation of basic earnings per share as the Class B stock is not obligated to share in losses.

Basic earnings per share excludes the effect of common stock equivalents and is computed using the "two-class" computation method, which divides earnings attributable to the Class B preference from total earnings. Any remaining loss is attributed to the Class A shares.

Dollars in thousands, except per share data:

	Nine months ended	
	September 30, 2009	September 30, 2008
Net income (loss)	$ 24,375	$ (40,190)
Less: accretion of Series A preferred stock	(9,821)	—
Less: accretion of Class B common stock	(74,208)	(67,027)
Net loss attributable to Class A common stock	(59,654)	(107,217)
Income attributable to Class B common stock	74,208	67,027
Earnings (loss) per common share, basic:		
Class A common stock	$ (10,434)	$ (17,766)
Class B common stock	$ 938	$ 850
Weighted average number of shares outstanding:		
Class A common stock	5,717	6,035
Class B common stock	79,114	78,856

The Series A preferred and Class B common stock are only convertible to Class A common stock immediately prior to an initial public offering. The impact of the conversion of Series A preferred and Class B common stock are excluded from diluted earnings per share calculations for the nine month periods ended September 30, 2009 and 2008, as this contingent event did not occur by the end of the respective reporting periods.

The number of shares of Class A common stock which will be issued upon conversion of the Series A preferred and Class B common stock is dependent upon the initial public offering price of the Class A common stock on the date of conversion as well as the unpaid priority return.

8. Income taxes

The Company is a C Corporation and, therefore, accounts for income taxes pursuant to the liability method. Accordingly, the current or deferred tax consequences of a transaction are measured by applying the provision of enacted tax laws to determine the amount of taxes payable currently or in future years. Deferred income taxes are provided for temporary differences between the income tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Due to historical taxable losses, the Company provides reserves against its U.S. deferred tax assets.

For the nine month period ended September 30, 2009, the Company recorded tax expense of $324,000 related to state income taxes.

During the nine month period ended September 30, 2008, the Company's tax basis in goodwill was lower than its book basis. As such, a deferred tax liability was recognized in the consolidated balance sheet. These deferred tax liabilities were considered to have an indefinite life and therefore were ineligible to be considered as a source of future taxable income in assessing the realization of deferred tax assets. This resulted in a tax expense of $12,769,000 recorded in the consolidated statement of operations for the nine months ended September 30, 2008. The recognition of an impairment related to goodwill and indefinite-lived

intangibles in the fourth quarter of 2008 resulted in a deferred tax asset and tax benefit in the fourth quarter of 2008.

At September 30, 2009, the Company has estimated federal net operating loss carryforwards of approximately $163,600,000, which expire between 2026 and 2028, and various state net operating loss carryforwards, which expire between 2016 and 2028.

9. Benefit plans

The components of net periodic benefit cost for the Company's pension plans were as follows (dollars in thousands):

	Nine months ended	
	September 30, 2009	September 30, 2008
Components of net periodic benefit cost:		
Service cost	$ —	$ 1,858
Interest cost	1,754	1,839
Expected return on plan assets	(1,353)	(2,049)
Amortization of:		
Unrecognized net loss	180	—
	$ 581	$ 1,648

10. Commitments and contingencies

The Company has an arrangement with a finance company to provide floor plan financing for selected dealers. The Company receives payment from the finance company within a few days of shipment of product to the dealer. The Company participates in the cost of dealer financing up to certain limits. The Company has agreed to repurchase products repossessed by the finance company. The Company's financial exposure when repurchasing product is limited to the difference between the outstanding balance due and the amount received on the resale of the repossessed product. In the event of default, the Company is liable for up to 50% of the financed balance. The amount financed by dealers which remained outstanding under this arrangement at September 30, 2009 and December 31, 2008 was approximately $1,250,000 and $7,547,000, respectively.

Effective February 27, 2009 the arrangement between the Company and the finance company was terminated. Minimal losses have been incurred under this agreement, and a minimal reserve for future losses has been recorded.

Effective May 29, 2009 the Company entered into an arrangement with a different finance company. This arrangement is similar to the previous arrangement, however, the Company does not indemnify the finance company for any credit losses they incur. The amount financed by dealers which remained outstanding under this new arrangement at September 30, 2009 was approximately $5,618,000.

11. Redeemable stock and stockholders' equity (deficit)

On July 17, 2009, affiliates of CCMP acquired $2,000,000 par value of second lien term loans for approximately $765,000. CCMP's affiliates exchanged this debt for 76.5447 additional shares of Series A Preferred Stock.

On September 2, 2009, in accordance with the preemptive rights provisions of the Shareholders' Agreement with respect to prior issuances of Series A Preferred Stock to affiliates of CCMP, the Company issued 2,000 shares of Series A preferred stock for an aggregate purchase price of $20,000,000 in cash to an entity affiliated with CCMP and certain members of management and the board of directors, and affiliates of CCMP sold shares of Series A preferred stock they had purchased previously to an entity affiliated with CCMP at the same price per share.

These Series A preferred stock transactions result in 11,310.8845 shares of outstanding Series A preferred stock.

12. Subsequent events

Subsequent to September 30, 2009, the stockholders of the Company increased the total number of shares of all classes of stock that the Company has authority to issue to 500,140,000, which included an increase of Class A non-voting common stock to 500,000,000 shares.

The Company has evaluated subsequent events through December 16, 2009.

Table of Contents

shares

Generac Holdings Inc.

Common stock

Prospectus

J.P. Morgan **Goldman, Sachs & Co.**

, 2010

You should rely only on the information contained in this prospectus. We have not authorized anyone to provide you with information different from that contained in this prospectus. We are offering to sell, and seeking offers to buy, common shares only in jurisdictions where offers and sales are permitted. The information contained in this prospectus is accurate only as of the date of this prospectus, regardless of the time of delivery of this prospectus or of any sale of our common shares.

No action is being taken in any jurisdiction outside the United States to permit a public offering of the common shares or possession or distribution of this prospectus in that jurisdiction. Persons who come into possession of this prospectus in jurisdictions outside the United States are required to inform themselves about and to observe any restrictions as to this offering and the distribution of this prospectus applicable to that jurisdiction.

Until 25 days after the date of this prospectus, all dealers that buy, sell or trade in our common shares, whether or not participating in this offering, may be required to deliver a prospectus. This is in addition to the dealers' obligation to deliver a prospectus when acting as underwriters and with respect to their unsold allotments or subscriptions.

Part II

Information not required in prospectus

Item 13. Other expenses of issuance and distribution.

The expenses, other than underwriting commissions, expected to be incurred by Generac Holdings Inc. (the "Registrant") in connection with the issuance and distribution of the securities being registered under this Registration Statement are estimated to be as follows:

Securities and Exchange Commission Registration Fee	$ 16,740
Financial Industry Regulatory Authority, Inc. Filing Fee	30,500
NYSE Listing Fee	*
Printing and Engraving	*
Legal Fees and Expenses	*
Accounting Fees and Expenses	*
Blue Sky Fees and Expenses	*
Transfer Agent and Registrar Fees	*
Miscellaneous	*
Total	$ *

* To be provided by amendment.

Item 14. Indemnification of directors and officers.

Section 145 of the Delaware General Corporation Law, or DGCL, provides that a corporation may indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding whether civil, criminal, administrative or investigative (other than an action by or in the right of the corporation by reason of the fact that he is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, against expenses (including attorneys' fees)), judgments, fines and amounts paid in settlement actually and reasonably incurred by him in connection with such action, suit or proceeding if he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the corporation, and, with respect to any criminal action or proceeding, had no reasonable cause to believe his conduct was unlawful. Section 145 further provides that a corporation similarly may indemnify any such person serving in any such capacity who was or is a party or is threatened to be made a party to any threatened, pending or completed action or suit by or in the right of the corporation to procure a judgment in its favor by reason of the fact that he is or was a director, officer, employee or agent of the corporation or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, against expenses (including attorney's fees) actually and reasonably incurred in connection with the defense or settlement of such action or suit if he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the corporation and except that no indemnification shall be made in respect of any claim, issue or matter as to which such person shall have been adjudged to be liable to the corporation unless and only to the extent that the Delaware Court of Chancery or such other court in which such action or suit was brought shall determine upon

application that, despite the adjudication of liability but in view of all of the circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expenses which the Delaware Court of Chancery or such other court shall deem proper.

The Registrant's Bylaws authorize the indemnification of our officers and directors, consistent with Section 145 of the Delaware General Corporation Law, as amended. The Registrant intends to enter into indemnification agreements with each of its directors and executive officers. These agreements, among other things, will require the Registrant to indemnify each director and executive officer to the fullest extent permitted by Delaware law, including indemnification of expenses such as attorneys' fees, judgments, fines and settlement amounts incurred by the director or executive officer in any action or proceeding, including any action or proceeding by or in right of us, arising out of the person's services as a director or executive officer.

Reference is made to Section 102(b)(7) of the Delaware General Corporation Law, or DGCL, which enables a corporation in its original certificate of incorporation or an amendment thereto to eliminate or limit the personal liability of a director for violations of the director's fiduciary duty, except (i) for any breach of the director's duty of loyalty to the corporation or its stockholders, (ii) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law, (iii) pursuant to Section 174 of the DGCL, which provides for liability of directors for unlawful payments of dividends of unlawful stock purchase or redemptions or (iv) for any transaction from which a director derived an improper personal benefit.

Reference is also made to Section 145 of the DGCL, which provides that a corporation may indemnify any person, including an officer or director, who is, or is threatened to be made, party to any threatened, pending or completed legal action, suit or proceeding, whether civil, criminal, administrative or investigative, other than an action by or in the right of such corporation, by reason of the fact that such person was an officer, director, employee or agent of such corporation or is or was serving at the request of such corporation as a director, officer, employee or agent of another corporation or enterprise. The indemnity may include expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by such person in connection with such action, suit or proceeding, provided such officer, director, employee or agent acted in good faith and in a manner he reasonably believed to be in, or not opposed to, the corporation's best interest and, for criminal proceedings, had no reasonable cause to believe that his conduct was unlawful. A Delaware corporation may indemnify any officer or director in an action by or in the right of the corporation under the same conditions, except that no indemnification is permitted without judicial approval if the officer or director is adjudged to be liable to the corporation. Where an officer or director is successful on the merits or otherwise in the defense of any action referred to above, the corporation must indemnify him against the expenses that such officer or director actually and reasonably incurred.

The Registrant expects to maintain standard policies of insurance that provide coverage (i) to its directors and officers against loss rising from claims made by reason of breach of duty or other wrongful act and (ii) to the Registrant with respect to indemnification payments that it may make to such directors and officers.

The proposed form of Underwriting Agreement to be filed as Exhibit 1.1 to this Registration Statement provides for indemnification to the Registrant's directors and officers by the underwriters against certain liabilities.

Item 15. Recent sales of unregistered securities.

In November 2006, we sold an aggregate of 9,716.7382 shares of our Class B Voting Common Stock for $10,000 per share to certain members of our management and certain of our employees as part of the CCMP Transactions, and we sold an aggregate of 58,850 shares of our Class B Voting Common Stock for $10,000 per share to certain CCMP affiliates, together with affiliates of Unitas Capital Ltd.

In November 2006, we sold an aggregate of 8,298.1332 shares of our Class A Nonvoting Common Stock to certain members of management or employees at $341.36 per share. In March 2007, we sold an aggregate of 233.7502 shares of our Class A Nonvoting Common Stock to certain members of management and employees at $341.36 per share.

In February 2007, we sold 145 shares of our Class B Voting Common Stock to three individuals in connection with their appointments to our board of directors for $10,000 per share.

In December 2007, we sold 389.5799 shares of our Class A Nonvoting Common Stock to certain members of management and employees at $341.36 per share. All such shares were issued pursuant to our 2006 Equity Incentive Plan.

Between September 2007 and April 2008, we issued an aggregate of 10,425 shares of our Class B Voting Common Stock to CCMP in exchange for certain term loans under our second lien credit facility that CCMP had purchased. The exchange ratio in connection with the exchange was one share of our Class B Voting Common Stock per $10,000 of the aggregate outstanding principal amount of the loans that were so exchanged. Such purchased term loans had an aggregate outstanding principal amount equal to $104,250,000.

In November 2008, we issued 1,550 shares of our Series A Preferred Stock to CCMP for an aggregate purchase price of $15,500,000. Between December 2008 and July 2009, we issued an aggregate of 7,760.8845 shares of our Series A Preferred Stock to CCMP in exchange for certain term loans under our second lien credit facility that CCMP had purchased. The exchange ratio in connection with the exchange was one share of our Series A Preferred Stock per $10,000 of the amount paid by CCMP for the loans that were so exchanged. Such purchased term loans had an aggregate outstanding principal amount equal to $154,814,528.

In September 2009, we sold 2,000 shares of our Series A Preferred Stock to certain stockholders for an aggregate purchase price of $20,000,000.

Each of these transactions was exempt from registration pursuant to Section 4(2) of the Securities Act, as it was a transaction by an issuer that did not involve a public offering of securities. There were no underwriters employed in connection with any of the transactions set forth in this Item 15. The recipients of securities in each such transactions represented their intention to acquire the securities for investment only and not with a view to any distribution thereof. Appropriate legends were affixed to the share certificates and other instruments issued in such transactions. All recipients were given the opportunity to ask questions and receive answers from representatives of the registrant concerning the business and financial

affairs of the registrant. Each of the recipients that were employees of the registrant had access to such information through their employment with the registrant.

Item 16. Exhibits and financial statement schedules

(a) Exhibits

Exhibit number	Description of exhibits
1.1*	Form of Underwriting Agreement
3.1*	Amended and Restated Certificate of Incorporation of Generac Holdings Inc
3.2*	Amended and Restated Bylaws of Generac Holdings Inc
4.1*	Form of Common Stock Certificate
4.2**	Shareholders Agreement, dated as of November 10, 2006, by and among Generac Holdings Inc., certain stockholders of Generac Holdings Inc., including CCMP Capital Investors II, L.P., various of it affiliated funds, various funds affiliated with Unitas Capital Ltd. and the Management Shareholders (as defined in Shareholders Agreement)
5.1*	Opinion of Weil, Gotshal & Manges L.L.P
10.1*	Equity Incentive Plan
10.2**	Employment Agreement, dated as of November 10, 2006, between Generac and Aaron Jagdfeld
10.3**	Employment Agreement, dated as of November 10, 2006, between Generac and Dawn Tabat
10.4**	Offer Letter to Clement Feng, dated August 7, 2007
10.5	Credit Agreement, dated as of November 10, 2006, by and among Generac, GPS CCMP Merger Corp., Goldman Sachs Credit Partners L.P., as administrative agent, JP Morgan Chase Bank, N.A. as syndication agent, Barclays Bank PLC, as documentation agent, and Goldman Sachs Credit Partners L.P. and J.P. Morgan Securities Inc. as joint lead arrangers and joint bookrunners
10.5.1	First Lien Guarantee and Collateral Agreement, dated November 10, 2006, among Generac Acquisition Corp., GPS CCMP Merger Corp., certain Subsidiaries of GPS CCMP Merger Corp. and Goldman Sachs Credit Partners L.P., as Administrative Agent
10.6	Credit Agreement, dated as of November 10, 2006, by and among Generac, GPS CCMP Merger Corp., JP Morgan Chase Bank, N.A., as administrative agent, Goldman Sachs Credit Partners L.P., as syndication agent, Barclays Bank PLC, as documentation agent, and Goldman Sachs Credit Partners L.P. and J.P. Morgan Securities Inc. as joint lead arrangers and joint bookrunners
10.6.1	Second Lien Lien Guarantee and Collateral Agreement, dated November 10, 2006, among Generac Acquisition Corp., GPS CCMP Merger Corp., certain Subsidiaries of GPS CCMP Merger Corp., Wilmington Trust Company, as Collateral Agent, and JPMorgan Chase Bank, N.A., as Administrative Agent
10.7**	Advisory Services and Monitoring Agreement, dated November 10, 2006
10.8**	2006 Management Equity Incentive Plan, effective as of November 10, 2006
10.9**	Subscription and Stock Purchase Agreement dated as of September 2, 2009, by and between GPS CCMP Acquisition Corp. and John Bowlin
10.10**	Subscription and Stock Purchase Agreement dated as of September 2, 2009, by and between GPS CCMP Acquisition Corp. and Ed Leblanc
10.11**	Subscription and Stock Purchase Agreement dated as of September 2, 2009, by and between GPS CCMP Acquisition Corp. and Roger W. Schaus, Jr.

Exhibit number	Description of exhibits
10.12**	Subscription and Stock Purchase Agreement dated as of September 2, 2009, by and between GPS CCMP Acquisition Corp. and Allen D. Gillette
10.13**	Subscription and Stock Purchase Agreement dated as of September 2, 2009, by and between GPS CCMP Acquisition Corp. and York A. Ragen
10.14**	Subscription and Stock Purchase Agreement dated as of September 2, 2009, by and between GPS CCMP Acquisition Corp. and CCMP Generac Co-Invest, L.P.
10.15**	Subscription and Stock Purchase Agreement dated as of November 25, 2008, by and among GPS CCMP Acquisition Corp., CCMP Capital Investors II L.P. and CCMP Capital Investors (Cayman) II, L.P.
10.16**	Letter Agreement dated July 17, 2009, to the Subscription and Stock Purchase Agreement by and among GPS CCMP Acquisition Corp., CCMP Capital Investors II L.P. and CCMP Capital Investors (Cayman) II, L.P.
10.17**	Restricted Stock Agreement dated as of November 10, 2006, by and between GPS CCMP Acquisition Corp. and Aaron P. Jagdfeld
10.18**	Restricted Stock Agreement dated as of November 10, 2006, by and between GPS CCMP Acquisition Corp. and Allen D. Gillette
10.19**	Restricted Stock Agreement dated as of November 10, 2006, by and between GPS CCMP Acquisition Corp. and Dawn A. Tabat
10.20**	Restricted Stock Agreement dated as of November 10, 2006, by and between GPS CCMP Acquisition Corp. and Roger F. Pascavis
10.21**	Restricted Stock Agreement dated as of November 10, 2006, by and between GPS CCMP Acquisition Corp. and Roger W. Schaus, Jr.
10.22**	Restricted Stock Agreement dated as of November 10, 2006, by and between GPS CCMP Acquisition Corp. and York A. Ragen
10.23**	Management Subscription and Stock Purchase Agreements dated as of February 23, 2007, by and between GPS CCMP Acquisition Corp. and Ed LeBlanc
10.24**	Management Subscription and Stock Purchase Agreements dated as of February 23, 2007, by and between GPS CCMP Acquisition Corp. and John Bowlin
10.25**	Management Subscription and Stock Purchase Agreements dated as of February 23, 2007, by and between GPS CCMP Acquisition Corp. and Harry K. Hornish, Jr.
10.26**	Exchange Agreement dated as of September 24, 2007, by and among CCMP Capital Investors II, L.P., CCMP Capital Investors (Cayman) II, L.P., and GPS CCMP Acquisition Corp.
10.27**	Exchange Agreement dated as of September 25, 2007, by and among CCMP Capital Investors II, L.P., CCMP Capital Investors (Cayman) II, L.P., and GPS CCMP Acquisition Corp.
10.28**	Amendment to Exchange Agreements dated as of October 22, 2007, by and among CCMP Capital Investors II, L.P., CCMP Capital Investors (Cayman) II, L.P., and GPS CCMP Acquisition Corp.
10.29**	Exchange Agreement dated as of October 19, 2007, by and among CCMP Capital Investors II, L.P., CCMP Capital Investors (Cayman) II, L.P., and GPS CCMP Acquisition Corp.
10.30**	Exchange Agreement dated as of October 30, 2007, by and among CCMP Capital Investors II, L.P., CCMP Capital Investors (Cayman) II, L.P., and GPS CCMP Acquisition Corp.
10.31**	Exchange Agreement dated as of November 13, 2007, by and among CCMP Capital Investors II, L.P., CCMP Capital Investors (Cayman) II, L.P., and GPS CCMP Acquisition Corp.

Exhibit number	Description of exhibits
10.32**	Exchange Agreement dated as of November 21, 2007, by and among CCMP Capital Investors II, L.P., CCMP Capital Investors (Cayman) II, L.P., and GPS CCMP Acquisition Corp.
10.33**	Exchange Agreement dated as of December 4, 2007, by and among CCMP Capital Investors II, L.P., CCMP Capital Investors (Cayman) II, L.P., and GPS CCMP Acquisition Corp.
10.34**	Exchange Agreement dated as of December 5, 2007, by and among CCMP Capital Investors II, L.P., CCMP Capital Investors (Cayman) II, L.P., and GPS CCMP Acquisition Corp.
10.35**	Exchange Agreement dated as of December 6, 2007, by and among CCMP Capital Investors II, L.P., CCMP Capital Investors (Cayman) II, L.P., and GPS CCMP Acquisition Corp.
10.36**	Exchange Agreement dated as of January 11, 2008, by and among CCMP Capital Investors II, L.P., CCMP Capital Investors (Cayman) II, L.P., and GPS CCMP Acquisition Corp.
10.37**	Exchange Agreement dated as of April 18, 2008, by and among CCMP Capital Investors II, L.P., CCMP Capital Investors (Cayman) II, L.P., and GPS CCMP Acquisition Corp.
10.38**	Exchange Agreement dated as of November 25, 2008, by and among CCMP Capital Investors II, L.P., CCMP Capital Investors (Cayman) II, L.P. and GPS CCMP Acquisition Corp.
10.39**	Purchase Agreement dated as of November 12, 2007, by and between William Treffert, The William and Selma Treffert Living Trust Dated February 21, 1998, and GPS CCMP Acquisition Corp.
10.40**	Form of Confidentiality, Non-Competition and Intellectual Property Agreement
10.41**	Employee Nondisclosure and Noncompete Agreement, by and between Generac Power Systems, Inc. and Clement Feng, dated as of September 5, 2007
10.42	Restricted Stock Agreement dated as of December 27, 2007, by and between GPS CCMP Acquisition Corp. and Clement Feng.
10.43	Promissory Note dated December 27, 2007 between Generac Power Systems, Inc. and Clement Feng
10.44*	Form of Restricted Stock Award Agreement
10.45*	Form of Nonqualified Stock Option Award Agreement
10.46	2009 Executive Management Incentive Compensation Program
21.1**	List of Subsidiaries of Generac Holdings Inc.
23.1	Consent of Ernst & Young, Independent Registered Public Accounting Firm, relating to Generac Holdings Inc.
23.2*	Consent of Weil, Gotshal & Manges LLP (included in the opinion filed as Exhibit 5.1 hereto).
24.1**	Power of Attorney of Aaron Jagdfeld.
24.2**	Power of Attorney of York A. Ragen.
24.3**	Power of Attorney of Stephen Murray.
24.4**	Power of Attorney of Timothy Walsh.
24.5**	Power of Attorney of Stephen V. McKenna.
24.6**	Power of Attorney of John D. Bowlin.
24.7**	Power of Attorney of Edward A. LeBlanc.
24.8**	Power of Attorney of Barry J. Goldstein.

* To be filed by amendment.

** Previously filed

(b) **Financial Statement Schedules**

None.

Item 17. Undertakings

The undersigned registrant hereby undertakes to provide to the underwriters at the closing specified in the underwriting agreements, certificates in such denominations and registered in such names as required by the underwriters to permit prompt delivery to each purchaser.

Insofar as indemnification for liabilities arising under the Securities Act of 1933 may be permitted to directors, officers and controlling persons of the registrant pursuant to the provisions referenced in Item 14 of this registration statement, or otherwise, the registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Securities Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the registrant of expenses incurred or paid by a director, officer, or controlling person of the registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered hereunder, the registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question of whether such indemnification by it is against public policy as expressed in the Securities Act and will be governed by the final adjudication of such issue.

Each prospectus filed pursuant to Rule 424(b) as part of a registration statement relating to an offering, other than registration statements relying on Rule 430B or other than prospectuses filed in reliance on Rule 430A, shall be deemed to be part of and included in the registration statement as of the date it is first used after effectiveness. Provided, however, that no statement made in a registration statement or prospectus that is part of the registration statement or made in a document incorporated or deemed incorporated by reference into the registration statement or prospectus that is part of the registration statement will, as to a purchaser with a time of contract of sale prior to such first use, supersede or modify any statement that was made in the registration statement or prospectus that was part of the registration statement or made in any such document immediately prior to such date of first use.

For the purpose of determining liability of the registrant under the Securities Act of 1933 to any purchaser in the initial distribution of the securities: The undersigned registrant undertakes that in a primary offering of securities of the undersigned registrant pursuant to this registration statement, regardless of the underwriting method used to sell the securities to the purchaser, if the securities are offered or sold to such purchaser by means of any of the following communications, the undersigned registrant will be a seller to the purchaser and will be considered to offer or sell such securities to such purchaser:

i. Any preliminary prospectus or prospectus of the undersigned registrant relating to the offering required to be filed pursuant to Rule 424;

ii. Any free writing prospectus relating to the offering prepared by or on behalf of the undersigned registrant or used or referred to by the undersigned registrant;

iii. The portion of any other free writing prospectus relating to the offering containing material information about the undersigned registrant or its securities provided by or on behalf of the undersigned registrant; and

iv. Any other communication that is an offer in the offering made by the undersigned registrant to the purchaser.

The undersigned registrant hereby undertakes that:

(1) For purposes of determining any liability under the Securities Act of 1933, the information omitted from the form of prospectus filed as part of this registration statement in reliance upon Rule 430A and contained in a form of prospectus filed by the registrant pursuant to Rule 424(b)(1) or (4) or 497(h) under the Securities Act shall be deemed to be part of this registration statement as of the time it was declared effective.

(2) For the purpose of determining any liability under the Securities Act of 1933, each post-effective amendment that contains a form of prospectus shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

Table of Contents

Signatures

Pursuant to the requirements of the Securities Act of 1933, as amended, the registrant has duly caused this amendment No. 2 to the registration statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Waukesha, State of Wisconsin, on the 16th day of December, 2009.

GENERAC HOLDINGS INC.

By: /s/ AARON JAGDFELD

Name: Aaron Jagdfeld
Title: Chief Executive Officer

Pursuant to the requirements of the Securities Act of 1933, as amended, this registration statement has been signed below by the following persons in the capacities indicated on the 16th day of December, 2009.

Signature	Title
/s/ AARON JAGDFELD Aaron Jagdfeld	Chief Executive Officer and Director
/s/ YORK A. RAGEN York A. Ragen	Chief Financial Officer and Chief Accounting Officer
* John D. Bowlin	Director
* Barry J. Goldstein	Director
* Edward A. LeBlanc	Director
* Stephen V. McKenna	Director
* Stephen Murray	Director
* Timothy Walsh	Director

*By: /s/ AARON JAGDFELD
Attorney- in- Fact

Exhibit Index

Exhibit number	Description of exhibits
1.1*	Form of Underwriting Agreement
3.1*	Amended and Restated Certificate of Incorporation of Generac Holdings Inc
3.2*	Amended and Restated Bylaws of Generac Holdings Inc
4.1*	Form of Common Stock Certificate
4.2**	Shareholders Agreement, dated as of November 10, 2006, by and among Generac Holdings Inc., certain stockholders of Generac Holdings Inc., including CCMP Capital Investors II, L.P., various of it affiliated funds, various funds affiliated with Unitas Capital Ltd. and the Management Shareholders (as defined in Shareholders Agreement)
5.1*	Opinion of Weil, Gotshal & Manges L.L.P
10.1*	Equity Incentive Plan
10.2**	Employment Agreement, dated as of November 10, 2006, between Generac and Aaron Jagdfeld
10.3**	Employment Agreement, dated as of November 10, 2006, between Generac and Dawn Tabat
10.4**	Offer Letter to Clement Feng, dated August 7, 2007
10.5	Credit Agreement, dated as of November 10, 2006, by and among Generac, GPS CCMP Merger Corp., Goldman Sachs Credit Partners L.P., as administrative agent, JP Morgan Chase Bank, N.A. as syndication agent, Barclays Bank PLC, as documentation agent, and Goldman Sachs Credit Partners L.P. and J.P. Morgan Securities Inc. as joint lead arrangers and joint bookrunners
10.5.1	First Lien Guarantee and Collateral Agreement, dated November 10, 2006, among Generac Acquisition Corp., GPS CCMP Merger Corp., certain Subsidiaries of GPS CCMP Merger Corp. and Goldman Sachs Credit Partners L.P., as Administrative Agent
10.6	Credit Agreement, dated as of November 10, 2006, by and among Generac, GPS CCMP Merger Corp., JP Morgan Chase Bank, N.A., as administrative agent, Goldman Sachs Credit Partners L.P., as syndication agent, Barclays Bank PLC, as documentation agent, and Goldman Sachs Credit Partners L.P. and J.P. Morgan Securities Inc. as joint lead arrangers and joint bookrunners
10.6.1	Second Lien Lien Guarantee and Collateral Agreement, dated November 10, 2006, among Generac Acquisition Corp., GPS CCMP Merger Corp., certain Subsidiaries of GPS CCMP Merger Corp., Wilmington Trust Company, as Collateral Agent, and JPMorgan Chase Bank, N.A., as Administrative Agent
10.7**	Advisory Services and Monitoring Agreement, dated November 10, 2006
10.8**	2006 Management Equity Incentive Plan, effective as of November 10, 2006
10.9**	Subscription and Stock Purchase Agreement dated as of September 2, 2009, by and between GPS CCMP Acquisition Corp. and John Bowlin
10.10**	Subscription and Stock Purchase Agreement dated as of September 2, 2009, by and between GPS CCMP Acquisition Corp. and Ed Leblanc
10.11**	Subscription and Stock Purchase Agreement dated as of September 2, 2009, by and between GPS CCMP Acquisition Corp. and Roger W. Schaus, Jr.
10.12**	Subscription and Stock Purchase Agreement dated as of September 2, 2009, by and between GPS CCMP Acquisition Corp. and Allen D. Gillette
10.13**	Subscription and Stock Purchase Agreement dated as of September 2, 2009, by and between GPS CCMP Acquisition Corp. and York A. Ragen

Exhibit number	Description of exhibits
10.14**	Subscription and Stock Purchase Agreement dated as of September 2, 2009, by and between GPS CCMP Acquisition Corp. and CCMP Generac Co-Invest, L.P.
10.15**	Subscription and Stock Purchase Agreement dated as of November 25, 2008, by and among GPS CCMP Acquisition Corp., CCMP Capital Investors II L.P. and CCMP Capital Investors (Cayman) II, L.P.
10.16**	Letter Agreement dated July 17, 2009, to the Subscription and Stock Purchase Agreement by and among GPS CCMP Acquisition Corp., CCMP Capital Investors II L.P. and CCMP Capital Investors (Cayman) II, L.P.
10.17**	Restricted Stock Agreement dated as of November 10, 2006, by and between GPS CCMP Acquisition Corp. and Aaron P. Jagdfeld
10.18**	Restricted Stock Agreement dated as of November 10, 2006, by and between GPS CCMP Acquisition Corp. and Allen D. Gillette
10.19**	Restricted Stock Agreement dated as of November 10, 2006, by and between GPS CCMP Acquisition Corp. and Dawn A. Tabat
10.20**	Restricted Stock Agreement dated as of November 10, 2006, by and between GPS CCMP Acquisition Corp. and Roger F. Pascavis
10.21**	Restricted Stock Agreement dated as of November 10, 2006, by and between GPS CCMP Acquisition Corp. and Roger W. Schaus, Jr.
10.22**	Restricted Stock Agreement dated as of November 10, 2006, by and between GPS CCMP Acquisition Corp. and York A. Ragen
10.23**	Management Subscription and Stock Purchase Agreements dated as of February 23, 2007, by and between GPS CCMP Acquisition Corp. and Ed LeBlanc
10.24**	Management Subscription and Stock Purchase Agreements dated as of February 23, 2007, by and between GPS CCMP Acquisition Corp. and John Bowlin
10.25**	Management Subscription and Stock Purchase Agreements dated as of February 23, 2007, by and between GPS CCMP Acquisition Corp. and Harry K. Hornish, Jr.
10.26**	Exchange Agreement dated as of September 24, 2007, by and among CCMP Capital Investors II, L.P., CCMP Capital Investors (Cayman) II, L.P., and GPS CCMP Acquisition Corp.
10.27**	Exchange Agreement dated as of September 25, 2007, by and among CCMP Capital Investors II, L.P., CCMP Capital Investors (Cayman) II, L.P., and GPS CCMP Acquisition Corp.
10.28**	Amendment to Exchange Agreements dated as of October 22, 2007, by and among CCMP Capital Investors II, L.P., CCMP Capital Investors (Cayman) II, L.P., and GPS CCMP Acquisition Corp.
10.29**	Exchange Agreement dated as of October 19, 2007, by and among CCMP Capital Investors II, L.P., CCMP Capital Investors (Cayman) II, L.P., and GPS CCMP Acquisition Corp.
10.30**	Exchange Agreement dated as of October 30, 2007, by and among CCMP Capital Investors II, L.P., CCMP Capital Investors (Cayman) II, L.P., and GPS CCMP Acquisition Corp.
10.31**	Exchange Agreement dated as of November 13, 2007, by and among CCMP Capital Investors II, L.P., CCMP Capital Investors (Cayman) II, L.P., and GPS CCMP Acquisition Corp.
10.32**	Exchange Agreement dated as of November 21, 2007, by and among CCMP Capital Investors II, L.P., CCMP Capital Investors (Cayman) II, L.P., and GPS CCMP Acquisition Corp.

Exhibit number	Description of exhibits
10.33**	Exchange Agreement dated as of December 4, 2007, by and among CCMP Capital Investors II, L.P., CCMP Capital Investors (Cayman) II, L.P., and GPS CCMP Acquisition Corp.
10.34**	Exchange Agreement dated as of December 5, 2007, by and among CCMP Capital Investors II, L.P., CCMP Capital Investors (Cayman) II, L.P., and GPS CCMP Acquisition Corp.
10.35**	Exchange Agreement dated as of December 6, 2007, by and among CCMP Capital Investors II, L.P., CCMP Capital Investors (Cayman) II, L.P., and GPS CCMP Acquisition Corp.
10.36**	Exchange Agreement dated as of January 11, 2008, by and among CCMP Capital Investors II, L.P., CCMP Capital Investors (Cayman) II, L.P., and GPS CCMP Acquisition Corp.
10.37**	Exchange Agreement dated as of April 18, 2008, by and among CCMP Capital Investors II, L.P., CCMP Capital Investors (Cayman) II, L.P., and GPS CCMP Acquisition Corp.
10.38**	Exchange Agreement dated as of November 25, 2008, by and among CCMP Capital Investors II, L.P., CCMP Capital Investors (Cayman) II, L.P. and GPS CCMP Acquisition Corp.
10.39**	Purchase Agreement dated as of November 12, 2007, by and between William Treffert, The William and Selma Treffert Living Trust Dated February 21, 1998, and GPS CCMP Acquisition Corp.
10.40**	Form of Confidentiality, Non-Competition and Intellectual Property Agreement
10.41**	Employee Nondisclosure and Noncompete Agreement, by and between Generac Power Systems, Inc. and Clement Feng, dated as of September 5, 2007
10.42	Restricted Stock Agreement dated as of December 27, 2007, by and between GPS CCMP Acquisition Corp. and Clement Feng.
10.43	Promissory Note dated December 27, 2007 between Generac Power Systems, Inc. and Clement Feng
10.44*	Form of Restricted Stock Award Agreement
10.45*	Form of Nonqualified Stock Option Award Agreement
10.46	2009 Executive Management Incentive Compensation Program
21.1**	List of Subsidiaries of Generac Holdings Inc.
23.1	Consent of Ernst & Young, Independent Registered Public Accounting Firm, relating to Generac Holdings Inc.
23.2*	Consent of Weil, Gotshal & Manges LLP (included in the opinion filed as Exhibit 5.1 hereto).
24.1**	Power of Attorney of Aaron Jagdfeld.
24.2**	Power of Attorney of York A. Ragen.
24.3**	Power of Attorney of Stephen Murray.
24.4**	Power of Attorney of Timothy Walsh.
24.5**	Power of Attorney of Stephen V. McKenna.
24.6**	Power of Attorney of John D. Bowlin.
24.7**	Power of Attorney of Edward A. LeBlanc.
24.8**	Power of Attorney of Barry J. Goldstein.

* To be filed by amendment.

** Previously filed

$1,100,000,000

CREDIT AGREEMENT

Dated as of November 10, 2006,

Among

GENERAC ACQUISITION CORP.,

GPS CCMP MERGER CORP.,

THE LENDERS PARTY HERETO,

GOLDMAN SACHS CREDIT PARTNERS L.P.,
as Administrative Agent,

JPMORGAN CHASE BANK, N.A.,
as Syndication Agent,

and

BARCLAYS BANK PLC,

as Documentation Agent

GOLDMAN SACHS CREDIT PARTNERS L.P. J.P. MORGAN SECURITIES INC.
as Joint Lead Arrangers and as Joint Bookrunners

TABLE OF CONTENTS

CREDIT AGREEMENT dated as of November 10, 2006 (this "Agreement"), among GPS CCMP MERGER CORP., a Wisconsin corporation (the "Company"), GENERAC ACQUISITION CORP., a Delaware corporation ("Holdings"), the LENDERS party hereto from time to time, GOLDMAN SACHS CREDIT PARTNERS L.P. ("GSCP"), as administrative agent (in such capacity, the "Administrative Agent"), JP MORGAN CHASE BANK, N.A., as syndication agent (in such capacity, the "Syndication Agent"), BARCLAYS BANK PLC, as documentation agent (in such capacity, the "Documentation Agent"), and GOLDMAN SACHS CREDIT PARTNERS L.P. and J.P. MORGAN SECURITIES INC. as joint lead arrangers and joint bookrunners (in such capacities, the "Joint Lead Arrangers").

Pursuant to and in connection with the Merger Agreement (with such term and each other capitalized term used but not defined in this preamble having the meaning assigned thereto in Article I) and the transactions contemplated thereby, (a) the Second Lien Financing will be consummated, (b) the Merger will be consummated in accordance with the terms of the Merger Agreement and (c) the Transaction Costs will be paid.

The Borrower has requested that the Lenders extend credit in the form of (a) Term Loans on the Closing Date in an aggregate principal amount of $950.0 million, (b) Revolving Facility Loans and Letters of Credit at any time on or after the Closing Date and from time to time prior to the Revolving Facility Maturity Date, in an aggregate principal amount at any time outstanding not in excess of $150.0 million; provided that the aggregate amount of Revolving Facility Loans made (excluding the face amount of Letters of Credit issued) on the Closing Date will not exceed $25.0 million.

The Lenders are willing to extend such credit to the Borrower, the Swingline Lender is willing to make Swingline Loans to the Borrower and the Issuing Bank is willing to issue Letters of Credit for the account of the Borrower on the terms and subject to the conditions set forth herein. Accordingly, the parties hereto agree as follows:

ARTICLE I

Definitions

SECTION 1.01. Defined Terms. As used in this Agreement, the following terms shall have the meanings specified below:

"ABR" shall mean for any day, a rate per annum equal to the greater of (a) the Prime Rate in effect on such day and (b) the Federal Funds Effective Rate in effect on such day plus ½ of 1%. For purposes hereof: "Prime Rate" shall mean the rate of interest per annum determined from time to time by JPMorgan Chase Bank, N.A. as its prime rate in effect at its principal office in New York, City and notified to the Borrower (the Prime Rate not being intended to be the lowest rate of interest charged by JPMorgan Chase Bank, N.A. in connection with extensions of credit to debtors). Any change in the ABR due to a change in the Prime Rate or the Federal Funds Effective Rate shall be effective as of the opening of business on the effective day of such change in the Prime Rate or the Federal Funds Effective Rate, respectively.

"ABR Borrowing" shall mean a Borrowing comprised of ABR Loans.

"ABR Loan" shall mean any ABR Term Loan, ABR Revolving Loan or Swingline Loan.

"ABR Revolving Facility Borrowing" shall mean a Borrowing comprised of ABR Revolving Loans.

"ABR Revolving Loan" shall mean any Revolving Facility Loan bearing interest at a rate determined by reference to the ABR in accordance with the provisions of Article II.

"ABR Term Loan" shall mean any Term Loan bearing interest at a rate determined by reference to the ABR in accordance with the provisions of Article II.

"Additional Lender" shall have the meaning assigned to such term in Section 2.21.

"Adjusted LIBO Rate" shall mean, with respect to any Eurocurrency Borrowing for any Interest Period, an interest rate per annum equal to (a) the LIBO Rate in effect for such Interest Period divided by (b) one minus the Statutory Reserves applicable to such Eurocurrency Borrowing, if any.

"Adjustment Date" shall have the meaning assigned to such term in the definition of "Applicable Pricing Grid".

"Administrative Agent" shall have the meaning assigned to such term in the introductory paragraph of this Agreement.

"Administrative Agent Fee Letter" shall mean the Fee Letter dated November 9, 2006 between the Borrower and the Administrative Agent.

"Administrative Agent Fees" shall have the meaning assigned to such term in Section 2.12(c).

"Administrative Questionnaire" shall mean an Administrative Questionnaire in the form of Exhibit B.

"Affected Lender" shall have the meaning assigned to such term in Section 2.20.

"Affiliate" shall mean, when used with respect to a specified person, another person that directly, or indirectly through one or more intermediaries, Controls or is Controlled by or is under common Control with the person specified; provided, however, no Agent or Lender shall be deemed to be an Affiliate of any Loan Party by virtue of its execution of this Agreement.

"Agents" shall mean the Administrative Agent (and any co-collateral agent or separate collateral agent appointed by the Administrative Agent pursuant to Section 8.12), the Syndication Agent and the Documentation Agent.

"Agreement" shall have the meaning assigned to such term in the introductory paragraph of this Agreement.

"Applicable Margin" shall mean for each Type of Loan, the rate per annum set forth under the relevant column heading below:

	ABR Loans	Eurodollar Loans
Revolving Loans and Swingline Loans	1.50%	2.50%
Term Loans	1.50%	2.50%

; provided, that on and after the first Adjustment Date occurring after the completion of one full fiscal quarter of the Borrower after the Closing Date, the Applicable Margin with respect to Revolving Loans and Swingline Loans will be determined pursuant to the Applicable Pricing Grid.

"Applicable Pricing Grid": the table set forth below:

Total Leverage Ratio	Applicable Margin for Eurodollar Loans	Applicable Margin for ABR Loans	Revolving Credit Commitment Fee Rate
Greater than 6.00 to 1.00	2.50	1.50	0.50
Less than 6.00 to 1.00 but greater than 5.00 to 1.00	2.25	1.25	0.50
Less than 5.00 to 1.00	2.00	1.00	0.375

For the purposes of the Applicable Pricing Grid, changes in the Applicable Margin resulting from changes in the Total Leverage Ratio shall become effective on the date (the "Adjustment Date") that is one Business Day after the date on which financial statements are delivered to the Lenders pursuant to Section 5.04 and shall remain in effect until the next change to be effected pursuant to this paragraph. If any financial statements referred to above are not delivered within the time periods specified in Section 5.04, then, until the date that is one Business Day after the date on which such financial statements are delivered, the highest rate set forth in each column of the Applicable Pricing Grid shall apply. In addition, at all times while an Event of Default shall have occurred and be continuing, the highest rate set forth in each column of the Applicable Pricing Grid shall apply. Each determination of the Total Leverage Ratio pursuant to the Applicable Pricing Grid shall be made in a manner consistent with the determination thereof pursuant to Section 6.10.

"Assignment and Acceptance" shall mean an assignment and acceptance entered into by a Lender and an assignee, and accepted by the Administrative Agent and the Borrower (if the Borrower's consent is required by this Agreement), in the form of Exhibit A or such other form as shall be approved by the Administrative Agent.

"Available Basket Amount" at any date of determination, an amount (to the extent not otherwise applied prior to such date) equal to:

(a) the sum of (i) the Available Excess Cash Flow Amount, (ii) the cumulative amount of cash proceeds from the sale of Qualified Capital Stock of the Borrower after the Closing Date the proceeds of which have been received by the Borrower (other than such proceeds used for the purpose specified in Section 6.09(b) or for any Specified Equity Contribution) and (iii) the aggregate amount of Below Threshold Net Proceeds, *minus*

(b) the sum at the time of determination of:

(i) any amounts thereof used to make (A) Investments pursuant to Section 6.04(b) and (q) and (B) expenditures that would be Capital Expenditures but for paragraph (a) of the proviso to the definition thereof after the Closing Date and on or prior to the date of determination, and

(ii) the cumulative amount of dividends paid and distributions made pursuant to Section 6.06(e)(ii) (without duplication of amounts paid by the Borrower to Holdings which are

then further distributed by Holdings under said section) after the Closing Date and on or prior to the date of determination.

"Available Excess Cash Flow Amount" shall mean, at any date of determination, (a) the sum of the amounts of Excess Cash Flow for all Excess Cash Flow Periods ending on or prior to such date minus (b) the sum at such date of (i) the aggregate amount of prepayments required to be made pursuant to Section 2.11(c) through the date of determination and (ii) the aggregate amount of Voluntary Prepayments made for all Excess Cash Flow Periods ending on or prior to the date of determination; provided that, in the case of any Excess Cash Flow Period which has been completed and in respect of which the amount of Excess Cash Flow shall have been calculated as contemplated by Section 5.04(c) but the prepayment required pursuant to Section 2.11(c) is not yet due and payable in accordance with the provisions of Section 2.11(c) as of such date of determination, then the amount of Excess Cash Flow for such Excess Cash Flow Period and the amount of prepayments that will be so required to be made in respect of such Excess Cash Flow shall be included for purposes of this definition.

"Availability Period" shall mean the period from and including the Closing Date (subject to the limitations set forth in Section 2.01(b) with respect to the Closing Date) to but excluding the earlier of the Revolving Facility Maturity Date and the date of termination of the Revolving Facility Commitments.

"Available Unused Commitment" shall mean, with respect to a Revolving Facility Lender at any time, an amount equal to the amount by which (a) the Revolving Facility Commitment of such Revolving Facility Lender at such time exceeds (b) the Revolving Facility Credit Exposure of such Revolving Facility Lender at such time.

"Below Threshold Net Proceeds" shall mean cash proceeds received by the Borrower or any of its Restricted Subsidiaries, which in any fiscal year do not exceed $5 million and which otherwise would constitute Net Proceeds.

"Board" shall mean the Board of Governors of the Federal Reserve System of the United States of America, or any successor thereto.

"Borrower" shall mean, initially the Company, and after giving effect to the Transactions on the Closing Date, Generac.

"Borrowing" shall mean a group of Loans of a single Type under a single Facility and made on a single date and, in the case of Eurocurrency Loans, as to which a single Interest Period is in effect.

"Borrowing Minimum" shall mean $1.0 million; provided, however, that with respect to any Swingline Loans, "Borrowing Minimum" shall mean $250,000.

"Borrowing Multiple" shall mean $500,000; provided, however, that with respect to any Swingline Loans, "Borrowing Multiple" shall mean $250,000.

"Borrowing Request" shall mean a request by the Borrower in accordance with the terms of Section 2.03 and, if written, substantially in the form of Exhibit C-1.

"Budget" shall have the meaning assigned to such term in Section 5.04(e).

"Business Day" shall mean any day that is not a Saturday, Sunday or other day on which commercial banks in New York City are authorized or required by law or other governmental action to remain closed; provided that when used in connection with a Eurocurrency Loan, the term "Business Day" shall also exclude any day on which banks are not open for dealings in deposits in Dollars in the London interbank market.

"Capital Expenditures": in respect of any period, the aggregate of all expenditures incurred by the Borrower and its Restricted Subsidiaries during such period that, in accordance with GAAP, are required to be classified as capital expenditures, including Capital Lease Obligations incurred, provided, however, that Capital Expenditures for the Borrower and the Restricted Subsidiaries shall not include:

(a) expenditures to the extent they are made with proceeds of the Available Basket Amount,

(b) expenditures of proceeds of insurance settlements, condemnation awards and other settlements in respect of lost, destroyed, damaged or condemned assets, equipment or other property to the extent such expenditures are made to replace or repair such lost, destroyed, damaged or condemned assets, equipment or other property or otherwise to acquire, maintain, develop, construct, improve, upgrade or repair assets or properties useful in the business of the Borrower and its Restricted Subsidiaries within 12 months of receipt of such proceeds,

(c) expenditures that are accounted for as capital expenditures of such person and that actually have been paid for by a third party (other than the Borrower or any Restricted Subsidiary thereof) and for which neither the Borrower nor any Restricted Subsidiary has provided or is required to provide or incur, directly or indirectly, any consideration or obligation to such third party or any other person (whether before, during or after such period),

(d) the book value of any asset owned by such person prior to or during such period to the extent that such book value is included as a capital expenditure during such period as a result of such person reusing or beginning to reuse such asset during such period without a corresponding expenditure actually having been made in such period, provided that (i) any expenditure necessary in order to permit such asset to be reused shall be included as a Capital Expenditure during the period that such expenditure actually is made and (ii) such book value shall have been included in Capital Expenditures when such asset was originally acquired,

(e) the purchase price of equipment or property purchased during such period to the extent the consideration therefor consists of any combination of (i) used or surplus equipment or property traded in at the time of such purchase and (ii) the proceeds of a reasonably concurrent sale of used or surplus equipment or property, in each case, in the ordinary course of business,

(f) expenditures that are accounted for as capital expenditures in connection with transactions constituting Permitted Business Acquisitions, or

(g) expenditures under vendor agreements that are satisfied through non-cash means including the delivery of product.

"Capital Lease Obligations" of any person shall mean the obligations of such person to pay rent or other amounts under any lease of (or other arrangement conveying the right to use) real or personal property, or a combination thereof, which obligations are required to be classified and accounted for as capital leases on a balance sheet of such person under GAAP and, for purposes hereof, the amount

of such obligations at any time shall be the capitalized amount thereof at such time determined in accordance with GAAP.

"Cash Interest Expense" shall mean, with respect to the Borrower and its Restricted Subsidiaries on a consolidated basis for any period Interest Expense paid in cash for such Period.

"Cash Management Obligations" shall mean obligations owed by the Borrower and its Restricted Subsidiaries to any Lender Counterparty in respect of any overdraft and related liabilities arising from treasury and cash management services or any automated clearing house transfer of funds.

"CCMP" shall mean CCMP Capital Advisors, LLC.

"Change in Control" shall mean:

(a) the acquisition of record ownership or direct beneficial ownership (i.e., excluding indirect beneficial ownership through intermediate entities by any person which is the subject of clause (b) and (c) below) by any person other than Holdings (or another Parent Entity that has become a Loan Party) of any Equity Interests in the Borrower, such that after giving effect thereto Holdings (or another Parent Entity that has become a Loan Party) shall cease to beneficially own and control 100% of the Equity Interests of the Company,

(b) prior to a Qualified IPO, the failure by the Permitted Investors to beneficially own, directly or indirectly, Equity Interests of Holdings (or another Parent Entity that has become a Loan Party) representing at least 50% of the aggregate ordinary voting power and economic interest represented by the issued and outstanding Equity Interests in Holdings (or another Parent Entity that has a become a Loan Party),

(c) after a Qualified IPO, (i) the acquisition of beneficial ownership, directly or indirectly, by any person or group (within the meaning of the Securities Exchange Act of 1934, as amended, and the rules of the SEC thereunder as in effect on the date hereof), other than the Permitted Investors, of Equity Interests in Holdings representing more than 35% of the aggregate ordinary voting power represented by the issued and outstanding Equity Interests in Holdings and (ii) the beneficial ownership, directly or indirectly, by the Permitted Investors of Equity Interests in Holdings representing in the aggregate a lesser percentage of the aggregate ordinary voting power represented by the issued and outstanding Equity Interests in Holdings than such person or group, or

(d) occupation of a majority of the seats (other than vacant seats) on the board of managers (or equivalent governing body) of Holdings, by persons who were not nominated or appointed by such board of managers (or equivalent governing body) or by the Permitted Investors, directly or indirectly (including pursuant to any agreement among equity holders of Holdings or any other Parent Entity).

"Change in Law" shall mean (a) the adoption of any law, rule or regulation after the Closing Date, (b) any change in law, rule or regulation or in the interpretation or application thereof by any Governmental Authority after the Closing Date or (c) compliance by any Lender or Issuing Bank (or, for purposes of Section 2.15(b), by any Lending Office of such Lender or by such Lender's or Issuing Bank's holding company, if any) with any written request, guideline or directive (whether or not having the force of law) of any Governmental Authority made or issued after the Closing Date.

"Change in Working Capital" shall mean, with respect to the Borrower and the Restricted Subsidiaries on a consolidated basis at any date of determination, the amount of Changes in Current Assets and Liabilities; provided that, Changes in Working Capital shall be calculated without regard to any Changes in Current Assets and Liabilities as a result of (a) any reclassification in accordance with GAAP of assets or liabilities, as applicable, between current and noncurrent, (b) the effects of purchase accounting or (c) the effect of fluctuations in the amount of accrued or contingent obligations under Swap Agreements.

"Changes in Current Assets and Liabilities" shall mean the sum of those amounts that comprise the changes in the current assets (excluding cash and cash equivalents (including Permitted Investments) and deferred tax accounts) and current liabilities section of the Borrower's statement of cash flows as prepared on a consolidated basis excluding tax accruals and deferred taxes.

"Charges" shall have the meaning assigned to such term in Section 9.09.

"Closing Date" shall mean November 10, 2006.

"Code" shall mean the Internal Revenue Code of 1986, as amended from time to time.

"Documentation Agent" shall have the meaning assigned to such term in the introductory paragraph of this Agreement.

"Collateral" shall mean all the "Collateral" as defined in any Security Document and shall also include the Mortgaged Properties, if any.

"Collateral Agreement" shall mean the First Lien Guarantee and Collateral Agreement, as amended, supplemented or otherwise modified from time to time, in the form of Exhibit E, among Holdings, the Borrower, each Subsidiary Loan Party and the Administrative Agent.

"Collateral and Guarantee Requirement" shall mean the requirement that:

(a) on the Closing Date, the Administrative Agent shall have received (I) from Holdings, the Borrower and each Subsidiary Loan Party, a counterpart of the Collateral Agreement duly executed and delivered on behalf of such person and (II) an Acknowledgment and Consent in the form attached to the Collateral Agreement, executed and delivered by each issuer of Pledged Collateral (as defined in the Collateral Agreement), if any, that is a Loan Party,

(b) on the Closing Date or as otherwise provided in the Collateral Agreement, the Administrative Agent for the benefit of the Secured Parties shall have received (I) a pledge of all the issued and outstanding Equity Interests of (A) the Borrower and (B) each Domestic Subsidiary which is a Restricted Subsidiary owned on the Closing Date directly by or on behalf of Holdings, the Borrower

or any Subsidiary Loan Party; (II) a pledge of 65% of the outstanding Equity Interests of each "first tier" Foreign Subsidiary directly owned by Holdings, the Borrower or a Subsidiary Loan Party; and (III) all certificates or other instruments (if any) representing such Equity Interests, together with stock powers or other instruments of transfer with respect thereto endorsed in blank,

(c) on the Closing Date, all Indebtedness having, in the case of each instance of Indebtedness, an aggregate principal amount in excess of $5.0 million (other than (i) intercompany current liabilities incurred in the ordinary course of business in connection with the cash management operations of Holdings and its Subsidiaries or (ii) to the extent that a pledge

of such promissory note or instrument would violate applicable law) that is owing to any Loan Party and evidenced by a promissory note or an instrument and shall have been pledged pursuant to the Collateral Agreement, and the Administrative Agent for the benefit of the Secured Parties shall have received all such promissory notes or instruments, together with note powers or other instruments of transfer with respect thereto endorsed in blank,

(d) on the Closing Date, the Borrower shall grant to the Administrative Agent (or a co-collateral agent, sub-collateral agent or separate collateral agent appointed pursuant to Section 8.12) security interests and mortgages in the Mortgaged Property referred to in Schedule 5.09 owned on the date hereof pursuant to a Mortgage, record or file, the Mortgage in such manner and in such places as is required by law to establish, perfect, preserve and protect the Liens pursuant to the Mortgages and pay, all Taxes, fees and other charges payable in connection therewith. Unless otherwise waived by the Administrative Agent, with respect to each such Mortgage, the Borrower shall deliver to the Administrative Agent contemporaneously therewith (A) a policy or policies or marked-up unconditional binder of title insurance or foreign equivalent thereof, as applicable, paid for by the Borrower, issued by a nationally recognized title insurance company insuring the Lien of each such Mortgage as a valid first Lien on the Mortgaged Property described therein, free of any other Liens except as permitted by Section 6.02, together with such endorsements, coinsurance and reinsurance as the Administrative Agent may reasonably request and (B) the legal opinions of local U.S. counsel in the state where such Mortgaged Property is located, in form and substance reasonably satisfactory to the Administrative Agent,

(e) on the Closing Date, or as otherwise provided in the Collateral Agreement, the Administrative Agent for the benefit of the Secured Parties, shall have been granted security interests in personal property of Holdings, the Borrower or any such Subsidiary Loan Parties in accordance with the Collateral Agreement,

(f) in the case of any person that becomes a Subsidiary Loan Party after the Closing Date, the Administrative Agent shall have received a supplement to the Collateral Agreement, in the form specified therein, duly executed and delivered on behalf of such Subsidiary Loan Party,

(g) after the Closing Date, (A) all the outstanding Equity Interests of any person that becomes a Subsidiary Loan Party after the Closing Date, (B) all the Equity Interests of Borrower issued after the Closing Date and (C) subject to Section 5.09(g) and Section 6.02(w), all other Equity Interests of any other Subsidiary that are acquired by a Loan Party after the Closing Date, shall have been pledged pursuant to the Collateral Agreement (provided that in no event shall more than 65% of the issued and outstanding Equity Interests of any "first tier" Foreign Subsidiary directly owned by such Loan Party be pledged to secure Obligations of any Loan Party, and in no event shall any of the issued and outstanding Equity Interests of any Foreign Subsidiary that is not a "first tier" Foreign Subsidiary be pledged to secure Obligations of any Loan Party), and the Administrative Agent for the benefit of the Secured Parties shall have received all certificates or other instruments (if any) representing such Equity Interests, together with stock powers or other instruments of transfer with respect thereto endorsed in blank,

(h) except as disclosed on Schedule 3.04 or as otherwise contemplated by any Security Document, all documents and instruments, including Uniform Commercial Code financing statements, required by law or reasonably requested by the Administrative Agent to be filed, registered or recorded to create the Liens intended to be created by the Security Documents (in each case, including any supplements thereto) and perfect such Liens to the extent required by, and with the priority required by, the Security Documents, shall have been filed, registered or recorded or delivered to the Administrative Agent for filing, registration or the recording

concurrently with, or promptly following, the execution and delivery of each such Security Document, and

(i) On the Closing Date, the Administative Agent shall have received insurance certificates from the Borrower's insurance broker or other evidence reasonably satisfactory to it that all insurance required to be maintained pursuant to Section 5.02 is in full force and effect and such certificates shall (i) name the Administrative Agent, as collateral agent on behalf of the Secured Parties as an additional insured thereunder as its interests may appear and (ii) in the case of each casualty insurance policy, contain a loss payable clause or endorsement, reasonably satisfactory in form and substance to Administrative Agent, that names the Administrative Agent, on behalf of Lenders as the loss payee thereunder and provides for at least thirty days' prior written notice to the Administrative Agent of any modification or cancellation of such policy.

"Collateral Questionnaire" shall mean a certificate in form reasonably satisfactory to the Administrative Agent that provides information with respect to the personal or mixed property of each Loan Party.

"Commitments" shall mean (a) with respect to any Lender, such Lender's Revolving Facility Commitment and Term Loan Commitment and (b) with respect to any Swingline Lender, its Swingline Commitment.

"Company" shall have the meaning assigned to such term in the introductory paragraph of this Agreement.

"Company Competitor" shall mean any person that competes with or controls a person that competes with the business of the Company from time to time as notified by the Borrower to the Administrative Agent in writing.

"Conduit Lender" shall mean any special purpose corporation organized and administered by any Lender for the purpose of making Loans otherwise required to be made by such Lender and designated by such Lender in a written instrument; provided, that the designation by any Lender of a Conduit Lender shall not relieve the designating Lender of any of its obligations to fund a Loan under this Agreement if, for any reason, its Conduit Lender fails to fund any such Loan, and the designating Lender (and not the Conduit Lender) shall have the sole right and responsibility to deliver all consents and waivers required or requested under this Agreement with respect to its Conduit Lender, and provided, further, that no Conduit Lender shall (a) be entitled to receive any greater amount pursuant to Section 2.15, 2.16, 2.17 or 9.05 than the designating Lender would have been entitled to receive in respect of the extensions of credit made by such Conduit Lender or (b) be deemed to have any Commitment.

"Consolidated Net Income" shall mean, with respect to any person for any period, the aggregate of the Net Income of such person and its subsidiaries for such period, on a consolidated basis; provided, however, that, without duplication,

(i) any net after-tax (A) extraordinary, (B) nonrecurring or (C) unusual gains or losses or income or expenses (less all fees and expenses relating thereto) including, without limitation, any severance expenses, and fees, expenses or charges related to any offering of Equity Interests of Holdings or the Borrower, any Investment or Indebtedness permitted to be incurred hereunder or refinancings thereof (in each case, whether or not successful), including any such fees, expenses or charges related to the Transactions, in each case, shall be excluded,

(ii) any net after-tax income or loss from discontinued operations and any net after-tax gain or loss on disposal of discontinued operations shall be excluded,

(iii) any net after-tax gain or loss (less all fees and expenses or charges relating thereto) attributable to business dispositions or asset dispositions other than in the ordinary course of business (as determined in good faith by the board of directors (or equivalent governing body) of the Borrower) shall be excluded,

(iv) any net after-tax income or loss (less all fees and expenses or charges relating thereto) attributable to the early extinguishment of indebtedness shall be excluded,

(v) the Net Income for such period of any person that is not a subsidiary of such person, or is an Unrestricted Subsidiary, or that is accounted for by the equity method of accounting, shall be included only to the extent of the amount of dividends or distributions or other payments (including any ordinary course dividend, distribution or other payment) paid in cash (or to the extent converted into cash) to the referent person or a subsidiary thereof in respect of such period,

(vi) consolidated Net Income for such period shall not include the cumulative effect of a change in accounting principles during such period, and

(vii) any increase in amortization or depreciation or any non-cash charges resulting from any amortization, write-up, write-down or write-off of assets with respect to assets revalued upon the application of purchase accounting (including tangible and intangible assets, goodwill, deferred financing costs and inventory (including any adjustment reflected in the ***"cost of goods sold"*** or similar line item of the financial statements)) in connection with the Transactions, Permitted Business Acquisitions or an merger, consolidation or similar transaction not prohibited hereunder.

"Consolidated Senior Secured Debt" at any date shall mean the sum of (without duplication) (i) the principal of all Loans of the Borrower and its Restricted Subsidiaries outstanding under this Agreement plus, (ii) the aggregate principal amount of all other Indebtedness of the Borrower and its Restricted Subsidiaries (other than Second Lien Indebtedness) that is secured by any Lien on any asset of the Borrower or any of its Restricted Subsidiaries, is outstanding at such time is otherwise included in Consolidated Total Debt and which Lien is not subordinated to the Liens securing the Loans less the unrestricted (other than to the extent constituting Collateral) cash and marketable securities (determined in accordance with GAAP) of the Borrower and its Restricted Subsidiaries on such date.

"Consolidated Total Debt" at any date shall mean the sum of (without duplication) (i) all Capital Lease Obligations and Indebtedness of the Borrower and its Restricted Subsidiaries for borrowed money (excluding letters of credit to the extent undrawn), (ii) Indebtedness in respect of the deferred purchase price of property or services of the Borrower and its Restricted Subsidiaries to the extent in the case of clause (ii) such Indebtedness appears or should appear in the "liabilities" section of the consolidated balance sheet of the Borrower and its Restricted Subsidiaries in accordance with GAAP determined on a consolidated basis on such date less the unrestricted (other than to the extent constituting Collateral) cash and marketable securities (determined in accordance with GAAP) of the Borrower and its Restricted Subsidiaries on such date.

"Contractual Obligation" means, as applied to any person, any provision of any security issued by that person or of any indenture, mortgage, deed of trust, contract, written undertaking,

agreement or other instrument to which that person is a party or by which it or any of its properties is bound or to which it or any of its properties is subject.

"Control" shall mean the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of a person, whether through the ownership of voting securities, by contract or otherwise, and "Controlling" and "Controlled" shall have meanings correlative thereto.

"Credit Event" shall have the meaning assigned to such term in Article IV.

"Cure Right" shall have the meaning assigned to such term in Section 7.02(a).

"Default" shall mean any event or condition that upon notice, lapse of time or both would constitute an Event of Default.

"Defaulting Lender" shall mean any Lender with respect to which a Lender Default is in effect.

"Disinterested Director" shall mean, with respect to any person and transaction, a member of the board of managers (or equivalent governing body) of such person who does not have any material direct or indirect financial interest in or with respect to such transaction.

"Disqualified Institutions" shall mean Company Competitors and those banks, financial institutions or other institutional lenders in each case identified to the Administrative Agent in writing from time to time.

"Dollars" or "$" shall mean lawful money of the United States of America.

"Domestic Subsidiary" shall mean any Subsidiary that is not a Foreign Subsidiary.

"EBITDA" shall mean, with respect to Borrower and its Restricted Subsidiaries on a consolidated basis for any period, the Consolidated Net Income of Borrower and the Restricted Subsidiaries for such period plus (a) the sum of (in each case without duplication and to the extent the respective amounts described in subclauses (i) through (x) of this clause (a) reduced such Consolidated Net Income for the respective period for which EBITDA is being determined):

(i) provision for Taxes based on income, profits or capital of the Borrower and the Restricted Subsidiaries for such period, including, without limitation, state, foreign, franchise and similar taxes, and Tax Distributions made by the Borrower during such period,

(ii) Interest Expense of the Borrower and the Restricted Subsidiaries for such period,

(iii) depreciation and amortization expenses of the Borrower and its Restricted Subsidiaries for such period,

(iv) business optimization expenses and restructuring charges and reserves (which, for the avoidance of doubt, shall include retention, severance, systems establishment cost, excess pension charges, contract termination costs (including future lease commitments) and costs to consolidate facilities and relocate employees); provided that with respect to each business optimization expense or restructuring charge or reserve, the Borrower shall have delivered to the Administrative Agent a certificate of the Chief Financial Officer of the Borrower specifying and

quantifying such expense, charge or reserve and stating that such expense, charge or reserve is a business optimization expense or restructuring charge or reserve, as the case may be,

(v) the amount of management, consulting, monitoring, transaction and advisory fees and related expenses paid to the Permitted Investors (or any accruals related to such fees and related expenses) during such period;

(vi) Transaction Costs, cash expenses incurred directly in connection with any Investment, equity issuance or debt issuance or refinancings (whether or not consummated),

(vii) any non-cash charges reducing Consolidated Net Income (excluding any such non-cash charge to the extent it represents an accrual of or reserve for cash charges in any future period or amortization of a prepaid cash expense that was paid in a prior period not included in the calculation),

(viii) letter of credit fees,

(ix) to the extent actually reimbursed, expenses incurred to the extent covered by indemnification provisions in any agreement in connection with a Permitted Business Acquisition, and

(x) to the extent covered by insurance under which the insurer has been properly notified and has not denied or contested coverage, expenses with respect to liability events, or casualty events or business interruption,

minus (b) (without duplication and to the extent the amounts described in this clause (b) increased such Consolidated Net Income for the respective period for which EBITDA is being determined) income tax credits and distributions and dividends pursuant to Section 6.06(b)(i) and (iii) and all non-cash gains increasing Consolidated Net Income of the Borrower and its Restricted Subsidiaries for such period (but excluding any such gains (x) in respect of which cash or other assets were received in a prior period or will be received in a future period or (y) which represent the reversal of any accrual of, or cash reserve for, anticipated cash charges in any prior period).

For purposes of determining EBITDA under this Agreement for any period that includes any of the fiscal quarters ended December 31, 2005, March 31, 2006, June 30, 2006 and September 30, 2006 EBITDA for such fiscal quarters shall be deemed to be $42,800,000, $40,300,000, $67,300,000 and $56,400,000, respectively.

"Eligible Assignee" shall mean (i) any Lender, any Affiliate of any Lender and any Related Fund (any two or more Related Funds being treated as a single Eligible Assignee for all purposes hereof), and (ii) any commercial bank, insurance company, investment or mutual fund or other entity that is an "accredited investor" (as defined in Regulation D under the Securities Act) and which extends credit or buys loans.

"environment" shall mean ambient and indoor air, surface water and groundwater (including potable water, navigable water and wetlands), the land surface or subsurface strata, natural resources such as flora and fauna, the workplace or as otherwise defined in any Environmental Law.

"Environmental Laws" shall mean all laws (including common law), rules, regulations, codes, ordinances, orders, decrees or judgments, promulgated or entered into by or with any Governmental Authority, relating in any way to the environment, preservation or reclamation of natural

resources, the generation, management, Release or threatened Release of, or actual or alleged exposure to, any Hazardous Materials or to occupational health and safety (to the extent relating to the environment or Hazardous Materials).

"Equity Interests" of any person shall mean any and all shares, interests, participations or other equivalents of or interests in (however designated) equity of such person, including any preferred stock, any limited or general partnership interest and any limited liability company membership interest and any and all warrants, rights or options to purchase or other rights to acquire any of the foregoing.

"Equity Financing" shall mean the investment by CCMP and its Affiliates, directly or indirectly, in common equity or Qualified Capital Stock of the Borrower in an aggregate amount in cash equal to not less than 25% of the Pro Forma total consolidated capitalization of the Borrower after giving effect to the Transactions on the Closing Date.

"ERISA" shall mean the Employee Retirement Income Security Act of 1974, as the same may be amended from time to time.

"ERISA Affiliate" shall mean any trade or business (whether or not incorporated) that, together with Holdings, the Borrower or a Subsidiary, is treated as a single employer under Section 414(b) or (c) of the Code, or, solely for purposes of Section 302 of ERISA and Section 412 of the Code, is treated as a single employer under Section 414 of the Code.

"ERISA Event" shall mean (a) any Reportable Event; (b) the existence with respect to any Plan of an "accumulated funding deficiency" (as defined in Section 412 of the Code or Section 302 of ERISA), whether or not waived; (c) the filing pursuant to Section 412(d) of the Code or Section 303(d) of ERISA of an application for a waiver of the minimum funding standard with respect to any Plan, the failure to make by its due date a required installment under Section 412(m) of the Code with respect to any Plan or the failure to make any required contribution to a Multiemployer Plan; (d) the incurrence by Holdings, the Borrower, a Subsidiary or any ERISA Affiliate of any liability under Title IV of ERISA with respect to the termination of any Plan; (e) the receipt by Holdings, the Borrower, a Subsidiary or any ERISA Affiliate from the PBGC or a plan administrator of any notice relating to an intention to terminate any Plan or to appoint a trustee to administer any Plan under Section 4042 of ERISA; (f) the incurrence by Holdings, the Borrower, a Subsidiary or any ERISA Affiliate of any liability with respect to the withdrawal or partial withdrawal from any Plan or Multiemployer Plan; or (g) the receipt by Holdings, the Borrower, a Subsidiary or any ERISA Affiliate of any notice, or the receipt by any Multiemployer Plan from Holdings, the Borrower, a Subsidiary or any ERISA Affiliate of any notice, concerning the imposition of Withdrawal Liability or a determination that a Multiemployer Plan is, or is expected to be, insolvent or in reorganization, within the meaning of Title IV of ERISA.

"Eurocurrency Borrowing" shall mean a Borrowing comprised of Eurocurrency Loans.

"Eurocurrency Loan" shall mean any Eurocurrency Term Loan or Eurocurrency Revolving Loan.

"Eurocurrency Revolving Facility Borrowing" shall mean a Borrowing comprised of Eurocurrency Revolving Loans.

"Eurocurrency Revolving Loan" shall mean any Revolving Facility Loan bearing interest at a rate determined by reference to the Adjusted LIBO Rate in accordance with the provisions of Article II.

"Eurocurrency Term Loan" shall mean any Term Loan bearing interest at a rate determined by reference to the Adjusted LIBO Rate in accordance with the provisions of Article II.

"Event of Default" shall have the meaning assigned to such term in Section 7.01.

"Excess Cash Flow" shall mean, with respect to the Borrower and its Subsidiaries on a consolidated basis for any Excess Cash Flow Period, an amount (in any case not less than zero) equal to (A) EBITDA of the Borrower and its Subsidiaries on a consolidated basis for such Excess Cash Flow Period, minus, without duplication, (B) the sum of

(a) Cash Interest Expense and scheduled payments of Indebtedness for such Excess Cash Flow Period,

(b) (i) Capital Expenditures and (ii) the aggregate consideration paid in cash during the Excess Cash Flow Period in respect of Investments permitted under Section 6.04 (including Permitted Business Acquisitions) to the extent such Investments are not financed, or intended to be financed, using the proceeds of the incurrence of long-term Indebtedness,

(c) Capital Expenditures that the Borrower or any Restricted Subsidiary shall, during such Excess Cash Flow Period, become obligated to make, but that are not made during such Excess Cash Flow Period, provided that the Borrower shall deliver a certificate to the Administrative Agent in connection with the delivery of the Excess Cash Flow certificate for such Excess Cash Flow Period, signed by a Responsible Officer of the Borrower and certifying that such Capital Expenditures will be completed in the first 125 days of the following Excess Cash Flow Period,

(d) all Taxes based on income, profits or capital of the Borrower and its Restricted Subsidiaries including state, foreign, franchise and similar taxes and Tax Distributions made by the Borrower during such Excess Cash Flow Period or that will be made within six months after the close of such Excess Cash Flow Period, in each case, paid in cash, (provided that any amount so deducted in respect of such Taxes or Tax Distribution that will be made after the close of such Excess Cash Flow Period shall not be deducted again in a subsequent Excess Cash Flow Period),

(e) an amount equal to any positive Change in Working Capital of the Borrower and its Restricted Subsidiaries for such Excess Cash Flow Period,

(f) cash expenditures made in respect of Swap Agreements during such Excess Cash Flow Period, to the extent not reflected as a subtraction in the computation of EBITDA (or to the extent added thereto) or an addition to Cash Interest Expense,

(g) amounts paid in cash during such Excess Cash Flow Period on account of (x) items that were accounted for as non-cash reductions of Net Income in determining Consolidated Net Income or as non-cash reductions of Consolidated Net Income in determining EBITDA of the Borrower and its Restricted Subsidiaries in a prior Excess Cash Flow Period and (y) reserves or accruals established in purchase accounting, and

(h) the amount related to items that were added to or not deducted from Net Income in calculating Consolidated Net Income or were added to or not deducted from Consolidated Net Income in calculating EBITDA (including the items referred to in clauses (iv), (v), (vi), (viii), (ix) and (x) of the definition thereof) to the extent either (x) such items represented a cash payment (which had not reduced Excess Cash Flow upon the accrual thereof in a prior Excess Cash Flow

Period), or an accrual for a cash payment, by the Borrower and its Restricted Subsidiaries or (y) such items did not represent cash received by the Borrower and its Restricted Subsidiaries, in each case on a consolidated basis during such Excess Cash Flow Period,

plus, without duplication, (C) the sum of

(a) an amount equal to any negative Change in Working Capital for such Excess Cash Flow Period,

(b) to the extent any permitted Capital Expenditures referred to in clause (B)(c) above do not occur in the first 125 days of the following Excess Cash Flow Period of the Borrower specified in the certificate of the Borrower delivered pursuant to clause (B)(c) above, the amount of such Capital Expenditures that were not so made in such 125-day period,

(c) cash payments received in respect of Swap Agreements during such Excess Cash Flow Period to the extent not included in the computation of EBITDA,

(d) any extraordinary, unusual or nonrecurring gain realized in cash during such Excess Cash Flow Period (except to the extent such gain consists of Net Proceeds subject to Section 2.11(b)),

(e) to the extent deducted in the computation of EBITDA, cash interest income,

(f) the amount of consideration paid with respect to assets acquired as part of a Permitted Business Acquisition to the extent such assets have been subsequently disposed of pursuant to Section 6.05(h) and such amount reduced Excess Cash Flow in a prior year, and

(g) the amount related to items that were deducted from or not added to Net Income in connection with calculating consolidated Net Income or were deducted from or not added to consolidated Net Income in calculating EBITDA to the extent either (x) such items represented cash received by the Borrower or any Subsidiary or (y) such items do not represent cash paid by the Borrower or any Subsidiary, in each case on a consolidated basis during such Excess Cash Flow Period.

"Excess Cash Flow Period" shall mean each fiscal year of the Borrower commencing with the 2007 fiscal year.

"Exchange Act" means the Securities Exchange Act of 1934, as amended from time to time and any successor statute.

"Excluded Taxes" shall mean, with respect to the Administrative Agent, any Lender, any Issuing Bank or any other recipient of any payment to be made by or on account of any obligation of the Borrower hereunder, (a) income taxes imposed on (or measured by) its net income (or franchise taxes imposed in lieu of net income taxes) by the United States of America (or any state thereof) or the jurisdiction under the laws of which such recipient is organized or in which its principal office is located or, in the case of any Lender, in which its applicable Lending Office is located or any other jurisdiction as a result of such recipient engaging in a trade or business in such jurisdiction for tax purposes, (b) any branch profits tax or any similar tax that is imposed by any jurisdiction described in clause (a) above (c) in the case of a Lender making a Loan to the Borrower, any withholding tax imposed by the United States or imposed by the jurisdiction in which such Lender is incorporated or has its principal place of business that (x) is in effect and would apply to amounts payable hereunder to such Lender at the time

such Lender becomes a party to such Loan to the Borrower (or designates a new 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 a Loan Party with respect to any withholding tax pursuant to Section 2.17(a) or Section 2.17(c) or (y) is attributable to such Lender's failure to comply with Section 2.17(e) (without giving effect to the last sentence thereof) with respect to such Loan unless such failure to comply with Section 2.17(e) is a result of a change in law after the date such Lender becomes a party to such Loan to the Borrower (or designates a new Lending Office) and (d) any interest, additions to taxes or penalties with respect to the foregoing.

"Existing Debt" shall mean the Indebtedness of Holdings and its Subsidiaries in existence on the Closing Date prior to the consummation of the Transactions to be consummated on the Closing Date.

"Existing Debt Documents" shall mean any and all of the documents or instruments governing the Existing Debt.

"Existing Owners" shall mean the Reinvesting Management Group, as such terms are defined in the Merger Agreement as in effect on the Closing Date.

"Existing Term Loans" shall have the meaning assigned to such term in Section 2.21.

"Facility" shall mean the respective facility and commitments utilized in making Loans and credit extensions hereunder, it being understood that as of the date of this Agreement there are two Facilities, i.e., the Term Facility and the Revolving Facility.

"Family Members" shall mean an individual's spouse, former spouse, parent, siblings, children, or other lineal descendants of such individual.

"Federal Funds Effective Rate" shall mean, for any day the rate per annum (expressed, as a decimal, rounded upwards, if necessary, to the next higher 1/100 of 1%) equal to the weighted average of the rates on overnight Federal funds transactions with members of the Federal Reserve System arranged by Federal funds brokers on such day, as published by the Federal Reserve Bank of New York on the Business Day next succeeding such day; provided, (i) if such day is not a Business Day, the Federal Funds Rate for such day shall be such rate on such transactions on the next preceding Business Day as so published on the next succeeding Business Day, and (ii) if no such rate is so published on such next succeeding Business Day, the Federal Funds Rate for such day shall be the average rate charged to Administrative Agent, in its capacity as a Lender, on such day on such transactions as determined by Administrative Agent.

"Fee Letter" shall mean that certain Fee Letter dated October 20, 2006 by and among the Borrower, the Agents and certain other parties.

"Fees" shall mean the Revolving Credit Commitment Fees, the L/C Participation Fees, the Issuing Bank Fees and the Administrative Agent Fees.

"Financial Officer" of any person shall mean the Chief Financial Officer, principal accounting officer, Treasurer, Assistant Treasurer or Controller of such person.

"First Lien Leverage Ratio" shall mean, on any date, the ratio of Consolidated Senior Secured Debt, as of such date to (b) EBITDA for the relevant Test Period, all determined on a consolidated basis.

"First Lien Term Facility" shall mean the seven-year first lien term loan facility in aggregate principal amount of $950,000,000 under this Agreement.

"Foreign Lender" shall mean any Lender that is not a "United States person" as defined in Section 7701(a)(30) of the Code.

"Foreign Subsidiary" shall mean any Subsidiary that is incorporated or organized under the laws of any jurisdiction other than the United States of America, any State thereof or the District of Columbia.

"GAAP" shall mean generally accepted accounting principles in effect from time to time in the United States.

"Generac" shall mean Generac Power Systems, Inc., a Wisconsin corporation.

"GSCP" shall have the meaning assigned to such term in the introductory paragraph of this Agreement.

"Governmental Authority" shall mean any federal, state, local or foreign court or governmental agency, authority, instrumentality or regulatory or legislative body or any entity or officer exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to any government or any court, in each case whether associated with a state of the United States, the United States, or a foreign entity or government.

"Guarantee" of or by any person (the "guarantor") shall mean (a) any obligation, contingent or otherwise, of the guarantor guaranteeing or having the economic effect of guaranteeing any Indebtedness or other obligation of any other person (the "primary obligor") in any manner, whether directly or indirectly, and including any obligation of the guarantor, direct or indirect, (i) to purchase or pay (or advance or supply funds for the purchase or payment of) such Indebtedness or other obligation (whether arising by virtue of partnership arrangements, by agreement to keep well, to purchase assets, goods, securities or services, to take-or-pay or otherwise) or to purchase (or to advance or supply funds for the purchase of) any security for the payment of such Indebtedness or other obligation, (ii) to purchase or lease property, securities or services for the purpose of assuring the owner of such Indebtedness or other obligation of the payment thereof, (iii) to maintain working capital, equity capital or any other financial statement condition or liquidity of the primary obligor so as to enable the primary obligor to pay such Indebtedness or other obligation, (iv) entered into for the purpose of assuring in any other manner the holders of such Indebtedness or other obligation of the payment thereof or to protect such holders against loss in respect thereof (in whole or in part) or (v) as an account party in respect of any letter of credit or letter of guaranty issued to support such Indebtedness or other obligation, or (b) any Lien on any assets of the guarantor securing any Indebtedness of any other person, whether or not such Indebtedness or other obligation is assumed by the guarantor; provided, however, that the term "Guarantee" shall not include endorsements for collection or deposit, in either case in the ordinary course of business, or customary and reasonable indemnity obligations in effect on the Closing Date or entered into in connection with any acquisition or disposition of assets permitted under this Agreement. The amount of any Guarantee for purposes of clause (b) shall be deemed to be equal to the lesser of (i) the aggregate unpaid amount of such Indebtedness and (ii) the fair market value of the property encumbered thereby as determined by such person in good faith.

"guarantor" shall have the meaning assigned to such term in the definition of the term "Guarantee".

"Hazardous Materials" shall mean all pollutants, contaminants, wastes, chemicals, materials, substances and constituents of any nature which are subject to regulation by any Governmental Authority or which would reasonably be likely to give rise to liability under any Environmental Law, including, without limitation, explosive or radioactive substances or petroleum or petroleum distillates, asbestos or asbestos containing materials, polychlorinated biphenyls or radon gas.

"Holdings" shall have the meaning assigned to such term in the introductory paragraph of this Agreement.

"Incremental Extensions of Credit" shall have the meaning assigned to such term in Section 2.21.

"Incremental Facility Amendment" shall have the meaning assigned to such term in Section 2.21.

"Incremental Facility Closing Date" shall have the meaning assigned to such term in Section 2.21.

"Indebtedness" of any person shall mean, without duplication, (a) all obligations of such person for borrowed money, (b) all obligations of such person evidenced by bonds, debentures, notes or similar instruments to the extent the same would appear as a liability on a balance sheet prepared in accordance with GAAP, (c) all obligations of such person under conditional sale or other title retention agreements relating to property or assets purchased by such person, (d) all obligations of such person issued or assumed as the deferred purchase price of property or services (other than current intercompany liabilities (but not any refinancings, extensions, renewals or replacements thereof) incurred in the ordinary course of business and maturing within 365 days after the incurrence thereof), to the extent that the same would be required to be shown as a long term liability on a balance sheet prepared in accordance with GAAP, (e) all Guarantees by such person of Indebtedness of others, (f) all Capital Lease Obligations of such person, (g) all payments that such person would have to make in the event of an early termination, on the date Indebtedness of such person is being determined, in respect of outstanding Swap Agreements net of payments such person would receive in the event of early termination on such date of determination, (h) the principal component of all obligations, contingent or otherwise, of such person as an account party in respect of letters of credit and (i) the principal component of all obligations of such person in respect of bankers' acceptances. The Indebtedness of any person shall include the Indebtedness of any partnership in which such person is a general partner, other than to the extent that the instrument or agreement evidencing such Indebtedness expressly limits the liability of such person in respect thereof. The Indebtedness of the Borrower and the Restricted Subsidiaries shall exclude (i) accrued expenses and accounts and trade payables, (ii) liabilities under vendor agreements to the extent such indebtedness may be satisfied through non-cash means such as purchase volume earnings credits and (iii) reserves for deferred income taxes.

"Indemnified Taxes" shall mean all Taxes other than Excluded Taxes and Other Taxes.

"Indemnitee" shall have the meaning assigned to such term in Section 9.05(b).

"Information" shall have the meaning assigned to such term in Section 3.14(a).

"Information Memorandum" shall mean the Confidential Information Memorandum dated October 2006, as modified or supplemented prior to the Closing Date.

"Intercompany Note" shall mean the Intercompany Note substantially in the form of Exhibit H.

"Intercreditor Agreement" shall mean the Intercreditor Agreement, dated as of the date hereof, among the Administrative Agent and the administrative agent under the Second Lien Credit Agreement, the Collateral Agent and acknowledged by the Borrower.

"Interest Election Request" shall mean a request by the Borrower to convert or continue a Term Borrowing or Revolving Facility Borrowing in accordance with Section 2.07.

"Interest Expense" shall mean, with respect to any person for any period, the sum without duplication of (a) gross interest expense of such person for such period on a consolidated basis, including (i) the amortization of debt discounts, (ii) the amortization of all fees (including fees with respect to Swap Agreements) payable in connection with the incurrence of Indebtedness to the extent included in interest expense and (iii) the portion of any payments or accruals with respect to Capital Lease Obligations allocable to interest expense and (b) capitalized interest of such person. For purposes of the foregoing, gross interest expense shall be determined after giving effect to any net payments made or received and costs incurred by the Borrower and its Restricted Subsidiaries with respect to Swap Agreements (provided that payments and costs upon the settlement or termination of a Swap Agreement will not be included in Interest Expense).

"Interest Payment Date" shall mean, (a) with respect to any Eurocurrency Loan, the last day of the Interest Period applicable to the Borrowing of which such Loan is a part and, in the case of a Eurocurrency Borrowing with an Interest Period of more than three months' duration, each day that would have been an Interest Payment Date had successive Interest Periods of three months' duration been applicable to such Borrowing and, in addition, the date of any refinancing or conversion of such Borrowing with or to a Borrowing of a different Type and (b) with respect to any ABR Loan (including any Swingline Loan), the last day of March, June, September and December of each year.

"Interest Period" shall mean, as to any Eurocurrency Borrowing, the period commencing on the date of such Borrowing or on the last day of the immediately preceding Interest Period applicable to such Borrowing, as applicable, and ending on the numerically corresponding day (or, if there is no numerically corresponding day, on the last day) in the calendar month that is 1, 2, 3 or 6 months thereafter (or 9 or 12 months, if available to all relevant Lenders), as the Borrower may elect, or the date any Eurocurrency Borrowing is converted to an ABR Borrowing in accordance with Section 2.07 or repaid or prepaid in accordance with Section 2.09, 2.10 or 2.11; provided, unless the Administrative Agent shall otherwise agree, that the Interest Period for the initial Eurocurrency Borrowing shall be of one month's duration; provided, however, that if any Interest Period would end on a day other than a Business Day, such Interest Period shall be extended to the next succeeding Business Day unless such next succeeding Business Day would fall in the next calendar month, in which case such Interest Period shall end on the next preceding Business Day. Interest shall accrue from and including the first day of an Interest Period to but excluding the last day of such Interest Period.

"Investment" shall have the meaning assigned to such term in Section 6.04.

"Issuing Bank" shall mean JPMorgan Chase Bank, N.A., acting through any of its Affiliates or branches, and each other Issuing Bank designated pursuant to Section 2.05(k), in each case in its capacity as an issuer of Letters of Credit hereunder, and its successors in such capacity as provided in Section 2.05(i). An Issuing Bank may, in its discretion, arrange for one or more Letters of Credit to be issued by Affiliates of such Issuing Bank, in which case the term "Issuing Bank" shall include any such Affiliate with respect to Letters of Credit issued by such Affiliate.

"Issuing Bank Fees" shall have the meaning assigned to such term in Section 2.12(b).

"Joint Lead Arrangers" shall have the meaning assigned to such term in the introductory paragraph of this Agreement.

"Joint Venture" shall mean a joint venture or similar arrangement, whether in corporate, partnership or other legal form which is not a Subsidiary but in which the Borrower or any Subsidiary owns or controls any Equity Interests; provided, in no event shall any corporate Subsidiary of any person be considered to be a Joint Venture to which such person is a party.

"L/C Disbursement" shall mean a payment or disbursement made by an Issuing Bank pursuant to a Letter of Credit.

"L/C Participation Fee" shall have the meaning assigned such term in Section 2.12(b).

"Lender" shall mean each financial institution listed on Schedule 2.01 (other than any such person that has ceased to be a party hereto pursuant to an Assignment and Acceptance in accordance with Section 9.04), as well as any person that becomes a "Lender" hereunder in accordance with Section 9.04.

"Lender Counterparty" shall mean any counterparty to a Cash Management Obligation or Swap Agreement that (i) was a Lender on the Closing Date or (ii) at the time the Cash Management Obligation or Swap Agreement was entered into, was a Joint Lead Arranger, a Lender, an Issuing Bank or an Affiliate of any thereof, including each such Affiliate that enters into a joinder agreement with the Administrative Agent.

"Lender Default" shall mean (i) the refusal (which has not been retracted) or failure of a Lender to make available its portion of any Borrowing, to acquire participations in a Swingline Loan pursuant to Section 2.04 or to fund its portion of any unreimbursed payment under Section 2.05(e) (in each case, when required to be made available, acquired or funded in accordance with the terms hereof), or (ii) a Lender having notified the Borrower and/or the Administrative Agent that it does not intend to comply with its obligations under Section 2.04, 2.05 or 2.06.

"Lending Office" shall mean, as to any Lender, the applicable branch, office or Affiliate of such Lender designated by such Lender to make Loans.

"Letter of Credit" shall mean any letter of credit issued pursuant to Section 2.05 and any existing letter of credit listed on Schedule 1.01(b).

"LIBO Rate" shall mean, with respect to any Eurocurrency Borrowing for any Interest Period, the rate per annum equal to the rate determined by Administrative Agent to be the offered rate which appears on the page of the Telerate Screen which displays an average British Bankers Association Interest Settlement Rate (such page currently being page number 3740 or 3750, as applicable) for deposits (for delivery on the first day of such period) with a term equivalent to such period in Dollars, determined as of approximately 11:00 a.m. (London, England time) on the Quotation Day for such Interest Period, or (b) in the event the rate referenced in the preceding clause (a) does not appear on such page or service or if such page or service shall cease to be available, the rate per annum equal to the rate determined by Administrative Agent to be the offered rate on such other page or other service which displays an average British Bankers Association Interest Settlement Rate for deposits (for delivery on the first day of such period) with a term equivalent to such period in Dollars, determined as of approximately 11:00 a.m. (London, England time) on the Quotation Day for such Interest Period, or (c) in the event the rates

referenced in the preceding clauses (a) and (b) are not available, the rate per annum equal to the offered quotation rate to first class banks in the London interbank market by Deutche Bank Trust Company Americas for deposits (for delivery on the first day of the relevant period) in Dollars of amounts in same day funds comparable to the principal amount of the applicable Loan of Administrative Agent, in its capacity as a Lender, for which the Adjusted Eurodollar Rate is then being determined with maturities comparable to such period as of approximately 11:00 a.m. (London, England time) on such Interest Rate Determination Date.

"Lien" shall mean, with respect to any asset, (a) any mortgage, deed of trust, lien, hypothecation, pledge, encumbrance, charge or security interest in or on such asset and (b) the interest of a vendor or a lessor under any conditional sale agreement, capital lease or title retention agreement (or any financing lease having substantially the same economic effect as any of the foregoing) relating to such asset.

"Loan Documents" shall mean this Agreement, the Intercreditor Agreement, the Letters of Credit, the Security Documents, the Administrative Agent Fee Letter, the Fee Letter and any Note issued under Section 2.09(e), any amendments (including any Incremental Facility Amendment) and waivers to any of the foregoing.

"Loan Parties" shall mean Holdings, the Borrower and the Subsidiary Loan Parties and any Parent Entity, in lieu of Holdings, that has executed and delivered an assumption agreement in substantially the form of Exhibit D to the Collateral Agreement and become a "Guarantor" and "Grantor" thereunder.

"Loans" shall mean the Term Loans, the Revolving Facility Loans, the Swingline Loans and loans in respect of Incremental Extensions of Credit.

"Local Time" shall mean New York City time.

"Majority Lenders" of any Facility shall mean, at any time, Lenders under such Facility having Loans and unused Commitments representing more than 50% of the sum of all Loans outstanding under such Facility and unused Commitments under such Facility at such time.

"Management Agreement" means that certain Advisory Services Agreement dated as of November 10, 2006 by and among Generac Acquisition Corp, GPS CCMP Acquisition Corp., Generac Power Systems, Inc., CCMP Capital Advisors, LLC, and CCMP Capital Asia PTE, Ltd. and CCMP Capital Asia Consulting Company Ltd.

"Management Group" shall mean the group consisting of the directors, officers and other management personnel of Holdings, the Borrower and its Restricted Subsidiaries.

"Margin Stock" shall have the meaning assigned to such term in Regulation U.

"Material Adverse Effect" shall mean a material adverse effect on and/or material adverse developments with respect to the business, property, operations or condition of the Borrower and its Subsidiaries, taken as a whole.

"Maximum Rate" shall have the meaning assigned to such term in Section 9.09.

"Merger" shall mean the merger of the Company with and into Generac, with Generac being the surviving corporation, who without any further act or deed shall automatically by operation of

law become the Borrower hereunder and assume all of the obligations, covenants, duties and liabilities of GPS CCMP Merger Corp. as if originally a party hereto.

"Merger Agreement" shall mean the Agreement and Plan of Merger, dated as of September 13, 2006, by and among Generac, Holdings, the Borrower and Robert D. Kern, as representative for the shareholders listed on Exhibit A thereto.

"Moody's" shall mean Moody's Investors Service, Inc.

"Mortgaged Properties" shall mean the properties listed on Schedule 5.09 and the owned real properties of the Loan Parties encumbered by a Mortgage pursuant to Section 5.09.

"Mortgage" shall have the meaning assigned to such term in Section 5.09(c).

"Multiemployer Plan" shall mean a multiemployer plan as defined in Section 4001(a)(3) of ERISA to which the Borrower, Holdings or any Subsidiary or any ERISA Affiliate (other than one considered an ERISA Affiliate only pursuant to subsection (m) or (o) of Code Section 414) is making or accruing an obligation to make contributions, or has within any of the preceding six plan years made or accrued an obligation to make contributions.

"Net Income" shall mean, with respect to any person, the net income (loss) of such person, determined in accordance with GAAP and before any reduction in respect of preferred stock dividends.

"Net Proceeds" shall mean:

(a) an amount equal to 100% of the cash proceeds actually received by the Borrower or any of its Restricted Subsidiaries, which, in any fiscal year in the aggregate for all such persons exceeds $5,000,000 (including any cash payments received by way of deferred payment of principal pursuant to a note or installment receivable or purchase price adjustment receivable or otherwise and including casualty insurance settlements and condemnation awards, but only as and when received) from any loss, damage, destruction or condemnation of, or any sale, transfer or other disposition (including any sale and leaseback of assets and any mortgage or lease of real property) to any person of any asset or assets of the Borrower or any Restricted Subsidiary in a single transaction or series of related transactions (other than those pursuant to Section 6.05(a), (b), (c), (e), (f), (i), (j), (k), (m), (n), (o), (p), (r), (t), (u), and (v)), net of (i) attorneys' fees, accountants' fees, investment banking fees, survey costs, title insurance premiums, and related search and recording charges, transfer taxes, deed or mortgage recording taxes, payments of debt and other obligations relating to the applicable asset then due and payable or required to be paid or discharged by the purchaser, transfer or other disposition of such asset (other than pursuant hereto or pursuant to any Second Lien Indebtedness), other customary expenses and brokerage, consultant and other customary fees and expenses actually incurred in connection therewith, (ii) Taxes paid or payable as a result thereof or any Tax Distributions resulting therefrom) and (iii) any reserve for adjustment in respect of (A) the sale price of such asset or assets established in accordance with GAAP and (B) any liabilities associated with such asset or assets and retained by the Borrower or such Restricted Subsidiary after such sale, transfer or other disposition thereof, including pension and other post-employment benefit obligations associated with such transaction, provided that if no Event of Default exists and Holdings or the Borrower shall deliver a certificate of a Responsible Officer of the Borrower to the Administrative Agent promptly following receipt of any such proceeds setting forth the Borrower's intention to use or commit to use any portion of such proceeds, to acquire, maintain, develop, construct, improve, upgrade or repair assets useful

in the business the Borrower and its Restricted Subsidiaries or make Permitted Business Acquisitions, in each case within 15 months of such receipt, then such portion shall not constitute Net Proceeds except to the extent not so used or not contractually committed to be so used within such 15 month period (it being understood that (1) any amount so contractually committed to be used within such 15 month period must be so used within 180 days of such commitment and (2) if any portion of such proceeds are not so used within such period (whether because such amount is contractually committed to be used and subsequent to such date such contract is terminated or expires without such portion being so used or for any other reason), such remaining portion shall constitute Net Proceeds (as of the date of such termination or expiration (if applicable) without giving effect to this proviso), provided that if such Net Proceeds arose from the sale of an asset of a Loan Party, such proceeds must be reinvested in the assets of a Loan Party or be permitted as an Investment pursuant to Section 6.04, and,

(b) an amount equal to 100% of the cash proceeds received by the Borrower or any Restricted Subsidiary from the incurrence, issuance or sale by the Borrower or any of its Restricted Subsidiaries of any Indebtedness (other than Indebtedness permitted by Section 6.01) net of all taxes and fees (including investment banking fees), commissions, underwriting discounts, costs and other expenses, in each case incurred in connection with such issuance or sale.

"Non-Consenting Lender" shall have the meaning assigned to such term in Section 2.19(c).

"Nonpublic Information" shall mean information which has not been disseminated in a manner making it available to investors generally, within the meaning of Regulation FD.

"Note" shall have the meaning assigned to such term in Section 2.09(e).

"Obligations" shall mean all obligations of every nature of each Loan Party from time to time owed to the Agents (including former Agents), the Lenders or any Lender Counterparties, under any Loan Document or Swap Agreement (including, without limitation, with respect to a Swap Agreement, (i) obligations owed thereunder to any person who was a Lender or an Affiliate of a Lender on the Closing Date or at the time such Swap Agreement was entered into and (ii) Obligations owed thereunder to the counterparties specified on Schedule 1.01(a) in respect of the Swap Agreements referred to on Schedule 1.01(a)), whether for principal, interest (including interest which, but for the filing of a petition in bankruptcy with respect to such Loan Party, would have accrued on any Obligation, whether or not a

claim is allowed against such Loan Party for such interest in the related bankruptcy proceeding), reimbursement of amounts drawn under Letters of Credit, payments for early termination of Swap Agreements, fees, expenses, indemnification or otherwise. For the avoidance of doubt, Incremental Term Loans and Incremental Revolving Loans incurred pursuant to Section 2.21 shall constitute Obligations.

"Other Taxes" shall mean any and all present or future stamp or documentary taxes or any other excise or property taxes, charges or similar levies arising from any payment made hereunder or from the execution, delivery or enforcement of, or otherwise with respect to, the Loan Documents, and any and all interest and penalties related thereto.

"Parent Entity" shall mean any of (i) Holdings and (ii) any other person of which Holdings is a Subsidiary.

"Participant" shall have the meaning assigned to such term in Section 9.04(c).

"PBGC" shall mean the Pension Benefit Guaranty Corporation referred to and defined in ERISA and any successor entity performing similar functions.

"Permitted Business Acquisition" shall mean any acquisition by the Borrower or any Restricted Subsidiary of all or substantially all of the assets of, or a majority of the outstanding Equity Interests (other than directors' qualifying shares and similar *de minimis* holdings required by applicable law) in, a person or division or line of business of a person, provided that: (i) immediately prior to, and after giving effect thereto, no Event of Default shall have occurred and be continuing or would result therefrom; (ii) (A) the Borrower and its Subsidiaries shall be in compliance, on a Pro Forma Basis with the Total Leverage Ratio and, the Borrower shall have delivered to the Administrative Agent at least five days prior to such acquisition a certificate of a Responsible Officer of the Borrower to such effect, together with all financial information for such Subsidiary or assets that is reasonably requested by the Administrative Agent and available to the Borrower, and (B) any acquired or newly formed Subsidiary shall not be liable for any Indebtedness (except for Indebtedness permitted by Section 6.01), (iii) if less than all of the Equity Interests of a person are acquired, such person shall, notwithstanding the definition of Subsidiary Loan Party, become a Subsidiary Loan Party and (iv) if such person is a Foreign Subsidiary of the Borrower, the acquisition thereof and any Investments therein shall be permitted by Section 6.04(b).

"Permitted Debt Securities" shall mean unsecured Indebtedness of the Borrower, (i) that are expressly subordinated to the prior payment in full of the Obligations pursuant to provisions substantially similar to those set forth in Exhibit G or otherwise on terms reasonably satisfactory to the Administrative Agent (it being understood that customary high yield subordination terms prevailing at the time of determination shall be deemed to be so satisfactory), (ii) the terms of which do not provide for any scheduled repayment, mandatory redemption (other than pursuant to customary provisions relating to redemption or repurchase upon change of control or sale of assets) or sinking fund obligation prior to the date that is 91 days after the Term Facility Maturity Date, (iii) in the case of such Indebtedness in excess of $35 million, the covenants, events of default, and remedy provisions of which, taken as a whole, are not more restrictive to, or the mandatory repurchase or redemption provisions thereof are not more onerous or expansive in scope, taken as a whole, on, the Borrower and its Restricted Subsidiaries than the terms of the Second Lien Loan Documents, as reasonably determined by the Administrative Agent and (iv) in the case of such Indebtedness in excess of $35 million, in respect of which no Subsidiary of the Borrower that is not an obligor under the Loan Documents is an obligor.

"Permitted Investments" shall mean:

(a) direct obligations of the United States of America or any member of the European Union or any agency thereof or obligations guaranteed by the United States of America or any member of the European Union or any agency thereof, in each case with maturities not exceeding two years;

(b) time deposit accounts, certificates of deposit and money market deposits maturing within 180 days of the date of acquisition thereof issued by a bank or trust company that is organized under the laws of the United States of America, any state thereof or any foreign country recognized by the United States of America having capital, surplus and undivided profits in excess of $250.0 million and whose long-term debt, or whose parent holding company's long-term debt, is rated A (or such similar equivalent rating or higher by at least one nationally recognized statistical rating organization (as defined in Rule 436 under the Securities Act);

(c) repurchase obligations with a term of not more than 180 days for underlying securities of the types described in clause (a) above entered into with a bank meeting the qualifications described in clause (b) above;

(d) commercial paper, maturing not more than one year after the date of acquisition, issued by a corporation organized and in existence under the laws of the United States of America or any foreign country recognized by the United States of America with a rating at the time as of which any investment therein is made of P-2 (or higher) according to Moody's, or A-1 (or higher) according to S&P;

(e) securities with maturities of two years or less from the date of acquisition issued or fully guaranteed by any State, commonwealth or territory of the United States of America, or by any political subdivision or taxing authority thereof, and rated at least A by S&P or A by Moody's;

(f) shares of mutual funds whose investment guidelines restrict 95% of such funds' investments to those satisfying the provisions of clauses (a) through (e) above;

(g) money market funds that (i) comply with the criteria set forth in Rule 2a-7 under the Investment Company Act of 1940, (ii) are rated AAA by S&P and Aaa by Moody's and (iii) have portfolio assets of at least $5.0 billion; and

(h) other short-term investments utilized by Foreign Subsidiaries of the Borrower in accordance with normal investment practices for cash management in investments of a type analogous to the foregoing.

"Permitted Investors" shall mean (x) the Sponsors, (y) the Existing Owners and any of their Permitted Transferees and (z) the members of the Management Group so long as the Sponsors shall own, directly or indirectly, Equity Interests in Holdings representing a majority of the Equity Interests in Holdings owned directly or indirectly by the persons described in clauses (x), (y) and (z).

"Permitted Refinancing Indebtedness" shall mean any Indebtedness issued in exchange for, or the net proceeds of which are used to extend, refinance, renew, replace, defease or refund (collectively, to "Refinance"), the Indebtedness being Refinanced (or previous refinancings thereof constituting Permitted Refinancing Indebtedness); provided that (a) the principal amount (or accreted value, if applicable) of such Permitted Refinancing Indebtedness does not exceed the principal amount (or accreted value, if applicable) of the Indebtedness so Refinanced (plus unpaid accrued interest and premium thereon, any committed or undrawn amounts and underwriting discounts, fees, commissions and expenses, associated with such Permitted Refinancing Indebtedness), except as otherwise permitted under Section 6.01, (b) the final maturity date of such Permitted Refinancing Indebtedness is no earlier than the earlier of (i) the final maturity date of the Indebtedness being refinanced and (ii) the date that is 91 days after the Term Facility Maturity Date, (c) if the Indebtedness being Refinanced is by its terms subordinated in right of payment to the Obligations under this Agreement, such Permitted Refinancing Indebtedness shall be subordinated in right of payment to such Obligations on terms at least as favorable to the Lenders as those contained in the documentation governing the Indebtedness being Refinanced, taken as a whole, (d) no Permitted Refinancing Indebtedness shall have obligors or contingent obligors that were not obligors or contingent obligors (or that would not have been required to become obligors or contingent obligors) in respect of the Indebtedness being Refinanced and (e) if the Indebtedness being Refinanced is (or would have been required to be) secured by any collateral of a Loan Party (whether equally and ratably with, or junior to, the Secured Parties or otherwise), such Permitted Refinancing Indebtedness may be secured by such collateral on terms no less favorable, taken as a whole, to the

Secured Parties than those contained in the documentation governing the Indebtedness being Refinanced, taken as a whole; and provided further, that with respect to a Refinancing of (x) Permitted Debt Securities such Permitted Refinancing Indebtedness shall meet the requirements of clauses (i), (ii), (iii) and (iv) of the definition of "Permitted Debt Securities" and (y) Second Lien Indebtedness, any Liens securing such Permitted Refinancing Indebtedness shall be subject to the Intercreditor Agreement or another intercreditor agreement that is no less favorable, taken as a whole, to the Secured Parties than the Intercreditor Agreement.

"Permitted Transferees" shall mean the collective reference to (i) any Existing Owner, (ii) any direct or indirect stockholder, member, partner or Affiliate of any Existing Owner; (ii) transferees of Equity Interests of any Existing Owner pursuant to buy/sell provisions under current stockholder, partnership, operating or similar agreements to which any Existing Owner is bound, solely to the extent any such transfer is made to a party to such agreements (or to an Affiliate of such party); (iii) any Family Member of any person described in the foregoing clauses (i) and (ii) (or a Family Member of any such person's spouse, former spouse, parent, sibling, children or other lineal descendants, heirs or estate), a company, partnership or a trust established for the benefit of any of the foregoing or any personal representative, estate or executor under any will of any such Family Member or pursuant to the laws of intestate succession.

"person" shall mean any natural person, corporation, business trust, joint venture, association, company, partnership, limited liability company, individual or family trust, or other organization (whether or not a legal entity), or any government or any agency or political subdivision thereof.

"Plan" shall mean any employee pension benefit plan (other than a Multiemployer Plan) subject to the provisions of Title IV of ERISA or Section 412 of the Code and in respect of which Holdings, the Borrower, any Subsidiary or any ERISA Affiliate is (or, if such plan were terminated, would under Section 4069 of ERISA be deemed to be) an "employer" as defined in Section 3(5) of ERISA.

"Platform" shall have the meaning assigned to such term in Section 5.14.

"Pledged Collateral" shall have the meaning assigned to such term in the Collateral Agreement.

"Pricing Grid" shall have the meaning assigned to such term in the definition of the term "Applicable Margin".

"primary obligor" shall have the meaning assigned to such term in the definition of the term "Guarantee".

"Pro Forma Basis" shall mean, as to any calculation of the Total Leverage Ratio or the First Lien Leverage Ratio for any events as described below that occur subsequent to the commencement of any period of four consecutive quarters (the "Reference Period") for which the financial effect of such events is being calculated, and giving effect to the events for which such calculation is being made, such calculation as will give pro forma effect to such events as if such events occurred on the first day of the Reference Period (it being understood and agreed that unless otherwise specified, such Reference Period shall be deemed to be the four consecutive fiscal quarters ending on the last day of the most recently ended fiscal quarter of the Borrower and its Subsidiaries for which financial statements are available and such pro forma adjustments shall be excluded to the extent already accounted for in the calculation of EBITDA for such period): (i) in making any determination of EBITDA, pro forma effect shall be given

to any asset disposition of a Restricted Subsidiary, manufacturing facility or line of business, to any asset acquisition, any discontinued operation or any operational change and any Subsidiary Redesignation in each case that occurred during the Reference Period (or, in the case of determinations made with respect to any action the taking of which hereunder is subject to compliance on a Pro Forma Basis or otherwise with the Total Leverage Ratio or the First Lien Leverage Ratio (any such action, a "Restricted Action") occurring during the Reference Period or thereafter and through and including the date of such determination) and (ii) in making any determination on a Pro Forma Basis, (x) all Indebtedness (including Indebtedness incurred or assumed and for which the financial effect is being calculated, whether incurred under this Agreement or otherwise, but excluding normal fluctuations in revolving Indebtedness incurred for working capital purposes) incurred or permanently repaid during the Reference Period (or, in the case of determinations made with respect to any Restricted Action, occurring during the Reference Period or thereafter and through and including the date of such determination) shall be deemed to have been incurred or repaid at the beginning of such period and (y) Interest Expense of such person attributable to interest on any Indebtedness, for which pro forma effect is being given as provided in the preceding clause (x), bearing floating interest rates shall be computed on a pro forma basis utilizing the rate which is or would be in effect with respect to such Indebtedness as at the relevant date of determination as if such rate had been actually in effect during the period for which pro forma effect is being given.

Pro forma calculations made pursuant to the definition of the term "Pro Forma Basis" shall be determined in good faith by a Responsible Officer of the Borrower and, for any fiscal period ending on or prior to the first anniversary of any such asset acquisition, asset disposition, discontinued operation or operational change or Subsidiary Redesignation, may include adjustments to reflect operating expense reductions and other operating improvements or synergies reasonably expected to result from such asset acquisition, asset disposition, discontinued operation, operational change, or Subsidiary Redesignation and for purposes of determining compliance with the Total Leverage Ratio or the First Lien Leverage Ratio, such adjustments may reflect additional operating expense reductions and other additional operating improvements and synergies that (x) would be includable in pro forma financial statements prepared in accordance with Regulation S-X and (y) such other adjustments not includable in Regulation S-X under the Securities Act for which substantially all of the steps necessary for the realization thereof have been taken or are reasonably anticipated by the Borrower to be taken in the next 12 month period following the consummation thereof and, are estimated on a good faith basis by the Borrower; provided, however that the aggregate amount of any such adjustments pursuant to clause (y) shall not exceed three percent (3%) of the consolidated revenues of the Borrower in any fiscal year. The Borrower shall deliver to the Administrative Agent a certificate of a Responsible Officer of the Borrower setting forth such demonstrable or additional operating expense reductions and other operating improvements or synergies and information and calculations supporting them in reasonable detail.

"Projections" shall mean the projections of Holdings, the Borrower and the Subsidiaries included in the Information Memorandum and any other projections and any forward-looking statements of such entities furnished to the Lenders or the Administrative Agent in writing by or on behalf of Holdings, the Borrower or any of its Subsidiaries.

"Qualified Capital Stock" means any Equity Interest of any person that does not by its terms (or by the terms of any security into which it is convertible or for which it is exchangeable or exercisable) or upon the happening of any event (a) provide for scheduled payments of dividends in cash (other than at the option of the issuer) prior to the date that is 91 days after the Term Facility Maturity Date, (b) become mandatorily redeemable (other than pursuant to customary provisions relating to redemption upon a change of control or sale of assets) pursuant to a sinking fund obligation or otherwise prior to the date that is 91 days after the Term Facility Maturity Date, (c) become convertible or exchangeable at the option of the holder thereof for Indebtedness (other than Indebtedness constituting Permitted Debt Securities that the Borrower would be permitted to incur under Section 6.01(o) on the date

of conversion) or Equity Interests that are not Qualified Capital Stock, or (d) contain any maintenance covenants, other covenants adverse to the Lenders or remedies (other than voting rights and increases in dividends).

"Qualified IPO" shall mean an underwritten public offering of the Equity Interests of any Parent Entity which generates gross proceeds to such Parent Entity of at least $100.0 million.

"Quotation Day" shall mean, with respect to any Eurocurrency Borrowing and any Interest Period, the day on which it is market practice in the relevant interbank market for prime banks to give quotations for deposits in Dollars for delivery on the first day of such Interest Period. If such quotations would normally be given by prime banks on more than one day, the Quotation Day will be the last of such days.

"Reference Period" shall have the meaning assigned to such term in the definition of the term "Pro Forma Basis".

"Refinance" shall have the meaning assigned to such term in the definition of the term "Permitted Refinancing Indebtedness", and "Refinanced" shall have a meaning correlative thereto.

"Register" shall have the meaning assigned to such term in Section 9.04(b).

"Regulation U" shall mean Regulation U of the Board as from time to time in effect and all official rulings and interpretations thereunder or thereof.

"Regulation X" shall mean Regulation X of the Board as from time to time in effect and all official rulings and interpretations thereunder or thereof.

"Related Fund" means, with respect to any Lender that is an investment fund, any other investment fund that invests in commercial loans and that is managed or advised by the same investment advisor as such Lender or by an Affiliate of such investment advisor.

"Related Parties" shall mean, with respect to any specified person, such person's Affiliates and the respective directors, trustees, officers, employees, agents and advisors of such person and such person's Affiliates.

"Release" shall mean any spilling, leaking, seepage, pumping, pouring, emitting, emptying, discharging, injecting, escaping, leaching, dumping, disposing, depositing, emanating or migrating in, into, onto or through the environment.

"Remaining Present Value" shall mean, as of any date with respect to any lease, the present value as of such date of the scheduled future lease payments with respect to such lease, determined with a discount rate equal to a market rate of interest for such lease reasonably determined at the time such lease was entered into.

"Reportable Event" shall mean any reportable event as defined in Section 4043(c) of ERISA or the regulations issued thereunder, other than those events as to which the 30-day notice period referred to in Section 4043(c) of ERISA has been waived, with respect to a Plan (other than a Plan maintained by an ERISA Affiliate that is considered an ERISA Affiliate only pursuant to subsection (m) or (o) of Section 414 of the Code).

"Required Lenders" shall mean, at any time, Lenders having (a) Loans (other than Swingline Loans) outstanding, (b) Revolving L/C Exposures, (c) Swingline Exposures and (d) Available Unused Commitments, that, taken together, represent more than 50% of the sum of (w) all Loans (other than Swingline Loans) outstanding, (x) the Revolving L/C Exposure, (y) the Swingline Exposure and (z) all Available Unused Commitments at such time. The Loans, Revolving L/C Exposures, Swingline Exposures and Available Unused Commitment of any Defaulting Lender shall be disregarded in determining Required Lenders at any time.

"Required Percentage" shall mean, with respect to an Excess Cash Flow Period, 50%, provided that (a) if the Total Leverage Ratio at the end of such Excess Cash Flow Period is greater than 4.00:1.00 but less than or equal to 4.50:1.00, such percentage shall be 25%, and (b) if the Total Leverage Ratio at the end of such Excess Cash Flow Period is less than or equal to 4.00:1.00, such percentage shall be 0%.

"Responsible Officer" of any person shall mean any executive officer or Financial Officer of such person and any other officer or similar official thereof responsible for the administration of the obligations of such person in respect of this Agreement.

"Restricted Action" shall have the meaning assigned to such term in the definition of "Pro Forma Basis."

"Restricted Subsidiary" means each Subsidiary of the Borrower that is not an Unrestricted Subsidiary.

"Revolving Credit Commitment Fee" shall have the meaning assigned to such term in Section 2.12(a).

"Revolving Credit Commitment Fee Rate" shall mean a rate equal to 0.50% per annum; provided, that on and after the first Adjustment Date occurring after the completion of one full fiscal quarter of the Borrower after the Closing Date, the Revolving Credit Commitment Fee Rate will be determined pursuant to the Applicable Pricing Grid.

"Revolving Facility" shall mean the Revolving Facility Commitments and the extensions of credit made hereunder by the Revolving Facility Lenders.

"Revolving Facility Borrowing" shall mean a Borrowing comprised of Revolving Facility Loans.

"Revolving Facility Commitment" shall mean, with respect to each Revolving Facility Lender, the commitment of such Revolving Facility Lender to make Revolving Facility Loans pursuant to Section 2.01, expressed as an amount representing the maximum aggregate permitted amount of such Revolving Facility Lender's Revolving Facility Credit Exposure hereunder, as such commitment may be (a) reduced from time to time pursuant to Section 2.08 and (b) reduced or increased from time to time pursuant to assignments by or to such Lender under Section 9.04. The initial amount of each Revolving Facility Lender's Revolving Facility Commitment is set forth on Schedule 2.01, or in the Assignment and Acceptance pursuant to which such Revolving Facility Lender shall have assumed its Revolving Facility Commitment, as applicable. The aggregate amount of the Revolving Facility Commitments of all Revolving Facility Lenders is $150.0 million.

"Revolving Facility Credit Exposure" shall mean, at any time, the sum of (a) the aggregate principal amount of the Revolving Facility Loans outstanding at such time, (b) the Swingline

Exposure at such time and (c) the Revolving L/C Exposure at such time. The Revolving Facility Credit Exposure of any Revolving Facility Lender at any time shall be the sum of (x) the aggregate principal amount of such Revolving Facility Lender's Revolving Facility Loans outstanding at such time and (y) such Revolving Facility Lender's (i) Revolving L/C Exposure and (ii) except for purposes of calculating the Revolving Credit Commitment Fee, Swingline Exposure, at such time.

"Revolving Facility Lender" shall mean a Lender with a Revolving Facility Commitment or with outstanding Revolving Facility Loans.

"Revolving Facility Loan" shall mean a Loan made by a Revolving Facility Lender pursuant to Section 2.01(b).

"Revolving Facility Maturity Date" shall mean November 10, 2012.

"Revolving Facility Percentage" shall mean, with respect to any Revolving Facility Lender, the percentage of the total Revolving Facility Commitments represented by such Lender's Revolving Facility Commitment. If the Revolving Facility Commitments have terminated or expired, the Revolving Facility Percentages shall be determined based upon the Revolving Facility Commitments most recently in effect, giving effect to any assignments pursuant to Section 9.04.

"Revolving L/C Exposure" shall mean at any time the sum of (a) the aggregate undrawn amount of all Letters of Credit outstanding at such time and (b) the aggregate principal amount of all L/C Disbursements that have not yet been reimbursed at such time. The Revolving L/C Exposure of any Revolving Facility Lender at any time shall mean its Revolving Facility Percentage of the aggregate Revolving L/C Exposure at such time.

"S&P" shall mean Standard & Poor's Ratings Group, Inc.

"Sale and Lease-Back Transaction" shall have the meaning assigned to such term in Section 6.03.

"SEC" shall mean the Securities and Exchange Commission or any successor thereto.

"Second Lien Collateral Agent" shall mean Wilmington Trust Company or any other financial institution then acting as Collateral Agent under the Second Lien Loan Documents.

"Second Lien Collateral Documents" shall mean the "Guaranty and Collateral Agreement" and any "Mortgages" (in each case as defined in the Second Lien Credit Agreement) and each other security agreement or other instrument or document executed and delivered to secure Second Lien Indebtedness and any related obligations, as amended, restated, supplemented, otherwise modified, replaced, renewed, extended or refinanced from time to time in accordance with requirements thereof and of this Agreement, and the Intercreditor Agreement.

"Second Lien Credit Agreement" shall mean the Credit Agreement, dated as of November 10, 2006, by and among Holdings, the Borrower, the financial institutions from time to time party thereto as lenders, JPMorgan Chase Bank, N.A., as administrative agent, Goldman Sachs Credit Partners, L.P., as syndication agent, Barclays Bank, PLC, as documentation agent, and Goldman Sachs Credit Partners, L.P. and J.P. Morgan Securities Inc., as joint lead arrangers and joint bookrunners, as amended, restated, supplemented, otherwise modified, replaced, renewed, extended or refinanced from time to time in accordance with requirements thereof and of this Agreement, and the Intercreditor Agreement.

"Second Lien Financing" shall mean the financing contemplated by the Second Lien Loan Documents.

"Second Lien Indebtedness" shall mean Indebtedness pursuant to the Second Lien Loan Documents.

"Second Lien Loan Documents" shall mean the "Loan Documents" as defined in the Second Lien Credit Agreement as in effect on the date hereof, in each case as amended, restated, supplemented, otherwise modified, replaced, renewed, extended or refinanced from time to time in accordance with requirements thereof and of this Agreement, and the Intercreditor Agreement.

"Second Lien Term Facility" shall mean the seven-and-a-half-year second lien term loan facility in aggregate principal amount of $430,000,000 under the Second Lien Credit Agreement.

"Secured Parties" shall mean the "Secured Parties" as defined in the Collateral Agreement.

"Securities Act" shall mean the Securities Act of 1933, as amended.

"Security Documents" shall mean the Mortgages, the Collateral Agreement and each of the security agreements, mortgages and other instruments and documents executed and delivered pursuant to any of the foregoing or pursuant to Section 5.09.

"Specified Equity Contribution" shall have the meaning assigned to such term Section 7.02(a).

"Sponsors" shall mean CCMP and its Affiliates.

"Statutory Reserves" shall mean the aggregate of the maximum reserve percentages (including any marginal, special, emergency or supplemental reserves) expressed as a decimal established by the Board and any other banking authority, domestic or foreign, to which the Administrative Agent or any Lender (including any branch, Affiliate, or other fronting office making or holding a Loan) is subject for Eurocurrency Liabilities (as defined in Regulation D of the Board). Eurocurrency Loans shall be deemed to constitute Eurocurrency Liabilities as defined in Regulation D of the Board) and to be subject to such reserve requirements without benefit of or credit for proration, exemptions or offsets that may be available from time to time to any Lender under such Regulation D. Statutory Reserves shall be adjusted automatically on and as of the effective date of any change in any reserve percentage.

"Subordinated Intercompany Debt" shall have the meaning assigned to such term in Section 6.01(d).

"Subsidiary" shall mean, with respect to any person (herein referred to as the "parent"), any corporation, partnership, association or other business entity of which securities or other ownership interests representing more than 50% of the ordinary voting power or more than 50% of the partnership interests are, at the time any determination is being made, directly or indirectly, owned, Controlled or held by the parent.

"Subsidiary Loan Party" shall mean each Restricted Subsidiary that is a Wholly Owned Subsidiary of the Borrower, other than (a) any Foreign Subsidiary of the Borrower (b) any Subsidiary of a Foreign Subsidiary and (c) any Unrestricted Subsidiary.

"Subsidiary Redesignation" shall have the meaning provided in the definition of "Unrestricted Subsidiary" contained in this Section 1.01.

"Swap Agreement" shall mean any agreement with respect to any swap, forward, future or derivative transaction or option or similar agreement involving, or settled by reference to, one or more rates, currencies, commodities, equity or debt instruments or securities, or economic, financial or pricing indices or measures of economic, financial or pricing risk or value or any similar transaction or any combination of these transactions, provided that no phantom stock or other employee benefit plan providing for payments only on account of services provided by current or former directors, officers, employees, members of management or consultants of Holdings, the Borrower or any of its Subsidiaries shall be a Swap Agreement.

"Swingline Borrowing" shall mean a Borrowing comprised of Swingline Loans.

"Swingline Borrowing Request" shall mean a request by the Borrower substantially in the form of Exhibit C-2.

"Swingline Commitment" shall mean, with respect to each Swingline Lender, the commitment of such Swingline Lender to make Swingline Loans pursuant to Section 2.04. The aggregate amount of the Swingline Commitments on the Closing Date is $15 million.

"Swingline Exposure" shall mean at any time the aggregate principal amount of all outstanding Swingline Loans at such time. The Swingline Exposure of any Revolving Facility Lender at any time shall mean its Revolving Facility Percentage of the aggregate Swingline Exposure at such time.

"Swingline Lender" shall mean JPMorgan Chase Bank, N.A., acting through any of its Affiliates or branches, in its capacity as a lender of Swingline Loans.

"Swingline Loans" shall mean the swingline loans made to the Borrower pursuant to Section 2.04.

"Syndication Agent" shall have the meaning assigned to such term in the introductory paragraph of this Agreement.

"Tax Distribution" shall have the meaning assigned to such term in Section 6.06(f).

"Taxes" shall mean any and all present or future taxes, levies, imposts, duties (including stamp duties), deductions, charges (including ad valorem charges) or withholdings imposed by any Governmental Authority and any and all interest and penalties related thereto.

"Tax Sharing Agreement" means the Tax Sharing Agreement dated as of November 10, 2006 among the Borrower and GPS CCMP Acquisition Corp.

"Term Borrowing" shall mean a Borrowing comprised of Term Loans.

"Term Facility" shall mean the Term Loan Commitments and the Term Loans made hereunder.

"Term Loan Commitment" shall mean with respect to each Lender, the commitment of such Lender to make Term Loans pursuant to Section 2.01(a) in an aggregate amount not to exceed the amount set forth opposite such Lender's name on Schedule 2.01 under the caption "Term Commitment"

or in an Assignment and Acceptance pursuant to which such Lender becomes a party hereto in accordance with Section 9.04, as applicable, as such amount may be adjusted from time to time in accordance with this Agreement. The aggregate amount of the Term Loan Commitments on the Closing Date is $950.0 million.

"Term Loans" shall mean the term loans made by the Lenders to the Borrower on the Closing Date pursuant to Section 2.01(a).

"Term Facility Maturity Date" shall mean November 10, 2013.

"Term Lender" shall mean a Lender with a Term Loan Commitment and/or an outstanding Term Loan.

"Term Loan Installment Date" shall have the meaning assigned to such term in Section 2.10(a).

"Test Period" shall mean, on any date of determination, the period of four consecutive fiscal quarters (taken as one accounting period) of the Borrower (a) then most recently ended for which financial statements are available or (b) in the case of calculations pursuant to Section 6.10, ended on the last day of the fiscal quarter in question.

"Total Leverage Ratio" shall mean, on any date, the ratio of Consolidated Total Debt to EBITDA for the relevant Test Period, all determined on a consolidated basis.

"Transaction Costs" means fees and expenses payable or otherwise borne by Holdings, any other Parent Entity, the Borrower and the Subsidiaries in connection with the Transactions occurring on or about the Closing Date.

"Transaction Documents" shall mean the Merger Agreement, Second Lien Loan Documents and the Loan Documents.

"Transactions" shall mean, collectively, the transactions to occur pursuant to the Transaction Documents, including (a) the consummation of the Merger; (b) the execution and delivery of the Loan Documents and the initial borrowings hereunder; (c) the Second Lien Financing; (d) the repayment of the Existing Debt and (e) the payment of the Transaction Costs.

"Type", when used in respect of any Loan or Borrowing, shall refer to the Rate by reference to which interest on such Loan or on the Loans comprising such Borrowing is determined. For purposes hereof, the term "Rate" shall include the Adjusted LIBO Rate and the ABR.

"Uniform Customs" shall have the meaning assigned to such term in Section 9.07.

"USA PATRIOT Act" shall mean The Uniting and Strengthening America by Providing Adequate Tools Required to Intercept and Obstruct Terrorism Act of 2001 (Title III of Pub. L. No. 107-56 (signed into law October 26, 2001)).

"U.S. Bankruptcy Code" shall mean Title 11 of the United States Code, as amended, or any similar federal or state law for the relief of debtors.

"Unrestricted Subsidiary" shall mean any Subsidiary of the Borrower that is acquired or created after the Closing Date designated by the Borrower as an Unrestricted Subsidiary hereunder by

written notice to the Administrative Agent; provided that the Borrower shall only be permitted to so designate an Unrestricted Subsidiary so long as (a) no Default or Event of Default exists or would result therefrom and (b) the designation of such Unrestricted Subsidiary shall comply with Section 6.04, with the amount of the fair market value of any assets owned by such Unrestricted Subsidiary and any of its Subsidiaries at the time of the designation thereof being deemed an Investment pursuant to Section 6.04. The Borrower may designate any Unrestricted Subsidiary to be a Restricted Subsidiary for purposes of the credit documentation (each, a "Subsidiary Redesignation"); provided that (i) no Default or Event of Default then exists or would occur as a consequence of any such Subsidiary Redesignation (including, but not limited to, under Sections 6.01 and 6.02), (ii) calculations are made by the Borrower of compliance with the Total Leverage Ratio for the relevant Reference Period, on a Pro Forma Basis as if the respective Subsidiary Redesignation (as well as all other Subsidiary Redesignations theretofore consummated after the first day of such Reference Period) had occurred on the first day of such Reference Period, and such calculations shall show that such financial covenants would have been complied with if the Subsidiary Redesignation had occurred on the first day of such Reference Period (for this purpose, if the first day of the respective Reference Period occurs prior to the Closing Date, calculated as if the Total Leverage Ratio had been applicable from the first day of the Reference Period), (iii) all representations and warranties contained herein and in the other Loan Documents shall be true and correct in all material respects with the same effect as though such representations and warranties had been made on and as of the date of such Subsidiary Redesignation (both before and after giving effect thereto), unless stated to relate to a specific earlier date, in which case such representations and warranties shall be true and correct in all material respects as of such earlier date, (iv) treating such Subsidiary Redesignation as a contribution to the Borrower of an amount equal to the fair market value of such Unrestricted

Subsidiary and (v) the Borrower shall have delivered to the Administrative Agent an officer's certificate executed by a Responsible Officer of the Borrower, certifying to such officer's knowledge, compliance with the requirements of preceding clauses (i) through (iv), inclusive, and containing the calculations required by the preceding clause (ii).

"Voluntary Prepayments" shall mean (a) any voluntary prepayment of Term Loans pursuant to Section 2.11(a) in any year and (b) any voluntary prepayment of Revolving Facility Loans pursuant to Section 2.11(a) to the extent that the Revolving Facility Commitments are substantially concurrently reduced voluntarily in an equal amount pursuant to Section 2.08(b), in each case, to the extent not financed using the proceeds of the incurrence of any long-term Indebtedness (other than Permitted Debt Securities).

"Wholly Owned Subsidiary" of any person shall mean a subsidiary of such person, all of the outstanding Equity Interests of which (other than directors' qualifying shares or nominee or other similar shares (including shares issued to foreign nationals) required pursuant to applicable law) are owned by such person or another Wholly Owned Subsidiary of such person.

"Withdrawal Liability" shall mean liability to a Multiemployer Plan as a result of a complete or partial withdrawal from such Multiemployer Plan, as such terms are defined in Part I of Subtitle E of Title IV of ERISA.

SECTION 1.02. Terms Generally. The definitions set forth or referred to in Section 1.01 shall apply equally to both 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". All references herein to Articles, Sections, Exhibits and Schedules shall be deemed references to Articles and Sections of, and Exhibits and Schedules to, this Agreement unless the context shall otherwise require. Except as otherwise expressly provided herein, any reference in this Agreement to any Loan Document or other agreement or instrument shall mean such Loan Document, agreement or

instrument as amended, restated, amended and restated, supplemented, otherwise modified, replaced, renewed, extended or refinanced from time to time and any reference in this Agreement to any person shall include a reference to such person's successors-in-interest. Except as otherwise expressly provided herein, all terms of an accounting or financial nature shall be construed in accordance with GAAP, as in effect from time to time; provided that, if the Borrower notifies the Administrative Agent that the Borrower requests an amendment to any provision hereof to eliminate the effect of any change occurring after the Closing Date in GAAP or in the application thereof on the operation of such provision (or if the Administrative Agent notifies the Borrower that the Required Lenders request an amendment to any provision hereof for such purpose), regardless of whether any such notice is given before or after such change in GAAP or in the application thereof, then such provision shall be interpreted on the basis of GAAP as in effect and applied immediately before such change shall have become effective until such notice shall have been withdrawn or such provision amended in accordance herewith; provided further that if an amendment is requested by the Borrower or the Required Lenders, then the Borrower and the Administrative Agent shall negotiate in good faith to enter into an amendment of such affected provisions to preserve the original intent thereof in light of such change in GAAP or the application thereof subject to the approval of the Required Lenders.

SECTION 1.03. Effectuation of Transactions. Each of the representations and warranties of Holdings and the Borrower contained in this Agreement (and all corresponding definitions) are made after giving effect to the Transactions, unless the context otherwise requires.

ARTICLE II

The Credits

SECTION 2.01. Commitments. Subject to the terms and conditions set forth herein:

(a) each Term Lender agrees to and shall make Term Loans to the Borrower on the Closing Date in a principal amount not to exceed its Term Loan Commitment; and

(b) each Revolving Facility Lender agrees to make Revolving Facility Loans to the Borrower from time to time during the Availability Period in an aggregate principal amount that will not result in (i) such Lender's Revolving Facility Credit Exposure exceeding such Lender's Revolving Facility Commitment or (ii) the Revolving Facility Credit Exposure exceeding the total Revolving Facility Commitments; provided that the aggregate of the principal amount of Revolving Facility Loans made (excluding the face amount of Letters of Credit issued) on the Closing Date shall not exceed $25.0 million. Within the foregoing limits and subject to the terms and conditions set forth herein, the Borrower may borrow, prepay and reborrow Revolving Facility Loans.

SECTION 2.02. Loans and Borrowings. (a) Each Loan shall be made as part of a Borrowing consisting of Loans under the same Facility and of the same Type made by the Lenders ratably in accordance with their respective Commitments under the applicable Facility (or, in the case of Term Loans or Swingline Loans, in accordance with their respective Term Loan Commitments or Swingline Commitments, as applicable); provided, however, that Revolving Facility Loans shall be made by the Revolving Facility Lenders ratably in accordance with their respective Revolving Facility Percentages on the date such Loans are made hereunder. The failure of any Lender to make any Loan required to be made by it shall not relieve any other Lender of its obligations hereunder; provided that the Commitments of the Lenders are several and no Lender shall be responsible for any other Lender's failure to make Loans as required.

(b) Subject to Section 2.14, each Borrowing (other than a Swingline Borrowing) shall be comprised entirely of ABR Loans or Eurocurrency Loans as the Borrower may request in accordance herewith. Each Swingline Borrowing shall be an ABR Borrowing. Each Lender at its option may make any ABR Loan or Eurocurrency Loan by causing any domestic or foreign branch or Affiliate of such Lender to make such Loan; provided that any exercise of such option shall not affect the obligation of the Borrower to repay such Loan in accordance with the terms of this Agreement and such Lender shall not be entitled to any amounts payable under Section 2.15 or 2.17 solely in respect of increased costs resulting from such exercise and existing at the time of such exercise.

(c) At the commencement of each Interest Period for any Eurocurrency Revolving Facility Borrowing, such Borrowing shall be in an aggregate amount that is an integral multiple of the Borrowing Multiple and not less than the Borrowing Minimum. At the time that each ABR Revolving Facility Borrowing is made, such Borrowing shall be in an aggregate amount that is an integral multiple of the Borrowing Multiple and not less than the Borrowing Minimum; provided that an ABR Revolving Facility Borrowing may be in an aggregate amount that is equal to the entire unused balance of the Revolving Facility Commitments or that is required to finance the reimbursement of an L/C Disbursement as contemplated by Section 2.05(e). Each Swingline Borrowing shall be in an amount that is an integral multiple of the Borrowing Multiple and not less than the Borrowing Minimum. Borrowings of more than one Type and under more than one Facility may be outstanding at the same time; provided that there shall not at any time be more than a total of fifteen (15) Eurocurrency Borrowings outstanding.

(d) Notwithstanding any other provision of this Agreement, the Borrower shall not be entitled to request, or to elect to convert or continue, any Borrowing if the Interest Period requested with respect thereto would end after the Revolving Facility Maturity Date or the Term Facility Maturity Date, as applicable.

SECTION 2.03. Requests for Borrowings. To request a Revolving Facility Borrowing and/or a Term Borrowing, the Borrower shall notify the Administrative Agent of such request by telephone (a) in the case of a Eurocurrency Borrowing, not later than 1:00 p.m., Local Time, three Business Days before the date of the proposed Borrowing or (b) in the case of an ABR Borrowing, not later than 1:00 p.m., Local Time. one Business Day before the date of the proposed Borrowing. Each such telephonic Borrowing Request shall be irrevocable and shall be confirmed promptly by hand delivery or fax to the Administrative Agent of a written Borrowing Request in a form approved by the Administrative Agent and signed by the Borrower. Each such telephonic and written Borrowing Request shall specify the following information in compliance with Section 2.02:

(i) whether such Borrowing is to be a Borrowing of Revolving Loans or Term Loans;

(ii) the aggregate amount of the requested Borrowing;

(iii) the date of such Borrowing, which shall be a Business Day;

(iv) whether such Borrowing is to be an ABR Borrowing or a Eurocurrency Borrowing;

(v) in the case of a Eurocurrency Borrowing, the initial Interest Period to be applicable thereto, which shall be a period contemplated by the definition of the term "Interest Period"; and

(vi) the location and number of the Borrower's account to which funds are to be disbursed.

If no election as to the Type of Revolving Facility Borrowing is specified, then the requested Revolving Facility Borrowing shall be an ABR Borrowing. If no Interest Period is specified with respect to any requested Eurocurrency Borrowing, then the Borrower shall be deemed to have selected a Eurocurrency Borrowing with an Interest Period of one month's duration. Promptly following receipt of a Borrowing Request in accordance with this Section, the Administrative Agent shall advise each Lender of the details thereof and of the amount of such Lender's Loan to be made as part of the requested Borrowing.

SECTION 2.04. Swingline Loans. (a) Subject to the terms and conditions set forth herein, the Swingline Lender agrees to make Swingline Loans to the Borrower from time to time during the Availability Period, in an aggregate principal amount at any time outstanding that will not result in (i) the aggregate principal amount of outstanding Swingline Loans exceeding the Swingline Commitment or (ii) the Revolving Facility Credit Exposure exceeding the total Revolving Facility Commitments; provided that the Swingline Lender shall not be required to make a Swingline Loan to refinance an outstanding Swingline Borrowing. Within the foregoing limits and subject to the terms and conditions set forth herein, the Borrower may borrow, prepay and reborrow Swingline Loans.

(b) To request a Swingline Borrowing, the Borrower shall notify the Administrative Agent and the Swingline Lender of such request by telephone (confirmed by a Swingline Borrowing Request by fax), not later than 1:00 p.m., Local Time, on the day of a proposed Swingline Borrowing. Each such notice and Swingline Borrowing Request shall be irrevocable and shall specify (i) the requested date (which shall be a Business Day) and (ii) the amount of the requested Swingline Borrowing. The Swingline Lender shall consult with the Administrative Agent as to whether the making of the Swingline Loan is in accordance with the terms of this Agreement prior to the Swingline Lender funding such Swingline Loan. The Swingline Lender shall make each Swingline Loan in accordance with Section 2.02(a) on the proposed date thereof by wire transfer of immediately available funds by 4:00 p.m., Local Time, to the account of the Borrower (or, in the case of a Swingline Borrowing made to finance the reimbursement of an L/C Disbursement as provided in Section 2.05(e), by remittance to the applicable Issuing Bank).

(c) The Swingline Lender may, by written notice given to the Administrative Agent not later than 10:00 a.m., Local Time, on any Business Day require the Revolving Facility Lenders to acquire participations on such Business Day in all or a portion of the outstanding Swingline Loans made by it. Such notice shall specify the aggregate amount of such Swingline Loans in which the Revolving Facility Lenders will participate. Promptly upon receipt of such notice, the Administrative Agent will give notice thereof to each such Lender, specifying in such notice such Lender's Revolving Facility Percentage of such Swingline Loan or Loans. Each Revolving Facility Lender hereby absolutely and unconditionally agrees, upon receipt of notice as provided above, to pay to the Administrative Agent, for the account of the Swingline Lender, such Revolving Facility Lender's Revolving Facility Percentage of such Swingline Loan or Loans. Each Revolving Facility Lender acknowledges and agrees that its respective obligation to acquire participations in Swingline Loans pursuant to this paragraph is absolute and unconditional and shall not be affected by any circumstance whatsoever, including the occurrence and continuance of a Default or Event of Default or reduction or termination of the Commitments, and that each such payment shall be made without any offset, abatement, withholding or reduction whatsoever. Each Revolving Facility Lender shall comply with its obligation under this paragraph by wire transfer of immediately available funds, in the same manner as provided in Section 2.06 with respect to Loans made by such Revolving Facility Lender (and Section 2.06 shall apply, mutatis mutandis, to the payment obligations of the Lenders), and the Administrative Agent shall promptly pay to the Swingline Lender the amounts so received by it from the Revolving Facility Lenders. The Administrative Agent shall notify the Borrower of any participations in any Swingline Loan acquired pursuant to this paragraph (c), and thereafter payments in respect of such Swingline Loan shall be made to the Administrative Agent and not

to the Swingline Lender. Any amounts received by the Swingline Lender from the Borrower (or other person on behalf of the Borrower) in respect of a Swingline Loan after receipt by the Swingline Lender of the proceeds of a sale of participations therein shall be promptly remitted to the Administrative Agent; any such amounts received by the Administrative Agent shall be promptly remitted by the Administrative Agent to the Revolving Facility Lenders that shall have made their payments pursuant to this paragraph and to the Swingline Lender, as their interests may appear; provided that any such payment so remitted shall be repaid to the Swingline Lender or to the Administrative Agent, as applicable, if and to the extent such payment is required to be refunded to the Borrower (or such other person) for any reason. The purchase of participations in a Swingline Loan pursuant to this paragraph shall not relieve the Borrower of any default in the payment thereof.

SECTION 2.05. Letters of Credit. (a) General. Subject to the terms and conditions set forth herein, the Borrower may request the issuance of Letters of Credit for its own account, or for the account of any Loan Party, in a form reasonably acceptable to the applicable Issuing Bank, at any time and from time to time during the Availability Period and prior to the date that is thirty days prior to the Revolving Facility Maturity Date. In the event of any inconsistency between the terms and conditions of this Agreement and the terms and conditions of any form of letter of credit application or other agreement submitted by the Borrower to, or entered into by the Borrower with, an Issuing Bank relating to any Letter of Credit, the terms and conditions of this Agreement shall control.

(b) Notice of Issuance, Amendment, Renewal, Extension: Certain Conditions. To request the issuance of a Letter of Credit (or the amendment, renewal (other than an automatic renewal in accordance with paragraph (c) of this Section) or extension of an outstanding Letter of Credit), the Borrower shall either (i) provide telephonic notice promptly followed by written notice or (ii) hand deliver or telecopy (or transmit by electronic communication, if arrangements for doing so have been approved by the applicable Issuing Bank) to the applicable Issuing Bank and the Administrative Agent (three Business Days in advance of the requested date of issuance, amendment, renewal or extension) a notice requesting the issuance of a Letter of Credit, or identifying the Letter of Credit to be amended, renewed or extended, and specifying the date of issuance, amendment, renewal or extension (which shall be a Business Day), the date on which such Letter of Credit is to expire (which shall comply with paragraph (c) of this Section), the amount of such Letter of Credit, the name and address of the beneficiary thereof and such other information as shall be necessary to issue, amend, renew or extend such Letter of Credit. If requested by the applicable Issuing Bank, the Borrower also shall submit a letter of credit application on such Issuing Bank's standard form in connection with any request for a Letter of Credit; provided that to the extent such standard form is inconsistent with the Loan Documents, the provisions of the Loan Documents shall control. Upon satisfaction or waiver (in accordance with Section 9.08) of the conditions set forth in Section 4.01 (and in the case of any Letters of Credit to be issued on the Closing Date, Section 4.02), the Issuing Bank shall issue or extend the requested Letter of Credit in accordance with the Issuing Lender's standard operating procedures. A Letter of Credit shall be issued, amended, renewed or extended only if (and upon issuance, amendment, renewal or extension of each Letter of Credit, the Borrower shall be deemed to represent and warrant that), after giving effect to such issuance, amendment, renewal or extension (i) the Revolving L/C Exposure shall not exceed $15.0 million and (ii) the Revolving Facility Credit Exposure shall not exceed the total Revolving Facility Commitments.

(c) Expiration Date. Each Letter of Credit shall expire at or prior to the close of business on the earlier of (i) the date twelve months after the date of the issuance of such Letter of Credit (or, in the case of any renewal or extension thereof, twelve months after such renewal or extension) and (ii) the date that is five Business Days prior to the Revolving Facility Maturity Date; provided that any Letter of Credit with a one-year tenor may provide for the automatic renewal thereof for additional

twelve-month periods (which, in no event, shall extend beyond the date referred to in clause (ii) of this paragraph (c) unless otherwise agreed by the Issuing Bank and the Administrative Agent).

(d) Participations. By the issuance of a Letter of Credit (or an amendment to a Letter of Credit increasing the amount thereof) and without any further action on the part of the applicable Issuing Bank or the Revolving Facility Lenders, such Issuing Bank hereby grants to each Revolving Facility Lender, and each Revolving Facility Lender hereby acquires from such Issuing Bank, a participation in such Letter of Credit equal to such Revolving Facility Lender's Revolving Facility Percentage of the aggregate amount available to be drawn under such Letter of Credit. In consideration and in furtherance of the foregoing, each Revolving Facility Lender hereby absolutely and unconditionally agrees to pay to the Administrative Agent, for the account of the applicable Issuing Bank, such Revolving Facility Lender's Revolving Facility Percentage of each L/C Disbursement made by such Issuing Bank and not reimbursed by the Borrower on the date due as provided in paragraph (e) of this Section, or of any reimbursement payment required to be refunded to the Borrower for any reason. Each Revolving Facility Lender acknowledges and agrees that its obligation to acquire participations pursuant to this paragraph in respect of Letters of Credit is absolute and unconditional and shall not be affected by any circumstance whatsoever, including any amendment, renewal or extension of any Letter of Credit or the occurrence and continuance of a Default or Event of Default or reduction or termination of the Commitments, and that each such payment shall be made without any offset, abatement, withholding or reduction whatsoever.

(e) Reimbursement. If the applicable Issuing Bank shall make any L/C Disbursement in respect of a Letter of Credit, the Borrower shall reimburse such L/C Disbursement by paying to the Administrative Agent an amount equal to such L/C Disbursement not later than 4:00 p.m., Local Time, on (i) the Business Day that the Borrower receives notice under paragraph (g) of this Section of such L/C Disbursement, if such notice is received on such day prior to 1:00 p.m., Local Time, or (ii) if clause (i) does not apply, the Business Day immediately following the date the Borrower receives such notice, provided that the Borrower may, subject to the conditions to borrowing set forth herein, request in accordance with Section 2.03 or 2.04 that such payment be financed with an ABR Revolving Facility Borrowing or a Swingline Borrowing, as applicable, in an equivalent amount and, to the extent so financed, the Borrower's obligation to make such payment shall be discharged and replaced by the resulting ABR Revolving Facility Borrowing or Swingline Borrowing. If the Borrower fails to reimburse any L/C Disbursement when due, then the Administrative Agent shall promptly notify the applicable Issuing Bank and each other Revolving Facility Lender of the applicable L/C Disbursement, the payment then due from the Borrower in respect thereof and, in the case of a Revolving Facility Lender, such Lender's Revolving Facility Percentage thereof. Promptly following receipt of such notice, each Revolving Facility Lender shall pay to the Administrative Agent its Revolving Facility Percentage of the payment then due from the Borrower in respect of such L/C Disbursement in the same manner as provided in Section 2.06 with respect to Loans made by such Revolving Facility Lender (and Section 2.06 shall apply, mutatis mutandis, to the payment obligations of the Revolving Facility Lenders), and the Administrative Agent shall promptly pay to the applicable Issuing Bank the amounts so received by it from the Revolving Facility Lenders. Promptly following receipt by the Administrative Agent of any payment from the Borrower pursuant to this paragraph, the Administrative Agent shall distribute such payment to the applicable Issuing Bank or, to the extent that Revolving Facility Lenders have made payments pursuant to this paragraph to reimburse such Issuing Bank, then to such Revolving Facility Lenders and such Issuing Bank as their interests may appear. Any payment made by a Revolving Facility Lender pursuant to this paragraph to reimburse an Issuing Bank for any L/C Disbursement (other than the funding of an ABR Revolving Loan or a Swingline Borrowing as contemplated above) shall not constitute a Loan and shall not relieve the Borrower of its obligation to reimburse such L/C Disbursement in accordance with Section 2.05(e).

(f) Obligations Absolute. The obligation of the Borrower to reimburse L/C Disbursements as provided in paragraph (e) of this Section shall be absolute, unconditional and irrevocable, and shall be performed strictly in accordance with the terms of this Agreement under any and all circumstances whatsoever and irrespective of (i) any lack of validity or enforceability of any Letter of Credit or this Agreement, or any term or provision therein, (ii) any draft or other document presented under a Letter of Credit proving to be forged, fraudulent or invalid in any respect or any statement therein being untrue or inaccurate in any respect, (iii) payment by the applicable Issuing Bank under a Letter of Credit against presentation of a draft or other document that does not comply with the terms of such Letter of Credit or (iv) any other event or circumstance whatsoever, whether or not similar to any of the foregoing, that might, but for the provisions of this Section, constitute a legal or equitable discharge of, or provide a right of setoff against, the Borrower's obligations hereunder. Neither the Administrative Agent, the Lenders nor any Issuing Bank, nor any of their Related Parties, shall have any liability or responsibility by reason of or in connection with the issuance or transfer of any Letter of Credit or any payment or failure to make any payment thereunder (irrespective of any of the circumstances referred to in the preceding

sentence), or any error, omission, interruption, loss or delay in transmission or delivery of any draft, notice or other communication under or relating to any Letter of Credit (including any document required to make a drawing thereunder), any error in interpretation of technical terms or any consequence arising from causes beyond the control of such Issuing Bank, or any of the circumstances referred to in clauses (i), (ii) or (iii) of the first sentence of this Section 2.05(f); provided that the foregoing shall not be construed to excuse the applicable Issuing Bank from liability to the Borrower to the extent of any direct damages (as opposed to consequential damages, claims in respect of which are hereby waived by the Borrower to the extent permitted by applicable law) suffered by the Borrower caused by (i) such Issuing Bank's failure to exercise care when determining whether drafts and other documents presented under a Letter of Credit comply with the terms thereof or (ii) such Issuing Bank's refusal to issue a Letter of Credit in accordance with the terms of this Agreement. The parties hereto expressly agree that, in the absence of gross negligence, willful misconduct or bad faith on the part of, or breach of any Loan Document by, the applicable Issuing Bank, such Issuing Bank shall be deemed to have exercised care in each such determination and each refusal to issue a Letter of Credit. In furtherance of the foregoing and without limiting the generality thereof, the parties agree that, with respect to documents presented which appear on their face to be in substantial compliance with the terms of a Letter of Credit, the applicable Issuing Bank may, in its sole discretion, either accept and make payment upon such documents without responsibility for further investigation, regardless of any notice or information to the contrary, or refuse to accept and make payment upon such documents if such documents are not in strict compliance with the terms of such Letter of Credit.

(g) Disbursement Procedures. The applicable Issuing Bank shall, promptly following its receipt thereof, examine all documents purporting to represent a demand for payment under a Letter of Credit. Such Issuing Bank shall promptly notify the Administrative Agent and the Borrower by telephone (confirmed by fax) of such demand for payment and whether such Issuing Bank has made or will make a L/C Disbursement thereunder; provided that any failure to give or delay in giving such notice shall not relieve the Borrower of its obligation to reimburse such Issuing Bank or the Revolving Facility Lenders from the amount of any such L/C Disbursement.

(h) Interim Interest. If an Issuing Bank shall make any L/C Disbursement, then, unless the Borrower shall reimburse such L/C Disbursement in full on the date such L/C Disbursement is made, the unpaid amount thereof shall bear interest, for each day from and including the date such L/C Disbursement is made to but excluding the date that the Borrower reimburses such L/C Disbursement, at the rate per annum then applicable to ABR Revolving Loans; provided that, if such L/C Disbursement is not reimbursed by the Borrower when due pursuant to paragraph (e) of this Section, then Section 2.13(c) shall apply. Interest accrued pursuant to this paragraph shall be for the account of the applicable Issuing Bank, except that interest accrued on and after the date of payment by any Revolving Facility Lender

pursuant to paragraph (e) of this Section to reimburse such Issuing Bank shall be for the account of such Revolving Facility Lender to the extent of such payment.

(i) Replacement of an Issuing Bank. An Issuing Bank may be replaced at any time by written agreement among the Borrower, the Administrative Agent, the replaced Issuing Bank and the successor Issuing Bank. The Administrative Agent shall notify the Lenders of any such replacement of an Issuing Bank. At the time any such replacement shall become effective, the Borrower shall pay all unpaid fees accrued for the account of the replaced Issuing Bank pursuant to Section 2.12. From and after the effective date of any such replacement, (i) the successor Issuing Bank shall have all the rights and obligations of the replaced Issuing Bank under this Agreement with respect to Letters of Credit to be issued thereafter and (ii) references herein to the term "Issuing Bank" shall be deemed to refer to such successor or to any previous Issuing Bank, or to such successor and all previous Issuing Banks, as the context shall require. After the replacement of an Issuing Bank hereunder, the replaced Issuing Bank shall remain a party hereto and shall continue to have all the rights and obligations of such Issuing Bank under this Agreement with respect to Letters of Credit issued by it prior to such replacement but shall not be required to issue additional Letters of Credit.

(j) Cash Collateralization. If any Event of Default shall occur and be continuing (i) in the case of an Event of Default described in Section 7.01(h) or (i)(i), (ii), (iii) or (iv) on the Business Day or (ii) in the case of any other Event of Default, on the third Business Day, following the date on which the Borrower receives notice from the Administrative Agent (or, if the maturity of the Loans has been accelerated, the Revolving Facility Lenders with Revolving L/C Exposure representing greater than 50% of the total Revolving L/C Exposure) demanding the deposit of cash collateral pursuant to this paragraph, the Borrower shall deposit in an account with or at the direction of the Administrative Agent, in the name of the Administrative Agent and for the benefit of the Lenders, an amount in cash equal to the Revolving L/C Exposure as of such date plus any accrued and unpaid interest thereon; provided that upon the occurrence of any Event of Default with respect to the Borrower described in clause (h) or (i) of Section 7.01, the obligation to deposit such cash collateral shall become effective immediately, and such deposit shall become immediately due and payable, without demand or other notice of any kind. Each such deposit pursuant to this paragraph shall be held by the Administrative Agent as collateral for the payment and performance of the obligations of the Borrower under this Agreement. The Administrative Agent shall have exclusive dominion and control, including the exclusive right of withdrawal, over such account. Other than any interest earned on the investment of such deposits, which investments shall be made at the option and sole discretion of (i) for so long as an Event of Default shall be continuing, the Administrative Agent and (ii) at any other time, the Borrower, in each case, in Permitted Investments and at the risk and expense of the Borrower, such deposits shall not bear interest. Interest or profits, if any, on such investments shall accumulate in such account. Moneys in such account shall be applied by the Administrative Agent to reimburse each Issuing Bank for L/C Disbursements for which such Issuing Bank has not been reimbursed and, to the extent not so applied, shall be held for the satisfaction of the reimbursement obligations of the Borrower for the Revolving L/C Exposure at such time or, if the maturity of the Loans has been accelerated (but subject to the consent of the Revolving Facility Lenders with Revolving L/C Exposure representing greater than 50% of the total Revolving L/C Exposure), be applied to satisfy other obligations of the Borrower under this Agreement. If the Borrower is required to provide an amount of cash collateral hereunder as a result of the occurrence of an Event of Default, such amount (to the extent not applied as aforesaid) shall be returned to the Borrower within three Business Days after all Events of Default have been cured or waived.

(k) Additional Issuing Banks. From time to time, the Borrower may by notice to the Administrative Agent designate additional Lenders as an Issuing Bank each of which agrees (in its sole discretion) to act in such capacity and is reasonably satisfactory to the Administrative Agent. Each such additional Issuing Bank shall execute a counterpart of this Agreement upon the approval of the

Administrative Agent (which approval shall not be unreasonably withheld) and shall thereafter be an Issuing Bank hereunder for all purposes.

(l) Reporting. Unless otherwise requested by the Administrative Agent, each Issuing Bank shall (i) provide to the Administrative Agent copies of any notice received from the Borrower pursuant to Section 2.05(b) no later than the next Business Day after receipt thereof and (ii) report in writing to the Administrative Agent (A) on or prior to each Business Day on which such Issuing Bank expects to issue, amend, renew or extend any Letter of Credit, the date of such issuance, amendment, renewal or extension, and the aggregate face amount of the Letters of Credit to be issued, amended, renewed or extended by it and outstanding after giving effect to such issuance, amendment, renewal or extension (and whether the amount thereof changed), and the Issuing Bank shall be permitted to issue, amend, renew or extend such Letter of Credit if the Administrative Agent shall not have advised the Issuing Bank that such issuance, amendment renewal or extension would not be in conformity with the requirements of this Agreement, (B) on each Business Day on which such Issuing Bank makes any L/C Disbursement, the date of such L/C Disbursement and the amount of such L/C Disbursement and (C) on any other Business Day, such other information as the Administrative Agent shall reasonably request, including but not limited to prompt verification of such information as may be requested by the Administrative Agent.

SECTION 2.06. Funding of Borrowings. (a) Each Lender shall make each Loan to be made by it hereunder on the proposed date thereof by wire transfer of immediately available funds by 12:00 p.m., Local Time, to the account of the Administrative Agent most recently designated by it for such purpose by notice to the Lenders; provided that Swingline Loans shall be made as provided in Section 2.04. The Administrative Agent will make the proceeds of such Loans available to the Borrower by promptly crediting the amounts so received, in like funds, to an account designated by the Borrower in the applicable Borrowing Request; provided that ABR Revolving Loans and Swingline Borrowings made to finance the reimbursement of a L/C Disbursement and reimbursements as provided in Section 2.05(e) shall be remitted by the Administrative Agent to the applicable Issuing Bank.

(b) Unless the Administrative Agent shall have received notice from a Lender prior to the proposed date of any Borrowing that such Lender will not make available to the Administrative Agent such Lender's share of such Borrowing, the Administrative Agent may assume that such Lender has made such share available on such date in accordance with paragraph (a) of this Section and may, in reliance upon such assumption, make available to the Borrower a corresponding amount. In such event, if a Lender has not in fact made its share of the applicable Borrowing available to the Administrative Agent, then the applicable Lender and the Borrower severally agree to pay to the Administrative Agent forthwith on demand (without duplication) such corresponding amount with interest thereon, for each day from and including the date such amount is made available to the Borrower to but excluding the date of payment to the Administrative Agent, at (i) in the case of such Lender, the greater of the Federal Funds Effective Rate and a rate determined by the Administrative Agent in accordance with banking industry rules on interbank compensation or (ii) in the case of the Borrower, the interest rate applicable to ABR Loans. If such Lender pays such amount to the Administrative Agent, then such amount shall constitute such Lender's Loan included in such Borrowing.

SECTION 2.07. Interest Elections. (a) Each Borrowing initially shall be of the Type specified in the applicable Borrowing Request and, in the case of a Eurocurrency Borrowing, shall have an initial Interest Period as specified in such Borrowing Request. Thereafter, the Borrower may elect to convert such Borrowing to a different Type or to continue such Borrowing and, in the case of a Eurocurrency Borrowing, may elect Interest Periods therefor, all as provided in this Section. The Borrower may elect different options with respect to different portions of the affected Borrowing, in which case each such portion shall be allocated ratably among the Lenders holding the Loans comprising

such Borrowing, and the Loans comprising each such portion shall be considered a separate Borrowing. This Section shall not apply to Swingline Borrowings, which may not be converted or continued.

(b) To make an election pursuant to this Section, the Borrower shall notify the Administrative Agent of such election by telephone by the time that a Borrowing Request would be required under Section 2.03 if the Borrower were requesting a Borrowing of the Type resulting from such election to be made on the effective date of such election. Each such telephonic Interest Election Request shall be irrevocable and shall be confirmed promptly (but in any event on the same Business Day) by hand delivery or fax to the Administrative Agent of a written Interest Election Request in the form of Exhibit D and signed by the Borrower.

(c) Each telephonic and written Interest Election Request shall specify the following information in compliance with Section 2.02:

(i) the Borrowing to which such Interest Election Request applies and, if different options are being elected with respect to different portions thereof, the portions thereof to be allocated to each resulting Borrowing (in which case the information to be specified pursuant to clauses (iii) and (iv) below shall be specified for each resulting Borrowing);

(ii) the effective date of the election made pursuant to such Interest Election Request, which shall be a Business Day;

(iii) whether the resulting Borrowing is to be an ABR Borrowing or a Eurocurrency Borrowing; and

(iv) if the resulting Borrowing is a Eurocurrency Borrowing, the Interest Period to be applicable thereto after giving effect to such election, which shall be a period contemplated by the definition of the term "Interest Period".

(d) Promptly following receipt of an Interest Election Request, the Administrative Agent shall advise each Lender to which such Interest Election Request relates of the details thereof and of such Lender's portion of each resulting Borrowing.

(e) If the Borrower fails to deliver a timely Interest Election Request with respect to a Eurocurrency Borrowing prior to the end of the Interest Period applicable thereto, then, unless such Borrowing is repaid as provided herein, at the end of such Interest Period such Borrowing shall be converted to an ABR Borrowing. Notwithstanding any contrary provision hereof, if an Event of Default has occurred and is continuing and the Administrative Agent, at the written request (including a request through electronic means) of the Required Lenders, so notifies the Borrower, then, so long as an Event of Default is continuing (i) no outstanding Borrowing may be converted to or continued as a Eurocurrency Borrowing and (ii) unless repaid, each Eurocurrency Borrowing shall be converted to an ABR Borrowing at the end of the Interest Period applicable thereto.

SECTION 2.08. Termination and Reduction of Commitments. (a) Unless previously terminated, the Revolving Facility Commitments shall terminate on the Revolving Facility Maturity Date. The parties hereto acknowledge that the Term Loan Commitments will terminate at the earlier to occur of (x) 5:00 p.m., Local Time, on the Closing Date and (y) the making of any Term Loans hereunder.

(b) The Borrower may at any time terminate, or from time to time reduce, the Commitments under any Facility; provided that (i) each reduction of the Commitments under any Facility

shall be in an amount that is an integral multiple of the Borrowing Multiple and not less than the Borrowing Minimum (or, if less, the remaining amount of the Revolving Facility Commitments) and (ii) the Borrower shall not terminate or reduce the Revolving Facility Commitments if, after giving effect to any concurrent prepayment of the Revolving Facility Loans in accordance with Section 2.11, the Revolving Facility Credit Exposure would exceed the total Revolving Facility Commitments.

(c) The Borrower shall notify the Administrative Agent of any election to terminate or reduce the Revolving Facility Commitments under paragraph (b) of this Section at least three Business Days prior to the effective date of such termination or reduction, specifying such election and the effective date thereof. Promptly following receipt of any notice, the Administrative Agent shall advise the applicable Lenders of the contents thereof. Each notice delivered by the Borrower pursuant to this Section shall be irrevocable; provided that a notice of termination of the Revolving Facility Commitments delivered by the Borrower may state that such notice is conditioned upon the effectiveness of other credit facilities, in which case such notice may be revoked by the Borrower (by notice to the Administrative Agent on or prior to the specified effective date) if such condition is not satisfied. Any termination or reduction of the Commitments shall be permanent. Each reduction of the Commitments under a Facility shall be made ratably among the Lenders in accordance with their respective Commitments under such Facility.

SECTION 2.09. Repayment of Loans; Evidence of Debt. (a) The Borrower hereby unconditionally promises to pay (i) to the Administrative Agent for the account of each Revolving Facility Lender the then unpaid principal amount of each Revolving Facility Loan on the Revolving Facility Maturity Date, (ii) to the Administrative Agent for the account of each Lender the then unpaid principal amount of each Term Loan of such Lender as provided in Section 2.10 and (iii) to the Swingline Lender the then unpaid principal amount of each Swingline Loan on the Revolving Facility Maturity Date. Once prepaid or repaid, Term Loans may not be reborrowed.

(b) Each Lender shall maintain in accordance with its usual practice an account or accounts evidencing the indebtedness of the Borrower to such Lender resulting from each Loan made by such Lender, including the amounts of principal and interest payable and paid to such Lender from time to time hereunder.

(c) The Administrative Agent (or its agent or sub-agent appointed by it) shall maintain the Register, as set forth in Section 9.04(b)(iv), in which it shall record (i) the amount of each Loan made hereunder, the Facility and Type thereof and the Interest Period (if any) applicable thereto, (ii) the amount of any principal or interest due and payable or to become due and payable from the Borrower to each Lender hereunder and (iii) any amount received by the Administrative Agent hereunder for the account of the Lenders and each Lender's share thereof.

(d) The entries made in the accounts maintained pursuant to paragraph (b) or (c) of this Section shall be prima facie evidence of the existence and amounts of the obligations recorded therein absent manifest error; provided that the failure of any Lender or the Administrative Agent to maintain such accounts or any error therein shall not in any manner affect the obligation of the Borrower to repay the Loans in accordance with the terms of this Agreement and, provided further that in the event of any inconsistency between the Register and any Lender's records, the recordations in the Register shall govern.

(e) Any Lender may request that Loans made by it be evidenced by a promissory note (a "Note"). In such event, the Borrower shall prepare, execute and deliver to such Lender a promissory note payable to the order of such Lender (or, if requested by such Lender, to such Lender and its registered assigns) and in a form approved by the Administrative Agent and the Borrower. Thereafter,

the Loans evidenced by such promissory note and interest thereon shall at all times (including after assignment pursuant to Section 9.04) be represented by one or more promissory notes in such form payable to the payee named therein.

SECTION 2.10. Repayment of Term Loans and Revolving Facility Loans. (a) Subject to the other paragraphs of this Section, the Borrower shall repay Term Borrowings on each date set forth below, or if any such date is not a Business Day, on the next succeeding Business Day, in the aggregate principal amount set forth below opposite such date (each such date being referred to as a "Term Loan Installment Date"):

Date	Amount of Term Borrowings to be Repaid
March 31, 2007	$ 2,375,000
June 30, 2007	$ 2,375,000
September 30, 2007	$ 2,375,000
December 31, 2007	$ 2,375,000
March 31, 2008	$ 2,375,000
June 30, 2008	$ 2,375,000
September 30, 2008	$ 2,375,000
December 31, 2008	$ 2,375,000
March 31, 2009	$ 2,375,000
June 30, 2009	$ 2,375,000
September 30, 2009	$ 2,375,000
December 31, 2009	$ 2,375,000
March 31, 2010	$ 2,375,000
June 30, 2010	$ 2,375,000
September 30, 2010	$ 2,375,000
December 31, 2010	$ 2,375,000
March 31, 2011	$ 2,375,000
June 30, 2011	$ 2,375,000
September 30, 2011	$ 2,375,000
December 31, 2011	$ 2,375,000
March 31, 2012	$ 2,375,000
June 30, 2012	$ 2,375,000
September 30, 2012	$ 2,375,000

December 31, 2012	$	2,375,000
March 31, 2013	$	2,375,000
June 30, 2013	$	2,375,000
September 30, 2013	$	2,375,000
Term Facility Maturity Date	$	885,875,000

provided that the final principal repayment installment of the Term Loans repaid on the Term Facility Maturity Date shall be, in any event, in an amount equal to the aggregate principal amount of all Term Loans outstanding on such date.

(b) To the extent not previously paid, outstanding Revolving Facility Loans shall be due and payable on the Revolving Facility Maturity Date.

(c) Prepayment of the Borrowings from:

(i) Net Proceeds pursuant to Section 2.11(b) and Excess Cash Flow pursuant to Section 2.11(c) shall be applied first to ABR Term Loans and then to Eurocurrency Term Loans, and to such Term Borrowings on a pro rata basis, with the application thereof in direct order of maturity, and

(ii) any optional prepayments of the Term Loans pursuant to Section 2.11(a) shall be applied to the remaining installments thereof as directed by the Borrower.

(d) Prior to any optional repayment of any Borrowing under any Facility hereunder, the Borrower shall notify the Administrative Agent by telephone (confirmed by fax) of the Borrowings under the applicable Facility to be repaid not later than 12:00 p.m., Local Time, (i) in the case of an ABR Borrowing, one Business Day before the scheduled date of such repayment and (ii) in the case of a Eurocurrency Borrowing, three Business Days before the scheduled date of such repayment. Each repayment of a Borrowing (x) in the case of the Revolving Facility, shall be applied to the Revolving Facility Loans included in the repaid Borrowing such that each Revolving Facility Lender receives its ratable share of such repayment (based upon the respective Revolving Facility Credit Exposures of the Revolving Facility Lenders at the time of such repayment) and (y) in all other cases, shall be applied ratably to the Loans included in the repaid Borrowing. Notwithstanding anything to the contrary in the immediately preceding sentence, prior to any repayment of a Swingline Borrowing hereunder, the Borrower shall select the Borrowing or Borrowings to be repaid and shall notify the Administrative Agent by telephone (confirmed by fax) of such selection not later than 1:00 p.m., Local Time, on the scheduled date of such repayment. Repayments of Borrowings (other than repayments of ABR Revolving Facility Borrowings that are not made in connection with the termination or permanent reduction of the Revolving Facility Commitments) shall be accompanied by accrued interest on the amount repaid. In the event the Borrower fails to specify the Borrowings to which any such voluntary prepayment shall be applied, such prepayment shall be applied as follows:

first, to repay outstanding ABR Swing line Loans to the full extent thereof;

second, to repay outstanding ABR Revolving Facility Loans and then to outstanding Eurocurrency Revolving Facility Loans to the full extent thereof; and

third, to prepay the ABR Term Loans and then to the Eurocurrency Term Loans, in each case, on a pro rata basis (in accordance with the respective outstanding principal amounts thereof).

SECTION 2.11. Prepayment of Loans. (a) The Borrower shall have the right at any time and from time to time to prepay any Borrowing in whole or in part, without premium or penalty (but subject to Section 2.16), in an aggregate principal amount that is an integral multiple of the Borrowing Multiple and not less than the Borrowing Minimum or, if less, the amount outstanding, subject to prior notice in accordance with Section 2.10(d).

(b) The Borrower shall apply, without duplication, all Net Proceeds within three Business Days of receipt thereof to prepay Term Borrowings in accordance with paragraphs (c) and (d) of Section 2.10.

(c) Not later than 125 days after the end of each Excess Cash Flow Period, the Borrower shall prepay Term Borrowings in an amount equal to (i) an amount equal to the Required Percentage of Excess Cash Flow for such Excess Cash Flow Period minus (ii) the aggregate amount of Voluntary

Prepayments made during such Excess Cash Flow Period. Prepayments pursuant to the immediately preceding sentence shall be applied in accordance with paragraphs (c) and (d) of Section 2.10.

(d) If at any time the aggregate amount of the Revolving Credit Exposure exceeds the total Revolving Facility Commitment then in effect, the Borrower will immediately prepay Swing Line Borrowings and Revolving Facility Borrowings and cash collateralize the Revolving L/C Exposure in an aggregate amount equal to such excess (with no reduction of the Revolving Facility Commitment).

(e) Concurrently with any prepayment pursuant to Section 2.11(b), the Borrower shall deliver to the Administrative Agent a certificate of a Financial Officer demonstrating the calculation of the amount of the applicable Net Proceeds. In the event that the Borrower shall subsequently determine that the actual amount received exceeded the amount set forth in such certificate, the Borrower shall promptly make an additional prepayment of the Loans in an amount equal to such excess, and the Borrower shall concurrently therewith deliver to Administrative Agent a certificate of a Financial Officer demonstrating the derivation of such excess.

SECTION 2.12. Fees. (a) The Borrower agrees to pay to each Revolving Facility Lender (other than any Defaulting Lender), through the Administrative Agent, on the last day of March, June, September and December in each year, and on the date on which the Revolving Facility Commitments of all the Revolving Facility Lenders shall be terminated as provided herein, a commitment fee (a "Revolving Credit Commitment Fee") on the daily amount of the Available Unused Commitment of such Lender during the preceding quarter (or other period commencing with the Closing Date or ending with the date on which the last of the Commitments of such Lender shall be terminated) at the Revolving Credit Commitment Fee Rate. All Revolving Credit Commitment Fees shall be computed on the basis of the actual number of days elapsed in a year of 360 days. For the purpose of calculating any Revolving Facility Lender's Revolving Credit Commitment Fee, the outstanding Swingline Loans during the period for which such Revolving Facility Lender's Revolving Credit Commitment Fee is calculated shall be deemed to be zero. The Revolving Credit Commitment Fee due to each Lender shall commence to accrue on the Closing Date and shall cease to accrue on the date on which the last of the Revolving Facility Commitments of such Revolving Facility Lender shall be terminated as provided herein.

(b) The Borrower from time to time agrees to pay (i) to each Revolving Facility Lender (other than any Defaulting Lender), through the Administrative Agent, on the last day of March, June, September and December of each year and on the date on which the Revolving Facility Commitments of all the Lenders shall be terminated as provided herein, a fee (an "L/C Participation Fee") on such Lender's Revolving Facility Percentage of the daily aggregate Revolving L/C Exposure (excluding the portion thereof attributable to unreimbursed L/C Disbursements), during the preceding quarter (or shorter period commencing with the Closing Date or ending with the Revolving Facility Maturity Date or the date on which the Revolving Facility Commitments shall be terminated) at the rate per annum equal to the Applicable Margin for Eurocurrency Revolving Facility Borrowings effective for each day in such period and (ii) to each Issuing Bank, for its own account, (x) on the last day of March, June, September and December of each year and on the date on which the Revolving Facility Commitments of all the Lenders shall be terminated as provided herein, a fronting fee in respect of each Letter of Credit issued by such Issuing Bank for the period from and including the date of issuance of such Letter of Credit to and including the termination of such Letter of Credit, computed at a rate equal to 0.125% of the daily average stated amount of such Letter of Credit, plus (y) in connection with the issuance, amendment or transfer of any such Letter of Credit or any L/C Disbursement thereunder, such Issuing Bank's customary documentary and processing charges (collectively, "Issuing Bank Fees"). All L/C Participation Fees and Issuing Bank Fees that are payable on a per annum basis shall be computed on the basis of the actual number of days elapsed in a year of 360 days.

(c) The Borrower agrees to pay to the Administrative Agent, for the account of the Administrative Agent, the agency fees set forth in the Fee Letter, as amended, restated, supplemented or otherwise modified from time to time, at the times and in the amount specified therein (the "Administrative Agent Fees").

(d) All Fees shall be paid on the dates due, in immediately available funds, to the Administrative Agent for distribution, if and as appropriate, among the Lenders, except that Issuing Bank Fees shall be paid directly to the applicable Issuing Banks. Once paid, none of the Fees shall be refundable under any circumstances.

SECTION 2.13. Interest. (a) The Loans comprising each ABR Borrowing (including each Swingline Loan) shall bear interest at the ABR plus the Applicable Margin.

(b) The Loans comprising each Eurocurrency Borrowing shall bear interest at the Adjusted LIBO Rate for the Interest Period in effect for such Borrowing plus the Applicable Margin.

(c) Notwithstanding the foregoing, if any principal of or interest on any Loan or any Fees or other amount payable by the Borrower hereunder is not paid when due, whether at stated maturity, upon acceleration or otherwise, such overdue amount shall bear interest, after as well as before judgment, at a rate per annum equal to (i) in the case of overdue principal of any Loan, 2% plus the rate otherwise applicable to such Loan as provided in the preceding paragraphs of this Section or (ii) in the case of any other amount, 2% plus the rate applicable to ABR Loans as provided in paragraph (a) of this Section.

(d) Accrued interest on each Loan shall be payable in arrears (i) on each Interest Payment Date for such Loan, (ii) in the case of Revolving Facility Loans, upon termination of the Revolving Facility Commitments and (iii) in the case of the Term Loans, on the Term Facility Maturity Date; provided that (i) interest accrued pursuant to paragraph (c) of this Section shall be payable on demand, (ii) in the event of any repayment or prepayment of any Loan (other than a prepayment of an ABR Revolving Loan prior to the end of the Availability Period), accrued interest on the principal amount repaid or prepaid shall be payable on the date of such repayment or prepayment and (iii) in the event of any conversion of any Eurocurrency Loan prior to the end of the current Interest Period therefor, accrued interest on such Loan shall be payable on the effective date of such conversion.

(e) All interest hereunder shall be computed on the basis of a year of 360 days, except that interest computed by reference to the ABR at times when the ABR is based on the Prime Rate shall be computed on the basis of a year of 365 days (or 366 days in a leap year), and in each case shall be payable for the actual number of days elapsed (including the first day but excluding the last day). The applicable ABR, Adjusted LIBO Rate or LIBO Rate shall be determined by the Administrative Agent, and such determination shall be conclusive absent manifest error.

SECTION 2.14. Alternate Rate of Interest. If prior to the commencement of any Interest Period for a Eurocurrency Borrowing:

(a) the Administrative Agent determines (which determination shall be conclusive absent manifest error) that adequate and reasonable means do not exist for ascertaining the Adjusted LIBO Rate or the LIBO Rate, as applicable, for such Interest Period; or

(b) the Administrative Agent is advised by the Required Lenders or the Majority Lenders under the Revolving Facility that the Adjusted LIBO Rate or the LIBO Rate, as applicable, for such Interest Period will not adequately and fairly reflect the cost to such Lenders of making or maintaining their Loans included in such Borrowing for such Interest Period;

then the Administrative Agent shall give written notice thereof to the Borrower and the Lenders as promptly as practicable thereafter and, until the Administrative Agent notifies the Borrower and the Lenders that the circumstances giving rise to such notice no longer exist, (i) any Interest Election Request that requests the conversion of any Borrowing to, or continuation of any Borrowing as, a Eurocurrency Borrowing shall be ineffective and such Borrowing shall be converted to or continued as on the last day of the Interest Period applicable thereto an ABR Borrowing, and (ii) if any Borrowing Request requests a Eurocurrency Borrowing, such Borrowing shall be made as an ABR Borrowing.

SECTION 2.15. Increased Costs. (a) If any Change in Law shall:

(i) impose, modify or deem applicable any reserve, special deposit or similar requirement against assets of, deposits with or for the account of, or credit extended by, any Lender (except any such reserve requirement reflected in the Adjusted LIBO Rate) or Issuing Bank; or

(ii) impose on any Lender or Issuing Bank or the London interbank market any other condition affecting this Agreement or Eurocurrency Loans made by such Lender or any Letter of Credit or participation therein;

and the result of any of the foregoing shall be to increase the cost to such Lender of making or maintaining any Eurocurrency Loan (or of maintaining its obligation to make any such Loan) or to increase the cost to such Lender or Issuing Bank of participating in, issuing or maintaining any Letter of Credit or to reduce the amount of any sum received or receivable by such Lender or Issuing Bank hereunder (whether of principal, interest or otherwise), then within thirty days of receipt of a certificate of the type specified in paragraph (c) below the Borrower will pay to such Lender or Issuing Bank, as applicable, such additional amount or amounts as will compensate such Lender or Issuing Bank, as applicable, for such additional costs incurred or reduction suffered.

(b) If any Lender or Issuing Bank determines that any Change in Law regarding capital requirements has or would have the effect of reducing the rate of return on such Lender's or Issuing Bank's capital or on the capital of such Lender's or Issuing Bank's holding company, if any, as a consequence of this Agreement or the Loans made by, or participations in Letters of Credit held by, such Lender, or the Letters of Credit issued by such Issuing Bank, to a level below that which such Lender or such Issuing Bank or such Lender's or such Issuing Bank's holding company could have achieved but for such Change in Law (taking into consideration such Lender's or such Issuing Bank's policies and the policies of such Lender's or such Issuing Bank's holding company with respect to capital adequacy), then from time to time within thirty days of receipt of a certificate of the type specified in paragraph (c) below the Borrower shall pay to such Lender or such Issuing Bank, as applicable, such additional amount or amounts as will compensate such Lender or such Issuing Bank or such Lender's or such Issuing Bank's holding company for any such reduction suffered.

(c) A certificate of a Lender or an Issuing Bank setting forth in reasonable detail the calculation of the amount or amounts necessary to compensate such Lender or Issuing Bank or its holding company, as applicable, as specified in paragraph (a) or (b) of this Section shall be delivered to the Borrower and shall be conclusive absent manifest error. The Borrower shall pay such Lender or Issuing Bank, as applicable, the amount shown as due on any such certificate within 30 days after receipt thereof.

(d) Promptly after any Lender or any Issuing Bank has determined that it will make a request for increased compensation pursuant to this Section 2.15, such Lender or Issuing Bank shall notify the Borrower thereof. Failure or delay on the part of any Lender or Issuing Bank to demand compensation pursuant to this Section shall not constitute a waiver of such Lender's or Issuing Bank's

right to demand such compensation; provided that the Borrower shall not be required to compensate a Lender or an Issuing Bank pursuant to this Section for any increased costs or reductions incurred more than 90 days prior to the date that such Lender or Issuing Bank, as applicable, notifies the Borrower of the Change in Law giving rise to such increased costs or reductions and of such Lender's or Issuing Bank's intention to claim compensation therefor; provided, further, that, if the Change in Law giving rise to such increased costs or reductions is retroactive, then the 90-day period referred to above shall be extended to include the period of retroactive effect thereof

(e) This Section 2.15 shall not apply to Taxes, which shall be exclusively governed by Section 2.17.

SECTION 2.16. Break Funding Payments. In the event of (a) the payment of any principal of any Eurocurrency Loan other than on the last day of an Interest Period applicable thereto (including as a result of an Event of Default), (b) the conversion of any Eurocurrency Loan other than on the last day of the Interest Period applicable thereto, (c) the failure to borrow, convert, continue or prepay any Eurocurrency Loan on the date specified in any notice delivered pursuant hereto or (d) the assignment of any Eurocurrency Loan other than on the last day of the Interest Period applicable thereto as a result of a request by the Borrower pursuant to Section 2.19, then, in any such event, the Borrower shall compensate each Lender for the loss, cost and expense attributable to such event (excluding loss of margin). A certificate of any Lender setting forth any amount or amounts that such Lender is entitled to receive pursuant to this Section shall be delivered to the Borrower and shall be conclusive absent manifest error. The Borrower shall pay such Lender the amount shown as due on any such certificate within 30 days after receipt thereof.

SECTION 2.17. Taxes. (a) Any and all payments by or on account of any obligation of any Loan Party hereunder shall be made free and clear of and without deduction or withholding for any Indemnified Taxes or Other Taxes; provided that if a Loan Party shall be required to deduct any Indemnified Taxes or Other Taxes from such payments, then (i) the sum payable shall be increased as necessary so that after making all required deductions (including deductions applicable to additional sums payable under this Section) the Administrative Agent, any Lender or any Issuing Bank, as applicable, receives an amount equal to the sum it would have received had no such deductions been made, (ii) such Loan Party shall make such deductions and (iii) such Loan Party shall timely pay the full amount deducted to the relevant Governmental Authority in accordance with applicable law.

(b) In addition, the Loan Parties shall pay any Other Taxes to the relevant Governmental Authority in accordance with applicable law.

(c) Each Loan Party shall indemnify the Administrative Agent, each Lender and each Issuing Bank, within 10 days after written demand therefor, for the full amount of any Indemnified Taxes or Other Taxes paid by the Administrative Agent, such Lender or such Issuing Bank, as applicable, on or with respect to any payment by or on account of any obligation of such Loan Party hereunder (including Indemnified Taxes or Other Taxes imposed or asserted on or attributable to amounts payable under this Section) and any penalties, interest and reasonable expenses arising therefrom or with respect thereto. A certificate as to the amount of such payment or liability, prepared in good faith and delivered to such Loan Party by a Lender or an Issuing Bank, or by the Administrative Agent on its own behalf, on behalf of another Agent or on behalf of a Lender or an Issuing Bank, shall be conclusive absent manifest error.

(d) As soon as practicable after any payment of Indemnified Taxes or Other Taxes by a Loan Party to a Governmental Authority, such Loan Party shall deliver to the Administrative Agent the original or a certified copy of a receipt issued by such Governmental Authority evidencing such payment,

a copy of the return reporting such payment or other evidence of such payment reasonably satisfactory to the Administrative Agent.

(e) Each Foreign Lender shall deliver to the Borrower and the Administrative Agent (in such number of copies as shall be reasonably requested by the recipient) on the date on which such Foreign Lender becomes a Lender under this Agreement, whichever of the following is applicable: (i) duly completed copies of Internal Revenue Service Form W-8BEN (or any subsequent versions thereof or successors thereto), claiming eligibility for benefits of an income tax treaty to which the United States of America is a party, (ii) duly completed copies of Internal Revenue Service Form W-8ECI (or any

subsequent versions thereof or successors thereto), (iii) in the case of a Foreign Lender claiming the benefits of the exemption for portfolio interest under Section 871(h) or 881(c) of the Code, (x) a certificate to the effect that such Foreign Lender is not (A) a "bank" within the meaning of Section 881(c)(3)(A) of the Code, (B) a "10 percent shareholder" of the Borrower within the meaning of Section 871(h)(3) or 881(c)(3)(B) of the Code, or (C) a "controlled foreign corporation" described in Section 881(c)(3)(C) of the Code and (y) duly completed copies of Internal Revenue Service Form W-8BEN (or any subsequent versions thereof or successors thereto) or (iv) any other form prescribed by applicable law as a basis for claiming exemption from or a reduction in United States federal withholding tax duly completed together with such supplementary documentation as may be prescribed by applicable law to permit the Borrower to determine the withholding or deduction required to be made. Each Foreign Lender shall promptly notify the Borrower and the Administrative Agent at any time it determines that it is no longer in a position to provide any previously delivered certificate to the Borrower (or any other form of certification adopted by the United States of America or other taxing authorities for such purpose) and shall deliver updated forms and/or certifications promptly upon the inaccuracy or invalidity of any previously delivered form or certificate. In addition, each Lender that is not a Foreign Lender shall deliver to the Borrower and the Administrative Agent two copies of Internal Revenue Service Form W-9 (or any subsequent versions thereof or successors thereto) on or before the date such Lender becomes a party and upon the expiration or inaccuracy of any form previously delivered by such Lender. Notwithstanding any other provision of this paragraph, a Lender shall not be required to deliver any form pursuant to this paragraph that such Lender is not legally able to deliver.

(f) If the Administrative Agent or a Lender receives a refund of any Indemnified Taxes or Other Taxes as to which it has been indemnified by a Loan Party or with respect to which such Loan Party has paid additional amounts pursuant to this Section 2.17, it shall pay over such refund to such Loan Party (but only to the extent of indemnity payments made, or additional amounts paid, by such Loan Party under this Section 2.17 with respect to the Indemnified Taxes or Other Taxes giving rise to such refund), net of all out-of-pocket expenses of the Administrative Agent or such Lender (including any Taxes imposed with respect to such refund) as is determined by the Administrative Agent or Lender and in its sole discretion, and without interest (other than any interest paid by the relevant Governmental Authority with respect to such refund); provided that such Loan Party, upon the request of the Administrative Agent or such Lender, agrees to repay as soon as reasonably practicable the amount paid over to such Loan Party (plus any penalties, interest or other charges imposed by the relevant Governmental Authority) to the Administrative Agent or such Lender in the event the Administrative Agent or such Lender is required to repay such refund to such Governmental Authority. This Section 2.17(f) shall not be construed to require the Administrative Agent or any Lender to make available its Tax returns (or any other information relating to its Taxes which it deems confidential) to the Loan Parties or any other person.

SECTION 2.18. Payments Generally; Pro Rata Treatment; Sharing of Set-offs. (a) Unless otherwise specified, the Borrower shall make each payment required to be made by it hereunder (whether of principal, interest, fees or reimbursement of L/C Disbursements, or of amounts payable under Section 2.15, 2.16, or 2.17, or otherwise) prior to 2:00 p.m., Local Time, on the date when due, in immediately available funds, without condition or deduction for any defense, recoupment, set-off or

counterclaim. Any amounts received after such time on any date may, in the discretion of the Administrative Agent, be deemed to have been received on the next succeeding Business Day for purposes of calculating interest thereon. All such payments shall be made to the Administrative Agent to the applicable account designated to the Borrower by the Administrative Agent, except payments to be made directly to the applicable Issuing Bank or the Swingline Lender as expressly provided herein. The Administrative Agent shall distribute any such payments received by it for the account of any other person to the appropriate recipient promptly following receipt thereof. If any payment or performance obligation hereunder shall be due or required on a day that is not a Business Day, the date for payment or performance shall be extended to the next succeeding Business Day, and, in the case of any payment accruing interest, interest thereon shall be payable for the period of such extension. All payments hereunder shall be made in Dollars. Any payment required to be made by the Administrative Agent hereunder shall be deemed to have been made by the time required if the Administrative Agent shall, at or before such time, have taken the necessary steps to make such payment in accordance with the regulations or operating procedures of the clearing or settlement system used by the Administrative Agent to make such payment.

(b) If at any time insufficient funds are received by and available to the Administrative Agent from the Borrower to pay fully all amounts of principal, unreimbursed L/C Disbursements, interest and fees then due from the Borrower hereunder, such funds (except as otherwise provided in the Collateral Agreement with respect to the application of amounts realized from the Collateral) shall be applied (i) first, towards payment of interest and fees then due from the Borrower hereunder, ratably among the parties entitled thereto in accordance with the amounts of interest and fees then due to such parties, and (ii) second, towards payment of principal and unreimbursed L/C Disbursements then due from the Borrower hereunder, ratably among the parties entitled thereto in accordance with the amounts of principal and unreimbursed L/C Disbursements then due to such parties.

(c) If any Lender shall, by exercising any right of set-off or counterclaim or otherwise, obtain payment in respect of any principal of or interest on any of its Term Loans, Revolving Facility Loans or participations in L/C Disbursements or Swingline Loans resulting in such Lender receiving payment of a greater proportion of the aggregate amount of its Term Loans, Revolving Facility Loans and participations in L/C Disbursements and Swingline Loans and accrued interest thereon than the proportion received by any other Lender, then the Lender receiving such greater proportion shall purchase (for cash at face value) participations in the Term Loans, Revolving Facility Loans and participations in L/C Disbursements and Swingline Loans of other Lenders to the extent necessary so that the benefit of all such payments shall be shared by the Lenders ratably in accordance with the aggregate amount of principal of and accrued interest on their respective Term Loans, Revolving Facility Loans and participations in L/C Disbursements and Swingline Loans; provided that (i) if any such participations are purchased and all or any portion of the payment giving rise thereto is recovered, such participations shall be rescinded and the purchase price restored to the extent of such recovery, without interest, and (ii) the provisions of this paragraph (c) shall not be construed to apply to any payment made by the Borrower pursuant to and in accordance with the express terms of this Agreement or any payment obtained by a Lender as consideration for the assignment of or sale of a participation in any of its Loans or participations in L/C Disbursements to any assignee or participant, other than to the Borrower or any Subsidiary thereof (as to which the provisions of this paragraph (c) shall apply). The Borrower consents to the foregoing and agrees, to the extent it may effectively do so under applicable law, that any Lender acquiring a participation pursuant to the foregoing arrangements may exercise against the Borrower rights of set-off and counterclaim with respect to such participation as fully as if such Lender were a direct creditor of the Borrower in the amount of such participation.

(d) Unless the Administrative Agent shall have received notice from the Borrower prior to the date on which any payment is due to the Administrative Agent for the account of the Lenders or the

applicable Issuing Bank hereunder that the Borrower will not make such payment, the Administrative Agent may assume that the Borrower has made such payment on such date in accordance herewith and may, in reliance upon such assumption, distribute to the Lenders or the applicable Issuing Bank, as applicable, the amount due. In such event, if the Borrower has not in fact made such payment, then each of the Lenders or the applicable Issuing Bank, as applicable, severally agrees to repay to the Administrative Agent forthwith on demand the amount so distributed to such Lender or Issuing Bank with interest thereon, for each day from and including the date such amount is distributed to it to but excluding the date of payment to the Administrative Agent, at the greater of the Federal Funds Effective Rate and a rate determined by the Administrative Agent in accordance with banking industry rules on interbank compensation.

(e) If any Lender shall fail to make any payment required to be made by it pursuant to Section 2.04(c), 2.05(d) or (e), 2.06(b) or 2.18(d), then the Administrative Agent may, in its discretion (notwithstanding any contrary provision hereof), apply any amounts thereafter received by the Administrative Agent for the account of such Lender to satisfy such Lender's obligations under such Sections until all such unsatisfied obligations are fully paid.

SECTION 2.19. Mitigation Obligations; Replacement of Lenders. (a) If any Lender requests compensation under Section 2.15, or if the Borrower is required to pay any additional amount to any Lender or any Governmental Authority for the account of any Lender pursuant to Section 2.17, then such Lender shall use reasonable efforts to designate a different Lending Office for funding or booking its Loans hereunder or to assign its rights and obligations hereunder to another of its offices, branches or Affiliates, if, in the reasonable judgment of such Lender, such designation or assignment (i) would eliminate or reduce amounts payable pursuant to Section 2.15 or 2.17, as applicable, in the future and (ii) would not subject such Lender to any material unreimbursed cost or expense and would not otherwise be disadvantageous to such Lender in any material respect. The Borrower hereby agrees to pay all reasonable costs and expenses incurred by any Lender in connection with any such designation or assignment.

(b) If any Lender requests compensation under Section 2.15, or if the Borrower is required to pay any additional amount to any Lender or any Governmental Authority for the account of any Lender pursuant to Section 2.17, or is a Defaulting Lender, or becomes an Affected Lender, then the Borrower may, at its sole expense and effort, upon notice to such Lender and the Administrative Agent, (i) terminate the Commitments of such Lender and repay all obligations of the Borrower owing to such Lender relating to the Loans and participations held by such Lender as of such termination date or (ii) require such Lender to assign and delegate, without recourse (in accordance with and subject to the restrictions contained in Section 9.04), all its interests, rights and obligations under this Agreement to an assignee that shall assume such obligations (which assignee may be another Lender, if a Lender accepts such assignment); provided that (i) the Borrower shall have received the prior written consent of the Administrative Agent, which consent shall not unreasonably be withheld, (ii) such Lender shall have received payment of an amount equal to the outstanding principal of its Loans and participations in L/C Disbursements and Swingline Loans, accrued interest thereon, accrued fees and all other amounts payable to it hereunder, from the assignee (to the extent of such outstanding principal and accrued interest and fees) or the Borrower (in the case of all other amounts) and (iii) in the case of any such assignment resulting from a claim for compensation under Section 2.15 or payments required to be made pursuant to Section 2.17, such assignment will result in a reduction in such compensation or payments. Nothing in this Section 2.19 shall be deemed to prejudice any rights that the Borrower may have against any Lender that is a Defaulting Lender.

(c) If any Lender (such Lender, a "Non-Consenting Lender") has failed to consent to a proposed amendment, waiver, discharge or termination which pursuant to the terms of Section 9.08

requires the consent of all of the Lenders affected and with respect to which the Required Lenders shall have granted their consent, then the Borrower shall have the right (unless such Non-Consenting Lender grants such consent) to replace such Non-Consenting Lender by (i) terminating the Commitments of such Lender and repaying all obligations of the Borrower owing to such Lender relating to the Loans and participations held by such Lender as of such termination date or (ii) requiring such Non-Consenting Lender to assign all or the affected portion of its Loans, and its Commitments hereunder to one or more

assignees reasonably acceptable to the Administrative Agent, provided that: (a) all Obligations of the Borrower owing to such Non-Consenting Lender being replaced shall be paid in full to such Non-Consenting Lender concurrently with such assignment, (b) the replacement Lender shall purchase the foregoing by paying to such Non-Consenting Lender a price equal to the principal amount thereof plus accrued and unpaid interest thereon, (c) in connection with any such assignment the Borrower, Administrative Agent, such Non-Consenting Lender shall otherwise comply with Section 9.04 and (d) the replacement Lender shall grant its consent with respect to the applicable proposed amendment, waiver, discharge or termination. Each Lender hereby grants to the Administrative Agent an irrevocable power of attorney (which power is coupled with an interest) to execute and deliver, on behalf of such Lender as assignor, any Assignment and Acceptance necessary to effectuate any assignment of such Lender's interests hereunder in the circumstances contemplated by this Section 2.19(c).

SECTION 2.20. Illegality. If any Lender reasonably determines that any Change in Law has made it unlawful, or that any Governmental Authority has asserted after the Closing Date that it is unlawful, for any Lender or its applicable Lending Office to make or maintain any Eurocurrency Loans, then, on notice thereof by such Lender to the Borrower through the Administrative Agent (at which time such Lender shall be deemed an "Affected Lender"), any obligations of such Affected Lender to make or continue Eurocurrency Loans or to convert ABR Borrowings to Eurocurrency Borrowings shall be suspended until such Affected Lender notifies the Administrative Agent and the Borrower that the circumstances giving rise to such determination no longer exist. Upon receipt of such notice, the Borrower shall upon demand from such Affected Lender (with a copy to the Administrative Agent), either convert all Eurocurrency Borrowings of such Affected Lender to ABR Borrowings, either on the last day of the Interest Period therefor, if such Affected Lender may lawfully continue to maintain such Eurocurrency Borrowings to such day, or immediately, if such Affected Lender may not lawfully continue to maintain such Loans. Upon any such prepayment or conversion, the Borrower shall also pay accrued interest on the amount so prepaid or converted.

SECTION 2.21. Incremental Extensions of Credit. Subject to the terms and conditions set forth herein, the Borrower may at any time and from time to time, request to add additional term loans and/or increase the Revolving Facility (the "Incremental Extensions of Credit") in minimum principal amounts of $20.0 million, provided that (a) immediately prior to and after giving effect to any Incremental Facility Amendment (and the making of any Incremental Extensions of Credit pursuant thereto), no Default or Event of Default has occurred or is continuing or shall result therefrom and the Borrower shall be in compliance, on a Pro Forma Basis (including giving pro forma effect to any Incremental Facility Amendment (and the making of any Incremental Extensions of Credit pursuant thereto)), with the Total Leverage Ratio required by Section 6.10 and (b) the aggregate principal amount (or committed amount, if applicable) of all Incremental Extensions of Credit pursuant to this Section 2.21 shall not exceed (i) $100.0 million minus (ii) the aggregate principal amount (or committed amount, if applicable) of "Incremental Extensions of Credit" (as defined in the Second Lien Credit Agreement). The Incremental Extensions of Credit shall rank pari passu in right of payment and right of security in respect of the Collateral with the Term Loans or the Revolving Loans, as applicable. In the case of additional term loans, other than amortization, pricing or maturity date, such additional term loans shall have the same terms as the Term Loans (the "Existing Term Loans") existing immediately prior to the effectiveness of an Incremental Facility Amendment (except as otherwise agreed by the Administrative Agent and Additional Lenders agreeing to provide a commitment in respect of such Incremental

Extension of Credit provided that any such agreement shall affect solely the terms of such Incremental Extension of Credit and not any other Loan or Borrowings or Commitments (or any other Lender) unless this Agreement has been amended in accordance with Section 9.08 without reference to this Section 2.21); provided that, without the prior written consent of the Required Lenders, (i) any increase in the Revolving Facility shall be on the terms described in this Section 2.21 and pursuant to the terms hereof otherwise applicable to the Revolving Facility, (ii) the Incremental Extensions of Credit shall not have a final maturity date earlier than the Term Loan Maturity Date or the Revolving Facility Maturity Date, as applicable, and (iii) in the case of additional term loans, Incremental Extensions of Credit shall not have a weighted average life that is shorter than that of the then-remaining weighted average life of the Term Loans. Any additional bank, financial institution, existing Lender or other person that elects to extend commitments to provide Incremental Extensions of Credit shall be reasonably satisfactory to the Borrower and the Administrative Agent (any such bank, financial institution or other person being called an "Additional Lender") and shall become a Lender under this Agreement, pursuant to an amendment (an "Incremental Facility Amendment") to this Agreement, giving effect to the modifications permitted by this Section 2.21, and, as appropriate, the other Loan Documents, executed by the Borrower, each Additional Lender, if any, and the Administrative Agent. Commitments in respect of Incremental Extensions of Credit shall become Commitments under this Agreement after giving effect to such Incremental Facility Amendment. An Incremental Facility Amendment providing for term loans may, without the consent of any other Lenders, effect such amendments to this Agreement and the other Loan Documents as may be reasonably necessary or appropriate, in the opinion of the Administrative Agent, to effect the provisions of this Section, and provided, however, the interest rates and fees applicable to any Incremental Extension of Credit shall be determined by the Borrower and the Additional Lenders (as defined below). The effectiveness of any Incremental Facility Amendment shall be subject to the satisfaction on the date thereof (each, an "Incremental Facility Closing Date") of each of the conditions set forth in Section 4.01 (it being understood that all references to "the date of such Borrowing" in such Section 4.01 shall be deemed to refer to the Incremental Facility Closing Date), and, except as otherwise specified in the applicable Incremental Facility Amendment, the Administrative Agent shall have received legal opinions, board resolutions and other closing documents and certificates reasonably requested by the Administrative Agent and consistent with those delivered on the Closing Date under Section 4.02. The proceeds of the Incremental Extensions of Credit may be used for any purpose not otherwise prohibited hereunder. Notwithstanding anything to the contrary in this Section 2.21, no existing Lender shall be obligated to provide Incremental Extensions of Credit.

ARTICLE III

Representations and Warranties

Each of Holdings (solely to the extent applicable to it) and the Borrower represents and warrants to each of the Lenders that (it being understood and agreed that the representations and warranties made on the Closing Date are deemed to be made concurrently with the Transactions):

SECTION 3.01. Organization; Powers. Each of Holdings, the Borrower and each of the Restricted Subsidiaries (a) is a limited partnership, limited liability company or corporation duly organized, validly existing and in good standing (or, if applicable in a foreign jurisdiction, enjoys the equivalent status under the laws of any jurisdiction of organization outside the United States) under the laws of the jurisdiction of its organization, (b) has all requisite power and authority to own its property and assets and to carry on its business as now conducted, (c) is qualified to do business and in good standing in each jurisdiction where such qualification is required, except where the failure so to qualify or to be in good standing could not reasonably be expected to have a Material Adverse Effect.

SECTION 3.02. Authorization. The execution, delivery and performance by Holdings, the Borrower and each of the Subsidiary Loan Parties of each of the Loan Documents to which it is a party, and the borrowings hereunder and the transactions forming a part of the Transactions (a) have been duly authorized by all corporate, stockholder, limited partnership or limited liability company action required to be obtained by Holdings, the Borrower and such Subsidiary Loan Parties and (b) will not (i) violate (A) any provision of (x) law, statute, rule or regulation applicable to such party, or (y) of the certificate or articles of incorporation or other constitutive documents or by-laws of Holdings, the Borrower or any such Subsidiary Loan Party, (B) any applicable order of any court or any rule, regulation or order of any Governmental Authority or (C) any provision of any indenture, certificate of designation for preferred stock, agreement or other instrument to which Holdings, the Borrower or any such Subsidiary Loan Party is a party or by which any of them or any of their property is or may be bound, (ii) be in conflict with, result in a breach of or constitute (alone or with notice or lapse of time or both) a default under, give rise to a right of or result in any cancellation or acceleration of any right or obligation (including any payment) or to a loss of a material benefit under any such indenture, certificate of designation for preferred stock, agreement or other instrument, where any such conflict, violation, breach or default referred to in clause (i)(A)(x), (i)(B), (i)(C) or (ii) of this Section 3.02, could reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect, or (iii) result in the creation or imposition of any Lien upon or with respect to any property or assets now owned or hereafter acquired by Holdings, the Borrower or any such Subsidiary Loan Party, other than the Liens created by the Loan Documents and Liens permitted by Section 6.02 hereof.

SECTION 3.03. Enforceability. This Agreement has been duly executed and delivered by Holdings and the Borrower and constitutes, and each other Loan Document when executed and delivered by each Loan Party that is party thereto will constitute, a legal, valid and binding obligation of such Loan Party enforceable against each such Loan Party in accordance with its terms, subject to (i) the effects of bankruptcy, insolvency, moratorium, reorganization, fraudulent conveyance or other similar laws affecting creditors' rights generally, (ii) general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law) and (iii) implied covenants of good faith and fair dealing.

SECTION 3.04. Governmental Approvals. No action, consent or approval of, registration or filing with or any other action by any Governmental Authority is or will be required in connection with the Transactions, except for (a) the filing of Uniform Commercial Code financing statements, (b) filings with the United States Patent and Trademark Office and the United States Copyright Office and comparable offices in foreign jurisdictions and equivalent filings in foreign jurisdictions, (c) recordation of the Mortgages, (d) such as have been made or obtained and are in full force and effect, (e) such actions, consents, approvals, registrations or filings the failure to be obtained or made which could not reasonably be expected to have a Material Adverse Effect and (f) filings or other actions listed on Schedule 3.04.

SECTION 3.05. Financial Statements. (a) The audited combined balance sheets of Generac and its Subsidiaries at December 31, 2003, 2004 and 2005, and the audited combined statements of income and cash flows of Generac and it Subsidiaries for such fiscal years, reported on by and accompanied by an audit opinion from Deloitte & Touche LLP, copies of which have heretofore been furnished to each Lender, present fairly in all material respects the combined financial condition of Generac and its Subsidiaries for such periods and as at such dates and the combined results of operations and cash flows of Generac and its Subsidiaries for the years then ended.

(b) The unaudited interim consolidated balance sheet of Generac and its Subsidiaries as at June 30, 2006, and the related unaudited interim combined statements of income and cash flows for the 6-month period ended June 30, 2006 (including for the comparable period in fiscal year 2005), present

fairly in all material respects the combined financial condition of Generac and its Subsidiaries as at such date (subject to normal year-end audit adjustments). All such financial statements have been prepared in accordance with GAAP (subject to (i) normal year-end adjustments and (ii) the absence of notes), except as approved by the aforementioned firm of accountants and disclosed therein.

SECTION 3.06. No Material Adverse Effect. Since December 31, 2005, there has been no event, development, circumstance or change has occurred that has or would reasonably be expected to have a Material Adverse Effect.

SECTION 3.07. Title to Properties; Possession Under Leases. (a) Each of Holdings, the Borrower and its Restricted Subsidiaries has good and insurable fee simple title to the Mortgaged Properties, and good and insurable fee simple title to, or easements or other limited property interests in, all its other real properties and has good and valid title to its personal property and assets, in each case, free and clear of Liens except for defects in title that do not impair the value thereof in any material respect or interfere with its ability to conduct its business as currently conducted or to utilize such properties and assets for their intended purposes and Liens expressly permitted by Section 6.02 or arising by operation of law and except where the failure to have such title or interest or existence of such Lien could not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect.

(b) Each of Holdings, the Borrower and the Restricted Subsidiaries owns or possesses, or is licensed or otherwise has the right to use, all patents, trademarks, service marks, trade names and copyrights and all licenses and rights with respect to the foregoing, reasonably necessary for the present conduct of its business, without any conflict (of which the Borrower has been notified in writing) with the rights of others, except where the failure to have such rights or where such conflicts and restrictions could not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect.

SECTION 3.08. Subsidiaries. (a) Schedule 3.08(a) sets forth as of the Closing Date the name and jurisdiction of incorporation, formation or organization of each Subsidiary of Holdings and, as to each such Subsidiary, the percentage of each class of outstanding Equity Interests owned by Holdings or by any such subsidiary.

(b) As of the Closing Date, there are no outstanding subscriptions, options, warrants, calls, rights or other agreements or commitments (other than directors' qualifying shares) of any nature relating to any Equity Interests of any Restricted Subsidiaries of the Borrower.

SECTION 3.09. Litigation; Compliance with Laws. (a) There are no actions, suits, investigations or proceedings at law or in equity or by or on behalf of any Governmental Authority or in arbitration now pending against, or to the knowledge of Holdings or the Borrower threatened in writing against, Holdings or the Borrower or any of its Restricted Subsidiaries or any business, property or rights of any such person (i) that involve any Loan Document or the Transactions or (ii) that would reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect.

(b) None of Holdings, the Borrower, the Subsidiaries or their respective properties or assets is in violation of any law, rule or regulation (including any zoning, building, ordinance, code or approval or any building permit, but excluding any Environmental Laws that are the subject of Section 3.16) or any restriction of record or agreement affecting any Mortgaged Property, or is in default with respect to any judgment, writ, injunction or decree of any Governmental Authority, where such violation or default could reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect.

SECTION 3.10. Investment Company Act. None of Holdings, the Borrower and the Restricted Subsidiaries is an "investment company" as defined in, or subject to regulation under, the Investment Company Act of 1940, as amended.

SECTION 3.11. Use of Proceeds. Subject to the immediately succeeding sentence, the Borrower will use the proceeds of the Revolving Facility Loans and Swingline Loans, and may request the issuance of Letters of Credit, solely for working capital and general corporate purposes, including Permitted Business Acquisitions. The Borrower will use the proceeds of the Term Loans made on the Closing Date and up to $25.0 million of Revolving Facility Loans (excluding Letters of Credit), together with the proceeds of the Second Lien Financing, solely to consummate the Transactions (including the payment of Transaction Costs).

SECTION 3.12. Federal Reserve Regulations. (a) None of Holdings, the Borrower and the Restricted Subsidiaries is engaged principally, or as one of its important activities, in the business of extending credit for the purpose of purchasing or carrying Margin Stock.

(b) No part of the proceeds of any Loan will be used, whether directly or indirectly, and whether immediately, incidentally or ultimately, (i) to purchase or carry Margin Stock or to extend credit to others for the purpose of purchasing or carrying Margin Stock or to refund indebtedness originally incurred for such purpose, or (ii) for any purpose that entails a violation of, or that is inconsistent with, the provisions of the Regulations of the Board, including Regulation U or Regulation X.

SECTION 3.13. Tax Returns.

(a) Each of Holdings, the Borrower and the Subsidiaries has filed or caused to be filed all U.S. federal, state, local and non-U.S. Tax returns required to have been filed by it that are material to such companies, taken as a whole, and each such Tax return is true and correct in all material respects, except, in each case, as could not be, individually or in the aggregate, reasonably expected to have a Material Adverse Effect;

(b) Each of Holdings, the Borrower and the Subsidiaries has timely paid or caused to be timely paid all Taxes shown to be due and payable by it on the returns referred to in clause (a) and all other Taxes or assessments (or made adequate provision (in accordance with GAAP) for the payment of all such amounts due) with respect to all periods or portions thereof ending on or before the Closing Date (except Taxes or assessments that are being contested in good faith by appropriate proceedings in accordance with Section 5.03 and for which Holdings, the Borrower or any of its Subsidiaries (as the case may be) has set aside on its books adequate reserves in accordance with GAAP), which Taxes, if not paid or adequately provided for, could, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect; and

(c) Other than as could not be, individually or in the aggregate, reasonably expected to have a Material Adverse Effect, with respect to each of Holdings, the Borrower and the Subsidiaries, no tax lien has been filed, and, to the knowledge of the Borrower and its Subsidiaries, no claim is being asserted, with respect to any such Taxes.

SECTION 3.14. No Material Misstatements. To the Borrower's knowledge, (a) all written information (other than the Projections, other forward looking information and information of a general economic or industry specific nature) (the "Information") concerning Holdings, the Borrower, its Subsidiaries and the Transactions included in the Information Memorandum or otherwise prepared by or on behalf of the foregoing or their representatives and made available, by or on behalf of Holdings or the Borrower, to the Joint Lead Arrangers, any Lenders or the Administrative Agent in connection with the

Transactions or any other transactions contemplated hereby, when taken as a whole, were true and correct in all material respects as of the Closing Date and does not as of such date contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements contained therein not materially misleading in light of the circumstances under which such statements were made.

(b) The Projections furnished to the Joint Lead Arrangers, the Administrative Agent or the Lenders (i) have been prepared in good faith based upon assumptions believed by the Borrower to be reasonable at the time made, as of the date the Projections were furnished to the Joint Lead Arrangers, the Administrative Agent or the Lenders and as of the Closing Date (it being understood that actual results may vary from the Projections and that such variations may be material).

SECTION 3.15. Employee Benefit Plans. (a) Except as could not reasonably be expected, individually or in the aggregate, to have a Material Adverse Effect: (i) each of the Borrower, the Restricted Subsidiaries and the ERISA Affiliates is in compliance with the applicable provisions of ERISA and the provisions of the Code relating to Plans and the regulations and published interpretations thereunder; (ii) no Reportable Event has occurred during the past five years as to which the Borrower, any of its Restricted Subsidiaries or any ERISA Affiliate was required to file a report with the PBGC, other than reports that have been filed; (iii) the present value of all benefit liabilities under each Plan of the Borrower its Restricted Subsidiaries and the ERISA Affiliates (based on those assumptions used to fund such Plan), does not exceed the value of the assets of such Plan and the present value of all accrued benefit obligations of all underfunded Plans (based on the assumptions used for purposes of Statement of Financial Accounting Standards No. 87) does not exceed the value of the assets of all such underfunded Plans; (iv) no ERISA Event has occurred or is reasonably expected to occur; and (v) none of the Borrower, the Restricted Subsidiaries and the ERISA Affiliates has received any written notification that any Multiemployer Plan is in reorganization or is in endangered or critical status or has been terminated within the meaning of Title IV of ERISA, or has knowledge that any Multiemployer Plan is reasonably expected to be in reorganization or in endangered or critical status or to be terminated.

(b) With respect to each employee benefit arrangement mandated by non-US law (a "Foreign Benefit Arrangement") and with respect to each employee benefit plan (within the meaning of Section 3(3) of ERISA, whether or not subject to ERISA) maintained or contributed to by any of the Borrower, the Restricted Subsidiaries or any ERISA Affiliate that is not subject to US law (a "Foreign Plan"), (i) any employer and employee contributions required by applicable law or by the terms of such Foreign Arrangement or Foreign Plan have been made, or, if applicable, accrued in accordance with normal accounting practices; (ii) the accrued benefit obligations of each Foreign Plan with respect to all current and former participants (based on the assumptions used to fund such Foreign Plan) do not exceed the assets of such Foreign Plan; (iii) each Foreign Plan that is required to be registered has been registered and has been maintained in good standing with applicable regulatory authorities; and (iv) each such Foreign Benefit Arrangement and Foreign Plan is in compliance (A) with all applicable provisions of law and all applicable regulations and published interpretations thereunder with respect to such Foreign Plan or Foreign Benefit Arrangement and (B) with the terms of such plan, except, in each case, for such noncompliance that could not reasonably be expected to have a Material Adverse Effect..

SECTION 3.16. Environmental Matters. Except as to matters that could not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect: (i) no written notice of violation, request for information, order, complaint or assertion of penalty has been received by the Borrower or any of its Restricted Subsidiaries, and there are no judicial, administrative or other

actions, suits or proceedings pending or, to the knowledge of the Borrower, threatened which allege a violation of or liability under any Environmental Laws or concerning Hazardous Materials, in each case relating to the Borrower or any of its Restricted Subsidiaries, (ii) each of the Borrower and its Restricted Subsidiaries has all permits necessary for its operations to comply with all applicable Environmental

Laws and is, and during the term of all applicable statutes of limitation, has been, in compliance with the terms of such permits and with all other applicable Environmental Laws, (iii) no Hazardous Material is located at any property currently or formerly owned, operated or leased by the Borrower or any of its Restricted Subsidiaries in quantities or concentrations that would reasonably be expected to give rise to any liability or obligation of the Borrower or any of its Restricted Subsidiaries under any Environmental Laws, and no Hazardous Material has been generated by or on behalf of the Borrower or any of its Restricted Subsidiaries that has been transported to or Released at or from any location in a manner that would reasonably be expected to give rise to any liability or obligation of the Borrower or any of its Restricted Subsidiaries, and (iv) there is no agreement to which the Borrower or any of its Restricted Subsidiaries is a party in which the Borrower or any of its Restricted Subsidiaries has assumed or undertaken, or retained, responsibility for any known or reasonably likely liability or obligation arising under or relating to Environmental Laws.

SECTION 3.17. Security Documents. (a) The Collateral Agreement is effective to create in favor of the Administrative Agent (for the benefit of the Secured Parties) a legal, valid and enforceable security interest in the Collateral described therein and proceeds thereof. In the case of the Pledged Collateral described in the Collateral Agreement, when certificates or promissory notes, as applicable, representing such Pledged Collateral are delivered to the Administrative Agent (together with transfer powers or endorsements executed in blank), and in the case of the other Collateral described in the Collateral Agreement (other than registered copyrights and copyright applications), when financing statements and other filings described on Schedule 3.17 are filed in the offices specified on Schedule 3.17, the Administrative Agent (for the benefit of the Secured Parties) shall have a fully perfected Lien on, and security interest in, all right, title and interest of the Loan Parties in such Collateral and, subject to Section 9-315 of the New York Uniform Commercial Code, the proceeds thereof, as security for the Obligations to the extent perfection can be obtained by filing Uniform Commercial Code financing statements, in each case prior and superior in right to any other person (except, in the case of Collateral other than Pledged Collateral, Liens expressly permitted by Section 6.02 and Liens having priority by operation of law).

(b) When the Collateral Agreement or a summary thereof is properly filed in the United States Copyright Office or the United States Patent and Trademark Office, as applicable, the Administrative Agent (for the benefit of the Secured Parties) shall have a fully perfected Lien on, and security interest in, all right, title and interest of the Loan Parties thereunder in the Collateral consisting of registered copyrights and copyright applications, in each case prior and superior in right to any other person except Liens expressly permitted by Section 6.02 and Liens having priority by operation of law (it being understood that subsequent recordings in the United States Copyright Office or United States Patent and Trademark Office, as the case may be, may be necessary to perfect a lien on registered copyrights and copyright applications acquired by the grantors after the Closing Date).

(c) The Mortgages shall be effective to create in favor of the Administrative Agent (for the benefit of the Secured Parties) a legal, valid and enforceable Lien on all of the Loan Parties' right, title and interest in and to the Mortgaged Property thereunder and the proceeds thereof, and when such Mortgages are filed or recorded in the proper real estate filing or recording offices, the Administrative Agent (for the benefit of the Secured Parties) shall have a fully perfected Lien on, and security interest in, all right, title and interest of the Loan Parties in such Mortgaged Property and, to the extent applicable, subject to Section 9-315 of the Uniform Commercial Code, the proceeds thereof, in each case prior and superior in right to any other person, other than with respect to the rights of a person pursuant to Liens expressly permitted by Section 6.02 and Liens having priority by operation of law.

SECTION 3.18. Solvency. (a) Immediately after giving effect to the Transactions on the Closing Date and immediately following the making of each Loan on the Closing Date and after giving effect to the application of the proceeds of each Loan, (i) the fair value of the assets of Holdings,

the Borrower and its Subsidiaries on a consolidated basis, at a fair valuation, will exceed the debts and liabilities, direct, subordinated, contingent or otherwise, of Holdings, the Borrower and its Subsidiaries on a consolidated basis, respectively; (ii) the present fair saleable value of the property of Holdings, the Borrower and its Subsidiaries on a consolidated basis will be greater than the amount that will be required to pay the probable liability of Holdings, the Borrower and its Subsidiaries on a consolidated basis, respectively, on their debts and other liabilities, direct, subordinated, contingent or otherwise, as such debts and other liabilities become absolute and matured; (iii) Holdings, the Borrower and its Subsidiaries on a consolidated basis will be able to pay their debts and liabilities, direct, subordinated, contingent or otherwise, as such debts and liabilities become absolute and matured; (iv) Holdings, the Borrower and its Subsidiaries on a consolidated basis will not have unreasonably small capital with which to conduct the businesses in which they are engaged as such businesses are now conducted and are proposed to be conducted following the Closing Date; and (v) neither Holdings, the Borrower, nor any of its Subsidiaries shall be "insolvent" under the meaning assigned to such term in 11 U.S.C. §101 et. seq. and Wisconsin Statutes Chapter 242.

(b) Neither Holdings nor the Borrower intends to, and neither Holdings nor the Borrower believes that it or any of its subsidiaries will, incur debts beyond the ability of Holdings and its Subsidiaries, on a consolidated basis, to pay such debts as they mature, taking into account the timing and amounts of cash to be received by it or any such subsidiary and the timing and amounts of cash to be payable on or in respect of its Indebtedness or the Indebtedness of any such subsidiary.

SECTION 3.19. Labor Matters. Except as, individually or in the aggregate, would not reasonably be expected to have a Material Adverse Effect: (a) there are no strikes or other labor disputes pending or, to the knowledge of Holdings or the Borrower, threatened in writing against the Borrower or any of its Restricted Subsidiaries; (b) the hours worked and payments made to employees of the Borrower and its Restricted Subsidiaries have not been in violation of the Fair Labor Standards Act or any other applicable law dealing with such matters; and (c) all payments due from the Borrower or any of its Restricted Subsidiaries or for which any claim may be made against the Borrower or any of its Restricted Subsidiaries, on account of wages and employee health and welfare insurance and other benefits have been paid or accrued as a liability on the books of the Borrower or such Restricted Subsidiary to the extent required by GAAP. Except as, individually or in the aggregate, would not reasonably be expected to have a Material Adverse Effect the consummation of the Transactions will not give rise to a right of termination or right of renegotiation on the part of any union under any material collective bargaining agreement to which the Borrower or any of its Subsidiaries (or any predecessor) is a party or by which Holdings, the Borrower or any of its Subsidiaries (or any predecessor) is bound.

SECTION 3.20. Insurance. Schedule 3.20 sets forth a true, complete and correct description of all material insurance maintained by or on behalf of Holdings, the Borrower or the Subsidiaries as of the Closing Date. As of such date, such insurance is in full force and effect.

SECTION 3.21. Transaction Documents. Holdings and the Borrower have delivered to the Administrative Agent a true and correct copy of the Merger Agreement (including all schedules, exhibits, amendments, supplements and modifications thereto) and the Second Lien Loan Documents.

SECTION 3.22. Patriot Act. To the extent applicable, each Loan Party is in compliance, in all material respects, with the (i) Trading with the Enemy Act, as amended, and each of the foreign assets control regulations of the Untied States Treasury Department (31 CFR, Subtitle B, Chapter V, as amended) and any other enabling legislation or executive order relating thereto, and (ii) Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism (USA Patriot Act of 2001). To the knowledge of the Borrower, no part of the proceeds of the Loans will be used, directly or indirectly, for any payments to any governmental official or employee, political party,

official of a political party, candidate for political office, or anyone else acting in an official capacity, in order to obtain, retain or direct business or obtain any improper advantage, in violation of the United States Foreign Corrupt Practices Act of 1977, as amended.

SECTION 3.23. No Default. Neither Holdings, the Borrower nor any of their Restricted Subsidiaries is in default in the performance, observance or fulfillment of any of the obligations, covenants or conditions contained in any of its Contractual Obligations, and no condition exists which, with the giving of notice or the lapse of time or both, could constitute such a default, except where the consequences, direct or indirect, of such default or defaults, if any, could not reasonably be expected to have a Material Adverse Effect.

ARTICLE IV

Conditions of Lending

The obligations of (a) the Lenders (including the Swingline Lender) to make Loans and (b) any Issuing Bank to issue Letters of Credit or increase the stated amounts of Letters of Credit hereunder (each, a "Credit Event") are subject to the satisfaction of the following conditions:

SECTION 4.01. All Credit Events. On the date of each Borrowing (including each Swingline Borrowing) and on the date of each issuance, amendment, extension or renewal of a Letter of Credit:

(a) The Administrative Agent shall have received, in the case of a Borrowing, a Borrowing Request as required by Section 2.03 (or a Borrowing Request shall have been deemed given in accordance with the last paragraph of Section 2.03) or, in the case of the issuance of a Letter of Credit, the applicable Issuing Bank and the Administrative Agent shall have received a notice requesting the issuance of such Letter of Credit as required by Section 2.05(b) or, in the case of a Swingline Borrowing, the Swingline Lender and the Administrative Agent shall have received a Swingline Borrowing Request as required by Section 2.04(b).

(b) The representations and warranties set forth in Article III hereof (other than, if the date of such Borrowing or issuance, amendment, extension or renewal of a Letter of Credit is the Closing Date, in Section 3.06) shall be true and correct in all material respects as of such date (other than an amendment, extension or renewal of a Letter of Credit without any increase in the stated amount of such Letter of Credit), with the same effect as though made on and as of such date, except to the extent such representations and warranties expressly relate to an earlier date (in which case such representations and warranties shall be true and correct in all material respects as of such earlier date); provided that, notwithstanding anything to the contrary contained herein, the only representation relating to the Borrower and its Subsidiaries and their businesses the making of which shall be a condition to Borrowing on the Closing Date, shall be (i) the representations made by Generac in the Merger Agreement as are material to the interests of the Lenders, but only to the extent that Holdings and the Borrower have the right to terminate their obligations under the Merger Agreement as a result of a breach of such representations in the Merger Agreement and (ii) the representations and warranties in Sections 3.01, 3.02, 3.03, 3.10 and 3.12 of this Agreement.

(c) At the time of and immediately after such Borrowing or issuance, amendment, extension or renewal of a Letter of Credit (other than an amendment, extension or renewal of a Letter of Credit without any increase in the stated amount of such Letter of Credit), as applicable, no Event of Default or Default shall have occurred and be continuing.

Each Borrowing and each issuance, amendment, extension or renewal of a Letter of Credit shall be deemed to constitute a representation and warranty by the Borrower on the date of such Borrowing, issuance, amendment, extension or renewal as applicable, that the conditions specified in paragraphs (b) and (c) of this Section 4.01 shall have been satisfied on such date in accordance with the terms of such paragraphs.

SECTION 4.02. First Credit Event. On the Closing Date:

(a) The Administrative Agent (or its counsel) shall have received from each party hereto either (i) a counterpart of this Agreement signed on behalf of such party or (ii) written evidence satisfactory to the Administrative Agent (which may include fax transmission of a signed signature page of this Agreement) that such party has signed a counterpart of this Agreement.

(b) The Administrative Agent shall have received, on behalf of itself, the Lenders and each Issuing Bank on the Closing Date, a written opinion of Weil, Gotshal & Manges LLP, special counsel for Holdings and the Borrower, (A) dated the Closing Date, (B) addressed to each Issuing Bank, the Administrative Agent and the Lenders on the Closing Date and (C) in form and substance reasonably satisfactory to the Administrative Agent and covering such other matters relating to the Loan Documents and the Transactions as the Administrative Agent shall reasonably request, and each of Holdings and the Borrower hereby instructs its counsel to deliver such opinions.

(c) The Administrative Agent shall have received in the case of each Loan Party each of the items referred to in clauses (i), (ii), (iii) and (iv) below:

(i) a copy of the certificate or articles of incorporation, certificate of limited partnership or certificate of formation, including all amendments thereto, of each Loan Party, certified as of a recent date by the Secretary of State (or other similar official) of the jurisdiction of its organization, and a certificate as to the good standing (to the extent such concept or a similar concept exists under the laws of such jurisdiction) of each such Loan Party as of a recent date from such Secretary of State (or other similar official);

(ii) a certificate of the secretary or assistant secretary or similar officer of each Loan Party dated the Closing Date and certifying:

(A) that attached thereto is a true and complete copy of the by-laws (or limited partnership agreement, limited liability company agreement or other equivalent governing documents) of such Loan Party as in effect on the Closing Date and at all times since a date prior to the date of the resolutions described in clause (B) below,

(B) that attached thereto is a true and complete copy of resolutions duly adopted by the board of directors (or equivalent governing body) of such Loan Party (or its managing general partner or managing member) authorizing the execution, delivery and performance of the Loan Documents to which such person is a party and, in the case of the Borrower, the borrowings hereunder, and that such resolutions have not been modified, rescinded or amended and are in full force and effect on the Closing Date,

(C) that the certificate or articles of incorporation, certificate of limited partnership or certificate of formation of such Loan Party has not been amended since the date of the last amendment thereto disclosed pursuant to clause (i) above,

(D) as to the incumbency and specimen signature of each officer executing any Loan Document or any other document delivered in connection herewith on behalf of such Loan Party,

(E) as to the absence of any pending proceeding for the dissolution or liquidation of such Loan Party;

(iii) a certificate of another officer as to the incumbency and specimen signature of the Secretary or Assistant Secretary or similar officer executing the certificate pursuant to clause (ii) above; and

(iv) a certificate of a Responsible Officer of Holdings or the Borrower certifying that as of the Closing Date (i) all the representations and warranties set forth in Section 4.01 are true and correct and (ii) that as of the Closing Date, no Default or Event of Default has occurred and is continuing or would result from any Borrowing to occur on the date hereof or the application of the proceeds thereof.

(d) (i) The Collateral and Guarantee Requirement shall have been satisfied, (ii) the Administrative Agent shall have received a duly completed Collateral Questionnaire dated the Closing Date, together with all attachments contemplated thereby, (iii) the Administrative Agent shall have received the results of a search of the Uniform Commercial Code (or equivalent) filings made with respect to the Loan Parties and copies of the financing statements (or similar documents) disclosed by such search and (iv) the Administrative Agent shall have received evidence reasonably satisfactory to the Administrative Agent that the Liens indicated by such financing statements (or similar documents) are either permitted by Section 6.02 or have been released (or authorized for release in a manner satisfactory of the Agent).

(e) The Lenders shall have received the financial statements, Projections and other financial information referred to in Sections 3.05 and Section 3.14.

(f) On the Closing Date, substantially concurrently with the funding of the Loans, Holdings and its Subsidiaries shall have (i) consummated the Merger in all material respects on the terms described in the Merger Agreement and no provisions thereof shall have been waived, amended, supplemented or otherwise modified in a manner adverse to the Lenders in any material respect without the consent of the Administrative Agent and the Administrative Agent under the Second Lien Credit Agreement, (ii) consummated the Equity Financing, (iii) repaid in full all Existing Debt (other than Indebtedness permitted under Section 6.01) and caused the termination of any commitments to lend or make other extensions of credit under all such Existing Debt, (v) delivered to the Administrative Agent all documents or instruments necessary to release all Liens securing Indebtedness or other obligations of Holdings and its Subsidiaries being so repaid or terminated, and (vi) made arrangements satisfactory to Administrative Agent with respect to the cancellation of any letters of credit outstanding with respect to the Indebtedness being so repaid or terminated, or the issuance of Letters of Credit to support the obligations of Holdings and its Subsidiaries with respect thereto.

(g) The Lenders shall have received a solvency certificate substantially in the form of Exhibit F and signed by the Chief Financial Officer of the Borrower.

(h) The Agents shall have received all fees payable thereto or to any Lender on or prior to the Closing Date and, to the extent invoiced, all other amounts due and payable pursuant to the Loan Documents on or prior to the Closing Date, including, to the extent invoiced, reimbursement or payment of all reasonable out-of-pocket expenses (including reasonable fees, charges and disbursements of

Simpson Thacher & Bartlett LLP) required to be reimbursed or paid by the Loan Parties hereunder or under any other Loan Document.

(i) Since June 30, 2006, except as contemplated by the Acquisition and the Transactions, there shall not have occurred and there is no circumstance or occurrence that is reasonably likely to have (individually or in the aggregate) a Material Adverse Effect (as such term is defined in the Merger Agreement).

(j) The Agents shall have received, at least ten days prior to the Closing Date, all documentation and other information required by regulatory authorities under applicable “know your customer” and anti-money laundering rules and regulations, including without limitation the USA PATRIOT Act.

(k) The Administrative Agent shall have received duly executed originals of a letter of direction from the Borrower addressed to the Administrative Agent, on behalf of itself and Lenders, with respect to the disbursement on the Closing Date of the proceeds of the Loans made on such date.

Each Agent and each Lender, by delivering its signature page to this Agreement and funding a Loan on the Closing Date shall be deemed to have acknowledged receipt of and consented to and approved each Loan Document and each other document required to be approved by any Agent or Lender, as applicable, on the Closing Date.

ARTICLE V

Affirmative Covenants

Each of Holdings (solely as to Sections 5.01, 5.05 and 5.09 as applicable to it) and the Borrower covenants and agrees with each Lender that so long as this Agreement shall remain in effect and until the Commitments have been terminated and the principal of and interest on each Loan, all Fees and all other expenses or amounts payable under any Loan Document (other than obligations for taxes, costs, indemnifications, reimbursements, damages and other contingent liabilities in respect of which no claim or demand for payment has been made or, in the case of indemnifications, no notice been given (or reasonably satisfactory arrangements have otherwise been made)) shall have been paid in full and all Letters of Credit have been canceled or have expired (or have been cash collateralized in a manner consistent with the requirements of Section 2.05 or backstopped with a letter of credit having terms and conditions reasonably satisfactory to the applicable Issuing Banks), and all amounts drawn thereunder have been reimbursed in full, unless the Required Lenders shall otherwise consent in writing, the Borrower (and Holdings solely to the extent applicable to it) will, and the Borrower will cause each of its Restricted Subsidiaries to:

SECTION 5.01. Existence; Businesses and Properties. (a) Do or cause to be done all things necessary to preserve, renew and keep in full force and effect its legal existence, except (i) where the failure to do so would not reasonably be expected to have a Material Adverse Effect, (ii) as otherwise expressly permitted under Section 6.05, and (iii) the liquidation or dissolution of Restricted Subsidiaries if the assets of such Restricted Subsidiaries (to the extent they exceed estimated liabilities) are acquired by the Borrower or a Subsidiary of the Borrower.

(b) Except where the failure to do so would not reasonably be expected to have a Material Adverse Effect, do or cause to be done all things necessary to (i) lawfully obtain, preserve, renew, extend and keep in full force and effect the permits, franchises, authorizations, patents, trademarks, service marks, trade names, copyrights, licenses and rights with respect thereto reasonably necessary to

the normal conduct of the business of the Borrower and its Restricted Subsidiaries, and (ii) at all times maintain and preserve all property reasonably necessary to the normal conduct of the business of the Borrower and its Restricted Subsidiaries and keep such property in satisfactory repair, working order and condition and from time to time make, or cause to be made, all needful and proper repairs, renewals, additions, improvements and replacements thereto in accordance with prudent industry practice (in each case except as expressly permitted by this Agreement).

SECTION 5.02. Insurance. (a) Maintain, with financially sound and reputable insurance companies, insurance in such amounts and against such risks as are customarily maintained by similarly situated companies engaged in the same or similar businesses operating in the same or similar locations. Each such policy of insurance shall (i) name the Administrative Agent, on behalf of Secured Parties as an additional insured thereunder as its interests may appear and (ii) in the case of each casualty insurance policy, contain a loss payable clause or endorsement, reasonably satisfactory in form and substance to the Administrative Agent, that names Collateral Agent, on behalf of Lenders as the loss payee thereunder and provides for at least thirty days' prior written notice to Collateral Agent of any cancellation of such policy.

(b) If at any time the area in which the Premises (as defined in the Mortgages) are located is designated a special "flood hazard area" in any Flood Insurance Rate Map published by the Federal Emergency Management Agency (or any successor agency), obtain flood insurance in such reasonable total amount as the Administrative Agent may from time to time reasonably require, and otherwise comply with the National Flood Insurance Program as set forth in the Flood Disaster Protection Act of 1973, as it may be amended from time to time.

SECTION 5.03. Taxes. Pay and discharge promptly when due all material Taxes, imposed upon it or upon its income or profits or in respect of its property, as well as all lawful claims which, if unpaid, might give rise to a Lien (other than a Lien permitted under Section 6.02) upon such properties or any part thereof except to the extent not overdue by more than 30 days or, if more than 30 days overdue; (i) the validity or amount thereof shall be contested in good faith by appropriate proceedings, and the Borrower or the affected Restricted Subsidiary, as applicable, shall have set aside on its books reserves in accordance with GAAP with respect thereto or (ii) with respect to which the failure to make payment could not reasonably be expected to have a Material Adverse Effect, and (b) in the case of a Tax or claim which has or may become a Lien on any of the Collateral, such contest proceedings conclusively operate to stay the sale of any portion of the Collateral to satisfy such Tax or claim.

SECTION 5.04. Financial Statements, Reports, etc. Furnish to the Administrative Agent (which will promptly furnish such information to the Lenders):

(a) within 110 days after the end of each fiscal year (commencing with fiscal year 2006), (x) a consolidated balance sheet and related statements of operations, cash flows and owners' equity showing the financial position of the Borrower and its Subsidiaries as of the close of such fiscal year and the consolidated results of its operations during such year and setting forth in comparative form the corresponding figures for the prior fiscal year, which consolidated balance sheet and related statements of operations, cash flows and owners' equity shall be audited by independent public accountants of recognized national standing and accompanied by an opinion of such accountants (which opinion shall be without a "going concern" or like qualification or exception and without any qualification or exception as to the scope of such audit) to the effect that such consolidated financial statements fairly present, in all material respects, the financial condition and results of operations of the Borrower and its Subsidiaries on a consolidated basis in accordance with GAAP (it being understood that the delivery by the Borrower of annual reports on Form 10-K of the Borrower and its consolidated Subsidiaries shall satisfy the requirements of

this Section 5.04(a) to the extent such annual reports include the information specified herein) and (y) supporting schedules reconciling such consolidated balance sheet and related statements of operations, cash flows and owners' equity with the consolidated financial condition and results of operations of the Borrower for the relevant period;

(b) within 45 days after the end of each of the first three fiscal quarters of each fiscal year (commencing with the first fiscal quarter of 2007), (x) a consolidated balance sheet and related statements of operations and cash flows showing the financial position of the Borrower and its Subsidiaries as of the close of such fiscal quarter and the consolidated results of its operations during such fiscal quarter and the then-elapsed portion of the fiscal year and setting forth in comparative form the corresponding figures for the corresponding periods of the prior fiscal year, all of which shall be in reasonable detail and which consolidated balance sheet and related statements of operations and cash flows shall be certified by a Financial Officer of the Borrower on behalf of the Borrower as fairly presenting, in all material respects, the financial position and results of operations of the Borrower and its Subsidiaries on a consolidated basis in accordance with GAAP (subject to normal year-end audit adjustments and the absence of footnotes) (it being understood that the delivery by the Borrower of quarterly reports on Form 10-Q of the Borrower and its consolidated Subsidiaries shall satisfy the requirements of this Section 5.04(b) to the extent such quarterly reports include the information specified herein) and (y) supporting schedules reconciling such consolidated balance sheet and related statements of operations, cash flows and owners' equity with the consolidated financial position and results of operations of the Borrower for the relevant period;

(c) (i) concurrently with any delivery of financial statements under paragraphs (a) or (b) above, a certificate of a Financial Officer of the Borrower in substantially the form attached hereto as Exhibit I (x) certifying that no Default or Event of Default has occurred or, if such a Default or an Event of Default or Default has occurred, specifying the nature and extent thereof and any corrective action taken or proposed to be taken with respect thereto and (y) commencing with the fiscal quarter ending September 30, 2007, setting forth computations in detail reasonably satisfactory to the Administrative Agent demonstrating compliance with the Total Leverage Ratio and (ii) concurrently with any delivery of financial statements under paragraph (a) above, (A) a certificate of the accounting firm opining on or certifying such statements stating whether they obtained knowledge during the course of their examination of such statements of any Default or Event of Default under Section 6.10 (which certificate may be limited to accounting matters and disclaims responsibility for legal interpretations, and may be subject to other customary qualifications) and (B) a certificate of a Financial Officer of the Borrower commencing with the 2007 Excess Cash Flow Period, setting forth the amount, if any, of Excess Cash Flow for the Excess Cash Flow Period then ended and the Available Excess Cash Flow Amount as of the date of such certificate, in each case together with the calculation thereof in reasonable detail;

(d) promptly after the same become publicly available, copies of all periodic and other publicly available reports, proxy statements and, to the extent requested by the Administrative Agent, other materials filed by Holdings, the Borrower or any of its Subsidiaries with the SEC or any securities exchange, or after an initial public offering, distributed to its stockholders generally, as applicable and all press releases and other statements made available generally by Holdings or any of its Subsidiaries to the public concerning material developments in the business of Holdings or any of its Subsidiaries;

(e) within 90 days after the beginning of each fiscal year, a detailed consolidated and consolidated quarterly budget for such fiscal year (including a projected consolidated and consolidated balance sheet of the Borrower and its Subsidiaries as of the end of such fiscal year,

and the related consolidated and consolidated statements of projected cash flow and projected income) and, as soon as available, significant revisions, if any, of such budget and quarterly projections with respect to such fiscal year (to the extent that such revisions have been approved by the Borrower's board of directors (or equivalent governing body)), including a description of underlying assumptions with respect thereto (collectively, the "Budget"), which Budget shall in each case be accompanied by the statement of a Financial Officer of the Borrower to the effect that, to such Financial Officer's knowledge, the Budget is a reasonable estimate for the period covered thereby;

(f) promptly, a copy of the final management letter of independent accountants submitted to the board of directors (or equivalent governing body) or any committee thereof of any of the Borrower or any Restricted Subsidiary in connection with the annual audit made by independent accountants of the books of the Borrower or any such Restricted Subsidiary;

(g) promptly following a request therefor, all documentation and other information that the Administrative Agent reasonably requests on its behalf or on behalf of any Lender in order to comply with its ongoing obligations under applicable "know your customer" and anti-money laundering rules and regulations, including the USA PATRIOT Act;

(h) together with the delivery of the annual compliance certificate required by Section 5.04(c), deliver an updated Collateral Questionnaire reflecting all changes since the date of the information most recently received pursuant to this paragraph (i) or Section 5.09(f); and

(i) in connection with each annual renewal of the insurance policies referred to in Section 5.02, an insurance broker's certificate evidencing the insurance coverage maintained by the Loan Parties and a certificate by the Borrower that such insurance is in compliance with the insurance coverage required by the Loan Documents; and

(j) promptly, from time to time, such other information regarding the operations, business affairs and financial condition of Holdings, the Borrower or any of its Subsidiaries, or compliance with the terms of any Loan Document, as in each case the Administrative Agent may reasonably request (for itself or on behalf of any Lender).

SECTION 5.05. Litigation and Other Notices. Furnish to the Administrative Agent written notice of the following promptly after any Responsible Officer of Holdings or the Borrower obtains actual knowledge thereof:

(a) any Default or Event of Default, specifying the nature and extent thereof and the corrective action (if any) proposed to be taken with respect thereto;

(b) the filing or commencement of, or any written threat or notice of intention of any person to file or commence, any action, suit or proceeding, whether at law or in equity or by or before any Governmental Authority or in arbitration, against Holdings, the Borrower or any of its Subsidiaries as to which an adverse determination is reasonably probable and which, if adversely determined, could reasonably be expected to have a Material Adverse Effect;

(c) the occurrence of any ERISA Event that, together with all other ERISA Events that have occurred, could reasonably be expected to have a Material Adverse Effect; and

(d) any other development specific to Holdings, the Borrower or any of its Subsidiaries that is not a matter of general public knowledge and that has had, or could reasonably be expected to have, a Material Adverse Effect.

SECTION 5.06. Compliance with Laws. Comply with all laws, rules, regulations and orders of any Governmental Authority applicable to it or its property, except where the failure to do so, individually or in the aggregate, could not reasonably be expected to result in a Material Adverse Effect; provided that this Section 5.06 shall not apply to Environmental Laws, which are the subject of Section 5.08, or to laws related to Taxes, which are the subject of Section 5.03.

SECTION 5.07. Maintaining Records; Access to Properties and Inspections. Maintain all financial records in a manner sufficient to permit the preparation of consolidated financial statements in accordance with GAAP. Upon the request of Administrative Agent permit any persons designated by the Administrative Agent or, upon the occurrence and during the continuance of an Event of Default, any Lender to visit and inspect the financial records and the properties of Holdings, the Borrower or any of its Subsidiaries at reasonable times during normal business hours, upon reasonable prior notice to Holdings or the Borrower, and as often as reasonably requested and to make extracts from and copies of such financial records, and permit any persons designated by the Administrative Agent or, upon the occurrence and during the continuance of an Event of Default, any Lender upon reasonable prior notice to Holdings or the Borrower to discuss the affairs, finances and condition of Holdings, the Borrower or any of its Subsidiaries with the officers thereof and independent accountants therefor (subject to reasonable requirements of confidentiality, including requirements imposed by law or by contract); provided, that the Borrower shall have the right to have one or more of its designees present during any discussions with its independent accountants and provided, further, that the Administrative Agent shall not exercise its rights under this Section 5.07 more than two times during any calendar year absent the existence of an Event of Default and only one such time shall be at the Borrower's expense. To the extent practicable and so long as no Event of Default has occurred and is continuing, the Administrative Agent agrees to use commercially reasonable efforts to coordinate and otherwise to conduct the foregoing visits and inspections so as to avoid creating unreasonable burdens upon management of the Borrower and its Subsidiaries.

SECTION 5.08. Compliance with Environmental Laws. (a) Comply, and make reasonable efforts to cause all lessees and other persons occupying its properties to comply, with all Environmental Laws applicable to its operations and properties; and obtain and renew all authorizations and permits required pursuant to Environmental Law for its operations and properties, in each case in accordance with Environmental Laws. This clause (a) shall be deemed not breached by a noncompliance with the foregoing if, upon learning of such noncompliance, the Borrower and any affected Subsidiaries promptly undertake reasonable efforts to eliminate such noncompliance, and such noncompliance and the elimination thereof, in the aggregate with any other noncompliance with any of the foregoing and the elimination thereof, could not reasonably be expected to have a Material Adverse Effect

(b) Except as could not reasonably be expected to have a Material Adverse Effect, generate, use, treat, store, release, dispose of, and otherwise manage Hazardous Materials in a manner that would not reasonably be expected to result in a material liability to any Borrower or any of its Restricted Subsidiaries or to materially affect any real property owned or leased by any of them; and take reasonable efforts to prevent any other person from generating, using, treating, storing, releasing, disposing of, or otherwise managing Hazardous Materials in a manner that could reasonably be expected to result in a material liability to, or materially affect any real property owned or operated by, the Borrower or any of its Restricted Subsidiaries.

SECTION 5.09. Further Assurances; Mortgages. (a) Execute any and all further documents, financing statements, agreements and instruments, and take all such further actions (including the filing and recording of financing statements, fixture filings, Mortgages and other documents and recordings of Liens in stock registries), that may be required under any applicable law, or that the Administrative Agent may reasonably request, to cause the Collateral and Guarantee Requirement to be and remain satisfied, all at the expense of the Loan Parties and provide to the Administrative Agent, from time to time upon reasonable request, evidence reasonably satisfactory to the Administrative Agent as to the perfection and priority of the Liens created or intended to be created by the Security Documents.

(b) If any asset (including any fee owned real property (other than real property covered by paragraph (c) below) or improvements thereto or any interest therein) that has an individual fair market value in an amount greater than $5.0 million is acquired by Holdings, the Borrower or any Subsidiary Loan Party after the Closing Date or owned by an entity at the time it becomes a Subsidiary Loan Party (in each case other than assets constituting Collateral under a Security Document that become subject to the Lien of such Security Document upon acquisition thereof), cause such asset to be subjected to a Lien securing the Obligations and take, and cause the Subsidiary Loan Parties to take, such actions as shall be necessary or reasonably requested by the Administrative Agent to grant and perfect such Liens, including actions described in paragraph (a) of this Section, all at the expense of the Loan Parties, subject to paragraph (c) or paragraph (g) below.

(c) Upon the request of the Administrative Agent, grant and cause each of the Subsidiary Loan Parties to grant to the Administrative Agent (or, if the Administrative Agent shall so direct, to a co-collateral agent, sub-collateral agent or separate collateral agent pursuant to Section 8.12) security interests and mortgages in such owned real property of the Borrower or any such Subsidiary Loan Parties acquired after the Closing Date and having a value at the time of acquisition in excess of $5.0 million pursuant to documentation in such form as is reasonably satisfactory to the Administrative Agent (each, a "Mortgage") and constituting valid and enforceable Liens subject to no other Liens except as are permitted by Section 6.02. Unless otherwise waived by the Administrative Agent, with respect to each such Mortgage, the Borrower shall deliver (at its expense) to the Administrative Agent contemporaneously therewith (i) a policy or policies or marked-up unconditional binder of title insurance or foreign equivalent thereof, as applicable, paid for by the Borrower, issued by a nationally recognized title insurance company insuring the Lien of each such Mortgage as a valid first Lien on the Mortgaged Property described therein, free of any other Liens except as permitted by Section 6.02, together with such endorsements, coinsurance and reinsurance as the Administrative Agent may reasonably request and (ii) the legal opinions of local U.S. counsel in the state where such real property is located, in form and substance reasonably satisfactory to the Administrative Agent.

(d) If any additional direct or indirect Restricted Subsidiary of Holdings is formed or acquired after the Closing Date and if such Subsidiary is a Subsidiary Loan Party, concurrently with the delivery of financial statements pursuant to Section 5.04(a) or (b), notify the Administrative Agent and the Lenders thereof and, within 20 Business Days after such date or such longer period as the Administrative Agent shall agree, cause the Collateral and Guarantee Requirement to be satisfied with respect to such Subsidiary and with respect to any Equity Interest in or Indebtedness of such Subsidiary Loan Party owned by or on behalf of any Loan Party.

(e) If any additional Foreign Subsidiary of Holdings is formed or acquired after the Closing Date and if such Subsidiary is a "first tier" Foreign Subsidiary, concurrently with the delivery of financial statements pursuant to Section 5.04(a) or (b), notify the Administrative Agent and the Lenders thereof and, within 20 Business Days after such date or such longer period as the Administrative Agent shall reasonably agree, cause the Collateral and Guarantee Requirement to be satisfied with respect to any Equity Interest in such Foreign Subsidiary owned by or on behalf of any Loan Party.

(f) (i) Furnish to the Administrative Agent prompt written notice of any change in (A) any Loan Party's corporate or organization name, (B) any Loan Party's organizational form or (C) any Loan Party's organizational identification number; provided that neither Holdings nor the Borrower shall effect or permit any such change unless all filings have been made, or will have been made within any

applicable statutory period, under the Uniform Commercial Code or otherwise that are required in order for the Administrative Agent to continue at all times following such change to have a valid, legal and perfected security interest in all the Collateral for the benefit of the Secured Parties and (ii) promptly notify the Administrative Agent if any material portion of the Collateral is damaged or destroyed.

(g) The Collateral and Guarantee Requirement and the provisions of this Section 5.09 need not be satisfied with respect to (i) any Equity Interests if, and to the extent that, and for so long as doing so would violate, applicable law or, other than in the case of Wholly-Owned Subsidiaries, a contractual obligation binding on such Equity Interests, (ii) any assets acquired after the Closing Date, to the extent that, and for so long as, taking such actions would violate applicable law or a contractual obligation binding on such assets that existed at the time of the acquisition thereof and was not created or made binding on such assets in contemplation or in connection with the acquisition of such assets (except in the case of assets acquired with Indebtedness permitted pursuant to Section 6.01 that is secured by a Lien permitted pursuant to Section 6.02); (ii) any cash, cash equivalents or deposit accounts or securities accounts, (iii) any motor vehicles or similar property subject to state law certificate of title statutes, (iv) other assets as to which the Administrative Agent determines, in its reasonable discretion, that the costs of obtaining a perfected security interest are excessive in relation to the value of the security to be afforded thereby and (v) other assets which the Administrative Agent, in consultation with the Borrower, determines, in its reasonable discretion, should be excluded taking into account the practical operations of the Borrower's business and its client relationships.

SECTION 5.10. Fiscal Year; Accounting. In the case of Holdings and the Borrower, cause its fiscal year to end on December 31.

SECTION 5.11. Maintenance of Ratings. At all times use commercially reasonable efforts to maintain ratings issued by Moody's and S&P with respect to the Facilities.

SECTION 5.12. Interest Rate Protection. Within 90 days after the Closing Date, the Borrower will enter into, and thereafter for a period of not less than two years (which may be satisfied with a combination of Eurocurrency Borrowings with an Interest Period of 12 months and a forward Swap Agreement that effectively fixes the rate of interest for a continual period of not less than two years) will maintain in effect, one or more Swap Agreements for interest rate protection, provided that not more than 50% of the outstanding Loans under Term Facility and the Second Lien Term Facility as of the Closing Date shall be required to be subject to such Swap Agreements or bear interest at a fixed rate of interest.

SECTION 5.13. Use of Proceeds. Subject to the following clause, use the proceeds of the Revolving Facility Loans and the Swingline Loans and request the issuance of Letters of Credit solely for working capital and general corporate purposes including Permitted Business Acquisitions and distributions permitted by Section 6.06; and use the proceeds of the Term Loans made on the Closing Date and up to $25.0 million of Revolving Facility Loans (exclusive of Letters of Credit) solely to consummate the Transactions (including the payment of Transaction Costs).

SECTION 5.14. Certification of Public Information. Concurrently with the delivery of any document or notice required to be delivered pursuant to any Loan Document, the Borrower shall indicate in writing whether such document or notice contains Nonpublic Information. The Borrower and

each Lender acknowledge that certain of the Lenders may be "public-side" Lenders (Lenders that do not wish to receive material non-public information with respect to the Borrower, its Subsidiaries or their securities) and, if documents or notices required to be delivered pursuant to this Section 5.15 or otherwise are being distributed through IntraLinks/IntraAgency, Syndtrak or another relevant website or other information platform (the **"**Platform**"**), any document or notice that the Borrower has indicated contains Nonpublic Information shall not be posted on that portion of the Platform designated for such public-side Lenders. If the Borrower has not indicated whether a document or notice delivered pursuant to this Section 5.15 contains Nonpublic Information, the Administrative Agent reserves the right to post such document or notice solely on that portion of the Platform designated for Lenders who wish to receive material nonpublic information with respect to the Borrower, its Subsidiaries and their securities.

ARTICLE VI

Negative Covenants

Each of Holdings (solely as to Section 6.08(a)) and the Borrower covenants and agrees with each Lender that, so long as this Agreement shall remain in effect and until the Commitments have been terminated and the principal of and interest on each Loan, all Fees and all other expenses or amounts payable under any Loan Document (other than obligations for taxes, costs, indemnifications, reimbursements, damages and other contingent liabilities in respect of which no claim or demand for payment or has been made or, in the case of indemnifications, no notice been given or reasonably satisfactory arrangements have otherwise been made) have been paid in full and all Letters of Credit have been canceled or have expired and all amounts drawn thereunder have been reimbursed in full (or have been cash collateralized in a manner consistent with the requirements of Section 2.05 or backstopped with a letter of credit having terms and conditions reasonably satisfactory to the applicable Issuing Banks), unless the Required Lenders shall otherwise consent in writing, the Borrower will not and will not permit any of its Restricted Subsidiaries to (and Holdings as to Section 6.08(a), will not):

SECTION 6.01. Indebtedness. Incur, create, assume or permit to exist any Indebtedness, except:

(a) Indebtedness created hereunder and under the other Loan Documents;

(b) Indebtedness pursuant to Swap Agreements permitted by Section 6.11;

(c) Indebtedness owed to (including obligations in respect of letters of credit or bank guarantees or similar instruments for the benefit of) any person providing workers' compensation, health, disability or other employee benefits or property, casualty or liability insurance or self-insurance or other similar obligations to the Borrower or any Restricted Subsidiary, pursuant to reimbursement or indemnification obligations to such person, provided that upon the incurrence of Indebtedness with respect to reimbursement obligations regarding workers' compensation claims, such obligations are reimbursed not later than 60 days following such incurrence;

(d) Indebtedness of the Borrower to any Subsidiary and of any Subsidiary to the Borrower or any other Subsidiary (including pursuant to the Intercompany Note), provided that (i) Indebtedness of any Subsidiary that is not a Subsidiary Loan Party to the Loan Parties shall be permitted under Section 6.04 and (ii) Indebtedness of the Borrower to any Subsidiary and Indebtedness of any other Loan Party to any Subsidiary that is not a Subsidiary Loan Party (the "Subordinated Intercompany Debt") shall be subordinated to the Obligations pursuant to the subordination terms set forth in the Intercompany Note;

(e) Indebtedness in respect of bids, trade contracts (other than for debt for borrowed money), leases (other than Capital Lease Obligations), statutory obligations, surety, stay, customs and appeal bonds, performance, performance and completion and return of money bonds, government contracts, financial assurances and completion guarantees and similar obligations, in each case provided in the ordinary course of business, including those incurred to secure health, safety and environmental obligations in the ordinary course of business (including letters of credit, bank guarantees or similar instruments in lieu of such items to support the issuance thereof);

(f) Cash Management Obligations and other Indebtedness in respect of netting services, overdraft protection and similar arrangements, in each case, in connection with cash management and deposit accounts;

(g) (i) Indebtedness assumed or acquired in connection with Permitted Business Acquisitions, which Indebtedness in each case, exists at the time of such Permitted Business Acquisition and is not created in contemplation of such event, the aggregate principal amount thereof at the time of such acquisition or assumption together with Indebtedness outstanding pursuant to paragraph (h) of this Section 6.01, this paragraph (g) and the Remaining Present Value of leases permitted under Section 6.03 does not exceed the greater of (x) $75.0 million and (y) an amount equal to 10.0% of the consolidated revenues of the Borrower and its Restricted Subsidiaries for the period of four fiscal quarters most recently ended on or prior to the date of determination for which financial statements are available; and (ii) any Permitted Refinancing Indebtedness incurred to Refinance such Indebtedness;

(h) Capital Lease Obligations, mortgage financings and purchase money Indebtedness (including any industrial revenue bond, industrial development bond and similar financings) incurred by the Borrower or any Restricted Subsidiary prior to or within 270 days after the acquisition, lease, repair or improvement of the respective asset in order to finance such acquisition, lease, repair or improvement, and any Permitted Refinancing Indebtedness in respect thereof, in an aggregate principal amount that at the time of, and after giving effect to, the incurrence thereof (together with Indebtedness outstanding pursuant to paragraph (g) of this Section 6.01, this paragraph (h) and the Remaining Present Value of leases permitted under Section 6.03) would not exceed the greater of (x) $75.0 million and (y) an amount equal to 10.0% of the consolidated revenues of the Borrower and its Restricted Subsidiaries for the period of four fiscal quarters most recently ended on or prior to the date of determination for which financial statements are available;

(i) Capital Lease Obligations incurred by the Borrower or any Restricted Subsidiary in respect of any Sale and Lease-Back Transaction that is permitted under Section 6.03;

(j) Second Lien Indebtedness in an aggregate principal amount that is not in excess of $430.0 million, and any Permitted Refinancing Indebtedness incurred to Refinance such Indebtedness;

(k) Guarantees (i) by the Subsidiary Loan Parties of the Indebtedness of the Borrower described in paragraph (j), (ii) by the Borrower or any Subsidiary Loan Party of any Indebtedness of any other Loan Party permitted to be incurred under this Agreement, (iii) by the Borrower or any Subsidiary Loan Party of Indebtedness otherwise permitted hereunder of any Subsidiary that is not a Subsidiary Loan Party or (iv) by any Restricted Subsidiary that is not a Loan Party of Holdings and its Subsidiaries to the extent, in the case of clauses (iii) and (iv), such Guarantees are permitted by Section 6.04(b), (j), (m), (o) or (q); provided that Guarantees by the Borrower or any Subsidiary Loan Party under this Section 6.01(k) of any other Indebtedness of a person that is

subordinated to the Obligations shall be expressly subordinated to the Obligations on terms not materially less favorable to the Lenders as those contained in the subordination of such other Indebtedness to the Obligations;

(l) Indebtedness arising from agreements of the Borrower or any Restricted Subsidiary providing for indemnification, adjustment of purchase or acquisition price or similar obligations, in each case, incurred or assumed in connection with the acquisition or disposition of any business or assets (including Equity Interests of Subsidiaries) of the Borrower or any Subsidiary permitted by Section 6.04 or Section 6.05, other than Guarantees of Indebtedness incurred by any person acquiring all or any portion of such business or assets for the purpose of financing such acquisition;

(m) Indebtedness supported by a Letter of Credit, in a principal amount not in excess of the stated amount of such Letter of Credit;

(n) Indebtedness consisting of (i) the financing of insurance premiums or (ii) take-or-pay obligations contained in supply arrangements, in each case, in the ordinary course of business;

(o) (i) Permitted Debt Securities and (ii) Permitted Refinancing Indebtedness in respect thereof; provided that, in the case of clause (i), after giving effect to any such incurrence, no Event of Default shall have occurred and be continuing and the Borrower shall be in compliance with the Total Leverage Ratio on a Pro Forma Basis;

(p) other Indebtedness of the Borrower or any Restricted Subsidiary, in an aggregate principal amount that at the time of, and after giving effect to, the incurrence thereof, would not exceed the sum of $50 million plus the amount by which (A) the greater of (x) $75.0 million and (y) an amount equal to 10.0% of the consolidated revenues of the Borrower and its Restricted Subsidiaries for the period of four fiscal quarters most recently ended on or prior to the date of determination for which financial statements are available exceeds (B) the sum of all Indebtedness outstanding pursuant to paragraphs (h) and (i) of this Section 6.01 plus the Remaining Present Value of leases permitted under Section 6.03;

(q) Indebtedness existing on the Closing Date and set forth on Schedule 6.01 and any Permitted Refinancing Indebtedness incurred to Refinance such Indebtedness;

(r) letters of credit or bank guarantees (other than Letters of Credit issued pursuant to this Agreement) having an aggregate face amount not to exceed $15.0 million outstanding at any time;

(s) Indebtedness incurred by the Borrower and its Restricted Subsidiaries representing (i) deferred compensation to directors, officers, employees, members of management and consultants of such person in the ordinary course of business or (ii) deferred compensation or other similar arrangements in connection with the Transactions or any Permitted Business Acquisition;

(t) Indebtedness consisting of promissory notes issued by the Borrower and its Restricted Subsidiaries to current or former directors, officers, employees, members of management or consultants of such person (or their respective estate, heirs, family members, spouse or former spouse) to finance the purchase or redemption of Equity Interests of any Parent Entity permitted by Section 6.05;

(u) Indebtedness in respect of letters of credit, bankers' acceptances supporting trade payables, warehouse receipts or similar facilities entered into in the ordinary course of business; and

(v) all premium (if any), interest (including post-petition interest), fees, expenses, charges and additional or contingent interest on Indebtedness described in paragraphs (a) through (u) above.

SECTION 6.02. Liens. Create, incur, assume or permit to exist any Lien on any property or assets (including Equity Interests, evidences of Indebtedness or other securities of any person) at the time owned by it or on any income or revenues or rights in respect of any thereof, except:

(a) Liens on property or assets of the Borrower and its Restricted Subsidiaries existing on the Closing Date and set forth on Schedule 6.02 or, to the extent not listed in such Schedule, where such property or assets have a fair market value that does not exceed $1.0 million in the aggregate and any refinancing, modification, replacement, renewal or extension thereof; provided, that the Lien does not extend to any additional property other than after-acquired property that is affixed to or incorporated in the property covered by such Lien and the proceeds and products thereof;

(b) any Lien created under the Loan Documents or permitted in respect of any Mortgaged Property by the terms of the applicable Mortgage;

(c) any Lien securing Indebtedness or Permitted Refinancing Indebtedness permitted by Section 6.01(g), provided that such Lien (i) in the case of Liens securing Capital Lease Obligations, applies solely to the assets securing such Indebtedness immediately prior to the consummation of the related Permitted Business Acquisition and after acquired property, to the extent required by the documentation governing such Indebtedness (without giving effect to any amendment thereof effected in contemplation of such acquisition or assumption), and the proceeds and products thereof; provided, that individual financings otherwise permitted to be secured hereunder provided by one person (or its affiliates) may be cross collateralized to other such financings provided by such person (or its affiliates), (ii) in the case of Liens securing Indebtedness other than Capital Lease Obligations or purchase money Indebtedness, such Liens do not extend to the property of any person other than the person acquired or formed to make such acquisition and the subsidiaries of such person (which person shall own no property other than the property acquired in such Permitted Business Acquisition), (iii) in the case of clause (i) and clause (ii), such Lien is not created in contemplation of or in connection with such acquisition or assumption and (iv) in the case of a Lien securing Permitted Refinancing Indebtedness, any such Lien is permitted, subject to compliance with clause (e) of the definition of the term "Permitted Refinancing Indebtedness";

(d) Liens for Taxes, assessments or other governmental charges or levies which are not overdue by more than 30 days or, if more than 30 days overdue, (i) which are being contested in accordance with Section 5.03 or (ii) the aggregate amount of which is not in excess of $5 million;

(e) landlord's, carriers', warehousemen's, mechanics', materialmen's, repairmen's, construction or other like Liens arising in the ordinary course of business and securing obligations that are not overdue by more than 30 days or, if more than 30 days overdue, (i) which are being contested in accordance with Section 5.03 or (ii) the aggregate amount of which is not in excess of $5 million;

(f) (i) pledges and deposits made (including obligations in respect of letters of credit, bank guarantees or similar instruments to secure) in the ordinary course of business in compliance with the Federal Employers Liability Act or any other workers' compensation, unemployment insurance and other social security laws or regulations and deposits securing premiums or liability to insurance carriers under insurance or self-insurance arrangements in respect of such obligations or otherwise as permitted in Section 6.01(c) and (ii) pledges and deposits securing liability for reimbursement or indemnification obligations of (including obligations in respect of letters of credit, bank guarantees or similar instruments for the benefit of) insurance carriers in respect of property, casualty or liability insurance to the Borrower or any Subsidiary provided by such insurance carriers;

(g) deposits to secure the performance of bids, trade contracts (other than for debt for borrowed money), leases (other than Capital Lease Obligations), statutory obligations, surety, stay, customs and appeal bonds, performance, performance and completion and return of money bonds, government contracts, financial assurances and completion and similar obligations and similar obligations of a like nature (including letters of credit, bank guarantees or similar instruments in lieu of any such items or to support the issuance thereof) incurred in the ordinary course of business, including those incurred pursuant to Environmental Laws in the ordinary course of business;

(h) zoning restrictions, easements, trackage rights, leases (other than Capital Lease Obligations), licenses, special assessments, rights-of-way, restrictions on use of real property and other similar encumbrances incurred in the ordinary course of business that, in the aggregate, do not interfere in any material respect with the ordinary conduct of the business of the Borrower or any Subsidiary;

(i) Liens securing Capital Lease Obligations, mortgage financings, and purchase money Indebtedness or improvements thereto hereafter acquired, leased or repaired by the Borrower or any Restricted Subsidiary (including the interests of vendors and lessors under conditional sale and title retention agreements); provided that (i) such security interests secure Indebtedness permitted by Section 6.01(h) (including any Permitted Refinancing Indebtedness in respect thereof), (ii) such security interests are created, and the Indebtedness secured thereby is incurred, within 270 days after such acquisition, lease, completion of construction or repair or improvement, (iii) the Indebtedness secured thereby does not exceed the cost of such equipment or other property or improvements at the time of such acquisition or construction, including transaction costs (including any fees, costs or expenses or prepaid interest or similar items) incurred by the Borrower or any Restricted Subsidiary in connection with such acquisition or construction or material repair or improvement or financing thereof and (iv) such security interests do not apply to any other property or assets of the Borrower or any Restricted Subsidiary (other than to the proceeds and products of and the accessions to such equipment or other property or improvements but not to other parts of the property to which any such improvements are made); provided, that individual financings otherwise permitted to be secured hereunder provided by one person (or its affiliates) may be cross collateralized to other such financings provided by such person (or its affiliates);

(j) Liens arising out of sale and lease-back transactions permitted under Section 6.03, so long as such Liens attach only to the property sold and being leased in such transaction and any accessions thereto or proceeds or products thereof and related property;

(k) Liens securing judgments that do not constitute an Event of Default under Section 7.01(j);

(l) Liens disclosed by the title insurance policies delivered pursuant to Section 5.09 and any replacement, extension or renewal of any such Lien; provided that such replacement, extension or renewal Lien shall not cover any property other than the property that was subject to such Lien prior to such replacement, extension or renewal; provided, further, that the Indebtedness and other obligations secured by such replacement, extension or renewal Lien are permitted by this Agreement;

(m) any interest or title of a lessor, sublessor, licensor or sublicensee under any leases, subleases, licenses or sublicenses entered into by the Borrower or any Restricted Subsidiary in the ordinary course of business;

(n) Liens that are contractual rights of set-off (i) relating to the establishment of depository relations with banks not given in connection with the issuance of Indebtedness, (ii) relating to pooled deposit or sweep accounts of the Borrower or any Restricted Subsidiary to permit satisfaction of overdraft or similar obligations incurred in the ordinary course of business of the Borrower or any Restricted Subsidiary, (iii) relating to purchase orders and other agreements entered into with customers of the Borrower or any Restricted Subsidiary in the ordinary course of business and (iv) attaching to commodity trading or other brokerage accounts incurred in the ordinary course of business;

(o) Liens arising solely by virtue of any statutory or common law provision relating to banker's liens, rights of set-off or similar rights;

(p) Liens securing obligations in respect letters of credit permitted under Section 6.01(c), (e), (r) and (u);

(q) (i) leases, subleases, licenses or sublicenses of property in the ordinary course of business or (ii) rights reserved to or vested in any person by the terms of any lease, license, franchise, grant or permit held by the Borrower or any Restricted Subsidiary or by a statutory provision to terminate any such lease, license, franchise, grant or permit or to require periodic payments as a condition to the continuance thereof;

(r) Liens in favor of customs and revenue authorities arising as a matter of law to secure payment of customs duties in connection with the importation of goods;

(s) Liens (i) solely on any cash earnest money deposits or Permitted Investments made by the Borrower or any of its Restricted Subsidiaries in connection with any letter of intent or purchase agreement with respect to any Permitted Business Acquisition and (ii) consisting of an agreement to dispose of any property in a transaction permitted under Section 6.05;

(t) Liens arising from precautionary UCC financing statements regarding operating leases or consignment or bailee arrangements;

(u) Liens on securities that are the subject of repurchase agreements constituting Permitted Investments under clause (c) of the definition thereof arising out of such repurchase transaction;

(v) Liens securing obligations under the Second Lien Loan Documents; provided that such Liens are subordinated to the Liens securing the Obligations in accordance with the terms of the Intercreditor Agreement or any other intercreditor agreement meeting the requirements of clause (y) of the definition of Permitted Refinancing Indebtedness;

(w) Liens on Equity Interests in Joint Ventures or Unrestricted Subsidiaries securing obligations of such Joint Venture or Unrestricted Subsidiaries, as applicable;

(x) Liens in favor of the Borrower or its Restricted Subsidiaries securing Indebtedness permitted under Section 6.04(b);

(y) Liens arising out of conditional sale, title retention, consignment or similar arrangements for sale of goods entered into by the Borrower or its Restricted Subsidiaries in the ordinary course of business; and

(z) other Liens with respect to property or assets of the Borrower or any Restricted Subsidiaries; provided that the amount of the Indebtedness or other obligations secured by such Liens does not exceed $25.0 million at any time.

SECTION 6.03. Sale and Lease-Back Transactions. Enter into any arrangement, directly or indirectly, with any person whereby it shall sell or transfer any property, real or personal, used or useful in its business, whether now owned or hereafter acquired, and substantially contemporaneously rent or lease from the transferee such property or other property that it intends to use for substantially the same purpose or purposes as the property being sold or transferred (a "Sale and Lease-Back Transaction"), provided that a Sale and Lease-Back Transaction shall be permitted (a) with respect to property (i) owned by the Borrower or any Domestic Subsidiary which is a Restricted Subsidiary that is acquired, leased, repaired or improved after the Closing Date so long as such Sale and Lease-Back Transaction is consummated within 270 days of the acquisition, lease, repair or improvement of such property or (ii) owned by any Foreign Subsidiary which is a Restricted Subsidiary regardless of when such property was acquired or (b) with respect to any property owned by the Borrower or any Domestic Subsidiary which is a Restricted Subsidiary, if at the time the lease in connection therewith is entered into, and after giving effect to the entering into of such lease, the Remaining Present Value of such lease (together with Indebtedness outstanding pursuant to paragraphs (g) and (h) of Section 6.01 and the Remaining Present Value of outstanding leases previously entered into under this Section 6.03(b)) would not exceed the greater of (x) $75.0 million and (y) an amount equal to 10.0% of the consolidated revenues of the Borrower and its Restricted Subsidiaries for the period of four fiscal quarters most recently ended on or prior to the date of determination for which financial statements are available.

SECTION 6.04. Investments, Loans and Advances. Purchase, hold or acquire any Equity Interests, evidences of Indebtedness or other securities of, make or permit to exist any loans or advances to or Guarantees of the obligations of, or make or permit to exist any investment or any other interest in any other person, or make a designation of a Restricted Subsidiary as an Unrestricted Subsidiary of (each, an "Investment"), except:

(a) the Transactions;

(b) Investments by the Borrower or any Restricted Subsidiary in the Equity Interests of the Borrower or any Subsidiary as a result of intercompany loans or Guarantees of Indebtedness otherwise expressly permitted hereunder of the Borrower or any Subsidiary; provided that the sum of Investments (valued at the time of the making thereof and without giving effect to any write-downs or write-offs thereof, but net in the case of intercompany loans) after the Closing Date by the Borrower and the Subsidiary Loan Parties in Subsidiaries (including Foreign Subsidiaries of the Borrower) that are not Subsidiary Loan Parties shall not exceed an aggregate net amount equal to (x) $35.0 million (plus any return of capital actually received in cash by the Borrower or any Subsidiary Loan Party in respect of Investments theretofore made by them pursuant to this paragraph (b)); plus (y) the portion, if any, of the Available Basket Amount on

the date of such election that the Borrower elects to apply to this clause(b)(y); and provided further that intercompany current liabilities incurred in the ordinary course of business in connection with the cash management operations of the Borrower and its Restricted Subsidiaries shall not be included in calculating the limitation in this paragraph at any time;

(c) Permitted Investments and investments that were Permitted Investments when made;

(d) Investments arising out of the receipt by the Borrower or any Subsidiary of non-cash consideration for the sale of assets permitted under Section 6.05 (excluding Section 6.05(e));

(e) (i) loans and advances to directors, officers, employees, members of management or consultants of Holdings, the Borrower or any Restricted Subsidiary in the ordinary course of business not to exceed $7.5 million in the aggregate at any time outstanding (calculated without regard to write-downs or write-offs thereof) and (ii) advances of payroll payments and expenses to directors, officers, employees, members of management or consultants in the ordinary course of business;

(f) accounts receivable, notes receivable, security deposits and prepayments arising and trade credit granted in the ordinary course of business and any Investments received in satisfaction or partial satisfaction thereof from financially troubled account debtors and other credits to suppliers made in the ordinary course of business;

(g) Investments under Swap Agreements permitted pursuant to Section 6.11;

(h) Investments existing on, or contractually committed as of, the Closing Date and set forth on Schedule 6.04 and any modification, replacement, renewal or extension thereof so long as any such modification, renewal or extension thereof does not increase the amount of such Investment except as otherwise permitted by this Section 6.04;

(i) Investments resulting from pledges and deposits permitted by Section 6.02(f) and (g);

(j) Investments constituting Permitted Business Acquisitions;

(k) Guarantees (i) permitted by Sections 6.01(k) and (ii) of leases (other than Capital Lease Obligations) or of other obligations not constituting Indebtedness, in each case in the ordinary course of business;

(l) Investments received in connection with the bankruptcy or reorganization of any person, or settlement of obligations of, or other disputes with or judgments against, or foreclosure or deed in lieu of foreclosure with respect to any Lien held as security for an obligation, in each case in the ordinary course of business;

(m) Investments of the Borrower or any Restricted Subsidiary acquired after the Closing Date or of a person merged into or consolidated with the Borrower or a Restricted Subsidiary, in each case, in accordance with Section 6.05 (other than Section 6.05(e)), after the Closing Date to the extent that such Investments were not made in contemplation of or in connection with such acquisition, merger or consolidation and were in existence on the date of such acquisition, merger or consolidation and any modification, replacement, renewal or extension thereof so long as any such modification, renewal or extension thereof does not increase the amount of such Investment except as otherwise permitted by this Section 6.04;

(n) acquisitions by the Borrower of obligations of one or more directors, officers, employees, members or management or consultants of Holdings, the Borrower or its Subsidiaries in connection with such person's acquisition of Equity Interests of Holdings (or its Parent Entity), so long as no cash is actually advanced by the Borrower or any of its Subsidiaries to such persons in connection with the acquisition of any such obligations;

(o) Investments in Holdings in amounts and for purposes for which dividends or distributions to Holdings are permitted under Section 6.06;

(p) Investments consisting of Indebtedness, Liens, Sale and Lease-Back Transactions, mergers, consolidations, sales of assets and acquisition and dividends and distributions permitted under Section 6.01, 6.02, 6.03, 6.05 and 6.06; and

(q) other Investments by the Borrower or any Restricted Subsidiary in an aggregate amount (valued at the time of the making thereof, and without giving effect to any write-downs or write-offs thereof) not to exceed (i) $50 million, (plus any returns of capital actually received in cash by the relevant investor in respect of investments theretofore made by it pursuant to this paragraph (q)) plus (ii) the portion, if any, of the Available Basket Amount on the date of such election that the Borrower elects to apply to this Section 6.04(q); provided that, with respect to clause (ii), any such Investment in an Unrestricted Subsidiary may not be used to pay or facilitate the payment of a dividend or any other distribution to the ultimate shareholder of any Parent Entity unless such dividend or other distribution is otherwise permitted by Section 6.06(e).

SECTION 6.05. Mergers, Consolidations, Sales of Assets and Acquisitions. Merge into or consolidate with any other person, or permit any other person to merge into or consolidate with it, or sell, transfer, lease or otherwise dispose of (in one transaction or in a series of related transactions) all or any part of its assets (whether now owned or hereafter acquired), or issue, sell, transfer or otherwise dispose of any Equity Interests of any Restricted Subsidiary of the Borrower, except that this Section shall not prohibit:

(a) (i) the sale of inventory in the ordinary course of business by the Borrower or any Restricted Subsidiary, (ii) the sale of surplus, obsolete or worn out equipment or other property in the ordinary course of business by the Borrower or any Restricted Subsidiary, (iii) the leasing or subleasing of real property in the ordinary course of business by the Borrower or any Restricted Subsidiary or (iv) the sale of or other disposition of Permitted Investments in the ordinary course of business;

(b) if at the time thereof and immediately after giving effect thereto no Event of Default shall have occurred and be continuing, (i) the merger of any Subsidiary of Holdings (which shall either be (A) newly formed expressly for the purpose of such transaction and which owns no assets or (B) a Subsidiary of the Borrower) into the Borrower in a transaction in which the Borrower is the surviving or resulting entity or the surviving or resulting person expressly assumes the obligations of the Borrower in a manner reasonably satisfactory to the Administrative Agent, (ii) the merger or consolidation of any Subsidiary with or into any other Subsidiary; provided that in a transaction involving (A) the Borrower or (B) any Subsidiary Loan Party, a Subsidiary Loan Party shall be the surviving or resulting person or such transaction shall be an Investment permitted by Section 6.04 or (iii) the liquidation or dissolution of any Restricted Subsidiary (other than the Borrower) or change in form of entity of any Restricted Subsidiary if the Borrower determines in good faith that such liquidation, dissolution or change in form is in the best interests of the Borrower;

(c) sales, transfers, leases or other dispositions to the Borrower or a Subsidiary (upon voluntary liquidation or otherwise); provided that any sales, transfers, leases or other dispositions by a Loan Party to a Subsidiary that is not a Subsidiary Loan Party shall be made in compliance with Section 6.04 and Section 6.07;

(d) Sale and Lease-Back Transactions permitted by Section 6.03;

(e) Liens permitted by Section 6.02, Investments permitted by Section 6.04, and dividends, distributions, redemptions and repurchases permitted by Section 6.06;

(f) the sales, transfers or other dispositions of receivables in the ordinary course of business and not as part of an accounts receivables financing transaction;

(g) sales, transfers, leases or other dispositions of assets by the Borrower or any Restricted Subsidiary not otherwise permitted by this Section 6.05; provided that the aggregate gross proceeds (including non-cash proceeds) of any or all assets sold, transferred, leased or otherwise disposed of in reliance upon this paragraph (g) shall not exceed during any fiscal year $25.0 million with any unused amount to be carried forward to the succeeding 730 days; provided, further, that the Net Proceeds thereof are applied in accordance with Section 2.11(b);

(h) sales, transfers, leases or other dispositions by the Borrower or any Restricted Subsidiary of assets that were acquired in connection with an acquisition permitted hereunder (including, without limitation, Permitted Business Acquisitions); provided that any such sale, transfer, lease or other disposition shall be made or contractually committed to be made within 270 days of the date such assets were acquired by the Borrower or such Subsidiary; and provided further that, on a Pro Forma Basis for such disposition of a line of business or manufacturing facility and the consummation of such Permitted Business Acquisition, the Borrower and its Restricted Subsidiaries are in compliance with the Total Leverage Ratio;

(i) any merger or consolidation in connection with an Investment permitted under Section 6.04 (including any Subsidiary Redesignation or the designation of an Unrestricted Subsidiary as a Restricted Subsidiary); provided that (i) if the continuing or surviving person is a Restricted Subsidiary, such Restricted Subsidiary shall have complied with its obligations under Section 5.09, (ii) in the case of a transaction, the purpose of which is a Subsidiary Redesignation or the designation of an Unrestricted Subsidiary as a Restricted Subsidiary, such transaction must be consummated in compliance with Section 6.04, and (iii) if the Borrower is a party thereto, the Borrower shall be the continuing or surviving person or the continuing or surviving person shall assume the obligations of the Borrower in a manner reasonably acceptable to the Administrative Agent;

(j) licensing and cross-licensing arrangements involving any technology or other intellectual property of the Borrower or any Restricted Subsidiary in the ordinary course of business;

(k) sales, leases or other dispositions of inventory of the Borrower and its Restricted Subsidiaries determined by the management of the Borrower to be no longer useful or necessary in the operation of the business of the Borrower or any of its Subsidiaries;

(l) Permitted Business Acquisitions;

(m) the issuance of Qualified Capital Stock by the Borrower;

(n) sales of Equity Interests of any Subsidiary of the Borrower; provided that, in the case of the sale of the Equity Interests of a Subsidiary Loan Party, the purchaser shall be the Borrower or another Subsidiary Loan Party or such transaction shall fit within another clause of this Section 6.05 or constitute an Investment permitted by Section 6.04 (other than Section 6.04(d));

(o) sales, transfers, leases and other dispositions of property to the extent that (A) such property is exchanged for credit against the purchase price of similar replacement property or (B) the proceeds of such sale, transfer, lease or other disposition are promptly applied to the purchase price of such replacement property;

(p) leases, subleases, licenses or sublicenses of property in the ordinary course of business and which do not materially interfere with the business of the Borrower and its Restricted Subsidiaries;

(q) transfers of property subject to casualty or condemnation proceeding (including in lieu thereof) upon receipt of the Net Proceeds therefor;

(r) sales, transfers, leases and other dispositions of property in the ordinary course of business consisting of the abandonment of intellectual property rights which, in the reasonable good faith determination of the Borrower, are not material to the conduct of the business of the Borrower and its Restricted Subsidiaries;

(s) sales, transfers, leases and other dispositions of Investments in Joint Ventures to the extent required by, or made pursuant to, buy/sell arrangements between the joint venture parties set forth in, joint venture arrangements and similar binding arrangements;

(t) sales, transfers, leases and other dispositions of real property and related assets in the ordinary course of business in connection with relocation activities for directors, officers, employees, members of management, or consultants of the Borrower and its Restricted Subsidiaries;

(u) voluntary terminations of Swap Agreements;

(v) the expiration of any option agreement in respect of real or personal property;

(w) sales, transfers, leases and other dispositions of Unrestricted Subsidiaries;

(x) any Restricted Subsidiary of the Borrower may consummate a merger, dissolution, liquidation or consolidation, the purpose of which is to effect a sale, lease, transfer or other disposition of assets otherwise permitted under this Section 6.05; and

(y) sales, transfers, leases and other dispositions permitted by Section 6.04 (other than Section 6.04(p)) and Section 6.06 (other than Section 6.06(h)) and Liens permitted by Section 6.02.

Notwithstanding anything to the contrary contained above in this Section 6.05, (i) no sale, transfer or other disposition of assets in excess of $5.0 million shall be permitted by this Section 6.05 (other than sales, transfers, leases or other dispositions pursuant to clause (b), (c), (l), (r), (s) or (t)) unless such disposition is for fair market value and (ii) no sale, transfer or other disposition of assets shall be permitted by paragraph (d) or (k) of this Section 6.05 unless such disposition is for at least 75% cash consideration and (iii) no sale, transfer or other disposition of assets in excess of $5.0 million shall be

permitted by paragraph (g) or (h) of this Section 6.05 unless such disposition is for at least 75% cash consideration; provided that for purposes of the 75% cash consideration requirement in the foregoing clauses (ii) and (iii), (x) the amount of any Indebtedness of the Borrower or any Restricted Subsidiary (as shown on such person's most recent balance sheet or in the notes thereto) that is assumed by the transferee of any such assets and (y) the amount of any trade-in value applied to the purchase price of any replacement assets acquired in connection with such sale transfer or disposition shall be deemed to be cash.

SECTION 6.06. Dividends and Distributions. Declare or pay, directly or indirectly, any dividend or make any other distribution (by reduction of capital or otherwise), whether in cash, property, securities or a combination thereof, with respect to any of its Equity Interests (other than dividends and distributions on Equity Interests payable solely by the issuance of additional Equity Interests of the person paying such dividends or distributions) or directly or indirectly redeem, purchase, retire or otherwise acquire for value any of its Equity Interests or set aside any amount for any such purpose (other than through the issuance of additional Equity Interests of the person redeeming, purchasing, retiring or acquiring such shares); provided, however, that:

(a) any Restricted Subsidiary of the Borrower may declare and pay dividends to, repurchase its Equity Interests from or make other distributions to the Borrower or to any Restricted Subsidiary of the Borrower (which, in the case of non-Wholly Owned Subsidiaries, shall be made (x) to the Borrower or any Restricted Subsidiary that is a direct or indirect parent of such Subsidiary and to each other owner of Equity Interests of such Subsidiary based on their relative ownership interests or (y) to the extent required by agreements set forth on Schedule 6.07);

(b) the Borrower may declare and pay dividends or make other distributions as shall be necessary to allow Holdings (or any Parent Entity) (i) to pay operating expenses in the ordinary course of business and other corporate overhead, legal, accounting and other professional fees and expenses, (ii) to pay fees and expenses related to any debt or equity offering, investment or acquisition permitted hereunder (whether or not successful), (iii) to pay franchise or similar taxes and other fees and expenses reasonably required in connection with the maintenance of its existence and its ownership of the Borrower and in order to permit Holdings to make payments (other than cash interest payments) which would otherwise be permitted to be paid by the Borrower under Section 6.07(b), (iv) to finance any Investment permitted to be made under Section 6.04; provided, that (A) such dividend or distribution under this clause (iv) shall be made substantially concurrently with the closing of such Investment and, (B) the Parent Entity shall, immediately following the closing thereof cause all property acquired to be contributed to the Borrower or one of its Restricted Subsidiaries or the merger of the person formed or acquired into the Borrower or one of its Restricted Subsidiaries in order to consummate such Investment; and (v) the proceeds of which shall be used by any Parent Entity to pay customary salary, bonus and other benefits payable to directors, officers, employees, members of management or consultants of the Parent Entity to the extent such salary, bonuses and other benefits are directly attributable and reasonably allocated to the operations of the Borrower and its Subsidiaries;

(c) the Borrower may declare and pay dividends or make other distributions the proceeds of which are used to purchase or redeem (i) the Equity Interests of any Parent Entity (including related stock appreciation rights or similar securities) held by then present or former directors, officers, employees, members of management or consultants of Holdings, the Borrower or any of its Subsidiaries (or the estate, heirs, family members, spouse or former spouse of any of the foregoing) or by any Plan, provided that the aggregate amount of such purchases or redemptions under this paragraph (c) shall not exceed in any fiscal year $7.5 million (plus the sum of the

amount of (x) net proceeds received by the Borrower during such fiscal year from sales of Equity Interests of any Parent Entity to directors, officers, employees, members of management or consultants of Holdings, the Borrower or any Subsidiary (or the estate, heirs, family members, spouse or former spouse of any of the foregoing), or any Plan and (y) net proceeds of any key-man life insurance policies received during such fiscal year), which, if not used in any year, may be carried forward to the next subsequent fiscal year and (ii) fractional shares of stock;

(d) the Borrower may make non-cash repurchases of Equity Interests deemed to occur upon exercise of stock options or similar Equity Interests if such repurchased Equity Interests represent a portion of the exercise price of such options;

(e) the Borrower may pay dividends or make distributions to Holdings in an aggregate amount equal to (i) $35.0 million plus (ii) the portion, if any, of the Available Basket Amount on the date of such election that the Borrower elects to apply to this Section 6.06(e)(ii); provided that, with respect to clause (ii), at the time of such dividend or distribution and after giving effect thereto and to any borrowing in connection therewith, the First Lien Leverage Ratio on a Pro Forma Basis does not exceed 3.00:1.00 and, with respect to both clause (i) and clause (ii), no Default or Event of Default has occurred and is continuing;

(f) the Borrower and any Subsidiary may pay dividends or other distributions to any direct or indirect member of an affiliated group of corporations that files a consolidated U.S. federal tax return with the Borrower in accordance with the Tax Sharing Agreement (the "Tax Distributions"), provided that, such Tax Distributions shall not exceed the amount that the Borrower or the Subsidiaries would have been required to pay in respect of federal, state or local taxes, as the case may be, in respect of such year if the Borrower or the Subsidiaries had paid such taxes directly as a stand-alone taxpayer or stand-alone group;

(g) the Borrower may make dividends and distributions with the net proceeds of any issuance of Qualified Capital Stock after the Closing Date; and

(h) to the extent constituting a dividend and other distribution permitted under this Section 6.06, the Borrower and its Restricted Subsidiaries may enter into the transactions expressly permitted by Section 6.05 (other than Section 6.05(e)) or Section 6.07.

SECTION 6.07. Transactions with Affiliates. (a) Sell or transfer any property or assets to, or purchase or acquire any property or assets from, or otherwise engage in any other transaction with, any of its Affiliates, unless such transaction is (i) otherwise permitted (or required) under this Agreement or (ii) upon terms no less favorable to the Borrower or such Restricted Subsidiary, as applicable, than would be obtained in a comparable arm's-length transaction with a person that is not an Affiliate; provided that this clause (ii) shall not apply to (A) the payment to the Permitted Investors of the monitoring and management fees, transactions fees and expenses permitted under the Management Agreement or (B) the indemnification of directors, officers, employees, members of management or consultants of any Parent Entity, the Borrower and its Subsidiaries in accordance with customary practice. Any transaction or series of related transactions involving the payment of less than $2.0 million with any such Affiliate shall be deemed to have satisfied the standard set forth in clause (ii) above if such transaction is approved by a majority of the Disinterested Directors of the board of managers (or equivalent governing body) of any Parent Entity, the Borrower or such Restricted Subsidiary.

(b) The foregoing paragraph (a) shall not prohibit,

(i) any issuance of securities, or other payments, awards or grants in cash, securities or otherwise pursuant to, or the funding of, employment arrangements, stock options and stock ownership plans approved by the board of directors (or equivalent governing body) of any Parent Entity,

(ii) loans or advances to directors, officers, employees, members of management or consultants of Holdings, the Borrower or any of its Subsidiaries permitted or not prohibited by Section 6.04,

(iii) transactions among Holdings, the Borrower and the Subsidiary Loan Parties and transactions among the Subsidiary Loan Parties otherwise or not prohibited by the Loan Documents,

(iv) the payment of fees and indemnities to directors, officers, employees, members of management or consultants of any Parent Entity, the Borrower and its Restricted Subsidiaries in the ordinary course of business,

(v) transactions pursuant to the Transaction Documents and permitted agreements in existence on the Closing Date and set forth on Schedule 6.07 or any amendment thereto to the extent such amendment is not adverse to the Lenders in any material respect,

(vi) (A) any employment or severance agreements or arrangements entered into by the Borrower or any of its Restricted Subsidiaries in the ordinary course of business, (B) any subscription agreement or similar agreement pertaining to the repurchase of Equity Interests pursuant to put/call rights or similar rights with employees, officers, directors, members of management or consultants, and (C) any employee compensation, benefit plan or arrangement, any health, disability or similar insurance plan which covers employees, and any reasonable employment contract or arrangement and transactions pursuant thereto,

(vii) dividends, distributions, redemptions and repurchases permitted under Section 6.06,

(viii) any purchase by Holdings of or contributions to, the equity capital of the Borrower; provided that all Equity Interests of the Borrower shall be pledged to the Administrative Agent on behalf of the Lenders pursuant to the Collateral Agreement,

(ix) payments by the Borrower or any of its Restricted Subsidiaries to the Permitted Investors made for any financial advisory, financing, underwriting or placement services or in respect of other investment banking activities, including in connection with acquisitions or divestitures, which payments are approved by the majority of the board of directors (or equivalent governing body) of the Borrower, in good faith,

(x) transactions among the Borrower and its Restricted Subsidiaries for the purchase or sale of goods, products, parts and services entered into in the ordinary course of business in a manner consistent with past practice,

(xi) any transaction in respect of which the Borrower delivers to the Administrative Agent (for delivery to the Lenders) a letter addressed to the board of directors (or equivalent governing body) of the Borrower from an accounting, appraisal or investment banking firm, in each case of nationally recognized standing that is (A) in the good faith determination of the

Borrower qualified to render such letter and (B) reasonably satisfactory to the Administrative Agent, which letter states that such transaction is on terms that are no less favorable to the Borrower or such Subsidiary, as applicable, than would be obtained in a comparable arm's-length transaction with a person that is not an Affiliate,

(xii) the payment of all fees, expenses, bonuses and awards related to the Transactions contemplated by the Transaction Documents, including fees to the Permitted Investors,

(xiii) Guarantees permitted by Section 6.01,

(xiv) the issuance and sale of Qualified Capital Stock or Permitted Debt Securities,

(xv) transactions with Joint Ventures for the purchase or sale of goods and services entered into in the ordinary course of business,

(xvi) transactions pursuant to the Tax Sharing Agreement, and

(xvii) the payment of fees and expenses, and the making of indemnification payments pursuant to, the Managements Agreements.

SECTION 6.08. Business of Holdings, the Borrower and the Subsidiaries. Notwithstanding any other provisions hereof, engage at any time in any business or business activity other than:

(a) in the case of Holdings, (A) ownership and acquisition of Equity Interests in the Borrower, together with activities directly related thereto, (B) performance of its obligations under and in connection with the Loan Documents, the Second Lien Loan Documents (and Permitted Refinancing Indebtedness in respect thereof) and the other agreements contemplated hereby and thereby, (C) actions incidental to the consummation of the Transactions, (D) the incurrence of and performance of its obligations related to Indebtedness and Guarantees incurred by Holdings after the Closing Date and that is related to the other activities referred to in, or otherwise permitted by, this Section 6.08(a) including the payment by Holdings of dividends or other distributions in respect of its Equity Interests including as referred to in clause (F), (E) actions required by law to maintain its existence, (F) the payment of dividends and the making of other distributions and taxes, (G) the issuance of Equity Interests and (H) activities incidental to its maintenance and continuance and to the foregoing activities, or

(b) in the case of the Borrower and any Restricted Subsidiary, any business or business activity conducted by any of them on the Closing Date and any business or business activities incidental or related thereto, or any business or activity that is reasonably similar thereto or a reasonable extension, development or expansion thereof or ancillary thereto.

Notwithstanding anything to the contrary contained in herein, Holdings shall not sell, dispose of, grant a Lien on or otherwise transfer its Equity Interests in the Borrower (other (i) than Liens created by the Collateral Documents and the Second Lien Collateral Documents, (ii) Liens arising by operation of law that would be permitted under Section 6.02(d) or (iii) the sale, disposition or other transfer (whether by purchase and sale, merger, consolidation, liquidation or otherwise) of the Equity Interests of the Borrower to any Parent Entity that becomes a Loan Party and agrees to be bound by this Section 6.08).

SECTION 6.09. Limitation on Modifications of Indebtedness; Modifications of Certificate of Incorporation, By-Laws and Certain Other Agreements; etc. (a) Amend or modify in any manner materially adverse to the Lenders, or grant any waiver or release under or terminate in any

manner (if such granting or termination shall be materially adverse to the Lenders), the articles or certificate of incorporation or by-laws or limited liability company operating agreement of Holdings, the Borrower or any of the Subsidiary Loan Parties, the Management Agreements or the Merger Agreement.

(b) Make, or agree to make, directly or indirectly, any payment or other distribution (whether in cash, securities or other property) of or in respect of principal of or interest on any Second Lien Indebtedness, Permitted Debt Securities or any Permitted Refinancing Indebtedness in respect thereof, or any payment or other distribution (whether in cash, securities or other property), including any sinking fund or similar deposit, on account of the purchase, redemption, retirement, acquisition, cancellation or termination of any Second Lien Indebtedness, Permitted Debt Securities or any Permitted Refinancing Indebtedness in respect thereof (except for Refinancings otherwise permitted by Section 6.01(j) or (o), except for payments of regularly scheduled interest, and, to the extent this Agreement is then in effect, principal on the scheduled maturity date thereof; provided, however, that the Borrower may at any time and from time to time repurchase, redeem, acquire, cancel or terminate all or any portion of any Second Lien Indebtedness or Permitted Debt Securities with the cash proceeds of Qualified Capital Stock issued by the Borrower, so long as such proceeds are not included in any determination of the Available Basket Amount, and do not constitute a Specified Equity Contribution the proceeds of which are applied as contemplated by Section 7.02 and provided, further that any Second Lien Indebtedness or any Permitted Refinancing Indebtedness in respect thereof may be repurchased, redeemed, retired, acquired, cancelled or terminated so long as (A) immediately prior to and after giving effect to such repurchase, no Default or Event of Default shall have occurred or be continuing, (B) the aggregate principal amount of such repurchases shall not exceed in the aggregate $100.0 million plus the amount, if any, of Net Proceeds and Excess Cash Flow if the Required Lenders shall have waived, in accordance with Section 9.08(b) the application of such Net Proceeds and Excess Cash Flow to the mandatory prepayment of the Term Loans pursuant to Section 2.11(b) or (c), as applicable and (C) after giving effect to such repurchase, the First Lien Leverage Ratio, with respect to clauses (B)(1) and (B)(2) above, for the most recently completed Test Period calculated on a Pro Forma Basis is not more than 3.50 to 1.00; or

(i) Amend or modify, or permit the amendment or modification of, any provision of any Permitted Debt Securities or any Permitted Refinancing Indebtedness in respect thereof, or any agreement relating thereto, other than amendments or modifications that are not materially adverse to Lenders and that do not affect the subordination provisions thereof (if any) in a manner adverse to the Lenders; or

(ii) Amend or modify, or permit the amendment or modification of, any provision of the Second Lien Loan Documents except to the extent not prohibited under the Intercreditor Agreement.

(c) Permit the Borrower or any Restricted Subsidiary to enter into any agreement or instrument that by its terms restricts (i) the payment of dividends or distributions or the making of cash advances to (or the repayment of cash advances from) the Borrower or any Restricted Subsidiary or (ii) the granting of Liens pursuant to the Security Documents, in each case other than those arising under any Loan Document, except, in each case, restrictions existing by reason of:

(A) restrictions imposed by applicable law;

(B) contractual encumbrances or restrictions in effect on the Closing Date (including under the Second Lien Loan Documents) or contained in any agreements related to any Permitted Refinancing Indebtedness incurred to Refinance such Indebtedness, or any such encumbrances or restrictions in any agreements relating to any Permitted Debt Securities issued after the Closing Date or Permitted Refinancing

Indebtedness in respect thereof, in each case so long as the scope of such encumbrance or restriction is no more expansive in any material respect than any such encumbrance or restriction in effect on the Closing Date (or the date of issuance as the case may be), or any agreement (regardless of whether such agreement is in effect on the Closing Date) providing for the subordination of Subordinated Intercompany Debt;

(C) any restriction on a Subsidiary imposed pursuant to an agreement entered into for the sale or disposition of all or substantially all the Equity Interests or assets of such Subsidiary pending the closing of such sale or disposition;

(D) customary provisions in Joint Venture agreements and other similar agreements applicable to Joint Ventures entered into in the ordinary course of business;

(E) any restrictions imposed by any agreement relating to secured Indebtedness permitted by this Agreement to the extent that such restrictions apply only to the property or assets securing such Indebtedness;

(F) customary provisions contained in leases, subleases, licenses or sublicenses of intellectual property and other similar agreements entered into in the ordinary course of business;

(G) customary provisions restricting subletting or assignment of any lease governing a leasehold interest;

(H) customary provisions restricting assignment of any agreement entered into in the ordinary course of business;

(I) customary restrictions and conditions contained in any agreement relating to the sale of any asset or person permitted under Section 6.05 pending the consummation of such sale;

(J) customary restrictions and conditions contained in the document relating to any Lien, so long as (1) such Lien is permitted under Section 6.02 and such restrictions or conditions relate only to the specific asset subject to such Lien and the proceeds and products thereof, and (2) such restrictions and conditions are not created for the purpose of avoiding the restrictions imposed by this Section 6.09;

(K) customary net worth provisions contained in real property leases entered into by Subsidiaries of the Borrower, so long as the Borrower has determined in good faith that such net worth provisions could not reasonably be expected to impair the ability of the Borrower and its Subsidiaries to meet their ongoing obligations;

(L) any agreement in effect at the time such person becomes a Restricted Subsidiary, so long as such agreement was not entered into in contemplation of such person becoming a Restricted Subsidiary; or

(M) restrictions contained in any documents documenting Indebtedness of any Foreign Subsidiary permitted hereunder.

SECTION 6.10. Total Leverage Ratio. Permit the Total Leverage Ratio for any Test Period ending on the last day of any fiscal quarter occurring in any period set forth below, to be in excess of the ratio set forth below for such period.

Period	Ratio
October 1, 2007 to December 31, 2007	8.75 to 1.00
January 1, 2008 to March 31, 2008	8.75 to 1.00
April 1, 2008 to June 30, 2008	8.50 to 1.00
July 1, 2008 to September 30, 2008	8.25 to 1.00
October 1, 2008 to December 31, 2008	7.75 to 1.00
January 1, 2009 to March 31, 2009	7.75 to 1.00
April 1, 2009 to June 30, 2009	7.50 to 1.00
July 10, 2009 to September 30, 2009	7.25 to 1.00
October 1, 2009 to December 31, 2009	6.75 to 1.00
January 1, 2010 to March 31, 2010	6.75 to 1.00
April 1, 2010 to June 30, 2010	6.50 to 1.00
July 1, 2010 to September 30, 2010	6.25 to 1.00
October 1, 2010 to December 31, 2010	5.75 to 1.00
January 1, 2011 to March 31, 2011	5.75 to 1.00
April 1, 2011 to June 30, 2011	5.50 to 1.00
July 1, 2011 to September 30, 2011	5.25 to 1.00
Thereafter	4.75 to 1.00

If the Borrower or a Restricted Subsidiary intends to take any Restricted Action prior to the date on which the Borrower first would be required to deliver a compliance certificate pursuant to Section 5.04(a), then, for purposes of determining compliance with the Total Leverage Ratio, the applicable Total Leverage Ratio shall be 8.75:1.00 and EBITDA shall be measured for the most recent four fiscal quarter period for which quarterly financial statements are available.

SECTION 6.11. Swap Agreements. Enter into any Swap Agreement, other than (a) Swap Agreements entered into in the ordinary course of business (and not for speculative purposes) to hedge or mitigate risks to which the Borrower or any Subsidiary is exposed in the conduct of its business or the management of its liabilities (including, without limitation, raw material, supply costs and currency risks), and (b) Swap Agreements entered into in order to effectively cap, collar or exchange interest rates (from fixed to floating rates, from one floating rate to another floating rate or otherwise) with respect to any interest-bearing liability or investment of the Borrower or any Subsidiary (and not for speculative purposes).

SECTION 6.12. Capital Expenditures. Make or commit to make any Capital Expenditure, except Capital Expenditures of the Borrower and its Restricted Subsidiaries in the ordinary course of business not exceeding (a) for the period from the Closing Date to December 31, 2006, $15 million; and for each fiscal year thereafter $30 million plus (b) plus the average Capital Expenditures of any person acquired in connection with a Permitted Business Acquisition for three fiscal years immediately preceding such Permitted Business Acquisition multiplied by 1.25. Notwithstanding anything to the contrary in the preceding sentence, (a) to the extent that the aggregate amount of Capital Expenditures made by the Borrower and its Restricted Subsidiaries in any fiscal year pursuant to the preceding sentence is less than the amount permitted for such fiscal year, the amount of the difference may be carried forward and used to make Capital Expenditures in the immediately succeeding fiscal year (the "Carryforward Amount") and (b) if the aggregate amount of Capital Expenditures made by the Borrower and its Restricted Subsidiaries in any fiscal year is greater than the amount otherwise available

for Capital Expenditures in such fiscal year (including the Carryforward Amount), an amount up to 100% of the amount otherwise available in the immediately succeeding fiscal year pursuant to the preceding sentence may be reallocated to such current fiscal year so long as the base amount of Capital Expenditures permitted in the preceding sentence during the next succeeding fiscal year shall be reduced by such amount carried back.

ARTICLE VII

Events of Default

SECTION 7.01. Events of Default. In case of the happening of any of the following events (each, an "Event of Default"):

(a) any representation or warranty made or deemed made by Holdings, the Borrower or any other Loan Party in any Loan Document, or in any certificate or other instrument furnished in connection with or pursuant to any Loan Document, shall prove to have been false or misleading in any material respect when so made, deemed made pursuant to the terms of the Loan Documents or

furnished by Holdings, the Borrower or any other Loan Party;

(b) default shall be made in the payment of any principal of any Loan or the reimbursement with respect to any L/C Disbursement when and as the same shall become due and payable, whether at the due date thereof or at a date fixed for prepayment thereof or by acceleration thereof or otherwise;

(c) default shall be made in the payment of any interest on any Loan or on any L/C Disbursement or in the payment of any Fee or any other amount (other than an amount referred to in paragraph (b) above) due under any Loan Document, when and as the same shall become due and payable, and such default shall continue unremedied for a period of five Business Days;

(d) default shall be made in the due observance or performance by Holdings, the Borrower or any of its Restricted Subsidiaries of any covenant, condition or agreement contained in Section 5.01(a) (with respect to Holdings or the Borrower), 5.05(a) or in Article VI;

(e) default shall be made in the due observance or performance by Holdings, the Borrower or any of its Restricted Subsidiaries of any covenant, condition or agreement contained in any Loan Document (other than those specified in paragraphs (b), (c) and (d) above) and such default shall continue unremedied for a period of 30 days after notice thereof from the Administrative Agent or the Required Lenders to the Borrower;

(f) (i) any event or condition occurs that (A) results in the Second Lien Indebtedness or any other Indebtedness in excess of $25 million becoming due prior to its scheduled maturity or (B) enables or permits (with all applicable grace periods having expired) the holder or holders of Second Lien Indebtedness or any other Indebtedness in excess of $25 million or any trustee or agent on its or their behalf to cause any Second Lien Indebtedness or any other Indebtedness in excess of $25 million to become due, or to require the prepayment, repurchase, redemption or defeasance thereof, prior to its scheduled maturity or (ii) Holdings, the Borrower or any of its Restricted Subsidiaries shall fail to pay the principal of any Indebtedness in excess of $25 million at the stated final maturity thereof; provided that this paragraph (f) shall not apply to secured Indebtedness that becomes due as a result of the voluntary sale or transfer of the property or assets securing such Indebtedness if such sale or transfer is permitted hereunder;

(g) there shall have occurred a Change in Control;

(h) an involuntary proceeding shall be commenced or an involuntary petition shall be filed in a court of competent jurisdiction seeking (i) relief in respect of Holdings, the Borrower or any of its Restricted Subsidiaries, or of a substantial part of the property or assets of Holdings, the Borrower or any Restricted Subsidiary, under Title 11 of the United States Code, as now constituted or hereafter amended, or any other federal, state or foreign bankruptcy, insolvency, receivership or similar law, (ii) the appointment of a receiver, trustee, custodian, sequestrator, conservator or similar official for Holdings, the Borrower or any of its Restricted Subsidiaries or for a substantial part of the property or assets of Holdings, the Borrower or any of its Restricted Subsidiaries or (iii) the winding-up or liquidation of Holdings, the Borrower or any Restricted Subsidiary (except, in the case of any Restricted Subsidiary, in a transaction permitted by Section 6.05); and such proceeding or petition shall continue undismissed for 60 days or an order or decree approving or ordering any of the foregoing shall be entered;

(i) Holdings, the Borrower or any Restricted Subsidiary shall (i) voluntarily commence any proceeding or file any petition seeking relief under Title 11 of the United States Code, as now constituted or hereafter amended, or any other federal, state or foreign bankruptcy, insolvency, receivership or similar law, (ii) consent to the institution of, or fail to contest in a timely and appropriate manner, any proceeding or the filing of any petition described in paragraph (h) above, (iii) apply for or consent to the appointment of a receiver, trustee, custodian, sequestrator, conservator or similar official for Holdings, the Borrower or any of its Restricted Subsidiaries or for a substantial part of the property or assets of Holdings, the Borrower or any Restricted Subsidiary, (iv) file an answer admitting the material allegations of a petition filed against it in any such proceeding, (v) make a general assignment for the benefit of creditors or (vi) become unable or admit in writing its inability or fail generally to pay its debts as they become due;

(j) the failure by Holdings, the Borrower or any Restricted Subsidiary to pay one or more final judgments aggregating in excess of $25.0 million (to the extent not covered by third-party insurance as to which the insurer has been notified of such judgment and does not deny coverage), which judgments are not discharged or effectively waived or stayed for a period of 60 consecutive days, or any action shall be legally taken by a judgment creditor to levy upon assets or properties of Holdings, the Borrower or any Restricted Subsidiary to enforce any such judgment;

(k) (i) a Reportable Event or Reportable Events shall have occurred with respect to any Plan or a trustee shall be appointed by a United States district court to administer any Plan, (ii) the PBGC shall institute proceedings (including giving notice of intent thereof) to terminate any Plan or Plans, (iii) Holdings, the Borrower or any Restricted Subsidiary or any ERISA Affiliate shall have been notified by the sponsor of a Multiemployer Plan that it has incurred or will be assessed Withdrawal Liability to such Multiemployer Plan and such person does not have reasonable grounds for contesting such Withdrawal Liability or is not contesting such Withdrawal Liability in a timely and appropriate manner, (iv) Holdings, the Borrower or any Restricted Subsidiary or any ERISA Affiliate shall have been notified by the sponsor of a Multiemployer Plan that such Multiemployer Plan is in reorganization or is being terminated, within the meaning of Title IV of ERISA or (v) Holdings, the Borrower or any Restricted Subsidiary shall engage in any "prohibited transaction" (as defined in Section 406 of ERISA or Section 4975 of the Code) involving any Plan; and in each case in clauses (i) through (v) above, such event or condition, together with all other such events or conditions, if any, could reasonably be expected to have a Material Adverse Effect; or

(l) (i) any Loan Document shall for any reason cease to be, or shall be asserted in writing by Holdings, the Borrower or any Restricted Subsidiary not to be, a legal, valid and binding obligation of any party thereto, (ii) any security interest purported to be created by any Security Document and to extend to assets that are not immaterial to Holdings, the Borrower and the Restricted Subsidiaries on a consolidated basis shall cease to be, or shall be asserted in writing by Holdings, the Borrower or any other Loan Party not to be (other than in a notice to the Administrative Agent to take requisite actions to perfect such Lien), a valid and perfected security interest (perfected as and having the priority required by this Agreement or the relevant Security Document and subject to such limitations and restrictions as are set forth herein and therein) in the securities, assets or properties covered thereby, except to the extent (x) any such loss of perfection or priority results from the failure of the Administrative Agent to maintain possession of certificates actually delivered to it representing securities pledged under the Collateral Agreement, (y) such loss is covered by a lender's title insurance policy as to which the insurer has been notified of such loss and does not deny coverage and the Administrative Agent shall be reasonably satisfied with the credit of such insurer or (z) such loss of perfected security interest may be remedied by the filing of appropriate documentation without the loss of priority, (iii) the Guarantees pursuant to the Security Documents by Holdings, the Borrower or the Subsidiary Loan Parties of any of the Obligations shall cease to be in full force and effect (other than in accordance with the terms thereof), or shall be asserted in writing by Holdings or the Borrower or any Subsidiary Loan Party not to be in effect or not to be legal, valid and binding obligations, (iv) the Obligations of the Borrower or the Guarantees pursuant to the Security Documents by Holdings, the Borrower or the Subsidiary Loan Parties shall cease to constitute senior indebtedness under the subordination provisions of any indenture or other instruments, agreements and documents evidencing or governing any Permitted Debt Securities in excess of $25 million or such subordination provisions shall be invalidated or otherwise cease (in each case so long as such indenture, instrument, agreement or document is then in effect), or shall be asserted in writing by Holdings, the Borrower or any Subsidiary Loan Party to be invalid or to cease to be legal, valid and binding obligations of the parties thereto, enforceable in accordance with their terms or (v) the Liens of the administrative agent under the Second Lien Loan Documents (for the benefit of the Secured Parties (as defined in the Second Lien Collateral Documents)) shall cease to be subordinated under the subordination provisions of the Intercreditor Agreement, or such subordination provisions shall be invalidated or otherwise cease (in each case so long as the Second Lien Loan Documents are in effect), or shall be asserted in writing by Holdings, the Borrower or any Subsidiary Loan Party to be invalid or to cease to be legal, valid and binding obligations of the parties thereto, enforceable in accordance with their terms;

then, and in every such event (other than an event with respect to the Borrower described in paragraph (h) or (i)(i), (ii), (iii) or (iv) above), and at any time thereafter during the continuance of such event, the Administrative Agent may, and at the request of the Required Lenders shall, upon notice to the Borrower, take any or all of the following actions, at the same or different times: (i) terminate forthwith the Commitments, (ii) declare the Loans then outstanding to be forthwith due and payable in whole or in part, whereupon the principal of the Loans so declared to be due and payable, together with accrued interest thereon and any unpaid accrued Fees and all other liabilities of the Borrower accrued hereunder and under any other Loan Document, shall become forthwith due and payable, without presentment, demand, protest or any other notice of any kind, all of which are hereby expressly waived by the Borrower, anything contained herein or in any other Loan Document to the contrary notwithstanding and (iii) if the Loans have been declared due and payable pursuant to clause (ii) above, demand cash collateral pursuant to Section 2.05(j); and in any event with respect to the Borrower described in paragraph (h) or (i)(i), (ii), (iii) or (iv) above, the Commitments shall automatically terminate, the principal of the Loans then outstanding, together with accrued interest thereon and any unpaid accrued Fees and all other liabilities of the

Borrower accrued hereunder and under any other Loan Document, shall automatically become due and payable and the Administrative Agent shall be deemed to have made a demand for cash collateral to the full extent permitted under Section 2.05(j), without presentment, demand, protest or any other notice of any kind, all of which are hereby expressly waived by the Borrower, anything contained herein or in any other Loan Document to the contrary notwithstanding.

SECTION 7.02. Holdings's Right to Cure.

(a) Notwithstanding anything to the contrary contained in Section 7.01, in the event that the Borrower fails (or, but for the operation of this Section 7.02, would fail) to comply with the requirements of the Total Leverage Ratio, until the expiration of the 20th day subsequent to the date the certificate calculating the Total Leverage Ratio is required to be delivered pursuant to Section 5.04(c), the Borrower shall have the right to issue Qualified Capital Stock for cash (the "Cure Right"), and upon the receipt by the Borrower of such cash (the "Specified Equity Contribution") the Total Leverage Ratio shall be recalculated giving effect to the following pro forma adjustments:

(i) EBITDA shall be increased, solely for the purpose of determining compliance with Section 6.10 and not for any other purpose under this Agreement (including taking any Restricted Action), by an amount equal to the Specified Equity Contribution; and

(ii) if, after giving effect to the foregoing recalculations, the Borrower shall then be in compliance with the requirements of the Total Leverage Ratio, the Borrower shall be deemed to have satisfied the requirements of the Total Leverage Ratio as of the relevant date of determination with the same effect as though there had been no failure to comply therewith at such date, and the applicable breach or default of the Total Leverage Ratio that had occurred shall be deemed cured for this purposes of this Agreement.

(b) Notwithstanding anything herein to the contrary, (i) in each four-fiscal-quarter period there shall be at least one fiscal quarter with respect to which the Cure Right is not exercised, (ii) in each eight fiscal quarter period, there shall be a period of at least four consecutive fiscal quarters with respect to which the Cure Right is not exercised and (iii) the Specified Equity Contribution shall be no greater than the amount required for purposes of complying with the Total Leverage Ratio.

ARTICLE VIII

The Agents

SECTION 8.01. Appointment. Each Lender hereby irrevocably designates and appoints the Administrative Agent as the agent of such Lender under this Agreement and the other Loan Documents, and each such Lender irrevocably authorizes the Administrative Agent, in such capacity, to take such action on its behalf under the provisions of this Agreement and the other Loan Documents and to exercise such powers and perform such duties as are expressly delegated to the Administrative Agent by the terms of this Agreement and the other Loan Documents, together with such other powers as are reasonably incidental thereto. Notwithstanding any provision to the contrary elsewhere in this Agreement, the Administrative Agent shall not have any duties or responsibilities, except those expressly set forth herein, or any fiduciary relationship with any Lender, and no implied covenants, functions, responsibilities, duties, obligations or liabilities shall be read into this Agreement or any other Loan Document or otherwise exist against the Administrative Agent. Without limiting the generality of the foregoing, the Agents are hereby expressly authorized to execute any and all documents (including releases) with respect to the Collateral and the rights of the Secured Parties with respect thereto, as contemplated by and in accordance with the provisions of this Agreement and the Security Documents.

SECTION 8.02. Delegation of Duties. The Administrative Agent may execute any of its duties under this Agreement and the other Loan Documents by or through agents or attorneys-in-fact and shall be entitled to advice of counsel concerning all matters pertaining to such duties. The Administrative Agent shall not be responsible for the negligence or misconduct of any agents or attorneys-in-fact selected by it with reasonable care.

SECTION 8.03. Exculpatory Provisions. The Agents shall not have any duties or obligations except those expressly set forth in the Loan Documents. Neither any Agent nor any of their respective officers, directors, employees, agents, attorneys-in-fact or affiliates shall be (i) liable for any action lawfully taken or omitted to be taken by it or such person under or in connection with this Agreement or any other Loan Document (except to the extent that any of the foregoing are found by a final and nonappealable decision of a court of competent jurisdiction to have resulted from its or such person's own gross negligence or willful misconduct) or (ii) responsible in any manner to any of the Lenders for (or have any duty to ascertain or acquire into) any recitals, statements, representations or warranties made by any Loan Party or any officer thereof contained in this Agreement or any other Loan Document or in any certificate, report, statement or other document referred to or provided for in, or received by the Agents under or in connection with, this Agreement or any other Loan Document or for the value, validity, effectiveness, genuineness, enforceability or sufficiency of this Agreement or any other Loan Document or for any failure of any Loan Party a party thereto to perform its obligations hereunder or thereunder. The Agents shall not (x) be subject to any fiduciary or other implied duties regardless of whether a Default has occurred and is continuing and (y) except as expressly set forth in the Loan Documents, have any duty to disclose, nor shall it be liable for the failure to disclose, any information relating to Holdings, the Borrower or any Subsidiary that is communicated to or obtained by the bank serving as Administrative Agent or any of its affiliates in any capacity. The Agents shall not be under any obligation to any Lender to ascertain or to inquire as to the observance or performance of any of the agreements contained in, or conditions of, this Agreement or any other Loan Document, or to inspect the properties, books or records of any Loan Party.

SECTION 8.04. Reliance by Administrative Agent. The Administrative Agent shall be entitled to rely, and shall be fully protected in relying, upon any instrument, writing, resolution, notice, consent, certificate, affidavit, letter, fax, telex or teletype message, statement, order or other document or conversation believed by it to be genuine and correct and to have been signed, sent or made by the proper person or persons and upon advice and statements of legal counsel (including counsel to Holdings or the Borrower), independent accountants and other experts selected by the Administrative Agent. The Administrative Agent may deem and treat the payee of any Note as the owner thereof for all purposes unless a written notice of assignment, negotiation or transfer thereof shall have been filed with the Administrative Agent. The Administrative Agent shall be fully justified in failing or refusing to take any action under this Agreement or any other Loan Document unless it shall first receive such advice or concurrence of the Required Lenders (or, if so specified by this Agreement, all Lenders) as it deems appropriate or it shall first be indemnified to its satisfaction by the Lenders against any and all liability and expense that may be incurred by it by reason of taking or continuing to take any such action. The Administrative Agent shall in all cases be fully protected in acting, or in refraining from acting, under this Agreement and the other Loan Documents in accordance with a request of the Required Lenders (or, if so specified by this Agreement, all Lenders), and such request and any action taken or failure to act pursuant thereto shall be binding upon all the Lenders and all future holders of the Loans.

SECTION 8.05. Notice of Default. The Administrative Agent shall not be deemed to have knowledge or notice of the occurrence of any Default or Event of Default unless the Administrative Agent has received notice from a Lender, Holdings or the Borrower referring to this Agreement, describing such Default or Event of Default and stating that such notice is a "notice of default". In the event that the Administrative Agent receives such a notice, the Administrative Agent

shall give notice thereof to the Lenders. The Administrative Agent shall take such action with respect to such Default or Event of Default as shall be reasonably directed by the Required Lenders (or, if so specified by this Agreement, all Lenders); provided that unless and until the Administrative Agent shall have received such directions, the Administrative Agent may (but shall not be obligated to) take such action, or refrain from taking such action, with respect to such Default or Event of Default as it shall deem advisable in the best interests of the Lenders.

SECTION 8.06. Non-Reliance on Agents and Other Lenders. Each Lender expressly acknowledges that neither the Agents nor any of their respective officers, directors, employees, agents, attorneys-in-fact or affiliates have made any representations or warranties to it and that no act by any Agent hereafter taken, including any review of the affairs of a Loan Party or any affiliate of a Loan Party, shall be deemed to constitute any representation or warranty by any Agent to any Lender. Each Lender represents to the Agents that it has, independently and without reliance upon any Agent or any other Lender, and based on such documents and information as it has deemed appropriate, made its own appraisal of and investigation into the business, operations, property, financial and other condition and creditworthiness of the Loan Parties and their affiliates and made its own decision to make its Loans hereunder and enter into this Agreement. Each Lender also represents that it will, independently and without reliance upon any Agent or any other Lender, and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit analysis, appraisals and decisions in taking or not taking action under this Agreement and the other Loan Documents, and to make such investigation as it deems necessary to inform itself as to the business, operations, property, financial and other condition and creditworthiness of the Loan Parties and their affiliates. Except for notices, reports and other documents expressly required to be furnished to the Lenders by the Administrative Agent hereunder, the Administrative Agent shall not have any duty or responsibility to provide any Lender with any credit or other information concerning the business, operations, property, condition (financial or otherwise), prospects or creditworthiness of any Loan Party or any affiliate of a Loan Party that may come into the possession of the Administrative Agent or any of its officers, directors, employees, agents, attorneys-in-fact or affiliates.

SECTION 8.07. Indemnification. The Lenders agree to indemnify each Agent in its capacity as such (to the extent not reimbursed by Holdings or the Borrower and without limiting the obligation of Holdings or the Borrower to do so), each in an amount equal to its pro rata share (based on its Commitments hereunder (or if such Commitments shall have expired or been terminated, in accordance with the respective principal amounts of its applicable outstanding Loans or participations in L/C Disbursements, as applicable)) thereof, from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind whatsoever that may at any time (whether before or after the payment of the Loans) be imposed on, incurred by or asserted against such Agent in any way relating to or arising out of, the Commitments, this Agreement, any of the other Loan Documents or any documents contemplated by or referred to herein or therein or the transactions contemplated hereby or thereby or any action taken or omitted by such Agent under or in connection with any of the foregoing; provided that no Lender shall be liable for the payment of any portion of such liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements that are found by a final and nonappealable decision of a court of competent jurisdiction to have resulted from such Agent's gross negligence or willful misconduct. The agreements in this Section shall survive the payment of the Loans and all other amounts payable hereunder.

SECTION 8.08. Agent in Its Individual Capacity. Each Agent and its affiliates may make loans to, accept deposits from and generally engage in any kind of business with any Loan Party as though such Agent were not an Agent. With respect to its Loans made or renewed by it and with respect to any Letter of Credit issued or participated in by it, each Agent shall have the same rights and powers under this Agreement and the other Loan Documents as any Lender and may exercise the same as though

it were not an Agent, and the terms "Lender" and "Lenders" shall include each Agent in its individual capacity.

SECTION 8.09. Successor Administrative Agent. The Administrative Agent may resign as Administrative Agent upon 30 days' notice to the Lenders and the Borrower. If the Administrative Agent shall resign as Administrative Agent under this Agreement and the other Loan Documents, then the Required Lenders shall appoint from among the Lenders a successor agent for the Lenders, which successor agent shall (unless an Event of Default under Sections 7.01 (h) or (i)(i), (ii), (iii) or (iv) above shall have occurred and be continuing) be subject to approval by the Borrower (which

approval shall not be unreasonably withheld or delayed), whereupon such successor agent shall succeed to the rights, powers and duties of the Administrative Agent, and the term "Administrative Agent" shall mean such successor agent effective upon such appointment and approval, and the former Administrative Agent's rights, powers and duties as Administrative Agent shall be terminated, without any other or further act or deed on the part of such former Administrative Agent or any of the parties to this Agreement or any holders of the Loans. If no successor agent has accepted appointment as Administrative Agent by the date that is 30 days following a retiring Administrative Agent's notice of resignation, the retiring Administrative Agent's resignation shall nevertheless thereupon become effective, and the Lenders shall assume and perform all of the duties of the Administrative Agent hereunder until such time, if any, as the Required Lenders appoint a successor agent as provided for above; provided that nothing herein shall require that the Administrative Agent resign or retire from its role as collateral agent under any Security Document whether referred to therein as administrative agent, collateral agent or any analogous term therein. After any retiring Administrative Agent's resignation as Administrative Agent, the provisions of this Article VIII shall inure to its benefit and to the benefit of its officers, directors, employees, agents, attorneys-in-fact and affiliates as to any actions taken or omitted to be taken by it while it was Administrative Agent under this Agreement and the other Loan Documents.

SECTION 8.10. Syndication Agent and Documentation Agent. Neither the Syndication Agent nor the Documentation Agent shall have any duties or responsibilities hereunder in its capacity as such.

SECTION 8.11. Withholding Tax. To the extent required by any applicable law, the Administrative Agent may withhold from any interest payment to any Lender an amount equivalent to any applicable withholding tax. If the Internal Revenue Service or any other Governmental Authority asserts a claim that the Administrative Agent did not properly withhold tax from amounts paid to or for the account of any Lender because the appropriate form was not delivered or was not properly executed or because such Lender failed to notify the Administrative Agent of a change in circumstance which rendered the exemption from, or reduction of, withholding tax ineffective or for any other reason, such Lender shall indemnify the Administrative Agent fully for all amounts paid, directly or indirectly, by the Administrative Agent as tax or otherwise, including any penalties or interest and together with all expenses (including legal expenses, allocated internal costs and out-of-pocket expenses) incurred.

SECTION 8.12. Co-Collateral Agent; Separate Collateral Agent.

(a) At any time or from time to time, in order to comply with any applicable requirement of law, the Administrative Agent may appoint another bank or trust company or one or more other persons, either to act as co-agent or agents on behalf of the Administrative Agent and the other Secured Parties with such power and authority as may be necessary for the effectual operation of the provisions hereof and which may be specified in the instrument of appointment (which may, in the discretion of the Administrative Agent, include provisions for indemnification and similar protections of such co-agent or separate agent substantially the same as those contained herein). Each of the Borrower, for itself and on behalf of each Grantor (as defined in the Collateral Agreement), and each other party

hereto, accepts the appointment of Goldman Sachs Specialty Lending Group, L.P, as sub-collateral agent and mortgagee under each of the Mortgages. Notwithstanding anything to the contrary contained herein, every such agent, sub-collateral agent and every co-agent shall, to the extent permitted by law, be appointed and act and be such, subject to the condition that no power given hereby, or which is provided herein or in any other Loan Document to any such co- agent, sub-collateral agent or agent shall be exercised hereunder or thereunder by such co- agent or agent except jointly with, or with the consent in writing of, the Administrative Agent.

ARTICLE IX

Miscellaneous

SECTION 9.01. Notices. (a) Notices and other communications provided for herein shall be in writing and shall be delivered by hand or overnight courier service, mailed by certified or registered mail or sent by fax, as follows:

(i) if to any Loan Party, to Generac Power Systems, Inc., Highway 59 and Hillside Road, P.O. Box 8, Waukesha Wisconsin, 53187, attention Aaron Jagdfeld, York Ragen and Joseph Kavalary, Telecopier: (262) 968-9372, with a copy to GPS CCMP Merger Corp. c/o CCMP Capital Advisors, LLC, 245 Park Avenue, 16th Floor, New York, NY, 10167-2403, attention: Stephen McKenna, Telecopier: (212) xxx-xxxx, with a copy to Weil, Gotshal & Manges LLP, 200 Crescent Court, Suite 300, Dallas, Texas 75201-6950, Attention Angela L. Fontana, Telecopier: (214) 746-7777;

(ii) if to the Administrative Agent, to Goldman Sachs Credit Partners L.P., c/o Goldman, Sachs & Co., 30 Hudson Street, 17th Floor, Jersey City, NJ 07302, Attention: SBD Operations, Attention: Pedro Ramirez, Telecopier: (212) 357-4597, with a copy to Goldman Sachs Credit Partners L.P., 1 New York Plaza, New York, NY 10004, Attention: Rob Schatzman, Telecopier: (212) 902-3000.

(iii) if to an Issuing Bank, to it at the address or fax number set forth separately in writing.

(iv) if to a Lender, to it at the address or fax number set forth on Schedule 2.01 or in the Assignment and Acceptance pursuant to which such Lender becomes a party hereto.

(b) Notices and other communications to the Lenders hereunder may be delivered or furnished by electronic communications pursuant to procedures approved by the Administrative Agent; provided that the foregoing shall not apply to notices pursuant to Article II unless otherwise agreed by the Administrative Agent and the applicable Lender. Each of the Administrative Agent and the Borrower may, in its discretion, agree to accept notices and other communications to it hereunder by electronic communications pursuant to procedures approved by it; provided, further, that approval of such procedures may be limited to particular notices or communications.

(c) All notices and other communications given to any party hereto in accordance with the provisions of this Agreement shall be deemed to have been given on the date of receipt if delivered by hand or overnight courier service, sent by fax or (to the extent permitted by paragraph (b) above) electronic means or on the date five Business Days after dispatch by certified or registered mail if mailed, in each case delivered, sent or mailed (properly addressed) to such party as provided in this Section 9.01 or in accordance with the latest unrevoked direction from such party given in accordance with this Section 9.01.

(d) Any party hereto may change its address or fax number for notices and other communications hereunder by notice to the other parties hereto.

SECTION 9.02. Survival of Agreement. All representations and warranties made by the Loan Parties herein and in the other Loan Documents shall be considered to have been relied upon by the Lenders and each Issuing Bank and shall survive the making of the Loans, the execution and delivery of the Loan Documents and the issuance of the Letters of Credit, and shall continue in full force and effect as long as the principal of or any accrued interest on any Loan or L/C Disbursement or any Fee or any other amount (other than obligations for taxes, costs, indemnifications, reimbursements, damages and other contingent liabilities in respect of which no claim or demand for payment has been made or, in the case of indemnifications, no notice has been given (or reasonably satisfactory arrangements have otherwise been made)) payable under this Agreement or any other Loan Document is outstanding and unpaid or any Letter of Credit is outstanding and so long as the Commitments have not been terminated. Without prejudice to the survival of any other agreements contained herein, obligations for taxes, costs, indemnifications, reimbursements, damages and other contingent liabilities contained herein (including pursuant to Sections 2.15, 2.17 and 9.05) shall survive the payment in full of the principal and interest hereunder, the expiration of the Letters of Credit, the termination of the Commitments or this Agreement limited in the manner set forth herein, or the invalidity or unenforceability of any term or provision of this Agreement or any other Loan Document.

SECTION 9.03. Binding Effect. This Agreement shall become effective when it shall have been executed by Holdings, the Borrower and the Administrative Agent and when the Administrative Agent shall have received copies hereof which, when taken together, bear the signatures of each of the other parties hereto, and thereafter shall be binding upon and inure to the benefit of Holdings, the Borrower, each Issuing Bank, the Administrative Agent and each Lender and their respective permitted successors and assigns.

SECTION 9.04. Successors and Assigns. (a) The provisions of this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns permitted hereby (including any Affiliate of the Issuing Bank that issues any Letter of Credit), except that (i) the Borrower may not assign or otherwise transfer any of its rights or obligations hereunder without the prior written consent of each Lender (and any attempted assignment or transfer by the Borrower without such consent shall be null and void) and (ii) no Lender may assign or otherwise transfer its rights or obligations hereunder except in accordance with this Section 9.04. Nothing in this Agreement, expressed or implied, shall be construed to confer upon any person (other than the parties hereto, their respective successors and assigns permitted hereby (including any Affiliate of the Issuing Bank that issues any Letter of Credit), Participants (to the extent provided in paragraph (c) of this Section 9.04), and, to the extent expressly contemplated hereby, the Related Parties of each of the Agents, the Issuing Bank and the Lenders) any legal or equitable right, remedy or claim under or by reason of this Agreement.

(b) (i) Subject to the conditions set forth in clause (ii) below, any Lender may assign to one or more Eligible Assignees (other than to any Disqualified Institution) all or a portion of its rights and obligations under this Agreement (including all or a portion of its Commitments and the Loans at the time owing to it) (provided, however, that pro rata assignments shall not be required and each assignment shall be of a uniform, and not varying, percentage of all rights and obligations under and in respect of any applicable Loan and any related Commitments) with the prior written consent (such consent not to be unreasonably withheld or delayed) of:

(A) the Borrower, provided that no consent of the Borrower shall be required for an assignment to an Affiliate of a Lender, or if an Event of Default under Section 7.01(b), (c), (h) or (i)(i), (ii), (iii) or (iv) has occurred and is continuing; and

(B) in the case of the Revolving Facility, the Issuing Bank and the Swingline Lender.

(ii) Assignments shall be subject to the following additional conditions:

(A) except in the case of an assignment to a Lender, an affiliate of a Lender or an Related Fund or an assignment of the entire remaining amount of the assigning Lender's Commitments or Loans under any Facility, the amount of the Commitments or Loans of the assigning Lender subject to each such assignment (determined as of the date the Assignment and Acceptance with respect to such assignment is delivered to the Administrative Agent) shall not be less than $1.0 million in the case of Term Loans, and not less than $5.0 million in the case of Revolving Facility Loans or Revolving Facility Commitments, unless each of the Borrower and the Administrative Agent otherwise consent, provided that (1) no such consent of the Borrower shall be required if an Event of Default under Section 7.01(b), (c), (h) or (i)(i), (ii), (iii) or (iv) has occurred and is continuing and (2) such amounts shall be aggregated in respect of each Lender and its Affiliates or Related Funds, if any.

(B) the parties to each assignment shall execute and deliver to the Administrative Agent an Assignment and Acceptance together with a processing and recordation fee of $3,500; and

(C) the Eligible Assignee, if it shall not be a Lender, shall deliver to the Administrative Agent an Administrative Questionnaire and all applicable tax forms.

(iii) Subject to acceptance and recording thereof pursuant to clause (b)(v) below, from and after the effective date specified in each Assignment and Acceptance the Eligible Assignee thereunder shall be a party hereto and, to the extent of the interest assigned by such Assignment and Acceptance, have the rights and obligations of a Lender under this Agreement, and the assigning Lender thereunder shall, to the extent of the interest assigned by such Assignment and Acceptance, be released from its obligations under this Agreement (and, in the case of an Assignment and Acceptance covering all of the assigning Lender's rights and obligations under this Agreement, such Lender shall cease to be a party hereto but shall continue to be entitled to the benefits of Sections 2.15, 2.16, 2.17 and 9.05, as well as any Fees accrued for its account and not yet paid). Any assignment or transfer by a Lender of rights or obligations under this Agreement that does not comply with this Section 9.04 shall be treated for purposes of this Agreement as a sale by such Lender of a participation in such rights and obligations in accordance with paragraph (c) of this Section 9.04.

(iv) The Administrative Agent, acting for this purpose as an agent of the Borrower, shall maintain at one of its offices a copy of each Assignment and Acceptance delivered to it and a register for the recordation of the names and addresses of the Lenders, and the Commitments of, and principal amount of the Loans and Revolving L/C Exposure owing to, each Lender pursuant to the terms hereof from time to time (the "Register"). The entries in the Register shall be conclusive absent manifest error, and the Borrower, the Administrative Agent, the Issuing Bank and the Lenders may treat each person whose name is recorded in the Register pursuant to the terms hereof as a Lender hereunder for all purposes of this Agreement, notwithstanding notice to

the contrary. The Register shall be available for inspection by the Borrower, the Issuing Bank and any Lender (with respect to any entry related to such Lender's Loans), at any reasonable time and from time to time upon reasonable prior notice.

(v) Upon its receipt of a duly completed Assignment and Acceptance executed by an assigning Lender and an Eligible Assignee, the Eligible Assignee's completed Administrative Questionnaire (unless the Eligible Assignee shall already be a Lender hereunder) and any applicable tax forms, and any written consent to such assignment required by clause (i) above, the Administrative Agent shall accept such Assignment and Acceptance and record the information contained therein in the Register. No assignment, whether or not evidenced by a promissory note, shall be effective for purposes of this Agreement unless it has been recorded in the Register as provided in this clause (v).

(c) (i) Any Lender may, without the consent of the Borrower, the Swingline Lender, the Issuing Bank or the Administrative Agent, sell participations to one or more banks or other entities (other than to any Company Competitor) (a "Participant") in all or a portion of such Lender's rights and obligations under this Agreement (including all or a portion of its Commitments and the Loans owing to it); provided that (A) such Lender's obligations under this Agreement shall remain unchanged, (B) such Lender shall remain solely responsible to the other parties hereto for the performance of such obligations and (C) the Borrower, the Administrative Agent, the Issuing Bank and the other Lenders shall continue to deal solely and directly with such Lender in connection with such Lender's rights and obligations under this Agreement. Any agreement pursuant to which a Lender sells such a participation shall provide that such Lender shall retain the sole right to enforce this Agreement and the other Loan Documents and to approve any amendment, modification or waiver of any provision of this Agreement and the other Loan Documents; provided that such agreement may provide that such Lender will not, without the consent of the Participant, agree to any amendment, modification or waiver that requires the consent of each Lender directly affected thereby pursuant to Section 9.04(a)(i) or clauses (i), (ii), (iii) or (vi) of the first proviso to Section 9.08(b). Subject to paragraph (c)(ii) of this Section 9.04, the Borrower agrees that each Participant shall be entitled to the benefits of Sections 2.15, 2.16 and 2.17 to the same extent as if it were a Lender and had acquired its interest by assignment pursuant to paragraph (b) of this Section 9.04. To the extent permitted by law, each Participant also shall be entitled to the benefits of Section 9.06 as though it were a Lender, provided such Participant shall be subject to Section 2.18(c) as though it were a Lender.

(ii) A Participant shall not be entitled to receive any greater payment under Section 2.15, 2.16 or 2.17 than the applicable Lender would have been entitled to receive with respect to the participation sold to such Participant, unless the sale of the participation to such Participant is made with the Borrower's prior written consent expressly acknowledging such Participant may receive a greater benefit. A Participant that would be a Foreign Lender if it were a Lender shall not be entitled to the benefits of Section 2.17 to the extent such Participant fails to comply with Section 2.17(e) as though it were a Lender.

(d) Any Lender may at any time, without the consent of or notice to the Administrative Agent or the Borrower, pledge or assign a security interest in all or any portion of its rights under this Agreement to secure obligations of such Lender, including any pledge or assignment to secure obligations to a Federal Reserve Bank, and this Section 9.04 shall not apply to any such pledge or assignment of a security interest; provided that no such pledge or assignment of a security interest shall release a Lender from any of its obligations hereunder or substitute any such pledgee or Eligible Assignee for such Lender as a party hereto.

(e) The Borrower, upon receipt of written notice from the relevant Lender, agrees to issue Notes to any Lender requiring Notes to facilitate transactions of the type described in paragraph (d) above.

(f) Notwithstanding the foregoing, any Conduit Lender may assign any or all of the Loans it may have funded hereunder to its designating Lender without the consent of the Borrower or the Administrative Agent. Each of Holdings, the Borrower, each Lender and the Administrative Agent hereby confirms that it will not institute against a Conduit Lender or join any other person in instituting against a Conduit Lender any bankruptcy, reorganization, arrangement, insolvency or liquidation proceeding under any state bankruptcy or similar law, for one year and one day after the payment in full of the latest maturing commercial paper note issued by such Conduit Lender; provided, however, that each Lender designating any Conduit Lender hereby agrees to indemnify, save and hold harmless each other party hereto and each Loan Party for any loss, cost, damage or expense arising out of its inability to institute such a proceeding against such Conduit Lender during such period of forbearance.

(g) If the Borrower wishes to replace the Loans or Commitments under any Facility with ones having different terms, it shall have the option, with the consent of the Administrative Agent and subject to at least three Business Days' advance notice to the Lenders under such Facility, instead of prepaying the Loans or reducing or terminating the Commitments to be replaced, to (i) require the Lenders under such Facility to assign such Loans or Commitments to the Administrative Agent or its designees and (ii) amend the terms thereof in accordance with Section 9.08 (with such replacement, if applicable, being deemed to have been made pursuant to Section 9.08(d)). Pursuant to any such assignment, all Loans and Commitments to be replaced shall be purchased at par (allocated among the Lenders under such Facility in the same manner as would be required if such Loans were being optionally prepaid or such Commitments were being optionally reduced or terminated by the Borrower), accompanied by payment of any accrued interest and fees thereon and any amounts owing pursuant to Section 9.05(b). By receiving such purchase price, the Lenders under such Facility shall automatically be deemed to have assigned the Loans or Commitments under such Facility pursuant to the terms of the form of Assignment and Acceptance attached hereto as Exhibit A, and accordingly no other action by such Lenders shall be required in connection therewith. The provisions of this paragraph (g) are intended to facilitate the maintenance of the perfection and priority of existing security interests in the Collateral during any such replacement.

SECTION 9.05. Expenses; Indemnity. (a) The Borrower agrees to pay (i) all reasonable out-of-pocket expenses (including Other Taxes) incurred by the Administrative Agent in connection with the preparation of this Agreement and the other Loan Documents, or by the Administrative Agent in connection with the syndication of the Commitments or the administration of this Agreement (including expenses incurred in connection with due diligence and initial and ongoing Collateral examination to the extent incurred with the reasonable prior approval of the Borrower and the reasonable fees, disbursements and charges for no more than one outside counsel and, if necessary one local counsel in each jurisdiction where Collateral is located) or in connection with the administration of this Agreement and any amendments, modifications or waivers of the provisions hereof or thereof (whether or not the Transactions hereby contemplated shall be consummated) and (ii) all reasonable out-of-pocket expenses incurred by the Administrative Agent or any Lender in connection with the enforcement or protection of their rights in connection with this Agreement and the other Loan Documents, in connection with the Loans made or the Letters of Credit issued hereunder (including the reasonable fees, charges and disbursements of Simpson Thacher & LLP, counsel for the Administrative Agent and the Joint Lead Arrangers, and, if necessary, the reasonable fees, charges and disbursements of one local counsel per relevant jurisdiction).

(b) The Borrower agrees to indemnify the Administrative Agent, the Joint Lead Arrangers, each Issuing Bank, each Lender and each of their respective Affiliates, successors and assigns and the directors, trustees, officers, employees, advisors, controlling persons and agents of each of the foregoing (each such person being called an "Indemnitee") against, and to hold each Indemnitee harmless from, any and all losses, claims, damages, liabilities and reasonable out-of-pocket costs and related expenses (including reasonable documented fees, charges and disbursements of Simpson Thacher & Bartlett LLP and, if necessary, one local counsel in each relevant jurisdiction to the Agents, taken as a whole, in each relevant jurisdiction) incurred by or asserted against any Indemnitee arising out of, relating to, or as a result of (i) the execution or delivery of this Agreement or any other Loan Document or any agreement or instrument contemplated hereby or thereby, the performance by the parties hereto and thereto of their respective obligations thereunder or the consummation of the Transactions and the other transactions contemplated hereby, (ii) the use of the proceeds of the Loans or the use of any Letter of Credit or (iii) any claim, litigation, investigation or proceeding relating to any of the foregoing, whether or not any Indemnitee is a party thereto, provided that such indemnity shall not, as to any Indemnitee, be available to the extent that such losses, claims, damages, liabilities or costs or related expenses (x) are determined by a judgment of a court of competent jurisdiction to have resulted by reason of the gross negligence, bad faith or willful misconduct of, or breach by, such Indemnitee (or its Related Parties), (y) arise out of any claim, litigation, investigation or proceeding brought by such Indemnitee (or its Related Parties) against another Indemnitee (or its Related Parties) (other than any claim, litigation, investigation or proceeding brought by or against the Administrative Agent, acting in its capacity as Administrative Agent) that does not involve any act or omission of the Borrower or any of its Affiliates and arises out of disputes among the Lenders and/or their transferees. Subject to and without limiting the generality of the foregoing sentence, the Borrower agrees to indemnify each Indemnitee against, and hold each Indemnitee harmless from, any and all losses, claims, damages, liabilities and reasonable out-of-pocket documented costs and reasonable out-of-pocket costs and related expenses, including reasonable counsel or consultant fees, charges and disbursements (limited to one counsel, plus, if necessary, one local counsel in each relevant jurisdiction), incurred by or asserted against any Indemnitee arising out of, in any way connected with, or as a result of (A) any claim related in any way to Environmental Laws and Holdings, the Borrower or any of their Subsidiaries, or (B) any actual or alleged presence, Release or threatened Release of Hazardous Materials at, under, on or from any Property, provided that such indemnity shall not, as to any Indemnitee, be available to the extent that such losses, claims, damages, liabilities or costs or related expenses are determined by a court of competent jurisdiction by judgment to have resulted from the gross negligence, bad faith or willful misconduct of, or breach by, such Indemnitee or any of its Related Parties. The Borrower shall not be liable for any settlement of any proceeding referred to in this Section 9.05 effected without the Borrower's written consent (such consent not to be unreasonably withheld or delayed); provided, however, that the Borrower shall indemnify the Indemnitees from and against any loss or liability by reason of such settlement if the Borrower was offered the right to assume the defense of such proceeding and did not assume such defense or such proceeding was settled with the written consent of the Borrower, subject to, in each case, the Borrower's right in this Section 9.05 to claim an exemption from such indemnity obligations. The Borrower shall indemnify the Indemnitees from and against any final judgment for the plaintiff in any proceeding referred to in this Section 9.05, subject to the Borrower's right in this Section 9.05 to claim an exemption from such indemnity obligations. The Borrower shall not, without the prior written consent of any Indemnitee, effect any settlement of any pending or threatened proceeding in respect of which such Indemnitee is a party and indemnity could have been sought hereunder by such Indemnitee unless such settlement (i) includes an unconditional release of such Indemnitee from all liability or claims that are the subject matter of such proceeding and (ii) does not include a statement as to or an admission of fault, culpability or a failure to act by or on behalf of any Indemnitee. To the extent permitted by applicable law, each party hereto hereby waives for itself (and, in the case of the Borrower, for each other Loan Party) any claim against any Loan Party, any Lender, any Agent and their respective affiliates, directors, employees, attorneys, agents or sub-agents, on any theory of liability, for special, indirect, consequential

or punitive damages (as opposed to direct or actual damages) (whether or not the claim therefor is based on contract, tort or duty imposed by any applicable legal requirement) arising out of, in connection with, as a result of, or in any way related to, this Agreement or any Loan Document or any agreement or instrument contemplated hereby or thereby or referred to herein or therein, the transactions contemplated hereby or thereby, any Loan or the use of the proceeds thereof or any act or omission or event occurring in connection therewith, and each party hereto (and in the case of the Borrower on behalf of each other Loan Party) hereby waive, release and agree not to sue upon any such claim or any such damages, whether or not accrued and whether or not known or suspected to exist in its favor. The provisions of this Section 9.05 shall remain operative and in full force and effect regardless of the expiration of the term of this Agreement, the consummation of the transactions contemplated hereby, the repayment of any of the Obligations, the termination of the Commitments, the expiration of any Letters of Credit, the invalidity or unenforceability of any term or provision of this Agreement or any other Loan Document, or any investigation made by or on behalf of the Administrative Agent, any Issuing Bank or any Lender. All amounts due under this Section 9.05 shall be payable on written demand therefor accompanied by reasonable documentation with respect to any reimbursement, indemnification or other amount requested.

(c) Except as expressly provided in Section 9.05(a) with respect to Other Taxes, which shall not be duplicative with any amounts paid pursuant to Section 2.17, this Section 9.05 shall not apply to Taxes.

SECTION 9.06. Right of Set-off. If an Event of Default shall have occurred and be continuing, each Lender and each Issuing Bank is hereby authorized at any time and from time to time, to the fullest extent permitted by law, to set off and apply any and all deposits (general or special, time or demand, provisional or final) at any time held and other indebtedness at any time owing by such Lender or such Issuing Bank to or for the credit or the account of Holdings, the Borrower or any Subsidiary Loan Party against any of and all the obligations of Holdings or the Borrower now or hereafter existing under this Agreement or any other Loan Document held by such Lender or such Issuing Bank, irrespective of whether or not such Lender or such Issuing Bank shall have made any demand under this Agreement or such other Loan Document and although the obligations may be unmatured. The rights of each Lender and each Issuing Bank under this Section 9.06 are in addition to other rights and remedies (including other rights of set-off) that such Lender or such Issuing Bank may have.

SECTION 9.07. Applicable Law. THIS AGREEMENT AND THE OTHER LOAN DOCUMENTS (OTHER THAN LETTERS OF CREDIT AND AS EXPRESSLY SET FORTH IN OTHER LOAN DOCUMENTS) SHALL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE STATE OF NEW YORK. EACH LETTER OF CREDIT SHALL BE GOVERNED BY, AND SHALL BE CONSTRUED IN ACCORDANCE WITH, THE LAWS OR RULES DESIGNATED IN SUCH LETTER OF CREDIT, OR IF NO SUCH LAWS OR RULES ARE DESIGNATED, THE UNIFORM CUSTOMS AND PRACTICE FOR DOCUMENTARY CREDITS MOST RECENTLY PUBLISHED AND IN EFFECT, ON THE DATE SUCH LETTER OF CREDIT WAS ISSUED, BY THE INTERNATIONAL CHAMBER OF COMMERCE (THE "UNIFORM CUSTOMS") AND, AS TO MATTERS NOT GOVERNED BY THE UNIFORM CUSTOMS, THE LAWS OF THE STATE OF NEW YORK.

SECTION 9.08. Waivers; Amendment. (a) No failure or delay of the Administrative Agent, any Issuing Bank or any Lender in exercising any right or power hereunder or under any Loan Document shall operate as a waiver thereof, nor shall any single or partial exercise of any such right or power, or any abandonment or discontinuance of steps to enforce such a right or power, preclude any other or further exercise thereof or the exercise of any other right or power. The rights and remedies of the Administrative Agent, each Issuing Bank and the Lenders hereunder and under the other Loan Documents are cumulative and are not exclusive of any rights or remedies that they would

otherwise have. No waiver of any provision of this Agreement or any other Loan Document or consent to any departure by Holdings, the Borrower or any other Loan Party therefrom shall in any event be effective unless the same shall be permitted by paragraph (b) below, and then such waiver or consent shall be effective only in the specific instance and for the purpose for which given. No notice or demand on Holdings, the Borrower or any other Loan Party in any case shall entitle such person to any other or further notice or demand in similar or other circumstances.

(b) Except as provided in Section 2.21 with respect to an Incremental Facility Amendment, neither this Agreement nor any other Loan Document nor any provision hereof or thereof may be waived, amended or modified except (x) in the case of this Agreement, pursuant to an agreement or agreements in writing entered into by Holdings, the Borrower, the Administrative Agent and the Required Lenders and (y) in the case of any other Loan Document, pursuant to an agreement or agreements in writing entered into by each party thereto and the Administrative Agent and consented to by the Required Lenders; provided, however, that no such agreement shall

(i) decrease or forgive the principal amount of, or extend the final maturity of, or decrease the rate of interest on, any Loan or any L/C Disbursement, or extend the stated expiration of any Letter of Credit beyond the Revolving Facility Maturity Date, without the prior written consent of each Lender directly and adversely affected thereby; provided, that any amendment to the Total Leverage Ratio or the component definitions in this Agreement shall not constitute a reduction in the rate of interest for purposes of this clause (i),

(ii) increase or extend the Revolving Credit Commitment of any Lender or decrease the Revolving Credit Commitment Fees or L/C Participation Fees without the prior written consent of such Lender (it being understood that waivers or modifications of conditions precedent, covenants, Defaults or Events of Default or of a mandatory reduction in the aggregate Commitments shall not constitute an increase of the Commitments of any Lender),

(iii) extend or waive any Term Loan Installment Date or reduce the amount due on any Term Loan Installment Date or extend any date on which payment of interest on any Loan or any L/C Disbursement or any Fees is due, without the prior written consent of each Lender directly and adversely affected thereby,

(iv) amend or modify the provisions of Section 2.18(b) or (c) or 2.10(d) of this Agreement or Section 6.5 of the Collateral Agreement in a manner that would by its terms alter the pro rata sharing of payments required thereby, without the prior written consent of each Lender directly and adversely affected thereby,

(v) amend or modify the provisions of this Section 9.08, Section 9.04(a)(i) or the definition of the terms "Required Lenders", "Majority Lenders", without the prior written consent of each Lender directly and adversely affected thereby (it being understood that, with the consent of the Required Lenders, additional extensions of credit pursuant to this Agreement may be included in the determination of the Required Lenders on substantially the same basis as the Loans and Commitments are included on the Closing Date),

(vi) release all or substantially all the Collateral or release all or substantially all of the value of the Guarantees under the Collateral Agreement, unless, in the case of a Subsidiary Loan Party, all or substantially all the Equity Interests of such Subsidiary Loan Party is sold or otherwise disposed of in a transaction permitted by this Agreement, without the prior written consent of each Lender, or

(vii) amend, modify or waive Section 2.18(b) or (c) of this Agreement or the analogous provisions of any Security Document so as to alter the ratable treatment of Obligations arising under the Loan Documents and Obligations arising under Swap Agreements or the definition of "Lender Counterparty," "Swap Agreement," or "Obligations," in each case in a manner adverse to any Lender Counterparty with Obligations then outstanding without the written consent of any such Lender Counterparty,

provided, further, that no such agreement shall amend, modify or otherwise affect the rights or duties of the Administrative Agent, an Issuing Bank or the Swingline Lender hereunder without the prior written consent of the Administrative Agent, such Issuing Bank acting as such at the effective date of such agreement or the Swingline Lender, as applicable; provided, however, if an Affiliate of Holdings or any Permitted Investor shall be a Lender, the Loans held by such person shall be deemed to have been voted in the same manner as the Required Lenders (assuming for this purpose that the Loans held by such person were not outstanding other than in respect of Section 9.04(a)(ii), and clauses (i), (ii), (iii) or (iv) of the first proviso to this Section 9.08(b)). Each Lender shall be bound by any waiver, amendment or modification authorized by this Section 9.08 and any consent by any Lender pursuant to this Section 9.08 shall bind any assignee of such Lender.

(c) Without the consent of the Syndication Agent, the Documentation Agent or any Joint Lead Arranger or Lender or Issuing Bank, the Loan Parties and the Administrative Agent may (in their respective sole discretion, or shall, to the extent required by any Loan Document) enter into any amendment, modification or waiver of any Loan Document, or enter into any new agreement or instrument, to effect the granting, perfection, protection, expansion or enhancement of any security interest in any Collateral or additional property to become Collateral for the benefit of the Secured Parties, or as required by local law to give effect to, or protect any security interest for the benefit of the Secured Parties, in any property or so that the security interests therein comply with applicable law.

(d) Notwithstanding the foregoing, this Agreement may be amended (or amended and restated) with the written consent of the Required Lenders, the Administrative Agent and the Borrower (a) to add one or more additional credit facilities to this Agreement and to permit the extensions of credit from time to time outstanding thereunder and the accrued interest and fees in respect thereof to share ratably in the benefits of this Agreement and the other Loan Documents with the Term Loans and the Revolving Facility Loans and the accrued interest and fees in respect thereof and (b) to include appropriately the Lenders holding such credit facilities in any determination of the Required Lenders.

SECTION 9.09. Interest Rate Limitation. Notwithstanding anything herein to the contrary, if at any time the applicable interest rate on any Loan or participation in any L/C Disbursement, together with all fees and charges that are treated as interest under applicable law (collectively, the "Charges"), as provided for herein or in any other document executed in connection herewith, or otherwise contracted for, charged, received, taken or reserved by any Lender or any Issuing Bank, shall exceed the maximum lawful rate (the "Maximum Rate") that may be contracted for, charged, taken, received or reserved by such Lender in accordance with applicable law, the rate of interest payable hereunder, together with all Charges payable to such Lender or such Issuing Bank, shall be limited to the Maximum Rate, provided that such excess amount shall be paid to such Lender or such Issuing Bank on subsequent payment dates to the extent not exceeding the legal limitation.

SECTION 9.10. Entire Agreement. This Agreement, the other Loan Documents and the agreements regarding certain Fees referred to herein constitute the entire contract between the parties relative to the subject matter hereof. Any previous agreement among or representations from the parties or their Affiliates with respect to the subject matter hereof is superseded by this Agreement and the other Loan Documents. Notwithstanding the foregoing, the Fee Letter shall survive the execution and

delivery of this Agreement and remain in full force and effect. Nothing in this Agreement or in the other Loan Documents, expressed or implied, is intended to confer upon any party other than the parties hereto and thereto, and their respective successors and assigns permitted hereunder, any rights, remedies, obligations or liabilities under or by reason of this Agreement or the other Loan Documents.

SECTION 9.11. WAIVER OF JURY TRIAL. EACH OF THE PARTIES HERETO HEREBY AGREES TO WAIVE ITS RESPECTIVE RIGHTS TO A JURY TRIAL OF ANY CLAIM OR CAUSE OF ACTION BASED UPON OR ARISING HEREUNDER OR UNDER ANY OF THE OTHER LOAN DOCUMENTS OR ANY DEALINGS BETWEEN THEM RELATING TO THE SUBJECT MATTER OF THIS LOAN TRANSACTION OR THE LENDER/BORROWER RELATIONSHIP THAT IS BEING ESTABLISHED. THE SCOPE OF THIS WAIVER IS INTENDED TO BE ALL-ENCOMPASSING OF ANY AND ALL DISPUTES THAT MAY BE FILED IN ANY COURT AND THAT RELATE TO THE SUBJECT MATTER OF THIS TRANSACTION, INCLUDING CONTRACT CLAIMS, TORT CLAIMS, BREACH OF DUTY CLAIMS AND ALL OTHER COMMON LAW AND STATUTORY CLAIMS. EACH PARTY HERETO ACKNOWLEDGES THAT THIS WAIVER IS A MATERIAL INDUCEMENT TO ENTER INTO A BUSINESS RELATIONSHIP, THAT EACH HAS ALREADY RELIED ON THIS WAIVER IN ENTERING INTO THIS AGREEMENT, AND THAT EACH WILL CONTINUE TO RELY ON THIS WAIVER IN ITS RELATED FUTURE DEALINGS. EACH PARTY HERETO FURTHER WARRANTS AND REPRESENTS THAT IT HAS REVIEWED THIS WAIVER WITH ITS LEGAL COUNSEL AND THAT IT KNOWINGLY AND VOLUNTARILY WAIVES ITS JURY TRIAL RIGHTS FOLLOWING CONSULTATION WITH LEGAL COUNSEL. THIS WAIVER IS IRREVOCABLE, MEANING THAT IT MAY NOT BE MODIFIED EITHER ORALLY OR IN WRITING (OTHER THAN BY A MUTUAL WRITTEN WAIVER SPECIFICALLY REFERRING TO THIS SECTION 9.11 AND EXECUTED BY EACH OF THE PARTIES HERETO), AND THIS WAIVER SHALL APPLY TO ANY SUBSEQUENT AMENDMENTS, RENEWALS, SUPPLEMENTS OR MODIFICATIONS HERETO OR ANY OF THE OTHER LOAN DOCUMENTS OR TO ANY OTHER DOCUMENTS OR AGREEMENTS RELATING TO THE LOANS MADE HEREUNDER. IN THE EVENT OF LITIGATION, THIS AGREEMENT MAY BE FILED AS A WRITTEN CONSENT TO A TRIAL BY THE COURT.

SECTION 9.12. Severability. In the event any one or more of the provisions contained in this Agreement or in any other Loan Document should be held invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained herein and therein shall not in any way be affected or impaired thereby. The parties shall endeavor in good-faith negotiations to replace the invalid, illegal or unenforceable provisions with valid provisions the economic effect of which comes as close as possible to that of the invalid, illegal or unenforceable provisions.

SECTION 9.13. Counterparts. This Agreement may be executed in two or more counterparts, each of which shall constitute an original but all of which, when taken together, shall constitute but one contract, and shall become effective as provided in Section 9.03. Delivery of an executed counterpart to this Agreement by facsimile transmission shall be as effective as delivery of a manually signed original.

SECTION 9.14. Headings. Article and Section headings and the Table of Contents used herein are for convenience of reference only, are not part of this Agreement and are not to affect the construction of, or to be taken into consideration in interpreting, this Agreement.

SECTION 9.15. Jurisdiction; Consent to Service of Process. (a) Each of the parties hereto hereby irrevocably and unconditionally submits, for itself and its property, to the nonexclusive

jurisdiction of any New York State court or federal court of the United States of America sitting in New York City, and any appellate court from any thereof, in any action or proceeding arising out of or relating to this Agreement or the other Loan Documents, or for recognition or enforcement of any judgment, and each of the parties hereto hereby irrevocably and unconditionally agrees that all claims in respect of any such action or proceeding may be heard and determined in such New York State or, to the extent permitted by law, in such federal court. Each of the parties hereto agrees that a final judgment in any such action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law. Nothing in this Agreement shall affect any right that any Lender, the Administrative Agent or any Issuing Bank may otherwise have to bring any action or proceeding relating to this Agreement or the other Loan Documents against Holdings, the Borrower or any Loan Party or their properties in the courts of any jurisdiction.

(b) Each of the parties hereto hereby irrevocably and unconditionally waives, to the fullest extent it may legally and effectively do so, any objection which it may now or hereafter have to the laying of venue of any suit, action or proceeding arising out of or relating to this Agreement or the other Loan Documents in any New York State or federal court. Each of the parties hereto hereby irrevocably waives, to the fullest extent permitted by law, the defense of an inconvenient forum to the maintenance of such action or proceeding in any such court.

(c) Each of the parties hereto agrees that service of all process in any such proceeding in any such court may be made by registered or certified mail, return receipt requested at its address provided in Section 9.01 agrees that service as so provided in is sufficient to confer personal jurisdiction over the applicable credit party in any such proceeding in any such court, and otherwise constitutes effective and binding service in every respect; and agrees that agents and lenders retain the right to serve process in any other manner permitted by law or to bring proceedings against any credit party in the courts of any other jurisdiction.

SECTION 9.16. Confidentiality. Each of the Lenders, each Issuing Bank and each of the Agents agrees that it shall maintain in confidence any information relating to Holdings, the Borrower and the other Loan Parties furnished to it by or on behalf of Holdings, the Borrower or the other Loan Parties (other than information that (a) has become generally available to the public other than as a result of a disclosure by such party, (b) has been independently developed by such Lender, such Issuing Bank or such Agent without violating this Section 9.16 or (c) was available to such Lender, such Issuing Bank or such Agent from a third party having, to such person's knowledge, no obligations of confidentiality to Holdings, the Borrower or any other Loan Party) and shall not reveal the same other than to its directors, trustees, officers, employees and advisors with a need to know or to any person that approves or administers the Loans on behalf of such Lender (so long as each such person shall have been instructed to keep the same confidential in accordance with this Section 9.16), except: (A) to the extent necessary to comply with law or any legal process or the requirements of any Governmental Authority, self-regulatory authorities (including the National Association of Insurance Commissioners) or of any securities exchange on which securities of the disclosing party or any affiliate of the disclosing party are listed or traded (in which case we will promptly notify you, in advance, to the extent permitted by applicable law or the rules governing the process requiring such disclosure) (B) as part of the reporting or review procedures to, or examinations by, Governmental Authorities or self-regulatory authorities, including the National Association of Insurance Commissioners or the National Association of Securities Dealers, Inc., (C) to its parent companies, affiliates, auditors, assignees, transferees and participants (so long as each such person shall have been instructed to keep the same confidential in accordance provisions not less restrictive than this Section 9.16), (D) in order to enforce its rights under any Loan Document in a legal proceeding, (E) to any pledgee under Section 9.04(d) or any other prospective assignee of, or prospective Participant in, any of its rights under this Agreement (so long as such person shall have been instructed to keep the same confidential in accordance with this Section 9.16 or other

provisions at least as restrictive as this Section 9.16), (F) to any direct or indirect contractual counterparty in Swap Agreements or such contractual counterparty's professional advisor (so long as such contractual counterparty or professional advisor to such contractual counterparty agrees to be bound by the provisions of this Section 9.16), (G) disclosure to any rating agency when required by it (so long as such person shall have been instructed to keep the same confidential in accordance with this Section 9.16) and (H) with the consent of the Borrower. In addition, each Agent and each Lender may disclose the existence of this Agreement and the information about this Agreement to market data collectors, similar services providers to the lending industry, and service providers to the Agents and the Lenders in connection with the administration and management of this Agreement, the other Loan Documents any Swap Agreement to which a Lender Counterparty is a party.

SECTION 9.17. Release of Liens and Guarantees. In the event that any Loan Party conveys, sells, leases, assigns, transfers or otherwise disposes of any assets or all or any portion of any of the Equity Interests or assets of any Subsidiary Loan Party to a person that is not (and is not required to become) a Loan Party in each case in a transaction not prohibited by Section 6.05 or in connection with a Subsidiary Redesignation or in connection with a pledge of the Equity Interests of joint ventures permitted by Section 6.02, the Administrative Agent (or any co-agent, sub-collateral agent or other agent appointed pursuant to Section 8.12) shall promptly (and the Lenders hereby authorize the Administrative Agent to) take such action and execute any such documents as may be reasonably requested by Holdings or the Borrower and at the Borrower's expense to release any Liens created by any Loan Document in respect of such Equity Interests or assets, and, in the case of a disposition of the Equity Interests of any Subsidiary Loan Party in a transaction permitted by Section 6.05 and Section 8.12 or in connection with a Subsidiary Redesignation and as a result of which such Subsidiary Loan Party would cease to be a Subsidiary, terminate such Subsidiary Loan Party's obligations under its Guarantee. Any representation, warranty or covenant contained in any Loan Document relating to any such Equity Interests, asset or subsidiary of Holdings shall no longer be deemed to be made once such Equity Interests or asset is so conveyed, sold, leased, assigned, transferred or disposed of.

SECTION 9.18. USA PATRIOT Act. Each Lender hereby notifies the Borrower that pursuant to the requirements of the USA PATRIOT Act, it is required to obtain, verify and record information that identifies the Borrower, which information includes the name and address of the Borrower and other information that will allow such Lender to identify the Borrower in accordance with the USA PATRIOT Act.

SECTION 9.19. Marshalling; Payments Set Aside. Neither any Agent nor any Lender shall be under any obligation to marshal any assets in favor of any Loan Party or any other person or against or in payment of any or all of the Obligations. To the extent that any Loan Party makes a payment or payments to Administrative Agent or Lenders (or to Administrative Agent, on behalf of Lenders), or any Agent or Lenders enforce any security interests or exercise their rights of setoff, and such payment or payments or the proceeds of such enforcement or setoff or any part thereof are subsequently invalidated, declared to be fraudulent or preferential, set aside and/or required to be repaid to a trustee, receiver or any other party under any bankruptcy law, any other state or federal law, common law or any equitable cause, then, to the extent of such recovery, the obligation or part thereof originally intended to be satisfied, and all Liens, rights and remedies therefor or related thereto, shall be revived and continued in full force and effect as if such payment or payments had not been made or such enforcement or setoff had not occurred.

SECTION 9.20. Obligations Several; Independent Nature of Lenders' Rights. The obligations of Lenders hereunder are several and no Lender shall be responsible for the obligations or Commitment of any other Lender hereunder. Nothing contained herein or in any other Loan Document, and no action taken by Lenders pursuant hereto or thereto, shall be deemed to constitute Lenders as a

partnership, an association, a joint venture or any other kind of entity. The amounts payable at any time hereunder to each Lender shall be a separate and independent debt, and each Lender shall be entitled to protect and enforce its rights arising out hereof and it shall not be necessary for any other Lender to be joined as an additional party in any proceeding for such purpose.

SECTION 9.21. Electronic Execution of Assignments. The words "execution," "signed," "signature," and words of like import in any Assignment Agreement shall be deemed to include electronic signatures or the keeping of records in electronic form, each of which shall be of the same legal effect, validity or enforceability as a manually executed signature or the use of a paper-based recordkeeping system, as the case may be, to the extent and as provided for in any applicable law, including the Federal Electronic Signatures in Global and National Commerce Act, the New York State Electronic Signatures and Records Act, or any other similar state laws based on the Uniform Electronic Transactions Act.

[Signature Pages Follow]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed by their respective authorized officers as of the day and year first written above.

GENERAC ACQUISITION CORP.

By
/s/ Aaron P. Jagdfeld
Name: Aaron P. Jagdfeld
Title: Chief Financial Officer

GPS CCMP MERGER CORP.

by
/s/ Aaron P. Jagdfeld
Name: Aaron P. Jagdfeld
Title: Chief Financial Officer

GOLDMAN SACHS CREDIT PARTNERS L.P., as Lender and as Administrative Agent

by: Illegible
Authorized Signatory

JPMORGAN CHASE BANK, N.A. as a Lender and as Syndication Agent

by: /s/ Kathryn A. Duncan
Name: Kathryn A. Duncan
Title: Managing Director

BARCLAYS BANK, PLC, as a Lender and as Documentation Agent

by: /s/ David Barton
Name: David Barton
Title: Associate Director

GENERAL ELECTRIC CAPITAL CORPORATION

by: Illegible
Name:
Title:

MIZUHO CORPORATE BANK, LTD

by: /s/ James. R. Fayen
Name: James R. Fayen
Title: Deputy General Manager

WELLS FARGO BANK, N.A.

by: /s/ Paul J. Hennessy
Name: Paul J. Hennessy
Title: Vice President

METLIFE INSURANCE COMPANY OF CONNECTICUT

by: /s/ James R. Dingler
Name: James R. Dingler
Title: Director

Exhibit A
to the Credit Agreement

GPS CCMP MERGER CORP.

ASSIGNMENT AND ACCEPTANCE AGREEMENT

This Assignment and Acceptance Agreement (the "Assignment") is dated as of the Effective Date set forth below and is entered into by and between [*Insert name of Assignor*] (the "Assignor") and [*Insert name of Assignee*] (the "Assignee"). Capitalized terms used but not defined herein shall have the meanings given to them in the Credit Agreement identified below (as it may be amended, restated, amended and restated, supplemented or otherwise modified from time to time, the "Credit Agreement"), receipt of a copy of which is hereby acknowledged by the Assignee. The Standard Terms and Conditions set forth in Annex 1 attached hereto are hereby agreed to and incorporated herein by reference and made a part of this Assignment as if set forth herein in full.

For an agreed consideration, the Assignor hereby irrevocably sells and assigns to the Assignee, and the Assignee hereby irrevocably purchases and assumes from the Assignor, subject to and in accordance with the Standard Terms and Conditions and the Credit Agreement, as of the Effective Date inserted by the Administrative Agent as contemplated below, the interest in and to all of the Assignor's rights and obligations under the Credit Agreement and any other documents or instruments delivered pursuant thereto that represents the amount and percentage interest identified below of all of the Assignor's outstanding rights and obligations under the respective facilities identified below (including, to the extent included in any such facilities, letters of credit and swingline loans) (the "Assigned Interest"). Such sale and assignment is without recourse to the Assignor and, except as expressly provided in this Assignment and the Credit Agreement, without representation or warranty by the Assignor.

1. Assignor:

2. Assignee: [and is an Affiliate/Approved Fund [*Identify Lender*]

3. Borrower: GPS CCMP MERGER CORP.

4. Administrative Agent: GOLDMAN SACHS CREDIT PARTNERS L.P., as the administrative agent under the Credit Agreement

5. Credit Agreement: The Credit Agreement dated as of November 10, 2006 (the "Credit Agreement"), among the Borrower, GENERAC CCMP ACQUISITION CORP., a Delaware corporation ("Holdings"), the LENDERS party thereto from time to time, GOLDMAN SACHS CREDIT PARTNERS L.P.

("GSCP"), as administrative agent (in such capacity, together with its successors and assigns, the "Administrative Agent"), the other agents named therein and GSCP and J.P. MORGAN SECURITIES INC., as joint lead arrangers and joint bookrunners.

6. Assigned Interest:

Facility Assigned	Aggregate Amount of Commitment/Loans for all Lenders	Amount of Commitment/Loans Assigned	Percentage Assigned of Commitment/Loans(1)
Revolving	$	$	%
Term	$	$	%

Effective Date: , 20 [TO BE INSERTED BY ADMINISTRATIVE AGENT AND WHICH SHALL BE THE EFFECTIVE DATE OF RECORDATION OF TRANSFER IN THE REGISTER THEREFOR.]

7. Notice and Wire Instructions:

[NAME OF ASSIGNOR]

Notices:

[NAME OF ASSIGNEE]

Notices:

Attention:
Telecopier:

with a copy to:

Attention:
Telecopier:

Wire Instructions:

Attention:
Telecopier:

with a copy to:

Attention:
Telecopier:

Wire Instructions:

(1) Set forth, to at least 9 decimals, as a percentage of the Commitment/Loans of all Lenders thereunder.

The terms set forth in this Assignment are hereby agreed to:

ASSIGNOR
[NAME OF ASSIGNOR]

By: _____

Name:
Title:

ASSIGNEE
[NAME OF ASSIGNEE]

By: _____

Name:
Title:

[Consented to and](2) Accepted:

[GOLDMAN SACHS CREDIT PARTNERS L.P., as Administrative Agent

By _____
Title:]

[Consented to:(3)

[GPS CCMP MERGER CORP.

By _____
Title:]

[Consented to:(4)

[NAME OF ISSUING BANK AND/OR SWINGLINE LENDER

By _____
Title:]

(2) To be added only if the consent of the Administrative Agent is required by the terms of the Credit Agreement.
(3) To be added only if the consent of the Borrower is required by the terms of the Credit Agreement.
(4) To be added only if the consent of the each Issuing Bank and/or Swingline Lender is required by the terms of the Credit Agreement.

ANNEX 1

STANDARD TERMS AND CONDITIONS FOR ASSIGNMENT
AND ACCEPTANCE AGREEMENT

1. Representations and Warranties.

1.1 Assignor. The Assignor (a) represents and warrants that (i) it is the legal and beneficial owner of the Assigned Interest, (ii) the Assigned Interest is free and clear of any lien, encumbrance or other adverse claim and (iii) it has full power and authority, and has taken all action necessary, to execute and deliver this Assignment and to consummate the transactions contemplated hereby; and (b) assumes no responsibility with respect to (i) any statements, warranties or representations made in or in connection with any Credit Document, (ii) the execution, legality, validity, enforceability, genuineness, sufficiency or value of the Credit Agreement or any other instrument or document delivered pursuant thereto, other than this Assignment (herein collectively the "Credit Documents"), or any collateral thereunder, (iii) the financial condition of the Borrower, any of its Subsidiaries or Affiliates or any other Person obligated in respect of any Credit Document or (iv) the performance or observance by the Borrower, any of its Subsidiaries or Affiliates or any other Person of any of their respective obligations under any Credit Document.

1.2 Assignee. The Assignee (a) represents and warrants that (i) it has full power and authority, and has taken all action necessary, to execute and deliver this Assignment and to consummate the transactions contemplated hereby and to become a Lender or Issuing Bank under the Credit Agreement, (ii) it meets all requirements of an Assignee under the Credit Agreement (subject to receipt of such consents as may be required under the Credit Agreement), (iii) from and after the Effective Date, it shall be bound by the provisions of the Credit Agreement as a Lender or Issuing Bank thereunder and, to the extent of the Assigned Interest, shall have the obligations of a Lender or Issuing Bank thereunder, (iv) it has received a copy of the Credit Agreement, together with copies of the most recent financial statements delivered pursuant to Section 5.04 thereof, as applicable, and such other documents and information as it has deemed appropriate to make its own credit analysis and decision to enter into this Assignment and to purchase the Assigned Interest on the basis of which it has made such analysis and decision independently and without reliance on the Administrative Agent or any other Lender or Issuing Bank and (v) if it is a Foreign Lender, attached to the Assignment is any documentation required to be delivered by it pursuant to the terms of the Credit Agreement, duly completed and executed by the Assignee; and (b) agrees that (i) it will, independently and without reliance on the Administrative Agent, the Assignor or any other Lender or Issuing Bank and based on such documents

and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under the Credit Documents, and (ii) it will perform in accordance with their terms all of the obligations which by the terms of the Credit Documents are required to be performed by it as a Lender or Issuing Bank.

2. Payments. All payments with respect to the Assigned Interests shall be made on the Effective Date as follows:

2.1 From and after the Effective Date, the Administrative Agent shall make all payments in respect of the Assigned Interest (including payments of principal, interest, fees and other amounts) to the Assignor for amounts which have accrued to but excluding the Effective Date and to the Assignee for amounts which have accrued from and after the Effective Date.

3. General Provisions. This Assignment shall be binding upon, and inure to the benefit of, the parties hereto and their respective successors and permitted assigns. This Assignment may be executed in any number of counterparts, which together shall constitute one instrument. Delivery of an executed counterpart of a signature page of this Assignment by telecopy shall be effective as delivery of a manually executed counterpart of this Assignment. This Assignment shall be governed by, and construed in accordance with, the internal laws of the State of New York without regard to conflict of laws principles thereof.

Exhibit B
to the Credit Agreement

FORM OF ADMINISTRATIVE QUESTIONNAIRE

I. Borrower Name:

II. Legal Name of Lender for Signature Page:

III. Name of Lender for any eventual tombstone:

IV. Legal Address:

V. Contact Information:

	Credit Contact	Operations Contact	Legal Counsel
Name:			
Title:			
Address:			
Telephone:			
Facsimile:			
Email:			

VI. Lender's Wire Payment Instructions:

Pay to: _____
(Name of Lender)

_____
(ABA#) (City/State)

_____
(Account #) (Account Name)

Please return this form, by fax, to the attention of [ ], fax [ ], no later than 5:00 p.m. New York City time, on [ ], 2006.

Borrower Name:

VII. Organizational Structure:

Foreign Branch, organized under which laws
Lender's Tax ID:

Tax withholding Form Attached (For Foreign Buyers)
- o Form W-9
- o Form W-8
- o Form 4224 effective:
- o Form 1001
- o W/Hold % Effective
- o Form 4224 on file with Administrative Agent from previous current year's transaction

VIII. Payment Instructions:

Servicing
Site:

Pay To:

IX. Name of Authorized Officer: _____

Name: _____
Signature: _____
Date: _____

X. Institutional Investor Sub-Allocations

Institution Legal
Fund Manager: _____

Sub-Allocations:

Exact Legal Name (for documentation purposes)	Sub-Allocation (Indicate US$)	Direct Signer to Credit Agreement (Yes / No)	Purchase by Assignment (Yes / No)	Date of Post Closing Assignment

1.
2.
3.
4.
5.
6.
7.

Total

Special Instructions

Exhibit C-1
to the Credit Agreement

GPS CCMP MERGER CORP.
FORM OF BORROWING REQUEST

Goldman Sachs Credit Partners L.P.,
as Administrative Agent for the Lenders referred to below,
c/o Goldman, Sachs & Co.,
30 Hudson Street, 17th Floor,
Jersey City, NJ 07302
Attention: SBD Operations
Attention: Pedro Ramirez

[ ] [ ], [20]

Ladies and Gentlemen:

The undersigned, GPS CCMP MERGER CORP., a Wisconsin Corporation (the "Borrower"), refers to the Credit Agreement dated as of November 10, 2006 (as the same may be amended, restated, amended and restated, supplemented or otherwise modified from time to time, the "Credit Agreement"), among GPS CCMP MERGER CORP., a Wisconsin corporation (the "Borrower"), GENERAC ACQUISITION CORP., a Delaware corporation ("Holdings"), the LENDERS party thereto from time to time, GOLDMAN SACHS CREDIT PARTNERS L.P. ("GSCP"), as administrative agent (in such capacity, together with its successors and assigns, the "Administrative Agent"), the other agents named therein and GSCP and J.P. MORGAN SECURITIES INC., as joint lead arrangers and joint bookrunners. Terms used herein and not otherwise defined herein shall have the meanings assigned to such terms in the Credit Agreement. The Borrower hereby gives you notice pursuant to Section 2.03 of the Credit Agreement that it requests a Borrowing under the Credit Agreement, and in that connection sets forth below the terms on which such Borrowing is requested to be made:

(A) Date of Borrowing
(which is a Business Day)

(B) Aggregate Amount of Borrowing(1)

(C) Class of Borrowing(2)

(1) Not less than $1,000,000 and in an integral multiple of $500,000, but in any event not exceeding the available aggregate Revolving Facility Commitment or Term Loan Commitment, as applicable, at such time; provided, that an ABR Revolving Facility Borrowing may be in an aggregate amount that is equal to the entire unused balance of the Revolving Facility Commitments or that is required to finance the reimbursement of an L/C Disbursement as contemplated by Section 2.05(e) of the Credit Agreement.

(2) Specify whether Revolving Facility Loan or Term Loan.

(D) Type of Borrowing(3)

(E) Interest Period and the last day Thereof(4)

(F) Funds are requested to be disbursed to the Borrower's account with (Account No.).

[Remainder of page intentionally left blank]

(3) Specify Eurocurrency Borrowing or ABR Borrowing.

(4) To be an Interest Period contemplated by definition of "Interest Period" in the Credit Agreement (with respect to Eurocurrency Borrowings only).

The Borrower hereby represents and warrants to the Administrative Agent and the Lenders that, on the date of this Borrowing Request and on the date of the related Borrowing, the conditions to lending specified in Section[s] 4.01 and [4.02(5)] of the Credit Agreement have been satisfied.

GPS CCMP MERGER CORP.

By:

Name:
Title:

(5) [Insert for Borrowing on the Closing Date.]

Exhibit C-2
to the Credit Agreement

GPS CCMP MERGER CORP.
FORM OF SWINGLINE BORROWING REQUEST

Goldman Sachs Credit Partners L.P.,
as Administrative Agent for the Lenders referred to below
c/o Goldman, Sachs & Co.,
30 Hudson Street, 17th Floor,
Jersey City, NJ 07302
Attention: SBD Operations
Attention: Pedro Ramirez

[ ] [ ], [20]

Ladies and Gentlemen:

The undersigned, GPS CCMP MERGER CORP., a Wisconsin corporation (the "Borrower"), refers to the Credit Agreement dated as of November 10, 2006 (as amended, restated, amended and restated, supplemented or otherwise modified from time to time, the "Credit Agreement"), among GPS CCMP MERGER CORP., a Wisconsin corporation (the "Borrower"), GENERAC ACQUISITION CORP., a Delaware corporation ("Holdings"), the LENDERS party thereto from time to time, GOLDMAN SACHS CREDIT PARTNERS L.P. ("GSCP"), as administrative agent (in such capacity, together with its successors and assigns, the "Administrative Agent"), the other agents named therein and GSCP and J.P. MORGAN SECURITIES INC., as joint lead arrangers and joint bookrunners. Terms used herein and not otherwise defined herein shall have the meanings assigned to such terms in the Credit Agreement. The Borrower hereby requests pursuant to Section 2.04(b) of the Credit Agreement a Swingline Borrowing under the Credit Agreement, and in that connection sets forth below the terms on which such Borrowing is requested to be made:

(A) Date of the Borrowing(1) _____

(B) Requested Amount of Borrowing(2) _____

The Borrower hereby represents and warrants to the Administrative Agent and the Lenders that, on the date of this Swingline Borrowing Request and on the date of the related

(1) Swingline Borrowing Request to be received by the Swingline Lender not later than 1:00 p.m. (Local Time) on the date of the proposed Swingline Borrowing.

(2) An aggregate principal amount outstanding at any time not to exceed $15,000,000, and in any event not less than $250,000 and in an integral multiple of $250,000; provided, however, that, in no event, shall any Swingline Loan be made in excess of the Available Unused Commitment with respect to the Revolving Facility.

Borrowing, the conditions to lending specified in Section 4.01 of the Credit Agreement have been satisfied.

GPS CCMP MERGER CORP.

By: _____

Name:
Title:

Exhibit D
to the Credit Agreement

FORM OF INTEREST ELECTION REQUEST

Reference is made to the Credit Agreement dated as of November 10, 2006 (as amended, restated, amended and restated, supplemented or otherwise modified from time to time, the "Credit Agreement"), among GPS CCMP MERGER CORP., a Wisconsin corporation (the "Borrower"), GENERAC ACQUISITION CORP., a Delaware corporation ("Holdings"), the LENDERS party thereto from time to time, GOLDMAN SACHS CREDIT PARTNERS L.P. ("GSCP"), as administrative agent (in such capacity, together with its successors and assigns, the "Administrative Agent"), the other agents named therein and GSCP and J.P. MORGAN SECURITIES INC., as joint lead arrangers and joint bookrunners.

Pursuant to Section 2.07 of the Credit Agreement, the Borrower desires to convert or to continue the following Loans, each such conversion and/or continuation to be effective as of / /20 :

1. **Term Borrowings:**

$[, ,] Eurocurrency Borrowing to be continued with Interest Period of month(s).

$[, ,] ABR Borrowing to be converted to a Eurocurrency Borrowing with Interest Period of month(s).

$[, ,] Eurocurrency Borrowing to be converted to ABR Loans.

2. **Revolving Facility Borrowings:**

$[, ,] Eurocurrency Borrowing to be continued with Interest Period of month(s).

$[, ,] ABR Borrowing to be converted to Eurocurrency Borrowing with Interest Period of month(s).

$[, ,] Eurocurrency Borrowing to be converted to ABR Loans.

Borrower hereby certifies that as of the date hereof, no event has occurred and is continuing or would result from the consummation of the conversion and/or continuation contemplated hereby that would constitute an Event of Default.

Date: / /20

GPS CCMP MERGER CORP.

By: _____

Name:
Title:

Exhibit E
to the Credit Agreement

Exhibit F
To Credit Agreement

FORM OF SOLVENCY CERTIFICATE
November 10, 2006

THE UNDERSIGNED HEREBY CERTIFIES ON BEHALF OF GPS CCMP MERGER CORP., IN MY CAPACITY AS AN OFFICER AND NOT INDIVIDUALLY, AS FOLLOWS AS OF THE DATE HEREOF:

1. I am the chief financial officer of GENERAC ACQUISITION CORP., a Delaware corporation ("Holdings") and GPS CCMP MERGER CORP., a Wisconsin corporation (the "Borrower").

2. Reference is made to the Credit Agreement dated as of November 10, 2006 (the "Credit Agreement"), among GPS CCMP MERGER CORP., a Wisconsin corporation (the "Borrower"), GENERAC ACQUISITION CORP., a Delaware corporation ("Holdings"), the LENDERS party thereto from time to time, GOLDMAN SACHS CREDIT PARTNERS L.P. ("GSCP"), as administrative agent (in such capacity, together with its successors and assigns, the "Administrative Agent"), the other agents named therein and GSCP and J.P. MORGAN SECURITIES INC., as joint lead arrangers and joint bookrunners. Terms used herein and not otherwise defined herein shall have the meanings assigned to such terms in the Credit Agreement.

3. I have reviewed, or caused to be reviewed under my supervision, the terms of Article III and Article IV of the Credit Agreement and the definitions and provisions contained in the Credit Agreement relating thereto.

4. Based upon my review described in paragraph 3 above, I certify that as of the date hereof, after giving effect to the consummation of the transactions contemplated by the Merger Agreement, the related financings and the other transactions contemplated by the other Transaction Documents (i) the fair value of the assets of Holdings, the Borrower and its Subsidiaries on a consolidated basis, at a fair valuation, will exceed the debts and liabilities, direct, subordinated, contingent or otherwise, of Holdings, the Borrower and its Subsidiaries on a consolidated basis, respectively; (ii) the present fair saleable value of the property of Holdings, the Borrower and its Subsidiaries on a consolidated basis will be greater than the amount that will be required to pay the probable liability of Holdings, the Borrower and its Subsidiaries on a consolidated basis, respectively, on their debts and other liabilities, direct, subordinated, contingent or otherwise, as such debts and other liabilities become absolute and matured; (iii) Holdings, the Borrower and its Subsidiaries on a consolidated basis will be able to pay their debts and liabilities, direct, subordinated, contingent or otherwise, as such debts and liabilities become absolute and matured; and (iv) Holdings, the Borrower and its Subsidiaries on a consolidated basis will not have unreasonably small capital with which to conduct the businesses in which they are engaged as such businesses are now conducted and are proposed to be conducted following the Closing Date.

[THE REMAINDER OF THIS PAGE IS LEFT INTENTIONALLY BLANK]

The foregoing certifications are made and delivered as of the date first written above.

GPS CCMP MERGER CORP.

By: _____

Name: Aaron P. Jagdfeld
Title: Chief Financial Officer

Exhibit G
to the Credit Agreement

FORM OF SUBORDINATION PROVISIONS

Reference is made to the Credit Agreement dated as of November 10, 2006 (as amended, restated, amended and restated, supplemented or otherwise modified from time to time, the "Credit Agreement"), among GPS CCMP MERGER CORP., a Wisconsin corporation (the "Borrower"), GENERAC ACQUISITION CORP., a Delaware corporation ("Holdings"), the LENDERS party thereto from time to time, GOLDMAN SACHS CREDIT PARTNERS L.P. ("GSCP"), as administrative agent (in such capacity, together with its successors and assigns, the "Administrative Agent"), the other agents named therein and GSCP and J.P. MORGAN SECURITIES INC., as joint lead arrangers and joint bookrunners. Terms used herein and not otherwise defined herein shall have the meanings assigned to such terms in the Credit Agreement.

A. [Defined terms to be included]:

"Cash Management Agreement" shall mean any agreement evidencing Cash Management Obligations entered into by (i) [Holdings], the Borrower or any of its Subsidiaries and (ii) a Lender Counterparty.

"Designated Senior Debt" means:

(1) any Indebtedness outstanding under the Loan Documents, Second Lien Loan Documents, Specified Hedge Agreements or Cash Management Agreements and any permitted Refinancing Indebtedness in request thereof; and

(2) any other Senior Debt permitted under the [applicable debt instrument], and that has been designated by the Borrower as "Designated Senior Debt."

"Obligations" means: any principal, premium, if any, interest, including interest accruing on or after the filing of any petition in bankruptcy or for reorganization relating to the Borrower or its Subsidiaries whether or not a claim for post-filing interest is allowed in such proceedings, penalties, fees, charges, expenses, indemnifications, reimbursement obligations, damages, including liquidated damages, guarantees and other liabilities or amounts payable under the documentation governing any Indebtedness or in respect thereof; but excluding contingent indemnification and reimbursement obligations which are not due and payable.

"Permitted Junior Securities" means:

(1) Equity Interests in Borrower, Holdings, any Subsidiary Loan Party, or any other business entity provided for by a plan of reorganization with respect to such person which has been confirmed by a bankruptcy court of competent jurisdiction; or

(2) debt securities of the Borrower, Holdings, any Subsidiary Loan Party, or any other business entity provided for by a plan of reorganization with respect to such person which has been confirmed by a bankruptcy court of competent jurisdiction that (i) has a maturity date at least 180 days later than the [Term Facility Maturity Date] and (ii) are subordinated,

substantially the same extent as, or to a greater extent than, the Subordinated Debt is subordinated to Senior Debt under the these subordination provisions, to all Senior Debt and any debt securities issued in exchange for Senior Debt.

"Senior Debt" means:

(1) all Indebtedness of Borrower, Holdings or any Subsidiary Loan Party outstanding under any of the Loan Documents, the Specified Hedge Agreements, the Cash Management Agreements, and the Second Lien Loan Documents;

(2) any other Indebtedness of Borrower, Holdings or any Subsidiary Loan Party permitted to be incurred under the terms of the [applicable debt instrument], unless the instrument under which such Indebtedness is incurred expressly provides that it is on a parity with or subordinated in right of payment to the Subordinated Debt; and

(3) all Obligations with respect to the items listed in the preceding clauses (1) and (2) (including interest accruing on or after the filing of any petition in bankruptcy or for reorganization relating to the Borrower or its Subsidiaries whether or not a claim for post-filing interest is allowed in such proceedings).

Notwithstanding anything to the contrary in the preceding, Senior Debt will not include:

(1) any liability for federal, state, local or other taxes owed or owing by Borrower, Holdings or any Subsidiary or Affiliate thereof;

(2) any trade payables;

(3) the portion of any Indebtedness that is incurred in violation of the [applicable debt instrument]; or

(4) Indebtedness which is classified as non-recourse in accordance with GAAP or any unsecured claim arising in respect thereof by reason of the application of section 1111(b)(1) of the Bankruptcy Code.

"Subordinated Debt" means: indebtedness incurred under the [applicable debt instrument].

B. **Subordination**

The payment of principal, interest and premium and liquidated damages, if any, on the Subordinated Debt will be subordinated in right of payment to the indefeasible prior payment in full of all Senior Debt of the Borrower, including Senior Debt incurred after the date of the [applicable debt instrument].

The holders of Senior Debt will be entitled to receive payment in full of all Obligations due in respect of Senior Debt (including interest after the commencement of any bankruptcy proceeding at the rate specified in the applicable Senior Debt whether or not a claim for post petition interest is allowed in any such proceeding, and any make whole or prepayment premium

regardless whether or not claims for such amounts are allowed in such proceeding) before the holders of Subordinated Debt will be entitled to receive any payment with respect to the Subordinated Debt (except that holders of Subordinated Debt may receive and retain Permitted Junior Securities or payments received from any trust established pursuant to [insert defeasance and/or discharge provisions under applicable debt instrument] if the subordination provisions described in this section and the terms of the Designated Senior Debt related thereto were not violated at the time the applicable amounts were deposited in trust or with the [Trustee][Agent]), in the event of any distribution to creditors of the Borrower:

(1) in a liquidation or dissolution of the Borrower or any other Loan Party;

(2) in a bankruptcy, reorganization, insolvency, receivership or similar proceeding relating to the Borrower [or any other Loan Party] and [their] respective properties;

(3) in an assignment for the benefit of creditors; or

(4) in any marshaling of the assets and liabilities of the Borrower [or any other Loan Party].

The Borrower also may not make any payment or distribution in respect of the Subordinated Debt (except in the form of Permitted Junior Securities or payments, on behalf of the Borrower, from any trust established pursuant to [insert defeasance and/or discharge provisions under applicable debt instrument] if the subordination provisions described in this section and the terms of the Designated Senior Debt related thereto were not violated at the time the applicable amounts were deposited in trust or with the [Trustee][Agent]) if:

(1) a default in the payment of any principal, premium, interest or any other amount payable in respect of Designated Senior Debt occurs and is continuing beyond any applicable grace period (including at maturity); or

(2) any other default occurs and is continuing on any series of Designated Senior Debt that permits holders of that series of Designated Senior Debt to accelerate its maturity and the trustee/agent receives a notice of such default (a "Payment Blockage Notice") from the Borrower or the holders of any Designated Senior Debt; provided, however, that the Borrower may make such payments or distributions in respect of the Subordinated Debt without regard to the foregoing if the Borrower and the [Trustee][Agent] receive written notice approving such payment from the representative of such issue of Designated Senior Debt.

Payments on the Subordinated Debt may and will be resumed:

(1) in the case of a payment default, upon the date on which such default is cured or waived; and

(2) in the case of a nonpayment default, upon the earlier of (x) the date on which such nonpayment default is cured or waived, (y) 179 days after the date on which the applicable Payment Blockage Notice is received and (z) the date the [trustee]/[agent] receives notice from

the Borrower or the holders of such Designated Senior Debt rescinding the Payment Blockage Notice, unless, in each case, the maturity of such Designated Senior Debt has been accelerated.

No new Payment Blockage Notice may be delivered unless and until:

(1) 360 days have elapsed since the delivery of the immediately prior Payment Blockage Notice; and

(2) all scheduled payments of principal, interest and premium and liquidated damages, if any, on the Subordinated Debt that have come due have been paid in full in cash.

No nonpayment default that existed or was continuing on the date of delivery of any Payment Blockage Notice to the holders of Subordinated Debt (or any [trustee]/[agent] acting therefor) will be, or be made, the basis for a subsequent Payment Blockage Notice.

If any holder of Subordinated Debt (or any [trustee]/[agent] acting therefor) receives a payment or distribution in respect of the Subordinated Debt (except in Permitted Junior Securities or payments received from any trust established pursuant to [insert defeasance and/or discharge provisions under applicable debt instrument] if the subordination provisions described in this section and the terms of the Designated Senior Debt related thereto were not violated at the time the applicable amounts were deposited in trust or with the [Trustee][Agent]) when the payment is prohibited by these subordination provisions, then any such holder of Subordinated Debt (or any [trustee]/[agent] acting therefor), as the case may be, will hold the payment or distribution in trust for the benefit of the holders of Senior Debt. Upon the proper written request of the holders of Senior Debt, any such holder of Subordinated Debt (or [trustee]/[agent] acting therefor), as the case may be, will deliver such payment or distribution in trust to the holders of Senior Debt or their proper representative.

The Borrower must promptly notify holders of Senior Debt if payment on the Subordinated Debt is accelerated because of an Event of Default.

FORM OF GLOBAL INTERCOMPANY NOTE

Note Number: 1 Dated: [ ], 2006

FOR VALUE RECEIVED, GPS CCMP MERGER CORP. and each of its Subsidiaries (collectively, the "Group Members" and each, a "Group Member") which is a party to this global intercompany note (this "Promissory Note") promises to pay to the order of such other Group Member as makes loans to such Group Member (each Group Member which borrows money pursuant to this Promissory Note is referred to herein as a "Payor" and each Group Member which makes loans and advances pursuant to this Promissory Note is referred to herein as a "Payee"), on demand, in lawful money of the United States of America, in immediately available funds and at the appropriate office of the Payee, the aggregate unpaid principal amount of all loans and advances heretofore and hereafter made by such Payee to such Payor and any other indebtedness now or hereafter owing by such Payor to such Payee as shown either on Schedule A attached hereto (and any continuation thereof) or in the books and records of such Payee. The failure to show any such Indebtedness or any error in showing such Indebtedness shall not affect the obligations of any Payor hereunder. Capitalized terms used herein but not otherwise defined herein shall have the meanings given such terms in the Credit Agreement dated as of November 10, 2006 (as amended, restated, amended and restated, supplemented or otherwise modified from time to time, the "Credit Agreement"), among GPS CCMP MERGER CORP., a Wisconsin corporation (the "Borrower"), GENERAC ACQUISITION CORP., a Delaware corporation ("Holdings"), the LENDERS party thereto from time to time, GOLDMAN SACHS CREDIT PARTNERS L.P. ("GSCP"), as administrative agent (in such capacity, together with its successors and assigns, the "Administrative Agent"), the other agents named therein and GSCP and J.P. MORGAN SECURITIES INC., as joint lead arrangers and joint bookrunners.

The unpaid principal amount hereof from time to time outstanding shall bear interest at a rate equal to the rate as may be agreed upon in writing from time to time by the relevant Payor and Payee. Interest shall be due and at such times as may be agreed upon in writing from time to time by the relevant Payor and Payee. Upon demand for payment of any principal amount hereof, accrued but unpaid interest on such principal amount shall also be due and payable. Interest shall be paid in lawful money of the United States of America and in immediately available funds. Interest shall be computed for the actual number of days elapsed on the basis of a year consisting of 365 days.

Each Payor and any endorser of this Promissory Note hereby waives presentment, demand, protest and notice of any kind. No failure to exercise, and no delay in exercising, any rights hereunder on the part of the holder hereof shall operate as a waiver of such rights.

This Promissory Note has been pledged by each Payee who is a grantor under the Security Documents to the Administrative Agent, for the benefit of the Secured Parties, as security for such Payee's Secured Obligations, if any, under the Credit Agreement, the Collateral Agreement and the other Loan Documents to which such Payee is a party. Each Payor acknowledges and agrees that the Administrative Agent and the other Secured Parties may exercise all the rights of such Payees under this Promissory Note and will not be subject to any abatement, reduction, recoupment, defense, setoff or counterclaim available to such Payor.

Each Payee which is not a grantor under the Security Documents (a "Subordinated Payee") agrees that any and all claims of such Subordinated Payee against any Payor or any endorser of this Promissory Note, or against any of their respective properties, shall be subordinate and subject in right of payment to the Obligations until all of the Obligations have been performed and paid in full in immediately available funds, no Letters of Credit are outstanding and the Commitments have been terminated; provided, that each Payor may make payments to the applicable Subordinated Payee so long as no Event of Default shall have occurred and be continuing. Notwithstanding any right of any Subordinated Payee to ask, demand, sue for, take or receive any payment from any Payor, all rights, Liens and security interests of such Subordinated Payee, whether now or hereafter arising and howsoever existing, in any assets of any Payor (whether constituting part of the security or collateral given to the Administrative Agent or any Secured Party to secure payment of all or any part of the Obligations or otherwise) shall be and hereby are subordinated to the rights of the Administrative Agent or any Secured Party in such assets until the payment in full of the Obligations (other than obligations for taxes, costs, indemnifications, reimbursements, damages and other contingent liabilities in respect of which no claim or demand for payment has been made or, in the case of indemnifications, no notice has been given (or reasonably satisfactory arrangements have otherwise been made)). Except as permitted by the Credit Agreement, if an Event of Default has occurred and is continuing, the Subordinated Payees shall have no right to possession of any such asset or to foreclose upon, or exercise any other remedy in respect of, any such asset, whether by judicial action or otherwise, unless and until all of the Obligations shall have been performed and paid in full in immediately available funds (other than obligations for taxes, costs, indemnifications, reimbursements, damages and other contingent liabilities in respect of which no claim or demand for payment has been made or, in the case of indemnifications, no notice has been given (or reasonably satisfactory arrangements have otherwise been made)), no Letters of Credit are outstanding and the Commitments under the Credit Agreement have been terminated.

If an Event of Default shall have occurred and be continuing, except as otherwise permitted under the Credit Agreement, should any payment, distribution, security or other investment property or instrument or any proceeds thereof be received by any Subordinated Payee upon or with respect to Payor Indebtedness owing to such Subordinated Payee prior to such time as the Obligations have been performed and paid in full in immediately available funds (other than obligations for taxes, costs, indemnifications, reimbursements, damages and other contingent liabilities in respect of which no claim or demand for payment has been made or, in the case of indemnifications, no notice has been given (or reasonably satisfactory arrangements have otherwise been made)), no Letters of Credit are outstanding and the Commitments have been terminated, such Subordinated Payee shall receive and hold the same in trust, as trustee, for the benefit of the Administrative Agent and the Secured Parties, and shall forthwith deliver the same to the Administrative Agent, for the benefit of the Secured Parties, in precisely the form received (except for the endorsement or assignment of such Subordinated Payee where necessary or advisable in the Administrative Agent's judgment), for application to any of the Obligations, due or not due, and, until so delivered, the same shall be segregated from the other assets of such Subordinated Payee and held in trust by such Subordinated Payee as the property of the Administrative Agent, for the benefit of the Secured Parties. If such Subordinated Payee fails to make any such endorsement or assignment to the Administrative Agent, the Administrative

Agent or any of its officers, employees or representatives are hereby irrevocably authorized to make the same.

Each Payee agrees that until the Obligations have been performed and paid in full in immediately available funds, no Letters of Credit are outstanding and the Commitments have been terminated, such Subordinated Payee will not otherwise amend, modify, supplement, waive or fail to enforce any provision of this Promissory Note.

Notwithstanding anything to the contrary contained herein, in any other Loan Document or in any such promissory note or other instrument, this Promissory Note (i) replaces and supersedes any and all promissory notes or other instruments which create or evidence any loans or advances made on or before the date hereof by any Group Member to any other Group Member, and (ii) shall not be deemed replaced, superseded or in any way modified by any promissory note or other instrument entered into on or after the date hereof which purports to create or evidence any loan or advance by any Group Member to any other Group Member.

THIS PROMISSORY NOTE AND THE RIGHTS AND OBLIGATIONS OF THE PARTIES UNDER THIS PROMISSORY NOTE SHALL BE GOVERNED BY, AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH, THE LAW OF THE STATE OF NEW YORK.

From time to time after the date hereof, additional Subsidiaries of the Group Members may become parties hereto by executing a counterpart signature page to this Promissory Note (each additional Subsidiary, an "Additional Payor"). Upon delivery of such counterpart signature page to the Payees, notice of which is hereby waived by the other Payors, each Additional Payor shall be a Payor and shall be as fully a party hereto as if such Additional Payor were an original signatory hereof. Each Payor expressly agrees that its obligations arising hereunder shall not be affected or diminished by the addition or release of any other Payor hereunder. This Promissory Note shall be fully effective as to any Payor that is or becomes a party hereto regardless of whether any other Person becomes or fails to become or ceases to be a Payor hereunder.

This Promissory Note may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute one and the same agreement.

(signature page follows)

IN WITNESS WHEREOF, each Payor has caused this Note to be duly executed and delivered by its officer thereunto duly authorized as of the date first above written.

GPS CCMP MERGER CORP.

By: _____

Name:
Title:

GENERAC ACQUISITION CORP.

By: _____

Name:
Title:

[SUBSIDIARIES]

By: _____

Name:
Title:

SCHEDULE A

TRANSACTIONS
ON
GLOBAL INTERCOMPANY NOTE

Date	Name of Payor	Name of Payee	Amount of Advance This Date	Amount of Principal Paid This Date	Outstanding Principal Balance from Payor to Payee This Date	Notation Made By

ENDORSEMENT

FOR VALUE RECEIVED, each of the undersigned does hereby sell, assign and transfer to all of its right, title and interest in and to the Global Intercompany Note, dated [ ], [ ], 20 (as amended, supplemented, replaced or otherwise modified from time to time, the "Promissory Note"), made by GENERAC ACQUISITION CORP. ("Holdings"), GPS CCMP MERGER CORP. (the "Borrower"), and each other Subsidiary of Holdings or any other Person that becomes a party thereto, and payable to the undersigned. This endorsement is intended to be attached to the Promissory Note and, when so attached, shall constitute an endorsement thereof.

The initial undersigned shall be the Loan Parties. From time to time after the date thereof, additional Subsidiaries of the Loan Parties shall become parties to the Promissory Note (each, an "Additional Payee") and, if such Subsidiary is or becomes a Loan Party, a signatory to this endorsement by executing a counterpart signature page to the Promissory Note and to this endorsement. Upon delivery of such counterpart signature page to the Payors, notice of which is hereby waived by the other Payees, each Additional Payee shall be a Payee and shall be as fully a Payee under the Promissory Note and, if applicable, a signatory to this endorsement as if such Additional Payee were an original Payee under the Promissory Note and, if applicable, an original signatory hereof. Each Payee expressly agrees that its obligations arising under the Promissory Note and hereunder shall not be affected or diminished by the addition or release of any other Payee under the Promissory Note or hereunder. This endorsement shall be fully effective as to any Payee that is or becomes a signatory hereto regardless of whether any other Person becomes or fails to become or ceases to be a Payee to the Promissory Note or hereunder.

Dated: _____

(signature page follows)

GENERAC ACQUISITION CORP.

By: _____

Name:
Title:

GPS CCMP MERGER CORP.

By: _____

Name:
Title:

[SUBSIDIARY LOAN PARTIES]

By: _____

Name:
Title:

Exhibit I
to the Credit Agreement

FORM OF COMPLIANCE CERTIFICATE
, , 20

THE UNDERSIGNED HEREBY CERTIFIES ON BEHALF OF GPS CCMP MERGER CORP., IN MY CAPACITY AS AN OFFICER AND NOT INDIVIDUALLY, AS FOLLOWS AS OF THE DATE HEREOF:

1. I am a Financial Officer of GPS CCMP MERGER CORP., a Wisconsin corporation (the "Borrower").

2. I have reviewed the terms of that certain Credit Agreement dated as of November 10, 2006 (as amended, restated, amended and restated, supplemented or otherwise modified from time to time, the "Credit Agreement"), among GPS CCMP MERGER CORP., a Wisconsin corporation (the "Borrower"), GENERAC ACQUISITION CORP., a Delaware corporation ("Holdings"), the LENDERS

party thereto from time to time, GOLDMAN SACHS CREDIT PARTNERS L.P. ("GSCP"), as administrative agent (in such capacity, together with its successors and assigns, the "Administrative Agent"), the other agents named therein and GSCP and J.P. MORGAN SECURITIES INC., as joint lead arrangers and joint bookrunners, and I have made, or have caused to be made under my supervision, a review in reasonable detail of the transactions and condition of Borrower and its Subsidiaries during the accounting period covered by the attached financial statements.

3. The examination described in paragraph 2 above did not disclose, and I have no knowledge of, the existence of any condition or event which constitutes an Event of Default or Default during or at the end of the accounting period covered by the attached financial statements or as of the date of this Certificate, except as set forth in a separate attachment, if any, to this Certificate, describing in detail, the nature of the condition or event, the period during which it has existed and the action which Borrower has taken, is taking, or proposes to take with respect to each such condition or event.

[THE REMAINDER OF THIS PAGE LEFT INTENTIONALLY BLANK]

The foregoing certifications, together with the computations set forth in the Annex A hereto and the financial statements delivered with this Certificate in support hereof, are made and delivered as of the date first written above pursuant to Section 5.04(c) of the Credit Agreement.

GPS CCMP MERGER CORP.

By: _____

Name:
Title: [ ]

ANNEX A TO
COMPLIANCE CERTIFICATE

FOR THE FISCAL [QUARTER] [YEAR] ENDING [,] 20

Schedule 1.01(a)
Swap Agreements

Counterparty	Amount $MM	Rate %	Date of Trade	Effective Date	Maturity Date
JPMorgan Chase Bank, N.A.	75.0	5.037%	10/03/06	01/02/07	12/31/09
Goldman Sachs Capital Markets, L.P.	75.0	5.037%	10/03/06	01/02/07	12/31/09
JPMorgan Chase Bank, N.A.	50.0	5.25%	10/25/06	01/02/07	12/31/09
Goldman Sachs Capital Markets, L.P.	50.0	5.25%	10/25/06	01/02/07	12/31/09
JPMorgan Chase Bank, N.A.	25.0	5.14%	10/26/06	01/02/07	12/31/09
Goldman Sachs Capital Markets, L.P.	25.0	5.14%	10/26/06	01/02/07	12/31/09
Goldman Sachs Capital Markets, L.P.	37.5	4.944%	11/01/06	01/02/07	12/31/09
JPMorgan Chase Bank, N.A.	37.5	4.944%	11/01/06	01/02/07	12/31/09
Goldman Sachs Capital Markets, L.P.	50.0	5.0528%	11/07/06	01/02/07	12/31/09
JPMorgan Chase Bank, N.A.	50.0	5.0528%	11/07/06	01/02/07	12/31/09

Schedule 1.01(b)
Existing Letters of Credit

See attached.

SCHEDULE 2.01

COMMITMENTS

TERM LOAN

LENDER	COMMITMENT
GOLDMAN SACHS CREDIT PARTNERS L.P.	$ 950,000,000

REVOLVING LOAN

LENDER	COMMITMENT
GOLDMAN SACHS CREDIT PARTNERS L.P.	$ 41,500,000
JPMORGAN CHASE BANK, N.A.	$ 41,500,000
BARCLAYS BANK PLC	$ 20,000,000
MIZUHO CORPORATE BANK, LTD.	$ 15,000,000
GENERAL ELECTRIC CAPITAL CORPORATION	$ 12,000,000
WELLS FARGO BANK, N.A.	$ 10,000,000
METLIFE INSURANCE COMPANY OF CONNECTICUT	$ 10,000,000
TOTAL	**$ 150,000,000.00**

SCHEDULE 2.01 - GENERAC FIRST LIEN CREDIT AGREEMENT

Schedule 3.04
Governmental Approvals

Registration of Goldman Sachs Credit Partners L.P. as a mortgage banker in Wisconsin.

Schedule 3.08(a)
Subsidiaries

Name	Jurisdiction	Percentage of each class of outstanding Equity Interests owned	Ownership
Generac Acquisition Corp.	Delaware	—	—
GPS CCMP Merger Corp.	Wisconsin	100%	Generac Acquisition Corp.

Schedule 3.17
Financing Statements and Other Filings

Type of Filing	Office to File
UCC-1 Financing Statement	Wisconsin Department of Financial Institutions
UCC-1 Financing Statement	Delaware Secretary of State

Schedule 3.20
Insurance

Property Casualty Insurance Policy Summary
Policy Year: 08/01/2006 – 08/01/2007 (unless noted)

Automobile
Policy Carrier: Wausau Business Insurance Company
Policy Coverage: Auto & truck accidents
Coverage Limits: $1,000,000 per accident
Deductible: $1,000 private passenger/$1,000 tractor trailer/$5,000 medical

Crime
Policy Carrier: Chubb Forefront (Federal Insurance Company)
(8/1/2006 – 11/10/2006 Existing)
Policy Coverage: Employee dishonesty, depositor's forgery, money & securities, etc.
Coverage Limits: $3,000,000, $1,000,000 for counterfeit and credit card forgery
Deductible: $25,000 per occurrence

Crime
Policy Carrier: Chubb Forefront (Federal Insurance Company)
(11/10/2006 – 8/1/2007 Go-Forward Coverage)
Policy Coverage: Employee dishonesty, depositor's forgery, money & securities, etc.
Coverage Limits: $3,000,000, $1,000,000 for counterfeit and credit card forgery
Deductible: $25,000 per occurrence

Directors & Officers:
Policy Carrier: Chubb Forefront (Federal Insurance Company)
(8/1/2006 – 11/10/2006 Existing)
Policy Coverage: Covers directors & officers defense costs, settlements & judgments
Coverage Limits: $10,000,000 each loss each policy period
Deductible: $0 insuring Clause A / $50,000 insuring Clause B & C

Directors & Officers:
Policy Carrier: Chubb Forefront (Federal Insurance Company)
(11/10/2006 – 8/1/2007 Go-Forward)
Policy Coverage: Covers directors & officers defense costs, settlements & judgments
Coverage Limits: $10,000,000 each loss each policy period
Deductible: $0 insuring Clause A / $50,000 insuring Clause B & C

Directors & Officers:
Policy Carrier: Chubb Forefront (Federal Insurance Company)
(11/10/2006 – 11/10/2012 Tail Policy)
Policy Coverage: Covers directors & officers defense costs, settlements & judgments
Coverage Limits: $10,000,000 each loss each policy period
Deductible: $0 insuring Clause A / $50,000 insuring Clause B & C

Fiduciary:
Policy Carrier: Chubb Forefront (Federal Insurance Company)
(8/1/2006 – 11/10/2006 Existing)
Policy Coverage: Benefit programs
Coverage Limits: $4,000,000 each loss each policy period
Deductible: $1,000 insuring Clause A / $0 voluntary settlement

Fiduciary:
Policy Carrier: Chubb Forefront (Federal Insurance Company)
(11/10/2006 – 8/1/2007 Go-Forward)
Policy Coverage: Benefit programs
Coverage Limits: $4,000,000 each loss each policy period
Deductible: $1,000 insuring Clause A / $0 voluntary settlement

Fiduciary:
Policy Carrier: Chubb Forefront (Federal Insurance Company)
(11/10/2006 – 11/10/2012 Tail Policy)
Policy Coverage: Benefit programs
Coverage Limits: $4,000,000 each loss each policy period
Deductible: $1,000 insuring Clause A / $0 voluntary settlement

Special Crime:
Policy Carrier: Chubb Forefront (Federal Insurance Company)
(8/1/2006 – 11/10/2006 Existing)
Policy Coverage: Kidnap, Ransom & Extortion
Coverage Limits: $1,000,000 each loss each policy period
Deductible: $0

Special Crime:
Policy Carrier: Chubb Forefront (Federal Insurance Company)
(11/10/2006 – 8/1/2007 Go-Forward)
Policy Coverage: Kidnap, Ransom & Extortion
Coverage Limits: $1,000,000 each loss each policy period
Deductible: $0

Worker's Compensation:
Policy Carrier: Wausau Business Insurance Company
Policy Coverage: Statutory benefits
Coverage Limits: $500,000 each accident each employee
Deductible: $0

General Liability:
Policy Carrier: Wausau Underwriters Insurance Co.
Policy Coverage: Products liability, premises, personal injury, employee benefits liability
Coverage Limits: $1,000,000 each occurrence / $2,000,000 aggregate
Deductible: $25,000 per occurrence / $100,000 aggregate

Umbrella:
Policy Carrier: Athena Assurance (St. Paul Fire & Marine)
Policy Coverage: Umbrella over auto, G/L, employer's liability, foreign, and employee benefits liability
Coverage Limits: $10,000,000 each occurrence / $10,000,000 aggregate
Deductible: $0 / $10,000 insured's retention

Excess Umbrella:
Policy Carrier: Firemans Fund Insurance Co.
Policy Coverage: Excess over umbrella on auto, G/L, employer's liability, foreign, and employee benefits liability
Coverage Limits: $40,000,000 each occurrence / $40,000,000 aggregate
Deductible: $0

International Package:
Policy Carrier: St. Paul Fire and Marine
Policy Coverage: International general liability, auto, voluntary work comp, and MEDEX
Coverage Limits: $1,000,000 each
Deductible: $0

Property/BI/Equipment Breakdown:
Policy Carrier: Liberty Mutual Property
Policy Coverage: Blanket buildings & personal property / blanket business income & extra expense / equipment breakdown (boiler & machinery) / foreign. tool & die
Coverage Limits: $191,034,979 building & personal property / $217,812,870 business interruption / $100,000,000 equipment breakdown
Deductible: $25,000 combined / 24hr

Ocean Cargo:
Policy Carrier: Hartford
Policy Coverage: To/from all ports/places in the world, excludes countries on the "U.S. Enemies" list
Coverage Limits: $1,000,000 per vessel / $1,000,000 per aircraft / $25,000 per parcel post package / other
Deductible: $5,000 per occurrence

Employed Lawyers:
Policy Carrier: American International Specialty Lines Ins. Co. (term 5/4/06-07)
Policy Coverage: Covers employed attorney of GPS or other employee assisting attorney for "wrongful acts" – negligent, error, omission, misstatement, breach of duty
Coverage Limits: $1,000,000 per claim / $1,000,000 aggregate
Deductible: $0

Lawyer's Professional Liability:
Policy Carrier: Colony Insurance Company (term 5/4/06-07)
Policy Coverage: Covers law firm or other employee assisting attorney of law firm for negligent acts or omissions regarding usual and customary services
Coverage Limits: $500,000 per claim / $1,000,000 aggregate
Deductible: $5,000

Schedule 5.09
Mortgaged Properties

1. 305,000 square foot facility on 60 acres located at the following street address: State Highway 59 & Hillside Road, Genesee, Wisconsin.

2. 295,000 square foot facility on 34 acres located at the following street address: 757 Necomb Road, Whitewater, Wisconsin.

3. 249,000 square foot facility on 19 acres located at the following street address: 211 Murphy Drive, Eagle, Wisconsin.

4. 6,000 square foot training facility on two acres located at the following street address: 214 Murphy Drive, Eagle, Wisconsin.

5. 145,000 square foot facility on 22 acres located at the following street address: 104 Generac Drive, Maquoketa, Iowa.

6. Vacant parcel constituting 18.6586 acres located in Whitewater, Wisconsin and adjacent to Generac's Whitewater, Wisconsin facility described above.

Schedule 6.01
Indebtedness

None.

Schedule 6.02(a)
Liens

Jurisdiction	Debtor	Secured Party	Filing Info
Wisconsin SOS	Generac Power Systems Inc Hilside Rd & Hwy 59 W Waukesha, WI 53187	NMHG Financial Services, Inc. 42 Old Ridgebury Road Danbury, CT 06810	030018068124 10/31/03
Wisconsin SOS	Generac Power Systems, Inc. Hillside Rd & Hwy 59 W Waukesha, WI 53187	IBM Credit LLC 1 North Castle Drive Armonk, NY 10504-2575	040001844219 2/3/04
Wisconsin SOS	Generac Power Systems, Inc. Hwy 59 & Hillside Drive Waukesha, WI 53186	Southgate Capital, LLC 4440 S 108th Street Milwaukee, WI 53188 and US Bank National Association 777 E Wisconsin Ave Milwaukee, WI 53202	050015145319 10/19/05

Schedule 6.04
Investments

None.

Schedule 6.07
Transactions with Affiliates

None.

FIRST LIEN GUARANTEE AND COLLATERAL AGREEMENT

made by

GENERAC ACQUISITION CORP.

GPS CCMP MERGER CORP.

and certain Subsidiaries of GPS CCMP MERGER CORP.

in favor of

GOLDMAN SACHS CREDIT PARTNERS L.P., as Administrative Agent

Dated as of November 10, 2006

TABLE OF CONTENTS

FIRST LIEN GUARANTEE AND COLLATERAL AGREEMENT, dated as of November 10, 2006, made by each of the signatories hereto (other than GSCP, but together with any other entity that may become a party hereto as provided herein, the "Grantors"), in favor of GOLDMAN SACHS CREDIT PARTNERS L.P. ("GSCP"), as administrative agent (in such capacity and together with its successors, the "Administrative Agent") for (i) the banks and other financial institutions or entities (the "Lenders") from time to time parties to the Credit Agreement, dated as of November 10, 2006 (as amended, restated, amended and restated, supplemented or otherwise modified from time to time, the "First Lien Credit Agreement"), among Generac Acquisition Corp., a Delaware corporation ("Holdings"), GPS CCMP Merger Corp., a Wisconsin corporation (the "Borrower"), the Lenders party thereto, J.P. Morgan Securities Inc. and GSCP, as joint bookrunners and joint lead arrangers (in each such capacity, the "Joint Lead Arrangers"), JPMorgan Chase Bank, N.A. as syndication agent (in such capacity, the "Syndication Agent"), and Barclays Bank PLC, as Documentation Agent (in such capacity and together with its successors, the "Documentation Agent"), and (ii) the other Secured Parties (as hereinafter defined).

W I T N E S S E T H:

WHEREAS, pursuant to the First Lien Credit Agreement, the Lenders have severally agreed to make extensions of credit to the Borrower upon the terms and subject to the conditions set forth therein;

WHEREAS, the Borrower is a member of an affiliated group of companies that includes each other Grantor;

WHEREAS, the proceeds of the extensions of credit under the First Lien Credit Agreement will be used in part to enable the Borrower to make valuable transfers to one or more of the other Grantors in connection with the operation of their respective businesses;

WHEREAS, the Borrower and the other Grantors are engaged in related businesses, and each Grantor will derive substantial direct and indirect benefit from the making of the extensions of credit under the First Lien Credit Agreement; and

WHEREAS, it is a condition precedent to the obligation of the Lenders to make their respective extensions of credit to the Borrower under the First Lien Credit Agreement that the Grantors shall have executed and delivered this Agreement to the Administrative Agent for the ratable benefit of the Secured Parties;

NOW, THEREFORE, in consideration of the premises and to induce the Joint Lead Arrangers, the Administrative Agent and the Lenders to enter into the First Lien Credit Agreement and to induce the Lenders to make their respective extensions of credit to the Borrower thereunder, each Grantor hereby agrees with the Administrative Agent, for the ratable benefit of the Secured Parties, as follows:

SECTION 1. DEFINED TERMS

1.1. Definitions. (a) Unless otherwise defined herein, terms defined in the First Lien Credit Agreement and used herein shall have the meanings given to them in the First Lien Credit Agreement, and the following terms are used herein as defined in the New York UCC (and if defined in more than one Article of the New York UCC, such terms shall have the meanings given in Article 9 thereof): Accounts, Account Debtor, Certificated Security, Chattel Paper, Commercial Tort Claim, Commodity Account, Commodity Contract, Commodity Intermediary, Documents, Deposit Account, Electronic Chattel Paper, Equipment, Farm Products, Financial Asset, Fixtures, Goods, Instruments, Inventory, Letter of Credit, Letter of Credit Rights, Money, Payment Intangibles, Securities Account, Securities Intermediary, Security, Security Entitlement, Supporting Obligations, Tangible Chattel Paper and Uncertificated Security.

(b) The following terms shall have the following meanings:

"Administrative Agent" shall have the meaning assigned to such term in the preamble.

"After-Acquired Intellectual Property" shall have the meaning assigned to such term in Section 5.9(k).

"Agreement" shall mean this First Lien Guarantee and Collateral Agreement, as the same may be amended, amended and restated, restated, supplemented or otherwise modified from time to time.

"Borrower" shall have the meaning assigned to such term in the preamble.

"Borrower Obligations" shall mean the collective reference to the unpaid principal of and interest on (including interest accruing after the maturity of the Loans and reimbursement obligations in respect of amounts drawn under Letters of Credit and interest accruing after the filing of any petition in bankruptcy, or the commencement of any insolvency, reorganization or like proceeding, relating to any Grantor, whether or not a claim for post-filing or post-petition interest is allowed in such proceeding) the Loans and all other obligations and liabilities of (x) the Borrower to the Joint Lead Arrangers, to any Agent, Lender, Issuing Bank or other Secured Party, whether direct or indirect, absolute or contingent, due or to become due, or now existing or hereafter incurred, which may arise under, out of, or in connection with the First Lien Credit Agreement, any other Loan Document, or the Letters of Credit or any other document made, delivered or given in connection herewith or therewith, and (y) any Grantor to any Lender Counterparty, whether direct or indirect, absolute or contingent, due or to become due, or now existing or hereafter incurred, which may arise under, out of, or in connection with under any Specified Hedge Agreement, any Cash Management Agreement or any other document made, delivered or given in connection therewith, in each case whether on account of principal, interest, reimbursement obligations, fees, indemnities, costs, expenses (including all fees, charges and disbursements of counsel to the Joint Lead Arrangers, to any Agent or to any Lender that are required to be paid by any Grantor pursuant to the First Lien Credit Agreement or any other Loan Document) or otherwise; provided, that (i) obligations of the Borrower or any other Loan Party under any Specified Hedge Agreement or Cash Management Agreement shall be secured and guaranteed pursuant to the Security Documents only to the extent that, and for so long as the obligations referred to in clause (x) above are so secured and guaranteed, (ii) any release of collateral or guarantors effected in the manner permitted by the First Lien Credit

Agreement or any other Loan Document shall not require the consent of holders of obligations under Specified Hedge Agreements or Cash Management Agreements and (iii) the amount of secured obligations under any Specified Hedge Agreements shall not exceed the net amount, including any net termination payments, that would be required to be paid to the counterparty to such Specified Hedge Agreement on the date of termination of such Specified Hedge Agreement.

"Cash Management Agreement" shall mean any agreement evidencing Cash Management Obligations entered into by any Loan Party.

"Co-Documentation Agents" shall have the meaning assigned to such term in the preamble.

"Collateral" shall have the meaning assigned to such term in Section 3.

"Collateral Account" shall mean (i) any collateral account established by the Administrative Agent as provided in Section 6.1 or Section 6.4 or (ii) any cash collateral account established as provided in Section 2.05(j) of the First Lien Credit Agreement.

"Collateral Account Funds" shall mean, collectively, the following: all funds (including all trust monies) and investments (including all cash equivalents) credited to, or purchased with funds from, any Collateral Account and all certificates and instruments from time to time representing or evidencing such investments; all Money, notes, certificates of deposit, checks and other instruments from time to time hereafter delivered to or otherwise possessed by the Administrative Agent for or on behalf of any Grantor in substitution for, or in addition to, any or all of the Collateral; and all interest, dividends, cash, instruments and other property from time to time received, receivable or otherwise distributed in respect of or in exchange for any or all of the items constituting Collateral.

"Contracts" shall mean all contracts and agreements between any Grantor and any other person (in each case, whether written or oral, or third party or intercompany) as the same may be amended, assigned, extended, restated, supplemented, replaced or otherwise modified from time to time including (i) all rights of any Grantor to receive moneys due and to become due to it thereunder or in connection therewith, (ii) all rights of any Grantor to receive proceeds of any insurance, indemnity, warranty or guaranty with respect thereto, (iii) all rights of any Grantor to damages arising thereunder and (iv) all rights of any Grantor to terminate and to perform and compel performance of, such Contracts and to exercise all remedies thereunder.

"Copyright Licenses" shall mean any agreement, whether written or oral, naming any Grantor as licensor or licensee (including those listed in Schedule 4.9(a) (as such schedule may be amended or supplemented from time to time)), granting any right in, to or under any Copyright, including the grant of rights to manufacture, print, publish, copy, import, export, distribute, exploit and sell materials derived from any Copyright.

"Copyrights" shall mean (i) all copyrights arising under the laws of the United States, any other country, or union of countries, or any political subdivision of any of the foregoing, whether registered or unregistered and whether published or unpublished (including those listed in Schedule 4.9(a) (as such schedule may be amended or supplemented from time to time)), all registrations and recordings thereof, and all applications in connection therewith and

rights corresponding thereto throughout the world, including all registrations, recordings and applications in the United States Copyright Office, and all Mask Works (as defined in 17 USC 901), (ii) the right to, and to obtain, all extensions and renewals thereof, and the right to sue for past, present and future infringements of any of the foregoing, (iii) all proceeds of the foregoing, including license, royalties, income, payments, claims, damages, and proceeds of suit and (iv) all other rights of any kind whatsoever accruing thereunder or pertaining thereto.

"dollars" or "$" shall mean lawful money of the United States of America.

"Excluded Assets" shall mean: (i) the Excluded Foreign Subsidiary Equity Interests; (ii) any Equity Interests if, and to the extent that, and for so long as doing so would violate applicable law or, other than in the case of Wholly-Owned Subsidiaries, a contractual obligation binding on such Equity Interests; (iii) any assets acquired after the Closing Date, to the extent that, and for so long as, taking such actions would violate a contractual obligation binding on such assets that existed at the time of the acquisition thereof and was not created or made binding on such assets in contemplation or in connection with the acquisition of such assets (except in the case of assets acquired with Indebtedness permitted pursuant to Section 6.01(h) of the First Lien Credit Agreement that is secured by a Lien permitted pursuant to Section 6.02(i) of the First Lien Credit Agreement); (iv) any lease, license, contract, property right or agreement to which any Grantor is a party or any of its rights or interests thereunder if and only for so long as the grant of a security interest hereunder shall constitute or result in a breach, termination or default under any such lease, license, contract, property right or agreement (other than to the extent that any such term would be rendered ineffective pursuant to Sections 9-406, 9-407, 9-408 or 9-409 of the UCC of any relevant jurisdiction or any other applicable law or principles of equity); provided, however, that such security interest shall attach immediately to any portion of such lease, license, contract, property rights or agreement that does not result in any of the consequences specified above, (v) any property subject to a Lien permitted under Section 6.02(i) or 6.02(j) of the First Lien Credit Agreement, (vi) Deposit Accounts, Securities Accounts and all cash, cash equivalents and assets on deposit therein, (vii) vehicles and (viii) those assets with respect to which the Administrative Agent reasonably determines that the costs of obtaining security interests in which are excessive in relation to the value of the security afforded thereby.

"Excluded Foreign Subsidiary Equity Interests" shall mean (A) Equity Interests of any "first tier" Foreign Subsidiary owned by any Grantor in excess of 65% of the issued and outstanding Equity Interests of such Foreign subsidiary and (B) any issued and outstanding Equity Interests of any Foreign Subsidiary that is not a "first tier" Foreign Subsidiary owned by any Grantor.

"Excluded Perfection Assets" shall mean (i) Collateral for which the perfection of Liens thereon requires filings in or other actions under the laws of jurisdictions outside of the United States of America, any State, territory or dependency thereof or the District of Columbia, (ii) goods included in Collateral received by any Person from any Grantor for "sale or return" within the meaning of Section 2-326 of the Uniform Commercial Code of the applicable jurisdiction, to the extent of claims of creditors of such Person, (iii) Equipment constituting Fixtures, (iv) Collateral as to which actions required for perfection are permitted not to be taken pursuant to Section 5.02 hereof or Section 5.09(g) of the First Lien Credit Agreement and (v)

Deposit Accounts, Securities Accounts (other than the filing of a financing statement with respect thereto) and vehicles that are subject to the certificate of title laws in any state.

"First Lien Credit Agreement" shall have the meaning assigned to such term in the preamble.

"General Intangibles" shall mean all "general intangibles" as such term is defined in Section 9-102(a)(42) of the New York UCC and, in any event, including with respect to any Grantor, all rights of such Grantor to receive any tax refunds, all Swap Agreements and all contracts, agreements, instruments and indentures and all licenses, permits, concessions, franchises and authorizations issued by Governmental Authorities in any form, and portions thereof, to which such Grantor is a party or under which such Grantor has any right, title or interest or to which such Grantor or any property of such Grantor is subject, as the same may from time to time be amended, supplemented, replaced or otherwise modified, including (i) all rights of such Grantor to receive moneys due and to become due to it under or in connection with any such general intangibles, (ii) all rights of such Grantor to receive proceeds of any insurance, indemnity, warranty or guaranty with respect to any such general intangibles, (iii) all rights of such Grantor to damages arising under or in connection with any such general intangibles and (iv) all rights of such Grantor to terminate and to perform and compel performance and to exercise all remedies under any such general intangibles.

"Grantors" shall have the meaning assigned to such term in the preamble.

"Guarantor Obligations" shall mean with respect to any Guarantor, all obligations and liabilities of such Guarantor which may arise under or in connection with (a) this Agreement (including Section 2) or any other Loan Document to which such Guarantor is a party to any Secured Party, (b) any Specified Hedging Agreement to any Lender Counterparty or (c) any Cash Management Agreement to any Lender Counterparty, in each case whether on account of guarantee obligations, reimbursement obligations, fees, indemnities, costs, expenses or otherwise (including all fees and disbursements of counsel to any Secured Party that are required to be paid by such Guarantor pursuant to the terms of this Agreement or any other Loan Document); provided, that (i) obligations of the Guarantor under any Specified

Hedge Agreement or Cash Management Agreement shall be secured and guaranteed pursuant to the Security Documents only to the extent that, and for so long as the obligations referred to above are so secured and guaranteed, (ii) any release of collateral or guarantors effected in the manner permitted by the First Lien Credit Agreement or any other Loan Document shall not require the consent of holders of obligations under Specified Hedge Agreements or Cash Management Agreements and (iii) the amount of secured obligations under any Specified Hedge Agreements shall not exceed the net amount, including any net termination payments, that would be required to be paid to the counterparty to such Specified Hedge Agreement on the date of termination of such Specified Hedge Agreement..

"Guarantors" shall mean the collective reference to each Grantor other than the Borrower.

"Holdings" shall have the meaning assigned to such term in the preamble.

"Insurance" shall mean (i) all insurance policies covering any or all of the Collateral (regardless of whether the Administrative Agent is the loss payee thereof) and (ii) any key man life insurance policies.

"Intellectual Property" shall mean the collective reference to all rights, priorities and privileges relating to intellectual property, whether arising under United States, multinational or foreign laws or otherwise, including the Copyrights, the Copyright Licenses, the Patents, the Patent Licenses, the Trademarks, the Trademark Licenses, the Trade Secrets and the Trade Secret Licenses, and all rights to sue at law or in equity for any past, present and future infringement or other impairment thereof, including the right to receive all proceeds and damages therefrom.

"Intercompany Note" shall mean any promissory note evidencing loans made by any Grantor to Holdings, the Borrower or any of the Subsidiaries, including the Global Intercompany Note.

"Investment Property" shall mean the collective reference to (i) all "investment property" as such term is defined in Section 9-102(a)(49) of the New York UCC (other than any such investment property which is an Excluded Asset) including all Certificated Securities and Uncertificated Securities, all Security Entitlements, all Securities Accounts, all Commodity Contracts and all Commodity Accounts, (ii) security entitlements, in the case of any United States Treasury book-entry securities, as defined in 31 C.F.R. section 357.2, or, in the case of any United States federal agency book-entry securities, as defined in the corresponding United States federal regulations governing such book-entry securities, and (iii) whether or not otherwise constituting "investment property," all Pledged Notes, all Pledged Equity Interests, all Pledged Security Entitlements and all Pledged Commodity Contracts.

"Issuers" shall mean the collective reference to each issuer of Pledged Collateral that is a Subsidiary.

"Joint Lead Arrangers" shall have the meaning assigned to such term in the preamble.

"Lenders" shall have the meaning assigned to such term in the preamble.

"Licensed Intellectual Property" shall have the meaning assigned to such term in Section 4.9(a).

"New York UCC" shall mean the Uniform Commercial Code as from time to time in effect in the State of New York.

"Obligations" shall mean (i) in the case of the Borrower, the Borrower Obligations, and (ii) in the case of each Guarantor, its Guarantor Obligations.

"Owned Intellectual Property" shall have the meaning assigned to such term in Section 4.9(a).

"Patent License" shall mean all agreements, whether written or oral, providing for the grant by or to any Grantor of any right to manufacture, use, import, export, distribute or sell any invention covered in whole or in part by a Patent, including any of the foregoing listed in Schedule 4.9(a) (as such schedule may be amended or supplemented from time to time).

"Patents" shall mean (i) all letters of patent of the United States, any other country, union of countries or any political subdivision of any of the foregoing, all reissues and extensions thereof and all goodwill associated therewith, including any of the foregoing listed in Schedule 4.9(a) (as such schedule may be amended or supplemented from time to time), (ii) all applications for letters of patent of the United States or any other country or union of countries or any political subdivision of any of the foregoing and all divisions, continuations and continuations-in-part thereof, all improvements thereof, including any of the foregoing listed in Schedule 4.9(a) (as such schedule may be amended or supplemented from time to time), (iii) all rights to, and to obtain, any reissues or extensions of the foregoing and (iv) all proceeds of the foregoing, including licenses, royalties, income, payments, claims, damages and proceeds of suit.

"Pledged Alternative Equity Interests" shall mean all interests (other than any such interests that are Excluded Assets) of any Grantor in participation or other interests in any equity or profits of any business entity and the certificates, if any, representing such interests and all dividends, distributions, cash, warrants, rights, options, instruments, securities and other property or proceeds from time to time received, receivable or otherwise distributed in respect of or in exchange for any or all of such interests and any other warrant, right or option to acquire any of the foregoing; provided, however, that Pledged Alternative Equity Interests shall not include any Pledged Stock, Pledged LLC Interests, Pledged Partnership Interests or Pledged Trust Interests.

"Pledged Collateral" shall mean the collective reference to the Pledged Debt Securities, the Pledged Notes and the Pledged Equity Interests.

"Pledged Commodity Contracts" shall mean all commodity contracts listed on Schedule 4.7(c) (as such schedule may be amended from time to time) and all other commodity contracts to which any Grantor is party from time to time.

"Pledged Debt Securities" shall mean all debt securities now owned or hereafter acquired by any Grantor, (other than any such debt securities that are Excluded Assets), including the debt securities listed on Schedule 4.7(b), (as such schedule may be amended or supplemented from time to time), together with any other certificates, options, rights or security entitlements of any nature whatsoever in respect of the debt securities of any person that may be issued or granted to, or held by, any Grantor while this Agreement is in effect.

"Pledged Equity Interests" shall mean all Pledged Stock, Pledged LLC Interests, Pledged Partnership Interests, Pledged Trust Interests and Pledged Alternative Equity Interests.

"Pledged LLC Interests" shall mean all interests of any Grantor now owned or hereafter acquired in any limited liability company (other than any such interests that are Excluded Assets), including all limited liability company interests listed on Schedule 4.7(a) hereto under the heading "Pledged LLC Interests" (as such schedule may be amended or

supplemented from time to time) and the certificates, if any, representing such limited liability company interests and any interest of such Grantor on the books and records of such limited liability company and all dividends, distributions, cash, warrants, rights, options, instruments, securities and other property or proceeds from time to time received, receivable or otherwise distributed in respect of or in exchange for any or all of such limited liability company interests and any other warrant, right or option to acquire any of the foregoing.

"Pledged Notes" shall mean all promissory notes now owned or hereafter acquired by any Grantor (other than any such promissory notes that are Excluded Assets), including those listed on Schedule 4.7(b) (as such schedule may be amended or supplemented from time to time) and all Intercompany Notes at any time issued to or held by any Grantor.

"Pledged Partnership Interests" shall mean all interests of any Grantor now owned or hereafter acquired in any general partnership, limited partnership, limited liability partnership or other partnership (other than any such interests that are Excluded Assets), including all partnership interests listed on Schedule 4.7(a) hereto under the heading "Pledged Partnership Interests" (as such schedule may be amended or supplemented from time to time) and the certificates, if any, representing such partnership interests and any interest of such Grantor on the books and records of such partnership and all dividends, distributions, cash, warrants, rights, options, instruments, securities and other property or proceeds from time to time received, receivable or otherwise distributed in respect of or in exchange for any or all of such partnership interests and any other warrant, right or option to acquire any of the foregoing.

"Pledged Security Entitlements" shall mean all security entitlements with respect to the financial assets listed on Schedule 4.7(c) (as such schedule may be amended from time to time) and all other security entitlements of any Grantor.

"Pledged Stock" shall mean all shares of capital stock (other than any such shares that are Excluded Assets) now owned or hereafter acquired by any Grantor, including all shares of capital stock listed on Schedule 4.7(a) hereto under the heading "Pledged Stock" (as such schedule may be amended or supplemented from time to time), and the certificates, if any, representing such shares and any interest of such Grantor in the entries on the books of the issuer of such shares and all dividends, distributions, cash, warrants, rights, options, instruments, securities and other property or proceeds from time to time received, receivable or otherwise distributed in respect of or in exchange for any or all of such shares and any other warrant, right or option to acquire any of the foregoing.

"Pledged Trust Interests" shall mean all interests of any Grantor now owned or hereafter acquired in a Delaware business trust or other trust (other than any such interests that are Excluded Assets), including all trust interests listed on Schedule 4.7(a) hereto under the heading "Pledged Trust Interests" (as such schedule may be amended or supplemented from time to time) and the certificates, if any, representing such trust interests and any interest of such Grantor on the books and records of such trust or on the books and records of any securities intermediary pertaining to such interest and all dividends, distributions, cash, warrants, rights, options, instruments, securities and other property or proceeds from time to time received, receivable or otherwise distributed in respect of or in exchange for any or all of such trust interests and any other warrant, right or option to acquire any of the foregoing.

"Proceeds" shall mean all "proceeds" as such term is defined in Section 9-102(a)(64) of the New York UCC and, in any event, shall include all dividends or other income from the Investment Property, collections thereon or distributions or payments with respect thereto.

"Receivable" shall mean all Accounts and any other right to payment for goods or other property sold, leased, licensed or otherwise disposed of or for services rendered, whether or not such right is evidenced by an Instrument or Chattel Paper or classified as a Payment Intangible and whether or not it has been earned by performance. References herein to Receivables shall include any Supporting Obligation or collateral securing such Receivable.

"Secured Parties" shall mean, collectively, the Joint Lead Arrangers, the Administrative Agent, the Lenders, the Issuing Banks and, with respect to any Specified Hedge Agreement or Cash Management Agreement, any Lender Counterparty.

"Securities Act" shall mean the Securities Act of 1933, as amended.

"Specified Hedge Agreement" shall mean any Swap Agreement entered into by (i) the Borrower or any of the Subsidiaries and (ii) a Lender Counterparty.

"Syndication Agent" shall have the meaning assigned to such term in the preamble.

"Trademark License" shall mean any agreement, whether written or oral, providing for the grant by or to any Grantor of any right in, to or under any Trademark, including any of the foregoing referred to in Schedule 4.9(a) (as such schedule may be amended or supplemented from time to time).

"Trademarks" shall mean (i) all trademarks, trade names, corporate names, company names, business names, fictitious business names, trade styles, service marks, logos and other source or business identifiers, and all goodwill associated therewith, now existing or hereafter adopted or acquired, all registrations and recordings thereof, and all applications in connection therewith, whether in the United States Patent and Trademark Office or in any similar office or agency of the United States, any State thereof or any other country, union of countries, or any political subdivision of any of the foregoing, or otherwise, and all common-law rights related thereto, including any of the foregoing listed in Schedule 4.9(a) (as such schedule may be amended or supplemented from time to time), (ii) the right to, and to obtain, all renewals thereof, (iii) the goodwill of the business symbolized by the foregoing, (iv) other source or business identifiers, designs and general intangibles of a like nature and (v) the right to sue for past, present and future infringements or dilution of any of the foregoing or for any injury to goodwill, and all proceeds of the foregoing, including royalties, income, payments, claims, damages and proceeds of suit.

"Trade Secret License" shall mean any agreement, whether written or oral, providing for the grant by or to any Grantor of any right in, to or under any Trade Secret.

"Trade Secrets" shall mean all trade secrets and all other confidential or proprietary information and know-how (all of the foregoing being collectively called a "Trade

Secret"), whether or not reduced to a writing or other tangible form, including all documents and things embodying, incorporating or describing such Trade Secret, the right to sue for past, present and future infringements of any Trade Secret and all proceeds of the foregoing, including royalties, income, payments, claims, damages and proceeds of suit.

1.2. Other Definitional Provisions. (a) (a) The words "hereof," "herein," "hereto" and "hereunder" and words of similar import when used in this Agreement shall refer to this Agreement as a whole and not to any particular provision of this Agreement, and Section and Schedule references are to the specific provisions of this Agreement unless otherwise specified.

(b) The meanings given to terms defined herein shall be equally applicable to both the singular and plural forms of such terms.

(c) Where the context requires, terms relating to the Collateral or any part thereof, when used in relation to a Grantor, shall refer to the property or assets such Grantor has granted as Collateral or the relevant part thereof.

(d) The expressions "payment in full," "paid in full" and any other similar terms or phrases when used herein with respect to the Borrower Obligations or the Guarantor Obligations shall mean the payment in full, in immediately available funds, of all of the Borrower Obligations or the Guarantor Obligations, as the case may be, in each case, unless otherwise specified, other than indemnification and other contingent obligations not then due and payable.

(e) The words "include," "includes" and "including," and words of similar import, shall not be limiting and shall be deemed to be followed by the phrase "without limitation."

SECTION 2. GUARANTEE

2.1. Guarantee.

(a) Each of the Guarantors hereby, jointly and severally, unconditionally and irrevocably, guarantees to the Administrative Agent, for the ratable benefit of the Secured Parties and their respective successors, indorsees, transferees and assigns, the prompt and complete payment and performance by the Borrower when due (whether at the stated maturity, by acceleration or otherwise) of the Borrower Obligations.

(b) If and to the extent required in order for the Obligations of any Guarantor to be enforceable under applicable federal, state and other laws relating to the insolvency of debtors, the maximum liability of such Guarantor hereunder shall be limited to the greatest amount which can lawfully be guaranteed by such Guarantor under such laws, after giving effect to any rights of contribution, reimbursement and subrogation arising under Section 2.2. Each Guarantor acknowledges and agrees that, to the extent not prohibited by applicable law, (i) such Guarantor (as opposed to its creditors, representatives of creditors or bankruptcy trustee, including such Guarantor in its capacity as debtor in possession exercising any powers of a bankruptcy trustee) has no personal right under such

laws to reduce, or request any judicial relief that has the effect of reducing, the amount of its liability under this Agreement, (ii) such Guarantor (as opposed to its creditors, representatives of creditors or bankruptcy trustee, including such Guarantor in its capacity as debtor in possession exercising any powers of a bankruptcy trustee) has no personal right to enforce the limitation set forth in this Section 2.1(b) or to reduce, or request judicial relief reducing, the amount of its liability under this Agreement, and (iii) the limitation set forth in this Section 2.1(b) may be enforced only to the extent required under such laws in order for the obligations of such Guarantor under this Agreement to be enforceable under such laws and only by or for the benefit of a creditor, representative of creditors or bankruptcy trustee of such Guarantor or other person entitled, under such laws, to enforce the provisions thereof.

(c) Each Guarantor agrees that the Borrower Obligations may at any time and from time to time be incurred or permitted in an amount exceeding the maximum liability of such Guarantor under Section 2.1(b) without, to the extent permitted by applicable law, impairing the guarantee contained in this Section 2 or affecting the rights and remedies of any Secured Party hereunder.

(d) The guarantee contained in this Section 2 shall remain in full force and effect until payment in full of the Obligations, notwithstanding that from time to time during the term of the First Lien Credit Agreement the Borrower may be free from any Borrower Obligations.

(e) No payment made by the Borrower, any of the Guarantors, any other guarantor or any other person or received or collected by any Secured Party from the Borrower, any of the Guarantors, any other guarantor or any other person by virtue of any action or proceeding or any set-off or appropriation or application at any time or from time to time in reduction of or in payment of the Borrower Obligations shall be deemed to modify, reduce, release or otherwise affect the liability of any Guarantor hereunder which shall, notwithstanding any such payment (other than any payment made by such Guarantor in respect of the Borrower Obligations or any payment received or collected from such Guarantor in respect of the Borrower Obligations), remain liable for the Borrower Obligations up to the maximum liability of such Guarantor hereunder until the Borrower Obligations (other than Obligations in respect of any Specified Hedge Agreement or Cash Management

Agreement) are paid in full, no letter of credit shall be outstanding under the First Lien Credit Agreement and all commitments to extend credit under the First Lien Credit Agreement shall have been terminated or have expired.

2.2. Rights of Reimbursement, Contribution and Subrogation. In case any payment is made on account of the Obligations by any Grantor or is received or collected on account of the Obligations from any Grantor or its property:

(a) If such payment is made by the Borrower or from its property, then, if and to the extent such payment is made on account of Obligations arising from or relating to a Loan or other extension of credit made to the Borrower or a Letter of Credit issued for the account of the Borrower, the Borrower shall not be entitled (i) to demand or enforce reimbursement or contribution in respect of such payment from any other Grantor or (ii) to

be subrogated to any claim, interest, right or remedy of any Secured Party against any other person, including any other Grantor or its property.

(b) If such payment is made by a Guarantor or from its property, such Guarantor shall be entitled, subject to and upon payment in full of the Obligations, (i) to demand and enforce reimbursement for the full amount of such payment from the Borrower and (ii) to demand and enforce contribution in respect of such payment from each other Guarantor that has not paid its fair share of such payment, as necessary to ensure that (after giving effect to any enforcement of reimbursement rights provided hereby) each Guarantor pays its fair share of the unreimbursed portion of such payment. For this purpose, the fair share of each Guarantor as to any unreimbursed payment shall be determined based on an equitable apportionment of such unreimbursed payment among all Guarantors based on the relative value of their assets and any other equitable considerations deemed appropriate by a court of competent jurisdiction.

(c) Until all amounts owing to the Administrative Agent by the Borrower on account of the Obligations are paid in full, no Letter of Credit shall be outstanding and the Commitments are terminated, notwithstanding Sections 2.2(a) and 2.2(b), no Grantor shall be entitled, to be subrogated (equally and ratably with all other Grantors entitled to reimbursement or contribution from any other Grantor as set forth in this Section 2.2) to any security interest that may then be held by the Administrative Agent upon any Collateral granted to it in this Agreement nor shall any Grantor seek or be entitled to seek any contribution or reimbursement from the Borrower or any other Grantor in respect of payments made by any Grantor hereunder. Such right of subrogation shall be enforceable solely against the Grantors, and not against the Secured Parties, and neither the Administrative Agent nor any other Secured Party shall have any duty whatsoever to warrant, ensure or protect any such right of subrogation or to obtain, perfect, maintain, hold, enforce or retain any Collateral for any purpose related to any such right of subrogation. If subrogation is demanded by any Grantor, then (and only after payment in full of the Obligations) the Administrative Agent shall deliver to the Grantors making such demand, or to a representative of such Grantors or of the Grantors generally, an instrument reasonably satisfactory to the Administrative Agent transferring, on a quitclaim basis without any recourse, representation, warranty or obligation whatsoever, whatever security interest the Administrative Agent then may hold in whatever Collateral may then exist that was not previously released or disposed of by the Administrative Agent.

(d) All rights and claims arising under this Section 2.2 or based upon or relating to any other right of reimbursement, indemnification, contribution or subrogation that may at any time arise or exist in favor of any Grantor as to any payment on account of the Obligations made by it or received or collected from its property shall be fully subordinated in all respects to the prior payment in full of all of the Obligations. Until payment in full of the Obligations, no Grantor shall demand or receive any collateral security, payment or distribution whatsoever (whether in cash, property or securities or otherwise) on account of any such right or claim. If any such payment or distribution is made or becomes available to any Grantor in any bankruptcy case or receivership, insolvency or liquidation proceeding, such payment or distribution shall be delivered by the person making such payment or distribution directly to the Administrative Agent, for

application to the payment of the Obligations. If any such payment or distribution is received by any Grantor, it shall be held by such Grantor in trust, as trustee of an express trust for the benefit of the Secured Parties, and shall forthwith be transferred and delivered by such Grantor to the Administrative Agent, in the exact form received and, if necessary, duly endorsed.

(e) The obligations of the Grantors under the Loan Documents, including their liability for the Obligations and the enforceability of the security interests granted thereby, are not contingent upon the validity, legality, enforceability, collectibility or sufficiency of any right of reimbursement, contribution or subrogation arising under this Section 2.2 and the provisions of this Section 2.2 shall in no respect limit the obligations and liabilities of any Guarantor to the Administrative Agent and Secured Parties, and each Guarantor shall remain liable to the Administrative Agent and the Secured Parties for the full amount guaranteed by such Guarantor hereunder. The invalidity, insufficiency, unenforceability or uncollectibility of any such right shall not in any respect diminish, affect or impair any such obligation or any other claim, interest, right or remedy at any time held by any Secured Party against any Guarantor or its property. The Secured Parties make no representations or warranties in respect of any such right and shall have no duty to assure, protect, enforce or ensure any such right or otherwise relating to any such right.

(f) Each Grantor reserves any and all other rights of reimbursement, contribution or subrogation at any time available to it as against any other Grantor, but (i) the exercise and enforcement of such rights shall be subject to Section 2.2(d) and (ii) neither the Administrative Agent nor any other Secured Party shall ever have any duty or liability whatsoever in respect of any such right, except as provided in the last sentence of Section 2.2(c).

2.3. Amendments, etc. with respect to the Borrower Obligations. Each Guarantor shall remain obligated hereunder notwithstanding that, without any reservation of rights against any Guarantor and without notice to or further assent by any Guarantor, any demand for payment of any of the Borrower Obligations made by any Secured Party may be rescinded by such Secured Party and any of the Borrower Obligations continued, and the Borrower Obligations, or the liability of any other person upon or for any part thereof, or any collateral security or guarantee therefor or right of offset with respect thereto, may, from time to time, in whole or in part, be renewed, increased, extended, amended, modified, accelerated, compromised, waived, surrendered or released by any Secured Party, and the First Lien Credit Agreement and the other Loan Documents and any other documents executed and delivered in connection therewith may be amended, modified, supplemented or terminated, in whole or in part, as the parties thereto may deem advisable from time to time, and any collateral security, guarantee or right of offset at any time held by any Secured Party for the payment of the Borrower Obligations may be sold, exchanged, waived, surrendered or released. No Secured Party shall have any obligation to protect, secure, perfect or insure any Lien at any time held by it as security for the Borrower Obligations or for the guarantee contained in this Section 2 or any property subject thereto.

2.4. Guarantee Absolute and Unconditional. Each Guarantor waives, to the extent permitted by applicable law, any and all notice of the creation, renewal, extension or accrual of any of the Borrower Obligations and notice of or proof of reliance by any Secured Party upon the

guarantee contained in this Section 2 or acceptance of the guarantee contained in this Section 2; the Borrower Obligations, and any of them, shall conclusively be deemed to have been created, contracted or incurred, or renewed, extended, amended or waived, in reliance upon the guarantee contained in this Section 2; and all dealings between the Borrower and any of the Guarantors, on the one hand, and the Secured Parties, on the other hand, likewise shall be conclusively presumed to have been had or consummated in reliance upon the guarantee contained in this Section 2. Each Guarantor waives, to the extent permitted by applicable law, diligence, presentment, protest, demand for payment and notice of default or nonpayment to or upon the Borrower or any of the Guarantors with respect to the Borrower Obligations. Each Guarantor understands and agrees, to the extent permitted by applicable law, that the guarantee contained in this Section 2 shall be construed as a continuing, absolute and unconditional guarantee of payment and performance without regard to (a) the validity or enforceability of the First Lien Credit Agreement or any other Loan Document, any of the Borrower Obligations or any other collateral security therefor or guarantee or right of offset with respect thereto at any time or from time to time held by any Secured Party, (b) any defense, set-off or counterclaim (other than a defense of payment or performance hereunder) which may at any time be available to or be asserted by the Borrower or any other person against any Secured Party, or (c) any other circumstance whatsoever (with or without notice to or knowledge of the Borrower or such Guarantor) which constitutes, or might be construed to constitute, an equitable or legal discharge of the Borrower for the Borrower Obligations, or of such Guarantor under the guarantee contained in this Section 2, in bankruptcy or in any other instance. When making any demand hereunder or otherwise pursuing its rights and remedies hereunder against any Guarantor, any Secured Party may, but shall be under no obligation to, make a similar demand on or otherwise pursue such rights and remedies as it may have against the Borrower, any other Guarantor or any other person or against any collateral security or guarantee for the Borrower Obligations or any right of offset with respect thereto, and any failure by any Secured Party to make any such demand, to pursue such other rights or remedies or to collect any payments from the Borrower, any other Guarantor or any other person or to realize upon any such collateral security or guarantee or to exercise any such right of offset, or any release of the Borrower, any other Guarantor or any other person or any such collateral security, guarantee or right of offset, shall not relieve any Guarantor of any obligation or liability hereunder, and shall not impair or affect the rights and remedies, whether express, implied or available as a matter of law, of any Secured Party against any Guarantor. For the purposes hereof “demand” shall include the commencement and continuance of any legal proceedings.

2.5. Reinstatement. The guarantee contained in this Section 2 shall continue to be effective, or be reinstated, as the case may be, if at any time payment, or any part thereof, of any of the Borrower Obligations is rescinded or must otherwise be restored or returned by any Secured Party upon the insolvency, bankruptcy, dissolution, liquidation or reorganization of the Borrower or any Guarantor, or upon or as a result of the appointment of a receiver, intervenor or conservator of, or trustee or similar officer for, the Borrower or any Guarantor or any substantial part of its property, or otherwise, all as though such payments had not been made.

2.6. Payments. Each Guarantor hereby guarantees that payments hereunder will be paid to the Administrative Agent without set-off or counterclaim in Dollars in immediately available funds at the office of the Administrative Agent as specified in the First Lien Credit Agreement.

SECTION 3. GRANT OF SECURITY INTEREST;
CONTINUING LIABILITY UNDER COLLATERAL

(a) Each Grantor hereby assigns and transfers to the Administrative Agent, and hereby grants to the Administrative Agent, for the ratable benefit of the Secured Parties, a security interest in all of the personal property of such Grantor, including the following property, in each case, wherever located and now owned or at any time hereafter acquired by such Grantor or in which such Grantor now has or at any time in the future may acquire any right, title or interest (collectively, the "Collateral"), as collateral security for the prompt and complete payment and performance when due (whether at the stated maturity, by acceleration or otherwise) of such Grantor's Obligations:

(i) all Accounts;

(ii) all Chattel Paper;

(iii) all Collateral Accounts and all Collateral Account Funds;

(iv) all Commercial Tort Claims from time to time specifically described on Schedule 4.11;

(v) all Contracts;

(vi) all Documents;

(vii) all Equipment;

(viii) all Fixtures

(ix) all General Intangibles;

(x) all Goods

(xi) all Instruments;

(xii) all Insurance;

(xiii) all Intellectual Property;

(xiv) all Inventory;

(xv) all Investment Property;

(xvi) all Letters of Credit and Letter of Credit Rights;

(xvii) all Money;

(xviii) all books, records, ledger cards, files, correspondence, customer lists, blueprints, technical specifications, manuals, computer software, computer

printouts, tapes, disks and other electronic storage media and related data processing software and similar items that at any time pertain to or evidence or contain information relating to any of the Collateral or are otherwise necessary or helpful in the collection thereof or realization thereupon; and

(xix) to the extent not otherwise included, all other personal property, whether tangible or intangible, of the Grantor and all Proceeds, products, accessions, rents and profits of any and all of the foregoing and all collateral security, Supporting Obligations and guarantees given by any person with respect to any of the foregoing;

provided that, notwithstanding any other provision set forth in this Section 3, Collateral shall not include, and this Agreement shall not, at any time, constitute a grant of a security interest in any property that is, at such time, an Excluded Asset.

(b) Notwithstanding anything herein to the contrary, (i) each Grantor shall remain liable for all obligations under and in respect of the Collateral and nothing contained herein is intended or shall be a delegation of duties to the Administrative Agent or any other Secured Party, (ii) each Grantor shall remain liable under and each of the agreements included in the Collateral, including any Receivables, any Contracts and any agreements relating to Pledged Partnership Interests or Pledged LLC Interests, to perform all of the obligations undertaken by it thereunder all in accordance with and pursuant to the terms and provisions thereof and neither the Administrative Agent nor any other Secured Party shall have any obligation or liability under any of such agreements by reason of or arising out of this Agreement or any other document related hereto nor shall the Administrative Agent nor any other Secured Party have any obligation to make any inquiry as to the nature or sufficiency of any payment received by it or have any obligation to take any action to collect or enforce any rights under any agreement included in the Collateral, including any agreements relating to any Receivables, any Contracts or any agreements relating to Pledged Partnership Interests or Pledged LLC Interests and (iii) the exercise by the Administrative Agent of any of its rights hereunder shall not release any Grantor from any of its duties or obligations under the contracts and agreements included in the Collateral, including any agreements relating to any Receivables, any Contracts and any agreements relating to Pledged Partnership Interests or Pledged LLC Interests.

SECTION 4. REPRESENTATIONS AND WARRANTIES

To induce the Joint Lead Arrangers, the Administrative Agent, the Syndication Agent, the Documentation Agent and the Lenders to enter into the First Lien Credit Agreement and to induce the Lenders to make their respective extensions of credit to the Borrower thereunder, each Grantor hereby represents and warrants to the Secured Parties that:

4.1. Representations in First Lien Credit Agreement. In the case of each Guarantor (other than Holdings), the representations and warranties set forth in Article III of the First Lien Credit Agreement as they relate to such Guarantor or to the Loan Documents to which such Guarantor is a party, each of which is hereby incorporated herein by reference, are true and correct as of the date hereof in all material respects, and the Secured Parties shall be entitled to rely on each of them as if they were fully set forth herein.

4.2. Title; No Other Liens. Such Grantor owns each item of the Collateral free and clear of any and all Liens, including Liens arising as a result of such Grantor becoming bound (as a result of merger or otherwise) as grantor under a security agreement entered into by another person, except for Liens permitted by Section 6.02 of the First Lien Credit Agreement.

4.3. Perfected First Priority Liens. The security interests (other than security interests in Excluded Perfection Assets) granted pursuant to this Agreement (a) upon completion of the filings and other actions specified on Schedule 4.3 (all of which, in the case of all filings and other documents referred to on such Schedule have been delivered to the Administrative Agent in duly completed and duly executed form, as applicable, and may be filed by the Administrative Agent at any time) and payment of all filing fees, will constitute valid fully perfected security interests in all of the Collateral in favor of the Administrative Agent, for the ratable benefit of the Secured Parties, as collateral security for such Grantor's Obligations and (b) are prior to all other Liens on the Collateral, except for Liens expressly permitted by Section 6.02 of the First Lien Credit Agreement. Without limiting the foregoing, each Grantor has taken all actions necessary (except with respect to Excluded Perfection Assets), including those specified in Section 5.2 to (i) establish the Administrative Agent's "control" (within the meanings of Sections 8-106 and 9-106 of the New York UCC) over any portion of the Investment Property constituting Certificated Securities, Uncertificated Securities, Securities Entitlements or Commodity Accounts (each as defined in the New York UCC), (ii) establish the Administrative Agent's "control" (within the meaning of Section 9-107 of the New York UCC) over all Letter of Credit Rights, (iii) establish the Administrative Agent's control (within the meaning of Section 9-105 of the New York UCC) over all Electronic Chattel Paper and (iv) establish the Administrative Agent's "control" (within the meaning of Section 16 of the Uniform Electronic Transaction Act as in effect in the applicable jurisdiction "UETA") over all "transferable records" (as defined in UETA).

4.4. Name; Jurisdiction of Organization, etc. On the date hereof, such Grantor's exact legal name (as indicated on the public record of such Grantor's jurisdiction of formation or organization), jurisdiction of organization, organizational identification number, if any, and the location of such Grantor's chief executive office or sole place of business are specified on Schedule 4.4. On the date hereof, each Grantor is organized solely under the law of the jurisdiction so specified and has not filed any certificates of domestication, transfer or continuance in any other jurisdiction. On the date hereof, except as specified on Schedule 4.4, no such Grantor has changed its name, jurisdiction of organization, chief executive office or sole place of business in any way (e.g. by merger, consolidation,

change in corporate form or otherwise) within the past five years and has not within the last five years become bound (whether as a result of merger or otherwise) as a grantor under a security agreement (other than in respect of a Lien permitted by Section 6.02 of the First Lien Credit Agreement) entered into by another person, which has not heretofore been terminated.

4.5. Inventory and Equipment. None of the Inventory or Equipment that is included in the Collateral is in the possession of an issuer of a negotiable document (as defined in Section 7-104 of the New York UCC) therefor or is otherwise in the possession of any bailee or warehouseman.

4.6. Farm Products. None of the Collateral constitutes, or is the Proceeds of, Farm Products.

4.7. Investment Property. (a) Schedule 4.7(a) hereto (as such schedule may be amended or supplemented from time to time by notice from one or more Grantors to the Administrative Agent) sets forth under the headings "Pledged Stock," "Pledged LLC Interests," "Pledged Partnership Interests" and "Pledged Trust Interests," respectively, all of the Pledged Stock, Pledged LLC Interests, Pledged Partnership Interests and Pledged Trust Interests owned by any Grantor and such Pledged Equity Interests constitute the percentage of issued and outstanding shares of stock, percentage of membership interests, percentage of partnership interests or percentage of beneficial interest of the respective issuers thereof indicated on such schedule. Schedule 4.7(b) (as such schedule may be amended or supplemented from time to time by notice from one or more Grantors to the Administrative Agent) sets forth under the heading "Pledged Debt Securities" or "Pledged Notes" all of the Pledged Debt Securities and Pledged Notes owned by any Grantor, and except as set forth on Schedule 4.7(b) (as such schedule may be amended or supplemented from time to time by notice from one or more Grantors to the Administrative Agent) all of such Pledged Debt Securities and Pledged Notes have been duly authorized, authenticated or issued, and delivered and is the legal, valid and binding obligation of the issuers thereof enforceable in accordance with their terms, subject to applicable bankruptcy, insolvency, reorganization, moratorium or other laws affecting creditors' rights generally and subject to general principles of equity, regardless of whether considered in a proceeding in equity or at law and constitutes all of the issued and outstanding inter-company indebtedness evidenced by an instrument or certificated security of the respective issuers thereof owing to such Grantor; provided, however, that representations set forth in this sentence shall be limited in the case of Pledged Equity Interests or Pledged Debt Securities not issued by Loan Parties to the knowledge of such Grantor. Schedule 4.7(c) hereto (as such schedule may be amended from time to time by notice from one or more Grantors to the Administrative Agent) sets forth under the heading "Commodities Accounts" all of the "Commodities Accounts" in which each Grantor has an interest and in which the value of each such account is in excess of $1,000,000. Each Grantor is the sole entitlement holder or customer of each such account, and no Grantor has consented to or is otherwise aware of any person having "control" (within the meanings of Sections 8-106, 9-106 and 9-104 of the New York UCC) over, or any other interest in, Commodity Account, in each case in which such Grantor has an interest, or any commodities or other property credited thereto.

(b) The shares of Pledged Equity Interests pledged by such Grantor hereunder constitute all of the issued and outstanding shares of all classes of Equity Interests in each Issuer owned by such Grantor (other than any Equity Interests that are Excluded Assets).

(c) The Pledged Equity Interests issued by any Subsidiary have been duly and validly issued and are fully paid and nonassessable (except for shares of any unlimited liability company which are assessable in certain circumstances).

(d) None of the terms of any uncertificated Pledged LLC Interests and Pledged Partnership Interests expressly provide that they are securities governed by Article 8 of the Uniform Commercial Code in effect from time to time in the "issuer's jurisdiction" of each Issuer thereof (as such term is defined in the Uniform Commercial Code in effect in such jurisdiction).

(e) All other certificated Pledged LLC Interests and Pledged Partnership Interests, if any, do not expressly provide that they are "securities" for purposes of Section 8-103(c) of the Uniform Commercial Code as in effect in any relevant jurisdiction.

(f) Such Grantor is the record and beneficial owner of, and has good and marketable title to, the Investment Property pledged by it hereunder, free of any and all Liens or options in favor of, or claims of, any other person, except Liens permitted by Section 6.02 of the First Lien Credit Agreement, and there are no outstanding warrants, options or other rights to purchase, or shareholder, voting trust or similar agreements outstanding with respect to, or property that is convertible into, or that requires the issuance or sale of, any Pledged Equity Interests.

(g) Each Issuer that is not a Grantor hereunder has executed and delivered to the Administrative Agent an Acknowledgment and Consent, in substantially the form of Exhibit A, to the pledge of the Pledged Collateral pursuant to this Agreement.

4.8. Receivables. No amount payable to such Grantor under or in connection with any Receivable that is included in the Collateral is evidenced by any Instrument or Tangible Chattel Paper with a value in excess of $1,000,000 which has not been delivered to the Administrative Agent or constitutes Electronic Chattel Paper that has not been subjected to the control (within the meaning of Section 9-105 of the New York UCC) of the Administrative Agent.

4.9. Intellectual Property. (a) Schedule 4.9(a) lists all material Intellectual Property which is registered with a Governmental Authority or is the subject of an application for registration and all material unregistered Intellectual Property (other than unregistered Copyrights), in each case which is owned by such Grantor in its own name on the date hereof (collectively, the "Owned Intellectual Property"). Except as set forth in Schedule 4.9(a) and except as would not reasonably be expected to have a Material Adverse Effect, such Grantor is the exclusive owner of the entire and unencumbered right, title and interest in and to all such Owned Intellectual Property and is otherwise entitled to use, and grant to others the right to use, all such Owned Intellectual Property subject only to the license terms of the licensing or franchise agreements referred to in paragraph (c) below. Such Grantor has the right to use all Intellectual Property which it uses in its business, but does not own (collectively, the "Licensed Intellectual Property").

(b) On the date hereof, all Owned Intellectual Property and, to such Grantor's knowledge, all Licensed Intellectual Property (collectively, the "Material Intellectual Property"), is subsisting, unexpired and has not been abandoned, except as would not reasonably be expected to have a Material Adverse Effect. Neither the operation of such Grantor's business as currently conducted or as contemplated to be conducted nor the use of the Intellectual Property in connection therewith conflicts with, infringes, misappropriates, dilutes, misuses or otherwise violates the intellectual property rights of any other person, except in each case as would not reasonably be expected to have a Material Adverse Effect.

(c) Except as set forth in Schedule 4.9(c), on the date hereof (i) none of the Material Intellectual Property is the subject of any licensing or franchise agreement pursuant to which such Grantor is the licensor or franchisor and (ii) there are no other agreements, obligations, orders or judgments which materially affect the use of any Material Intellectual Property.

(d) The rights of such Grantor in or to the Material Intellectual Property do not conflict with or infringe upon the rights of any third party, and no claim has been asserted that the use of such Intellectual Property does or may infringe upon the rights of any third party except in each case as would not reasonably be expected to have a Material Adverse Effect.

(e) No action or proceeding is pending, or, to such Grantor's knowledge, threatened, on the date hereof (i) seeking to limit, cancel or question any Owned Intellectual Property, (ii) alleging that any services provided by, processes used by, or products manufactured or sold by such Grantor infringe any patent, trademark, copyright, or any other right of any other person or (iii) alleging that any Material Intellectual Property is being licensed, sublicensed or used in violation of any intellectual property or any other right of any other person, in each case, which would reasonably be expected to have a material adverse effect on the value of the Collateral, taken as a whole. On the date hereof, to such Grantor's knowledge, except as set forth on Schedule 4.9(f) no person is engaging in any activity that infringes upon, or is otherwise an unauthorized use of, any Material Intellectual Property or upon the rights of such Grantor therein. Except as set forth in Schedule 4.9(f) as of the date hereof, such Grantor has not granted any license, release, covenant not to sue, non-assertion assurance, or other right to any person with respect to any part of the Material Intellectual Property. The consummation of the transactions contemplated by this Agreement (including the enforcement of remedies) will not result in the termination or impairment of any of the Material Intellectual Property the loss of which would be reasonably likely to have a Material Adverse Effect.

(f) To such Grantor's knowledge, with respect to each Copyright License, Trademark License, Trade Secret License and Patent License which relates to Material Intellectual Property or the loss of which could otherwise have a Material Adverse Effect: (i) such license is in full force and effect and represents the entire agreement between the respective licensor and licensee with respect to the subject matter of such license; (ii) such license will not cease to be valid and binding and in full force and effect on terms identical to those currently in effect as a result of the rights and interests granted herein, nor will the

grant of such rights and interests constitute a breach or default under such license or otherwise give the licensor or licensee a right to terminate such license; (iii) such Grantor has not received any notice of termination or cancellation under such license; (iv) such Grantor has not received any notice of a breach or default under such license, which breach or default has not been cured; (v) such Grantor has not granted to any other person any rights, adverse or otherwise, under such license; and (vi) such Grantor is not in breach or default in any material respect, and no event has occurred that, with

notice and/or lapse of time, would constitute such a breach or default or permit termination, modification or acceleration under such license, except in each case as would not have a material adverse effect on the value of the Collateral, taken as a whole.

(g) Except in each case as would not reasonably be expected to have a Material Adverse Effect, (i) none of the Trade Secrets of such Grantor that are material to its business have been used, divulged, disclosed or appropriated to the detriment of such Grantor for the benefit of any other person; (ii) no employee, independent contractor or agent of such Grantor has misappropriated any trade secrets of any other person in the course of the performance of his or her duties as an employee, independent contractor or agent of such Grantor; and (iii) no employee, independent contractor or agent of such Grantor is in default or breach of any term of any employment agreement, non-disclosure agreement, assignment of inventions agreement or similar agreement or contract relating in any way to the protection, ownership, development, use or transfer of such Grantor's Intellectual Property.

(h) Such Grantor has made all filings and recordations necessary to adequately protect (in its reasonable business judgment) its interest in its Material Intellectual Property, including recordation of its interests in the Patents and Trademarks with the United States Patent and Trademark Office and in corresponding national and international patent offices, and recordation of any of its interests in the Copyrights with the United States Copyright Office and in corresponding national and international copyright offices.

(i) Except as would not reasonably be expected to have a Material Adverse Effect, such Grantor has taken all commercially reasonable steps to use consistent standards of quality in the manufacture, distribution and sale of all products sold and provision of all services provided under or in connection with any item of Intellectual Property and has taken all reasonable steps to ensure that all licensed users of any kind of Intellectual Property use such consistent standards of quality.

(j) Except as would not reasonably be expected to have a Material Adverse Effect, no Grantor is subject to any settlement or consents, judgment, injunction, order, decree, covenants not to sue, non-assertion assurances or releases that would impair the validity or enforceability of, or such Grantor's rights in, any Material Intellectual Property.

4.10. Letters of Credit and Letter of Credit Rights. No Grantor is a beneficiary or assignee under any letter of credit with a face amount in excess of $1,000,000 (including any "Letter of Credit") other than the letters of credit described on Schedule 4.10 (as such schedule may be amended or supplemented from time to time). With respect to any letters of credit in

excess of $1,000,000 in face amount that are by their terms transferable, each Grantor has caused (or, in the case of the letters of credit that are specified on Schedule 4.10 on the date hereof in excess of $1,000,000 in face amount, will use commercially reasonable efforts to cause) all issuers and nominated persons under letters of credit in which the Grantor is the beneficiary or assignee to consent to the assignment of such letter of credit to the Administrative Agent and has agreed that upon the occurrence of an Event of Default it shall cause all payments thereunder to be made to the Collateral Account. With respect to any letters of credit in excess of $1,000,000 in face amount that are not transferable, each Grantor shall obtain (or, in the case of the letters of credit that are specified on Schedule 4.10 on the date hereof in excess of $1,000,000 in face amount, use commercially reasonable efforts to obtain) the consent of the issuer thereof and any nominated person thereon to the assignment of the proceeds of the released letter of credit to the Administrative Agent in accordance with Section 5-114(c) of the New York UCC.

4.11. Commercial Tort Claims. No Grantor has any Commercial Tort Claims as of the date hereof in excess of $1,000,000 and, except as specifically described on Schedule 4.11 (as such schedule may be amended or supplemented from time to time), no Grantor has any Commercial Tort Claims after the date hereof in excess of $1,000,000.

SECTION 5. COVENANTS

Each Grantor covenants and agrees with the Secured Parties that, from and after the date of this Agreement until the Obligations shall have been paid in full, and all commitments to extend credit under the First Lien Credit Agreement shall have expired or been terminated:

5.1. Covenants in First Lien Credit Agreement. Each Grantor shall take, or shall refrain from taking, as the case may be, each action that is necessary to be taken or not taken, as the case may be, so that no Default or Event of Default is caused by the failure to take such action or to refrain from taking such action by such Grantor or any of its Subsidiaries.

5.2. Delivery and Control of Certain Collateral. (a) If any of the Collateral is or shall become evidenced or represented by any Certificated Security or Tangible Chattel Paper, such Certificated Security or Tangible Chattel Paper shall be delivered promptly to the Administrative Agent, duly endorsed, if applicable, in a manner reasonably satisfactory to the Administrative Agent, to be held as Collateral pursuant to this Agreement, and all of such property owned by any Grantor as of the Closing Date shall be delivered on the Closing Date. Any Pledged Collateral evidenced or represented by any Instrument or Negotiable Document shall be delivered promptly to the Administrative Agent, duly endorsed, if applicable, in a manner reasonably satisfactory to the Administrative Agent, to be held as Collateral pursuant to this Agreement, and all of such property owned by any Grantor as of the Closing Date shall be delivered on the Closing Date. Notwithstanding the foregoing, no Instrument, Tangible Chattel Paper, Pledged Debt Security constituting a Certificated Security or Negotiable Document shall be required to be delivered to the Administrative Agent pursuant to this clause (a) if the value thereof is less than $1,000,000 individually or $5,000,000 in the aggregate.

(b) If any of the Collateral is or shall constitute "Electronic Chattel Paper" (under Article 9 of the UCC) such Grantor shall ensure (to the Administrative Agent's reasonable satisfaction) that (i) a single authoritative copy exists which is unique, identifiable, unalterable (except as provided in clauses (iii), (iv) and (v) of this paragraph), (ii) such authoritative copy identifies the Administrative Agent as the assignee and is communicated to and maintained by the Administrative Agent or its designee, (iii) copies or revisions that add or change the assignee of the authoritative copy can only be made with the participation of the Administrative Agent, (iv) each copy of the authoritative copy and any copy of a copy is readily identifiable as a copy and not the authoritative copy and (v) any revision of the authoritative copy is readily identifiable as an authorized or unauthorized revision; provided that such actions shall not be required to be taken until the aggregate face amount of the Electronic Chattel Paper included in the Collateral exceeds $1,000,000.

(c) If any Collateral with a value in excess of $1,000,000 shall become evidenced or represented by an Uncertificated Security, such Grantor shall cause the Issuer thereof either (i) to register the Administrative Agent as the registered owner of such Uncertificated Security, upon original issue or registration of transfer or (ii) to agree in writing with such Grantor and the Administrative Agent that such Issuer will comply with instructions with respect to such Uncertificated Security originated by the Administrative Agent without further consent of such Grantor, such agreement to be in substantially the form of Exhibit C, or such other form as may be reasonably agreed to by the Administrative Agent, and such actions shall be taken on or prior to the Closing Date with respect to any Uncertificated Securities owned as of the Closing Date by any Grantor.

(d) If any of the Collateral is or shall become evidenced or represented by a Commodity Contract, such Grantor shall cause the Commodity Intermediary with respect to such Commodity Contract to agree in writing with such Grantor and the Administrative Agent that such Commodity Intermediary will apply any value distributed on account of such Commodity Contract as directed by the Administrative Agent without further consent of such Grantor, such agreement to be in the form reasonably agreed to by the Administrative Agent.

(e) In the case of any transferable letters of credit with a face amount in excess of $1,000,000, such Grantor shall use commercially reasonable efforts to obtain the consent of any issuer thereof to the transfer of such letter of credit to the Administrative Agent. In the case of any other letter of credit rights in excess of $1,000,000 such Grantor shall use commercially reasonable efforts to obtain the consent of the issuer thereof and any nominated person thereon to the assignment of the proceeds of the related letter of credit in accordance with Section 5-114(c) of the New York UCC.

5.3. Maintenance of Insurance. Such Grantor will maintain insurance on all its property in compliance with Section 5.02 of the First Lien Credit Agreement.

5.4. Maintenance of Perfected Security Interest; Further Documentation. Such Grantor shall maintain each of the security interests created by this Agreement as a security interest having at least the perfection and priority described in Section 4.3 and shall defend

such security interest against the claims and demands of all persons whomsoever except as otherwise permitted by Section 6.02 of the First Lien Credit Agreement, subject to the provisions of Section 8.15.

(b) At any time and from time to time, upon the written request of the Administrative Agent, and at the sole expense of such Grantor, such Grantor shall promptly and duly authorize, execute and deliver, and have recorded, such further instruments and documents and take such further actions as the Administrative Agent may reasonably request for the purpose of obtaining or preserving the full benefits of this Agreement and of the rights and powers herein granted, including, (i) the filing of any financing or continuation statements under the Uniform Commercial Code (or other similar laws) in effect in any jurisdiction with respect to the security interests created hereby and (ii) in the case of Investment Property subject to the requirements of Section 5.2 and any other relevant Collateral, taking any actions necessary to enable the Administrative Agent to obtain "control" (within the meaning of the applicable Uniform Commercial Code) with respect thereto.

5.5. Changes in Locations, Name, Jurisdiction of Incorporation, etc. Such Grantor shall give 10 days' written notice to the Administrative Agent and delivery to the Administrative Agent of duly authorized and, where required, executed copies of all additional financing statements and other documents reasonably requested by the Administrative Agent to maintain the validity, perfection and

priority of the security interests provided for herein after any of the following:

(i) a change in its legal name, jurisdiction of organization or the location of its chief executive office or sole place of business from that referred to in Section 4.4; or

(i) a change in its legal name, identity or structure to such an extent that any financing statement filed by the Administrative Agent in connection with this Agreement would become misleading.

5.6. Investment Property. (a) If such Grantor shall become entitled to receive or shall receive any stock or other ownership certificate (including any certificate representing a stock dividend or a distribution in connection with any reclassification, increase or reduction of capital or any certificate issued in connection with any reorganization), option or rights in respect of the Equity Interests in any issuer, whether in addition to, in substitution of, as a conversion of, or in exchange for, any shares of or other ownership interests in the Pledged Equity Interests, or otherwise in respect thereof, such Grantor shall accept the same as the agent of the Secured Parties, hold the same in trust for the Secured Parties and deliver the same forthwith to the Administrative Agent in the exact form received, duly endorsed by such Grantor to the Administrative Agent, if required, together with an undated stock power or similar instrument of transfer covering such certificate duly executed in blank by such Grantor and with, if the Administrative Agent so requests, signature guaranteed, to be held by the Administrative Agent, subject to the terms hereof, as additional collateral security for the Obligations. If an Event of Default shall occur and be continuing, (i) any sums paid upon or in respect of the Pledged Equity Interests upon the liquidation or dissolution of any Issuer shall be paid over to the Administrative Agent to be

held by it hereunder as additional collateral security for the Obligations and (ii) in case any distribution of capital shall be made on or in respect of the Pledged Equity Interests or any property shall be distributed upon or with respect to the Pledged Equity Interests pursuant to the recapitalization or reclassification of the capital of any issuer thereof or pursuant to the reorganization thereof, the property so distributed shall, unless otherwise subject to a perfected security interest in favor of the Administrative Agent, be delivered to the Administrative Agent to be held by it hereunder as additional collateral security for the Obligations. If any sums of money or property so paid or distributed in respect of the Pledged Equity Interests shall be received by such Grantor, such Grantor shall, until such money, to the extent required pursuant to (i) above, or property is paid or delivered to the Administrative Agent, hold such money or property in trust for the Secured Parties, segregated from other funds of such Grantor, as additional collateral security for the Obligations.

(b) Without the prior written consent of the Administrative Agent, such Grantor shall not (i) vote to enable, or take any other action to permit, any issuer of Pledged Equity Interests to issue any stock, partnership interests, limited liability company interests or other equity securities of any nature or to issue any other securities convertible into or granting the right to purchase or exchange for any stock, partnership interests, limited liability company interests or other equity securities of any nature of any such issuer (except, in each case, pursuant to a transaction expressly permitted by the First Lien Credit Agreement), (ii) sell, assign, transfer, exchange, or otherwise dispose of, or grant any option with respect to, any of the Investment Property constituting Collateral or Proceeds thereof or any interest therein (except, in each case, pursuant to a transaction permitted by the First Lien Credit Agreement), (iii) create, incur or permit to exist any Lien or option in favor of, or any claim of any person with respect to, any of the Investment Property or Proceeds thereof, or any interest therein, except for the security interests created by this Agreement or any Lien permitted thereon pursuant to Section 6.02 of the First Lien Credit Agreement, (iv) enter into any agreement or undertaking restricting the right or ability of such Grantor or the Administrative Agent to sell, assign or transfer any of the Investment Property or Proceeds thereof or any interest therein or except as permitted by the First Lien Credit Agreement, or (v) cause or permit any Issuer of any Pledged Partnership Interests or Pledged LLC Interests which are not securities (for purposes of the New York UCC) on the date hereof to elect or otherwise take any action to cause such Pledged Partnership Interests or Pledged LLC Interests to be treated as securities for purposes of the New York UCC; provided, however, notwithstanding the foregoing, if any Issuer of any Pledged Partnership Interests or Pledged LLC Interests takes any such action in violation of the provisions in this clause (v), such Grantor shall promptly notify the Administrative Agent in writing of any such election or action and, in such event, shall take all steps necessary or advisable to establish the Administrative Agent's "control" thereof.

(c) In the case of each Grantor which is an Issuer, such Issuer agrees that (i) it shall be bound by the terms of this Agreement relating to the Pledged Collateral issued by it and shall comply with such terms insofar as such terms are applicable to it, (ii) it shall notify the Administrative Agent concurrently with delivery of the financial statements required under Section 5.04(b) of the First Lien Credit Agreement in writing of the occurrence of any of the events described in Section 5.7(a) with respect to the Pledged

Collateral issued by it and (iii) the terms of Sections 6.3(c) and 6.7 shall apply to it, mutatis mutandis, with respect to all actions that may be required of it pursuant to Section 6.3(c) or 6.7 with respect to the Pledged Collateral issued by it. In addition, each Grantor which is either an Issuer or an owner of any Pledged Collateral hereby consents to the grant by each other Grantor of the security interest hereunder in favor of the Administrative Agent and to the transfer of any Pledged Collateral to the Administrative Agent or its nominee following an Event of Default and to the substitution of the Administrative Agent or its nominee as a partner, member or shareholder of the Issuer of the related Pledged Collateral.

5.7. Intellectual Property. Except as would not reasonably be expected to have a Material Adverse Effect (a) Such Grantor (either itself or through licensees) shall (i) to the extent commercially reasonable, continue to use each Trademark material to its business on each and every trademark class of goods applicable to its current line as reflected in its current catalogs, brochures and price lists in order to maintain such Trademark in full force free from any claim of abandonment for non-use, (ii) maintain as in the past the quality of products and services offered under such Trademark and take all necessary steps to ensure that all licensed users of such Trademark maintain as in the past such quality, (iii) use such Trademark with the appropriate notice of registration and all other notices and legends required by applicable Requirements of Law, (iv) not adopt or use any mark which is confusingly similar or a colorable imitation of such Trademark unless the Administrative Agent, for the ratable benefit of the Secured Parties, shall obtain a perfected security interest in such mark pursuant to this Agreement and the Intellectual Property Security Agreement, and (v) not (and not permit any licensee or sublicensee thereof to) do any act or knowingly omit to do any act whereby such Trademark could reasonably be expected to become invalidated or impaired in any way.

(b) Such Grantor (either itself or through licensees) shall not do any act, or omit to do any act, whereby any Patent owned by such Grantor material to its business could reasonably be expected to become forfeited, abandoned or dedicated to the public.

(c) Such Grantor (either itself or through licensees) (i) shall employ each Copyright material to its business and (ii) shall not (and shall not permit any licensee or sublicensee thereof to) do any act or knowingly omit to do any act whereby any material portion of such Copyrights could reasonably be expected to become invalidated or otherwise impaired. Such Grantor shall not (either itself or through licensees) do any act whereby any material portion of such Copyrights could reasonably be expected to fall into the public domain.

(d) Such Grantor (either itself or through licensees) shall not knowingly do any act that uses any Material Intellectual Property to infringe, misappropriate or violate the intellectual property rights of any other person in any material respect.

(e) Such Grantor (either itself or through licensees) shall use proper statutory notice in connection with the use of the Material Intellectual Property.

(f) Such Grantor shall notify the Administrative Agent promptly if it knows, or has reason to know, that any application or registration relating to any Material

Intellectual Property may become forfeited, abandoned or dedicated to the public, or of any material adverse determination or development (including the institution of, or any such determination or development in, any proceeding in the United States Patent and Trademark Office, the United States Copyright Office or any court or tribunal in any country) regarding such Grantor's ownership of, or the validity of, any Material Intellectual Property or such Grantor's right to register the same or to own and maintain the same.

(g) Promptly upon such Grantor's acquisition or creation of any copyrightable work, invention, trademark or other similar property that is material to the business of such Grantor, apply for registration thereof with the United States Copyright Office, the United States Patent and Trademark Office and any other appropriate office. Whenever such Grantor, either by itself or through any agent, employee, licensee or designee, shall file an application for the registration of any Intellectual Property that is material to the business of such Grantor with the United States Patent and Trademark Office, the United States Copyright Office or any similar office or agency in any other country or any political subdivision thereof, such Grantor shall report such filing to the Administrative Agent within 45 days after the last day of the fiscal quarter in which such filing occurs (or 110 days if such filing occurs in the fourth fiscal quarter of a fiscal year). Upon request of the Administrative Agent, such Grantor shall execute and deliver, and have recorded, any and all agreements, instruments, documents, and papers as the Administrative Agent may reasonably request to evidence the Secured Parties' security interest in any Copyright, Patent, Trademark or other Intellectual Property of such Grantor and the goodwill and general intangibles of such Grantor relating thereto or represented thereby.

(h) Such Grantor shall take all reasonable and necessary steps, including in any proceeding before the United States Patent and Trademark Office, the United States Copyright Office or any similar office or agency in any other country or any political subdivision thereof, to maintain and pursue each application (and to obtain the relevant registration) and to maintain each registration of Intellectual Property material to its business, including the payment of required fees and taxes, the filing of responses to office actions issued by the United States Patent and Trademark Office and the United States Copyright Office, the filing of applications for renewal or extension, the filing of affidavits of use and affidavits of incontestability, the filing of divisional, continuation, continuation-in-part, reissue, and renewal applications or extensions, the payment of maintenance fees, and the participation in interference, reexamination, opposition, cancellation, infringement and misappropriation proceedings.

(i) Such Grantor (either itself or through licensees) shall not, without the prior written consent of the Administrative Agent, discontinue use of or otherwise abandon any of its Intellectual Property, or abandon any application or any right to file an application for letters patent, trademark, or copyright, unless such Grantor shall have previously determined that such use or the pursuit or maintenance of such Intellectual Property is no longer desirable in the conduct of such Grantor's business and that the loss thereof could not reasonably be expected to have a Material Adverse Effect and, in which case, such Grantor shall give prompt notice of any such abandonment to the Administrative Agent in accordance herewith.

(j) In the event that such Grantor reasonably believes that any Intellectual Property material to its business is infringed, misappropriated or diluted by a third party, such Grantor shall (i) take such actions as such Grantor shall reasonably deem appropriate under the circumstances to protect such Intellectual Property and (ii) if such Intellectual Property is of material economic value, promptly notify the Administrative Agent after it learns thereof and sue for infringement, misappropriation or dilution, to seek injunctive relief where appropriate and to recover any and all damages for such infringement, misappropriation or dilution.

(k) Such Grantor agrees that, should it obtain an ownership interest in any item of intellectual property which is not, as of the Closing Date, a part of the Intellectual Property Collateral (the "After-Acquired Intellectual Property"), (i) the provisions of Section 3 shall automatically apply thereto, (ii) any such After-Acquired Intellectual Property, and in the case of trademarks, the goodwill of the business connected therewith or symbolized thereby, shall automatically become part of the Intellectual Property Collateral, (iii) it shall give, within 45 days after the last day of the fiscal quarter in which such Grantor acquires such ownership interest (or 110 days if such filing occurs in the fourth fiscal quarter of a fiscal year), written notice thereof to the Administrative Agent in accordance herewith, and (iv) it shall provide the Administrative Agent within 45 days after the last day of the fiscal quarter in which such Grantor acquires such ownership interest (or 90 days if such filing occurs in the fourth fiscal quarter of a fiscal year) with an amended Schedule 4.9(a) and take the actions specified in 5.8(m).

(l) Such Grantor agrees to execute an Intellectual Property Security Agreement with respect to its Intellectual Property in substantially the form of Exhibit B-1 in order to record the security interest granted herein to the Administrative Agent for the ratable benefit of the Secured Parties with the United States Patent and Trademark Office, the United States Copyright Office, and any other applicable Governmental Authority.

(m) Such Grantor agrees to execute an After-Acquired Intellectual Property Security Agreement with respect to its After-Acquired Intellectual Property in substantially the form of Exhibit B-2 in order to record the security interest granted herein to the Administrative Agent for the ratable benefit of the Secured Parties with the United States Patent and Trademark Office, the United States Copyright Office and any other applicable Governmental Authority.

(n) Such Grantor shall take all steps reasonably necessary to protect the secrecy of all Trade Secrets material to its business, including entering into confidentiality agreements with employees and labeling and restricting access to secret information and documents.

5.8. Commercial Tort Claims. Such Grantor shall advise the Administrative Agent concurrently with delivery of the financial statements required under Section 5.04(b) of the First Lien Credit Agreement of any Commercial Tort Claim held by such Grantor in excess of $1,000,000 and shall promptly execute a supplement to this Agreement in form and substance reasonably satisfactory to the Administrative Agent to grant a security interest in such

Commercial Tort Claim to the Administrative Agent for the ratable benefit of the Secured Parties.

SECTION 6. REMEDIAL PROVISIONS

6.1. Certain Matters Relating to Receivables. (a) Upon the occurrence and during the continuance of any Event of Default, the Administrative Agent shall have the right (but shall in no way be obligated) to make test verifications of the Receivables that are included in the Collateral in any manner and through any medium that it reasonably considers advisable, and each Grantor shall furnish all such assistance and information as the Administrative Agent may reasonably require in connection with such test verifications. At any time and from time to time following the occurrence and during the continuance of any Event of Default, upon the Administrative Agent's request and at the expense of the relevant Grantor, such Grantor shall cause independent public accountants or others reasonably satisfactory to the Administrative Agent to furnish to the Administrative Agent reports showing reconciliations, aging and test verifications of, and trial balances for, the Receivables.

(b) The Administrative Agent hereby authorizes each Grantor to collect such Grantor's Receivables, subject to the Administrative Agent's direction and control, and each Grantor hereby agrees to continue to collect all amounts due or to become due to such Grantor under the Receivables and any Supporting Obligation and diligently exercise each material right it may have under any Receivable and any Supporting Obligation, in each case, at its own expense; provided, however, that the Administrative Agent may curtail or terminate said authority at any time after the occurrence and during the continuance of an Event of Default. If required by the Administrative Agent at any time after the occurrence and during the continuance of an Event of Default, any payments of Receivables, when collected by any Grantor, (i) shall be forthwith (and, in any event, within two Business Days) deposited by such Grantor in the exact form received, duly endorsed by such Grantor to the Administrative Agent if required, in a Collateral Account maintained under the sole dominion and control of the Administrative Agent, subject to withdrawal by the Administrative Agent for the account of the Secured Parties only as provided in Section 6.5, and (ii) until so turned over, shall be held by such Grantor in trust for the Secured Parties, segregated from other funds of such Grantor. Each such deposit of Proceeds of Receivables shall be accompanied by a report identifying in reasonable detail the nature and source of the payments included in the deposit.

(c) At the Administrative Agent's reasonable request after the occurrence and during the continuance of any Event of Default, each Grantor shall deliver to the Administrative Agent all original and other documents evidencing, and relating to, the agreements and transactions which gave rise to the Receivables that are included in the Collateral, including all original orders, invoices and shipping receipts.

6.2. Communications with Obligors; Grantors Remain Liable.

(a) The Administrative Agent in its own name or in the name of others may at any time after the occurrence and during the continuance of an Event of Default communicate with obligors under the Receivables and parties to the Contracts to verify with them to the Administrative Agent's satisfaction the existence, amount and terms of any Receivables or Contracts.

(b) At any time after the occurrence and during the continuance of any Event of Default, the Administrative Agent may at any time notify, or require any Grantor to so notify, the Account Debtor or counterparty on any Receivable or Contract of the security interest of the Administrative Agent therein. In addition, after the occurrence and during the continuance of an Event of Default, the Administrative Agent may upon written notice to the applicable Grantor, notify, or require any Grantor to notify, the Account Debtor or counterparty to make all payments under the Receivables and/or Contracts directly to the Administrative Agent;

(c) Anything herein to the contrary notwithstanding, each Grantor shall remain liable under each of the Receivables and Contracts to observe and perform all the conditions and obligations to be observed and performed by it thereunder, all in accordance with the terms of any agreement giving rise thereto. No Secured Party shall have any obligation or liability under any Receivable (or any agreement giving rise thereto) or Contract by reason of or arising out of this Agreement or the receipt by any Secured Party of any payment relating thereto, nor shall any Secured Party be obligated in any manner to perform any of the obligations of any Grantor under or pursuant to any Receivable (or any agreement giving rise thereto) or Contract, to make any payment, to make any inquiry as to the nature or the sufficiency of any payment received by it or as to the sufficiency of any performance by any party thereunder, to present or file any claim, to take any action to enforce any performance or to collect the payment of any amounts which may have been assigned to it or to which it may be entitled at any time or times.

6.3. Pledged Collateral. (a) Unless an Event of Default shall have occurred and be continuing and the Administrative Agent shall have given notice to the relevant Grantor of the Administrative Agent's intent to exercise its corresponding rights pursuant to Section 6.3(b), each Grantor shall be permitted to receive all cash dividends paid in respect of the Pledged Equity Interests and all payments made in respect of the Pledged Notes, to the extent permitted in the First Lien Credit Agreement, and to exercise all voting and corporate rights with respect to the Pledged Collateral.

(b) If an Event of Default shall occur and be continuing and the Administrative Agent shall have given notice to the relevant Grantor of the Administrative Agent's intent to exercise its rights pursuant to this Section 6.3(b): (i) all rights of each Grantor to exercise or refrain from exercising the voting and other consensual rights which it would otherwise be entitled to exercise pursuant hereto shall cease and all such rights shall thereupon become vested in the Administrative Agent who shall thereupon have the sole right, but shall be under no obligation, to exercise or refrain from exercising such voting and other consensual rights, (ii) the Administrative Agent shall have the right, without notice to any Grantor, to transfer all or any portion of the Investment Property to its name or the name of its nominee or agent and (iii) the Administrative Agent shall have the

right to receive any and all cash dividends, payments or other Proceeds paid in respect of the Investment Property and make application thereof to the Obligations in such order as the Administrative Agent may determine. In addition, the Administrative Agent shall have the right at any time after the occurrence and during the continuance of any Event of Default, without notice to any Grantor, to exchange any certificates or instruments representing any Investment Property for certificates or instruments of smaller or larger denominations. In order to permit the Administrative Agent to exercise the voting and other consensual rights which it may be entitled to exercise pursuant hereto after the occurrence and during the continuance of any Event of Default and to receive all dividends and other distributions which it may be entitled to receive hereunder each Grantor shall promptly execute and deliver (or cause to be executed and delivered) to the Administrative Agent all proxies, dividend payment orders and other instruments as the Administrative Agent may from time to time reasonably request and each Grantor acknowledges that the Administrative Agent may utilize the power of attorney set forth herein.

(c) Each Grantor hereby authorizes and instructs each Issuer of any Pledged Collateral pledged by such Grantor hereunder to (i) comply with any instruction received by it from the Administrative Agent in writing that (x) states that an Event of Default has occurred and is continuing and (y) is otherwise in accordance with the terms of this Agreement, without any other or further instructions from such Grantor, and each Grantor agrees that each Issuer shall be fully protected in so complying, and (ii) upon any such instruction following the occurrence and during the continuance of an Event of Default, pay any dividends or other payments with respect to the Investment Property, including Pledged Collateral, directly to the Administrative Agent.

6.4. Proceeds to be Turned Over To Administrative Agent. In addition to the rights of the Secured Parties specified in Section 6.1 with respect to payments of Receivables, if an Event of Default shall occur and be continuing, all Proceeds received by any Grantor consisting of cash, cash equivalents, checks and other near-cash items shall be held by such Grantor in trust for the Secured Parties, segregated from other funds of such Grantor, and shall, forthwith upon demand, be turned over to the Administrative Agent in the exact form received by such Grantor (duly endorsed by such Grantor to the Administrative Agent, if required). All Proceeds received by the Administrative Agent hereunder shall be held by the Administrative Agent in a Collateral Account maintained under its sole dominion and control. All Proceeds while held by the Administrative Agent in a Collateral Account (or by such Grantor in trust for the Secured Parties) shall continue to be held as collateral security for all the Obligations and shall not constitute payment thereof until applied as provided in Section 6.5.

6.5. Application of Proceeds. At such intervals as may be agreed upon by the Borrower and the Administrative Agent, or, if an Event of Default shall have occurred and be continuing, at any time at the Administrative Agent's election, the Administrative Agent may apply all or any part of the net Proceeds (after deducting fees and expenses as provided in Section 6.6) constituting Collateral realized through the exercise by the Administrative Agent of its remedies hereunder, whether or not held in any Collateral Account, and any proceeds of the guarantee set forth in Section 2, in payment of the Obligations in the following order:

First, to the Administrative Agent, to pay incurred and unpaid fees and expenses of the Secured Parties under the Loan Documents;

Second, to the Administrative Agent, for application by it towards payment of amounts then due and owing and remaining unpaid in respect of the Obligations, pro rata among the Secured Parties according to the amounts of the Obligations then due and owing and remaining unpaid to the Secured Parties;

Third, to the Administrative Agent, for application by it towards prepayment of the Obligations, pro rata among the Secured Parties according to the amounts of the Obligations then held by the Secured Parties; and

Fourth, any balance of such Proceeds remaining after the Obligations shall have been paid in full, no letters of credit issued under the First Lien Credit Agreement shall be outstanding and the Commitments under the First Lien Credit Agreement shall have terminated or expired shall be paid over to the Borrower or to whomsoever may be lawfully entitled to receive the same.

6.6. Code and Other Remedies. (a) If an Event of Default shall occur and be continuing, the Administrative Agent, on behalf of the Secured Parties, may exercise, in addition to all other rights and remedies granted to them in this Agreement and in any other instrument or agreement securing, evidencing or relating to the Obligations, all rights and remedies of a secured party under the New York UCC (whether or not the New York UCC applies to the affected Collateral) or its rights under any other applicable law or in equity. Without limiting the generality of the foregoing, the Administrative Agent, without demand of performance or other demand, presentment, protest, advertisement or notice of any kind (except any notice required by law referred to below) to or upon any Grantor or any other person (all and each of which demands, defenses, advertisements and notices are hereby waived), may in such circumstances forthwith collect, receive, appropriate and realize upon the Collateral, or any part thereof, and/or may forthwith sell, lease, license, assign, give option or options to purchase, or otherwise dispose of and deliver the Collateral or any part thereof (or contract to do any of the foregoing), in one or more parcels at public or private sale or sales, at any exchange, broker's board or office of any Secured Party or elsewhere upon such terms and conditions as it may deem advisable and at such prices as it may deem best, for cash or on credit or for future delivery without assumption of any credit risk. Each Secured Party shall have the right upon any such public sale or sales, and, to the extent permitted by law, upon any such private sale or sales, to purchase the whole or any part of the Collateral so sold, free of any right or equity of redemption in any Grantor, which right or equity is hereby waived and released. Each purchaser at any such sale shall hold the property sold absolutely free from any claim or right on the part of any Grantor, and each Grantor hereby waives (to the extent permitted by applicable law) all rights of redemption, stay and/or appraisal which it now has or may at any time in the future have under any rule of law or statute now existing or hereafter enacted. Each Grantor agrees that, to the extent notice of sale shall be required by law, at least ten days notice to such Grantor of the time and place of any public sale or the time after which any private sale is to be made shall, to the extent permitted by law, constitute reasonable notification. The Administrative Agent shall not be obligated to make any sale of Collateral regardless of notice of sale having

been given. The Administrative Agent may adjourn any public or private sale from time to time by announcement at the time and place fixed therefor, and such sale may, without further notice, be made at the time and place to which it was so adjourned. The Administrative Agent may sell the Collateral without giving any warranties as to the Collateral. The Administrative Agent may specifically disclaim or modify any warranties of title or the like. This procedure will not be considered to adversely effect the commercial reasonableness of any sale of the Collateral. Each Grantor agrees that it would not be commercially unreasonable for the Administrative Agent to dispose of the Collateral or any portion thereof by using Internet sites that provide for the auction of assets of the types included in the Collateral or that have the reasonable capability of doing so, or that match buyers and sellers of assets. Each Grantor hereby waives any claims against the Administrative Agent arising by reason of the fact that the price at which any Collateral may have been sold at such a private sale was less than the price which might have been obtained at a public sale, even if the Administrative Agent accepts the first offer received and does not offer such Collateral to more than one offeree. Each Grantor further agrees, at the Administrative Agent's request, to assemble the Collateral and make it available to the Administrative Agent at places which the Administrative Agent shall reasonably select, whether at such Grantor's premises or elsewhere upon the occurrence and during the continuance of any Event of Default. The Administrative Agent shall have the right to enter onto the property where any Collateral is located and take possession thereof with or without judicial process.

(b) The Administrative Agent shall apply the net proceeds of any action taken by it pursuant to this Section 6.6, after deducting all reasonable costs and expenses of every kind incurred in connection therewith or incidental to the care or safekeeping of any of the Collateral or in any way relating to the Collateral or the rights of the Secured Parties hereunder, including reasonable attorneys' fees and disbursements to the extent required to be paid in accordance with the First Lien Credit Agreement, to the payment in whole or in part of the Obligations and only after such application and after the payment by the Administrative Agent of any other required by any provision of law, including Section 9-615(a) of the New York UCC, need the Administrative Agent account for the surplus, if any, to any Grantor. If the Administrative Agent sells any of the Collateral upon credit, the Grantor will be credited only with payments actually made by the purchaser and received by the Administrative Agent and applied to indebtedness of the purchaser. In the event the purchaser fails to pay for the Collateral, the Administrative Agent may resell the Collateral and the Grantor shall be credited with proceeds of the sale. To the extent permitted by applicable law, each Grantor waives all claims, damages and demands it may acquire against any Secured Party arising out of the exercise by them of any rights hereunder.

(c) Upon the occurrence and during the continuance of any Event of Default, in the event of any disposition of any of the Intellectual Property, the goodwill of the business connected with and symbolized by any Trademarks subject to such disposition shall be included, and the applicable Grantor shall supply the Administrative Agent or its designee with such Grantor's know-how and expertise, and with documents and things embodying the same, relating to the manufacture, distribution, advertising and sale of products or the provision of services relating to any Intellectual Property subject to such disposition, and such Grantor's customer lists and other records and documents relating to

such Intellectual Property and to the manufacture, distribution, advertising and sale of such products and services.

6.7. Registration Rights. (a) If the Administrative Agent shall determine to exercise its right to sell any or all of the Pledged Equity Interests or the Pledged Debt Securities pursuant to Section 6.6, and if in the opinion of the Administrative Agent it is necessary or advisable to have the Pledged Equity Interests or the Pledged Debt Securities, or that portion thereof to be sold, registered under the provisions of the Securities Act, the relevant Grantor shall use commercially reasonable efforts to cause the Issuer thereof to (i) execute and deliver, and cause the directors and officers of such Issuer to execute and deliver, all such instruments and documents, and do or cause to be done all such other acts as may be, in the reasonable opinion of the Administrative Agent, necessary or advisable to register the Pledged Equity Interests or the Pledged Debt Securities, or that portion thereof to be sold, under the provisions of the Securities Act, (ii) cause the registration statement relating thereto to become effective and to remain effective for a period of one year from the date of the first public offering of the Pledged Equity Interests or the Pledged Debt Securities, or that portion thereof to be sold, and (iii) make all amendments thereto and/or to the related prospectus which, in the opinion of the Administrative Agent, are reasonably necessary or advisable, all in conformity with the requirements of the Securities Act and the rules and regulations of the SEC applicable thereto. Each Grantor agrees to use commercially reasonable efforts to cause such Issuer to comply with the provisions of the securities or "Blue Sky" laws of any and all jurisdictions which the Administrative Agent shall designate and to make available to its security holders, as soon as practicable, an earnings statement (which need not be audited) which will satisfy the provisions of Section 11(a) of the Securities Act.

(b) Each Grantor recognizes that the Administrative Agent may be unable to effect a public sale of any or all the Pledged Equity Interests or the Pledged Debt Securities, by reason of certain prohibitions contained in the Securities Act and applicable state securities laws or otherwise, and may be compelled to resort to one or more private sales thereof to a restricted group of purchasers which will be obliged to agree, among other things, to acquire such securities for their own account for investment and not with a view to the distribution or resale thereof. Each Grantor acknowledges and agrees that any such private sale may result in prices and other terms less favorable than if such sale were a public sale and, notwithstanding such circumstances, agrees that any such private sale shall be deemed to have been made in a commercially reasonable manner. The Administrative Agent shall be under no obligation to delay a sale of any of the Pledged Equity Interests or the Pledged Debt Securities for the period of time necessary to permit the Issuer thereof to register such securities for public sale under the Securities Act, or under applicable state securities laws, even if such Issuer would agree to do so.

(c) Each Grantor agrees to use its commercially reasonable efforts to do or cause to be done all such other acts as may be necessary to make such sale or sales of all or any portion of the Pledged Equity Interests or the Pledged Debt Securities pursuant to this Section 6.7 valid and binding and in compliance with any and all other applicable Requirements of Law. Each Grantor further agrees that a breach of any of the covenants contained in this Section 6.7 will cause irreparable injury to the Secured Parties, that the

Secured Parties have no adequate remedy at law in respect of such breach and, as a consequence, that each and every covenant contained in this Section 6.7 shall be specifically enforceable against such Grantor, and such Grantor hereby waives and agrees, to the extent permitted by applicable law, not to assert any defenses against an action for specific performance of such covenants except for a defense that no Event of Default has occurred and is continuing under the First Lien Credit Agreement or a defense of payment.

6.8. Deficiency. Each Grantor shall remain liable for any deficiency if the proceeds of any sale or other disposition of the Collateral are insufficient to pay its Obligations and the fees and disbursements of any attorneys employed by any Secured Party to collect such deficiency.

SECTION 7. THE ADMINISTRATIVE AGENT

7.1. Administrative Agent's Appointment as Attorney-in-Fact, etc. (a) Each Grantor hereby irrevocably constitutes and appoints the Administrative Agent and any officer or agent thereof, with full power of substitution, as its true and lawful attorney-in-fact with full irrevocable power and authority in the place and stead of such Grantor and in the name of such Grantor or in its own name, for the purpose of carrying out the terms of this Agreement, to take any and all appropriate action and to execute any and all documents and instruments which may be necessary or desirable to accomplish the purposes of this Agreement, and, without limiting the generality of the foregoing, each Grantor hereby gives the Administrative Agent the power and right, on behalf of such Grantor, without notice to or assent by such Grantor, to do any or all of the following:

(i) in the name of such Grantor or its own name, or otherwise, take possession of and endorse and collect any checks, drafts, notes, acceptances or other instruments for the payment of moneys due under any Receivable or Contract or with respect to any other Collateral and file any claim or take any other action or proceeding in any court of law or equity or otherwise deemed appropriate by the Administrative Agent for the purpose of collecting any and all such moneys due under any Receivable or Contract or with respect to any other Collateral whenever payable;

(ii) in the case of any Intellectual Property, execute and deliver, and have recorded, any and all agreements, instruments, documents and papers as the Administrative Agent may request to evidence the Secured Parties' security interest in such Intellectual Property and the goodwill and general intangibles of such Grantor relating thereto or represented thereby;

(iii) pay or discharge taxes and Liens levied or placed on or threatened against the Collateral, effect any repairs or any insurance called for by the terms of this Agreement and pay all or any part of the premiums therefor and the costs thereof;

(iv) execute, in connection with any sale provided for in Section 6.7 or 6.8, any endorsements, assignments or other instruments of conveyance or transfer with respect to the Collateral; and

(v) (1) direct any party liable for any payment under any of the Collateral to make payment of any and all moneys due or to become due thereunder directly to the Administrative Agent or as the Administrative Agent shall direct; (2) ask or demand for, collect, and receive payment of and receipt for, any and all moneys, claims and other amounts due or to become due at any time in respect of or arising out of any Collateral; (3) sign and endorse any invoices, freight or express bills, bills of lading, storage or warehouse receipts, drafts against debtors, assignments, verifications, notices and other documents in connection with any of the Collateral; (4) commence and prosecute any suits, actions or proceedings at law or in equity in any court of competent jurisdiction to collect the Collateral or any portion thereof and to enforce any other right in respect of any Collateral; (5) defend any suit, action or proceeding brought against such Grantor with respect to any Collateral; (6) settle, compromise or adjust any such suit, action or proceeding and, in connection therewith, give such discharges or releases as the Administrative Agent may deem appropriate; (7) assign any Copyright, Patent or Trademark (along with the goodwill of the business to which any such Copyright, Patent or Trademark pertains), throughout the world for such term or terms, on such conditions, and in such manner, as the Administrative Agent shall in its sole discretion determine; and (8) generally, sell, transfer, pledge and make any agreement with respect to or otherwise deal with any of the Collateral as fully and completely as though the Administrative Agent were the absolute owner thereof for all purposes, and do, at the Administrative Agent's option and such Grantor's expense, at any time, or from time to time, all acts and things which the Administrative Agent deems necessary to protect, preserve or realize upon the Collateral and the Secured Parties' security interests therein and to effect the intent of this Agreement, all as fully and effectively as such Grantor might do.

Anything in this Section 7.1(a) to the contrary notwithstanding, the Administrative Agent agrees that, except as provided in Section 7.1(b), it will not exercise any rights under the power of attorney provided for in this Section 7.1(a) unless an Event of Default shall have occurred and be continuing.

(b) If any Grantor fails to perform or comply with any of its agreements contained herein, the Administrative Agent, at its option, but without any obligation so to do, may perform or comply, or otherwise cause performance or compliance, with such agreement.

(c) The expenses of the Administrative Agent incurred in connection with actions undertaken as provided in this Section 7.1, together with interest thereon at a rate per annum equal to the rate per annum at which interest would then be payable on past due Revolving Loans that are ABR Loans under the First Lien Credit Agreement, from the date of payment by the Administrative Agent to the date reimbursed by the relevant Grantor, shall be payable by such Grantor to the Administrative Agent on demand; provided, however, that unless an Event of Default has occurred and is continuing, the Administrative Agent shall not exercise this power without first making demand on such Grantor and the Grantor failing to immediately comply therewith.

(d) Each Grantor hereby ratifies all that said attorneys shall lawfully do or cause to be done by virtue hereof. All powers, authorizations and agencies contained in this Agreement are coupled with an interest and are irrevocable until this Agreement is terminated and the security interests created hereby are released.

7.2. Duty of Administrative Agent. The Administrative Agent's sole duty with respect to the custody, safekeeping and physical preservation of the Collateral in its possession, under Section 9-207 of the New York UCC or otherwise, shall be to deal with it in the same manner as the Administrative Agent deals with similar property for its own account. Neither the Administrative Agent, nor any other Secured Party nor any of their respective officers, directors, partners, employees, agents, attorneys and other advisors, attorneys-in-fact or affiliates shall be liable for failure to demand, collect or realize upon any of the Collateral or for any delay in doing so or shall be under any obligation to sell or otherwise dispose of any Collateral upon the request of any Grantor or any other person or to take any other action whatsoever with regard to the Collateral or any part thereof. The powers conferred on the Secured Parties hereunder are solely to protect the Secured Parties' interests in the Collateral and shall not impose any duty upon any Secured Party to exercise any such powers. The Secured Parties shall be accountable only for amounts that they actually receive as a result of the exercise of such powers, and neither they nor any of their officers, directors, partners, employees, agents, attorneys and other advisors, attorneys-in-fact or affiliates shall be responsible to any Grantor for any act or failure to act hereunder, except to the extent that any such act or failure to act is found by a final and nonappealable decision of a court of competent jurisdiction to have resulted primarily from their own gross negligence or willful misconduct in breach of a duty owed to such Grantor.

7.3. Execution of Financing Statements. Each Grantor acknowledges that pursuant to Section 9-509(b) of the New York UCC and any other applicable law, each Grantor authorizes the Administrative Agent to file or record financing or continuation statements, and amendments thereto, and other filing or recording documents or instruments with respect to the Collateral, in such form and in such offices as the Administrative Agent reasonably determines appropriate to perfect or maintain the perfection of the security interests of the Administrative Agent under this Agreement. Each Grantor agrees that such financing statements may describe the collateral in the same manner as described in the Security Documents or as "all assets" or "all personal property," whether now owned or hereafter existing or acquired or such other description as the Administrative Agent, in its sole judgment, determines is necessary or advisable. A photographic or other reproduction of this Agreement shall be sufficient as a financing statement or other filing or recording document or instrument for filing or recording in any jurisdiction.

7.4. Authority of Administrative Agent. Each Grantor acknowledges that the rights and responsibilities of the Administrative Agent under this Agreement with respect to any action taken by the Administrative Agent or the exercise or non-exercise by the Administrative Agent of any option, voting right, request, judgment or other right or remedy provided for herein or resulting or arising out of this Agreement shall, as between the Administrative Agent and the other Secured Parties, be governed by the First Lien Credit Agreement and by such other agreements with respect thereto as may exist from

time to time among them, but, as between the Administrative Agent and the Grantors, the Administrative Agent shall be conclusively presumed to be acting as agent for the Secured Parties with full and valid authority so to act or

refrain from acting, and no Grantor shall be under any obligation, or entitlement, to make any inquiry respecting such authority.

7.5. Appointment of Co-Collateral Agents. At any time or from time to time, in order to comply with any applicable requirement of law, the Administrative Agent may appoint another bank or trust company or one of more other persons, either to act as co-agent or agents on behalf of the Secured Parties with such power and authority as may be necessary for the effectual operation of the provisions hereof and which may be specified in the instrument of appointment (which may, in the discretion of the Administrative Agent, include provisions for indemnification and similar protections of such co-agent or separate agent).

SECTION 8. MISCELLANEOUS

8.1. Amendments in Writing. None of the terms or provisions of this Agreement may be waived, amended, supplemented or otherwise modified except by a written instrument executed by each affected Grantor and the Administrative Agent, subject to any consents required under Section 9.08 of the First Lien Credit Agreement; provided that any provision of this Agreement imposing obligations on any Grantor may be waived by the Administrative Agent in a written instrument executed by the Administrative Agent.

8.2. Notices. All notices, requests and demands to or upon the Administrative Agent or any Grantor hereunder shall be effected in the manner provided for in Section 9.01 of the First Lien Credit Agreement; provided that any such notice, request or demand to or upon any Guarantor shall be addressed to such Guarantor at its notice address set forth on Schedule 8.2.

8.3. No Waiver by Course of Conduct; Cumulative Remedies. No Secured Party shall by any act (except by a written instrument pursuant to Section 8.1), delay, indulgence, omission or otherwise be deemed to have waived any right or remedy hereunder or to have acquiesced in any Default or Event of Default. No failure to exercise, nor any delay in exercising, on the part of any Secured Party, any right, power or privilege hereunder shall operate as a waiver thereof. No single or partial exercise of any right, power or privilege hereunder shall preclude any other or further exercise thereof or the exercise of any other right, power or privilege. A waiver by any Secured Party of any right or remedy hereunder on any one occasion shall not be construed as a bar to any right or remedy which such Secured Party would otherwise have on any future occasion. The rights and remedies herein provided are cumulative, may be exercised singly or concurrently and are not exclusive of any other rights or remedies provided by law.

8.4. Enforcement Expenses; Indemnification. (a) Each Grantor agrees to pay or reimburse each Secured Party for all its reasonable costs and expenses incurred in collecting against such Grantor under the guarantee contained in Section 2 or otherwise enforcing or preserving any rights under this Agreement and the other Loan Documents to which such Grantor is a party, including the fees and disbursements of counsel to each Secured Party and of counsel to the Administrative Agent.

(b) Each Grantor agrees to pay, and to hold the Secured Parties harmless from, any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind or nature whatsoever with respect to, or resulting from any delay in paying, any and all stamp, excise, sales or other taxes which may be payable or determined to be payable with respect to any of the Collateral or in connection with any of the transactions contemplated by this Agreement.

(c) Each Grantor agrees to pay, and to hold the Secured Parties harmless from, any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind or nature whatsoever with respect to the execution, delivery, enforcement, performance and administration of this Agreement to the extent the Borrower would be required to do so pursuant to Section 9.05 of the First Lien Credit Agreement.

(d) The agreements in this Section shall survive repayment of the Obligations and all other amounts payable under the First Lien Credit Agreement and the other Loan Documents.

8.5. Successors and Assigns. This Agreement shall be binding upon the successors and assigns of each Grantor and shall inure to the benefit of the Secured Parties and their successors and assigns; provided that no Grantor may assign, transfer or delegate any of its rights or obligations under this Agreement without the prior written consent of the Administrative Agent, and any attempted assignment without such consent shall be null and void.

8.6. Set-Off. Each Grantor hereby irrevocably authorizes each Secured Party at any time and from time to time while an Event of Default shall have occurred and be continuing, without notice to such Grantor or any other Grantor, any such notice being expressly waived by each Grantor, to set-off and appropriate and apply any and all deposits (general or special, time or demand, provisional or final), in any currency, and any other credits, indebtedness or claims, in any currency, in each case whether direct or indirect, absolute or contingent, matured or unmatured, at any time held or owing by such Secured Party to or for the credit or the account of such Grantor, or any part thereof in such amounts as such Secured Party may elect, against and on account of the obligations and liabilities of such Grantor to such Secured Party hereunder and claims of every nature and description of such Secured Party against such Grantor, in any currency, whether arising hereunder, under the First Lien Credit Agreement, any other Loan Document or otherwise, as such Secured Party may elect, whether or not any Secured Party has made any demand for payment and although such obligations, liabilities and claims may be contingent or unmatured. Each Secured Party shall notify such Grantor promptly of any such set-off and the application made by such Secured Party of the proceeds thereof, provided that the failure to give such notice shall not affect the validity of such set-off and application. The rights of each Secured Party under this Section are in addition to other rights and remedies (including other rights of set-off) which such Secured Party may have.

8.7. Counterparts. This Agreement may be executed by one or more of the parties to this Agreement on any number of separate counterparts (including by facsimile), and all of said counterparts taken together shall be deemed to constitute one and the same instrument.

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

8.9. Section Headings. The Section headings used in this Agreement are for convenience of reference only and are not to affect the construction hereof or be taken into consideration in the interpretation hereof.

8.10. Integration. This Agreement and the other Loan Documents represent the agreement of the Grantors, the Administrative Agent and the other Secured Parties with respect to the subject matter hereof and thereof, and there are no promises, undertakings, representations or warranties by any Secured Party relative to subject matter hereof and thereof not expressly set forth or referred to herein or in the other Loan Documents.

8.11. **APPLICABLE LAW. THIS AGREEMENT SHALL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE STATE OF NEW YORK.**

8.12. Submission to Jurisdiction; Waivers. Each Grantor and the Administrative Agent hereby irrevocably and unconditionally:

(a) submits, for itself and its property, to the nonexclusive jurisdiction of any New York State court or federal court of the United States of America sitting in New York City, and any appellate court from any thereof, in any action or proceeding arising out of or relating to this Agreement or the other Loan Documents, or for recognition or enforcement of any judgment, and each of the parties hereto hereby irrevocably and unconditionally agrees that all claims in respect of any such action or proceeding may be heard and determined in such New York State or, to the extent permitted by law, in such federal court. Each of the parties hereto agrees that a final judgment in any such action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law. Nothing in this Agreement shall affect any right that any Lender, the Administrative Agent or any Issuing Bank may otherwise have to bring any action or proceeding relating to this Agreement or the other Loan Documents against Holdings, the Borrower or any Loan Party or their properties in the courts of any jurisdiction;

(b) waives, to the fullest extent it may legally and effectively do so, any objection which it may now or hereafter have to the laying of venue of any suit, action or proceeding arising out of or relating to this Agreement or the other Loan Documents in any New York State or federal court. Each of the parties hereto hereby irrevocably waives, to the fullest extent permitted by law, the defense of an inconvenient forum to the maintenance of such action or proceeding in any such court; and

(c) agrees that service of all process in any such proceeding in any such court may be made by registered or certified mail, return receipt requested at its address provided in Section 9.01 agrees that service as so provided in is sufficient to confer personal jurisdiction over the applicable credit party in any such proceeding in any such court, and otherwise constitutes effective and binding service in every respect; and agrees that agents and lenders retain the right to serve process in any other manner permitted by law or to bring proceedings against any credit party in the courts of any other jurisdiction.

8.13. Acknowledgments. Each Grantor hereby acknowledges that:

(a) it has been advised by counsel in the negotiation, execution and delivery of this Agreement and the other Loan Documents to which it is a party;

(b) no Secured Party has any fiduciary relationship with or duty to any Grantor arising out of or in connection with this Agreement or any of the other Loan Documents, and the relationship between the Grantors, on the one hand, and the Secured Parties, on the other hand, in connection herewith or therewith is solely that of debtor and creditor; and

(c) no joint venture is created hereby or by the other Loan Documents or otherwise exists by virtue of the transactions contemplated hereby among the Secured Parties or among the Grantors and the Secured Parties.

8.14. Additional Grantors. Each Subsidiary of the Borrower that is required to become a party to this Agreement pursuant to Section 5.09 of the First Lien Credit Agreement shall become a Grantor for all purposes of this Agreement upon execution and delivery by such Subsidiary of an Assumption Agreement in the form of Exhibit D hereto.

8.15. Releases. (a) At such time as the Loans and the other Obligations (other than contingent reimbursement or indemnification obligations) shall have been paid in full, the commitments under the First Lien Credit Agreement have been terminated or expired and no letter of credit issued under the First Lien Credit Agreement shall be outstanding, the Collateral shall be released from the Liens created hereby, and this Agreement and all obligations (other than those expressly stated to survive such termination) of the Administrative Agent and each Grantor hereunder shall automatically terminate, all without delivery of any instrument or performance of any act by any party, and all rights to the Collateral shall revert to the Grantors. At the request and sole expense of any Grantor following any such termination, the Administrative Agent shall deliver to such Grantor any Collateral held by the Administrative Agent hereunder, and execute and deliver to such Grantor such documents as such Grantor shall reasonably request to evidence such termination.

(b) The obligations of Guarantors that are Subsidiaries and the security interests created hereunder shall be subject to release in accordance with Section 9.17 of the First Lien Credit Agreement.

(c) Each Grantor acknowledges that it is not authorized to file any financing statement or amendment or termination statement with respect to any financing

statement originally filed in connection herewith without the prior written consent of the Administrative Agent, subject to such Grantor's rights under Section 9-509(d)(2) of the New York UCC.

8.16. **WAIVER OF JURY TRIAL. EACH GRANTOR AND THE ADMINISTRATIVE AGENT HEREBY AGREES TO WAIVE ITS RESPECTIVE RIGHTS TO A JURY TRIAL OF ANY CLAIM OR CAUSE OF ACTION BASED UPON OR ARISING HEREUNDER OR UNDER ANY OF THE OTHER LOAN DOCUMENTS OR ANY DEALINGS BETWEEN THEM RELATING TO THE SUBJECT MATTER OF THIS LOAN TRANSACTION OR THE LENDER/BORROWER RELATIONSHIP THAT IS BEING ESTABLISHED. THE SCOPE OF THIS WAIVER IS INTENDED TO BE ALL-ENCOMPASSING OF ANY AND ALL DISPUTES THAT MAY BE FILED IN ANY COURT AND THAT RELATE TO THE SUBJECT MATTER OF THIS TRANSACTION, INCLUDING CONTRACT CLAIMS, TORT CLAIMS, BREACH OF DUTY CLAIMS AND ALL OTHER COMMON LAW AND STATUTORY CLAIMS. EACH PARTY HERETO ACKNOWLEDGES THAT THIS WAIVER IS A MATERIAL INDUCEMENT TO ENTER INTO A BUSINESS RELATIONSHIP, THAT EACH HAS ALREADY RELIED ON THIS WAIVER IN ENTERING INTO THIS AGREEMENT, AND THAT EACH WILL CONTINUE TO RELY ON THIS WAIVER IN ITS RELATED FUTURE DEALINGS. EACH PARTY HERETO FURTHER WARRANTS AND REPRESENTS THAT IT HAS REVIEWED THIS WAIVER WITH ITS LEGAL COUNSEL AND THAT IT KNOWINGLY AND VOLUNTARILY WAIVES ITS JURY TRIAL RIGHTS FOLLOWING CONSULTATION WITH LEGAL COUNSEL. THIS WAIVER IS IRREVOCABLE, MEANING THAT IT MAY NOT BE MODIFIED EITHER ORALLY OR IN WRITING (OTHER THAN BY A MUTUAL WRITTEN WAIVER SPECIFICALLY REFERRING TO THIS SECTION 8.16 AND EXECUTED BY EACH OF THE PARTIES HERETO), AND THIS WAIVER SHALL APPLY TO ANY SUBSEQUENT AMENDMENTS, RENEWALS, SUPPLEMENTS OR MODIFICATIONS HERETO OR ANY OF THE OTHER LOAN DOCUMENTS OR TO ANY OTHER DOCUMENTS OR AGREEMENTS RELATING TO THE LOANS MADE HEREUNDER. IN THE EVENT OF LITIGATION, THIS AGREEMENT MAY BE FILED AS A WRITTEN CONSENT TO A TRIAL BY THE COURT.**

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF, each of the undersigned has caused this Guarantee and Collateral Agreement to be duly executed and delivered as of the date first above written.

GENERAC ACQUISITION CORP.

By: /s/ Aaron P. Jagdfeld
Name: Aaron P. Jagdfeld
Title: Chief Financial Officer

GPS CCMP MERGER CORP.

By: /s/ Aaron P. Jagdfeld
Name: Aaron P. Jagdfeld
Title: Chief Financial Officer

GOLDMAN SACHS CREDIT PARTNERS L.P.
as Administrative Agent

By: /s/ [ILLEGIBLE]
Authorized Signatory

Exhibit A
to Guarantee and Collateral Agreement

FORM OF ACKNOWLEDGMENT AND CONSENT

The undersigned hereby acknowledges receipt of a copy of the First Lien Guarantee and Collateral Agreement, dated as of November 10, 2006 (as amended, restated, supplemented, or otherwise modified from time to time, the "Collateral Agreement"), made by the Grantors and Guarantors parties thereto for the benefit of Goldman Sachs Credit Partners L.P. ("GSCP"), as administrative agent (in such capacity and together with its successors, the "Administrative Agent"); capitalized terms used but not defined herein have the meanings given such terms therein. The undersigned agrees for the benefit of the Administrative Agent and the other Secured Parties as follows:

1. The undersigned will be bound by the terms of the Collateral Agreement applicable to issuers of Pledged Collateral and will comply with such terms insofar as such terms are applicable to the undersigned.

2. The undersigned confirms the statements made in the Collateral Agreement with respect to the undersigned including, without limitation, in Section 4.7 and Schedules 4.7(a), 4.7(b) and 4.7(c) .

3. The terms of Sections 6.3(c) and 6.7 of the Collateral Agreement shall apply to it, mutatis mutandis, with respect to all actions that may be required of it pursuant to Section 6.3(c) or 6.7 of the Collateral Agreement.

[NAME OF ISSUER]

By: _____
Name:
Title:

Address for Notices:

_____

_____

Fax: _____

Exhibit B-1
to Guarantee and Collateral Agreement

FORM OF INTELLECTUAL PROPERTY SECURITY AGREEMENT

This INTELLECTUAL PROPERTY SECURITY AGREEMENT, dated as of November 10, 2006 (as amended, supplemented or otherwise modified from time to time, this "Intellectual Property Security Agreement"), is made by each of the signatories hereto (collectively, the "Grantors") in favor of Goldman Sachs Credit Partners L.P. ("GSCP"), as administrative agent (in such capacity and together with its successors and assigns, the "Administrative Agent"), for the Secured Parties (as defined in the Collateral Agreement referred to below).

WHEREAS, GPS CCMP MERGER CORP., a Wisconsin corporation (the "Borrower"), has entered into a Credit Agreement dated as of November 10, 2006 (as amended, restated, amended and restated, supplemented or otherwise modified from time to time, the "Credit Agreement"), among the Borrower, GENERAC ACQUISITION CORP., a Delaware corporation ("Holdings"), the LENDERS party thereto from time to time, GOLDMAN SACHS CREDIT PARTNERS L.P. ("GSCP"), as administrative agent (in such capacity, together with its successors and assigns, the "Administrative Agent"), the other agents named therein and GSCP and J.P. MORGAN SECURITIES INC., as joint lead arrangers and joint bookrunners;

WHEREAS, it is a condition precedent to the obligations of the Lenders and to make their respective extensions of credit to the Borrower, and the Issuing Banks to issue their respective Letters of Credit under the Credit Agreement that the Grantors shall have executed and delivered that certain First Lien Guarantee and Collateral Agreement, dated as of November 10, 2006, to the Administrative Agent (as amended, supplemented, restated or otherwise modified from time to time, the "Collateral Agreement") for the ratable benefit of the Secured Parties (capitalized terms used and not defined herein have the meanings given such terms in the Collateral Agreement);

WHEREAS, under the terms of the Collateral Agreement, the Grantors have granted a security interest in certain property, including, without limitation, certain Intellectual Property (as defined in the Collateral Agreement) of the Grantors to the Administrative Agent for the ratable benefit of the Secured Parties, and have agreed as a condition thereof to execute this Intellectual Property Security Agreement for recording with the United States Patent and Trademark Office, the United States Copyright Office, and other applicable Governmental Authorities;

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Grantors agree as follows:

SECTION 1. Grant of Security. Each Grantor hereby grants to the Administrative Agent for the ratable benefit of the Secured Parties a security interest in and to all of such Grantor's right, title and interest in and to the following (the "Intellectual Property Collateral"), as collateral security for the prompt and complete payment and performance when due (whether at the stated maturity, by acceleration or otherwise) of such Grantor's Obligations (as defined in the Collateral Agreement):

(a) (i) all trademarks, service marks, trade names, corporate names, company names, business names, trade dress, trade styles, logos, or other indicia of origin or source identification, trademark and service mark registrations, and applications for trademark or service mark registrations and any new renewals thereof, including, without limitation, each registration and application identified in Schedule 1, (ii) the right to sue or otherwise recover for any and all past, present and future infringements and misappropriations thereof, (iii) all income, royalties, damages and other payments now and hereafter due and/or payable with respect thereto (including, without limitation, payments under all licenses entered into in connection therewith, and damages and payments for past, present or future infringements thereof), and (iv) all other rights of any kind whatsoever of the Grantor accruing thereunder or pertaining thereto, together in each case with the goodwill of the business connected with the use of, and symbolized by, each of the above (collectively, the "Trademarks");

(b) (i) all patents, patent applications and patentable inventions, including, without limitation, each issued patent identified in Schedule 1, (ii) all inventions and improvements described and claimed therein, (iii) the right to sue or otherwise recover for any and all past, present and future infringements and misappropriations thereof, (iv) all income, royalties, damages and other payments now and hereafter due and/or payable with respect thereto (including, without limitation, payments under all licenses entered into in connection therewith, and damages and payments for past, present or future infringements thereof), and (v) all reissues, divisions, continuations, continuations-in-part, substitutes, renewals, and extensions thereof, all improvements thereon and all other rights of any kind whatsoever of the Grantor accruing thereunder or pertaining thereto (collectively, the "Patents");

(c) (i) all copyrights, whether or not the underlying works of authorship have been published, including, but not limited to copyrights in software and databases all Mask Works (as defined in 17 U.S.C. 901 of the Copyright Act) and all works of authorship and other intellectual property rights therein, all copyrights of works based on, incorporated in, derived from or relating to works covered by such copyrights, all right, title and interest to make and exploit all derivative works based on or adopted from works covered by such copyrights, and all copyright registrations and copyright applications, mask works and mask work applications, and any renewals or extensions thereof, including, without limitation, each registration and application identified in Schedule 1, (ii) the rights to print, publish and distribute any of the foregoing, (iv) the right to sue or otherwise recover for any and all past, present and future infringements and misappropriations thereof, (iv) all income, royalties, damages and other payments now and hereafter due and/or payable with respect thereto (including, without limitation, payments under all licenses entered into in connection therewith, and damages and payments for past, present or future infringements thereof), and (v) all other rights of any kind whatsoever of the Grantor accruing thereunder or pertaining thereto ("Copyrights");

(d) (i) all trade secrets and all confidential and proprietary information, including know-how, manufacturing and production processes and techniques, inventions, research and development information, technical data, financial, marketing and business data, pricing and cost information, business and marketing plans, and customer and supplier lists and information, (ii) the right to sue or otherwise recover for any and all past, present and future infringements and misappropriations thereof, (iii) all income, royalties, damages and other payments now and hereafter due and/or payable with respect thereto (including, without

limitation, payments under all licenses entered into in connection therewith, and damages and payments for past, present or future infringements thereof), and (iv) all other rights of any kind whatsoever of the Grantor accruing thereunder or pertaining thereto (collectively, the "Trade Secrets");

(e) (i) all licenses or agreements, whether written or oral, providing for the grant by or to the Grantor of: (A) any right to use any Trademark or Trade Secret, (B) any right to manufacture, use, import, export, distribute, offer for sale or sell any invention covered in whole or in part by a Patent, and (C) any right under any Copyright including, without limitation, the grant of rights to manufacture, distribute, exploit and sell materials derived from any Copyright including, without limitation, any of the foregoing identified in Schedule 1, (ii) the right to sue or otherwise recover for any and all past, present and future infringements and misappropriations of any of the foregoing, (iii) all income, royalties, damages and other payments now and hereafter due and/or payable with respect thereto (including, without limitation, payments under all licenses entered into in connection therewith, and damages and payments for past, present or future infringements thereof), and (iv) all other rights of any kind whatsoever of the Grantor accruing thereunder or pertaining thereto; and

(f) any and all proceeds of the foregoing.

SECTION 2. Recordation. Each Grantor authorizes and requests that the Register of Copyrights and the Commissioner of Patents and Trademarks record this Intellectual Property Security Agreement.

SECTION 3. Execution in Counterparts. This Agreement may be executed in any number of counterparts (including by telecopy), each of which when so executed shall be deemed to be an original and all of which taken together shall constitute one and the same agreement.

SECTION 4. Governing Law. This Intellectual Property Security Agreement shall be governed by, and construed and interpreted in accordance with, the law of the State of New York without regard to conflict of laws principles thereof that would require application of laws of another state.

SECTION 5. Conflict Provision. This Intellectual Property Security Agreement has been entered into in conjunction with the provisions of the Collateral Agreement and the Credit Agreement. The rights and remedies of each party hereto with respect to the security interest granted herein are without prejudice to, and are in addition to those set forth in the Collateral Agreement and the Credit Agreement, all terms and provisions of which are incorporated herein by reference. In the event that any provisions of this Intellectual Property Security Agreement are in conflict with the Collateral Agreement or the Credit Agreement, the provisions of the Collateral Agreement or the Credit Agreement shall govern.

IN WITNESS WHEREOF, each of undersigned has caused this Intellectual Property Security Agreement to be duly executed and delivered as of the date first above written.

[NAME OF GRANTOR]

By: _____
Name:
Title:

Schedule 1

COPYRIGHTS

PATENTS

TRADEMARKS

Exhibit B-2 to
Guarantee and Collateral Agreement

FORM OF AFTER-ACQUIRED INTELLECTUAL PROPERTY SECURITY AGREEMENT

(FIRST SUPPLEMENTAL FILING)

This INTELLECTUAL PROPERTY SECURITY AGREEMENT (FIRST SUPPLEMENTAL FILING), dated as of November 10, 2006 (as amended, supplemented or otherwise modified from time to time, this "First Supplemental Intellectual Property Security Agreement"), is made by each of the signatories hereto (collectively, the "Grantors") in favor of Goldman Sachs Credit Partners L.P. ("GSCP"), as administrative agent (in such capacity and together with its successors and assigns, the "Administrative Agent"), for the Secured Parties (as defined in the Collateral Agreement referred to below).

WHEREAS, GPS CCMP MERGER CORP., a Wisconsin corporation (the "Borrower"), has entered into a Credit Agreement dated as of November 10, 2006 (as amended, restated, amended and restated, supplemented or otherwise modified from time to time, the "Credit Agreement"), among the Borrower, GENERAC ACQUISITION CORP., a Delaware corporation ("Holdings"), the LENDERS party thereto from time to time, GOLDMAN SACHS CREDIT PARTNERS L.P. ("GSCP"), as administrative agent (in such capacity, together with its successors and assigns, the "Administrative Agent"), the other agents named therein and GSCP and J.P. MORGAN SECURITIES INC., as joint lead arrangers and joint bookrunners;

WHEREAS, it is a condition precedent to the obligations of the Lenders and to make their respective extensions of credit to the Borrower, and the Issuing Banks to issue their respective Letters of Credit under the Credit Agreement that the Grantors shall have executed and delivered that certain First Lien Guarantee and Collateral Agreement, dated as of November 10, 2006, to the Administrative Agent (as amended, supplemented, restated or otherwise modified from time to time, the "Collateral Agreement") for the ratable benefit of the Secured Parties (capitalized terms used and not defined herein have the meanings given such terms in the Collateral Agreement);

WHEREAS, under the terms of the Collateral Agreement, the Grantors have granted a security interest in certain property, including, without limitation, certain Intellectual Property (as defined in the Collateral Agreement), including but not limited to After-Acquired Intellectual Property (as defined in the Collateral Agreement) of the Grantors to the Administrative Agent for the ratable benefit of the Secured Parties, and have agreed as a condition thereof to execute this First Supplemental Intellectual Property Security Agreement for recording with the United States Patent and Trademark Office, the United States Copyright Office, and other applicable Governmental Authorities;

WHEREAS, the Intellectual Property Security Agreement was recorded against certain United States Intellectual Property at [INSERT REEL/FRAME NUMBER] [IF SECOND OR LATER SUPPLEMENTAL, ADD PRIOR REEL/FRAME NUMBERS];

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Grantors agree as follows:

SECTION 1. Grant of Security. Each Grantor hereby grants to the Administrative Agent for the ratable benefit of the Secured Parties a security interest in and to all of such Grantor's right, title and interest in and to the following (the "Intellectual Property Collateral"), as collateral security for the prompt and complete payment and performance when due (whether at the stated maturity, by acceleration or otherwise) of such Grantor's Obligations (as defined in the Collateral Agreement):

(a) (i) all trademarks, service marks, trade names, corporate names, company names, business names, trade dress, trade styles, logos, or other indicia of origin or source identification, trademark and service mark registrations, and applications for trademark or service mark registrations and any new renewals thereof, including, without limitation, each registration and application identified in Schedule 1, (ii) the right to sue or otherwise recover for any and all past, present and future infringements and misappropriations thereof, (iii) all income, royalties, damages and other payments now and hereafter due and/or payable with respect thereto (including, without limitation, payments under all licenses entered into in connection therewith, and damages and payments for past, present or future infringements thereof), and (iv) all other rights of any kind whatsoever of the Grantor accruing thereunder or pertaining thereto, together in each case with the goodwill of the business connected with the use of, and symbolized by, each of the above (collectively, the "Trademarks");

(b) (i) all patents, patent applications and patentable inventions, including, without limitation, each issued patent identified in Schedule 1, (ii) all inventions and improvements described and claimed therein, (iii) the right to sue or otherwise recover for any and all past, present and future infringements and misappropriations thereof, (iv) all income, royalties, damages and other payments now and hereafter due and/or payable with respect thereto (including, without limitation, payments under all licenses entered into in connection therewith, and damages and payments for past, present or future infringements thereof), and (v) all reissues, divisions, continuations, continuations-in-part, substitutes, renewals, and extensions thereof, all improvements thereon and all other rights of any kind whatsoever of the Grantor accruing thereunder or pertaining thereto (collectively, the "Patents");

(c) (i) all copyrights, whether or not the underlying works of authorship have been published, including but not limited to copyrights in software and databases, all Mask Works (as defined in 17 U.S.C. 901 of the Copyright Act) and all works of authorship and other intellectual property rights therein, all copyrights of works based on, incorporated in, derived from or relating to works covered by such copyrights, all right, title and interest to make and exploit all derivative works based on or adopted from works covered by such copyrights, and all copyright registrations and copyright applications, mask works registrations and mask works applications, and any renewals or extensions thereof, including, without limitation, each registration and application identified in Schedule 1, (ii) the rights to print, publish and distribute any of the foregoing, (iii) the right to sue or otherwise recover for any and all past, present and future infringements and misappropriations thereof, (iv) all income, royalties, damages and other payments now and hereafter due and/or payable with respect thereto (including, without limitation, payments under all licenses entered into in connection therewith, and damages and payments for past, present or future infringements thereof), and (v) all other rights of any kind whatsoever of the Grantor accruing thereunder or pertaining thereto ("Copyrights");

(d) (i) all trade secrets and all confidential and proprietary information, including know-how, manufacturing and production processes and techniques, inventions, research and development information, technical data, financial, marketing and business data, pricing and cost information, business and marketing plans, and customer and supplier lists and information, (ii) the right to sue or otherwise recover for any and all past, present and future infringements and misappropriations thereof, (iii) all income, royalties, damages and other payments now and hereafter due and/or payable with respect thereto (including, without limitation, payments under all licenses entered into in connection therewith, and damages and payments for past, present or future infringements thereof), and (iv) all other rights of any kind whatsoever of the Grantor accruing thereunder or pertaining thereto (collectively, the "Trade Secrets");

(e) (i) all licenses or agreements, whether written or oral, providing for the grant by or to any Grantor of: (A) any right to use any Trademark or Trade Secret, (B) any right to manufacture, use, import, export, distribute, offer for sale or sell any invention covered in whole or in part by a Patent, and (C) any right under any Copyright including, without limitation, the grant of rights to manufacture, distribute, print, publish, copy, import, export, exploit and sell materials derived from any Copyright including, without limitation, any of the foregoing identified in Schedule 1, (ii) the right to sue or otherwise recover for any and all past, present and future infringements and misappropriations of any of the foregoing, (iii) all income, royalties, damages and other payments now and hereafter due and/or payable with respect thereto (including, without limitation, payments under all licenses entered into in connection therewith, and damages and payments for past, present or future infringements thereof), and (iv) all other rights of any kind whatsoever of the Grantor accruing thereunder or pertaining thereto; and

(f) any and all proceeds of the foregoing.

SECTION 2. Recordation. Each Grantor authorizes and requests that the Register of Copyrights and the Commissioner of Patents and Trademarks record this First Supplemental Intellectual Property Security Agreement.

SECTION 3. Execution in Counterparts. This Agreement may be executed in any number of counterparts (including by telecopy), each of which when so executed shall be deemed to be an original and all of which taken together shall constitute one and the same agreement.

SECTION 4. Governing Law. This First Supplemental Intellectual Property Security Agreement shall be governed by, and construed and interpreted in accordance with, the law of the State of New York without regard to conflict of laws principles thereof that would require application of laws of another state.

SECTION 5. Conflict Provision. This First Supplemental Intellectual Property Security Agreement has been entered into in conjunction with the provisions of the Collateral Agreement and the Credit Agreement. The rights and remedies of each party hereto with respect to the security interest granted herein are without prejudice to, and are in addition to those set forth in the Collateral Agreement and the Credit Agreement, all terms and provisions of which are incorporated herein by reference. In the event that any provisions of this Intellectual

Property Security Agreement are in conflict with the Collateral Agreement or the Credit Agreement, the provisions of the Collateral Agreement or the Credit Agreement shall govern.

[*Remainder of page intentionally left blank*]

IN WITNESS WHEREOF, each of undersigned has caused this Intellectual Property Security Agreement to be duly executed and delivered as of the date first above written.

[NAME OF GRANTOR]

By: _____
Name:
Title:

Schedule 1

COPYRIGHTS

PATENTS

TRADEMARKS

Exhibit C to
Guarantee and Collateral Agreement

FORM OF CONTROL AGREEMENT (UNCERTIFICATED SECURITIES)

This Uncertificated Securities Control Agreement dated as of November 10, 2006 (this "Agreement"), among (the "Pledgor"), Goldman Sachs Credit Partners L.P., in its capacity as Collateral agent for the First Lien Obligations (as defined in the Intercreditor Agreement referenced below, including its successors and assigns from time to time, the "First Lien Collateral Agent"), and Wilmington Trust Company, in its capacity as Collateral agent for the Second Lien Obligations (as defined in the Intercreditor Agreement referenced below, including its successors and assigns from time to time, the "Second Lien Collateral Agent"), and , a corporation (the "Issuer"). Capitalized terms used but not defined herein shall have the meaning assigned in the Intercreditor Agreement dated November 10, 2006 (as amended, restated, supplemented or otherwise modified from time to time, the "Intercreditor Agreement") among GPS CCMP MERGER CORP. ("Borrower"), and the Collateral Agents. All references herein to the "UCC" shall mean the Uniform Commercial Code as in effect in the State of New York.

SECTION 1. Priority of Lien. Pursuant to that certain First Lien Guarantee and Collateral Agreement dated as of November 10, 2006 (as amended, restated, supplemented or otherwise modified from time to time, the "First Lien Collateral Agreement"), among the Pledgor, the other grantors party thereto and Goldman Sachs Credit Partners, L.P. (in such capacity, and together with its successors and assigns from time to time, the "First Lien Administrative Agent"), and that certain Second Lien Guarantee and Collateral Agreement dated as of November 10, 2006 (as amended, restated, supplemented or otherwise modified from time to time, the "Second Lien Collateral Agreement"; and together with the First Lien Collateral Agreement, the "Security Agreements"), among the Pledgor, the other grantors party thereto and the Second Lien Collateral Agent, the Pledgor has granted a security interest in all of the Pledgor's rights in the Pledged Shares referred to in Section 2 below to each of the First Lien Administrative Agent and the Second Lien Collateral Agent, respectively. The First Lien Administrative Agent and Second Lien Collateral Agent, the Pledgor and the Issuer are entering into this Agreement to perfect each of the First Lien Administrative Agent, and the Second Lien Collateral Agent's security interests in such Pledged Shares. As between the First Lien Administrative Agent and the Second Lien Collateral Agent, the First Lien Administrative Agent shall have a first priority security interest in such Pledged Shares and the Second Lien Collateral Agent shall have a second priority security interest in such Pledged Shares in accordance with the Intercreditor Agreement. The Issuer hereby acknowledges that it has received notice of the security interests of the First Lien Administrative Agent and the Second Lien Collateral Agent in such Pledged Shares and hereby acknowledges and consents to such liens.

SECTION 2. Registered Ownership of Shares. The Issuer hereby confirms and agrees that as of the date hereof the Pledgor is the registered owner of

[shares][membership interests][partnership interests][other equivalents of capital stock of a corporation] of [capital stock of] the Issuer (the "Pledged Shares") and the Issuer shall not change the registered owner of the Pledged Shares without the prior written consent of the Administrative Agents.

SECTION 3. Instructions. If at any time after the occurrence and during the continuance of an Event of Default the Issuer shall receive instructions originated by the First Lien Administrative Agent relating to the Pledged Shares, the Issuer shall comply with such instructions without further consent by the Pledgor or any other person. If at any time the Issuer shall receive instructions originated by the Second Lien Collateral Agent relating to the Pledged Shares, the Issuer shall comply with such instructions without further consent by the Pledgor or any other person; provided that, prior to receipt by the Issuer of a Notice of Termination of First Lien Obligations in the form of Exhibit A attached hereto ("Notice of Termination of First Lien Obligations"), in the event the Issuer receives conflicting instructions from the Administrative Agents, the Second Lien Administrative Agent hereby instructs the Issuer to comply with the instructions of the First Lien Administrative Agent; and provided further that the Second Lien Collateral Agent shall not give any such instructions other than in accordance with Section 3 of the Intercreditor Agreement. If the Pledgor is otherwise entitled to issue instructions and such instructions conflict with any instructions issued by the First Lien Administrative Agent or the Second Lien Collateral Agent (either with the consent of the First Lien Administrative Agent or following the receipt by Issuer or a Notice of Termination of First Lien Obligations), if applicable, the Issuer shall follow the instructions issued by the applicable Administrative Agent.

SECTION 4. Additional Representations and Warranties of the Issuer. The Issuer hereby represents and warrants to the First Lien Administrative Agent and the Second Lien Collateral Agent (in such capacity, the "Agents") :

(a) It has not entered into, and until the termination of this agreement will not enter into, any agreement with any other person relating the Pledged Shares pursuant to which it has agreed to comply with instructions issued by such other person.

(b) It has not entered into, and until the termination of this agreement will not enter into, any agreement with the Pledgor or the Agents purporting to limit or condition the obligation of the Issuer to comply with instructions as set forth in Section 3 hereof.

(c) Except for the security interests of the Agents and of the Pledgor in the Pledged Shares, the Issuer does not know of any security interest in the Pledged Shares. If any person asserts any lien, encumbrance or adverse claim (including any writ, garnishment, judgment, warrant of attachment, execution or similar process) against the Pledged Shares, the Issuer will promptly notify the Agents and the Pledgor thereof.

(d) This Agreement is the valid and legally binding obligation of the Issuer.

SECTION 5. Choice of Law. This Agreement shall be governed by the laws of the State of New York.

SECTION 6. Conflict with Other Agreements. In the event of any conflict between this Agreement or any other agreement between the Pledgor and the Issuer (or any portion thereof) now existing or hereafter entered into, the terms of this Agreement shall prevail. As between the Agents and the Pledgor, in the event of any conflict between this Agreement and the Security Agreements, the terms of the Security Agreements shall prevail. No amendment or modification of this Agreement or waiver of any right hereunder shall be binding on any party hereto unless it is in writing and is signed by all of the parties hereto.

SECTION 7. Voting Rights. Until such time as the Agents shall otherwise instruct the Issuer in writing, the Pledgor shall have the right to vote the Pledged Shares.

SECTION 8. Successors; Assignment. The terms of this Agreement shall be binding upon, and shall inure to the benefit of, the parties hereto and their respective successors and assigns. Each Agent may assign its rights hereunder only with the express written consent of the Issuer and by sending written notice of such assignment to the Pledgor.

SECTION 9. Notices. Any notice, request or other communication required or permitted to be given under this Agreement shall be in writing and deemed to have been properly given when delivered in person, or when sent by telecopy or other electronic means and electronic confirmation of error free receipt is received or two (2) days after being sent by certified or registered United States mail, return receipt requested, postage prepaid, addressed to the party at the address set forth below.

Pledgor:	[INSERT ADDRESS] Attention: Telecopier:
First Lien Administrative Agent:	Goldman Sachs Credit Partners L.P., c/o Goldman, Sachs & Co., 30 Hudson Street, 17th Floor, Jersey City, NJ 07302, Attention: SBD Operations Attention: Pedro Ramirez Telecopier: (212) 357-4597
Second Lien Administrative Agent:	JPMorgan Chase Bank, N.A. 1111 Fannin 10th Floor Houston, Texas 77002 Attention: Bammy Adedugbe Telecopier: (713) 750-2228

]

Issuer:	[INSERT ADDRESS] Attention: Telecopier:

Any party may change its address for notices in the manner set forth above.

SECTION 10. Termination. The obligations of the Issuer to the Agents pursuant to this Agreement shall continue in effect until the security interests of both Agents in the Pledged Shares have been terminated pursuant to the terms of the Security Agreements and each Agent has notified the Issuer of such termination in writing. Each Agent agrees to provide a Notice of Termination in substantially the form of Exhibit B hereto to the Issuer upon the request of the Pledgor on or after the termination of such Agent's security interest in the Pledged Shares pursuant to the terms of the applicable Security Agreement. The termination of this Agreement shall not terminate the Pledged Shares or alter the obligations of the Issuer to the Pledgor pursuant to any other agreement with respect to the Pledged Shares.

SECTION 11. Counterparts. This Agreement may be executed in any number of counterparts, all of which shall constitute one and the same instrument, and any party hereto may execute this Agreement by signing and delivering one or more counterparts.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed as of the date first above written by their respective officers thereunto duly authorized.

[NAME OF PLEDGOR]

By: _____
Name:

Title:

GOLDMAN SACHS CREDIT PARTNERS L.P.
as First Lien Administrative Agent

By: _____
Name:
Title:

WILMINGTON TRUST COMPANY
as Second Lien Collateral Agent

By: _____
Name:
Title

[NAME OF ISSUER]

By: _____
Name:
Title:

Exhibit A
To Uncertificated Securities Control Agreement

[LETTERHEAD OF GOLDMAN SACHS CREDIT PARTNERS L.P.]

NOTICE OF TERMINATION OF FIRST LIEN OBLIGATIONS

[Name of Financial Institution]
[Address]

[ ]
60 Wall Street
New York, New York 10005

Attention:

Re: Uncertificated Securities Control Agreement dated as of November 10, 2006 (as amended, restated, supplemented or otherwise modified from time to time, the "Agreement") by and among [NAME OF PLEDGOR], GOLDMAN SACHS CREDIT PARTNERS L.P., as First Lien Administrative Agent (in such capacity, the "First Lien Administrative Agent"), WILMINGTON TRUST COMPANY, as Second Lien Collateral Agent (in such capacity, the "Second Lien Collateral Agent") and [NAME OF FINANCIAL INSTITUTION] re: Pledged Shares issued by [NAME OF ISSUER].

Ladies and Gentlemen:

You are hereby notified that there has been a Discharge of First Lien Obligations.

Capitalized terms used but not defined herein shall have the meanings set forth in the Agreement.

Sincerely,

GOLDMAN SACHS CREDIT PARTNERS L.P.
as First Lien Administrative Agent

By: _____
Name:
Title:

Cc: [PLEDGOR]

Exhibit B
To Uncertificated Securities Control Agreement

[LETTERHEAD OF FIRST/SECOND LIEN ADMINISTRATIVE AGENT]

[DATE]

[Name and Address of Issuer]

Attention:

Re: Termination of Control Agreement

You are hereby notified that the Uncertificated Securities Control Agreement between you, [the Pledgor] and the undersigned (a copy of which is attached) (the "Agreement") is terminated and you have no further obligations to the undersigned pursuant to the Agreement. Notwithstanding any previous instructions to you, you are hereby instructed to accept all future directions with respect to Pledged Shares (as defined in the Agreement) from [the Pledgor]. This notice terminates any obligations you may have to the undersigned with respect to the Pledged Shares, however nothing contained in this notice shall alter any obligations which you may otherwise owe to [the Pledgor] pursuant to any other agreement.

You are instructed to deliver a copy of this notice by facsimile transmission to [insert name of Pledgor].

Very truly yours,

[NAME OF FIRST/SECOND LIEN ADMINISTRATIVE/COLLATERAL AGENT]

as First/Second Lien Administrative/Collateral Agent

By: _____
Name:
Title:

Exhibit D to
Guarantee and Collateral Agreement

ASSUMPTION AGREEMENT

ASSUMPTION AGREEMENT, dated as of November 10, 2006 made by , a (the "Additional Grantor"), in favor of Goldman Sachs Credit Partners L.P. ("GSCP"), as administrative agent (in such capacity and together with its successors in such capacity, the "Administrative Agent") for (i) the Lenders and Issuing Banks parties to the Credit Agreement referred to below, and (ii) the other Secured Parties (as defined in the Collateral Agreement (as hereinafter defined)). All capitalized terms not defined herein shall have the meaning ascribed to them in such Credit Agreement.

W I T N E S S E T H:

WHEREAS, GPS CCMP MERGER CORP., a Wisconsin corporation (the "Borrower"), has entered into a Credit Agreement dated as of November 10, 2006 (as amended, restated, amended and restated, supplemented or otherwise modified from time to time, the "Credit Agreement"), among the Borrower, GENERAC ACQUISITION CORP., a Delaware corporation ("Holdings"), the LENDERS party thereto from time to time, GOLDMAN SACHS CREDIT PARTNERS L.P. ("GSCP"), as administrative agent (in such capacity, together with its successors and assigns, the "Administrative Agent the other agents named therein and GSCP and J.P. MORGAN SECURITIES INC., as joint lead arrangers and joint bookrunners;

WHEREAS, in connection with the Credit Agreement, the Borrower, Holdings and certain of its Subsidiaries (other than the Additional Grantor) have entered into the First Lien Guarantee and Collateral Agreement, dated as of November 10, 2006 (as amended, restated, supplemented or otherwise modified from time to time, the "Collateral Agreement") in favor of the Administrative Agent for the benefit of the Secured Parties;

WHEREAS, the Credit Agreement requires the Additional Grantor to become a party to the Collateral Agreement as a Grantor and a Guarantor thereunder; and

WHEREAS, the Additional Grantor has agreed to execute and deliver this Assumption Agreement in order to become a party to the Collateral Agreement as a Grantor and a Guarantor thereunder;

NOW, THEREFORE, IT IS AGREED:

1. Collateral Agreement. By executing and delivering this Assumption Agreement, the Additional Grantor, as provided in Section 8.14 of the Collateral Agreement, hereby becomes a party to the Collateral Agreement as a Grantor and a Guarantor thereunder with the same force and effect as if originally named therein as a Grantor and a Guarantor and, without limiting the generality of the foregoing, hereby expressly (a) assumes all obligations and liabilities of a Grantor and a Guarantor thereunder; (b) guarantees the Borrower Obligations pursuant to Section 2 of the Collateral Agreement; and (c) assigns and transfers to the

Administrative Agent, and hereby grants to the Administrative Agent, for the ratable benefit of the Secured Parties, a security interest in all such Additional Grantor's right, title and interest in and to the Collateral, wherever located and whether now owned or at any time hereafter acquired by the Additional Grantor or in which the Additional Grantor now has or at any time in the future may acquire any right, title or interest, as collateral security for the prompt and complete payment and performance when due (whether at stated maturity, by acceleration or otherwise) of the Additional Grantor's Obligations. The information set forth in [Annex 1-A] hereto is hereby added to the information set forth in Schedules (1) to the Collateral Agreement. The Additional Grantor hereby represents and warrants that each of the representations and warranties contained in Section 4 of the Collateral Agreement is true and correct on and as the date hereof (after giving effect to this Assumption Agreement) as if made on and as of such date.

2. GOVERNING LAW. THIS ASSUMPTION AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH, THE LAW OF THE STATE OF NEW YORK WITHOUT REGARD TO CONFLICT OF LAWS PRINCIPLES THEREOF THAT WOULD REQUIRE APPLICATION OF LAWS OF ANOTHER STATE.

IN WITNESS WHEREOF, the undersigned has caused this Assumption Agreement to be duly executed and delivered as of the date first above written.

[ADDITIONAL GRANTOR]

By: _____
Name:
Title:

(1) Refer to each Schedule which needs to be supplemented.

Schedule 4.3
Filings; Other Actions

UCC-1 Financing Statement filed with Wisconsin Department of Financial Institutions.

UCC-1 Financing Statement filed with Delaware Secretary of State.

Intellectual Property Security Agreement filed with the U.S. Patent and Trademark Office and the U.S. Copyright Office.

Delivery of possessory collateral.

Schedule 4.4
Name; Jurisdiction of Organization, etc.

Name	Jurisdiction of Organization	Organizational ID Number	Chief Executive Office
Generac Acquisition Corp.	Delaware	4240074	245 Park Avenue 16th Floor New York, NY 10167-2403
GPS CCMP Merger Corp.	Wisconsin	G038855	245 Park Avenue 16th Floor New York, NY 10167-2403

Generac Power Systems, Inc.	Wisconsin	1G04432	Hwy. 59 & Hillside Road P. O. Box 8 Waukesha, WI 53187

Schedule 4.7(a)
Investment Property

PLEDGED STOCK

Stock Owned	Percentage of Issued and Outstanding Stock
1 share of GPS CCMP Merger Corp. owned by Generac Acquisition Corp. (pre-Merger)	100%
1 share of Generac Power Systems, Inc. owned by Generac Acquisition Corp. (post-Merger)	100%

PLEDGED LLC INTERESTS

None.

PLEDGED PARTNERSHIP INTERESTS

None.

PLEDGED TRUST INTERESTS

None.

Schedule 4.7(b)
Investment Property

PLEDGED DEBT SECURITIES

None.

PLEDGED NOTES

None.

Schedule 4.7(c)
Investment Property

COMMODITIES ACCOUNTS

None.

Schedule 4.9(a)
Intellectual Property

US Trademark Registrations and Applications

Mark	Application Serial No.	Registration No.	Registration Date
CONTROL YOUR POWER, CONTROL YOUR LIFE	77017054	N/A	Filed 10/9/06
CENTURION	77012308	N/A	Filed 10/3/06
GEMINI	76184342	2640658	10/22/2002
GENERAC	74213770	1706283	8/11/1992
GENERAC	75234791	2160191	5/26/1998
GENLINK	75718232	2382826	9/5/2000
GUARDIAN	75639051	2403403	11/14/2000
GUARDIAN ELITE	77015448	N/A	Filed 10/6/06
IMPACT	75237109	2188490	9/8/1998
OHVI	75136916	2123079	12/23/1997
OHVI GENERAC INDUSTRIAL SERIES	76236272	2661922	12/17/2002
POWER MANAGER BY GENERAC POWER SYSTEMS	76146845	2676313	1/21/2003
POWERMANAGER	76284287	2676764	1/21/2003
POWER MASTER	77025989	N/A	Filed 10/20/06
PRIMEPACT	75694070	2474199	7/31/2001
QUIETPACT	75706683	2326725	3/7/2000
QUIETSOURCE	76576961	N/A	Filed 1/29/2004
QUIET TEST	77026040	N/A	Filed 10/20/06

SPECWRITER	75257005	2202567	11/10/1998
ULTRA SOURCE	76576962	3012603	11/8/2005
RAMPOWER	75268554	2269500	08/10/1999
WATCHDOG	77014536	N/A	Filed 10/5/06
WHISPER —TEST	77016886	N/A	Filed 10/9/06
X-TORQ	77028230	N/A	Filed 10/24/06

Foreign Trademark Registrations

Mark & Country	Application Serial No.	Registration No.	Registration Date
GENERAC - Brazil	819826910	819826910	10/5/1999
GENERAC - Brazil	819826928	819826918	10/5/1999
GENERAC - Canada	839,906	TMA525,879	3/28/2000
GENERAC - Chile	373,224	499,632	12/23/1997
GENERAC - China	970014363	1165144	4/7/1998
GENERAC - China		1171453	4/28/1998
GENERAC - Colombia	971,304	205,428	1/30/1998
GENERAC - Colombia	97001306	206,002	2/24/1998
GENERAC - Colombia	97 1305	255,256	10/12/1999
GENERAC - Costa Rica	115,223	110,496	12/10/1998
GENERAC - Ecuador	2652-98	2652-98	5/7/1998
GENERAC - Ecuador	2653-98	2653-98	5/7/1998
GENERAC - Ecuador		2651-98	5/7/1998
GENERAC - European Community	000476119	000476119	2/15/1999

Mark & Country	Application Serial No.	Registration No.	Registration Date
GENERAC - Hong Kong	199700320	199810461	1/10/1997
GENERAC - Hong Kong	199700321	199809710AA	9/21/1998
GENERAC - Indonesia	D97 14589	415247	4/20/1998
GENERAC - Indonesia	D97 14588	415246	4/20/1998
GENERAC - Korea	97-2102	413,453	7/30/1998
GENERAC - Korea	97-2103	405,039	6/17/1998
GENERAC - Mexico	290772	552,453	6/27/1997
GENERAC - Mexico	290770	552,451	6/27/1997
GENERAC - Mexico	2990771	552,452	6/27/1997
GENERAC - Puerto Rico	40,372	40,372	5/2/1997
GENERAC - Puerto Rico	40,371	40,371	5/2/1997
GENERAC - Puerto Rico	40,370	40,370	5/2/1997
GENERAC - Singapore		S/12766/96	11/26/1999
GENERAC - Singapore		T96/12765F	11/26/1996
GENERAC - Singapore	S/12764/96	T96/12764H	11/26/1996
GENERAC - Taiwan	85061804	00799577	12/16/1999
GENERAC - Taiwan	85061805	00839780	2/16/1999
GENERAC - Taiwan	85061804	00724577	Filed 12/5/1996
GENERAC - Thailand	329,244	Kor110994	3/27/2000
GENERAC - Thailand	329,245	Kor72,724	7/3/1998
GENERAC - Uruguay	292,562	292,562	10/8/1997
GENERAC - Venezuela	3364	205,407	5/8/1998

Mark & Country	Application Serial	Registration No.	Registration Date

	No.		
GENERAC - Venezuela	3365	205,408	5/8/1998
GENERAC - Venezuela	3477	205,420	5/8/1998
GENERAC - Vietnam	32727	32727	2/11/1997

U.S. Patents

Patent#	Description	Issued Date
5317999	INTERNAL COMBUSTION ENGINE FOR PORTABLE POWER GENERATING EQUIPMENT	6/7/1994
5497735	INTERNAL COMBUSTION ENGINE FOR PORTABLE POWER GENERATING EQUIPMENT	3/12/1996
5537025	BATTERY CHARGER/PRE-EXCITER FOR ENGINE-DRIVEN GENERATOR	7/16/1996
5797540	METHOD OF MAKING A POWER-TRANSMITTING COUPLING	8/25/1998
5816102	ENGINE-GENERATOR SET WITH INTEGRAL GEAR REDUCTION	10/6/1998
5861604	ARC WELDER AND METHOD PROVIDING USE-ENHANCING FEATURES	1/19/1999
5899176	APPARATUS FOR REDUCING ENGINE FAN NOISE	5/4/1999
5914467	AUTOMATIC TRANSFER SWITCH WITH IMPROVED POSITIONING MECHANISM	6/22/1999
5914551	ELECTRICAL ALTERNATOR	6/22699
5943986	ENGINE HEAT EXCHANGE APPARATUS WITH SLIDE-MOUNTED FAN CARRIER ASSEMBLY	8/31/1999
6045448	POWER-TRANSMITTING DRIVE ASSEMBLY WITH IMPROVED RESILIENT DEVICES	4/4/2000
6068017	DUAL-FUEL VALVE	5/30/2000
6181028	TRANSFER MECHANISM FOR TRANSFERRING POWER BETWEEN A UTILITY SOURCE AND A STAND-BY GENERATOR	1/30/2001
6365982	APPARATUS AND METHOD FOR POSITIONING AN ENGINE THROTTLE	4/2/2002
6412478	BREATHER FOR INTERNAL COMBUSTION ENGINE	7/2/2002

Patent#	Description	Issued Date
6443130	FUEL DEMAND REGULATOR	9/3/2002
D471207	ENGINE COVER	3/4/2003
6552454	GENERATOR STRUCTURE INCORPORATING MULTIPLE ELECTRICAL GENERATOR SETS	4/22/2003
D479244	ENGINE COVER	9/2/2003
D479532	ENGINE COVER	9/9/2003
D479721	ENGINE COVER	9/16/2003
6630756	AIR FLOW ARRANGEMENT FOR GENERATOR ENCLOSURE	10/7/2003
6653821	SYSTEM CONTROLLER AND METHOD FOR MONITORING AND CONTROLLING A PLURALITY OF GENERATOR SETS	11/25/2003
6657416	CONTROL SYSTEM FOR STAND-BY ELECTRICAL GENERATOR	12/2/2003
6659894	VARIABLE PITCH SHEAVE ASSEMBLY FOR FAN DRIVE SYSTEM	12/9/2003
6668530	GRASS-CUTTING TRACTOR WITH IMPROVED OPERATING FEATURES	12/30/2003
6686547	RELAY FOR A TRANSFER MECHANISM WHICH TRANSFERS POWER BETWEEN A UTILITY SOURCE A STAND-BY GENERATOR	2/3/2004
6706084	DEVICE FOR DEFLECTING DEBRIS FROM LAWNMOWER AIR INTAKE	3/16/2004
6726734	DEVICE FOR DEFLECTING DEBRIS FROM LAWNMOWER AIR INTAKE	4/27/2004
6742771	FUEL MIXER FOR INTERNAL COMBUSTION ENGINE	6/1/2004
6784574	AIR FLOW ARRANGEMENT FOR A STAND-BY ELECTRIC GENERATOR	8/31/2004
6824067	METHOD OF COOLING ENGINE COOLANT FLOWING THROUGH A RADIATOR	11/30/2004
6863034	METHOD OF CONTROLLING A BI-FUEL GENERATOR SET	3/8/2005
7000575	METHOD AND APPARATUS FOR REDUCING FAN NOISE IN AN ELECTRICAL GENERATOR	2/21/2006
7111592	APPARATUS AND METHOD FOR COOLING ENGINE COOLANT FLOWING THROUGH A RADIATOR	9/29/2006
7000268	METHOD AND APPARATUS FOR REDUCING FAN NOISE IN AN ELECTRICAL GENERATOR	2/21/2006

Patent#	Description	Issued Date

U.S. Pending Patents

Application	Description	Filed Date

#		
10/653,366	Power Strip Transfer Mechanism	9/2/2003
11/033,579	Method of Exercising A Stand-By Electrical Generator	1/12/2005
11/201,989	Heat Exchanger	8/11/2005
09/881,998	Network controller for managing the supply and distribution of electrical power	06/15/2001
11/516,981	Fuel Selection Device	9/9/2006

U.S. Patents Licensed w/ Generac Portable Products Transaction

Patent#	Description	Issued Date
5376877	ENGINE-DRIVEN GENERATOR	12/27/1994
5489811	Permanent magnet alternator	2/6/1996
5831366	Permanent magnet alternator	11/3/1998
5504417	ENGINE-DRIVEN GENERATOR	4/2/1996

Foreign Patents

Application # Patent #	Country / Description	Filed Date
2273152	Canada / Engine-Generator Set with Integral Gear Reduction	12/2/1997
00959268.4	Europe / Transfer Mechanism for Transferring Power Between a Utility Source and a Stand-By Generator	2/19/2002
2382273	Canada / Transfer Mechanism for Transferring Power Between a Utility Source and a Stand-By Generator	2/19/2002
2390734	Canada / Network Controller for Managing the Supply and Distribution of Electrical Power	12/15/2002

Schedule 4.9(c)
Intellectual Property

1. Patent License Agreement with Generac Portable Products, Inc (f/k/a GPPC, Inc.) dated July 9, 1998. This agreement is now with Briggs & Stratton.

2. Trademark License Agreement with Generac Portable Products, Inc (f/k/a GPPC, Inc.) dated July 9, 1998. This agreement is now with Briggs & Stratton.

3. Trademark License Agreement with Carrier Corporation dated March 9, 2006.

4. Supplier Buying Agreement Version 2.04 with The Home Depot covering the United States, Puerto Rico, U.S. Virgin Islands (as agreed to and amended in the Letter Agreement dated November 11, 2004).

Schedule 4.9(f)
Intellectual Property

None.

Schedule 4.10
Letters of Credit and Letters of Credit Rights

None.

Schedule 4.11
Commercial Tort Claims

None.

Schedule 8.2
Notices

Generac Acquisition Corp.
245 Park Avenue, 16th Floor
New York, New York 10167-2403

$430,000,000

CREDIT AGREEMENT

Dated as of November 10, 2006,

Among

GENERAC ACQUISITION CORP.,

GPS CCMP MERGER CORP.,

THE LENDERS PARTY HERETO,

JPMORGAN CHASE BANK, N.A.,
as Administrative Agent,

GOLDMAN SACHS CREDIT PARTNERS L.P.,
as Syndication Agent,

and

BARCLAYS BANK PLC,

as Documentation Agent

and

WILMINGTON TRUST COMPANY,
as Collateral Agent

GOLDMAN SACHS CREDIT PARTNERS L.P. J.P. MORGAN SECURITIES INC.
as Joint Lead Arrangers and as Joint Bookrunners

TABLE OF CONTENTS

CREDIT AGREEMENT dated as of November 10, 2006 (this "Agreement"), among GPS CCMP MERGER CORP., a Wisconsin corporation (the "Company"), GENERAC ACQUISITION CORP., a Delaware corporation ("Holdings"), the LENDERS party hereto from time to time, JPMORGAN CHASE BANK, N.A., as administrative agent (in such capacity, the "Administrative Agent"), J.P. MORGAN SECURITIES INC., as syndication agent (in such capacity, the "Syndication Agent"), BARCLAYS BANK PLC, as documentation agent (in such capacity, the "Documentation Agent"), WILMINGTON TRUST COMPANY, as collateral agent (and its successors and assigns in such capacity, the "Collateral Agent") and GOLDMAN SACHS CREDIT PARTNERS L.P. and J.P. MORGAN SECURITIES INC. as joint lead arrangers and joint bookrunners (in such capacities, the "Joint Lead Arrangers").

Pursuant to and in connection with the Merger Agreement (with such term and each other capitalized term used but not defined in this preamble having the meaning assigned thereto in Article I) and the transactions contemplated thereby, (a) the First Lien Financing will be consummated, (b) the Merger will be consummated in accordance with the terms of the Merger Agreement and (c) the Transaction Costs will be paid.

The Borrower has requested that the Lenders extend credit in the form of Term Loans on the Closing Date in an aggregate principal amount of $430.0 million.

The Lenders are willing to extend such credit to the Borrower on the terms and subject to the conditions set forth herein. Accordingly, the parties hereto agree as follows:

ARTICLE I

Definitions

SECTION 1.01. Defined Terms. As used in this Agreement, the following terms shall have the meanings specified below:

"ABR" shall mean for any day, a rate per annum equal to the greater of (a) the Prime Rate in effect on such day and (b) the Federal Funds Effective Rate in effect on such day plus ½ of 1%. For purposes hereof: "Prime Rate" shall mean the rate of interest per annum determined from time to time by JPMorgan Chase Bank, N.A. as its prime rate in effect at its principal office in New York, City and notified to the Borrower (the Prime Rate not being intended to be the lowest rate of interest charged by JPMorgan Chase Bank, N.A. in connection with extensions of credit to debtors). Any change in the ABR due to a change in the Prime Rate or the Federal Funds Effective Rate shall be effective as of the opening of business on the effective day of such change in the Prime Rate or the Federal Funds Effective Rate, respectively.

"ABR Borrowing" shall mean a Borrowing comprised of ABR Loans.

"ABR Loan" shall mean any ABR Term Loan.

"ABR Term Loan" shall mean any Term Loan bearing interest at a rate determined by reference to the ABR in accordance with the provisions of Article II.

"Additional Lender" shall have the meaning assigned to such term in Section 2.21.

"Adjusted LIBO Rate" shall mean, with respect to any Eurocurrency Borrowing for any Interest Period, an interest rate per annum equal to (a) the LIBO Rate in effect for such Interest Period divided by (b) one minus the Statutory Reserves applicable to such Eurocurrency Borrowing, if any.

"Administrative Agent" shall have the meaning assigned to such term in the introductory paragraph of this Agreement.

"Administrative Agent Fee Letter" shall mean the Fee Letter dated November 9, 2006 between the Borrower and the Administrative Agent.

"Administrative Agent Fees" shall have the meaning assigned to such term in Section 2.12(a).

"Administrative Questionnaire" shall mean an Administrative Questionnaire in the form of Exhibit B.

"Affected Lender" shall have the meaning assigned to such term in Section 2.20.

"Affiliate" shall mean, when used with respect to a specified person, another person that directly, or indirectly through one or more intermediaries, Controls or is Controlled by or is under common Control with the person specified; provided, however, no Agent or Lender shall be deemed to be an Affiliate of any Loan Party by virtue of its execution of this Agreement.

"Agents" shall mean the Administrative Agent, the Syndication Agent, the Collateral Agent and the Documentation Agent.

"Agreement" shall have the meaning assigned to such term in the introductory paragraph of this Agreement.

"Applicable Margin" shall mean for any day with respect to any Term Loan, 6.00% in the case of any Eurocurrency Loan and 5.00% in the case of any ABR Loan.

"Assignment and Acceptance" shall mean an assignment and acceptance entered into by a Lender and an assignee, and accepted by the Administrative Agent and the Borrower (if the Borrower's consent is required by this Agreement), in the form of Exhibit A or such other form as shall be approved by the Administrative Agent.

"Available Basket Amount" at any date of determination, an amount (to the extent not otherwise applied prior to such date) equal to:

(a) the sum of (i) the Available Excess Cash Flow Amount, (ii) the cumulative amount of cash proceeds from the sale of Qualified Capital Stock of the Borrower after the Closing Date the proceeds of which have been received by the Borrower (other than such proceeds used for the purpose specified in Section 6.09(b) or for any Specified Equity Contribution) and (iii) the aggregate amount of Below Threshold Net Proceeds, *minus*

(b) the sum at the time of determination of:

(i) any amounts thereof used to make (A) Investments pursuant to Section 6.04(b) and (q) and (B) expenditures that would be Capital Expenditures but for paragraph (a) of the proviso to the definition thereof after the Closing Date and on or prior to the date of determination, and

(ii) the cumulative amount of dividends paid and distributions made pursuant to Section 6.06(e)(ii) (without duplication of amounts paid by the Borrower to Holdings which are then further distributed by Holdings under said section) after the Closing Date and on or prior to the date of determination.

"Available Excess Cash Flow Amount" shall mean, at any date of determination, (a) the sum of the amounts of Excess Cash Flow for all Excess Cash Flow Periods ending on or prior to such date minus (b) the sum at such date of (i) the aggregate amount of prepayments required to be made pursuant to Section 2.11(c) of the First Lien Credit Agreement through the date of determination and (ii) the aggregate amount of Voluntary Prepayments of First Lien Indebtedness and Voluntary Prepayments of Second Lien Indebtedness made for all Excess Cash Flow Periods ending on or prior to the date of determination; provided that, in the case of any Excess Cash Flow Period which has been completed and in respect of which the amount of Excess Cash Flow shall have been calculated as contemplated by Section 5.04(c) but the prepayment required pursuant to Section 2.11(c) of the First Lien Credit Agreement is not yet due and payable in accordance with the provisions of Section 2.11(c) of the First Lien Credit Agreement as of such date of determination, then the amount of Excess Cash Flow for such Excess Cash Flow Period and the amount of prepayments that will be so required to be made in respect of such Excess Cash Flow shall be included for purposes of this definition.

"Below Threshold Net Proceeds" shall mean cash proceeds received by the Borrower or any of its Restricted Subsidiaries, which in any fiscal year do not exceed $5.0 million and which otherwise would constitute Net Proceeds.

"Board" shall mean the Board of Governors of the Federal Reserve System of the United States of America, or any successor thereto.

"Borrower" shall mean, initially the Company, and after giving effect to the Transactions on the Closing Date, Generac.

"Borrowing" shall mean a group of Loans of a single Type under the Facility and made on a single date and, in the case of Eurocurrency Loans, as to which a single Interest Period is in effect.

"Borrowing Minimum" shall mean $1.0 million.

"Borrowing Multiple" shall mean $500,000.

"Borrowing Request" shall mean a request by the Borrower in accordance with the terms of Section 2.03 and, if written, substantially in the form of Exhibit C-1.

"Budget" shall have the meaning assigned to such term in Section 5.04(e).

"Business Day" shall mean any day that is not a Saturday, Sunday or other day on which commercial banks in New York City are authorized or required by law or other governmental action to remain closed; provided that when used in connection with a Eurocurrency Loan, the term "Business Day" shall also exclude any day on which banks are not open for dealings in deposits in Dollars in the London interbank market.

"Capital Expenditures": in respect of any period, the aggregate of all expenditures incurred by the Borrower and its Restricted Subsidiaries during such period that, in accordance with GAAP, are required to be classified as capital expenditures, including Capital Lease Obligations incurred,

provided, however, that Capital Expenditures for the Borrower and the Restricted Subsidiaries shall not include:

(a) expenditures to the extent they are made with proceeds of the Available Basket Amount,

(b) expenditures of proceeds of insurance settlements, condemnation awards and other settlements in respect of lost, destroyed, damaged or condemned assets, equipment or other property to the extent such expenditures are made to replace or repair such lost, destroyed, damaged or condemned assets, equipment or other property or otherwise to acquire, maintain, develop, construct, improve, upgrade or repair assets or properties useful in the business of the Borrower and its Restricted Subsidiaries within 12 months of receipt of such proceeds,

(c) expenditures that are accounted for as capital expenditures of such person and that actually have been paid for by a third party (other than the Borrower or any Restricted Subsidiary thereof) and for which neither the Borrower nor any Restricted Subsidiary has provided or is required to provide or incur, directly or indirectly, any consideration or obligation to such third party or any other person (whether before, during or after such period),

(d) the book value of any asset owned by such person prior to or during such period to the extent that such book value is included as a capital expenditure during such period as a result of such person reusing or beginning to reuse such asset during such period without a corresponding expenditure actually having been made in such period, provided that (i) any expenditure necessary in order to permit such asset to be reused shall be included as a Capital Expenditure during the period that such expenditure actually is made and (ii) such book value shall have been included in Capital Expenditures when such asset was originally acquired,

(e) the purchase price of equipment or property purchased during such period to the extent the consideration therefor consists of any combination of (i) used or surplus equipment or property traded in at the time of such purchase and (ii) the proceeds of a reasonably concurrent sale of used or surplus equipment or property, in each case, in the ordinary course of business,

(f) expenditures that are accounted for as capital expenditures in connection with transactions constituting Permitted Business Acquisitions, or

(g) expenditures under vendor agreements that are satisfied through non-cash means including the delivery of product.

"Capital Lease Obligations" of any person shall mean the obligations of such person to pay rent or other amounts under any lease of (or other arrangement conveying the right to use) real or personal property, or a combination thereof, which obligations are required to be classified and accounted for as capital leases on a balance sheet of such person under GAAP and, for purposes hereof, the amount of such obligations at any time shall be the capitalized amount thereof at such time determined in accordance with GAAP.

"Cash Interest Expense" shall mean, with respect to the Borrower and its Restricted Subsidiaries on a consolidated basis for any period Interest Expense paid in cash for such Period.

"CCMP" shall mean CCMP Capital Advisors, LLC.

"Change in Control" shall mean:

(a) the acquisition of record ownership or direct beneficial ownership (i.e., excluding indirect beneficial ownership through intermediate entities by any person which is the subject of clause (b) and (c) below) by any person other than Holdings (or another Parent Entity that has become a Loan Party) of any Equity Interests in the Borrower, such that after giving effect thereto Holdings (or another Parent Entity that has become a Loan Party) shall cease to beneficially own and control 100% of the Equity Interests of the Company,

(b) prior to a Qualified IPO, the failure by the Permitted Investors to beneficially own, directly or indirectly, Equity Interests of Holdings (or another Parent Entity that has become a Loan Party) representing at least 50% of the aggregate ordinary voting power and economic interest represented by the issued and outstanding Equity Interests in Holdings (or another Parent Entity that has a become a Loan Party),

(c) after a Qualified IPO, (i) the acquisition of beneficial ownership, directly or indirectly, by any person or group (within the meaning of the Securities Exchange Act of 1934, as amended, and the rules of the SEC thereunder as in effect on the date hereof), other than the Permitted Investors, of Equity Interests in Holdings representing more than 35% of the aggregate ordinary voting power represented by the issued and outstanding Equity Interests in Holdings and (ii) the beneficial ownership, directly or indirectly, by the Permitted Investors of Equity Interests in Holdings representing in the aggregate a lesser percentage of the aggregate ordinary voting power represented by the issued and outstanding Equity Interests in Holdings than such person or group, or

(d) occupation of a majority of the seats (other than vacant seats) on the board of managers (or equivalent governing body) of Holdings, by persons who were not nominated or appointed by such board of managers (or equivalent governing body) or by the Permitted Investors, directly or indirectly (including pursuant to any agreement among equity holders of Holdings or any other Parent Entity).

"Change in Law" shall mean (a) the adoption of any law, rule or regulation after the Closing Date, (b) any change in law, rule or regulation or in the interpretation or application thereof by any Governmental Authority after the Closing Date or (c) compliance by any Lender (or, for purposes of Section 2.15(b), by any Lending Office of such Lender or by such Lender's holding company, if any) with any written request, guideline or directive (whether or not having the force of law) of any Governmental Authority made or issued after the Closing Date.

"Change in Working Capital" shall mean, with respect to the Borrower and the Restricted Subsidiaries on a consolidated basis at any date of determination, the amount of Changes in Current Assets and Liabilities; provided that, Changes in Working Capital shall be calculated without regard to any Changes in Current Assets and Liabilities as a result of (a) any reclassification in accordance with GAAP of assets or liabilities, as applicable, between current and noncurrent, (b) the effects of purchase accounting or (c) the effect of fluctuations in the amount of accrued or contingent obligations under Swap Agreements.

"Changes in Current Assets and Liabilities" shall mean the sum of those amounts that comprise the changes in the current assets (excluding cash and cash equivalents (including Permitted Investments) and deferred tax accounts) and current liabilities section of the Borrower's statement of cash flows as prepared on a consolidated basis excluding tax accruals and deferred taxes.

"Charges" shall have the meaning assigned to such term in Section 9.09.

"Closing Date" shall mean November 10, 2006.

"Code" shall mean the Internal Revenue Code of 1986, as amended from time to time.

"Documentation Agent" shall have the meaning assigned to such term in the introductory paragraph of this Agreement.

"Collateral" shall mean all the "Collateral" as defined in any Security Document and shall also include the Mortgaged Properties, if any.

"Collateral Agent" shall mean Wilmington Trust Company or any other financial institution then acting as Collateral Agent under the Second Lien Loan Documents.

"Collateral Agent Fees" shall have the meaning assigned to such term in Section 2.12(a).

"Collateral Agreement" shall mean the Second Lien Guarantee and Collateral Agreement, as amended, supplemented or otherwise modified from time to time, in the form of Exhibit E, among Holdings, the Borrower, each Subsidiary Loan Party and the Administrative Agent.

"Collateral and Guarantee Requirement" shall mean the requirement that:

(a) on the Closing Date, the Administrative Agent shall have received (I) from Holdings, the Borrower and each Subsidiary Loan Party, a counterpart of the Collateral Agreement duly executed and delivered on behalf of such person and (II) an Acknowledgment and Consent in the form attached to the Collateral Agreement, executed and delivered by each issuer of Pledged Collateral (as defined in the Collateral Agreement), if any, that is a Loan Party,

(b) on the Closing Date or as otherwise provided in the Collateral Agreement, the Collateral Agent for the benefit of the Secured Parties shall have received (I) a pledge of all the issued and outstanding Equity Interests of (A) the Borrower and (B) each Domestic Subsidiary which is a Restricted Subsidiary owned on the Closing Date directly by or on behalf of Holdings, the Borrower or any Subsidiary Loan Party; (II) a pledge of 65% of the outstanding Equity Interests of each "first tier" Foreign Subsidiary directly owned by Holdings, the Borrower or a Subsidiary Loan Party; and (III) all certificates or other instruments (if any) representing such Equity Interests, together with stock powers or other instruments of transfer with respect thereto endorsed in blank,

(c) on the Closing Date, all Indebtedness having, in the case of each instance of Indebtedness, an aggregate principal amount in excess of $5.0 million (other than (i) intercompany current liabilities incurred in the ordinary course of business in connection with the cash management operations of Holdings and its Subsidiaries or (ii) to the extent that a pledge of such promissory note or instrument would violate applicable law) that is owing to any Loan Party and evidenced by a promissory note or an instrument and shall have been pledged pursuant to the Collateral Agreement, and the Collateral Agent for the benefit of the Secured Parties shall have received all such promissory notes or instruments, together with note powers or other instruments of transfer with respect thereto endorsed in blank,

(d) on the Closing Date, the Borrower shall grant to the Collateral Agent security interests and mortgages in the Mortgaged Property referred to in Schedule 5.09 owned on the date hereof pursuant to a Mortgage, record or file, the Mortgage in such manner and in such places as is required by law to establish, perfect, preserve and protect the Liens pursuant to the Mortgages

and pay, all Taxes, fees and other charges payable in connection therewith. Unless otherwise waived by the Administrative Agent, with respect to each such Mortgage, the Borrower shall deliver to the Administrative Agent contemporaneously therewith (A) a policy or policies or marked-up unconditional binder of title insurance or foreign equivalent thereof, as applicable, paid for by the Borrower, issued by a nationally recognized title insurance company insuring the Lien of each such Mortgage as a valid first Lien on the Mortgaged Property described therein, free of any other Liens except as permitted by Section 6.02, together with such endorsements, coinsurance and reinsurance as the Administrative Agent may reasonably request and (B) the legal opinions of local U.S. counsel in the state where such Mortgaged Property is located, in form and substance reasonably satisfactory to the Administrative Agent,

(e) on the Closing Date, or as otherwise provided in the Collateral Agreement, the Collateral Agent for the benefit of the Secured Parties, shall have been granted security interests in personal property of Holdings, the Borrower or any such Subsidiary Loan Parties in accordance with the Collateral Agreement,

(f) in the case of any person that becomes a Subsidiary Loan Party after the Closing Date, the Administrative Agent shall have received a supplement to the Collateral Agreement, in the form specified therein, duly executed and delivered on behalf of such Subsidiary Loan Party,

(g) after the Closing Date, (A) all the outstanding Equity Interests of any person that becomes a Subsidiary Loan Party after the Closing Date, (B) all the Equity Interests of Borrower issued after the Closing Date and (C) subject to Section 5.09(g) and Section 6.02(w), all other Equity Interests of any other Subsidiary that are acquired by a Loan Party after the Closing Date, shall have been pledged pursuant to the Collateral Agreement (provided that in no event shall more than 65% of the issued and outstanding Equity Interests of any "first tier" Foreign Subsidiary directly owned by such Loan Party be pledged to secure Obligations of any Loan Party, and in no event shall any of the issued and outstanding Equity Interests of any Foreign Subsidiary that is not a "first tier" Foreign Subsidiary be pledged to secure Obligations of any Loan Party), and the Collateral Agent for the benefit of the Secured Parties shall have received all certificates or other instruments (if any) representing such Equity Interests, together with stock powers or other instruments of transfer with respect thereto endorsed in blank,

(h) except as disclosed on Schedule 3.04 or as otherwise contemplated by any Security Document, all documents and instruments, including Uniform Commercial Code financing statements, required by law or reasonably requested by the Administrative Agent to be filed, registered or recorded to create the Liens intended to be created by the Security Documents (in each case, including any supplements thereto) and perfect such Liens to the extent required by, and with the priority required by, the Security Documents, shall have been filed, registered or recorded or delivered to the Administrative Agent for filing, registration or the recording concurrently with, or promptly following, the execution and delivery of each such Security Document, and

(i) On the Closing Date, the Administative Agent shall have received insurance certificates from the Borrower's insurance broker or other evidence reasonably satisfactory to it that all insurance required to be maintained pursuant to Section 5.02 is in full force and effect and such certificates shall (i) name the Collateral Agent, as collateral agent on behalf of the Secured Parties as an

additional insured thereunder as its interests may appear and (ii) in the case of each casualty insurance policy, contain a loss payable clause or endorsement, reasonably satisfactory in form and substance to Administrative Agent, that, from and after the Discharge of First Lien Obligations (as defined in the Intercreditor Agreement) names the Collateral Agent, (as defined in

the First Lien Credit Agreement) on behalf of Lenders (as defined in the First Lien Credit Agreement) as the loss payee thereunder and provides for at least thirty days' prior written notice to the Administrative Agent and Collateral Agent, as applicable, of any modification or cancellation of such policy.

"Collateral Questionnaire" shall mean a certificate in form reasonably satisfactory to the Administrative Agent that provides information with respect to the personal or mixed property of each Loan Party.

"Commitments" shall mean with respect to any Lender, such Lender's Term Loan Commitment.

"Company" shall have the meaning assigned to such term in the introductory paragraph of this Agreement.

"Company Competitor" shall mean any person that competes with or controls a person that competes with the business of the Company from time to time as notified by the Borrower to the Administrative Agent in writing.

"Conduit Lender" shall mean any special purpose corporation organized and administered by any Lender for the purpose of making Loans otherwise required to be made by such Lender and designated by such Lender in a written instrument; provided, that the designation by any Lender of a Conduit Lender shall not relieve the designating Lender of any of its obligations to fund a Loan under this Agreement if, for any reason, its Conduit Lender fails to fund any such Loan, and the designating Lender (and not the Conduit Lender) shall have the sole right and responsibility to deliver all consents and waivers required or requested under this Agreement with respect to its Conduit Lender, and provided, further, that no Conduit Lender shall (a) be entitled to receive any greater amount pursuant to Section 2.15, 2.16, 2.17 or 9.05 than the designating Lender would have been entitled to receive in respect of the extensions of credit made by such Conduit Lender or (b) be deemed to have any Commitment.

"Consolidated Net Income" shall mean, with respect to any person for any period, the aggregate of the Net Income of such person and its subsidiaries for such period, on a consolidated basis; provided, however, that, without duplication,

(i) any net after-tax (A) extraordinary, (B) nonrecurring or (C) unusual gains or losses or income or expenses (less all fees and expenses relating thereto) including, without limitation, any severance expenses, and fees, expenses or charges related to any offering of Equity Interests of Holdings or the Borrower, any Investment or Indebtedness permitted to be incurred hereunder or refinancings thereof (in each case, whether or not successful), including any such fees, expenses or charges related to the Transactions, in each case, shall be excluded,

(ii) any net after-tax income or loss from discontinued operations and any net after-tax gain or loss on disposal of discontinued operations shall be excluded,

(iii) any net after-tax gain or loss (less all fees and expenses or charges relating thereto) attributable to business dispositions or asset dispositions other than in the ordinary course of business (as determined in good faith by the board of directors (or equivalent governing body) of the Borrower) shall be excluded,

(iv) any net after-tax income or loss (less all fees and expenses or charges relating thereto) attributable to the early extinguishment of indebtedness shall be excluded,

(v) the Net Income for such period of any person that is not a subsidiary of such person, or is an Unrestricted Subsidiary, or that is accounted for by the equity method of accounting, shall be included only to the extent of the amount of dividends or distributions or other payments (including any ordinary course dividend, distribution or other payment) paid in cash (or to the extent converted into cash) to the referent person or a subsidiary thereof in respect of such period,

(vi) consolidated Net Income for such period shall not include the cumulative effect of a change in accounting principles during such period, and

(vii) any increase in amortization or depreciation or any non-cash charges resulting from any amortization, write-up, write-down or write-off of assets with respect to assets revalued upon the application of purchase accounting (including tangible and intangible assets, goodwill, deferred financing costs and inventory (including any adjustment reflected in the ***"cost of goods sold"*** or similar line item of the financial statements)) in connection with the Transactions, Permitted Business Acquisitions or an merger, consolidation or similar transaction not prohibited hereunder.

"Consolidated Senior Secured Debt" at any date shall mean the sum of (without duplication) (i) the principal of all Loans (as defined in the First Lien Credit Agreement) of the Borrower and its Restricted Subsidiaries outstanding under the First Lien Credit Agreement plus, (ii) the aggregate principal amount of all other Indebtedness of the Borrower and its Restricted Subsidiaries (other than the Loans) that is secured by any Lien on any asset of the Borrower or any of its Restricted Subsidiaries, is outstanding at such time is otherwise included in Consolidated Total Debt and which Lien is not subordinated to the Liens securing the First Lien Indebtedness less the unrestricted (other than to the extent constituting Collateral) cash and marketable securities (determined in accordance with GAAP) of the Borrower and its Restricted Subsidiaries on such date.

"Consolidated Total Debt" at any date shall mean the sum of (without duplication) (i) all Capital Lease Obligations and Indebtedness of the Borrower and its Restricted Subsidiaries for borrowed money (excluding letters of credit to the extent undrawn), (ii) Indebtedness in respect of the deferred purchase price of property or services of the Borrower and its Restricted Subsidiaries to the extent in the case of clause (ii) such Indebtedness appears or should appear in the "liabilities" section of the consolidated balance sheet of the Borrower and its Restricted Subsidiaries in accordance with GAAP determined on a consolidated basis on such date less the unrestricted (other than to the extent constituting Collateral) cash and marketable securities (determined in accordance with GAAP) of the Borrower and its Restricted Subsidiaries on such date.

"Contractual Obligation" means, as applied to any person, any provision of any security issued by that person or of any indenture, mortgage, deed of trust, contract, written undertaking, agreement or other instrument to which that person is a party or by which it or any of its properties is bound or to which it or any of its properties is subject.

"Control" shall mean the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of a person, whether through the ownership of voting securities, by contract or otherwise, and "Controlling" and "Controlled" shall have meanings correlative thereto.

"Cure Right" shall have the meaning assigned to such term in Section 7.02(a).

"Default" shall mean any event or condition that upon notice, lapse of time or both would constitute an Event of Default.

"Defaulting Lender" shall mean any Lender with respect to which a Lender Default is in effect.

"Disinterested Director" shall mean, with respect to any person and transaction, a member of the board of managers (or equivalent governing body) of such person who does not have any material direct or indirect financial interest in or with respect to such transaction.

"Disqualified Institutions" shall mean Company Competitors and those banks, financial institutions or other institutional lenders in each case identified to the Administrative Agent in writing from time to time.

"Dollars" or "$" shall mean lawful money of the United States of America.

"Domestic Subsidiary" shall mean any Subsidiary that is not a Foreign Subsidiary.

"EBITDA" shall mean, with respect to Borrower and its Restricted Subsidiaries on a consolidated basis for any period, the Consolidated Net Income of Borrower and the Restricted Subsidiaries for such period plus (a) the sum of (in each case without duplication and to the extent the respective amounts described in subclauses (i) through (x) of this clause (a) reduced such Consolidated Net Income for the respective period for which EBITDA is being determined):

(i) provision for Taxes based on income, profits or capital of the Borrower and the Restricted Subsidiaries for such period, including, without limitation, state, foreign, franchise and similar taxes, and Tax Distributions made by the Borrower during such period,

(ii) Interest Expense of the Borrower and the Restricted Subsidiaries for such period,

(iii) depreciation and amortization expenses of the Borrower and its Restricted Subsidiaries for such period,

(iv) business optimization expenses and restructuring charges and reserves (which, for the avoidance of doubt, shall include retention, severance, systems establishment cost, excess pension charges, contract termination costs (including future lease commitments) and costs to consolidate facilities and relocate employees); provided that with respect to each business optimization expense or restructuring charge or reserve, the Borrower shall have delivered to the Administrative Agent a certificate of the Chief Financial Officer of the Borrower specifying and quantifying such expense, charge or reserve and stating that such expense, charge or reserve is a business optimization expense or restructuring charge or reserve, as the case may be,

(v) the amount of management, consulting, monitoring, transaction and advisory fees and related expenses paid to the Permitted Investors (or any accruals related to such fees and related expenses) during such period;

(vi) Transaction Costs, cash expenses incurred directly in connection with any Investment, equity issuance or debt issuance or refinancings (whether or not consummated),

(vii) any non-cash charges reducing Consolidated Net Income (excluding any such non-cash charge to the extent it represents an accrual of or reserve for cash charges in any future

period or amortization of a prepaid cash expense that was paid in a prior period not included in the calculation),

(viii) letter of credit fees,

(ix) to the extent actually reimbursed, expenses incurred to the extent covered by indemnification provisions in any agreement in connection with a Permitted Business Acquisition, and

(x) to the extent covered by insurance under which the insurer has been properly notified and has not denied or contested coverage, expenses with respect to liability events, or casualty events or business interruption,

minus (b) (without duplication and to the extent the amounts described in this clause (b) increased such Consolidated Net Income for the respective period for which EBITDA is being determined) income tax credits and distributions and dividends pursuant to Section 6.06(b)(i) and (iii) and all non-cash gains increasing Consolidated Net Income of the Borrower and its Restricted Subsidiaries for such period (but excluding any such gains (x) in respect of which cash or other assets were received in a prior period or will be received in a future period or (y) which represent the reversal of any accrual of, or cash reserve for, anticipated cash charges in any prior period).

For purposes of determining EBITDA under this Agreement for any period that includes any of the fiscal quarters ended December 31, 2005, March 31, 2006, June 30, 2006 and September 30, 2006 EBITDA for such fiscal quarters shall be deemed to be $42,800,000, $40,300,000, $67,300,000 and $56,400,000, respectively.

"Eligible Assignee" shall mean (i) any Lender, any Affiliate of any Lender and any Related Fund (any two or more Related Funds being treated as a single Eligible Assignee for all purposes hereof), and (ii) any commercial bank, insurance company, investment or mutual fund or other entity that is an "accredited investor" (as defined in Regulation D under the Securities Act) and which extends credit or buys loans.

"environment" shall mean ambient and indoor air, surface water and groundwater (including potable water, navigable water and wetlands), the land surface or subsurface strata, natural resources such as flora and fauna, the workplace or as otherwise defined in any Environmental Law.

"Environmental Laws" shall mean all laws (including common law), rules, regulations, codes, ordinances, orders, decrees or judgments, promulgated or entered into by or with any Governmental Authority, relating in any way to the environment, preservation or reclamation of natural resources, the generation, management, Release or threatened Release of, or actual or alleged exposure to, any Hazardous Materials or to occupational health and safety (to the extent relating to the environment or Hazardous Materials).

"Equity Interests" of any person shall mean any and all shares, interests, participations or other equivalents of or interests in (however designated) equity of such person, including any preferred stock, any limited or general partnership interest and any limited liability company membership interest and any and all warrants, rights or options to purchase or other rights to acquire any of the foregoing.

"Equity Financing" shall mean the investment by CCMP and its Affiliates, directly or indirectly, in common equity or Qualified Capital Stock of the Borrower in an aggregate amount in cash

equal to not less than 25% of the Pro Forma total consolidated capitalization of the Borrower after giving effect to the Transactions on the Closing Date.

"ERISA" shall mean the Employee Retirement Income Security Act of 1974, as the same may be amended from time to time.

"ERISA Affiliate" shall mean any trade or business (whether or not incorporated) that, together with Holdings, the Borrower or a Subsidiary, is treated as a single employer under Section 414(b) or (c) of the Code, or, solely for purposes of Section 302 of ERISA and Section 412 of the Code, is treated as a single employer under Section 414 of the Code.

"ERISA Event" shall mean (a) any Reportable Event; (b) the existence with respect to any Plan of an "accumulated funding deficiency" (as defined in Section 412 of the Code or Section 302 of ERISA), whether or not waived; (c) the filing pursuant to Section 412(d) of the Code or Section 303(d) of ERISA of an application for a waiver of the minimum funding standard with respect to any Plan, the failure to make by its due date a required installment under Section 412(m) of the Code with respect to any Plan or the failure to make any required contribution to a Multiemployer Plan; (d) the incurrence by Holdings, the Borrower, a Subsidiary or any ERISA Affiliate of any liability under Title IV of ERISA with respect to the termination of any Plan; (e) the receipt by Holdings, the Borrower, a Subsidiary or any ERISA Affiliate from the PBGC or a plan administrator of any notice relating to an intention to terminate any Plan or to appoint a trustee to administer any Plan under Section 4042 of ERISA; (f) the incurrence by Holdings, the Borrower, a Subsidiary or any ERISA Affiliate of any liability with respect to the withdrawal or partial withdrawal from any Plan or Multiemployer Plan; or (g) the receipt by Holdings, the Borrower, a Subsidiary or any ERISA Affiliate of any notice, or the receipt by any Multiemployer Plan from Holdings, the Borrower, a Subsidiary or any ERISA Affiliate of any notice, concerning the imposition of Withdrawal Liability or a determination that a Multiemployer Plan is, or is expected to be, insolvent or in reorganization, within the meaning of Title IV of ERISA.

"Eurocurrency Borrowing" shall mean a Borrowing comprised of Eurocurrency Loans.

"Eurocurrency Loan" shall mean any Eurocurrency Term Loan.

"Eurocurrency Term Loan" shall mean any Term Loan bearing interest at a rate determined by reference to the Adjusted LIBO Rate in accordance with the provisions of Article II.

"Event of Default" shall have the meaning assigned to such term in Section 7.01.

"Excess Cash Flow" shall mean, with respect to the Borrower and its Subsidiaries on a consolidated basis for any Excess Cash Flow Period, an amount (in any case not less than zero) equal to (A) EBITDA of the Borrower and its Subsidiaries on a consolidated basis for such Excess Cash Flow Period, minus, without duplication, (B) the sum of

(a) Cash Interest Expense and scheduled payments of Indebtedness for such Excess Cash Flow Period,

(b) (i) Capital Expenditures and (ii) the aggregate consideration paid in cash during the Excess Cash Flow Period in respect of Investments permitted under Section 6.04 (including Permitted Business Acquisitions) to the extent such Investments are not financed, or intended to be financed, using the proceeds of the incurrence of long-term Indebtedness,

(c) Capital Expenditures that the Borrower or any Restricted Subsidiary shall, during such Excess Cash Flow Period, become obligated to make, but that are not made during such Excess Cash Flow Period, provided that the Borrower shall deliver a certificate to the Administrative Agent in connection with the delivery of the Excess Cash Flow certificate for such Excess Cash Flow Period, signed by a Responsible Officer of the Borrower and certifying that such Capital Expenditures will be completed in the first 125 days of the following Excess Cash Flow Period,

(d) all Taxes based on income, profits or capital of the Borrower and its Restricted Subsidiaries including state, foreign, franchise and similar taxes and Tax Distributions made by the Borrower during such Excess Cash Flow Period or that will be made within six months after the close of such Excess Cash Flow Period, in each case, paid in cash, (provided that any amount so deducted in respect of such Taxes or Tax Distribution that will be made after the close of such Excess Cash Flow Period shall not be deducted again in a subsequent Excess Cash Flow Period),

(e) an amount equal to any positive Change in Working Capital of the Borrower and its Restricted Subsidiaries for such Excess Cash Flow Period,

(f) cash expenditures made in respect of Swap Agreements during such Excess Cash Flow Period, to the extent not reflected as a subtraction in the computation of EBITDA (or to the extent added thereto) or an addition to Cash Interest Expense,

(g) amounts paid in cash during such Excess Cash Flow Period on account of (x) items that were accounted for as non-cash reductions of Net Income in determining Consolidated Net Income or as non-cash reductions of Consolidated Net Income in determining EBITDA of the Borrower and its Restricted Subsidiaries in a prior Excess Cash Flow Period and (y) reserves or accruals established in purchase accounting, and

(h) the amount related to items that were added to or not deducted from Net Income in calculating Consolidated Net Income or were added to or not deducted from Consolidated Net Income in calculating EBITDA (including the items referred to in clauses (iv), (v), (vi), (viii), (ix) and (x) of the definition thereof) to the extent either (x) such items represented a cash payment (which had not reduced Excess Cash Flow upon the accrual thereof in a prior Excess Cash Flow Period), or an accrual for a cash payment, by the Borrower and its Restricted Subsidiaries or (y) such items did not represent cash received by the Borrower and its Restricted Subsidiaries, in each case on a consolidated basis during such Excess Cash Flow Period,

plus, without duplication, (C) the sum of

(a) an amount equal to any negative Change in Working Capital for such Excess Cash Flow Period,

(b) to the extent any permitted Capital Expenditures referred to in clause (B)(c) above do not occur in the first 125 days of the following Excess Cash Flow Period of the Borrower specified in the certificate of the Borrower delivered pursuant to clause (B)(c) above, the amount of such Capital Expenditures that were not so made in such 125-day period,

(c) cash payments received in respect of Swap Agreements during such Excess Cash Flow Period to the extent not included in the computation of EBITDA,

(d) any extraordinary, unusual or nonrecurring gain realized in cash during such Excess Cash Flow Period (except to the extent such gain consists of Net Proceeds subject to Section 2.11(b)),

(e) to the extent deducted in the computation of EBITDA, cash interest income,

(f) the amount of consideration paid with respect to assets acquired as part of a Permitted Business Acquisition to the extent such assets have been subsequently disposed of pursuant to Section 6.05(h) and such amount reduced Excess Cash Flow in a prior year, and

(g) the amount related to items that were deducted from or not added to Net Income in connection with calculating consolidated Net Income or were deducted from or not added to consolidated Net Income in calculating EBITDA to the extent either (x) such items represented cash received by the Borrower or any Subsidiary or (y) such items do not represent cash paid by the Borrower or any Subsidiary, in each case on a consolidated basis during such Excess Cash Flow Period.

"Excess Cash Flow Period" shall mean each fiscal year of the Borrower commencing with the 2007 fiscal year.

"Exchange Act" means the Securities Exchange Act of 1934, as amended from time to time and any successor statute.

"Excluded Taxes" shall mean, with respect to the Administrative Agent, any Lender, or any other recipient of any payment to be made by or on account of any obligation of the Borrower hereunder, (a) income taxes imposed on (or measured by) its net income (or franchise taxes imposed in lieu of net income taxes) by the United States of America (or any state thereof) or the jurisdiction under the laws of which such recipient is organized or in which its principal office is located or, in the case of any Lender, in which its applicable Lending Office is located or any other jurisdiction as a result of such recipient engaging in a trade or business in such jurisdiction for tax purposes, (b) any branch profits tax or any similar tax that is imposed by any jurisdiction described in clause (a) above (c) in the case of a Lender making a Loan to the Borrower, any withholding tax imposed by the United States or imposed by the jurisdiction in which such Lender is incorporated or has its principal place of business that (x) is in effect and would apply to amounts payable hereunder to such Lender at the time such Lender becomes a party to such Loan to the Borrower (or designates a new 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 a Loan Party with respect to any withholding tax pursuant to Section 2.17(a) or Section 2.17(c) or (y) is attributable to such Lender's failure to comply with Section 2.17(e) (without giving effect to the last sentence thereof) with respect to such Loan unless such failure to comply with Section 2.17(e) is a result of a change in law after the date such Lender becomes a party to such Loan to the Borrower (or designates a new Lending Office) and (d) any interest, additions to taxes or penalties with respect to the foregoing.

"Existing Debt" shall mean the Indebtedness of Holdings and its Subsidiaries in existence on the Closing Date prior to the consummation of the Transactions to be consummated on the Closing Date.

"Existing Debt Documents" shall mean any and all of the documents or instruments governing the Existing Debt.

"Existing Owners" shall mean the Reinvesting Management Group, as such terms are defined in the Merger Agreement as in effect on the Closing Date.

"Existing Term Loans" shall have the meaning assigned to such term in Section 2.21.

"Facility" shall mean the facility and commitments utilized in making Loans and credit extensions hereunder, it being understood that as of the date of this Agreement there is one Facility, i.e., the Term Facility.

"Family Members" shall mean an individual's spouse, former spouse, parent, siblings, children, or other lineal descendants of such individual.

"Federal Funds Effective Rate" shall mean, for any day the rate per annum (expressed, as a decimal, rounded upwards, if necessary, to the next higher 1/100 of 1%) equal to the weighted average of the rates on overnight Federal funds transactions with members of the Federal Reserve System arranged by Federal funds brokers on such day, as published by the Federal Reserve Bank of New York on the Business Day next succeeding such day; provided, (i) if such day is not a Business Day, the Federal Funds Rate for such day shall be such rate on such transactions on the next preceding Business Day as so published on the next succeeding Business Day, and (ii) if no such rate is so published on such next succeeding Business Day, the Federal Funds Rate for such day shall be the average rate charged to Administrative Agent, in its capacity as a Lender, on such day on such transactions as determined by Administrative Agent.

"Fee Letter" shall mean that certain Fee Letter dated October 20, 2006 by and among the Borrower, the Agents and certain other parties and that certain Fee Letter dated as of the date hereof among Collateral Agent and Company.

"Fees" shall mean the Administrative Agent Fees and Collateral Agent Fees.

"Financial Officer" of any person shall mean the Chief Financial Officer, principal accounting officer, Treasurer, Assistant Treasurer or Controller of such person.

"First Lien Collateral Documents" shall mean the "Guaranty and Collateral Agreement" and any "Mortgages" (in each case as defined in the First Lien Credit Agreement) and each other security agreement or other instrument or document executed and delivered to secure First Lien Indebtedness and any related obligations, as amended, restated, supplemented, otherwise modified, replaced, renewed, extended or refinanced from time to time in accordance with requirements thereof and the Intercreditor Agreement.

"First Lien Credit Agreement" shall mean the Credit Agreement, dated as of Novermber 10, 2006, by and among Holdings, the Borrower, the financial institutions from time to time party thereto as lenders, Goldman Sachs Credit Partners, L.P., as administrative agent, JPMorgan Securities Inc., as syndication agent, Barclays Bank PLC, as documentation agent, and Goldman Sachs Credit Partners, L.P. and JPMorgan Securities Inc., as joint lead arrangers and joint bookrunners, as amended, restated, supplemented, otherwise modified, replaced, renewed, extended or refinanced from time to time in accordance with requirements thereof and the Intercreditor Agreement.

"First Lien Financing" shall mean the financing contemplated by the First Lien Loan Documents.

"First Lien Indebtedness" shall mean Indebtedness pursuant to the First Lien Loan Documents.

"First Lien Loan Documents" shall mean the "Loan Documents" as defined in the First Lien Credit Agreement as in effect on the date hereof, in each case as amended, restated, supplemented, otherwise modified, replaced, renewed, extended or refinanced from time to time in accordance with requirements thereof and of this Agreement, and the Intercreditor Agreement.

"Foreign Lender" shall mean any Lender that is not a "United States person" as defined in Section 7701(a)(30) of the Code.

"Foreign Subsidiary" shall mean any Subsidiary that is incorporated or organized under the laws of any jurisdiction other than the United States of America, any State thereof or the District of Columbia.

"GAAP" shall mean generally accepted accounting principles in effect from time to time in the United States.

"Generac" shall mean Generac Power Systems, Inc., a Wisconsin corporation.

"GSCP" shall have the meaning assigned to such term in the introductory paragraph of this Agreement.

"Governmental Authority" shall mean any federal, state, local or foreign court or governmental agency, authority, instrumentality or regulatory or legislative body or any entity or officer exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to any government or any court, in each case whether associated with a state of the United States, the United States, or a foreign entity or government.

"Guarantee" of or by any person (the "guarantor") shall mean (a) any obligation, contingent or otherwise, of the guarantor guaranteeing or having the economic effect of guaranteeing any Indebtedness or other obligation of any other person (the "primary obligor") in any manner, whether directly or indirectly, and including any obligation of the guarantor, direct or indirect, (i) to purchase or pay (or advance or supply funds for the purchase or payment of) such Indebtedness or other obligation (whether arising by virtue of partnership arrangements, by agreement to keep well, to purchase assets, goods, securities or services, to take-or-pay or otherwise) or to purchase (or to advance or supply funds for the purchase of) any security for the payment of such Indebtedness or other obligation, (ii) to purchase or lease property, securities or services for the purpose of assuring the owner of such Indebtedness or other obligation of the payment thereof, (iii) to maintain working capital, equity capital or any other financial statement condition or liquidity of the primary obligor so as to enable the primary obligor to pay such Indebtedness or other obligation, (iv) entered into for the purpose of assuring in any other manner the holders of such Indebtedness or other obligation of the payment thereof or to protect such holders against loss in respect thereof (in whole or in part) or (v) as an account party in respect of any letter of credit or letter of guaranty issued to support such Indebtedness or other obligation, or (b) any Lien on any assets of the guarantor securing any Indebtedness of any other person, whether or not such Indebtedness or other obligation is assumed by the guarantor; provided, however, that the term "Guarantee" shall not include endorsements for collection or deposit, in either case in the ordinary course of business, or customary and reasonable indemnity obligations in effect on the Closing Date or entered into in connection with any acquisition or disposition of assets permitted under this Agreement. The amount of any Guarantee for purposes of clause (b) shall be deemed to be equal to the lesser of (i) the aggregate

unpaid amount of such Indebtedness and (ii) the fair market value of the property encumbered thereby as determined by such person in good faith.

"guarantor" shall have the meaning assigned to such term in the definition of the term "Guarantee".

"Hazardous Materials" shall mean all pollutants, contaminants, wastes, chemicals, materials, substances and constituents of any nature which are subject to regulation by any Governmental Authority or which would reasonably be likely to give rise to liability under any Environmental Law, including, without limitation, explosive or radioactive substances or petroleum or petroleum distillates, asbestos or asbestos containing materials, polychlorinated biphenyls or radon gas.

"Holdings" shall have the meaning assigned to such term in the introductory paragraph of this Agreement.

"Incremental Extensions of Credit" shall have the meaning assigned to such term in Section 2.21.

"Incremental Facility Amendment" shall have the meaning assigned to such term in Section 2.21.

"Incremental Facility Closing Date" shall have the meaning assigned to such term in Section 2.21.

"Indebtedness" of any person shall mean, without duplication, (a) all obligations of such person for borrowed money, (b) all obligations of such person evidenced by bonds, debentures, notes or similar instruments to the extent the same would appear as a liability on a balance sheet prepared in accordance with GAAP, (c) all obligations of such person under conditional sale or other title retention agreements relating to property or assets purchased by such person, (d) all obligations of such person issued or assumed as the deferred purchase price of property or services (other than current intercompany liabilities (but not any refinancings, extensions, renewals or replacements thereof) incurred in the ordinary course of business and maturing within 365 days after the incurrence thereof), to the extent that the same would be required to be shown as a long term liability on a balance sheet prepared in accordance with GAAP, (e) all Guarantees by such person of Indebtedness of others, (f) all Capital Lease Obligations of such person, (g) all payments that such person would have to make in the event of an early termination, on the date Indebtedness of such person is being determined, in respect of outstanding Swap Agreements net of payments such person would receive in the event of early termination on such date of determination, (h) the principal component of all obligations, contingent or otherwise, of such person as an account party in respect of letters of credit and (i) the principal component of all obligations of such person in respect of bankers' acceptances. The Indebtedness of any person shall include the Indebtedness of any partnership in which such person is a general partner, other than to the extent that the instrument or agreement evidencing such Indebtedness expressly limits the liability of such person in respect thereof. The Indebtedness of the Borrower and the Restricted Subsidiaries shall exclude (i) accrued expenses and accounts and trade payables, (ii) liabilities under vendor agreements to the extent such indebtedness may be satisfied through non-cash means such as purchase volume earnings credits and (iii) reserves for deferred income taxes.

"Indemnified Taxes" shall mean all Taxes other than Excluded Taxes and Other Taxes.

"Indemnitee" shall have the meaning assigned to such term in Section 9.05(b).

"Information" shall have the meaning assigned to such term in Section 3.14(a).

"Information Memorandum" shall mean the Confidential Information Memorandum dated October 2006, as modified or supplemented prior to the Closing Date.

"Intercompany Note" shall mean the Intercompany Note substantially in the form of Exhibit H; provided that at any time prior to the Discharge of First Lien Obligations (as defined in the Intercreditor Agreement) such term shall refer to the Intercompany Note as defined in the First Lien Credit Agreement.

"Intercreditor Agreement" shall mean the Intercreditor Agreement, dated as of the date hereof, among the Administrative Agent and the administrative agent under the First Lien Credit Agreement, the Collateral Agent and acknowledged by the Borrower.

"Interest Election Request" shall mean a request by the Borrower to convert or continue a Term Borrowing in accordance with Section 2.07.

"Interest Expense" shall mean, with respect to any person for any period, the sum without duplication of (a) gross interest expense of such person for such period on a consolidated basis, including (i) the amortization of debt discounts, (ii) the amortization of all fees (including fees with respect to Swap Agreements) payable in connection with the incurrence of Indebtedness to the extent included in interest expense and (iii) the portion of any payments or accruals with respect to Capital Lease Obligations allocable to interest expense and (b) capitalized interest of such person. For purposes of the foregoing, gross interest expense shall be determined after giving effect to any net payments made or received and costs incurred by the Borrower and its Restricted Subsidiaries with respect to Swap Agreements (provided that payments and costs upon the settlement or termination of a Swap Agreement will not be included in Interest Expense).

"Interest Payment Date" shall mean, (a) with respect to any Eurocurrency Loan, the last day of the Interest Period applicable to the Borrowing of which such Loan is a part and, in the case of a Eurocurrency Borrowing with an Interest Period of more than three months' duration, each day that would have been an Interest Payment Date had successive Interest Periods of three months' duration been applicable to such Borrowing and, in addition, the date of any refinancing or conversion of such Borrowing with or to a Borrowing of a different Type and (b) with respect to any ABR Loan, the last day of March, June, September and December of each year.

"Interest Period" shall mean, as to any Eurocurrency Borrowing, the period commencing on the date of such Borrowing or on the last day of the immediately preceding Interest Period applicable to such Borrowing, as applicable, and ending on the numerically corresponding day (or, if there is no numerically corresponding day, on the last day) in the calendar month that is 1, 2, 3 or 6 months thereafter (or 9 or 12 months, if available to all relevant Lenders), as the Borrower may elect, or the date any Eurocurrency Borrowing is converted to an ABR Borrowing in accordance with Section 2.07 or

repaid or prepaid in accordance with Section 2.09, 2.10 or 2.11; provided, unless the Administrative Agent shall otherwise agree, that the Interest Period for the initial Eurocurrency Borrowing shall be of one month's duration; provided, however, that if any Interest Period would end on a day other than a Business Day, such Interest Period shall be extended to the next succeeding Business Day unless such next succeeding Business Day would fall in the next calendar month, in which case such Interest Period shall end on the next preceding Business Day. Interest shall accrue from and including the first day of an Interest Period to but excluding the last day of such Interest Period.

"Investment" shall have the meaning assigned to such term in Section 6.04.

"Joint Lead Arrangers" shall have the meaning assigned to such term in the introductory paragraph of this Agreement.

"Joint Venture" shall mean a joint venture or similar arrangement, whether in corporate, partnership or other legal form which is not a Subsidiary but in which the Borrower or any Subsidiary owns or controls any Equity Interests; provided, in no event shall any corporate Subsidiary of any person be considered to be a Joint Venture to which such person is a party.

"Lender" shall mean each financial institution listed on Schedule 2.01 (other than any such person that has ceased to be a party hereto pursuant to an Assignment and Acceptance in accordance with Section 9.04), as well as any person that becomes a "Lender" hereunder in accordance with Section 9.04.

"Lender Default" shall mean (i) the refusal (which has not been retracted) or failure of a Lender to make available its portion of any Borrowing (in each case, when required to be made available, acquired or funded in accordance with the terms hereof), or (ii) a Lender having notified the Borrower and/or the Administrative Agent that it does not intend to comply with its obligations under Section 2.06.

"Lending Office" shall mean, as to any Lender, the applicable branch, office or Affiliate of such Lender designated by such Lender to make Loans.

"LIBO Rate" shall mean, with respect to any Eurocurrency Borrowing for any Interest Period, the rate per annum equal to the rate determined by Administrative Agent to be the offered rate which appears on the page of the Telerate Screen which displays an average British Bankers Association Interest Settlement Rate (such page currently being page number 3740 or 3750, as applicable) for deposits (for delivery on the first day of such period) with a term equivalent to such period in Dollars, determined as of approximately 11:00 a.m. (London, England time) on the Quotation Day for such Interest Period, or (b) in the event the rate referenced in the preceding clause (a) does not appear on such page or service or if such page or service shall cease to be available, the rate per annum equal to the rate determined by Administrative Agent to be the offered rate on such other page or other service which displays an average British Bankers Association Interest Settlement Rate for deposits (for delivery on the first day of such period) with a term equivalent to such period in Dollars, determined as of approximately 11:00 a.m. (London, England time) on the Quotation Day for such Interest Period, or (c) in the event the rates referenced in the preceding clauses (a) and (b) are not available, the rate per annum equal to the offered quotation rate to first class banks in the London interbank market by Deutche Bank Trust Company Americas for deposits (for delivery on the first day of the relevant period) in Dollars of amounts in same day funds comparable to the principal amount of the applicable Loan of Administrative Agent, in its capacity as a Lender, for which the Adjusted Eurodollar Rate is then being determined with maturities comparable to such period as of approximately 11:00 a.m. (London, England time) on such Interest Rate Determination Date.

"Lien" shall mean, with respect to any asset, (a) any mortgage, deed of trust, lien, hypothecation, pledge, encumbrance, charge or security interest in or on such asset and (b) the interest of a vendor or a lessor under any conditional sale agreement, capital lease or title retention agreement (or any financing lease having substantially the same economic effect as any of the foregoing) relating to such asset.

"Loan Documents" shall mean this Agreement, the Intercreditor Agreement, the Security Documents, the Administrative Agent Fee Letter, the Fee Letter and any Note issued under Section 2.09(e), any amendments (including any Incremental Facility Amendment) and waivers to any of the foregoing.

"Loan Parties" shall mean Holdings, the Borrower and the Subsidiary Loan Parties and any Parent Entity, in lieu of Holdings, that has executed and delivered an assumption agreement in substantially the form of Exhibit D to the Collateral Agreement and become a "Guarantor" and "Grantor" thereunder.

"Loans" shall mean the Term Loans.

"Local Time" shall mean New York City time.

"Management Agreement" means that certain Advisory Services Agreement dated as of November 10, 2006 by and among Generac Acquisition Corp, GPS CCMP Acquisition Corp., Generac Power Systems, Inc., CCMP Capital Advisors, LLC, and CCMP Capital Asia PTE, Ltd. and CCMP Capital Asia Consulting Company Ltd.

"Management Group" shall mean the group consisting of the directors, officers and other management personnel of Holdings, the Borrower and its Restricted Subsidiaries.

"Margin Stock" shall have the meaning assigned to such term in Regulation U.

"Material Adverse Effect" shall mean a material adverse effect on and/or material adverse developments with respect to the business, property, operations or condition of the Borrower and its Subsidiaries, taken as a whole.

"Maturity Date" shall mean May 10, 2014.

"Maximum Rate" shall have the meaning assigned to such term in Section 9.09.

"Merger" shall mean the merger of the Company with and into Generac, with Generac being the surviving corporation, who without any further act or deed shall automatically by operation of law become the Borrower hereunder and assume all of the obligations, covenants, duties and liabilities of GPS CCMP Merger Corp. as if originally a party hereto.

"Merger Agreement" shall mean the Agreement and Plan of Merger, dated as of September 13, 2006, by and among Generac, Holdings, the Borrower and Robert D. Kern, as representative for the shareholders listed on Exhibit A thereto.

"Moody's" shall mean Moody's Investors Service, Inc.

"Mortgaged Properties" shall mean the properties listed on Schedule 5.09 and the owned real properties of the Loan Parties encumbered by a Mortgage pursuant to Section 5.09.

"Mortgage" shall have the meaning assigned to such term in Section 5.09(c).

"Multiemployer Plan" shall mean a multiemployer plan as defined in Section 4001(a)(3) of ERISA to which the Borrower, Holdings or any Subsidiary or any ERISA Affiliate (other than one considered an ERISA Affiliate only pursuant to subsection (m) or (o) of Code Section 414) is making or accruing an obligation to make contributions, or has within any of the preceding six plan years made or accrued an obligation to make contributions.

"Net Income" shall mean, with respect to any person, the net income (loss) of such person, determined in accordance with GAAP and before any reduction in respect of preferred stock dividends.

"Net Proceeds" shall mean:

(a) an amount equal to 100% of the cash proceeds actually received by the Borrower or any of its Restricted Subsidiaries, which, in any fiscal year in the aggregate for all such persons exceeds $5,000,000 (including any cash payments received by way of deferred payment of principal pursuant to a note or installment receivable or purchase price adjustment receivable or otherwise and including casualty insurance settlements and condemnation awards, but only as and when received) from any loss, damage, destruction or condemnation of, or any sale, transfer or other disposition (including any sale and leaseback of assets and any mortgage or lease of real property) to any person of any asset or assets of the Borrower or any Restricted Subsidiary in a single transaction or series of related transactions (other than those pursuant to Section 6.05(a), (b), (c), (e), (f), (i), (j), (k), (m), (n), (o), (p), (r), (t), (u), and (v)), net of (i) attorneys' fees, accountants' fees, investment banking fees, survey costs, title insurance premiums, and related search and recording charges, transfer taxes, deed or mortgage recording taxes, payments of debt and other obligations

relating to the applicable asset then due and payable or required to be paid or discharged by the purchaser, transfer or other disposition of such asset (other than pursuant hereto or pursuant to any First Lien Indebtedness), other customary expenses and brokerage, consultant and other customary fees and expenses actually incurred in connection therewith, (ii) Taxes paid or payable as a result thereof or any Tax Distributions resulting therefrom) and (iii) any reserve for adjustment in respect of (A) the sale price of such asset or assets established in accordance with GAAP and (B) any liabilities associated with such asset or assets and retained by the Borrower or such Restricted Subsidiary after such sale, transfer or other disposition thereof, including pension and other post-employment benefit obligations associated with such transaction, provided that if no Event of Default exists and Holdings or the Borrower shall deliver a certificate of a Responsible Officer of the Borrower to the Administrative Agent promptly following receipt of any such proceeds setting forth the Borrower's intention to use or commit to use any portion of such proceeds, to acquire, maintain, develop, construct, improve, upgrade or repair assets useful in the business the Borrower and its Restricted Subsidiaries or make Permitted Business Acquisitions, in each case within 15 months of such receipt, then such portion shall not constitute Net Proceeds except to the extent not so used or not contractually committed to be so used within such 15 month period (it being understood that (1) any amount so contractually committed to be used within such 15 month period must be so used within 180 days of such commitment and (2) if any portion of such proceeds are not so used within such period (whether because such amount is contractually committed to be used and subsequent to such date such contract is terminated or expires without such portion being so used or for any other reason), such remaining portion shall constitute Net Proceeds (as of the date of such termination or expiration (if applicable) without giving effect to this proviso), provided that if such Net Proceeds arose from the sale of an asset of a Loan Party, such proceeds must be reinvested in the assets of a Loan Party or be permitted as an Investment pursuant to Section 6.04, and,

(b) an amount equal to 100% of the cash proceeds received by the Borrower or any Restricted Subsidiary from the incurrence, issuance or sale by the Borrower or any of its Restricted Subsidiaries of any Indebtedness (other than Indebtedness permitted by Section 6.01) net of all taxes and fees (including investment banking fees), commissions, underwriting discounts, costs and other expenses, in each case incurred in connection with such issuance or sale.

"Non-Consenting Lender" shall have the meaning assigned to such term in Section 2.19(c).

"Nonpublic Information" shall mean information which has not been disseminated in a manner making it available to investors generally, within the meaning of Regulation FD.

"Note" shall have the meaning assigned to such term in Section 2.09(e).

"Obligations" shall mean all obligations of every nature of each Loan Party from time to time owed to the Agents (including former Agents) under any Loan Document, whether for principal, interest (including interest which, but for the filing of a petition in bankruptcy with respect to such Loan Party, would have accrued on any Obligation, whether or not a claim is allowed against such Loan Party for such interest in the related bankruptcy proceeding), fees, expenses, indemnification or otherwise. For the avoidance of doubt, Incremental Term Loans incurred pursuant to Section 2.21 shall constitute Obligations.

"Other Taxes" shall mean any and all present or future stamp or documentary taxes or any other excise or property taxes, charges or similar levies arising from any payment made hereunder or from the execution, delivery or enforcement of, or otherwise with respect to, the Loan Documents, and any and all interest and penalties related thereto.

"Parent Entity" shall mean any of (i) Holdings and (ii) any other person of which Holdings is a Subsidiary.

"Participant" shall have the meaning assigned to such term in Section 9.04(c).

"PBGC" shall mean the Pension Benefit Guaranty Corporation referred to and defined in ERISA and any successor entity performing similar functions.

"Permitted Business Acquisition" shall mean any acquisition by the Borrower or any Restricted Subsidiary of all or substantially all of the assets of, or a majority of the outstanding Equity Interests (other than directors' qualifying shares and similar *de minimis* holdings required by applicable law) in, a person or division or line of business of a person, provided that: (i) immediately prior to, and after giving effect thereto, no Event of Default shall have occurred and be continuing or would result therefrom; (ii) (A) the Borrower and its Subsidiaries shall be in compliance, on a Pro Forma Basis with the Total Leverage Ratio and, the Borrower shall have delivered to the Administrative Agent at least five days prior to such acquisition a certificate of a Responsible Officer of the Borrower to such effect, together with all financial information for such Subsidiary or assets that is reasonably requested by the Administrative Agent and available to the Borrower, and (B) any acquired or newly formed Subsidiary shall not be liable for any Indebtedness (except for Indebtedness permitted by Section 6.01), (iii) if less than all of the Equity Interests of a person are acquired, such person shall, notwithstanding the definition of Subsidiary Loan Party, become a Subsidiary Loan Party and (iv) if such person is a Foreign Subsidiary of the Borrower, the acquisition thereof and any Investments therein shall be permitted by Section 6.04(b).

"Permitted Debt Securities" shall mean unsecured Indebtedness of the Borrower, (i) that are expressly subordinated to the prior payment in full of the Obligations pursuant to provisions substantially similar to those set forth in Exhibit G or otherwise on terms reasonably satisfactory to the Administrative Agent (it being understood that customary high yield subordination terms prevailing at the time of determination shall be deemed to be so satisfactory), (ii) the terms of which do not provide for any scheduled repayment, mandatory redemption (other than pursuant to customary provisions relating to

redemption or repurchase upon change of control or sale of assets) or sinking fund obligation prior to the date that is 91 days after the Term Facility Maturity Date, (iii) in the case of such Indebtedness in excess of $35.0 million, the covenants, events of default, and remedy provisions of which, taken as a whole, are not more restrictive to, or the mandatory repurchase or redemption provisions thereof are not more onerous or expansive in scope, taken as a whole, on, the Borrower and its Restricted Subsidiaries than the terms of the Loan Documents, as reasonably determined by the Administrative Agent and (iv) in the case of such Indebtedness in excess of $35.0 million, in respect of which no Subsidiary of the Borrower that is not an obligor under the Loan Documents is an obligor.

"Permitted Investments" shall mean:

(a) direct obligations of the United States of America or any member of the European Union or any agency thereof or obligations guaranteed by the United States of America or any member of the European Union or any agency thereof, in each case with maturities not exceeding two years;

(b) time deposit accounts, certificates of deposit and money market deposits maturing within 180 days of the date of acquisition thereof issued by a bank or trust company that is organized under the laws of the United States of America, any state thereof or any foreign country recognized by the United States of America having capital, surplus and undivided profits in excess of $250.0 million and whose long-term debt, or whose parent holding company's long-term debt, is rated A (or such similar equivalent rating or higher by at least one nationally recognized statistical rating organization (as defined in Rule 436 under the Securities Act);

(c) repurchase obligations with a term of not more than 180 days for underlying securities of the types described in clause (a) above entered into with a bank meeting the qualifications described in clause (b) above;

(d) commercial paper, maturing not more than one year after the date of acquisition, issued by a corporation organized and in existence under the laws of the United States of America or any foreign country recognized by the United States of America with a rating at the time as of which any investment therein is made of P-2 (or higher) according to Moody's, or A-1 (or higher) according to S&P;

(e) securities with maturities of two years or less from the date of acquisition issued or fully guaranteed by any State, commonwealth or territory of the United States of America, or by any political subdivision or taxing authority thereof, and rated at least A by S&P or A by Moody's;

(f) shares of mutual funds whose investment guidelines restrict 95% of such funds' investments to those satisfying the provisions of clauses (a) through (e) above;

(g) money market funds that (i) comply with the criteria set forth in Rule 2a-7 under the Investment Company Act of 1940, (ii) are rated AAA by S&P and Aaa by Moody's and (iii) have portfolio assets of at least $5.0 billion; and

(h) other short-term investments utilized by Foreign Subsidiaries of the Borrower in accordance with normal investment practices for cash management in investments of a type analogous to the foregoing.

"Permitted Investors" shall mean (x) the Sponsors, (y) the Existing Owners and any of their Permitted Transferees and (z) the members of the Management Group so long as the Sponsors shall own, directly or indirectly, Equity Interests in Holdings representing a majority of the Equity Interests in Holdings owned directly or indirectly by the persons described in clauses (x), (y) and (z).

"Permitted Refinancing Indebtedness" shall mean any Indebtedness issued in exchange for, or the net proceeds of which are used to extend, refinance, renew, replace, defease or refund (collectively, to "Refinance"), the Indebtedness being Refinanced (or previous refinancings thereof constituting Permitted Refinancing Indebtedness); provided that (a) the principal amount (or accreted value, if applicable) of such Permitted Refinancing Indebtedness does not exceed the principal amount (or accreted value, if applicable) of the Indebtedness so Refinanced (plus unpaid accrued interest and premium thereon, any committed or undrawn amounts and underwriting discounts, fees, commissions and expenses, associated with such Permitted Refinancing Indebtedness), except as otherwise permitted under Section 6.01, (b) the final maturity date of such Permitted Refinancing Indebtedness is no earlier than the earlier of (i) the final maturity date of the Indebtedness being refinanced and (ii) the date that is 91 days after the Term Facility Maturity Date, (c) if the Indebtedness being Refinanced is by its terms subordinated in right of payment to the Obligations under this Agreement, such Permitted Refinancing Indebtedness shall be subordinated in right of payment to such Obligations on terms at least as favorable to the Lenders as those contained in the documentation governing the Indebtedness being Refinanced, taken as a whole, (d) no Permitted Refinancing Indebtedness shall have obligors or contingent obligors that were not obligors or contingent obligors (or that would not have been required to become obligors or contingent obligors) in respect of the Indebtedness being Refinanced and (e) if the Indebtedness being Refinanced is (or would have been required to be) secured by any collateral of a Loan Party (whether equally and ratably with, or junior to, the Secured Parties or otherwise), such Permitted Refinancing Indebtedness may be secured by such collateral on terms no less favorable, taken as a whole, to the Secured Parties than those contained in the documentation governing the Indebtedness being Refinanced, taken as a whole; and provided further, that with respect to a Refinancing of (x) Permitted Debt Securities such Permitted Refinancing Indebtedness shall meet the requirements of clauses (i), (ii), (iii) and (iv) of the definition of "Permitted Debt Securities" and (y) First Lien Indebtedness, any Liens securing such Permitted Refinancing Indebtedness shall be subject to the Intercreditor Agreement or another intercreditor agreement that is no less favorable, taken as a whole, to the Secured Parties than the Intercreditor Agreement.

"Permitted Transferees" shall mean the collective reference to (i) any Existing Owner, (ii) any direct or indirect stockholder, member, partner or Affiliate of any Existing Owner; (ii) transferees of Equity Interests of any Existing Owner pursuant to buy/sell provisions under current stockholder, partnership, operating or similar agreements to which any Existing Owner is bound, solely to the extent any such transfer is made to a party to such agreements (or to an Affiliate of such party); (iii) any Family Member of any person described in the foregoing clauses (i) and (ii) (or a Family Member of any such person's spouse, former spouse, parent, sibling, children or other lineal descendants, heirs or estate), a company, partnership or a trust established for the benefit of any of the foregoing or any personal representative, estate or executor under any will of any such Family Member or pursuant to the laws of intestate succession.

"person" shall mean any natural person, corporation, business trust, joint venture, association, company, partnership, limited liability company, individual or family trust, or other organization (whether or not a legal entity), or any government or any agency or political subdivision thereof.

"Plan" shall mean any employee pension benefit plan (other than a Multiemployer Plan) subject to the provisions of Title IV of ERISA or Section 412 of the Code and in respect of which

Holdings, the Borrower, any Subsidiary or any ERISA Affiliate is (or, if such plan were terminated, would under Section 4069 of ERISA be deemed to be) an "employer" as defined in Section 3(5) of ERISA.

"Platform" shall have the meaning assigned to such term in Section 5.14.

"Pledged Collateral" shall have the meaning assigned to such term in the Collateral Agreement.

"primary obligor" shall have the meaning assigned to such term in the definition of the term "Guarantee".

"Pro Forma Basis" shall mean, as to any calculation of the Total Leverage Ratio or the Total Senior Secured Leverage Ratio for any events as described below that occur subsequent to the commencement of any period of four consecutive quarters (the "Reference Period") for which the financial effect of such events is being calculated, and giving effect to the events for which such calculation is being made, such calculation as will give pro forma effect to such events as if such events occurred on the first day of the Reference Period (it being understood and agreed that unless otherwise specified, such Reference Period shall be deemed to be the four consecutive fiscal quarters ending on the last day of the most recently ended fiscal quarter of the Borrower and its Subsidiaries for which financial statements are available and such pro forma adjustments shall be excluded to the extent already accounted for in the calculation of EBITDA for such period): (i) in making any determination of EBITDA, pro forma effect shall be given to any asset disposition of a Restricted Subsidiary, manufacturing facility or line of business, to any asset acquisition, any discontinued operation or any operational change and any Subsidiary Redesignation in each case that occurred during the Reference Period (or, in the case of determinations made with respect to any action the taking of which hereunder is subject to compliance on a Pro Forma Basis or otherwise with the Total Leverage Ratio or the Total Senior Secured Leverage Ratio (any such action, a "Restricted Action") occurring during the Reference Period or thereafter and through and including the date of such determination) and (ii) in making any determination on a Pro Forma Basis, (x) all Indebtedness (including Indebtedness incurred or assumed and for which the financial effect is being calculated, whether incurred under this Agreement or otherwise, but excluding normal fluctuations in revolving Indebtedness incurred for working capital purposes) incurred or permanently repaid during the Reference Period (or, in the case of determinations made with respect to any Restricted Action, occurring during the Reference Period or thereafter and through and including the date of such determination) shall be deemed to have been incurred or repaid at the beginning of such period and (y) Interest Expense of such person attributable to interest on any Indebtedness, for which pro forma effect is being given as provided in the preceding clause (x), bearing floating interest rates shall be computed on a pro forma basis utilizing the rate which is or would be in effect with respect to such Indebtedness as at the relevant date of determination as if such rate had been actually in effect during the period for which pro forma effect is being given.

Pro forma calculations made pursuant to the definition of the term "Pro Forma Basis" shall be determined in good faith by a Responsible Officer of the Borrower and, for any fiscal period ending on or prior to the first anniversary of any such asset acquisition, asset disposition, discontinued operation or operational change or Subsidiary Redesignation, may include adjustments to reflect operating expense reductions and other operating improvements or synergies reasonably expected to result from such asset acquisition, asset disposition, discontinued operation, operational change, or Subsidiary Redesignation and for purposes of determining compliance with the Total Leverage Ratio or the Total Senior Secured Leverage Ratio, such adjustments may reflect additional operating expense reductions and other additional operating improvements and synergies that (x) would be includable in pro forma financial statements prepared in accordance with Regulation S-X and (y) such other adjustments

not includable in Regulation S-X under the Securities Act for which substantially all of the steps necessary for the realization thereof have been taken or are reasonably anticipated by the Borrower to be taken in the next 12 month period following the consummation thereof and, are estimated on a good faith basis by the Borrower; provided, however that the aggregate amount of any such adjustments pursuant to clause (y) shall not exceed three percent (3%) of the consolidated revenues of the Borrower in any fiscal year. The Borrower shall deliver to the Administrative Agent a certificate of a Responsible Officer of the Borrower setting forth such demonstrable or additional operating expense reductions and other operating improvements or synergies and information and calculations supporting them in reasonable detail.

"Projections" shall mean the projections of Holdings, the Borrower and the Subsidiaries included in the Information Memorandum and any other projections and any forward-looking statements of such entities furnished to the Lenders or the Administrative Agent in writing by or on behalf of Holdings, the Borrower or any of its Subsidiaries.

"Qualified Capital Stock" means any Equity Interest of any person that does not by its terms (or by the terms of any security into which it is convertible or for which it is exchangeable or exercisable) or upon the happening of any event (a) provide for scheduled payments of dividends in cash (other than at the option of the issuer) prior to the date that is 91 days after the Term Facility Maturity Date, (b) become mandatorily redeemable (other than pursuant to customary provisions relating to redemption upon a change of control or sale of assets) pursuant to a sinking fund obligation or otherwise prior to the date that is 91 days after the Term Facility Maturity Date, (c) become convertible or exchangeable at the option of the holder thereof for Indebtedness (other than Indebtedness constituting Permitted Debt Securities that the Borrower would be permitted to incur under Section 6.01(q) on the date of conversion) or Equity Interests that are not Qualified Capital Stock, or (d) contain any maintenance covenants, other covenants adverse to the Lenders or remedies (other than voting rights and increases in dividends).

"Qualified IPO" shall mean an underwritten public offering of the Equity Interests of any Parent Entity which generates gross proceeds to such Parent Entity of at least $100.0 million.

"Quotation Day" shall mean, with respect to any Eurocurrency Borrowing and any Interest Period, the day on which it is market practice in the relevant interbank market for prime banks to give quotations for deposits in Dollars for delivery on the first day of such Interest Period. If such quotations would normally be given by prime banks on more than one day, the Quotation Day will be the last of such days.

"Reference Period" shall have the meaning assigned to such term in the definition of the term "Pro Forma Basis".

"Refinance" shall have the meaning assigned to such term in the definition of the term "Permitted Refinancing Indebtedness", and "Refinanced" shall have a meaning correlative thereto.

"Register" shall have the meaning assigned to such term in Section 9.04(b).

"Regulation U" shall mean Regulation U of the Board as from time to time in effect and all official rulings and interpretations thereunder or thereof.

"Regulation X" shall mean Regulation X of the Board as from time to time in effect and all official rulings and interpretations thereunder or thereof.

"Related Fund" means, with respect to any Lender that is an investment fund, any other investment fund that invests in commercial loans and that is managed or advised by the same investment advisor as such Lender or by an Affiliate of such investment advisor.

"Related Parties" shall mean, with respect to any specified person, such person's Affiliates and the respective directors, trustees, officers, employees, agents and advisors of such person and such person's Affiliates.

"Release" shall mean any spilling, leaking, seepage, pumping, pouring, emitting, emptying, discharging, injecting, escaping, leaching, dumping, disposing, depositing, emanating or migrating in, into, onto or through the environment.

"Remaining Present Value" shall mean, as of any date with respect to any lease, the present value as of such date of the scheduled future lease payments with respect to such lease, determined with a discount rate equal to a market rate of interest for such lease reasonably determined at the time such lease was entered into.

"Reportable Event" shall mean any reportable event as defined in Section 4043(c) of ERISA or the regulations issued thereunder, other than those events as to which the 30-day notice period referred to in Section 4043(c) of ERISA has been waived, with respect to a Plan (other than a Plan maintained by an ERISA Affiliate that is considered an ERISA Affiliate only pursuant to subsection (m) or (o) of Section 414 of the Code).

"Required Lenders" shall mean, at any time, Lenders having Loans outstanding that represent more than 50% of the sum of all Loans outstanding at such time. The Loans of any Defaulting Lender shall be disregarded in determining Required Lenders at any time.

"Responsible Officer" of any person shall mean any executive officer or Financial Officer of such person and any other officer or similar official thereof responsible for the administration of the obligations of such person in respect of this Agreement.

"Restricted Action" shall have the meaning assigned to such term in the definition of "Pro Forma Basis."

"Restricted Subsidiary" means each Subsidiary of the Borrower that is not an Unrestricted Subsidiary.

"S&P" shall mean Standard & Poor's Ratings Group, Inc.

"Sale and Lease-Back Transaction" shall have the meaning assigned to such term in Section 6.03.

"SEC" shall mean the Securities and Exchange Commission or any successor thereto.

"Secured Parties" shall mean the "Secured Parties" as defined in the Collateral Agreement.

"Securities Act" shall mean the Securities Act of 1933, as amended.

"Security Documents" shall mean the Mortgages, the Collateral Agreement and each of the security agreements, mortgages and other instruments and documents executed and delivered pursuant to any of the foregoing or pursuant to Section 5.09.

"Specified Equity Contribution" shall have the meaning assigned to such term Section 7.02(a).

"Sponsors" shall mean CCMP and its Affiliates.

"Statutory Reserves" shall mean the aggregate of the maximum reserve percentages (including any marginal, special, emergency or supplemental reserves) expressed as a decimal established by the Board and any other banking authority, domestic or foreign, to which the Administrative Agent or any Lender (including any branch, Affiliate, or other fronting office making or holding a Loan) is subject for Eurocurrency Liabilities (as defined in Regulation D of the Board). Eurocurrency Loans shall be deemed to constitute Eurocurrency Liabilities as defined in Regulation D of the Board) and to be subject to such reserve requirements without benefit of or credit for proration, exemptions or offsets that may be available from time to time to any Lender under such Regulation D. Statutory Reserves shall be adjusted automatically on and as of the effective date of any change in any reserve percentage.

"Subordinated Intercompany Debt" shall have the meaning assigned to such term in Section 6.01(d).

"Subsidiary" shall mean, with respect to any person (herein referred to as the "parent"), any corporation, partnership, association or other business entity of which securities or other ownership interests representing more than 50% of the ordinary voting power or more than 50% of the partnership interests are, at the time any determination is being made, directly or indirectly, owned, Controlled or held by the parent.

"Subsidiary Loan Party" shall mean each Restricted Subsidiary that is a Wholly Owned Subsidiary of the Borrower, other than (a) any Foreign Subsidiary (b) any Subsidiary of a Foreign Subsidiary and (c) any Unrestricted Subsidiary.

"Subsidiary Redesignation" shall have the meaning provided in the definition of "Unrestricted Subsidiary" contained in this Section 1.01.

"Swap Agreement" shall mean any agreement with respect to any swap, forward, future or derivative transaction or option or similar agreement involving, or settled by reference to, one or more rates, currencies, commodities, equity or debt instruments or securities, or economic, financial or pricing indices or measures of economic, financial or pricing risk or value or any similar transaction or any combination of these transactions, provided that no phantom stock or other employee benefit plan providing for payments only on account of services provided by current or former directors, officers, employees, members of management or consultants of Holdings, the Borrower or any of its Subsidiaries shall be a Swap Agreement.

"Syndication Agent" shall have the meaning assigned to such term in the introductory paragraph of this Agreement.

"Tax Distribution" shall have the meaning assigned to such term in Section 6.06(f).

"Taxes" shall mean any and all present or future taxes, levies, imposts, duties (including stamp duties), deductions, charges (including ad valorem charges) or withholdings imposed by any Governmental Authority and any and all interest and penalties related thereto.

"Tax Sharing Agreement" means the Tax Sharing Agreement dated as of November 10, 2006 among the Borrower and GPS CCMP Acquisition Corp.

"Term Borrowing" shall mean a Borrowing comprised of Term Loans.

"Term Facility" shall mean the Term Loan Commitments and the Term Loans made hereunder.

"Term Loan Commitment" shall mean with respect to each Lender, the commitment of such Lender to make Term Loans pursuant to Section 2.01(a) in an aggregate amount not to exceed the amount set forth opposite such Lender's name on Schedule 2.01 under the caption "Term Commitment" or in an Assignment and Acceptance pursuant to which such Lender becomes a party hereto in accordance with Section 9.04, as applicable, as such amount may be adjusted from time to time in accordance with this Agreement. The aggregate amount of the Term Loan Commitments on the Closing Date is $430.0 million.

"Term Loans" shall mean the term loans made by the Lenders to the Borrower on the Closing Date pursuant to Section 2.01(a).

"Term Lender" shall mean a Lender with a Term Loan Commitment and/or an outstanding Term Loan.

"Test Period" shall mean, on any date of determination, the period of four consecutive fiscal quarters (taken as one accounting period) of the Borrower (a) then most recently ended for which financial statements are available or (b) in the case of calculations pursuant to Section 6.10, ended on the last day of the fiscal quarter in question.

"Total Leverage Ratio" shall mean, on any date, the ratio of Consolidated Total Debt to EBITDA for the relevant Test Period, all determined on a consolidated basis.

"Total Senior Secured Leverage Ratio" shall mean, on any date, the ratio of Consolidated Senior Secured Debt, as of such date to (b) EBITDA for the relevant Test Period, all determined on a consolidated basis.

"Transaction Costs" means fees and expenses payable or otherwise borne by Holdings, any other Parent Entity, the Borrower and the Subsidiaries in connection with the Transactions occurring on or about the Closing Date.

"Transaction Documents" shall mean the Merger Agreement, First Lien Loan Documents and the Loan Documents.

"Transactions" shall mean, collectively, the transactions to occur pursuant to the Transaction Documents, including (a) the consummation of the Merger; (b) the execution and delivery of the Loan Documents and the initial borrowings hereunder; (c) the First Lien Financing; (d) the repayment of the Existing Debt and (e) the payment of the Transaction Costs.

"Type", when used in respect of any Loan or Borrowing, shall refer to the Rate by reference to which interest on such Loan or on the Loans comprising such Borrowing is determined. For purposes hereof, the term "Rate" shall include the Adjusted LIBO Rate and the ABR.

"Uniform Customs" shall have the meaning assigned to such term in Section 9.07.

"USA PATRIOT Act" shall mean The Uniting and Strengthening America by Providing Adequate Tools Required to Intercept and Obstruct Terrorism Act of 2001 (Title III of Pub. L. No. 107-56 (signed into law October 26, 2001)).

"U.S. Bankruptcy Code" shall mean Title 11 of the United States Code, as amended, or any similar federal or state law for the relief of debtors.

"Unrestricted Subsidiary" shall mean any Subsidiary of the Borrower that is acquired or created after the Closing Date designated by the Borrower as an Unrestricted Subsidiary hereunder by written notice to the Administrative Agent; provided that the Borrower shall only be permitted to so designate an Unrestricted Subsidiary so long as (a) no Default or Event of Default exists or would result therefrom and (b) the designation of such Unrestricted Subsidiary shall comply with Section 6.04, with the amount of the fair market value of any assets owned by such Unrestricted Subsidiary and any of its Subsidiaries at the time of the designation thereof being deemed an Investment pursuant to Section 6.04. The Borrower may designate any Unrestricted Subsidiary to be a Restricted Subsidiary for purposes of the credit documentation (each, a "Subsidiary Redesignation"); provided that (i) no Default or Event of Default then exists or would occur as a consequence of any such Subsidiary Redesignation (including, but not limited to, under Sections 6.01 and 6.02), (ii) calculations are made by the Borrower of compliance with the Total Leverage Ratio for the relevant Reference Period, on a Pro Forma Basis as if the respective Subsidiary Redesignation (as well as all other Subsidiary Redesignations theretofore consummated after the first day of such Reference Period) had occurred on the first day of such Reference Period, and such calculations shall show that such financial covenants would have been complied with if the Subsidiary Redesignation had occurred on the first day of such Reference Period (for this purpose, if the first day of the respective Reference Period occurs prior to the Closing Date, calculated as if the Total Leverage Ratio had been applicable from the first day of the Reference Period), (iii) all representations and warranties contained herein and in the other Loan Documents shall be true and correct in all material respects with the same effect as though such representations and warranties had been made on and as of the date of such Subsidiary Redesignation (both before and after giving effect thereto), unless stated to relate to a specific earlier date, in which case such representations and warranties shall be true and correct in all material respects as of such earlier date, (iv) treating such Subsidiary Redesignation as a contribution to the Borrower of an amount equal to the fair market value of such Unrestricted Subsidiary and (v) the Borrower shall have delivered to the Administrative Agent an officer's certificate executed by a Responsible Officer of the Borrower, certifying to such officer's knowledge, compliance with the requirements of preceding clauses (i) through (iv), inclusive, and containing the calculations required by the preceding clause (ii).

"Voluntary Prepayments of First Lien Indebtedness" shall mean any "Voluntary Prepayments" as defined in the First Lien Credit Agreement as in effect on the date hereof.

"Voluntary Prepayments of Second Lien Indebtedness" shall mean any voluntary prepayment of Term Loans pursuant to Section 2.11(a).

"Wholly Owned Subsidiary" of any person shall mean a subsidiary of such person, all of the outstanding Equity Interests of which (other than directors' qualifying shares or nominee or other

similar shares (including shares issued to foreign nationals) required pursuant to applicable law) are owned by such person or another Wholly Owned Subsidiary of such person.

"Withdrawal Liability" shall mean liability to a Multiemployer Plan as a result of a complete or partial withdrawal from such Multiemployer Plan, as such terms are defined in Part I of Subtitle E of Title IV of ERISA.

SECTION 1.02. Terms Generally. The definitions set forth or referred to in Section 1.01 shall apply equally to both 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". All references herein to Articles, Sections, Exhibits and Schedules shall be deemed references to Articles and Sections of, and Exhibits and Schedules to, this Agreement unless the context shall otherwise require. Except as otherwise expressly provided herein, any reference in this Agreement to any Loan Document or other agreement or instrument shall mean such Loan Document, agreement or instrument as amended, restated, amended and restated, supplemented, otherwise modified, replaced, renewed, extended or refinanced from time to time and any reference in this Agreement to any person shall include a reference to such person's successors-in-interest. Except as otherwise expressly provided herein, all terms of an accounting or financial nature shall be construed in accordance with GAAP, as in effect from time to time; provided that, if the Borrower notifies the Administrative Agent that the Borrower requests an amendment to any provision hereof to eliminate the effect of any change occurring after the Closing Date in GAAP or in the application thereof on the operation of such provision (or if the Administrative Agent notifies the Borrower that the Required Lenders request an amendment to any provision hereof for such purpose), regardless of whether any such notice is given before or after such change in GAAP or in the application thereof, then such provision shall be interpreted on the basis of GAAP as in effect and applied immediately before such change shall have become effective until such notice shall have been withdrawn or such provision amended in accordance herewith; provided further that if an amendment is requested by the Borrower or the Required Lenders, then the Borrower and the Administrative Agent shall negotiate in good faith to enter into an amendment of such affected provisions to preserve the original intent thereof in light of such change in GAAP or the application thereof subject to the approval of the Required Lenders.

SECTION 1.03. Effectuation of Transactions. Each of the representations and warranties of Holdings and the Borrower contained in this Agreement (and all corresponding definitions) are made after giving effect to the Transactions, unless the context otherwise requires.

ARTICLE II

The Credits

SECTION 2.01. Commitments. Subject to the terms and conditions set forth herein, each Term Lender agrees to and shall make Term Loans to the Borrower on the Closing Date in a principal amount not to exceed its Term Loan Commitment.

SECTION 2.02. Loans and Borrowings. (a) Each Loan shall be made as part of a Borrowing consisting of Loans and of the same Type made by the Lenders ratably in accordance with their respective Term Loan Commitments hereunder. The failure of any Lender to make any Loan required to be made by it shall not relieve any other Lender of its obligations hereunder; provided that the Commitments of the Lenders are several and no Lender shall be responsible for any other Lender's failure to make Loans as required.

(b) Subject to Section 2.14, each Borrowing shall be comprised entirely of ABR Loans or Eurocurrency Loans as the Borrower may request in accordance herewith. Each Lender at its option may make any ABR Loan or Eurocurrency Loan by causing any domestic or foreign branch or Affiliate of such Lender to make such Loan; provided that any exercise of such option shall not affect the obligation of the Borrower to repay such Loan in accordance with the terms of this Agreement and such Lender shall not be entitled to any amounts payable under Section 2.15 or 2.17 solely in respect of increased costs resulting from such exercise and existing at the time of such exercise.

(c) At the commencement of each Interest Period for any Eurocurrency Borrowing, such Borrowing shall be in an aggregate amount that is an integral multiple of the Borrowing Multiple and not less than the Borrowing Minimum. At the time that each ABR Borrowing is made, such Borrowing shall be in an aggregate amount that is an integral multiple of the Borrowing Multiple and not less than the Borrowing Minimum. Borrowings of more than one Type and under more than one Facility may be outstanding at the same time; provided that there shall not at any time be more than a total of fifteen (15) Eurocurrency Borrowings outstanding.

(d) Notwithstanding any other provision of this Agreement, the Borrower shall not be entitled to request, or to elect to convert or continue, any Borrowing if the Interest Period requested with respect thereto would end after the Maturity Date.

SECTION 2.03. Requests for Borrowings. To request a Term Borrowing, the Borrower shall notify the Administrative Agent of such request by telephone (a) in the case of a Eurocurrency Borrowing, not later than 1:00 p.m., Local Time, three Business Days before the date of the proposed Borrowing or (b) in the case of an ABR Borrowing, not later than 1:00 p.m., Local Time. one Business Day before the date of the proposed Borrowing. Each such telephonic Borrowing Request shall be irrevocable and shall be confirmed promptly by hand delivery or fax to the Administrative Agent of a written Borrowing Request in a form approved by the Administrative Agent and signed by the Borrower. Each such telephonic and written Borrowing Request shall specify the following information in compliance with Section 2.02:

(i) the location and number of the Borrower's account to which funds are to be disbursed;

(ii) the aggregate amount of the requested Borrowing;

(iii) the date of such Borrowing, which shall be a Business Day;

(iv) whether such Borrowing is to be an ABR Borrowing or a Eurocurrency Borrowing; and

(v) in the case of a Eurocurrency Borrowing, the initial Interest Period to be applicable thereto, which shall be a period contemplated by the definition of the term "Interest Period".

If no Interest Period is specified with respect to any requested Eurocurrency Borrowing, then the Borrower shall be deemed to have selected a Eurocurrency Borrowing with an Interest Period of one month's duration. Promptly following receipt of a Borrowing Request in accordance with this Section, the Administrative Agent shall advise each Lender of the details thereof and of the amount of such Lender's Loan to be made as part of the requested Borrowing.

SECTION 2.04. Reserved.

SECTION 2.05. Reserved.

SECTION 2.06. Funding of Borrowings. (a) Each Lender shall make each Loan to be made by it hereunder on the proposed date thereof by wire transfer of immediately available funds by 12:00 p.m., Local Time, to the account of the Administrative Agent most recently designated by it for such purpose by notice to the Lenders. The Administrative Agent will make the proceeds of such Loans available to the Borrower by promptly crediting the amounts so received, in like funds, to an account designated by the Borrower in the applicable Borrowing Request.

(b) Unless the Administrative Agent shall have received notice from a Lender prior to the proposed date of any Borrowing that such Lender will not make available to the Administrative Agent such Lender's share of such Borrowing, the Administrative Agent may assume that such Lender has made such share available on such date in accordance with paragraph (a) of this Section and may, in reliance upon such assumption, make available to the Borrower a corresponding amount. In such event, if a Lender has not in fact made its share of the applicable Borrowing available to the Administrative Agent, then the applicable Lender and the Borrower severally agree to pay to the Administrative Agent forthwith on demand (without duplication) such corresponding amount with interest thereon, for each day from and including the date such amount is made available to the Borrower to but excluding the date of payment to the Administrative Agent, at (i) in the case of such Lender, the greater of the Federal Funds Effective Rate and a rate determined by the Administrative Agent in accordance with banking industry rules on interbank compensation or (ii) in the case of the Borrower, the interest rate applicable to ABR Loans. If such Lender pays such amount to the Administrative Agent, then such amount shall constitute such Lender's Loan included in such Borrowing.

SECTION 2.07. Interest Elections. (a) Each Borrowing initially shall be of the Type specified in the applicable Borrowing Request and, in the case of a Eurocurrency Borrowing, shall have an initial Interest Period as specified in such Borrowing Request. Thereafter, the Borrower may elect to convert such Borrowing to a different Type or to continue such Borrowing and, in the case of a Eurocurrency Borrowing, may elect Interest Periods therefor, all as provided in this Section. The Borrower may elect different options with respect to different portions of the affected Borrowing, in which case each such portion shall be allocated ratably among the Lenders holding the Loans comprising such Borrowing, and the Loans comprising each such portion shall be considered a separate Borrowing.

(b) To make an election pursuant to this Section, the Borrower shall notify the Administrative Agent of such election by telephone by the time that a Borrowing Request would be required under Section 2.03 if the Borrower were requesting a Borrowing of the Type resulting from such election to be made on the effective date of such election. Each such telephonic Interest Election Request shall be irrevocable and shall be confirmed promptly (but in any event on the same Business Day) by hand delivery or fax to the Administrative Agent of a written Interest Election Request in the form of Exhibit D and signed by the Borrower.

(c) Each telephonic and written Interest Election Request shall specify the following information in compliance with Section 2.02:

(i) the Borrowing to which such Interest Election Request applies and, if different options are being elected with respect to different portions thereof, the portions thereof to be allocated to each resulting Borrowing (in which case the information to be specified pursuant to clauses (iii) and (iv) below shall be specified for each resulting Borrowing);

(ii) the effective date of the election made pursuant to such Interest Election Request, which shall be a Business Day;

(iii) whether the resulting Borrowing is to be an ABR Borrowing or a Eurocurrency Borrowing; and

(iv) if the resulting Borrowing is a Eurocurrency Borrowing, the Interest Period to be applicable thereto after giving effect to such election, which shall be a period contemplated by the definition of the term "Interest Period".

(d) Promptly following receipt of an Interest Election Request, the Administrative Agent shall advise each Lender to which such Interest Election Request relates of the details thereof and of such Lender's portion of each resulting Borrowing.

(e) If the Borrower fails to deliver a timely Interest Election Request with respect to a Eurocurrency Borrowing prior to the end of the Interest Period applicable thereto, then, unless such Borrowing is repaid as provided herein, at the end of such Interest Period such Borrowing shall be converted to an ABR Borrowing. Notwithstanding any contrary provision hereof, if an Event of Default has occurred and is continuing and the Administrative Agent, at the written request (including a request through electronic means) of the Required Lenders, so notifies the Borrower, then, so long as an Event of Default is continuing (i) no outstanding Borrowing may be converted to or continued as a Eurocurrency Borrowing and (ii) unless repaid, each Eurocurrency Borrowing shall be converted to an ABR Borrowing at the end of the Interest Period applicable thereto.

SECTION 2.08. Termination and Reduction of Commitments. The parties hereto acknowledge that the Term Loan Commitments will terminate at the earlier to occur of (x) 5:00 p.m., Local Time, on the Closing Date and (y) the making of any Term Loans hereunder.

SECTION 2.09. Repayment of Loans; Evidence of Debt. (a) The Borrower hereby unconditionally promises to pay to the Administrative Agent for the account of each Lender the then unpaid principal amount of each Term Loan of such Lender as provided in Section 2.10. Once prepaid or repaid, Term Loans may not be reborrowed.

(b) Each Lender shall maintain in accordance with its usual practice an account or accounts evidencing the indebtedness of the Borrower to such Lender resulting from each Loan made by such Lender, including the amounts of principal and interest payable and paid to such Lender from time to time hereunder.

(c) The Administrative Agent (or its agent or sub-agent appointed by it) shall maintain the Register, as set forth in Section 9.04(b)(iv), in which it shall record (i) the amount of each Loan made hereunder, the Facility and Type thereof and the Interest Period (if any) applicable thereto, (ii) the amount of any principal or interest due and payable or to become due and payable from the Borrower to each Lender hereunder and (iii) any amount received by the Administrative Agent hereunder for the account of the Lenders and each Lender's share thereof.

(d) The entries made in the accounts maintained pursuant to paragraph (b) or (c) of this Section shall be prima facie evidence of the existence and amounts of the obligations recorded therein absent manifest error; provided that the failure of any Lender or the Administrative Agent to maintain such accounts or any error therein shall not in any manner affect the obligation of the Borrower to repay the Loans in accordance with the terms of this Agreement and, provided further that in the event of any inconsistency between the Register and any Lender's records, the recordations in the Register shall govern.

(e) Any Lender may request that Loans made by it be evidenced by a promissory note (a "Note"). In such event, the Borrower shall prepare, execute and deliver to such Lender a promissory note payable to the order of such Lender (or, if requested by such Lender, to such Lender and its registered assigns) and in a form approved by the Administrative Agent and the Borrower.

Thereafter, the Loans evidenced by such promissory note and interest thereon shall at all times (including after assignment pursuant to Section 9.04) be represented by one or more promissory notes in such form payable to the payee named therein.

SECTION 2.10. Repayment of Term Loans. (a) The Borrower shall repay all Term Loans on the Maturity Date.

(b) [Reserved].

(c) Prepayment of the Borrowings from:

(i) Net Proceeds pursuant to Section 2.11(b) shall be applied first to ABR Term Loans and then to Eurocurrency Term Loans, and to such Term Borrowings on a pro rata basis, with the application thereof in direct order of maturity, and

(ii) any optional prepayments of the Term Loans pursuant to Section 2.11(a) shall be applied to the remaining installments thereof as directed by the Borrower.

(d) Prior to any optional repayment of any Borrowing hereunder, the Borrower shall notify the Administrative Agent by telephone (confirmed by fax) of the Borrowings to be repaid not later than 12:00 p.m., Local Time, (i) in the case of an ABR Borrowing, one Business Day before the scheduled date of such repayment and (ii) in the case of a Eurocurrency Borrowing, three Business Days before the scheduled date of such repayment. Each repayment of a Borrowing shall be applied ratably to the Loans included in the repaid Borrowing. Repayments of Borrowings shall be accompanied by accrued interest on the amount repaid. In the event the Borrower fails to specify the Borrowings to which any such prepayment shall be applied, such prepayment shall be applied to prepay the ABR Term Loans and then to the Eurocurrency Term Loans, in each case, on a pro rata basis (in accordance with the respective outstanding principal amounts thereof).

SECTION 2.11. Prepayment of Loans. (a) The Borrower shall have the right at any time and from time to time to prepay any Borrowing in whole or in part, without premium or penalty (but subject to Section 2.11(f) and Section 2.16), in an aggregate principal amount that is an integral multiple of the Borrowing Multiple and not less than the Borrowing Minimum or, if less, the amount outstanding, subject to prior notice in accordance with Section 2.10(d).

(b) To the extent not required to be used to prepay loans under the First Lien Credit Agreement, the Borrower shall apply, without duplication, all Net Proceeds within three Business Days of receipt thereof to prepay Term Borrowings in accordance with paragraphs (c) and (d) of Section 2.10.

(c) [Reserved].

(d) [Reserved].

(e) Concurrently with any prepayment pursuant to Section 2.11(b), the Borrower shall deliver to the Administrative Agent a certificate of a Financial Officer demonstrating the calculation of the amount of the applicable Net Proceeds. In the event that the Borrower shall subsequently determine that the actual amount received exceeded the amount set forth in such certificate, the Borrower shall

promptly make an additional prepayment of the Loans in an amount equal to such excess, and the Borrower shall concurrently therewith deliver to Administrative Agent a certificate of a Financial Officer demonstrating the derivation of such excess.

(f) In the event that the Term Loans are prepaid or repaid in whole or in part by the Borrower pursuant to Section 2.11(a) or made pursuant to Section 2.11(b) with Net Proceeds of the type described in clause (b) of the definition of Net Proceeds prior to the second anniversary of the Closing Date, the Borrower shall pay to Lenders, a prepayment premium on the amount so prepaid or repaid as follows: (i) 2.00% if such repayment occurs on or prior to the first anniversary of the Closing Date and (ii) 1.00% if such repayment occurs after the first anniversary of the Closing Date but on or before the second anniversary of the Closing Date.

(g) Notwithstanding the foregoing provisions of this Section 2.11, no mandatory prepayments shall be required pursuant to Section 2.11(b) to the extent that an amount equal to the applicable Net Proceeds is applied to prepay amounts outstanding under the First Lien Credit Agreement.

SECTION 2.12. Fees. (a) The Borrower agrees (i) to pay to the Administrative Agent, for the account of the Administrative Agent, the agency fees set forth in the Administrative Agent Fee Letter at the times and in the amount specified therein (the "Administrative Agent Fees") and (ii) to pay to the Collateral Agent, for the account of the Collateral Agent, such fees and expenses as may be agreed to from time to time between the Borrower and the Collateral Agent, when and as due (the "Collateral Agent Fees").

(b) All Fees shall be paid on the dates due, in immediately available funds, to (i) the Collateral Agent and (ii) the Administrative Agent for distribution, if and as appropriate, among the Lenders. Once paid, none of the Fees shall be refundable under any circumstances.

SECTION 2.13. Interest. (a) The Loans comprising each ABR Borrowing shall bear interest at the ABR plus the Applicable Margin.

(b) The Loans comprising each Eurocurrency Borrowing shall bear interest at the Adjusted LIBO Rate for the Interest Period in effect for such Borrowing plus the Applicable Margin.

(c) Notwithstanding the foregoing, if any principal of or interest on any Loan or any Fees or other amount payable by the Borrower hereunder is not paid when due, whether at stated maturity, upon acceleration or otherwise, such overdue amount shall bear interest, after as well as before judgment, at a rate per annum equal to (i) in the case of overdue principal of any Loan, 2% plus the rate otherwise applicable to such Loan as provided in the preceding paragraphs of this Section or (ii) in the case of any other amount, 2% plus the rate applicable to ABR Loans as provided in paragraph (a) of this Section.

(d) Accrued interest on each Loan shall be payable in arrears on each Interest Payment Date for such Loan on the Maturity Date; provided that (i) interest accrued pursuant to paragraph (c) of this Section shall be payable on demand, (ii) in the event of any repayment or prepayment of any Loan, accrued interest on the principal amount repaid or prepaid shall be payable on the date of such repayment or prepayment and (iii) in the event of any conversion of any Eurocurrency Loan prior to the end of the current Interest Period therefor, accrued interest on such Loan shall be payable on the effective date of such conversion.

(e) All interest hereunder shall be computed on the basis of a year of 360 days, except that interest computed by reference to the ABR at times when the ABR is based on the Prime Rate shall

be computed on the basis of a year of 365 days (or 366 days in a leap year), and in each case shall be payable for the actual number of days elapsed (including the first day but excluding the last day). The applicable ABR, Adjusted LIBO Rate or LIBO Rate shall be determined by the Administrative Agent, and such determination shall be conclusive absent manifest error.

SECTION 2.14. Alternate Rate of Interest. If prior to the commencement of any Interest Period for a Eurocurrency Borrowing:

(a) the Administrative Agent determines (which determination shall be conclusive absent manifest error) that adequate and reasonable means do not exist for ascertaining the Adjusted LIBO Rate or the LIBO Rate, as applicable, for such Interest Period; or

(b) the Administrative Agent is advised by the Required Lenders that the Adjusted LIBO Rate or the LIBO Rate, as applicable, for such Interest Period will not adequately and fairly reflect the cost to such Lenders of making or maintaining their Loans included in such Borrowing for such Interest Period;

then the Administrative Agent shall give written notice thereof to the Borrower and the Lenders as promptly as practicable thereafter and, until the Administrative Agent notifies the Borrower and the Lenders that the circumstances giving rise to such notice no longer exist, (i) any Interest Election Request that requests the conversion of any Borrowing to, or continuation of any Borrowing as, a Eurocurrency Borrowing shall be ineffective and such Borrowing shall be converted to or continued as on the last day of the Interest Period applicable thereto an ABR Borrowing, and (ii) if any Borrowing Request requests a Eurocurrency Borrowing, such Borrowing shall be made as an ABR Borrowing.

SECTION 2.15. Increased Costs. (a) If any Change in Law shall:

(i) impose, modify or deem applicable any reserve, special deposit or similar requirement against assets of, deposits with or for the account of, or credit extended by, any Lender (except any such reserve requirement reflected in the Adjusted LIBO Rate); or

(ii) impose on any Lender or the London interbank market any other condition affecting this Agreement or Eurocurrency Loans made by such Lender;

and the result of any of the foregoing shall be to increase the cost to such Lender of making or maintaining any Eurocurrency Loan (or of maintaining its obligation to make any such Loan) or to increase the cost to such Lender or to reduce the amount of any sum received or receivable by such Lender hereunder (whether of principal, interest or otherwise), then within thirty days of receipt of a certificate of the type specified in paragraph (c) below the Borrower will pay to such Lender such additional amount or amounts as will compensate such Lender for such additional costs incurred or reduction suffered.

(b) If any Lender determines that any Change in Law regarding capital requirements has or would have the effect of reducing the rate of return on such Lender's capital or on the capital of such Lender's holding company, if any, as a consequence of this Agreement or the Loans made by such Lender to a level below that which such Lender or such Lender's holding company could have achieved but for such Change in Law (taking into consideration such Lender's policies and the policies of such Lender's holding company with respect to capital adequacy), then from time to time within thirty days of receipt of a certificate of the type specified in paragraph (c) below the Borrower shall pay to such Lender such additional amount or amounts as will compensate such Lender or such Lender's holding company for any such reduction suffered.

(c) A certificate of a Lender setting forth in reasonable detail the calculation of the amount or amounts necessary to compensate such Lender or its holding company, as applicable, as specified in paragraph (a) or (b) of this Section shall be delivered to the Borrower and shall be conclusive absent manifest error. The Borrower shall pay such Lender the amount shown as due on any such certificate within 30 days after receipt thereof.

(d) Promptly after any Lender has determined that it will make a request for increased compensation pursuant to this Section 2.15, such Lender shall notify the Borrower thereof. Failure or delay on the part of any Lender to demand compensation pursuant to this Section shall not constitute a waiver of such Lender's right to demand such compensation; provided that the Borrower shall not be required to compensate a Lender pursuant to this Section for any increased costs or reductions incurred more than 90 days prior to the date that such Lender notifies the Borrower of the Change in Law giving rise to such increased costs or reductions and of such Lender's intention to claim compensation therefor; provided, further, that, if the Change in Law giving rise to such increased costs or reductions is retroactive, then the 90-day period referred to above shall be extended to include the period of retroactive effect thereof

(e) This Section 2.15 shall not apply to Taxes, which shall be exclusively governed by Section 2.17.

SECTION 2.16. Break Funding Payments. In the event of (a) the payment of any principal of any Eurocurrency Loan other than on the last day of an Interest Period applicable thereto (including as a result of an Event of Default), (b) the conversion of any Eurocurrency Loan other than on the last day of the Interest Period applicable thereto, (c) the failure to borrow, convert, continue or prepay any Eurocurrency Loan on the date specified in any notice delivered pursuant hereto or (d) the assignment of any Eurocurrency Loan other than on the last day of the Interest Period applicable thereto as a result of a request by the Borrower pursuant to Section 2.19, then, in any such event, the Borrower shall compensate each Lender for the loss, cost and expense attributable to such event (excluding loss of margin). A certificate of any Lender setting forth any amount or amounts that such Lender is entitled to receive pursuant to this Section shall be delivered to the Borrower and shall be conclusive absent manifest error. The Borrower shall pay such Lender the amount shown as due on any such certificate within 30 days after receipt thereof.

SECTION 2.17. Taxes. (a) Any and all payments by or on account of any obligation of any Loan Party hereunder shall be made free and clear of and without deduction or withholding for any Indemnified Taxes or Other Taxes; provided that if a Loan Party shall be required to deduct any Indemnified Taxes or Other Taxes from such payments, then (i) the sum payable shall be increased as necessary so that after making all required deductions (including deductions applicable to additional sums payable under this Section) the Administrative Agent or any Lender receives an amount equal to the sum it would have received had no such deductions been made, (ii) such Loan Party shall make such deductions and (iii) such Loan Party shall timely pay the full amount deducted to the relevant Governmental Authority in accordance with applicable law.

(b) In addition, the Loan Parties shall pay any Other Taxes to the relevant Governmental Authority in accordance with applicable law.

(c) Each Loan Party shall indemnify the Administrative Agent and each Lender, within 10 days after written demand therefor, for the full amount of any Indemnified Taxes or Other Taxes paid by the Administrative Agent, such Lender on or with respect to any payment by or on account of any obligation of such Loan Party hereunder (including Indemnified Taxes or Other Taxes imposed or asserted on or attributable to amounts payable under this Section) and any penalties, interest and

reasonable expenses arising therefrom or with respect thereto. A certificate as to the amount of such payment or liability, prepared in good faith and delivered to such Loan Party by a Lender or by the Administrative Agent on its own behalf, on behalf of another Agent or on behalf of a Lender, shall be conclusive absent manifest error.

(d) As soon as practicable after any payment of Indemnified Taxes or Other Taxes by a Loan Party to a Governmental Authority, such Loan Party shall deliver to the Administrative Agent the original or a certified copy of a receipt issued by such Governmental Authority evidencing such payment, a copy of the return reporting such payment or other evidence of such payment reasonably satisfactory to the Administrative Agent.

(e) Each Foreign Lender shall deliver to the Borrower and the Administrative Agent (in such number of copies as shall be reasonably requested by the recipient) on the date on which such Foreign Lender becomes a Lender under this Agreement, whichever of the following is applicable: (i) duly completed copies of Internal Revenue Service Form W-8BEN (or any subsequent versions thereof or successors thereto), claiming eligibility for benefits of an income tax treaty to which the United States of America is a party, (ii) duly completed copies of Internal Revenue Service Form W-8ECI (or any subsequent versions thereof or successors thereto), (iii) in the case of a Foreign Lender claiming the benefits of the exemption for portfolio interest under Section 871(h) or 881(c) of the Code, (x) a certificate to the effect that such Foreign Lender is not (A) a "bank" within the meaning of Section 881(c)(3)(A) of the Code, (B) a "10 percent shareholder" of the Borrower within the meaning of Section 871(h)(3) or 881(c)(3)(B) of the Code, or (C) a "controlled foreign corporation" described in Section 881(c)(3)(C) of the Code and (y) duly completed copies of Internal Revenue Service Form W-8BEN (or any subsequent versions thereof or successors thereto) or (iv) any other form prescribed by applicable law as a basis for claiming exemption from or a reduction in United States federal withholding tax duly completed together with such supplementary documentation as may be prescribed by applicable law to permit the Borrower to determine the withholding or deduction required to be made. Each Foreign Lender shall promptly notify the Borrower and the Administrative Agent at any time it determines that it is no longer in a position to provide any previously delivered certificate to the Borrower (or any other form of certification adopted by the United States of America or other taxing authorities for such purpose) and shall deliver updated forms and/or certifications promptly upon the inaccuracy or invalidity of any previously delivered form or certificate. In addition, each Lender that is not a Foreign Lender shall deliver to the Borrower and the Administrative Agent two copies of Internal Revenue Service Form W-9 (or any subsequent versions thereof or successors thereto) on or before the date such Lender becomes a party and upon the expiration or inaccuracy of any form previously delivered by such Lender. Notwithstanding any other provision of this paragraph, a Lender shall not be required to deliver any form pursuant to this paragraph that such Lender is not legally able to deliver.

(f) If the Administrative Agent or a Lender receives a refund of any Indemnified Taxes or Other Taxes as to which it has been indemnified by a Loan Party or with respect to which such Loan Party has paid additional amounts pursuant to this Section 2.17, it shall pay over such refund to such Loan Party (but only to the extent of indemnity payments made, or additional amounts paid, by such Loan Party under this Section 2.17 with respect to the Indemnified Taxes or Other Taxes giving rise to such refund), net of all out-of-pocket expenses of the Administrative Agent or such Lender (including any Taxes imposed with respect to such refund) as is determined by the Administrative Agent or Lender and in its sole discretion, and without interest (other than any interest paid by the relevant Governmental Authority with respect to such refund); provided that such Loan Party, upon the request of the Administrative Agent or such Lender, agrees to repay as soon as reasonably practicable the amount paid over to such Loan Party (plus any penalties, interest or other charges imposed by the relevant Governmental Authority) to the Administrative Agent or such Lender in the event the Administrative Agent or such Lender is required to repay such refund to such Governmental Authority. This Section 2.17(f) shall not be construed to

require the Administrative Agent or any Lender to make available its Tax returns (or any other information relating to its Taxes which it deems confidential) to the Loan Parties or any other person.

SECTION 2.18. Payments Generally; Pro Rata Treatment; Sharing of Set-offs. (a) Unless otherwise specified, the Borrower shall make each payment required to be made by it hereunder (whether of principal, interest, fees, or of amounts payable under Section 2.15, 2.16, or 2.17, or otherwise) prior to 2:00 p.m., Local Time, on the date when due, in immediately available funds, without condition or deduction for any defense, recoupment, set-off or counterclaim. Any amounts received after such time on any date may, in the discretion of the Administrative Agent, be deemed to have been received on the next succeeding Business Day for purposes of calculating interest thereon. All such payments shall be made to the Administrative Agent to the applicable account designated to the Borrower by the Administrative Agent. The Administrative Agent shall distribute any such payments received by it for the account of any other person to the appropriate recipient promptly following receipt thereof. If any payment or performance obligation hereunder shall be due or required on a day that is not a Business Day, the date for payment or performance shall be extended to the next succeeding Business Day, and, in the case of any payment accruing interest, interest thereon shall be payable for the period of such extension. All payments hereunder shall be made in Dollars. Any payment required to be made by the Administrative Agent hereunder shall be deemed to have been made by the time required if the Administrative Agent shall, at or before such time, have taken the necessary steps to make such payment in accordance with the regulations or operating procedures of the clearing or settlement system used by the Administrative Agent to make such payment.

(b) If at any time insufficient funds are received by and available to the Administrative Agent from the Borrower to pay fully all amounts of principal, interest and fees then due from the Borrower hereunder, such funds (except as otherwise provided in the Collateral Agreement with respect to the application of amounts realized from the Collateral) shall be applied (i) first, towards payment of interest and fees then due from the Borrower hereunder, ratably among the parties entitled thereto in accordance with the amounts of interest and fees then due to such parties, and (ii) second, towards payment of principal then due from the Borrower hereunder, ratably among the parties entitled thereto in accordance with the amounts of principal then due to such parties.

(c) If any Lender shall, by exercising any right of set-off or counterclaim or otherwise, obtain payment in respect of any principal of or interest on any of its Term Loans resulting in such Lender receiving payment of a greater proportion of the aggregate amount of its Term Loans and accrued interest thereon than the proportion received by any other Lender, then the Lender receiving such greater proportion shall purchase (for cash at face value) participations in the Term Loans of other Lenders to the extent necessary so that the benefit of all such payments shall be shared by the Lenders ratably in accordance with the aggregate amount of principal of and accrued interest on their respective Term Loans; provided that (i) if any such participations are purchased and all or any portion of the payment giving rise thereto is recovered, such participations shall be rescinded and the purchase price restored to the extent of such recovery, without interest, and (ii) the provisions of this paragraph (c) shall not be construed to apply to any payment made by the Borrower pursuant to and in accordance with the express terms of this Agreement or any payment obtained by a Lender as consideration for the assignment of or sale of a participation in any of its Loans, other than to the Borrower or any Subsidiary thereof (as to which the provisions of this paragraph (c) shall apply). The Borrower consents to the foregoing and agrees, to the extent it may effectively do so under applicable law, that any Lender acquiring a participation pursuant to the foregoing arrangements may exercise against the Borrower rights of set-off and counterclaim with respect to such participation as fully as if such Lender were a direct creditor of the Borrower in the amount of such participation.

(d) Unless the Administrative Agent shall have received notice from the Borrower prior to the date on which any payment is due to the Administrative Agent for the account of the Lenders hereunder that the Borrower will not make such payment, the Administrative Agent may assume that the Borrower has made such payment on such date in accordance herewith and may, in reliance upon such assumption, distribute to the Lenders the amount due. In such event, if the Borrower has not in fact made such payment, then each of the Lenders severally agrees to repay to the Administrative Agent forthwith on demand the amount so distributed to such Lender with interest thereon, for each day from and including the date such amount is distributed to it to but excluding the date of payment to the Administrative Agent, at the greater of the Federal Funds Effective Rate and a rate determined by the Administrative Agent in accordance with banking industry rules on interbank compensation.

(e) If any Lender shall fail to make any payment required to be made by it pursuant to Section 2.06(b) or 2.18(d), then the Administrative Agent may, in its discretion (notwithstanding any contrary provision hereof), apply any amounts thereafter received by the Administrative Agent for the account of such Lender to satisfy such Lender's obligations under such Sections until all such unsatisfied obligations are fully paid.

SECTION 2.19. Mitigation Obligations; Replacement of Lenders. (a) If any Lender requests compensation under Section 2.15, or if the Borrower is required to pay any additional amount to any Lender or any Governmental Authority for the account of any Lender pursuant to Section 2.17, then such Lender shall use reasonable efforts to designate a different Lending Office for funding or booking its Loans hereunder or to assign its rights and obligations hereunder to another of its offices, branches or Affiliates, if, in the reasonable judgment of such Lender, such designation or assignment (i) would eliminate or reduce amounts payable pursuant to Section 2.15 or 2.17, as applicable, in the future and (ii) would not subject such Lender to any material unreimbursed cost or expense and would not otherwise be disadvantageous to such Lender in any material respect. The Borrower hereby agrees to pay all reasonable costs and expenses incurred by any Lender in connection with any such designation or assignment.

(b) If any Lender requests compensation under Section 2.15, or if the Borrower is required to pay any additional amount to any Lender or any Governmental Authority for the account of any Lender pursuant to Section 2.17, or is a Defaulting Lender, or becomes an Affected Lender, then the Borrower may, at its sole expense and effort, upon notice to such Lender and the Administrative Agent, (i) terminate the Commitments of such Lender and repay all obligations of the Borrower owing to such Lender relating to the Loans and participations held by such Lender as of such termination date or (ii) require such Lender to assign and delegate, without recourse (in accordance with and subject to the restrictions contained in Section 9.04), all its interests, rights and obligations under this Agreement to an assignee that shall assume such obligations (which assignee may be another Lender, if a Lender accepts such assignment); provided that (i) the Borrower shall have received the prior written consent of the Administrative Agent, which consent shall not unreasonably be withheld, (ii) such Lender shall have received payment of an amount equal to the outstanding principal of its Loans, accrued interest thereon, accrued fees and all other amounts payable to it hereunder, from the assignee (to the extent of such outstanding principal and accrued interest and fees) or the Borrower (in the case of all other amounts) and (iii) in the case of any such assignment resulting from a claim for compensation under Section 2.15 or payments required to be made pursuant to Section 2.17, such assignment will result in a reduction in such compensation or payments. Nothing in this Section 2.19 shall be deemed to prejudice any rights that the Borrower may have against any Lender that is a Defaulting Lender.

(c) If any Lender (such Lender, a "Non-Consenting Lender") has failed to consent to a proposed amendment, waiver, discharge or termination which pursuant to the terms of Section 9.08 requires the consent of all of the Lenders affected and with respect to which the Required Lenders shall

have granted their consent, then the Borrower shall have the right (unless such Non-Consenting Lender grants such consent) to replace such Non-Consenting Lender by (i) terminating the Commitments of such Lender and repaying all obligations of the Borrower owing to such Lender relating to the Loans and participations held by such Lender as of such termination date or (ii) requiring such Non-Consenting Lender to assign all or the affected portion of its Loans, and its Commitments hereunder to one or more assignees reasonably acceptable to the Administrative Agent, provided that: (a) all Obligations of the Borrower owing to such Non-Consenting Lender being replaced shall be paid in full to such Non-Consenting Lender concurrently with such assignment, (b) the replacement Lender shall purchase the foregoing by paying to such Non-Consenting Lender a price equal to the principal amount thereof plus accrued and unpaid interest thereon, plus any amount equal to the prepayment premium that would otherwise be received by such Lender under Section 2.11(f) upon an optional repayment in full of such Lender's Loans, (c) in connection with any such assignment the Borrower, Administrative Agent, such Non-Consenting Lender shall otherwise comply with Section 9.04, and (d) the replacement Lender shall grant its consent with respect to the applicable proposed amendment, waiver, discharge or termination. Each Lender hereby grants to the Administrative Agent an irrevocable power of attorney (which power is coupled with an interest) to execute and deliver, on behalf of such Lender as assignor, any Assignment and Acceptance necessary to effectuate any assignment of such Lender's interests hereunder in the circumstances contemplated by this Section 2.19(c).

SECTION 2.20. Illegality. If any Lender reasonably determines that any Change in Law has made it unlawful, or that any Governmental Authority has asserted after the Closing Date that it is unlawful, for any Lender or its applicable Lending Office to make or maintain any Eurocurrency Loans, then, on notice thereof by such Lender to the Borrower through the Administrative Agent (at which time such Lender shall be deemed an "Affected Lender"), any obligations of such Affected Lender to make or continue Eurocurrency Loans or to convert ABR Borrowings to Eurocurrency Borrowings shall be suspended until such Affected Lender notifies the Administrative Agent and the Borrower that the circumstances giving rise to such determination no longer exist. Upon receipt of such notice, the Borrower shall upon demand from such Affected Lender (with a copy to the Administrative Agent), either convert all Eurocurrency Borrowings of such Affected Lender to ABR Borrowings, either on the last day of the Interest Period therefor, if such Affected Lender may lawfully continue to maintain such Eurocurrency Borrowings to such day, or immediately, if such Affected Lender may not lawfully continue to maintain such Loans. Upon any such prepayment or conversion, the Borrower shall also pay accrued interest on the amount so prepaid or converted.

SECTION 2.21. Incremental Extensions of Credit. Subject to the terms and conditions set forth herein, the Borrower may at any time and from time to time, request to add additional term loans (the "Incremental Extensions of Credit") in minimum principal amounts of $20.0 million, provided that (a) immediately prior to and after giving effect to any Incremental Facility Amendment (and the making of any Incremental Extensions of Credit pursuant thereto), no Default or Event of Default has occurred or is continuing or shall result therefrom and the Borrower shall be in compliance, on a Pro Forma Basis (including giving pro forma effect to any Incremental Facility Amendment (and the making of any Incremental Extensions of Credit pursuant thereto)), with the Total Leverage Ratio required by Section 6.10 and (b) the aggregate principal amount (or committed amount, if applicable) of all Incremental Extensions of Credit pursuant to this Section 2.21 shall not exceed (i) $100.0 million minus (ii) the aggregate principal amount (or committed amount, if applicable) of "Incremental Extensions of Credit" (as defined in the First Lien Credit Agreement). The Incremental Extensions of Credit shall rank pari passu in right of payment and right of security in respect of the Collateral with the Term Loans. In the case of additional term loans, other than amortization, pricing or maturity date, such additional term loans shall have the same terms as the Term Loans (the "Existing Term Loans") existing immediately prior to the effectiveness of an Incremental Facility Amendment (except as otherwise agreed by the Administrative Agent and Additional Lenders agreeing to provide a commitment in respect of such

Incremental Extension of Credit provided that any such agreement shall affect solely the terms of such Incremental Extension of Credit and not any other Loan or Borrowings or Commitments (or any other Lender) unless this Agreement has been amended in accordance with Section 9.08 without reference to this Section 2.21); provided that, without the prior written consent of the Required Lenders, Incremental Extensions of Credit shall not have a final maturity date earlier than the Maturity Date and shall not have a weighted average life that is shorter than that of the then-remaining weighted average life of the Term Loans. Any additional bank, financial institution, existing Lender or other person that elects to extend commitments to provide Incremental Extensions of Credit shall be reasonably satisfactory to the Borrower and the Administrative Agent (any such bank, financial institution or other person being called an "Additional Lender") and shall become a Lender under this Agreement, pursuant to an amendment (an "Incremental Facility Amendment") to this Agreement, giving effect to the modifications permitted by this Section 2.21, and, as appropriate, the other Loan Documents, executed by the Borrower, each Additional Lender, if any, and the Administrative Agent. Commitments in respect of Incremental Extensions of Credit shall become Commitments under this Agreement after giving effect to such Incremental Facility Amendment. An Incremental Facility Amendment providing for term loans may, without the consent of any other Lenders, effect such amendments to this Agreement and the other Loan Documents as may be reasonably necessary or appropriate, in the opinion of the Administrative Agent, to effect the provisions of this Section, and provided, however, the interest rates and fees applicable to any Incremental Extension of Credit shall be determined by the Borrower and the Additional Lenders (as defined below). The effectiveness of any Incremental Facility Amendment shall be subject to the satisfaction on the date thereof (each, an "Incremental Facility Closing Date") of each of the conditions set forth in Section 4.01 (it being understood that all references to "the date of such Borrowing" in such Section 4.01 shall be deemed to refer to the Incremental Facility Closing Date), and, except as otherwise specified in the applicable Incremental Facility Amendment, the Administrative Agent shall have received legal opinions, board resolutions and other closing documents and certificates reasonably requested by the Administrative Agent and consistent with those delivered on the Closing Date under Section 4.02. The proceeds of the Incremental Extensions of Credit may be used for any purpose not otherwise prohibited hereunder. Notwithstanding anything to the contrary in this Section 2.21, no existing Lender shall be obligated to provide Incremental Extensions of Credit.

ARTICLE III

Representations and Warranties

Each of Holdings (solely to the extent applicable to it) and the Borrower represents and warrants to each of the Lenders that (it being understood and agreed that the representations and warranties made on the Closing Date are deemed to be made concurrently with the Transactions):

SECTION 3.01. Organization; Powers. Each of Holdings, the Borrower and each of the Restricted Subsidiaries (a) is a limited partnership, limited liability company or corporation duly organized, validly existing and in good standing (or, if applicable in a foreign jurisdiction, enjoys the equivalent status under the laws of any jurisdiction of organization outside the United States) under the laws of the jurisdiction of its organization, (b) has all requisite power and authority to own its property and assets and to carry on its business as now conducted, (c) is qualified to do business and in good standing in each jurisdiction where such qualification is required, except where the failure so to qualify or to be in good standing could not reasonably be expected to have a Material Adverse Effect.

SECTION 3.02. Authorization. The execution, delivery and performance by Holdings, the Borrower and each of the Subsidiary Loan Parties of each of the Loan Documents to which it is a party, and the borrowings hereunder and the transactions forming a part of the Transactions (a) have been duly authorized by all corporate, stockholder, limited partnership or limited liability company action

required to be obtained by Holdings, the Borrower and such Subsidiary Loan Parties and (b) will not (i) violate (A) any provision of (x) law, statute, rule or regulation applicable to such party, or (y) of the certificate or articles of incorporation or other constitutive documents or by-laws of Holdings, the Borrower or any such Subsidiary Loan Party, (B) any applicable order of any court or any rule, regulation or order of any Governmental Authority or (C) any provision of any indenture, certificate of designation for preferred stock, agreement or other instrument to which Holdings, the Borrower or any such Subsidiary Loan Party is a party or by which any of them or any of their property is or may be bound, (ii) be in conflict with, result in a breach of or constitute (alone or with notice or lapse of time or both) a default under, give rise to a right of or result in any cancellation or acceleration of any right or obligation (including any payment) or to a loss of a material benefit under any such indenture, certificate of designation for preferred stock, agreement or other instrument, where any such conflict, violation, breach or default referred to in clause (i)(A)(x), (i)(B), (i)(C) or (ii) of this Section 3.02, could reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect, or (iii) result in the creation or imposition of any Lien upon or with respect to any property or assets now owned or hereafter acquired by Holdings, the Borrower or any such Subsidiary Loan Party, other than the Liens created by the Loan Documents and Liens permitted by Section 6.02 hereof.

SECTION 3.03. Enforceability. This Agreement has been duly executed and delivered by Holdings and the Borrower and constitutes, and each other Loan Document when executed and delivered by each Loan Party that is party thereto will constitute, a legal, valid and binding obligation of such Loan Party enforceable against each such Loan Party in accordance with its terms, subject to (i) the effects of bankruptcy, insolvency, moratorium, reorganization, fraudulent conveyance or other similar laws affecting creditors' rights generally, (ii) general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law) and (iii) implied covenants of good faith and fair dealing.

SECTION 3.04. Governmental Approvals. No action, consent or approval of, registration or filing with or any other action by any Governmental Authority is or will be required in connection with the Transactions, except for (a) the filing of Uniform Commercial Code financing statements, (b) filings with the United States Patent and Trademark Office and the United States Copyright Office and comparable offices in foreign jurisdictions and equivalent filings in foreign jurisdictions, (c) recordation of the Mortgages, (d) such as have been made or obtained and are in full force and effect, (e) such actions, consents, approvals, registrations or filings the failure to be obtained or made which could not reasonably be expected to have a Material Adverse Effect and (f) filings or other actions listed on Schedule 3.04.

SECTION 3.05. Financial Statements. (a) The audited combined balance sheets of Generac and its Subsidiaries at December 31, 2003, 2004 and 2005, and the audited combined statements of income and cash flows of Generac and it Subsidiaries for such fiscal years, reported on by and accompanied by an audit opinion from Deloitte & Touche LLP, copies of which have heretofore been furnished to each Lender, present fairly in all material respects the combined financial condition of Generac and its Subsidiaries for such periods and as at such dates and the combined results of operations and cash flows of Generac and its Subsidiaries for the years then ended.

(b) The unaudited interim consolidated balance sheet of Generac and its Subsidiaries as at June 30, 2006, and the related unaudited interim combined statements of income and cash flows for the 6-month period ended June 30, 2006 (including for the comparable period in fiscal year 2005), present fairly in all material respects the combined financial condition of Generac and its Subsidiaries as at such date (subject to normal year-end audit adjustments). All such financial statements have been prepared in accordance with GAAP (subject to (i) normal year-end adjustments and (ii) the absence of notes), except as approved by the aforementioned firm of accountants and disclosed therein.

SECTION 3.06. No Material Adverse Effect. Since December 31, 2005, there has been no event, development, circumstance or change has occurred that has or would reasonably be expected to have a Material Adverse Effect.

SECTION 3.07. Title to Properties; Possession Under Leases. (a) Each of Holdings, the Borrower and its Restricted Subsidiaries has good and insurable fee simple title to the Mortgaged Properties, and good and insurable fee simple title to, or easements or other limited property interests in, all its other real properties and has good and valid title to its personal property and assets, in each case, free and clear of Liens except for defects in title that do not impair the value thereof in any material respect or interfere with its ability to conduct its business as currently conducted or to utilize such properties and assets for their intended purposes and Liens expressly permitted by Section 6.02 or arising by operation of law and except where the failure to have such title or interest or existence of such Lien could not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect.

(b) Each of Holdings, the Borrower and the Restricted Subsidiaries owns or possesses, or is licensed or otherwise has the right to use, all patents, trademarks, service marks, trade names and copyrights and all licenses and rights with respect to the foregoing, reasonably necessary for the present conduct of its business, without any conflict (of which the Borrower has been notified in writing) with the rights of others, except where the failure to have such rights or where such conflicts and restrictions could not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect.

SECTION 3.08. Subsidiaries. (a) Schedule 3.08(a) sets forth as of the Closing Date the name and jurisdiction of incorporation, formation or organization of each Subsidiary of Holdings and, as to each such Subsidiary, the percentage of each class of outstanding Equity Interests owned by Holdings or by any such subsidiary.

(b) As of the Closing Date, there are no outstanding subscriptions, options, warrants, calls, rights or other agreements or commitments (other than directors' qualifying shares) of any nature relating to any Equity Interests of any Restricted Subsidiaries of the Borrower.

SECTION 3.09. Litigation; Compliance with Laws. (a) There are no actions, suits, investigations or proceedings at law or in equity or by or on behalf of any Governmental Authority or in arbitration now pending against, or to the knowledge of Holdings or the Borrower threatened in writing against, Holdings or the Borrower or any of its Restricted Subsidiaries or any business, property or rights of any such person (i) that involve any Loan Document or the Transactions or (ii) that would reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect.

(b) None of Holdings, the Borrower, the Subsidiaries or their respective properties or assets is in violation of any law, rule or regulation (including any zoning, building, ordinance, code or approval or any building permit, but excluding any Environmental Laws that are the subject of Section 3.16) or any restriction of record or agreement affecting any Mortgaged Property, or is in default with respect to any judgment, writ, injunction or decree of any Governmental Authority, where such violation or default could reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect.

SECTION 3.10. Investment Company Act. None of Holdings, the Borrower and the Restricted Subsidiaries is an "investment company" as defined in, or subject to regulation under, the Investment Company Act of 1940, as amended.

SECTION 3.11. Use of Proceeds. The Borrower will use the proceeds of the Term Loans made on the Closing Date, together with the proceeds of the First Lien Financing, solely to consummate the Transactions (including the payment of Transaction Costs).

SECTION 3.12. Federal Reserve Regulations. (a) None of Holdings, the Borrower and the Restricted Subsidiaries is engaged principally, or as one of its important activities, in the business of extending credit for the purpose of purchasing or carrying Margin Stock.

(b) No part of the proceeds of any Loan will be used, whether directly or indirectly, and whether immediately, incidentally or ultimately, (i) to purchase or carry Margin Stock or to extend credit to others for the purpose of purchasing or carrying Margin Stock or to refund indebtedness originally incurred for such purpose, or (ii) for any purpose that entails a violation of, or that is inconsistent with, the provisions of the Regulations of the Board, including Regulation U or Regulation X.

SECTION 3.13. Tax Returns.

(a) Each of Holdings, the Borrower and the Subsidiaries has filed or caused to be filed all U.S. federal, state, local and non-U.S. Tax returns required to have been filed by it that are material to such companies, taken as a whole, and each such Tax return is true and correct in all material respects, except, in each case, as could not be, individually or in the aggregate, reasonably expected to have a

Material Adverse Effect;

(b) Each of Holdings, the Borrower and the Subsidiaries has timely paid or caused to be timely paid all Taxes shown to be due and payable by it on the returns referred to in clause (a) and all other Taxes or assessments (or made adequate provision (in accordance with GAAP) for the payment of all such amounts due) with respect to all periods or portions thereof ending on or before the Closing Date (except Taxes or assessments that are being contested in good faith by appropriate proceedings in accordance with Section 5.03 and for which Holdings, the Borrower or any of its Subsidiaries (as the case may be) has set aside on its books adequate reserves in accordance with GAAP), which Taxes, if not paid or adequately provided for, could, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect; and

(c) Other than as could not be, individually or in the aggregate, reasonably expected to have a Material Adverse Effect, with respect to each of Holdings, the Borrower and the Subsidiaries, no tax lien has been filed, and, to the knowledge of the Borrower and its Subsidiaries, no claim is being asserted, with respect to any such Taxes.

SECTION 3.14. No Material Misstatements. To the Borrower's knowledge, (a) all written information (other than the Projections, other forward looking information and information of a general economic or industry specific nature) (the "Information") concerning Holdings, the Borrower, its Subsidiaries and the Transactions included in the Information Memorandum or otherwise prepared by or on behalf of the foregoing or their representatives and made available, by or on behalf of Holdings or the Borrower, to the Joint Lead Arrangers, any Lenders or the Administrative Agent in connection with the Transactions or any other transactions contemplated hereby, when taken as a whole, were true and correct in all material respects as of the Closing Date and does not as of such date contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements contained therein not materially misleading in light of the circumstances under which such statements were made.

(b) The Projections furnished to the Joint Lead Arrangers, the Administrative Agent or the Lenders (i) have been prepared in good faith based upon assumptions believed by the Borrower to be reasonable at the time made, as of the date the Projections were furnished to the Joint Lead Arrangers, the

Administrative Agent or the Lenders and as of the Closing Date (it being understood that actual results may vary from the Projections and that such variations may be material).

SECTION 3.15. Employee Benefit Plans. (a) Except as could not reasonably be expected, individually or in the aggregate, to have a Material Adverse Effect: (i) each of the Borrower, the Restricted Subsidiaries and the ERISA Affiliates is in compliance with the applicable provisions of ERISA and the provisions of the Code relating to Plans and the regulations and published interpretations thereunder; (ii) no Reportable Event has occurred during the past five years as to which the Borrower, any of its Restricted Subsidiaries or any ERISA Affiliate was required to file a report with the PBGC, other than reports that have been filed; (iii) the present value of all benefit liabilities under each Plan of the Borrower its Restricted Subsidiaries and the ERISA Affiliates (based on those assumptions used to fund such Plan), does not exceed the value of the assets of such Plan and the present value of all accrued benefit obligations of all underfunded Plans (based on the assumptions used for purposes of Statement of Financial Accounting Standards No. 87) does not exceed the value of the assets of all such underfunded Plans; (iv) no ERISA Event has occurred or is reasonably expected to occur; and (v) none of the Borrower, the Restricted Subsidiaries and the ERISA Affiliates has received any written notification that any Multiemployer Plan is in reorganization or is in endangered or critical status or has been terminated within the meaning of Title IV of ERISA, or has knowledge that any Multiemployer Plan is reasonably expected to be in reorganization or in endangered or critical status or to be terminated.

(b) With respect to each employee benefit arrangement mandated by non-US law (a "Foreign Benefit Arrangement") and with respect to each employee benefit plan (within the meaning of Section 3(3) of ERISA, whether or not subject to ERISA) maintained or contributed to by any of the Borrower, the Restricted Subsidiaries or any ERISA Affiliate that is not subject to US law (a "Foreign Plan"), (i) any employer and employee contributions required by applicable law or by the terms of such Foreign Arrangement or Foreign Plan have been made, or, if applicable, accrued in accordance with normal accounting practices; (ii) the accrued benefit obligations of each Foreign Plan with respect to all current and former participants (based on the assumptions used to fund such Foreign Plan) do not exceed the assets of such Foreign Plan; (iii) each Foreign Plan that is required to be registered has been registered and has been maintained in good standing with applicable regulatory authorities; and (iv) each such Foreign Benefit Arrangement and Foreign Plan is in compliance (A) with all applicable provisions of law and all applicable regulations and published interpretations thereunder with respect to such Foreign Plan or Foreign Benefit Arrangement and (B) with the terms of such plan, except, in each case, for such noncompliance that could not reasonably be expected to have a Material Adverse Effect..

SECTION 3.16. Environmental Matters. Except as to matters that could not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect: (i) no written notice of violation, request for information, order, complaint or assertion of penalty has been received by the Borrower or any of its Restricted Subsidiaries, and there are no judicial, administrative or other actions, suits or proceedings pending or, to the knowledge of the Borrower, threatened which allege a violation of or liability under any Environmental Laws or concerning Hazardous Materials, in each case relating to the Borrower or any of its Restricted Subsidiaries, (ii) each of the Borrower and its Restricted Subsidiaries has all permits necessary for its operations to comply with all applicable Environmental Laws and is, and during the term of all applicable statutes of limitation, has been, in compliance with the terms of such permits and with all other applicable Environmental Laws, (iii) no Hazardous Material is located at any property currently or formerly owned, operated or leased by the Borrower or any of its Restricted Subsidiaries in quantities or concentrations that would reasonably be expected to give rise to any liability or obligation of the Borrower or any of its Restricted Subsidiaries under any Environmental Laws, and no Hazardous Material has been generated by or on behalf of the Borrower or any of its Restricted Subsidiaries that has been transported to or Released at or from any location in a manner that would reasonably be expected to give rise to any liability or obligation of the Borrower or any of its

Restricted Subsidiaries, and (iv) there is no agreement to which the Borrower or any of its Restricted Subsidiaries is a party in which the Borrower or any of its Restricted Subsidiaries has assumed or undertaken, or retained, responsibility for any known or reasonably likely liability or obligation arising under or relating to Environmental Laws.

SECTION 3.17. Security Documents. (a) The Collateral Agreement is effective to create in favor of the Collateral Agent (for the benefit of the Secured Parties) a legal, valid and enforceable security interest in the Collateral described therein and proceeds thereof. In the case of the Pledged Collateral described in the Collateral Agreement, when certificates or promissory notes, as applicable, representing such Pledged Collateral are delivered to the Collateral Agent (together with transfer powers or endorsements executed in blank), and in the case of the other Collateral described in the Collateral Agreement (other than registered copyrights and copyright applications), when financing statements and other filings described on Schedule 3.17 are filed by the Administrative Agent in the offices specified on Schedule 3.17, the Collateral Agent (for the benefit of the Secured Parties) shall have a fully perfected Lien on, and security interest in, all right, title and interest of the Loan Parties in such Collateral and, subject to Section 9-315 of the New York Uniform Commercial Code, the proceeds thereof, as security for the Obligations to the extent perfection can be obtained by filing Uniform Commercial Code financing statements, in each case prior and superior in right to any other person (except, in the case of Collateral other than Pledged Collateral, Liens expressly permitted by Section 6.02 and Liens having priority by operation of law).

(b) When the Collateral Agreement or a summary thereof is properly filed by the Administrative Agent in the United States Copyright Office or the United States Patent and Trademark Office, as applicable, the Collateral Agent (for the benefit of the Secured Parties) shall have a fully perfected Lien on, and security interest in, all right, title and interest of the Loan Parties thereunder in the Collateral consisting of registered copyrights and copyright applications, in each case prior and superior in right to any other person except Liens expressly permitted by Section 6.02 and Liens having priority by operation of law (it being understood that subsequent recordings in the United States Copyright Office or United States Patent and Trademark Office, as the case may be, may be necessary to perfect a lien on registered copyrights and copyright applications acquired by the grantors after the Closing Date).

(c) The Mortgages shall be effective to create in favor of the Collateral Agent (for the benefit of the Secured Parties) a legal, valid and enforceable Lien on all of the Loan Parties' right, title and interest in and to the Mortgaged Property thereunder and the proceeds thereof, and when such Mortgages are filed or recorded by Administrative Agent in the proper real estate filing or recording offices, the Collateral Agent (for the benefit of the Secured Parties) shall have a fully perfected Lien on, and security interest in, all right, title and interest of the Loan Parties in such Mortgaged Property and, to the extent applicable, subject to Section 9-315 of the Uniform Commercial Code, the proceeds thereof, in each case prior and superior in right to any other person, other than with respect to the rights of a person pursuant to Liens expressly permitted by Section 6.02 and Liens having priority by operation of law.

SECTION 3.18. Solvency. (a) Immediately after giving effect to the Transactions on the Closing Date and immediately following the making of each Loan on the Closing Date and after giving effect to the application of the proceeds of each Loan, (i) the fair value of the assets of Holdings, the Borrower and its Subsidiaries on a consolidated basis, at a fair valuation, will exceed the debts and liabilities, direct, subordinated, contingent or otherwise, of Holdings, the Borrower and its Subsidiaries on a consolidated basis, respectively; (ii) the present fair saleable value of the property of Holdings, the Borrower and its Subsidiaries on a consolidated basis will be greater than the amount that will be required to pay the probable liability of Holdings, the Borrower and its Subsidiaries on a consolidated basis, respectively, on their debts and other liabilities, direct, subordinated, contingent or otherwise, as such debts and other liabilities become absolute and matured; (iii) Holdings, the Borrower and its Subsidiaries

on a consolidated basis will be able to pay their debts and liabilities, direct, subordinated, contingent or otherwise, as such debts and liabilities become absolute and matured; (iv) Holdings, the Borrower and its Subsidiaries on a consolidated basis will not have unreasonably small capital with which to conduct the businesses in which they are engaged as such businesses are now conducted and are proposed to be conducted following the Closing Date; and (v) neither Holdings, the Borrower, nor any of its Subsidiaries shall be "insolvent" under the meaning assigned to such term in 11 U.S.C. §101 et. seq. and Wisconsin Statutes Chapter 242.

(b) Neither Holdings nor the Borrower intends to, and neither Holdings nor the Borrower believes that it or any of its subsidiaries will, incur debts beyond the ability of Holdings and its Subsidiaries, on a consolidated basis, to pay such debts as they mature, taking into account the timing and amounts of cash to be received by it or any such subsidiary and the timing and amounts of cash to be payable on or in respect of its Indebtedness or the Indebtedness of any such subsidiary.

SECTION 3.19. Labor Matters. Except as, individually or in the aggregate, would not reasonably be expected to have a Material Adverse Effect: (a) there are no strikes or other labor disputes pending or, to the knowledge of Holdings or the Borrower, threatened in writing against the Borrower or any of its Restricted Subsidiaries; (b) the hours worked and payments made to employees of the Borrower and its Restricted Subsidiaries have not been in violation of the Fair Labor Standards Act or any other applicable law dealing with such matters; and (c) all payments due from the Borrower or any of its Restricted Subsidiaries or for which any claim may be made against the Borrower or any of its Restricted Subsidiaries, on account of wages and employee health and welfare insurance and other benefits have been paid or accrued as a liability on the books of the Borrower or such Restricted Subsidiary to the extent required by GAAP. Except as, individually or in the aggregate, would not reasonably be expected to have a Material Adverse Effect the consummation of the Transactions will not give rise to a right of termination or right of renegotiation on the part of any union under any material collective bargaining agreement to which the Borrower or any of its Subsidiaries (or any predecessor) is a party or by which Holdings, the Borrower or any of its Subsidiaries (or any predecessor) is bound.

SECTION 3.20. Insurance. Schedule 3.20 sets forth a true, complete and correct description of all material insurance maintained by or on behalf of Holdings, the Borrower or the Subsidiaries as of the Closing Date. As of such date, such insurance is in full force and effect.

SECTION 3.21. Transaction Documents. Holdings and the Borrower have delivered to the Administrative Agent a true and correct copy of the Merger Agreement (including all schedules, exhibits, amendments, supplements and modifications thereto) and the First Lien Loan Documents.

SECTION 3.22. Patriot Act. To the extent applicable, each Loan Party is in compliance, in all material respects, with the (i) Trading with the Enemy Act, as amended, and each of the foreign assets control regulations of the Untied States Treasury Department (31 CFR, Subtitle B, Chapter V, as amended) and any other enabling legislation or executive order relating thereto, and (ii) Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism (USA Patriot Act of 2001). To the knowledge of the Borrower, no part of the proceeds of the Loans will be used, directly or indirectly, for any payments to any governmental official or employee, political party, official of a political party, candidate for political office, or anyone else acting in an official capacity, in order to obtain, retain or direct business or obtain any improper advantage, in violation of the United States Foreign Corrupt Practices Act of 1977, as amended.

SECTION 3.23. No Default. Neither Holdings, the Borrower nor any of their Restricted Subsidiaries is in default in the performance, observance or fulfillment of any of the obligations, covenants or conditions contained in any of its Contractual Obligations, and no condition

exists which, with the giving of notice or the lapse of time or both, could constitute such a default, except where the consequences, direct or indirect, of such default or defaults, if any, could not reasonably be expected to have a Material Adverse Effect.

ARTICLE IV

Conditions of Lending

The obligations of the Lenders to make Loans are subject to the satisfaction of the following conditions:

SECTION 4.01. Conditions. On the Closing Date (and any Incremental Facility Closing Date):

(a) The Administrative Agent shall have received, in the case of a Borrowing, a Borrowing Request as required by Section 2.03.

(b) The representations and warranties set forth in Article III hereof shall be true and correct in all material respects as of such date, with the same effect as though made on and as of such date, except to the extent such representations and warranties expressly relate to an earlier date (in which case such representations and warranties shall be true and correct in all material respects as of such earlier date); provided that, notwithstanding anything to the contrary contained herein, the only representation relating to the Borrower and its Subsidiaries and their businesses the making of which shall be a condition to Borrowing on the Closing Date, shall be (i) the representations made by Generac in the Merger Agreement as are material to the interests of the Lenders, but only to the extent that Holdings and the Borrower have the right to terminate their obligations under the Merger Agreement as a result of a breach of such representations in the Merger Agreement and (ii) the representations and warranties in Sections 3.01, 3.02, 3.03, 3.10 and 3.12 of this Agreement.

(c) At the time of and immediately after such Borrowing, no Event of Default or Default shall have occurred and be continuing.

Each Borrowing shall be deemed to constitute a representation and warranty by the Borrower on the date of such Borrowing, issuance, amendment, extension or renewal as applicable, that the conditions specified in paragraphs (b) and (c) of this Section 4.01 shall have been satisfied on such date in accordance with the terms of such paragraphs.

SECTION 4.02. Additional Conditions. On the Closing Date:

(a) The Administrative Agent (or its counsel) shall have received from each party hereto either (i) a counterpart of this Agreement signed on behalf of such party or (ii) written evidence satisfactory to the Administrative Agent (which may include fax transmission of a signed signature page of this Agreement) that such party has signed a counterpart of this Agreement.

(b) The Administrative Agent shall have received, on behalf of itself and the Lenders on the Closing Date, a written opinion of Weil, Gotshal & Manges LLP, special counsel for Holdings and the Borrower, (A) dated the Closing Date, (B) addressed to the Administrative Agent, the Collateral Agent and the Lenders on the Closing Date and (C) in form and substance reasonably satisfactory to the Administrative Agent and covering such other matters relating to the Loan Documents and the Transactions as the Administrative Agent shall reasonably request, and each of Holdings and the Borrower hereby instructs its counsel to deliver such opinions.

(c) The Administrative Agent shall have received in the case of each Loan Party each of the items referred to in clauses (i), (ii), (iii) and (iv) below:

(i) a copy of the certificate or articles of incorporation, certificate of limited partnership or certificate of formation, including all amendments thereto, of each Loan Party, certified as of a recent date by the Secretary of State (or other similar official) of the jurisdiction of its organization, and a certificate as to the good standing (to the extent such concept or a similar concept exists under the laws of such jurisdiction) of each such Loan Party as of a recent date from such Secretary of State (or other similar official);

(ii) a certificate of the secretary or assistant secretary or similar officer of each Loan Party dated the Closing Date and certifying:

(A) that attached thereto is a true and complete copy of the by-laws (or limited partnership agreement, limited liability company agreement or other equivalent governing documents) of such Loan Party as in effect on the Closing Date and at all times since a date prior to the date of the resolutions described in clause (B) below,

(B) that attached thereto is a true and complete copy of resolutions duly adopted by the board of directors (or equivalent governing body) of such Loan Party (or its managing general partner or managing member) authorizing the execution, delivery and performance of the Loan Documents to which such person is a party and, in the case of the Borrower, the borrowings hereunder, and that such resolutions have not been modified, rescinded or amended and are in full force and effect on the Closing Date,

(C) that the certificate or articles of incorporation, certificate of limited partnership or certificate of formation of such Loan Party has not been amended since the date of the last amendment thereto disclosed pursuant to clause (i) above,

(D) as to the incumbency and specimen signature of each officer executing any Loan Document or any other document delivered in connection herewith on behalf of such Loan Party,

(E) as to the absence of any pending proceeding for the dissolution or liquidation of such Loan Party;

(iii) a certificate of another officer as to the incumbency and specimen signature of the Secretary or Assistant Secretary or similar officer executing the certificate pursuant to clause (ii) above; and

(iv) a certificate of a Responsible Officer of Holdings or the Borrower certifying that as of the Closing Date (i) all the representations and warranties set forth in Section 4.01 are true and correct and (ii) that as of the Closing Date, no Default or Event of Default has occurred and is continuing or would result from any Borrowing to occur on the date hereof or the application of the proceeds thereof.

(d) (i) The Collateral and Guarantee Requirement shall have been satisfied, (ii) the Administrative Agent shall have received a duly completed Collateral Questionnaire dated the Closing Date, together with all attachments contemplated thereby, (iii) the Administrative Agent shall have received the results of a search of the Uniform Commercial Code (or equivalent) filings made with respect to the Loan Parties and copies of the financing statements (or similar documents) disclosed by

such search and (iv) the Administrative Agent shall have received evidence reasonably satisfactory to the Administrative Agent that the Liens indicated by such financing statements (or similar documents) are either permitted by Section 6.02 or have been released (or authorized for release in a manner satisfactory of the Agent).

(e) The Lenders shall have received the financial statements, Projections and other financial information referred to in Sections 3.05 and Section 3.14.

(f) On the Closing Date, substantially concurrently with the funding of the Loans, Holdings and its Subsidiaries shall have (i) consummated the Merger in all material respects on the terms described in the Merger Agreement and no provisions thereof shall have been waived, amended, supplemented or otherwise modified in a manner adverse to the Lenders in any material respect without the consent of the Administrative Agent and the Administrative Agent under the First Lien Credit Agreement, (ii) consummated the Equity Financing, (iii) repaid in full all Existing Debt (other than Indebtedness permitted under Section 6.01) and caused the termination of any commitments to lend or make other extensions of credit under all such Existing Debt, (v) delivered to the Administrative Agent all documents or instruments necessary to release all Liens securing Indebtedness or other obligations of Holdings and its Subsidiaries being so repaid or terminated, and (vi) made arrangements satisfactory to Administrative Agent with respect to the cancellation of any letters of credit outstanding with respect to the Indebtedness being so repaid or terminated, or the issuance of letters of credit under the First Lien Credit Agreement to support the obligations of Holdings and its Subsidiaries with respect thereto.

(g) The Lenders shall have received a solvency certificate substantially in the form of Exhibit F and signed by the Chief Financial Officer of the Borrower.

(h) The Agents shall have received all fees payable thereto or to any Lender on or prior to the Closing Date and, to the extent invoiced, all other amounts due and payable pursuant to the Loan Documents on or prior to the Closing Date, including, to the extent invoiced, reimbursement or payment of all reasonable out-of-pocket expenses (including reasonable fees, charges and disbursements of Simpson Thacher & Bartlett LLP) required to be reimbursed or paid by the Loan Parties hereunder or under any other Loan Document.

(i) Since June 30, 2006, except as contemplated by the Acquisition and the Transactions, there shall not have occurred and there is no circumstance or occurrence that is reasonably likely to have (individually or in the aggregate) a Material Adverse Effect (as such term is defined in the Merger Agreement).

(j) The Agents shall have received, at least ten days prior to the Closing Date, all documentation and other information required by regulatory authorities under applicable “know your customer” and anti-money laundering rules and regulations, including without limitation the USA PATRIOT Act.

(k) The Administrative Agent shall have received duly executed originals of a letter of direction from the Borrower addressed to the Administrative Agent, on behalf of itself and Lenders, with respect to the disbursement on the Closing Date of the proceeds of the Loans made on such date.

Each Agent and each Lender, by delivering its signature page to this Agreement and funding a Loan on the Closing Date shall be deemed to have acknowledged receipt of and consented to and approved each Loan Document and each other document required to be approved by any Agent or Lender, as applicable, on the Closing Date.

ARTICLE V

Affirmative Covenants

Each of Holdings (solely as to Sections 5.01, 5.05 and 5.09 as applicable to it) and the Borrower covenants and agrees with each Lender that so long as this Agreement shall remain in effect and until the Commitments have been terminated and the principal of and interest on each Loan, all Fees and all other expenses or amounts payable under any Loan Document (other than obligations for taxes, costs, indemnifications, reimbursements, damages and other contingent liabilities in respect of which no claim or demand for payment has been made or, in the case of indemnifications, no notice been given (or reasonably satisfactory arrangements have otherwise been made)) shall have been paid in full, unless the Required Lenders shall otherwise consent in writing, the Borrower (and Holdings solely to the extent applicable to it) will, and the Borrower will cause each of its Restricted Subsidiaries to:

SECTION 5.01. Existence; Businesses and Properties. (a) Do or cause to be done all things necessary to preserve, renew and keep in full force and effect its legal existence, except (i) where the failure to do so would not reasonably be expected to have a Material Adverse Effect, (ii) as otherwise expressly permitted under Section 6.05, and (iii) the liquidation or dissolution of Restricted Subsidiaries if the assets of such Restricted Subsidiaries (to the extent they exceed estimated liabilities) are acquired by the Borrower or a Subsidiary of the Borrower.

(b) Except where the failure to do so would not reasonably be expected to have a Material Adverse Effect, do or cause to be done all things necessary to (i) lawfully obtain, preserve, renew, extend and keep in full force and effect the permits, franchises, authorizations, patents, trademarks, service marks, trade names, copyrights, licenses and rights with respect thereto reasonably necessary to the normal conduct of the business of the Borrower and its Restricted Subsidiaries, and (ii) at all times maintain and preserve all property reasonably necessary to the normal conduct of the business of the Borrower and its Restricted Subsidiaries and keep such property in satisfactory repair, working order and condition and from time to time make, or cause to be made, all needful and proper repairs, renewals, additions, improvements and replacements thereto in accordance with prudent industry practice (in each case except as expressly permitted by this Agreement).

SECTION 5.02. Insurance. (a) Maintain, with financially sound and reputable insurance companies, insurance in such amounts and against such risks as are customarily maintained by similarly situated companies engaged in the same or similar businesses operating in the same or similar locations. Each such policy of insurance shall (i) name the Collateral Agent, on behalf of Secured Parties as an additional insured thereunder as its interests may appear, (ii) in the case of each casualty insurance policy, contain a loss payable clause or endorsement, reasonably satisfactory in form and substance to the Administrative Agent, that, from and after the Discharge of First Lien Obligations (as defined in the Intercreditor Agreement) names the Collateral Agent, on behalf of Lenders as the loss payee thereunder and provides for at least thirty days’ prior written notice to the Administrative Agent of any cancellation of such policy.

(b) If at any time the area in which the Premises (as defined in the Mortgages) are located is designated a special “flood hazard area” in any Flood Insurance Rate Map published by the Federal Emergency Management Agency (or any successor agency), obtain flood insurance in such reasonable total amount as the Administrative Agent may from time to time reasonably require, and otherwise comply with the National Flood Insurance Program as set forth in the Flood Disaster Protection Act of 1973, as it may be amended from time to time.

SECTION 5.03. Taxes. Pay and discharge promptly when due all material Taxes, imposed upon it or upon its income or profits or in respect of its property, as well as all lawful claims which, if unpaid, might give rise to a Lien (other than a Lien permitted under Section 6.02) upon such properties or any part thereof except to the extent not overdue by more than 30 days or, if more than 30 days overdue; (i) the validity or amount thereof shall be contested in good faith by appropriate proceedings, and the Borrower or the affected Restricted Subsidiary, as applicable, shall have set aside on its books reserves in accordance with GAAP with respect thereto or (ii) with respect to which the failure to make payment could not reasonably be expected to have a Material Adverse Effect, and (b) in the case of a Tax or claim which has or may become a Lien on any of the Collateral, such contest proceedings conclusively operate to stay the sale of any portion of the Collateral to satisfy such Tax or claim.

SECTION 5.04. Financial Statements, Reports, etc. Furnish to the Administrative Agent (which will promptly furnish such information to the Lenders):

(a) within 110 days after the end of each fiscal year (commencing with fiscal year 2006), (x) a consolidated balance sheet and related statements of operations, cash flows and owners’ equity showing the financial position of the Borrower and its Subsidiaries as of the close of such fiscal year and the consolidated results of its operations during such year and setting forth in comparative form the corresponding figures for the prior fiscal year, which consolidated balance sheet and related statements of operations, cash flows and owners’ equity shall be audited by independent public accountants of recognized national standing and accompanied by an opinion of such accountants (which opinion shall be without a “going concern” or like qualification or exception and without any qualification or exception as to the scope of such audit) to the effect that such consolidated financial statements fairly present, in all material respects, the financial condition and results of operations of the Borrower and its Subsidiaries on a consolidated basis in accordance with GAAP (it being understood that the delivery by the Borrower of annual reports on Form 10-K of the Borrower and its consolidated Subsidiaries shall satisfy the requirements of this Section 5.04(a) to the extent such annual reports include the information specified herein) and (y) supporting schedules reconciling such consolidated balance sheet and related statements of operations, cash flows and owners’ equity with the consolidated financial condition and results of operations of the Borrower for the relevant period;

(b) within 45 days after the end of each of the first three fiscal quarters of each fiscal year (commencing with the first fiscal quarter of 2007), (x) a consolidated balance sheet and related statements of operations and cash flows showing the financial position of the Borrower and its Subsidiaries as of the close of such fiscal quarter and the consolidated results of its operations during such fiscal quarter and the then-elapsed portion of the fiscal year and setting forth in comparative form the corresponding figures for the corresponding periods of the prior fiscal year, all of which shall be in reasonable detail and which consolidated balance sheet and related statements of operations and cash flows shall be certified by a Financial Officer of the Borrower on behalf of the Borrower as fairly presenting, in all material respects, the financial position and results of operations of the Borrower and its Subsidiaries on a consolidated basis in accordance with GAAP (subject to normal year-end audit adjustments and the absence of footnotes) (it being understood that the delivery by the Borrower of quarterly reports on Form 10-Q of the Borrower and its consolidated Subsidiaries shall satisfy the requirements of this Section 5.04(b) to the extent such quarterly reports include the information specified herein) and (y) supporting schedules reconciling such

consolidated balance sheet and related statements of operations, cash flows and owners' equity with the consolidated financial position and results of operations of the Borrower for the relevant period;

(c) (i) concurrently with any delivery of financial statements under paragraphs (a) or (b) above, a certificate of a Financial Officer of the Borrower in substantially the form attached hereto as Exhibit I (x) certifying that no Default or Event of Default has occurred or, if such a Default or an Event of Default or Default has occurred, specifying the nature and extent thereof and any corrective action taken or proposed to be taken with respect thereto and (y) commencing with the fiscal quarter ending September 30, 2007, setting forth computations in detail reasonably satisfactory to the Administrative Agent demonstrating compliance with the Total Leverage Ratio and (ii) concurrently with any delivery of financial statements under paragraph (a) above, (A) a certificate of the accounting firm opining on or certifying such statements stating whether they obtained knowledge during the course of their examination of such statements of any Default or Event of Default under Section 6.10 (which certificate may be limited to accounting matters and disclaims responsibility for legal interpretations, and may be subject to other customary qualifications) and (B) a certificate of a Financial Officer of the Borrower commencing with the 2007 Excess Cash Flow Period, setting forth the amount, if any, of Excess Cash Flow for the Excess Cash Flow Period then ended and the Available Excess Cash Flow Amount as of the date of such certificate, in each case together with the calculation thereof in reasonable detail;

(d) promptly after the same become publicly available, copies of all periodic and other publicly available reports, proxy statements and, to the extent requested by the Administrative Agent, other materials filed by Holdings, the Borrower or any of its Subsidiaries with the SEC or any securities exchange, or after an initial public offering, distributed to its stockholders generally, as applicable and all press releases and other statements made available generally by Holdings or any of its Subsidiaries to the public concerning material developments in the business of Holdings or any of its Subsidiaries;

(e) within 90 days after the beginning of each fiscal year, a detailed consolidated and consolidated quarterly budget for such fiscal year (including a projected consolidated and consolidated balance sheet of the Borrower and its Subsidiaries as of the end of such fiscal year, and the related consolidated and consolidated statements of projected cash flow and projected income) and, as soon as available, significant revisions, if any, of such budget and quarterly projections with respect to such fiscal year (to the extent that such revisions have been approved by the Borrower's board of directors (or equivalent governing body)), including a description of underlying assumptions with respect thereto (collectively, the "Budget"), which Budget shall in each case be accompanied by the statement of a Financial Officer of the Borrower to the effect that, to such Financial Officer's knowledge, the Budget is a reasonable estimate for the period covered thereby;

(f) promptly, a copy of the final management letter of independent accountants submitted to the board of directors (or equivalent governing body) or any committee thereof of any of the Borrower or any Restricted Subsidiary in connection with the annual audit made by independent accountants of the books of the Borrower or any such Restricted Subsidiary;

(g) promptly following a request therefor, all documentation and other information that the Administrative Agent reasonably requests on its behalf or on behalf of any Lender in order to comply with its ongoing obligations under applicable "know your customer" and anti-money laundering rules and regulations, including the USA PATRIOT Act;

(h) together with the delivery of the annual compliance certificate required by Section 5.04(c), deliver an updated Collateral Questionnaire reflecting all changes since the date of the information most recently received pursuant to this paragraph (i) or Section 5.09(f); and

(i) in connection with each annual renewal of the insurance policies referred to in Section 5.02, an insurance broker's certificate evidencing the insurance coverage maintained by the Loan Parties and a certificate by the Borrower that such insurance is in compliance with the insurance coverage required by the Loan Documents; and

(j) promptly, from time to time, such other information regarding the operations, Collateral, business affairs and financial condition of Holdings, the Borrower or any of its Subsidiaries, or compliance with the terms of any Loan Document, as in each case the Administrative Agent may reasonably request (for itself or on behalf of any Lender or Agent).

SECTION 5.05. Litigation and Other Notices. Furnish to the Administrative Agent written notice of the following promptly after any Responsible Officer of Holdings or the Borrower obtains actual knowledge thereof:

(a) any Default or Event of Default, specifying the nature and extent thereof and the corrective action (if any) proposed to be taken with respect thereto;

(b) the filing or commencement of, or any written threat or notice of intention of any person to file or commence, any action, suit or proceeding, whether at law or in equity or by or before any Governmental Authority or in arbitration, against Holdings, the Borrower or any of its Subsidiaries as to which an adverse determination is reasonably probable and which, if adversely determined, could reasonably be expected to have a Material Adverse Effect;

(c) the occurrence of any ERISA Event that, together with all other ERISA Events that have occurred, could reasonably be expected to have a Material Adverse Effect; and

(d) any other development specific to Holdings, the Borrower or any of its Subsidiaries that is not a matter of general public knowledge and that has had, or could reasonably be expected to have, a Material Adverse Effect.

SECTION 5.06. Compliance with Laws. Comply with all laws, rules, regulations and orders of any Governmental Authority applicable to it or its property, except where the failure to do so, individually or in the aggregate, could not reasonably be expected to result in a Material Adverse Effect; provided that this Section 5.06 shall not apply to Environmental Laws, which are the subject of Section 5.08, or to laws related to Taxes, which are the subject of Section 5.03.

SECTION 5.07. Maintaining Records; Access to Properties and Inspections. Maintain all financial records in a manner sufficient to permit the preparation of consolidated financial statements in accordance with GAAP. Upon the request of Administrative Agent permit any persons designated by the Administrative Agent or, upon the occurrence and during the continuance of an Event of Default, the Collateral Agent or any Lender to visit and inspect the financial records and the properties of Holdings, the Borrower or any of its Subsidiaries at reasonable times during normal business hours, upon reasonable prior notice to Holdings or the Borrower, and as often as reasonably requested and to make extracts from and copies of such financial records, and permit any persons designated by the Administrative Agent or, upon the occurrence and during the continuance of an Event of Default, any Lender upon reasonable prior notice to Holdings or the Borrower to discuss the affairs, finances and condition of Holdings, the Borrower or any of its Subsidiaries with the officers thereof and independent accountants therefor (subject to reasonable requirements of confidentiality, including requirements imposed by law or by contract); provided, that the Borrower shall have the right to have one or more of its designees present during any discussions with its independent accountants and provided, further, that the Administrative Agent shall not exercise its rights under this Section 5.07 more than two times during any

calendar year absent the existence of an Event of Default and only one such time shall be at the Borrower's expense. To the extent practicable and so long as no Event of Default has occurred and is continuing, the Administrative Agent agrees to use commercially reasonable efforts to coordinate and otherwise to conduct the foregoing visits and inspections so as to avoid creating unreasonable burdens upon management of the Borrower and its Subsidiaries.

SECTION 5.08. Compliance with Environmental Laws. (a) Comply, and make reasonable efforts to cause all lessees and other persons occupying its properties to comply, with all Environmental Laws applicable to its operations and properties; and obtain and renew all authorizations and permits required pursuant to Environmental Law for its operations and properties, in each case in accordance with Environmental Laws. This clause (a) shall be deemed not breached by a noncompliance with the foregoing if, upon learning of such noncompliance, the Borrower and any affected Subsidiaries promptly undertake reasonable efforts to eliminate such noncompliance, and such noncompliance and the elimination thereof, in the aggregate with any other noncompliance with any of the foregoing and the elimination thereof, could not reasonably be expected to have a Material Adverse Effect

(b) Except as could not reasonably be expected to have a Material Adverse Effect, generate, use, treat, store, release, dispose of, and otherwise manage Hazardous Materials in a manner that would not reasonably be expected to result in a material liability to any Borrower or any of its Restricted Subsidiaries or to materially affect any real property owned or leased by any of them; and take reasonable efforts to prevent any other person from generating, using, treating, storing, releasing, disposing of, or otherwise managing Hazardous Materials in a manner that could reasonably be expected to result in a material liability to, or materially affect any real property owned or operated by, the Borrower or any of its Restricted Subsidiaries.

SECTION 5.09. Further Assurances; Mortgages. (a) Execute any and all further documents, financing statements, agreements and instruments, and take all such further actions (including the filing and recording of financing statements, fixture filings, Mortgages and other documents and recordings of Liens in stock registries), that may be required under any applicable law, or that the Administrative Agent may reasonably request, to cause the Collateral and Guarantee Requirement to be and remain satisfied, all at the expense of the Loan Parties and provide to the Administrative Agent, from time to time upon reasonable request, evidence reasonably satisfactory to the Administrative Agent as to the perfection and priority of the Liens created or intended to be created by the Security Documents.

(b) If any asset (including any fee owned real property (other than real property covered by paragraph (c) below) or improvements thereto or any interest therein) that has an individual fair market value in an amount greater than $5.0 million is acquired by Holdings, the Borrower or any Subsidiary Loan Party after the Closing Date or owned by an entity at the time it becomes a Subsidiary Loan Party (in each case other than assets constituting Collateral under a Security Document that become subject to the Lien of such Security Document upon acquisition thereof), cause such asset to be subjected to a Lien securing the Obligations and take, and cause the Subsidiary Loan Parties to take, such actions as shall be necessary or reasonably requested by the Administrative Agent to grant and perfect such Liens, including actions described in paragraph (a) of this Section, all at the expense of the Loan Parties, subject to paragraph (c) or paragraph (g) below.

(c) Upon the request of the Administrative Agent, grant and cause each of the Subsidiary Loan Parties to grant to the Collateral Agent for the benefit of the Secured Parties security interests and mortgages in such owned real property of the Borrower or any such Subsidiary Loan Parties acquired after the Closing Date and having a value at the time of acquisition in excess of $5.0 million pursuant to documentation in such form as is reasonably satisfactory to the Administrative Agent (each, a

"Mortgage") and constituting valid and enforceable Liens subject to no other Liens except as are permitted by Section 6.02. Unless otherwise waived by the Administrative Agent, with respect to each such Mortgage, the Borrower shall deliver (at its expense) to the Administrative Agent and Collateral Agent contemporaneously therewith (i) a policy or policies or marked-up unconditional binder of title insurance or foreign equivalent thereof, as applicable, paid for by the Borrower, issued by a nationally recognized title insurance company insuring the Lien of each such Mortgage as a valid first Lien on the Mortgaged Property described therein, free of any other Liens except as permitted by Section 6.02, together with such endorsements, coinsurance and reinsurance as the Administrative Agent may reasonably request and (ii) the legal opinions of local U.S. counsel in the state where such real property is located, in form and substance reasonably satisfactory to the Administrative Agent.

(d) If any additional direct or indirect Restricted Subsidiary of Holdings is formed or acquired after the Closing Date and if such Subsidiary is a Subsidiary Loan Party, concurrently with the delivery of financial statements pursuant to Section 5.04(a) or (b), notify the Administrative Agent, the Collateral Agent and the Lenders thereof and, within 20 Business Days after such date or such longer period as the Administrative Agent shall agree, cause the Collateral and Guarantee Requirement to be satisfied with respect to such Subsidiary and with respect to any Equity Interest in or Indebtedness of such Subsidiary Loan Party owned by or on behalf of any Loan Party.

(e) If any additional Foreign Subsidiary of Holdings is formed or acquired after the Closing Date and if such Subsidiary is a "first tier" Foreign Subsidiary, concurrently with the delivery of financial statements pursuant to Section 5.04(a) or (b), notify the Administrative Agent, the Collateral Agent and the Lenders thereof and, within 20 Business Days after such date or such longer period as the Administrative Agent shall reasonably agree, cause the Collateral and Guarantee Requirement to be satisfied with respect to any Equity Interest in such Foreign Subsidiary owned by or on behalf of any Loan Party.

(f) (i) Furnish to the Administrative Agent prompt written notice of any change in (A) any Loan Party's corporate or organization name, (B) any Loan Party's organizational form or (C) any Loan Party's organizational identification number; provided that neither Holdings nor the Borrower shall effect or permit any such change unless all filings have been made, or will have been made by the Administrative Agent within any applicable statutory period, under the Uniform Commercial Code or otherwise that are required in order for the Collateral Agent to continue at all times following such change to have a valid, legal and perfected security interest in all the Collateral for the benefit of the Secured Parties and (ii) promptly notify the Administrative Agent if any material portion of the Collateral is damaged or destroyed.

(g) The Collateral and Guarantee Requirement and the provisions of this Section 5.09 need not be satisfied with respect to (i) any Equity Interests if, and to the extent that, and for so long as doing so would violate, applicable law or, other than in the case of Wholly-Owned Subsidiaries, a contractual obligation binding on such Equity Interests, (ii) any assets acquired after the Closing Date, to the extent that, and for so long as, taking such actions would violate applicable law or a contractual obligation binding on such assets that existed at the time of the acquisition thereof and was not created or made binding on such assets in contemplation or in connection with the acquisition of such assets (except in the case of assets acquired with Indebtedness permitted pursuant to Section 6.01 that is secured by a Lien permitted pursuant to Section 6.02); (ii) any cash, cash equivalents or deposit accounts or securities accounts, (iii) any motor vehicles or similar property subject to state law certificate of title statutes, (iv) other assets as to which the Administrative Agent determines, in its reasonable discretion, that the costs of obtaining a perfected security interest are excessive in relation to the value of the security to be afforded thereby and (v) other assets which the Administrative Agent, in consultation with the Borrower,

determines, in its reasonable discretion, should be excluded taking into account the practical operations of the Borrower's business and its client relationships.

SECTION 5.10. Fiscal Year; Accounting. In the case of Holdings and the Borrower, cause its fiscal year to end on December 31.

SECTION 5.11. Maintenance of Ratings. At all times use commercially reasonable efforts to maintain ratings issued by Moody's and S&P with respect to the Facilities.

SECTION 5.12. Interest Rate Protection. Within 90 days after the Closing Date, the Borrower will enter into, and thereafter for a period of not less than two years (which may be satisfied with a combination of Eurocurrency Borrowings hereunder (and as defined in the First Lien Credit Agreement) with an Interest Period of 12 months and a forward Swap Agreement that effectively fixes the rate of interest for a continual period of not less than two years) will maintain in effect, one or more Swap Agreements for interest rate protection, provided that not more than 50% of the sum of the outstanding Loans under the Term Facilities and the Term Facility (as defined in the First Lien Credit Agreement) of the Borrower and its Subsidiaries as of the Closing Date shall be required to be subject to such Swap Agreements or bear interest at a fixed rate of interest.

SECTION 5.13. Use of Proceeds. Use the proceeds of the Term Loans made on the Closing Date solely to consummate the Transactions (including the payment of Transaction Costs).

SECTION 5.14. Certification of Public Information. Concurrently with the delivery of any document or notice required to be delivered pursuant to any Loan Document, the Borrower shall indicate in writing whether such document or notice contains Nonpublic Information. The Borrower and each Lender acknowledge that certain of the Lenders may be "public-side" Lenders (Lenders that do not wish to receive material non-public information with respect to the Borrower, its Subsidiaries or their securities) and, if documents or notices required to be delivered pursuant to this Section 5.15 or otherwise are being distributed through IntraLinks/IntraAgency, Syndtrak or another relevant website or other information platform (the **"**Platform**"**), any document or notice that the Borrower has indicated contains Nonpublic Information shall not be posted on that portion of the Platform designated for such public-side Lenders. If the Borrower has not indicated whether a document or notice delivered pursuant to this Section 5.15 contains Nonpublic Information, the Administrative Agent reserves the right to post such document or notice solely on that portion of the Platform designated for Lenders who wish to receive material nonpublic information with respect to the Borrower, its Subsidiaries and their securities.

ARTICLE VI

Negative Covenants

Each of Holdings (solely as to Section 6.08(a)) and the Borrower covenants and agrees with each Lender that, so long as this Agreement shall remain in effect and until the Commitments have been terminated and the principal of and interest on each Loan, all Fees and all other expenses or amounts payable under any Loan Document (other than obligations for taxes, costs, indemnifications, reimbursements, damages and other contingent liabilities in respect of which no claim or demand for payment or has been made or, in the case of indemnifications, no notice been given or reasonably satisfactory arrangements have otherwise been made) have been paid in full, unless the Required Lenders shall otherwise consent in writing, the Borrower will not and will not permit any of its Restricted Subsidiaries to (and Holdings as to Section 6.08(a), will not):

SECTION 6.01. Indebtedness. Incur, create, assume or permit to exist any Indebtedness, except:

(a) Indebtedness created hereunder and under the other Loan Documents;

(b) Indebtedness pursuant to Swap Agreements permitted by Section 6.11;

(c) Indebtedness owed to (including obligations in respect of letters of credit or bank guarantees or similar instruments for the benefit of) any person providing workers' compensation, health, disability or other employee benefits or property, casualty or liability insurance or self-insurance or other similar obligations to the Borrower or any Restricted Subsidiary, pursuant to reimbursement or indemnification obligations to such person, provided that upon the incurrence of Indebtedness with respect to reimbursement obligations regarding workers' compensation claims, such obligations are reimbursed not later than 60 days following such incurrence;

(d) Indebtedness of the Borrower to any Subsidiary and of any Subsidiary to the Borrower or any other Subsidiary (including pursuant to the Intercompany Note), provided that (i) Indebtedness of any Subsidiary that is not a Subsidiary Loan Party to the Loan Parties shall be permitted under Section 6.04 and (ii) Indebtedness of the Borrower to any Subsidiary and Indebtedness of any other Loan Party to any Subsidiary that is not a Subsidiary Loan Party (the "Subordinated Intercompany Debt") shall be subordinated to the Obligations pursuant to the subordination terms set forth in the Intercompany Note;

(e) Indebtedness in respect of bids, trade contracts (other than for debt for borrowed money), leases (other than Capital Lease Obligations), statutory obligations, surety, stay, customs and appeal bonds, performance, performance and completion and return of money bonds, government contracts, financial assurances and completion guarantees and similar obligations, in each case provided in the ordinary course of business, including those incurred to secure health, safety and environmental obligations in the ordinary course of business (including letters of credit, bank guarantees or similar instruments in lieu of such items to support the issuance thereof);

(f) Cash Management Obligations (as defined in the First Lien Credit Agreement) and other Indebtedness in respect of netting services, overdraft protection and similar arrangements, in each case, in connection with cash management and deposit accounts;

(g) (i) Indebtedness assumed or acquired in connection with Permitted Business Acquisitions, which Indebtedness in each case, exists at the time of such Permitted Business Acquisition and is not created in contemplation of such event, the aggregate principal amount thereof at the time of such acquisition or assumption together with Indebtedness outstanding pursuant to paragraph (h) of this Section 6.01, this paragraph (g) and the Remaining Present Value of leases permitted under Section 6.03 does not exceed the greater of (x) $86.25 million and (y) an amount equal to 11.5% of the consolidated revenues of the Borrower and its Restricted Subsidiaries for the period of four fiscal quarters most recently ended on or prior to the date of determination for which financial statements are available; and (ii) any Permitted Refinancing Indebtedness incurred to Refinance such Indebtedness;

(h) Capital Lease Obligations, mortgage financings and purchase money Indebtedness (including any industrial revenue bond, industrial development bond and similar financings) incurred by the Borrower or any Restricted Subsidiary prior to or within 270 days after the acquisition, lease, repair or improvement of the respective asset in order to finance such acquisition, lease, repair or improvement, and any Permitted Refinancing Indebtedness in respect

thereof, in an aggregate principal amount that at the time of, and after giving effect to, the incurrence thereof (together with Indebtedness outstanding pursuant to paragraph (g) of this Section 6.01, this paragraph (h) and the Remaining Present Value of leases permitted under Section 6.03) would not exceed the greater of (x) $86.25 million and (y) an amount equal to 11.5% of the consolidated revenues of the Borrower and its Restricted Subsidiaries for the period of four fiscal quarters most recently ended on or prior to the date of determination for which financial statements are available;

(i) Capital Lease Obligations incurred by the Borrower or any Restricted Subsidiary in respect of any Sale and Lease-Back Transaction that is permitted under Section 6.03;

(j) First Lien Indebtedness and any Permitted Refinancing Indebtedness incurred to Refinance such Indebtedness;

(k) Guarantees (i) by the Subsidiary Loan Parties of the Indebtedness of the Borrower described in paragraph (j), (ii) by the Borrower or any Subsidiary Loan Party of any Indebtedness of any other Loan Party permitted to be incurred under this Agreement, (iii) by the Borrower or any Subsidiary Loan Party of Indebtedness otherwise permitted hereunder of any Subsidiary that is not a Subsidiary Loan Party or (iv) by any Restricted Subsidiary that is not a Loan Party of Holdings and its Subsidiaries to the extent, in the case of clauses (iii) and (iv), such Guarantees are permitted by Section 6.04(b), (j), (m), (o) or (q); provided that Guarantees by the Borrower or any Subsidiary Loan Party under this Section 6.01(k) of any other Indebtedness of a person that is subordinated to the Obligations shall be expressly subordinated to the Obligations on terms not materially less favorable to the Lenders as those contained in the subordination of such other Indebtedness to the Obligations;

(l) Indebtedness arising from agreements of the Borrower or any Restricted Subsidiary providing for indemnification, adjustment of purchase or acquisition price or similar obligations, in each case, incurred or assumed in connection with the acquisition or disposition of any business or assets (including Equity Interests of Subsidiaries) of the Borrower or any Subsidiary permitted by Section 6.04 or Section 6.05, other than Guarantees of Indebtedness incurred by any person acquiring all or any portion of such business or assets for the purpose of financing such acquisition;

(m) Indebtedness supported by a letter of credit, under the First Lien Credit Agreement;

(n) Indebtedness consisting of (i) the financing of insurance premiums or (ii) take-or-pay obligations contained in supply arrangements, in each case, in the ordinary course of business;

(o) (i) Permitted Debt Securities and (ii) Permitted Refinancing Indebtedness in respect thereof; provided that, in the case of clause (i), after giving effect to any such incurrence, no Event of Default shall have occurred and be continuing and the Borrower shall be in compliance with the Total Leverage Ratio on a Pro Forma Basis;

(p) other Indebtedness of the Borrower or any Restricted Subsidiary, in an aggregate principal amount that at the time of, and after giving effect to, the incurrence thereof, would not exceed the sum of $57.5 million plus the amount by which (A) the greater of (x) $86.25 million and (y) an amount equal to 11.5% of the consolidated revenues of the Borrower and its Restricted Subsidiaries for the period of four fiscal quarters most recently ended on or prior to the date of determination for which financial statements are available exceeds (B) the sum of all

Indebtedness outstanding pursuant to paragraphs (h) and (i) of this Section 6.01 plus the Remaining Present Value of leases permitted under Section 6.03;

(q) Indebtedness existing on the Closing Date and set forth on Schedule 6.01 and any Permitted Refinancing Indebtedness incurred to Refinance such Indebtedness;

(r) letters of credit or bank guarantees (other than letters of credit issued pursuant to the First Lien Credit Agreement) having an aggregate face amount not to exceed $17.25 million outstanding at any time;

(s) Indebtedness incurred by the Borrower and its Restricted Subsidiaries representing (i) deferred compensation to directors, officers, employees, members of management and consultants of such person in the ordinary course of business or (ii) deferred compensation or other similar arrangements in connection with the Transactions or any Permitted Business Acquisition;

(t) Indebtedness consisting of promissory notes issued by the Borrower and its Restricted Subsidiaries to current or former directors, officers, employees, members of management or consultants of such person (or their respective estate, heirs, family members, spouse or former spouse) to finance the purchase or redemption of Equity Interests of any Parent Entity permitted by Section 6.05;

(u) Indebtedness in respect of letters of credit, bankers' acceptances supporting trade payables, warehouse receipts or similar facilities entered into in the ordinary course of business; and

(v) all premium (if any), interest (including post-petition interest), fees, expenses, charges and additional or contingent interest on Indebtedness described in paragraphs (a) through (u) above.

SECTION 6.02. Liens. Create, incur, assume or permit to exist any Lien on any property or assets (including Equity Interests, evidences of Indebtedness or other securities of any person) at the time owned by it or on any income or revenues or rights in respect of any thereof, except:

(a) Liens on property or assets of the Borrower and its Restricted Subsidiaries existing on the Closing Date and set forth on Schedule 6.02 or, to the extent not listed in such Schedule, where such property or assets have a fair market value that does not exceed $1.15 million in the aggregate and any refinancing, modification, replacement, renewal or extension thereof; provided, that the Lien does not extend to any additional property other than after-acquired property that is affixed to or incorporated in the property covered by such Lien and the proceeds and products thereof;

(b) any Lien created under the Loan Documents or permitted in respect of any Mortgaged Property by the terms of the applicable Mortgage;

(c) any Lien securing Indebtedness or Permitted Refinancing Indebtedness permitted by Section 6.01(g), provided that such Lien (i) in the case of Liens securing Capital Lease Obligations, applies solely to the assets securing such Indebtedness immediately prior to the consummation of the related Permitted Business Acquisition and after acquired property, to the extent required by the documentation governing such Indebtedness (without giving effect to any amendment thereof effected in contemplation of such acquisition or assumption), and the

proceeds and products thereof; provided, that individual financings otherwise permitted to be secured hereunder provided by one person (or its affiliates) may be cross collateralized to other such financings provided by such person (or its affiliates), (ii) in the case of Liens securing Indebtedness other than Capital Lease Obligations or purchase money Indebtedness, such Liens do not extend to the property of any person other than the person acquired or formed to make such acquisition and the subsidiaries of such person (which person shall own no property other than the property acquired in such Permitted Business Acquisition), (iii) in the case of clause (i) and clause (ii), such Lien is not created in contemplation of or in connection with such acquisition or assumption and (iv) in the case of a Lien securing Permitted Refinancing Indebtedness, any such Lien is permitted, subject to compliance with clause (e) of the definition of the term "Permitted Refinancing Indebtedness";

(d) Liens for Taxes, assessments or other governmental charges or levies which are not overdue by more than 30 days or, if more than 30 days overdue, (i) which are being contested in accordance with Section 5.03 or (ii) the aggregate amount of which is not in excess of $5.75 million;

(e) landlord's, carriers', warehousemen's, mechanics', materialmen's, repairmen's, construction or other like Liens arising in the ordinary course of business and securing obligations that are not overdue by more than 30 days or, if more than 30 days overdue, (i) which are being contested in accordance with Section 5.03 or (ii) the aggregate amount of which is not in excess of $5.75 million;

(f) (i) pledges and deposits made (including obligations in respect of letters of credit, bank guarantees or similar instruments to secure) in the ordinary course of business in compliance with the Federal Employers Liability Act or any other workers' compensation, unemployment insurance and other social security laws or regulations and deposits securing premiums or liability to insurance carriers under insurance or self-insurance arrangements in respect of such obligations or otherwise as permitted in Section 6.01(c) and (ii) pledges and deposits securing liability for reimbursement or indemnification obligations of (including obligations in respect of letters of credit, bank guarantees or similar instruments for the benefit of) insurance carriers in respect of property, casualty or liability insurance to the Borrower or any Subsidiary provided by such insurance carriers;

(g) deposits to secure the performance of bids, trade contracts (other than for debt for borrowed money), leases (other than Capital Lease Obligations), statutory obligations, surety, stay, customs and appeal bonds, performance, performance and completion and return of money bonds, government contracts, financial assurances and completion and similar obligations and similar obligations of a like nature (including letters of credit, bank guarantees or similar instruments in lieu of any such items or to support the issuance thereof) incurred in the ordinary course of business, including those incurred pursuant to Environmental Laws in the ordinary course of business;

(h) zoning restrictions, easements, trackage rights, leases (other than Capital Lease Obligations), licenses, special assessments, rights-of-way, restrictions on use of real property and other similar encumbrances incurred in the ordinary course of business that, in the aggregate, do not interfere in any material respect with the ordinary conduct of the business of the Borrower or any Subsidiary;

(i) Liens securing Capital Lease Obligations, mortgage financings, and purchase money Indebtedness or improvements thereto hereafter acquired, leased or repaired by the Borrower or

any Restricted Subsidiary (including the interests of vendors and lessors under conditional sale and title retention agreements); provided that (i) such security interests secure Indebtedness permitted by Section 6.01(h) (including any Permitted Refinancing Indebtedness in respect thereof), (ii) such security interests are created, and the Indebtedness secured thereby is incurred, within 270 days after such acquisition, lease, completion of construction or repair or improvement, (iii) the Indebtedness secured thereby does not exceed the cost of such equipment or other property or improvements at the time of such acquisition or construction, including transaction costs (including any fees, costs or expenses or prepaid interest or similar items) incurred by the Borrower or any Restricted Subsidiary in connection with such acquisition or construction or material repair or improvement or financing thereof and (iv) such security interests do not apply to any other property or assets of the Borrower or any Restricted Subsidiary (other than to the proceeds and products of and the accessions to such equipment or other property or improvements but not to other parts of the property to which any such improvements are made); provided, that individual financings otherwise permitted to be secured hereunder provided by one person (or its affiliates) may be cross collateralized to other such financings provided by such person (or its affiliates);

(j) Liens arising out of sale and lease-back transactions permitted under Section 6.03, so long as such Liens attach only to the property sold and being leased in such transaction and any accessions thereto or proceeds or products thereof and related property;

(k) Liens securing judgments that do not constitute an Event of Default under Section 7.01(j);

(l) Liens disclosed by the title insurance policies delivered pursuant to Section 5.09 and any replacement, extension or renewal of any such Lien; provided that such replacement, extension or renewal Lien shall not cover any property other than the property that was subject to such Lien prior to such replacement, extension or renewal; provided, further, that the Indebtedness and other obligations secured by such replacement, extension or renewal Lien are permitted by this Agreement;

(m) any interest or title of a lessor, sublessor, licensor or sublicensee under any leases, subleases, licenses or sublicenses entered into by the Borrower or any Restricted Subsidiary in the ordinary course of business;

(n) Liens that are contractual rights of set-off (i) relating to the establishment of depository relations with banks not given in connection with the issuance of Indebtedness, (ii) relating to pooled deposit or sweep accounts of the Borrower or any Restricted Subsidiary to permit satisfaction of overdraft or similar obligations incurred in the ordinary course of business of the Borrower or any Restricted Subsidiary, (iii) relating to purchase orders and other agreements entered into with customers of the Borrower or any Restricted Subsidiary in the ordinary course of business and (iv) attaching to commodity trading or other brokerage accounts incurred in the ordinary course of business;

(o) Liens arising solely by virtue of any statutory or common law provision relating to banker's liens, rights of set-off or similar rights;

(p) Liens securing obligations in respect letters of credit permitted under Section 6.01(c), (e), (r) and (u);

(q) (i) leases, subleases, licenses or sublicenses of property in the ordinary course of business or (ii) rights reserved to or vested in any person by the terms of any lease, license, franchise, grant or permit held by the Borrower or any Restricted Subsidiary or by a statutory provision to terminate any such lease, license, franchise, grant or permit or to require periodic payments as a condition to the continuance thereof;

(r) Liens in favor of customs and revenue authorities arising as a matter of law to secure payment of customs duties in connection with the importation of goods;

(s) Liens (i) solely on any cash earnest money deposits or Permitted Investments made by the Borrower or any of its Restricted Subsidiaries in connection with any letter of intent or purchase agreement with respect to any Permitted Business Acquisition and (ii) consisting of an agreement to dispose of any property in a transaction permitted under Section 6.05;

(t) Liens arising from precautionary UCC financing statements regarding operating leases or consignment or bailee arrangements;

(u) Liens on securities that are the subject of repurchase agreements constituting Permitted Investments under clause (c) of the definition thereof arising out of such repurchase transaction;

(v) Liens securing obligations under the First Lien Loan Documents;

(w) Liens on Equity Interests in Joint Ventures or Unrestricted Subsidiaries securing obligations of such Joint Venture or Unrestricted Subsidiaries, as applicable;

(x) Liens in favor of the Borrower or its Restricted Subsidiaries securing Indebtedness permitted under Section 6.04(b);

(y) Liens arising out of conditional sale, title retention, consignment or similar arrangements for sale of goods entered into by the Borrower or its Restricted Subsidiaries in the ordinary course of business; and

(z) other Liens with respect to property or assets of the Borrower or any Restricted Subsidiaries; provided that the amount of the Indebtedness or other obligations secured by such Liens does not exceed $28.75 million at any time.

SECTION 6.03. Sale and Lease-Back Transactions. Enter into any arrangement, directly or indirectly, with any person whereby it shall sell or transfer any property, real or personal, used or useful in its business, whether now owned or hereafter acquired, and substantially contemporaneously rent or lease from the transferee such property or other property that it intends to use for substantially the same purpose or purposes as the property being sold or transferred (a "Sale and Lease-Back Transaction"), provided that a Sale and Lease-Back Transaction shall be permitted (a) with respect to property (i) owned by the Borrower or any Domestic Subsidiary which is a Restricted Subsidiary that is acquired, leased, repaired or improved after the Closing Date so long as such Sale and Lease-Back Transaction is consummated within 270 days of the acquisition, lease, repair or improvement of such property or (ii) owned by any Foreign Subsidiary which is a Restricted Subsidiary regardless of when such property was acquired or (b) with respect to any property owned by the Borrower or any Domestic Subsidiary which is a Restricted Subsidiary, if at the time the lease in connection therewith is entered into, and after giving effect to the entering into of such lease, the Remaining Present Value of such lease (together with Indebtedness outstanding pursuant to paragraphs (g) and (h) of Section 6.01 and the Remaining Present

Value of outstanding leases previously entered into under this Section 6.03(b)) would not exceed the greater of (x) $86.25 million and (y) an amount equal to 11.5% of the consolidated revenues of the Borrower and its Restricted Subsidiaries for the period of four fiscal quarters most recently ended on or prior to the date of determination for which financial statements are available.

SECTION 6.04. Investments, Loans and Advances. Purchase, hold or acquire any Equity Interests, evidences of Indebtedness or other securities of, make or permit to exist any loans or advances to or Guarantees of the obligations of, or make or permit to exist any investment or any other interest in any other person, or make a designation of a Restricted Subsidiary as an Unrestricted Subsidiary of (each, an "Investment"), except:

(a) the Transactions;

(b) Investments by the Borrower or any Restricted Subsidiary in the Equity Interests of the Borrower or any Subsidiary as a result of intercompany loans or Guarantees of Indebtedness otherwise expressly permitted hereunder of the Borrower or any Subsidiary; provided that the sum of Investments (valued at the time of the making thereof and without giving effect to any write-downs or write-offs thereof, but net in the case of intercompany loans) after the Closing Date by the Borrower and the Subsidiary Loan Parties in Subsidiaries (including Foreign Subsidiaries of the Borrower) that are not Subsidiary Loan Parties shall not exceed an aggregate net amount equal to (x) $40.25 million (plus any return of capital actually received in cash by the Borrower or any Subsidiary Loan Party in respect of Investments theretofore made by them pursuant to this paragraph (b)); plus (y) the portion, if any, of the Available Basket Amount on the date of such election that the Borrower elects to apply to this clause(b)(y); and provided further that intercompany current liabilities incurred in the ordinary course of business in connection with the cash management operations of the Borrower and its Restricted Subsidiaries shall not be included in calculating the limitation in this paragraph at any time;

(c) Permitted Investments and investments that were Permitted Investments when made;

(d) Investments arising out of the receipt by the Borrower or any Subsidiary of non-cash consideration for the sale of assets permitted under Section 6.05 (excluding Section 6.05(e));

(e) (i) loans and advances to directors, officers, employees, members of management or consultants of Holdings, the Borrower or any Restricted Subsidiary in the ordinary course of business not to exceed $8.625 million in the aggregate at any time outstanding (calculated without regard to write-downs or write-offs thereof) and (ii) advances of payroll payments and expenses to directors, officers, employees, members of management or consultants in the ordinary course of business;

(f) accounts receivable, notes receivable, security deposits and prepayments arising and trade credit granted in the ordinary course of business and any Investments received in satisfaction or partial satisfaction thereof from financially troubled account debtors and other credits to suppliers made in the ordinary course of business;

(g) Investments under Swap Agreements permitted pursuant to Section 6.11;

(h) Investments existing on, or contractually committed as of, the Closing Date and set forth on Schedule 6.04 and any modification, replacement, renewal or extension thereof so long as any such modification, renewal or extension thereof does not increase the amount of such Investment except as otherwise permitted by this Section 6.04;

(i) Investments resulting from pledges and deposits permitted by Section 6.02(f) and (g);

(j) Investments constituting Permitted Business Acquisitions;

(k) Guarantees (i) permitted by Sections 6.01(k) and (ii) of leases (other than Capital Lease Obligations) or of other obligations not constituting Indebtedness, in each case in the ordinary course of business;

(l) Investments received in connection with the bankruptcy or reorganization of any person, or settlement of obligations of, or other disputes with or judgments against, or foreclosure or deed in lieu of foreclosure with respect to any Lien held as security for an obligation, in each case in the ordinary course of business;

(m) Investments of the Borrower or any Restricted Subsidiary acquired after the Closing Date or of a person merged into or consolidated with the Borrower or a Restricted Subsidiary, in each case, in accordance with Section 6.05 (other than Section 6.05(e)), after the Closing Date to the extent that such Investments were not made in contemplation of or in connection with such acquisition, merger or consolidation and were in existence on the date of such acquisition, merger or consolidation and any modification, replacement, renewal or extension thereof so long as any such modification, renewal or extension thereof does not increase the amount of such Investment except as otherwise permitted by this Section 6.04;

(n) acquisitions by the Borrower of obligations of one or more directors, officers, employees, members or management or consultants of Holdings, the Borrower or its Subsidiaries in connection with such person's acquisition of Equity Interests of Holdings (or its Parent Entity), so long as no cash is actually advanced by the Borrower or any of its Subsidiaries to such persons in connection with the acquisition of any such obligations;

(o) Investments in Holdings in amounts and for purposes for which dividends or distributions to Holdings are permitted under Section 6.06;

(p) Investments consisting of Indebtedness, Liens, Sale and Lease-Back Transactions, mergers, consolidations, sales of assets and acquisition and dividends and distributions permitted under Section 6.01, 6.02, 6.03, 6.05 and 6.06; and

(q) other Investments by the Borrower or any Restricted Subsidiary in an aggregate amount (valued at the time of the making thereof, and without giving effect to any write-downs or write-offs thereof) not to exceed (i) $57.5 million, (plus any returns of capital actually received in cash by the relevant investor in respect of investments theretofore made by it pursuant to this paragraph (q)) plus (ii) the portion, if any, of the Available Basket Amount on the date of such election that the Borrower elects to apply to this Section 6.04(q); provided that, with respect to clause (ii), any such Investment in an Unrestricted Subsidiary may not be used to pay or facilitate the payment of a dividend or any other distribution to the ultimate shareholder of any Parent Entity unless such dividend or other distribution is otherwise permitted by Section 6.06(e).

SECTION 6.05. Mergers, Consolidations, Sales of Assets and Acquisitions. Merge into or consolidate with any other person, or permit any other person to merge into or consolidate with it, or sell, transfer, lease or otherwise dispose of (in one transaction or in a series of related transactions) all or any part of its assets (whether now owned or hereafter acquired), or issue, sell, transfer or otherwise dispose of any Equity Interests of any Restricted Subsidiary of the Borrower, except that this Section shall not prohibit:

(a) (i) the sale of inventory in the ordinary course of business by the Borrower or any Restricted Subsidiary, (ii) the sale of surplus, obsolete or worn out equipment or other property in the ordinary course of business by the Borrower or any Restricted Subsidiary, (iii) the leasing or subleasing of real property in the ordinary course of business by the Borrower or any Restricted Subsidiary or (iv) the sale of or other disposition of Permitted Investments in the ordinary course of business;

(b) if at the time thereof and immediately after giving effect thereto no Event of Default shall have occurred and be continuing, (i) the merger of any Subsidiary of Holdings (which shall either be (A) newly formed expressly for the purpose of such transaction and which owns no assets or (B) a Subsidiary of the Borrower) into the Borrower in a transaction in which the Borrower is the surviving or resulting entity or the surviving or resulting person expressly assumes the obligations of the Borrower in a manner reasonably satisfactory to the Administrative Agent, (ii) the merger or consolidation of any Subsidiary with or into any other Subsidiary; provided that in a transaction involving (A) the Borrower or (B) any Subsidiary Loan Party, a Subsidiary Loan Party shall be the surviving or resulting person or such transaction shall be an Investment permitted by Section 6.04 or (iii) the liquidation or dissolution of any Restricted Subsidiary (other than the Borrower) or change in form of entity of any Restricted Subsidiary if the Borrower determines in good faith that such liquidation, dissolution or change in form is in the best interests of the Borrower;

(c) sales, transfers, leases or other dispositions to the Borrower or a Subsidiary (upon voluntary liquidation or otherwise); provided that any sales, transfers, leases or other dispositions by a Loan Party to a Subsidiary that is not a Subsidiary Loan Party shall be made in compliance with Section 6.04 and Section 6.07;

(d) Sale and Lease-Back Transactions permitted by Section 6.03;

(e) Liens permitted by Section 6.02, Investments permitted by Section 6.04, and dividends, distributions, redemptions and repurchases permitted by Section 6.06;

(f) the sales, transfers or other dispositions of receivables in the ordinary course of business and not as part of an accounts receivables financing transaction;

(g) sales, transfers, leases or other dispositions of assets by the Borrower or any Restricted Subsidiary not otherwise permitted by this Section 6.05; provided that the aggregate gross proceeds (including non-cash proceeds) of any or all assets sold, transferred, leased or otherwise disposed of in reliance upon this paragraph (g) shall not exceed during any fiscal year $28.75 million with any unused amount to be carried forward to the succeeding 730 days; provided, further, that the Net Proceeds thereof are applied in accordance with Section 2.11(b);

(h) sales, transfers, leases or other dispositions by the Borrower or any Restricted Subsidiary of assets that were acquired in connection with an acquisition permitted hereunder (including, without limitation, Permitted Business Acquisitions); provided that any such sale, transfer, lease or other disposition shall be made or contractually committed to be made within 270 days of the date such assets were acquired by the Borrower or such Subsidiary; and provided further that, on a Pro Forma Basis for such disposition of a line of business or manufacturing facility and the consummation of such Permitted Business Acquisition, the Borrower and its Restricted Subsidiaries are in compliance with the Total Leverage Ratio;

(i) any merger or consolidation in connection with an Investment permitted under Section 6.04 (including any Subsidiary Redesignation or the designation of an Unrestricted Subsidiary as a Restricted Subsidiary); provided that (i) if the continuing or surviving person is a Restricted Subsidiary, such Restricted Subsidiary shall have complied with its obligations under Section 5.09, (ii) in the case of a transaction, the purpose of which is a Subsidiary Redesignation or the designation of an Unrestricted Subsidiary as a Restricted Subsidiary, such transaction must be consummated in compliance with Section 6.04, and (iii) if the Borrower is a party thereto, the Borrower shall be the continuing or surviving person or the continuing or surviving person shall assume the obligations of the Borrower in a manner reasonably acceptable to the Administrative Agent;

(j) licensing and cross-licensing arrangements involving any technology or other intellectual property of the Borrower or any Restricted Subsidiary in the ordinary course of business;

(k) sales, leases or other dispositions of inventory of the Borrower and its Restricted Subsidiaries determined by the management of the Borrower to be no longer useful or necessary in the operation of the business of the Borrower or any of its Subsidiaries;

(l) Permitted Business Acquisitions;

(m) the issuance of Qualified Capital Stock by the Borrower;

(n) sales of Equity Interests of any Subsidiary of the Borrower; provided that, in the case of the sale of the Equity Interests of a Subsidiary Loan Party, the purchaser shall be the Borrower or another Subsidiary Loan Party or such transaction shall fit within another clause of this Section 6.05 or constitute an Investment permitted by Section 6.04 (other than Section 6.04(d));

(o) sales, transfers, leases and other dispositions of property to the extent that (A) such property is exchanged for credit against the purchase price of similar replacement property or (B) the proceeds of such sale, transfer, lease or other disposition are promptly applied to the purchase price of such replacement property;

(p) leases, subleases, licenses or sublicenses of property in the ordinary course of business and which do not materially interfere with the business of the Borrower and its Restricted Subsidiaries;

(q) transfers of property subject to casualty or condemnation proceeding (including in lieu thereof) upon receipt of the Net Proceeds therefor;

(r) sales, transfers, leases and other dispositions of property in the ordinary course of business consisting of the abandonment of intellectual property rights which, in the reasonable good faith determination of the Borrower, are not material to the conduct of the business of the Borrower and its Restricted Subsidiaries;

(s) sales, transfers, leases and other dispositions of Investments in Joint Ventures to the extent required by, or made pursuant to, buy/sell arrangements between the joint venture parties set forth in, joint venture arrangements and similar binding arrangements;

(t) sales, transfers, leases and other dispositions of real property and related assets in the ordinary course of business in connection with relocation activities for directors, officers,

employees, members of management, or consultants of the Borrower and its Restricted Subsidiaries;

(u) voluntary terminations of Swap Agreements;

(v) the expiration of any option agreement in respect of real or personal property;

(w) sales, transfers, leases and other dispositions of Unrestricted Subsidiaries;

(x) any Restricted Subsidiary of the Borrower may consummate a merger, dissolution, liquidation or consolidation, the purpose of which is to effect a sale, lease, transfer or other disposition of assets otherwise permitted under this Section 6.05; and

(y) sales, transfers, leases and other dispositions permitted by Section 6.04 (other than Section 6.04(p)) and Section 6.06 (other than Section 6.06(h)) and Liens permitted by Section 6.02.

Notwithstanding anything to the contrary contained above in this Section 6.05, (i) no sale, transfer or other disposition of assets in excess of $5.75 million shall be permitted by this Section 6.05 (other than sales, transfers, leases or other dispositions pursuant to clause (b), (c), (l), (r), (s) or (t)) unless such disposition is for fair market value and (ii) no sale, transfer or other disposition of assets shall be permitted by paragraph (d) or (k) of this Section 6.05 unless such disposition is for at least 75% cash consideration and (iii) no sale, transfer or other disposition of assets in excess of $5.75 million shall be permitted by paragraph (g) or (h) of this Section 6.05 unless such disposition is for at least 75% cash consideration; provided that for purposes of the 75% cash consideration requirement in the foregoing clauses (ii) and (iii), (x) the amount of any Indebtedness of the Borrower or any Restricted Subsidiary (as shown on such person's most recent balance sheet or in the notes thereto) that is assumed by the transferee of any such assets and (y) the amount of any trade-in value applied to the purchase price of any replacement assets acquired in connection with such sale transfer or disposition shall be deemed to be cash.

SECTION 6.06. Dividends and Distributions. Declare or pay, directly or indirectly, any dividend or make any other distribution (by reduction of capital or otherwise), whether in cash, property, securities or a combination thereof, with respect to any of its Equity Interests (other than dividends and distributions on Equity Interests payable solely by the issuance of additional Equity Interests of the person paying such dividends or distributions) or directly or indirectly redeem, purchase, retire or otherwise acquire for value any of its Equity Interests or set aside any amount for any such purpose (other than through the issuance of additional Equity Interests of the person redeeming, purchasing, retiring or acquiring such shares); provided, however, that:

(a) any Restricted Subsidiary of the Borrower may declare and pay dividends to, repurchase its Equity Interests from or make other distributions to the Borrower or to any Restricted Subsidiary of the Borrower (which, in the case of non-Wholly Owned Subsidiaries, shall be made (x) to the Borrower or any Restricted Subsidiary that is a direct or indirect parent of such Subsidiary and to each other owner of Equity Interests of such Subsidiary based on their relative ownership interests or (y) to the extent required by agreements set forth on Schedule 6.07);

(b) the Borrower may declare and pay dividends or make other distributions as shall be necessary to allow Holdings (or any Parent Entity) (i) to pay operating expenses in the ordinary course of business and other corporate overhead, legal, accounting and other professional fees

and expenses, (ii) to pay fees and expenses related to any debt or equity offering, investment or acquisition permitted hereunder (whether or not successful), (iii) to pay franchise or similar taxes and other fees and expenses reasonably required in connection with the maintenance of its existence and its ownership of the Borrower and in order to permit Holdings to make payments (other than cash interest payments) which would otherwise be permitted to be paid by the Borrower under Section 6.07(b), (iv) to finance any Investment permitted to be made under Section 6.04; provided, that (A) such dividend or distribution under this clause (iv) shall be made substantially concurrently with the closing of such Investment and (B) the Parent Entity shall, immediately following the closing thereof cause all property acquired to be contributed to the Borrower or one of its Restricted Subsidiaries or the merger of the person formed or acquired into the Borrower or one of its Restricted Subsidiaries in order to consummate such Investment; and (v) the proceeds of which shall be used by any Parent Entity to pay customary salary, bonus and other benefits payable to directors, officers, employees, members of management or consultants of the Parent Entity to the extent such salary, bonuses and other benefits are directly attributable and reasonably allocated to the operations of the Borrower and its Subsidiaries;

(c) the Borrower may declare and pay dividends or make other distributions the proceeds of which are used to purchase or redeem (i) the Equity Interests of any Parent Entity (including related stock appreciation rights or similar securities) held by then present or former directors, officers, employees, members of management or consultants of Holdings, the Borrower or any of its Subsidiaries (or the estate, heirs, family members, spouse or former spouse of any of the foregoing) or by any Plan, provided that the aggregate amount of such purchases or redemptions under this paragraph (c) shall not exceed in any fiscal year $8.625 million (plus the sum of the amount of (x) net proceeds received by the Borrower during such fiscal year from sales of Equity Interests of any Parent Entity to directors, officers, employees, members of management or consultants of Holdings, the Borrower or any Subsidiary (or the estate, heirs, family members, spouse or former spouse of any of the foregoing), or any Plan and (y) net proceeds of any key-man life insurance policies received during such fiscal year), which, if not used in any year, may be carried forward to the next subsequent fiscal year and (ii) fractional shares of stock;

(d) the Borrower may make non-cash repurchases of Equity Interests deemed to occur upon exercise of stock options or similar Equity Interests if such repurchased Equity Interests represent a portion of the exercise price of such options;

(e) the Borrower may pay dividends or make distributions to Holdings in an aggregate amount equal to (i) $40.25 million plus (ii) the portion, if any, of the Available Basket Amount on the date of such election that the Borrower elects to apply to this Section 6.06(e)(ii); provided that, with respect to clause (ii), at the time of such dividend or distribution and after giving effect thereto and to any borrowing in connection therewith, the Total Senior Secured Leverage Ratio on a Pro Forma Basis does not exceed 5.50:1.00 and, with respect to both clause (i) and clause (ii), no Default or Event of Default has occurred and is continuing;

(f) the Borrower and any Subsidiary may pay dividends or other distributions to any direct or indirect member of an affiliated group of corporations that files a consolidated U.S. federal tax return with the Borrower in accordance with the Tax Sharing Agreement (the "Tax Distributions"), provided that, such Tax Distributions shall not exceed the amount that the Borrower or the Subsidiaries would have been required to pay in respect of federal, state or local taxes, as the case may be, in respect of such year if the Borrower or the Subsidiaries had paid such taxes directly as a stand-alone taxpayer or stand-alone group;

(g) the Borrower may make dividends and distributions with the net proceeds of any issuance of Qualified Capital Stock after the Closing Date; and

(h) to the extent constituting a dividend and other distribution permitted under this Section 6.06, the Borrower and its Restricted Subsidiaries may enter into the transactions expressly permitted by Section 6.05 (other than Section 6.05(e)) or Section 6.07.

SECTION 6.07. Transactions with Affiliates. (a) Sell or transfer any property or assets to, or purchase or acquire any property or assets from, or otherwise engage in any other transaction with, any of its Affiliates, unless such transaction is (i) otherwise permitted (or required) under this Agreement or (ii) upon terms no less favorable to the Borrower or such Restricted Subsidiary, as applicable, than would be obtained in a comparable arm's-length transaction with a person that is not an Affiliate; provided that this clause (ii) shall not apply to (A) the payment to the Permitted Investors of the monitoring and management fees, transactions fees and expenses permitted under the Management Agreement or (B) the indemnification of directors, officers, employees, members of management or consultants of any Parent Entity, the Borrower and its Subsidiaries in accordance with customary practice. Any transaction or series of related transactions involving the payment of less than $2.30 million with any such Affiliate shall be deemed to have satisfied the standard set forth in clause (ii) above if such transaction is approved by a majority of the Disinterested Directors of the board of managers (or equivalent governing body) of any Parent Entity, the Borrower or such Restricted Subsidiary.

(b) The foregoing paragraph (a) shall not prohibit,

(i) any issuance of securities, or other payments, awards or grants in cash, securities or otherwise pursuant to, or the funding of, employment arrangements, stock options and stock ownership plans approved by the board of directors (or equivalent governing body) of any Parent Entity,

(ii) loans or advances to directors, officers, employees, members of management or consultants of Holdings, the Borrower or any of its Subsidiaries permitted or not prohibited by Section 6.04,

(iii) transactions among Holdings, the Borrower and the Subsidiary Loan Parties and transactions among the Subsidiary Loan Parties otherwise or not prohibited by the Loan Documents,

(iv) the payment of fees and indemnities to directors, officers, employees, members of management or consultants of any Parent Entity, the Borrower and its Restricted Subsidiaries in the ordinary course of business,

(v) transactions pursuant to the Transaction Documents and permitted agreements in existence on the Closing Date and set forth on Schedule 6.07 or any amendment thereto to the extent such amendment is not adverse to the Lenders in any material respect,

(vi) (A) any employment or severance agreements or arrangements entered into by the Borrower or any of its Restricted Subsidiaries in the ordinary course of business, (B) any subscription agreement or similar agreement pertaining to the repurchase of Equity Interests pursuant to put/call rights or similar rights with employees, officers, directors, members of management or consultants, and (C) any employee compensation, benefit plan or arrangement, any health, disability or similar insurance plan which covers employees, and any reasonable employment contract or arrangement and transactions pursuant thereto,

(vii) dividends, distributions, redemptions and repurchases permitted under Section 6.06,

(viii) any purchase by Holdings of or contributions to, the equity capital of the Borrower; provided that all Equity Interests of the Borrower shall be pledged to the Collateral Agent on behalf of the Lenders pursuant to the Collateral Agreement,

(ix) payments by the Borrower or any of its Restricted Subsidiaries to the Permitted Investors made for any financial advisory, financing, underwriting or placement services or in respect of other investment banking activities, including in connection with acquisitions or divestitures, which payments are approved by the majority of the board of directors (or equivalent governing body) of the Borrower, in good faith,

(x) transactions among the Borrower and its Restricted Subsidiaries for the purchase or sale of goods, products, parts and services entered into in the ordinary course of business in a manner consistent with past practice,

(xi) any transaction in respect of which the Borrower delivers to the Administrative Agent (for delivery to the Lenders) a letter addressed to the board of directors (or equivalent governing body) of the Borrower from an accounting, appraisal or investment banking firm, in each case of nationally recognized standing that is (A) in the good faith determination of the Borrower qualified to render such letter and (B) reasonably satisfactory to the Administrative Agent, which letter states that such transaction is on terms that are no less favorable to the Borrower or such Subsidiary, as applicable, than would be obtained in a comparable arm's-length transaction with a person that is not an Affiliate,

(xii) the payment of all fees, expenses, bonuses and awards related to the Transactions contemplated by the Transaction Documents, including fees to the Permitted Investors,

(xiii) Guarantees permitted by Section 6.01,

(xiv) the issuance and sale of Qualified Capital Stock or Permitted Debt Securities,

(xv) transactions with Joint Ventures for the purchase or sale of goods and services entered into in the ordinary course of business,

(xvi) transactions pursuant to the Tax Sharing Agreement; and

(xvii) the payment of fees and expenses, and the making of indemnification payments pursuant to, the Managements Agreements.

SECTION 6.08. Business of Holdings, the Borrower and the Subsidiaries. Notwithstanding any other provisions hereof, engage at any time in any business or business activity other than:

(a) in the case of Holdings, (A) ownership and acquisition of Equity Interests in the Borrower, together with activities directly related thereto, (B) performance of its obligations under and in connection with the Loan Documents, the First Lien Loan Documents (and Permitted Refinancing Indebtedness in respect thereof) and the other agreements contemplated hereby and thereby, (C) actions incidental to the consummation of the Transactions, (D) the incurrence of and performance of its obligations related to Indebtedness and Guarantees incurred by Holdings after the Closing Date and that is directly related to the other activities referred to in, or otherwise permitted by, this Section 6.08(a)

including the payment by Holdings of dividends or other distributions in respect of its Equity Interest including as referred to in clause (F), (E) actions required by law to maintain its existence, (F) the payment of dividends and the making of other distributions and taxes, (G) the issuance of Equity Interests and (H) activities incidental to its maintenance and continuance and to the foregoing activities, or

(b) in the case of the Borrower and any Restricted Subsidiary, any business or business activity conducted by any of them on the Closing Date and any business or business activities incidental or related thereto, or any business or activity that is reasonably similar thereto or a reasonable extension, development or expansion thereof or ancillary thereto.

Notwithstanding anything to the contrary contained in herein, Holdings shall not sell, dispose of, grant a Lien on or otherwise transfer its Equity Interests in the Borrower (other (i) than Liens created by the Collateral Documents and the First Lien Collateral Documents, (ii) Liens arising by operation of law that would be permitted under Section 6.02(d) or (iii) the sale, disposition or other transfer (whether by purchase and sale, merger, consolidation, liquidation or otherwise) of the Equity Interests of the Borrower to any Parent Entity that becomes a Loan Party and agrees to be bound by this Section 6.08).

SECTION 6.09. Limitation on Modifications of Indebtedness; Modifications of Certificate of Incorporation, By-Laws and Certain Other Agreements; etc. (a) Amend or modify in any manner materially adverse to the Lenders, or grant any waiver or release under or terminate in any manner (if such granting or termination shall be materially adverse to the Lenders), the articles or certificate of incorporation or by-laws or limited liability company operating agreement of Holdings, the Borrower or any of the Subsidiary Loan Parties, the Management Agreements or the Merger Agreement.

(b) Make, or agree to make, directly or indirectly, any payment or other distribution (whether in cash, securities or other property) of or in respect of principal of or interest on any Permitted Debt Securities or any Permitted Refinancing Indebtedness in respect thereof, or any payment or other distribution (whether in cash, securities or other property), including any sinking fund or similar deposit, on account of the purchase, redemption, retirement, acquisition, cancellation or termination of any Permitted Debt Securities or any Permitted Refinancing Indebtedness in respect thereof (except for Refinancings otherwise permitted by Section 6.01(j) or (q), except for payments of regularly scheduled interest, and, to the extent this Agreement is then in effect, principal on the scheduled maturity date thereof; provided, however, that the Borrower may at any time and from time to time repurchase, redeem, acquire, cancel or terminate all or any portion of any Permitted Debt Securities with the cash proceeds of Qualified Capital Stock issued by the Borrower, so long as such proceeds are not included in any determination of the Available Basket Amount, and do not constitute a Specified Equity Contribution the proceeds of which are applied as contemplated by Section 7.02; or

(i) Amend or modify, or permit the amendment or modification of, any provision of any Permitted Debt Securities or any Permitted Refinancing Indebtedness in respect thereof, or any agreement relating thereto, other than amendments or modifications that are not materially adverse to Lenders and that do not affect the subordination provisions thereof (if any) in a manner adverse to the Lenders; or

(ii) Amend or modify, or permit the amendment or modification of, any provision of the First Lien Loan Documents except to the extent not prohibited under the Intercreditor Agreement.

(c) Permit the Borrower or any Restricted Subsidiary to enter into any agreement or instrument that by its terms restricts (i) the payment of dividends or distributions or the making of cash advances to (or the repayment of cash advances from) the Borrower or any Restricted Subsidiary or

(ii) the granting of Liens pursuant to the Security Documents, in each case other than those arising under any Loan Document, except, in each case, restrictions existing by reason of:

(A) restrictions imposed by applicable law;

(B) contractual encumbrances or restrictions in effect on the Closing Date (including under the First Lien Loan Documents) or contained in any agreements related to any Permitted Refinancing Indebtedness incurred to Refinance such Indebtedness, or any such encumbrances or restrictions in any agreements relating to any Permitted Debt Securities issued after the Closing Date or Permitted Refinancing Indebtedness in respect thereof, in each case so long as the scope of such encumbrance or restriction is no more expansive in any material respect than any such encumbrance or restriction in effect on the Closing Date (or the date of issuance as the case may be), or any agreement (regardless of whether such agreement is in effect on the Closing Date) providing for the subordination of Subordinated Intercompany Debt;

(C) any restriction on a Subsidiary imposed pursuant to an agreement entered into for the sale or disposition of all or substantially all the Equity Interests or assets of such Subsidiary pending the closing of such sale or disposition;

(D) customary provisions in Joint Venture agreements and other similar agreements applicable to Joint Ventures entered into in the ordinary course of business;

(E) any restrictions imposed by any agreement relating to secured Indebtedness permitted by this Agreement to the extent that such restrictions apply only to the property or assets securing such Indebtedness;

(F) customary provisions contained in leases, subleases, licenses or sublicenses of intellectual property and other similar agreements entered into in the ordinary course of business;

(G) customary provisions restricting subletting or assignment of any lease governing a leasehold interest;

(H) customary provisions restricting assignment of any agreement entered into in the ordinary course of business;

(I) customary restrictions and conditions contained in any agreement relating to the sale of any asset or person permitted under Section 6.05 pending the consummation of such sale;

(J) customary restrictions and conditions contained in the document relating to any Lien, so long as (1) such Lien is permitted under Section 6.02 and such restrictions or conditions relate only to the specific asset subject to such Lien and the proceeds and products thereof, and (2) such restrictions and conditions are not created for the purpose of avoiding the restrictions imposed by this Section 6.09;

(K) customary net worth provisions contained in real property leases entered into by Subsidiaries of the Borrower, so long as the Borrower has determined in good faith that such net worth provisions could not reasonably be expected to impair the ability of the Borrower and its Subsidiaries to meet their ongoing obligations;

(L) any agreement in effect at the time such person becomes a Restricted Subsidiary, so long as such agreement was not entered into in contemplation of such person becoming a Restricted Subsidiary; or

(M) restrictions contained in any documents documenting Indebtedness of any Foreign Subsidiary permitted hereunder.

SECTION 6.10. Total Leverage Ratio. Permit the Total Leverage Ratio for any Test Period ending on the last day of any fiscal quarter occurring in any period set forth below, to be in excess of the ratio set forth below for such period.

Period	Ratio
October 1, 2007 to December 31, 2007	9.00 to 1.00
January 1, 2008 to March 31, 2008	9.00 to 1.00
April 1, 2008 to June 30, 2008	8.75 to 1.00
July 1, 2008 to September 30, 2008	8.50 to 1.00
October 1, 2008 to December 31, 2008	8.00 to 1.00
January 1, 2009 to March 31, 2009	8.00 to 1.00
April 1, 2009 to June 30, 2009	7.75 to 1.00
July 10, 2009 to September 30, 2009	7.50 to 1.00
October 1, 2009 to December 31, 2009	7.00 to 1.00
January 1, 2010 to March 31, 2010	7.00 to 1.00
April 1, 2010 to June 30, 2010	6.75 to 1.00
July 1, 2010 to September 30, 2010	6.50 to 1.00
October 1, 2010 to December 31, 2010	6.00 to 1.00
January 1, 2011 to March 31, 2011	6.00 to 1.00
April 1, 2011 to June 30, 2011	5.75 to 1.00
July 1, 2011 to September 30, 2011	5.50 to 1.00
Thereafter	5.00 to 1.00

If the Borrower or a Restricted Subsidiary intends to take any Restricted Action prior to the date on which the Borrower first would be required to deliver a compliance certificate pursuant to Section 5.04(a), then, for purposes of determining compliance with the Total Leverage Ratio, the applicable Total Leverage Ratio shall be 9.00:1.00 and EBITDA shall be measured for the most recent four fiscal quarter period for which quarterly financial statements are available.

SECTION 6.11. Swap Agreements. Enter into any Swap Agreement, other than (a) Swap Agreements entered into in the ordinary course of business (and not for speculative purposes) to hedge or mitigate risks to which the Borrower or any Subsidiary is exposed in the conduct of its business or the management of its liabilities (including, without limitation, raw material, supply costs and currency risks), and (b) Swap Agreements entered into in order to effectively cap, collar or exchange interest rates (from fixed to floating rates, from one floating rate to another floating rate or otherwise) with respect to any interest-bearing liability or investment of the Borrower or any Subsidiary (and not for speculative purposes).

SECTION 6.12. Capital Expenditures. Make or commit to make any Capital Expenditure, except Capital Expenditures of the Borrower and its Restricted Subsidiaries in the ordinary course of business not exceeding (a) for the period from the Closing Date to December 31, 2006, $17.25 million; and for each fiscal year thereafter $34.5 million plus (b) plus the average Capital Expenditures of any person acquired in connection with a Permitted Business Acquisition for three fiscal years

immediately preceding such Permitted Business Acquisition multiplied by 1.25. Notwithstanding anything to the contrary in the preceding sentence, (a) to the extent that the aggregate amount of Capital Expenditures made by the Borrower and its Restricted Subsidiaries in any fiscal year pursuant to the preceding sentence is less than the amount permitted for such fiscal year, the amount of the difference may be carried forward and used to make Capital Expenditures in the immediately succeeding fiscal year (the "Carryforward Amount") and (b) if the aggregate amount of Capital Expenditures made by the Borrower and its Restricted Subsidiaries in any fiscal year is greater than the amount otherwise available for Capital Expenditures in such fiscal year (including the Carryforward Amount), an amount up to 100% of the amount otherwise available in the immediately succeeding fiscal year pursuant to the preceding sentence may be reallocated to such current fiscal year so long as the base amount of Capital Expenditures permitted in the preceding sentence during the next succeeding fiscal year shall be reduced by such amount carried back.

ARTICLE VII

Events of Default

SECTION 7.01. Events of Default. In case of the happening of any of the following events (each, an "Event of Default"):

(a) any representation or warranty made or deemed made by Holdings, the Borrower or any other Loan Party in any Loan Document, or in any certificate or other instrument furnished in connection with or pursuant to any Loan Document, shall prove to have been false or misleading in any material respect when so made, deemed made pursuant to the terms of the Loan Documents or furnished by Holdings, the Borrower or any other Loan Party;

(b) default shall be made in the payment of any principal of any Loan when and as the same shall become due and payable, whether at the due date thereof or at a date fixed for prepayment thereof or by acceleration thereof or otherwise;

(c) default shall be made in the payment of any interest on any Loan or in the payment of any Fee or any other amount (other than an amount referred to in paragraph (b) above) due under any Loan Document, when and as the same shall become due and payable, and such default shall continue unremedied for a period of five Business Days;

(d) default shall be made in the due observance or performance by Holdings, the Borrower or any of its Restricted Subsidiaries of any covenant, condition or agreement contained in Section 5.01(a) (with respect to Holdings or the Borrower), 5.05(a) or in Article VI;

(e) default shall be made in the due observance or performance by Holdings, the Borrower or any of its Restricted Subsidiaries of any covenant, condition or agreement contained in any Loan Document (other than those specified in paragraphs (b), (c) and (d) above) and such default shall continue unremedied for a period of 30 days after notice thereof from the Administrative Agent or the Required Lenders to the Borrower;

(f) (i) any event or condition occurs that (A) results in the First Lien Indebtedness or any other Indebtedness in excess of $28.75 million becoming due prior to its scheduled maturity or (B) enables or permits (with all applicable grace periods having expired) the holder or holders of First Lien Indebtedness or any other Indebtedness in excess of $28.75 million or any trustee or agent on its or their behalf to cause any First Lien Indebtedness or any other Indebtedness in excess of $28.75 million to become due, or to require the prepayment, repurchase, redemption or

defeasance thereof, prior to its scheduled maturity and which, with respect to this clause (B) has continued unremedied for a period of 60 consecutive days or (ii) Holdings, the Borrower or any of its Restricted Subsidiaries shall fail to pay the principal of any Indebtedness in excess of $28.75 million at the stated final maturity thereof; provided that this paragraph (f) shall not apply to secured Indebtedness that becomes due as a result of the voluntary sale or transfer of the property or assets securing such Indebtedness if such sale or transfer is permitted hereunder;

(g) there shall have occurred a Change in Control;

(h) an involuntary proceeding shall be commenced or an involuntary petition shall be filed in a court of competent jurisdiction seeking (i) relief in respect of Holdings, the Borrower or any of its Restricted Subsidiaries, or of a substantial part of the property or assets of Holdings, the Borrower or any Restricted Subsidiary, under Title 11 of the United States Code, as now constituted or hereafter amended, or any other federal, state or foreign bankruptcy, insolvency, receivership or similar law, (ii) the appointment of a receiver, trustee, custodian, sequestrator, conservator or similar official for Holdings, the Borrower or any of its Restricted Subsidiaries or for a substantial part of the property or assets of Holdings, the Borrower or any of its Restricted Subsidiaries or (iii) the winding-up or liquidation of Holdings, the Borrower or any Restricted Subsidiary (except, in the case of any Restricted Subsidiary, in a transaction permitted by Section 6.05); and such proceeding or petition shall continue undismissed for 60 days or an order or decree approving or ordering any of the foregoing shall be entered;

(i) Holdings, the Borrower or any Restricted Subsidiary shall (i) voluntarily commence any proceeding or file any petition seeking relief under Title 11 of the United States Code, as now constituted or hereafter amended, or any other federal, state or foreign bankruptcy, insolvency, receivership or similar law, (ii) consent to the institution of, or fail to contest in a timely and appropriate manner, any proceeding or the filing of any petition described in paragraph (h) above, (iii) apply for or consent to the appointment of a receiver, trustee, custodian, sequestrator, conservator or similar official for Holdings, the Borrower or any of its Restricted Subsidiaries or for a substantial part of the property or assets of Holdings, the Borrower or any Restricted Subsidiary, (iv) file an answer admitting the material allegations of a petition filed against it in any such proceeding, (v) make a general assignment for the benefit of creditors or (vi) become unable or admit in writing its inability or fail generally to pay its debts as they become due;

(j) the failure by Holdings, the Borrower or any Restricted Subsidiary to pay one or more final judgments aggregating in excess of $28.75 million (to the extent not covered by third-party insurance as to which the insurer has been notified of such judgment and does not deny coverage), which judgments are not discharged or effectively waived or stayed for a period of 60 consecutive days, or any action shall be legally taken by a judgment creditor to levy upon assets or properties of Holdings, the Borrower or any Restricted Subsidiary to enforce any such judgment;

(k) (i) a Reportable Event or Reportable Events shall have occurred with respect to any Plan or a trustee shall be appointed by a United States district court to administer any Plan, (ii) the PBGC shall institute proceedings (including giving notice of intent thereof) to terminate any Plan or Plans, (iii) Holdings, the Borrower or any Restricted Subsidiary or any ERISA Affiliate shall have been notified by the sponsor of a Multiemployer Plan that it has incurred or will be assessed Withdrawal Liability to such Multiemployer Plan and such person does not have reasonable grounds for contesting such Withdrawal Liability or is not contesting such Withdrawal Liability in a timely and appropriate manner, (iv) Holdings, the Borrower or any Restricted Subsidiary or any ERISA Affiliate shall have been notified by the sponsor of a Multiemployer

Plan that such Multiemployer Plan is in reorganization or is being terminated, within the meaning of Title IV of ERISA or (v) Holdings, the Borrower or any Restricted Subsidiary shall engage in any "prohibited transaction" (as defined in Section 406 of ERISA or Section 4975 of the Code) involving any Plan; and in each case in clauses (i) through (v) above, such event or condition, together with all other such events or conditions, if any, could reasonably be expected to have a Material Adverse Effect; or

(l) (i) any Loan Document shall for any reason cease to be, or shall be asserted in writing by Holdings, the Borrower or any Restricted Subsidiary not to be, a legal, valid and binding obligation of any party thereto, (ii) any security interest purported to be created by any Security Document and to extend to assets that are not immaterial to Holdings, the Borrower and the Restricted Subsidiaries on a consolidated basis shall cease to be, or shall be asserted in writing by Holdings, the Borrower or any other Loan Party not to be (other than in a notice to the Administrative Agent or the Collateral Agent to take requisite actions to perfect such Lien), a valid and perfected security interest (perfected as and having the priority required by this Agreement or the relevant Security Document and subject to such limitations and restrictions as are set forth herein and therein) in the securities, assets or properties covered thereby, except to the extent (x) any such loss of perfection or priority results from the failure of the Collateral Agent to maintain possession of certificates actually delivered to it representing securities pledged under the Collateral Agreement, (y) such loss is

covered by a lender's title insurance policy as to which the insurer has been notified of such loss and does not deny coverage and the Administrative Agent shall be reasonably satisfied with the credit of such insurer or (z) such loss of perfected security interest may be remedied by the filing of appropriate documentation without the loss of priority, (iii) the Guarantees pursuant to the Security Documents by Holdings, the Borrower or the Subsidiary Loan Parties of any of the Obligations shall cease to be in full force and effect (other than in accordance with the terms thereof), or shall be asserted in writing by Holdings or the Borrower or any Subsidiary Loan Party not to be in effect or not to be legal, valid and binding obligations, (iv) the Obligations of the Borrower or the Guarantees pursuant to the Security Documents by Holdings, the Borrower or the Subsidiary Loan Parties shall cease to constitute senior indebtedness under the subordination provisions of any indenture or other instruments, agreements and documents evidencing or governing any Permitted Debt Securities in excess of $28.75 million or such subordination provisions shall be invalidated or otherwise cease (in each case so long as such indenture, instrument, agreement or document is then in effect), or shall be asserted in writing by Holdings, the Borrower or any Subsidiary Loan Party to be invalid or to cease to be legal, valid and binding obligations of the parties thereto, enforceable in accordance with their terms;

then, and in every such event (other than an event with respect to the Borrower described in paragraph (h) or (i)(i), (ii), (iii) or (iv) above), and at any time thereafter during the continuance of such event, the Administrative Agent may, and at the request of the Required Lenders shall, upon notice to the Borrower, take any or all of the following actions, at the same or different times: declare the Loans then outstanding to be forthwith due and payable in whole or in part, whereupon the principal of the Loans so declared to be due and payable, together with accrued interest thereon and any unpaid accrued Fees and all other liabilities of the Borrower accrued hereunder and under any other Loan Document, shall become forthwith due and payable, without presentment, demand, protest or any other notice of any kind, all of which are hereby expressly waived by the Borrower, anything contained herein or in any other Loan Document to the contrary notwithstanding; and in any event with respect to the Borrower described in paragraph (h) or (i)(i), (ii), (iii) or (iv) above, the principal of the Loans then outstanding, together with accrued interest thereon and any unpaid accrued Fees and all other liabilities of the Borrower accrued hereunder and under any other Loan Document, shall automatically become due and payable without

presentment, demand, protest or any other notice of any kind, all of which are hereby expressly waived by the Borrower, anything contained herein or in any other Loan Document to the contrary notwithstanding.

SECTION 7.02. Holdings's Right to Cure.

(a) Notwithstanding anything to the contrary contained in Section 7.01, in the event that the Borrower fails (or, but for the operation of this Section 7.02, would fail) to comply with the requirements of the Total Leverage Ratio, until the expiration of the 20th day subsequent to the date the certificate calculating the Total Leverage Ratio is required to be delivered pursuant to Section 5.04(c), the Borrower shall have the right to issue Qualified Capital Stock for cash (the "Cure Right"), and upon the receipt by the Borrower of such cash (the "Specified Equity Contribution") the Total Leverage Ratio shall be recalculated giving effect to the following pro forma adjustments:

(i) EBITDA shall be increased, solely for the purpose of determining compliance with Section 6.10 and not for any other purpose under this Agreement (including taking any Restricted Action), by an amount equal to the Specified Equity Contribution; and

(ii) if, after giving effect to the foregoing recalculations, the Borrower shall then be in compliance with the requirements of the Total Leverage Ratio, the Borrower shall be deemed to have satisfied the requirements of the Total Leverage Ratio as of the relevant date of determination with the same effect as though there had been no failure to comply therewith at such date, and the applicable breach or default of the Total Leverage Ratio that had occurred shall be deemed cured for this purposes of this Agreement.

(b) Notwithstanding anything herein to the contrary, (i) in each four-fiscal-quarter period there shall be at least one fiscal quarter with respect to which the Cure Right is not exercised, (ii) in each eight fiscal quarter period, there shall be a period of at least four consecutive fiscal quarters with respect to which the Cure Right is not exercised and (iii) the Specified Equity Contribution shall be no greater than the amount required for purposes of complying with the Total Leverage Ratio.

ARTICLE VIII

The Agents

SECTION 8.01. Appointment. Each Lender hereby irrevocably designates and appoints the Administrative Agent as the agent of such Lender and Wilmington Trust Company as Collateral Agent of such Lender under this Agreement and the other Loan Documents and the Collateral Agent, and each such Lender irrevocably authorizes the Administrative Agent and the Collateral Agent, in such capacities, to take such action on its behalf under the provisions of this Agreement and the other Loan Documents and to exercise such powers and perform such duties as are expressly delegated to such Agent by the terms of this Agreement and the other Loan Documents, together with such other powers as are reasonably incidental thereto. Notwithstanding any provision to the contrary elsewhere in this Agreement, neither the Administrative Agent nor the Collateral Agent shall have any duties or responsibilities, except those expressly set forth herein, or any fiduciary relationship with any Lender, and no implied covenants, functions, responsibilities, duties, obligations or liabilities shall be read into this Agreement or any other Loan Document or otherwise exist against the Administrative Agent or the Collateral Agent, as applicable. Without limiting the generality of the foregoing, the Agents are hereby expressly authorized to execute any and all documents (including releases) with respect to the Collateral and the rights of the Secured Parties with respect thereto, as contemplated by and in accordance with the provisions of this Agreement and the Security Documents. Without limiting the foregoing, each Lender irrevocably appoints the Collateral Agent to act as the "Second Lien Collateral Agent" under the

Intercreditor Agreement and authorizes and directs the Collateral Agent to execute, deliver and perform the Intercreditor Agreement on such Lender's behalf and each such Lender agrees to be bound by the terms thereof.

SECTION 8.02. Delegation of Duties. The Administrative Agent and the Collateral Agent may execute any of its duties under this Agreement and the other Loan Documents by or through agents or attorneys-in-fact and shall be entitled to advice of counsel concerning all matters pertaining to such duties. Neither the Administrative Agent nor the Collateral Agent shall be responsible for the negligence or misconduct of any agents or attorneys-in-fact selected by it with reasonable care.

SECTION 8.03. Exculpatory Provisions. The Agents shall not have any duties or obligations except those expressly set forth in the Loan Documents. Neither any Agent nor any of their Related Parties shall be (i) liable for any action lawfully taken or omitted to be taken by it or such person under or in connection with this Agreement or any other Loan Document (except to the extent that any of the foregoing are found by a final and nonappealable decision of a court of competent jurisdiction to have resulted from its or such person's own gross negligence or willful misconduct) or (ii) responsible in any manner to any of the Lenders for (or have any duty to ascertain or acquire into) any recitals, statements, representations or warranties made by any Loan Party or any officer thereof contained in this Agreement or any other Loan Document or in any certificate, report, statement or other document referred to or provided for in, or received by the Agents or any Related Party under or in connection with, this Agreement or any other Loan Document or for the value, validity, effectiveness, genuineness, enforceability or sufficiency of this Agreement or any other Loan Document or for any failure of any Loan Party a party thereto to perform its obligations hereunder or thereunder. The Agents shall not (x) be subject to any fiduciary or other implied duties regardless of whether a Default has occurred and is continuing and (y) except as expressly set forth in the Loan Documents, have any duty to disclose, nor shall it be liable for the failure to disclose, any information relating to Holdings, the Borrower or any Subsidiary that is communicated to or obtained by the bank serving as Administrative Agent or any of its affiliates in any capacity. The Agents shall not be under any obligation to any Lender to ascertain or to inquire as to the observance or performance of any of the agreements contained in, or conditions of, this Agreement or any other Loan Document, or to inspect the properties, books or records of any Loan Party.

SECTION 8.04. Reliance by Agents. The Agents and their respective Related Parties shall be entitled to rely, and shall be fully protected in relying, upon any instrument, writing, resolution, notice, consent, certificate, affidavit, letter, fax, telex or teletype message, statement, order or other document or conversation believed by it to be genuine and correct and to have been signed, sent or made by the proper person or persons and upon advice and statements of legal counsel (including counsel to Holdings or the Borrower), independent accountants and other experts selected by the Agents. The Agents and their Related Parties may deem and treat the payee of any Note as the owner thereof for all purposes unless a written notice of assignment, negotiation or transfer thereof shall have been filed with the Administrative Agent. The Agents and their Related Parties shall be fully justified in failing or refusing to take any action under this Agreement or any other Loan Document unless it shall first receive such advice or concurrence of the Required Lenders (or, if so specified by this Agreement, all Lenders) as any such person deems appropriate or such person shall first be indemnified to its satisfaction by the Lenders against any and all liability and expense that may be incurred by such person by reason of taking or continuing to take any such action. The Agents and their respective Related Parties shall in all cases be fully protected in acting, or in refraining from acting, under this Agreement and the other Loan Documents in accordance with a request of the Required Lenders (or, if so specified by this Agreement, all Lenders) (or, in the case of the Collateral Agent, in accordance with a request from the Administrative Agent), and such request and any action taken or failure to act pursuant thereto shall be binding upon all the Lenders and all future holders of the Loans.

SECTION 8.05. Notice of Default. No Agent shall be deemed to have knowledge or notice of the occurrence of any Default or Event of Default unless such Agent has received notice from a Lender, Holdings or the Borrower referring to this Agreement, describing such Default or Event of Default and stating that such notice is a "notice of default". In the event that an Agent receives such a notice, such Agent shall give notice thereof to the Lenders. The Agents shall take such action with respect to such Default or Event of Default as shall be reasonably directed in writing by the Required Lenders (or, if so specified by this Agreement, all Lenders (or, in the case of the Collateral Agent, as directed in writing the Administrative Agent)); provided that unless and until the Agents shall have

received such directions, the Agents may (but shall not be obligated to) take such action, or refrain from taking such action, with respect to such Default or Event of Default as it shall deem advisable in the best interests of the Lenders.

SECTION 8.06. Non-Reliance on Agents and Other Lenders. Each Lender expressly acknowledges that neither the Agents nor any of their respective Related Parties have made any representations or warranties to it and that no act by any Agent hereafter taken, including any review of the affairs of a Loan Party or any affiliate of a Loan Party, shall be deemed to constitute any representation or warranty by any Agent to any Lender. Each Lender represents to the Agents that it has, independently and without reliance upon any Agent or any other Lender, and based on such documents and information as it has deemed appropriate, made its own appraisal of and investigation into the business, operations, property, financial and other condition and creditworthiness of the Loan Parties and their affiliates and made its own decision to make its Loans hereunder and enter into this Agreement. Each Lender also represents that it will, independently and without reliance upon any Agent or any other Lender, and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit analysis, appraisals and decisions in taking or not taking action under this Agreement and the other Loan Documents, and to make such investigation as it deems necessary to inform itself as to the business, operations, property, financial and other condition and creditworthiness of the Loan Parties and their affiliates. Except for notices, reports and other documents expressly required to be furnished to the Lenders by the Agents hereunder, the Agents shall not have any duty or responsibility to provide any Lender with any credit or other information concerning the business, operations, property, condition (financial or otherwise), prospects or creditworthiness of any Loan Party or any affiliate of a Loan Party that may come into the possession of the Agents or respective Related Parties.

SECTION 8.07. Indemnification. The Lenders agree to indemnify each Agent in its capacity as such and its Related Parties (to the extent not reimbursed by Holdings or the Borrower and without limiting the obligation of Holdings or the Borrower to do so), each in an amount equal to its pro rata share (based on its Commitments hereunder (or if such Commitments shall have expired or been terminated, in accordance with the respective principal amounts of its applicable outstanding Loans)) thereof, from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind whatsoever (including, without limitation, attorneys fees) that may at any time (whether before or after the payment of the Loans) be imposed on, incurred by or asserted against such Agent and/or its or their Related Parties in any way relating to or arising out of, the Commitments, this Agreement, any of the other Loan Documents or any documents contemplated by or referred to herein or therein or the transactions contemplated hereby or thereby or any action taken or omitted by such Agent and/or its or their Related Parties under or in connection with any of the foregoing; provided that no Lender shall be liable for the payment of any portion of such liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements that are found by a final and nonappealable decision of a court of competent jurisdiction to have resulted from such Person's gross negligence or willful misconduct. The agreements in this Section shall survive the payment of the Loans and all other amounts payable hereunder.

SECTION 8.08. Agent in Its Individual Capacity. Each Agent and its affiliates may make loans to, accept deposits from and generally engage in any kind of business with any Loan Party as though such Agent were not an Agent. With respect to its Loans made or renewed by it, each Agent shall have the same rights and powers under this Agreement and the other Loan Documents as any Lender and may exercise the same as though it were not an Agent, and the terms "Lender" and "Lenders" shall include each Agent in its individual capacity.

SECTION 8.09. Successor Agent. The Administrative Agent or the Collateral Agent may resign as Administrative Agent or Collateral Agent, as applicable, upon 30 days' notice to the Lenders and the Borrower. If either the Administrative Agent or the Collateral Agent shall resign in such capacity under this Agreement and the other Loan Documents, then the Required Lenders shall appoint from among the Lenders a successor agent for the Lenders, which successor agent shall (unless an Event of Default under Sections 7.01 (h) or (i)(i), (ii), (iii) or (iv) above shall have occurred and be continuing) be subject to approval by the Borrower (which approval shall not be unreasonably withheld or delayed), whereupon such successor agent shall succeed to the rights, powers and duties of the Administrative Agent or the Collateral Agent as the case may be, and the term "Administrative Agent" or "Collateral Agent" shall mean such successor agent effective upon such appointment and approval, and the former Administrative Agent's or Collateral Agent's rights, powers and duties as Administrative Agent or Collateral Agent shall be terminated, without any other or further act or deed on the part of such former Administrative Agent or Collateral Agent or any of the parties to this Agreement or any holders of the Loans. If no successor agent has accepted appointment as Administrative Agent or Collateral Agent, as applicable, by the date that is 30 days following a retiring Administrative Agent's or Collateral Agent's notice of resignation, the retiring Administrative Agent's or Collateral Agent's resignation shall nevertheless thereupon become effective, and the Lenders shall assume and perform all of the duties of the Administrative Agent or Collateral Agent, as applicable, hereunder until such time, if any, as the Required Lenders appoint a successor agent as provided for above; provided that nothing herein shall require that the Collateral Agent resign or retire from its role as collateral agent under any Security Document whether referred to therein collateral agent or any analogous term therein. After any retiring Administrative Agent's resignation as Administrative Agent or Collateral Agent's retiring as Collateral Agent, the provisions of this Article VIII shall inure to its benefit and to the benefit of its officers, directors, employees, agents, attorneys-in-fact and affiliates as to any actions taken or omitted to be taken by it while it was Administrative Agent or Collateral Agent, as applicable, under this Agreement and the other Loan Documents.

SECTION 8.10. Syndication Agent and Documentation Agent. Neither the Syndication Agent nor the Documentation Agent shall have any duties or responsibilities hereunder in its capacity as such.

SECTION 8.11. Withholding Tax. To the extent required by any applicable law, the Administrative Agent may withhold from any interest payment to any Lender an amount equivalent to any applicable withholding tax. If the Internal Revenue Service or any other Governmental Authority asserts a claim that the Administrative Agent did not properly withhold tax from amounts paid to or for the account of any Lender because the appropriate form was not delivered or was not properly executed or because such Lender failed to notify the Administrative Agent of a change in circumstance which rendered the exemption from, or reduction of, withholding tax ineffective or for any other reason, such Lender shall indemnify the Administrative Agent fully for all amounts paid, directly or indirectly, by the Administrative Agent as tax or otherwise, including any penalties or interest and together with all expenses (including legal expenses, allocated internal costs and out-of-pocket expenses) incurred.

SECTION 8.12. Collateral Matters, Collateral Agent's Duties. The Collateral Agent is authorized on behalf of all the Lenders and the other Secured Parties, without the necessity of any

notice to or further consent from the Lenders, from time to time to take any action with respect to any Collateral or the Security Documents which may be necessary to perfect and maintain a perfected security interest in and Liens upon the Collateral granted pursuant to the Loan Documents. Except for the safe custody of any Collateral in its possession and the accounting for moneys actually received by it hereunder or under any of the other Loan Documents, the Collateral Agent shall have no duty as to any Collateral, as to ascertaining or taking action with respect to calls, conversions, exchanges, maturities, trades or other matters relative to any Collateral, whether or not the Collateral Agent is deemed to have knowledge of such matters, or as to taking of any necessary steps to create or preserve rights against any parties or any other rights pertaining to any Collateral (including the filing of UCC-1 Financing Statements, UCC Continuation Statements or any amendments thereto). The Collateral Agent shall be deemed to have exercised appropriate and due care in the custody and preservation of any Collateral in its possession if such Collateral is accorded treatment substantially equal to that which other collateral agents accord similar property. Each Lender agrees that any action taken by the Collateral Agent or the Required Lenders in accordance with the terms of this Agreement or the other Loan Documents, and the exercise by the Collateral Agent or the Required Lenders of their respective powers set forth therein or herein, together with such other powers that are reasonably incidental thereto, shall be binding upon all of the Lenders.

ARTICLE IX

Miscellaneous

SECTION 9.01. Notices. (a) Notices and other communications provided for herein shall be in writing and shall be delivered by hand or overnight courier service, mailed by certified or registered mail or sent by fax, as follows:

(i) if to any Loan Party, to Generac Power Systems, Inc., Highway 59 and Hillside Road, P.O. Box 8, Waukesha Wisconsin, 53187, attention Aaron Jagdfeld, York Ragen and Joseph Kavalary, Telecopier: (262) 968-9372, with a copy to GPS CCMP Merger Corp. c/o CCMP Capital Advisors, LLC, 245 Park Avenue, 16th Floor, New York, NY, 10167-2403, attention: Stephen McKenna, Telecopier: (212) xxx-xxxx, with a copy to Weil, Gotshal & Manges LLP, 200 Crescent Court, Suite 300, Dallas, Texas 75201-6950, Attention Angela L. Fontana, Telecopier: (214) 746-7777;;

(ii) if to the Administrative Agent, to JPMorgan Chase Bank, N.A, 1111 Fannin 10th Floor, Houston, TX 77002, Attention: Bammy Adedugbe, Telecopier: (713) 750-2228.

(iii) if to a Lender, to it at the address or fax number set forth on Schedule 2.01 or in the Assignment and Acceptance pursuant to which such Lender becomes a party hereto.

(b) Notices and other communications to the Lenders hereunder may be delivered or furnished by electronic communications pursuant to procedures approved by the Administrative Agent; provided that the foregoing shall not apply to notices pursuant to Article II unless otherwise agreed by the Administrative Agent and the applicable Lender. Each of the Administrative Agent and the Borrower may, in its discretion, agree to accept notices and other communications to it hereunder by electronic communications pursuant to procedures approved by it; provided, further, that approval of such procedures may be limited to particular notices or communications.

(c) All notices and other communications given to any party hereto in accordance with the provisions of this Agreement shall be deemed to have been given on the date of receipt if delivered by hand or overnight courier service, sent by fax or (to the extent permitted by paragraph (b) above)

electronic means or on the date five Business Days after dispatch by certified or registered mail if mailed, in each case delivered, sent or mailed (properly addressed) to such party as provided in this Section 9.01 or in accordance with the latest unrevoked direction from such party given in accordance with this Section 9.01.

(d) Any party hereto may change its address or fax number for notices and other communications hereunder by notice to the other parties hereto.

SECTION 9.02. Survival of Agreement. All representations and warranties made by the Loan Parties herein and in the other Loan Documents shall be considered to have been relied upon by the Lenders and shall survive the making of the Loans, the execution and delivery of the Loan Documents, and shall continue in full force and effect as long as the principal of or any accrued interest on any Loan or any Fee or any other amount (other than obligations for taxes, costs, indemnifications, reimbursements, damages and other contingent liabilities in respect of which no claim or demand for payment has been made or, in the case of indemnifications, no notice has been given (or reasonably satisfactory arrangements have otherwise been made)) payable under this Agreement or any other Loan Document is outstanding and unpaid and so long as the Commitments have not been terminated. Without prejudice to the survival of any other agreements contained herein, obligations for taxes, costs, indemnifications, reimbursements, damages and other contingent liabilities contained herein (including pursuant to Sections 2.15, 2.17 and 9.05) shall survive the payment in full of the principal and interest hereunder, the termination of the Commitments or this Agreement limited in the manner set forth herein, or the invalidity or unenforceability of any term or provision of this Agreement or any other Loan Document.

SECTION 9.03. Binding Effect. This Agreement shall become effective when it shall have been executed by Holdings, the Borrower and the Administrative Agent and when the Administrative Agent shall have received copies hereof which, when taken together, bear the signatures of each of the other parties hereto, and thereafter shall be binding upon and inure to the benefit of Holdings, the Borrower, the Administrative Agent and each Lender and their respective permitted successors and assigns.

SECTION 9.04. Successors and Assigns. (a) The provisions of this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns permitted hereby, except that (i) the Borrower may not assign or otherwise transfer any of its rights or obligations hereunder without the prior written consent of each Lender (and any attempted assignment or transfer by the Borrower without such consent shall be null and void) and (ii) no Lender may assign or otherwise transfer its rights or obligations hereunder except in accordance with this Section 9.04. Nothing in this Agreement, expressed or implied, shall be construed to confer upon any person (other than the parties hereto, their respective successors and assigns permitted hereby, Participants (to the extent provided in paragraph (c) of this Section 9.04), and, to the extent expressly contemplated hereby, the Related Parties of each of the Agents and the Lenders) any legal or equitable right, remedy or claim under or by reason of this Agreement.

(b) (i) Subject to the conditions set forth in clause (ii) below, any Lender may assign to one or more Eligible Assignees (other than to any Disqualified Institution) all or a portion of its rights and obligations under this Agreement (including all or a portion of its Commitments and the Loans at the time owing to it) (provided, however, that pro rata assignments shall not be required and each assignment shall be of a uniform, and not varying, percentage of all rights and obligations under and in respect of any applicable Loan and any related Commitments) with the prior written consent (such consent not to be unreasonably withheld or delayed) of the Borrower, provided that no consent of the Borrower shall be required for an assignment to an Affiliate of a Lender, or if an Event of Default under Section 7.01(b), (c), (h) or (i)(i), (ii), (iii) or (iv) has occurred and is continuing.

(ii) Assignments shall be subject to the following additional conditions:

(A) except in the case of an assignment to a Lender, an affiliate of a Lender or an Related Fund or an assignment of the entire remaining amount of the assigning Lender's Commitments or Loans, the amount of the Commitments or Loans of the assigning Lender subject to each such assignment (determined as of the date the Assignment and Acceptance with respect to such assignment is delivered to the Administrative Agent) shall not be less than $1.0 million, unless each of the Borrower and the Administrative Agent otherwise consent, provided that (1) no such consent of the Borrower shall be required if an Event of Default under Section 7.01(b), (c), (h) or (i)(i), (ii), (iii) or (iv) has occurred and is continuing and (2) such amounts shall be aggregated in respect of each Lender and its Affiliates or Related Funds, if any.

(B) the parties to each assignment shall execute and deliver to the Administrative Agent an Assignment and Acceptance together with a processing and recordation fee of $3,500; and

(C) the Eligible Assignee, if it shall not be a Lender, shall deliver to the Administrative Agent an Administrative Questionnaire and all applicable tax forms.

(iii) Subject to acceptance and recording thereof pursuant to clause (b)(v) below, from and after the effective date specified in each Assignment and Acceptance the Eligible Assignee thereunder shall be a party hereto and, to the extent of the interest assigned by such Assignment and Acceptance, have the rights and obligations of a Lender under this Agreement, and the assigning Lender thereunder shall, to the extent of the interest assigned by such Assignment and Acceptance, be released from its obligations under this Agreement (and, in the case of an Assignment and Acceptance covering all of the assigning Lender's rights and obligations under this Agreement, such Lender shall cease to be a party hereto but shall continue to be entitled to the benefits of Sections 2.15, 2.16, 2.17 and 9.05, as well as any Fees accrued for its account and not yet paid). Any assignment or transfer by a Lender of rights or obligations under this Agreement that does not comply with this Section 9.04 shall be treated for purposes of this Agreement as a sale by such Lender of a participation in such rights and obligations in accordance with paragraph (c) of this Section 9.04.

(iv) The Administrative Agent, acting for this purpose as an agent of the Borrower, shall maintain at one of its offices a copy of each Assignment and Acceptance delivered to it and a register for the recordation of the names and addresses of the Lenders, and the Commitments of, and principal amount of the Loans owing to, each Lender pursuant to the terms hereof from time to time (the "Register"). The entries in the Register shall be conclusive absent manifest error, and the Borrower, the Administrative Agent and the Lenders may treat each person whose name is recorded in the Register pursuant to the terms hereof as a Lender hereunder for all purposes of this Agreement, notwithstanding notice to the contrary. The Register shall be available for inspection by the Borrower and any Lender (with respect to any entry related to such Lender's Loans), at any reasonable time and from time to time upon reasonable prior notice.

(v) Upon its receipt of a duly completed Assignment and Acceptance executed by an assigning Lender and an Eligible Assignee, the Eligible Assignee's completed Administrative Questionnaire (unless the Eligible Assignee shall already be a Lender hereunder) and any applicable tax forms, and any written consent to such assignment required by clause (i) above, the Administrative Agent shall accept such Assignment and Acceptance and record the information contained therein in the Register. No assignment, whether or not evidenced by a promissory

note, shall be effective for purposes of this Agreement unless it has been recorded in the Register as provided in this clause (v).

(c) (i) Any Lender may, without the consent of the Borrower or the Administrative Agent, sell participations to one or more banks or other entities (other than to any Company Competitor) (a "Participant") in all or a portion of such Lender's rights and obligations under this Agreement (including all or a portion of its Commitments and the Loans owing to it); provided that (A) such Lender's obligations under this Agreement shall remain unchanged, (B) such Lender shall remain solely responsible to the other parties hereto for the performance of such obligations and (C) the Borrower, the Administrative Agent and the other Lenders shall continue to deal solely and directly with such Lender in connection with such Lender's rights and obligations under this Agreement. Any agreement pursuant to which a Lender sells such a participation shall provide that such Lender shall retain the sole right to enforce this Agreement and the other Loan Documents and to approve any amendment, modification or waiver of any provision of this Agreement and the other Loan Documents; provided that such agreement may provide that such Lender will not, without the consent of the Participant, agree to any amendment, modification or waiver that requires the consent of each Lender directly affected thereby pursuant to Section 9.04(a)(i) or clauses (i), (ii), (iii) or (vi) of the first proviso to Section 9.08(b). Subject to paragraph (c)(ii) of this Section 9.04, the Borrower agrees that each Participant shall be entitled to the benefits of Sections 2.15, 2.16 and 2.17 to the same extent as if it were a Lender and had acquired its interest by assignment pursuant to paragraph (b) of this Section 9.04. To the extent permitted by law, each Participant also shall be entitled to the benefits of Section 9.06 as though it were a Lender, provided such Participant shall be subject to Section 2.18(c) as though it were a Lender.

(ii) A Participant shall not be entitled to receive any greater payment under Section 2.15, 2.16 or 2.17 than the applicable Lender would have been entitled to receive with respect to the participation sold to such Participant, unless the sale of the participation to such Participant is made with the Borrower's prior written consent expressly acknowledging such Participant may receive a greater benefit. A Participant that would be a Foreign Lender if it were a Lender shall not be entitled to the benefits of Section 2.17 to the extent such Participant fails to comply with Section 2.17(e) as though it were a Lender.

(d) Any Lender may at any time, without the consent of or notice to the Administrative Agent or the Borrower, pledge or assign a security interest in all or any portion of its rights under this Agreement to secure obligations of such Lender, including any pledge or assignment to secure obligations to a Federal Reserve Bank, and this Section 9.04 shall not apply to any such pledge or assignment of a security interest; provided that no such pledge or assignment of a security interest shall release a Lender from any of its obligations hereunder or substitute any such pledgee or Eligible Assignee for such Lender as a party hereto.

(e) The Borrower, upon receipt of written notice from the relevant Lender, agrees to issue Notes to any Lender requiring Notes to facilitate transactions of the type described in paragraph (d) above.

(f) Notwithstanding the foregoing, any Conduit Lender may assign any or all of the Loans it may have funded hereunder to its designating Lender without the consent of the Borrower or the Administrative Agent. Each of Holdings, the Borrower, each Lender and the Administrative Agent hereby confirms that it will not institute against a Conduit Lender or join any other person in instituting against a Conduit Lender any bankruptcy, reorganization, arrangement, insolvency or liquidation proceeding under any state bankruptcy or similar law, for one year and one day after the payment in full of the latest maturing commercial paper note issued by such Conduit Lender; provided, however, that each Lender designating any Conduit Lender hereby agrees to indemnify, save and hold harmless each

other party hereto and each Loan Party for any loss, cost, damage or expense arising out of its inability to institute such a proceeding against such Conduit Lender during such period of forbearance.

(g) If the Borrower wishes to replace the Loans or Commitments under any Facility with ones having different terms, it shall have the option, with the consent of the Administrative Agent and subject to at least three Business Days' advance notice to the Lenders under such Facility, instead of prepaying the Loans or reducing or terminating the Commitments to be replaced, to (i) require the Lenders under such Facility to assign such Loans or Commitments to the Administrative Agent or its designees and (ii) amend the terms thereof in accordance with Section 9.08 (with such replacement, if applicable, being deemed to have been made pursuant to Section 9.08(d)). Pursuant to any such assignment, all Loans and Commitments to be replaced shall be purchased at par (allocated among the Lenders under such Facility in the same manner as would be required if such Loans were being optionally prepaid or such Commitments were being optionally reduced or terminated by the Borrower), accompanied by payment of any accrued interest and fees thereon and any amounts owing pursuant to Section 9.05(b). By receiving such purchase price, the Lenders under such Facility shall automatically be deemed to have assigned the Loans or Commitments under such Facility pursuant to the terms of the form of Assignment and Acceptance attached hereto as Exhibit A, and accordingly no other action by such Lenders shall be required in connection therewith. The provisions of this paragraph (g) are intended to facilitate the maintenance of the perfection and priority of existing security interests in the Collateral during any such replacement.

SECTION 9.05. Expenses; Indemnity. (a) The Borrower agrees to pay (i) all reasonable out-of-pocket expenses (including Other Taxes) incurred by the Administrative Agent in connection with the preparation of this Agreement and the other Loan Documents, or by the Administrative Agent in connection with the syndication of the Commitments or by the Administrative Agent or the Collateral Agent in connection with the administration of this Agreement (including expenses incurred in connection with due diligence and initial and ongoing Collateral examination to the extent incurred with the reasonable prior approval of the Borrower and the reasonable fees, disbursements and charges for no more than one outside counsel and, if necessary one local counsel in each jurisdiction where Collateral is located and one outside counsel to the Collateral Agent) or in connection with the administration of this Agreement and any amendments, modifications or waivers of the provisions hereof or thereof (whether or not the Transactions hereby contemplated shall be consummated) and (ii) all reasonable out-of-pocket expenses incurred by the Administrative Agent, the Collateral Agent or any Lender in connection with the enforcement or protection of their rights in connection with this Agreement and the other Loan Documents, in connection with the Loans made hereunder (including the reasonable fees, charges and disbursements of Simpson Thacher & LLP, counsel for the Administrative Agent and the Joint Lead Arrangers, and, if necessary, the reasonable fees, charges and disbursements of one local counsel per relevant jurisdiction and one outside counsel to the Collateral Agent).

(b) The Borrower agrees to indemnify the Administrative Agent, the Collateral Agent, the Joint Lead Arrangers, each Lender and each of their respective Affiliates, successors and assigns and the directors, trustees, officers, employees, advisors, controlling persons and agents of each of the foregoing (each such person being called an "Indemnitee") against, and to hold each Indemnitee harmless from, any and all losses, claims, damages, liabilities and reasonable out-of-pocket costs and related expenses (including reasonable documented fees, charges and disbursements of Simpson Thacher & Bartlett LLP and, if necessary, one local counsel in each relevant jurisdiction to the Agents, taken as a whole, in each relevant jurisdiction and one outside counsel to the Collateral Agent) incurred by or asserted against any Indemnitee arising out of, relating to, or as a result of (i) the execution or delivery of this Agreement or any other Loan Document or any agreement or instrument contemplated hereby or thereby, the performance by the parties hereto and thereto of their respective obligations thereunder or the consummation of the Transactions and the other transactions contemplated hereby, (ii) the use of the

proceeds of the Loans or (iii) any claim, litigation, investigation or proceeding relating to any of the foregoing, whether or not any Indemnitee is a party thereto, provided that such indemnity shall not, as to any Indemnitee, be available to the extent that such losses, claims, damages, liabilities or costs or related expenses (x) are determined by a judgment of a court of competent jurisdiction to have resulted by reason of the gross negligence, bad faith or willful misconduct of, or breach by, such Indemnitee (or its Related Parties), (y) arise out of any claim, litigation, investigation or proceeding brought by such Indemnitee (or its Related Parties) against another Indemnitee (or its Related Parties) (other than any claim, litigation, investigation or proceeding brought by or against the Administrative Agent, acting in its capacity as Administrative Agent) that does not involve any act or omission of the Borrower or any of its Affiliates and arises out of disputes among the Lenders and/or their transferees. Subject to and without limiting the generality of the foregoing sentence, the Borrower agrees to indemnify each Indemnitee against, and hold each Indemnitee harmless from, any and all losses, claims, damages, liabilities and reasonable out-of-pocket documented costs and reasonable out-of-pocket costs and related expenses, including reasonable counsel or consultant fees, charges and disbursements (limited to one counsel plus, if necessary, one local counsel in each relevant jurisdiction), incurred by or asserted against any Indemnitee arising out of, in any way connected with, or as a result of (A) any claim related in any way to Environmental Laws and Holdings, the Borrower or any of their Subsidiaries, or (B) any actual or alleged presence, Release or threatened Release of Hazardous Materials at, under, on or from any Property, provided that such indemnity shall not, as to any Indemnitee, be available to the extent that such losses, claims, damages, liabilities or costs or related expenses are determined by a court of competent jurisdiction by judgment to have resulted from the gross negligence, bad faith or willful misconduct of, or breach by, such Indemnitee or any of its Related Parties. The Borrower shall not be liable for any settlement of any proceeding referred to in this Section 9.05 effected without the Borrower's written consent (such consent not to be unreasonably withheld or delayed); provided, however, that the Borrower shall indemnify the Indemnitees from and against any loss or liability by reason of such settlement if the Borrower was offered the right to assume the defense of such proceeding and did not assume such defense or such proceeding was settled with the written consent of the Borrower, subject to, in each case, the Borrower's right in this Section 9.05 to claim an exemption from such indemnity obligations. The Borrower shall indemnify the Indemnitees from and against any final judgment for the plaintiff in any proceeding referred to in this Section 9.05, subject to the Borrower's right in this Section 9.05 to claim an exemption from such indemnity obligations. The Borrower shall not, without the prior written consent of any Indemnitee, effect any settlement of any pending or threatened proceeding in respect of which such Indemnitee is a party and indemnity could have been sought hereunder by such Indemnitee unless such settlement (i) includes an unconditional release of such Indemnitee from all liability or claims that are the subject matter of such proceeding and (ii) does not include a statement as to or an admission of fault, culpability or a failure to act by or on behalf of any Indemnitee. To the extent permitted by applicable law, each party hereto hereby waives for itself (and, in the case of the Borrower, for each other Loan Party) any claim against any Loan Party, any Lender, any Agent and their respective affiliates, directors, employees, attorneys, agents or sub-agents, on any theory of liability, for special, indirect, consequential or punitive damages (as opposed to direct or actual damages) (whether or not the claim therefor is based on contract, tort or duty imposed by any applicable legal requirement) arising out of, in connection with, as a result of, or in any way related to, this Agreement or any Loan Document or any agreement or instrument contemplated hereby or thereby or referred to herein or therein, the transactions contemplated hereby or thereby, any Loan or the use of the proceeds thereof or any act or omission or event occurring in connection therewith, and each party hereto (and in the case of the Borrower on behalf of each other Loan Party) hereby waive, release and agree not to sue upon any such claim or any such damages, whether or not accrued and whether or not known or suspected to exist in its favor. The provisions of this Section 9.05 shall remain operative and in full force and effect regardless of the expiration of the term of this Agreement, the consummation of the transactions contemplated hereby, the repayment of any of the Obligations, the termination of the Commitments, the invalidity or unenforceability of any term or provision of this Agreement or any other Loan Document, or any investigation made by or on behalf of

the Agents or any Lender. All amounts due under this Section 9.05 shall be payable on written demand therefor accompanied by reasonable documentation with respect to any reimbursement, indemnification or other amount requested.

(c) Except as expressly provided in Section 9.05(a) with respect to Other Taxes, which shall not be duplicative with any amounts paid pursuant to Section 2.17, this Section 9.05 shall not apply to Taxes.

SECTION 9.06. Right of Set-off. If an Event of Default shall have occurred and be continuing, each Lender is hereby authorized at any time and from time to time, to the fullest extent permitted by law, to set off and apply any and all deposits (general or special, time or demand, provisional or final) at any time held and other indebtedness at any time owing by such Lender to or for the credit or the account of Holdings, the Borrower or any Subsidiary Loan Party against any of and all the obligations of Holdings or the Borrower now or hereafter existing under this Agreement or any other Loan Document held by such Lender, irrespective of whether or not such Lender shall have made any demand under this Agreement or such other Loan Document and although the obligations may be unmatured. The rights of each Lender under this Section 9.06 are in addition to other rights and remedies (including other rights of set-off) that such Lender may have.

SECTION 9.07. Applicable Law. THIS AGREEMENT AND THE OTHER LOAN DOCUMENTS (OTHER THAN AS EXPRESSLY SET FORTH IN OTHER LOAN DOCUMENTS) SHALL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE STATE OF NEW YORK.

SECTION 9.08. Waivers; Amendment. (a) No failure or delay of the Administrative Agent or any Lender in exercising any right or power hereunder or under any Loan Document shall operate as a waiver thereof, nor shall any single or partial exercise of any such right or power, or any abandonment or discontinuance of steps to enforce such a right or power, preclude any other or further exercise thereof or the exercise of any other right or power. The rights and remedies of the Administrative Agent and the Lenders hereunder and under the other Loan Documents are cumulative and are not exclusive of any rights or remedies that they would otherwise have. No waiver of any provision of this Agreement or any other Loan Document or consent to any departure by Holdings, the Borrower or any other Loan Party therefrom shall in any event be effective unless the same shall be permitted by paragraph (b) below, and then such waiver or consent shall be effective only in the specific instance and for the purpose for which given. No notice or demand on Holdings, the Borrower or any other Loan Party in any case shall entitle such person to any other or further notice or demand in similar or other circumstances.

(b) Except as provided in Section 2.21 with respect to an Incremental Facility Amendment, neither this Agreement nor any other Loan Document nor any provision hereof or thereof may be waived, amended or modified except (x) in the case of this Agreement, pursuant to an agreement or agreements in writing entered into by Holdings, the Borrower, the Administrative Agent and the Required Lenders and (y) in the case of any other Loan Document, pursuant to an agreement or agreements in writing entered into by each party thereto and the Administrative Agent and consented to by the Required Lenders; provided, however, that no such agreement shall

(i) decrease or forgive the principal amount of, or extend the final maturity of, or decrease the rate of interest on, any Loan, without the prior written consent of each Lender directly and adversely affected thereby; provided, that any amendment to the Total Leverage Ratio or the component definitions in this Agreement shall not constitute a reduction in the rate of interest for purposes

of this clause (i),

(ii) decrease the amount of any fees of or premium payable to any Lender without the prior written consent of such Lender,

(iii) extend or waive any date on which payment of interest on any Loan or any premium or any Fees is due, without the prior written consent of each Lender directly and adversely affected thereby,

(iv) amend or modify the provisions of Section 2.18(b) or (c) or 2.10(d) of this Agreement or Section 6.5 of the Collateral Agreement in a manner that would by its terms alter the pro rata sharing of payments required thereby, without the prior written consent of each Lender directly and adversely affected thereby,

(v) amend or modify the provisions of this Section 9.08, Section 9.04(a)(i) or the definition of the term "Required Lenders", without the prior written consent of each Lender directly and adversely affected thereby (it being understood that, with the consent of the Required Lenders, additional extensions of credit pursuant to this Agreement may be included in the determination of the Required Lenders on substantially the same basis as the Loans and Commitments are included on the Closing Date), or

(vi) release all or substantially all the Collateral or release all or substantially all of the value of the Guarantees under the Collateral Agreement, unless, in the case of a Subsidiary Loan Party, all or substantially all the Equity Interests of such Subsidiary Loan Party is sold or otherwise disposed of in a transaction permitted by this Agreement, without the prior written consent of each Lender,

provided, further, that no such agreement shall amend, modify or otherwise affect the rights or duties of the Administrative Agent or Collateral Agent hereunder without the prior written consent of the Administrative Agent or Collateral Agent, as applicable; provided, however, if an Affiliate of Holdings or any Permitted Investor shall be a Lender, the Loans held by such person shall be deemed to have been voted in the same manner as the Required Lenders (assuming for this purpose that the Loans held by such person were not outstanding other than in respect of Section 9.04(a)(ii), and clauses (i), (ii), (iii) or (iv) of the first proviso to this Section 9.08(b)). Each Lender shall be bound by any waiver, amendment or modification authorized by this Section 9.08 and any consent by any Lender pursuant to this Section 9.08 shall bind any assignee of such Lender.

(c) Without the consent of the Syndication Agent, the Documentation Agent or any Joint Lead Arranger or Lender, the Loan Parties and the Agents may (in their respective sole discretion, or shall, to the extent required by any Loan Document) enter into any amendment, modification or waiver of any Loan Document, or enter into any new agreement or instrument, to effect the granting, perfection, protection, expansion or enhancement of any security interest in any Collateral or additional property to become Collateral for the benefit of the Secured Parties, or as required by local law to give effect to, or protect any security interest for the benefit of the Secured Parties, in any property or so that the security interests therein comply with applicable law.

(d) Notwithstanding the foregoing, this Agreement may be amended (or amended and restated) with the written consent of the Required Lenders, the Administrative Agent and the Borrower (a) to add one or more additional credit facilities to this Agreement and to permit the extensions of credit from time to time outstanding thereunder and the accrued interest and fees in respect thereof to share ratably in the benefits of this Agreement and the other Loan Documents with the Term Loans and the accrued interest and fees in respect thereof and (b) to include appropriately the Lenders holding such credit facilities in any determination of the Required Lenders.

SECTION 9.09. Interest Rate Limitation. Notwithstanding anything herein to the contrary, if at any time the applicable interest rate on any Loan, together with all fees and charges that are treated as interest under applicable law (collectively, the "Charges"), as provided for herein or in any other document executed in connection herewith, or otherwise contracted for, charged, received, taken or reserved by any Lender, shall exceed the maximum lawful rate (the "Maximum Rate") that may be contracted for, charged, taken, received or reserved by such Lender in accordance with applicable law, the rate of interest payable hereunder, together with all Charges payable to such Lender, shall be limited to the Maximum Rate, provided that such excess amount shall be paid to such Lender on subsequent payment dates to the extent not exceeding the legal limitation.

SECTION 9.10. Entire Agreement. This Agreement, the other Loan Documents and the agreements regarding certain Fees referred to herein constitute the entire contract between the parties relative to the subject matter hereof. Any previous agreement among or representations from the parties or their Affiliates with respect to the subject matter hereof is superseded by this Agreement and the other Loan Documents. Notwithstanding the foregoing, the Fee Letter shall survive the execution and delivery of this Agreement and remain in full force and effect. Nothing in this Agreement or in the other Loan Documents, expressed or implied, is intended to confer upon any party other than the parties hereto and thereto, and their respective successors and assigns permitted hereunder, any rights, remedies, obligations or liabilities under or by reason of this Agreement or the other Loan Documents.

SECTION 9.11. WAIVER OF JURY TRIAL. EACH OF THE PARTIES HERETO HEREBY AGREES TO WAIVE ITS RESPECTIVE RIGHTS TO A JURY TRIAL OF ANY CLAIM OR CAUSE OF ACTION BASED UPON OR ARISING HEREUNDER OR UNDER ANY OF THE OTHER LOAN DOCUMENTS OR ANY DEALINGS BETWEEN THEM RELATING TO THE SUBJECT MATTER OF THIS LOAN TRANSACTION OR THE LENDER/BORROWER RELATIONSHIP THAT IS BEING ESTABLISHED. THE SCOPE OF THIS WAIVER IS INTENDED TO BE ALL-ENCOMPASSING OF ANY AND ALL DISPUTES THAT MAY BE FILED IN ANY COURT AND THAT RELATE TO THE SUBJECT MATTER OF THIS TRANSACTION, INCLUDING CONTRACT CLAIMS, TORT CLAIMS, BREACH OF DUTY CLAIMS AND ALL OTHER COMMON LAW AND STATUTORY CLAIMS. EACH PARTY HERETO ACKNOWLEDGES THAT THIS WAIVER IS A MATERIAL INDUCEMENT TO ENTER INTO A BUSINESS RELATIONSHIP, THAT EACH HAS ALREADY RELIED ON THIS WAIVER IN ENTERING INTO THIS AGREEMENT, AND THAT EACH WILL CONTINUE TO RELY ON THIS WAIVER IN ITS RELATED FUTURE DEALINGS. EACH PARTY HERETO FURTHER WARRANTS AND REPRESENTS THAT IT HAS REVIEWED THIS WAIVER WITH ITS LEGAL COUNSEL AND THAT IT KNOWINGLY AND VOLUNTARILY WAIVES ITS JURY TRIAL RIGHTS FOLLOWING CONSULTATION WITH LEGAL COUNSEL. THIS WAIVER IS IRREVOCABLE, MEANING THAT IT MAY NOT BE MODIFIED EITHER ORALLY OR IN WRITING (OTHER THAN BY A MUTUAL WRITTEN WAIVER SPECIFICALLY REFERRING TO THIS SECTION 9.11 AND EXECUTED BY EACH OF THE PARTIES HERETO), AND THIS WAIVER SHALL APPLY TO ANY SUBSEQUENT AMENDMENTS, RENEWALS, SUPPLEMENTS OR MODIFICATIONS HERETO OR ANY OF THE OTHER LOAN DOCUMENTS OR TO ANY OTHER DOCUMENTS OR AGREEMENTS RELATING TO THE LOANS MADE HEREUNDER. IN THE EVENT OF LITIGATION, THIS AGREEMENT MAY BE FILED AS A WRITTEN CONSENT TO A TRIAL BY THE COURT.

SECTION 9.12. Severability. In the event any one or more of the provisions contained in this Agreement or in any other Loan Document should be held invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained herein and therein shall not in any way be affected or impaired thereby. The parties shall endeavor in good-faith negotiations to replace the invalid, illegal or unenforceable provisions with valid

provisions the economic effect of which comes as close as possible to that of the invalid, illegal or unenforceable provisions.

SECTION 9.13. Counterparts. This Agreement may be executed in two or more counterparts, each of which shall constitute an original but all of which, when taken together, shall constitute but one contract, and shall become effective as provided in Section 9.03. Delivery of an executed counterpart to this Agreement by facsimile transmission shall be as effective as delivery of a manually signed original.

SECTION 9.14. Headings. Article and Section headings and the Table of Contents used herein are for convenience of reference only, are not part of this Agreement and are not to affect the construction of, or to be taken into consideration in interpreting, this Agreement.

SECTION 9.15. Jurisdiction; Consent to Service of Process. (a) Each of the parties hereto hereby irrevocably and unconditionally submits, for itself and its property, to the nonexclusive jurisdiction of any New York State court or federal court of the United States of America sitting in New York City, and any appellate court from any thereof, in any action or proceeding arising out of or relating to this Agreement, the other Loan Documents, or for recognition or enforcement of any judgment, and each of the parties hereto hereby irrevocably and unconditionally agrees that all claims in respect of any such action or proceeding may be heard and determined in such New York State or, to the extent permitted by law, in such federal court. Each of the parties hereto agrees that a final judgment in any such action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law. Nothing in this Agreement shall affect any right that any Lender, the Administrative Agent may otherwise have to bring any action or proceeding relating to this Agreement, the other Loan Documents against Holdings, the Borrower or any Loan Party or their properties in the courts of any jurisdiction.

(b) Each of the parties hereto hereby irrevocably and unconditionally waives, to the fullest extent it may legally and effectively do so, any objection which it may now or hereafter have to the laying of venue of any suit, action or proceeding arising out of or relating to this Agreement or the other Loan Documents in any New York State or federal court. Each of the parties hereto hereby irrevocably waives, to the fullest extent permitted by law, the defense of an inconvenient forum to the maintenance of such action or proceeding in any such court.

(c) Each of the parties hereto agrees that service of all process in any such proceeding in any such court may be made by registered or certified mail, return receipt requested at its address provided in Section 9.01 agrees that service as so provided in is sufficient to confer personal jurisdiction over the applicable credit party in any such proceeding in any such court, and otherwise constitutes

effective and binding service in every respect; and agrees that agents and lenders retain the right to serve process in any other manner permitted by law or to bring proceedings against any credit party in the courts of any other jurisdiction.

SECTION 9.16. Confidentiality. Each of the Lenders and each of the Agents agrees that it shall maintain in confidence any information relating to Holdings, the Borrower and the other Loan Parties furnished to it by or on behalf of Holdings, the Borrower or the other Loan Parties (other than information that (a) has become generally available to the public other than as a result of a disclosure by such party, (b) has been independently developed by such Lender or such Agent without violating this Section 9.16 or (c) was available to such Lender or such Agent from a third party having, to such person's knowledge, no obligations of confidentiality to Holdings, the Borrower or any other Loan Party) and shall not reveal the same other than to its directors, trustees, officers, employees and advisors with a need to know or to any person that approves or administers the Loans on behalf of such Lender (so long as each

such person shall have been instructed to keep the same confidential in accordance with this Section 9.16), except: (A) to the extent necessary to comply with law or any legal process or the requirements of any Governmental Authority, self-regulatory authorities (including the National Association of Insurance Commissioners) or of any securities exchange on which securities of the disclosing party or any affiliate of the disclosing party are listed or traded (in which case we will promptly notify you, in advance, to the extent permitted by applicable law or the rules governing the process requiring such disclosure) (B) as part of the reporting or review procedures to, or examinations by, Governmental Authorities or self-regulatory authorities, including the National Association of Insurance Commissioners or the National Association of Securities Dealers, Inc., (C) to its parent companies, affiliates, auditors, assignees, transferees and participants (so long as each such person shall have been instructed to keep the same confidential in accordance provisions not less restrictive than this Section 9.16), (D) in order to enforce its rights under any Loan Document in a legal proceeding, (E) to any pledgee under Section 9.04(d) or any other prospective assignee of, or prospective Participant in, any of its rights under this Agreement (so long as such person shall have been instructed to keep the same confidential in accordance with this Section 9.16 or other provisions at least as restrictive as this Section 9.16), (F) to any direct or indirect contractual counterparty in Swap Agreements or such contractual counterparty's professional advisor (so long as such contractual counterparty or professional advisor to such contractual counterparty agrees to be bound by the provisions of this Section 9.16), (G) disclosure to any rating agency when required by it (so long as such person shall have been instructed to keep the same confidential in accordance with this Section 9.16) and (H) with the consent of the Borrower. In addition, each Agent and each Lender may disclose the existence of this Agreement and the information about this Agreement to market data collectors, similar services providers to the lending industry, and service providers to the Agents and the Lenders in connection with the administration and management of this Agreement and the other Loan Documents.

SECTION 9.17. Release of Liens and Guarantees. In the event that any Loan Party conveys, sells, leases, assigns, transfers or otherwise disposes of any assets or all or any portion of any of the Equity Interests or assets of any Subsidiary Loan Party to a person that is not (and is not required to become) a Loan Party in each case in a transaction not prohibited by Section 6.05 or in connection with a Subsidiary Redesignation or in connection with a pledge of the Equity Interests of joint ventures permitted by Section 6.02, the Administrative Agent and the Collateral Agent shall promptly (and the Lenders hereby authorize the Administrative Agent and the Collateral Agent to) take such action and execute any such documents as may be reasonably requested by Holdings or the Borrower and at the Borrower's expense to release any Liens created by any Loan Document in respect of such Equity Interests or assets, and, in the case of a disposition of the Equity Interests of any Subsidiary Loan Party in a transaction permitted by Section 6.05 or in connection with a Subsidiary Redesignation and as a result of which such Subsidiary Loan Party would cease to be a Subsidiary, terminate such Subsidiary Loan Party's obligations under its Guarantee. Any representation, warranty or covenant contained in any Loan Document relating to any such Equity Interests, asset or subsidiary of Holdings shall no longer be deemed to be made once such Equity Interests or asset is so conveyed, sold, leased, assigned, transferred or disposed of.

SECTION 9.18. USA PATRIOT Act. Each Lender hereby notifies the Borrower that pursuant to the requirements of the USA PATRIOT Act, it is required to obtain, verify and record information that identifies the Borrower, which information includes the name and address of the Borrower and other information that will allow such Lender to identify the Borrower in accordance with the USA PATRIOT Act.

SECTION 9.19. Marshalling; Payments Set Aside. Neither any Agent nor any Lender shall be under any obligation to marshal any assets in favor of any Loan Party or any other person or against or in payment of any or all of the Obligations. To the extent that any Loan Party makes a

payment or payments to Administrative Agent or Lenders (or to Administrative Agent, on behalf of Lenders), or any Agent or Lenders enforce any security interests or exercise their rights of setoff, and such payment or payments or the proceeds of such enforcement or setoff or any part thereof are subsequently invalidated, declared to be fraudulent or preferential, set aside and/or required to be repaid to a trustee, receiver or any other party under any bankruptcy law, any other state or federal law, common law or any equitable cause, then, to the extent of such recovery, the obligation or part thereof originally intended to be satisfied, and all Liens, rights and remedies therefor or related thereto, shall be revived and continued in full force and effect as if such payment or payments had not been made or such enforcement or setoff had not occurred.

SECTION 9.20. Obligations Several; Independent Nature of Lenders' Rights. The obligations of Lenders hereunder are several and no Lender shall be responsible for the obligations or Commitment of any other Lender hereunder. Nothing contained herein or in any other Loan Document, and no action taken by Lenders pursuant hereto or thereto, shall be deemed to constitute Lenders as a partnership, an association, a joint venture or any other kind of entity. The amounts payable at any time hereunder to each Lender shall be a separate and independent debt, and each Lender shall be entitled to protect and enforce its rights arising out hereof and it shall not be necessary for any other Lender to be joined as an additional party in any proceeding for such purpose.

SECTION 9.21. Electronic Execution of Assignments. The words "execution," "signed," "signature," and words of like import in any Assignment Agreement shall be deemed to include electronic signatures or the keeping of records in electronic form, each of which shall be of the same legal effect, validity or enforceability as a manually executed signature or the use of a paper-based recordkeeping system, as the case may be, to the extent and as provided for in any applicable law, including the Federal Electronic Signatures in Global and National Commerce Act, the New York State Electronic Signatures and Records Act, or any other similar state laws based on the Uniform Electronic Transactions Act.

[Signature Pages Follow]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed by their respective authorized officers as of the day and year first written above.

GENERAC ACQUISITION CORP.

By /s/ Aaron P. Jagdfeld
Name: Aaron P. Jagdfeld
Title: Chief Financial Officer

GPS CCMP MERGER CORP.

by /s/ Aaron P. Jagdfeld
Name: Aaron P. Jagdfeld
Title: Chief Financial Officer

JPMORGAN CHASE BANK, N.A., Individually and as Administrative Agent

by: /s/ Kathryn A. Duncan
Name: Kathryn A. Duncan
Title: Managing Director

GOLDMAN SACHS., Individually and as Syndication Agent

by Illegible
Name:
Title:

WILMINGTON TRUST COMPANY, as Collateral Agent

by: /s/ James A. Hanley
Name: James A. Hanley
Title: Assistant Vice President

Exhibit A
to the Second Lien Credit Agreement

GPS CCMP MERGER CORP.

ASSIGNMENT AND ACCEPTANCE AGREEMENT

This Assignment and Acceptance Agreement (the "Assignment") is dated as of the Effective Date set forth below and is entered into by and between [*Insert name of Assignor*] (the "Assignor") and [*Insert name of Assignee*] (the "Assignee"). Capitalized terms used but not defined herein shall have the meanings given to them in the Credit Agreement identified below (as it may be amended, restated, amended and restated, supplemented or otherwise modified from time to time, the "Credit Agreement"), receipt of a copy of which is hereby acknowledged by the Assignee. The Standard Terms and Conditions set forth in Annex 1 attached hereto are hereby agreed to and incorporated herein by reference and made a part of this Assignment as if set forth herein in full.

For an agreed consideration, the Assignor hereby irrevocably sells and assigns to the Assignee, and the Assignee hereby irrevocably purchases and assumes from the Assignor, subject to and in accordance with the Standard Terms and Conditions and the Credit Agreement, as of the Effective Date inserted by the Administrative Agent as contemplated below, the interest in and to all of the Assignor's rights and obligations under the Credit Agreement and any other documents or instruments delivered pursuant thereto that represents the amount and percentage interest identified below of all of the Assignor's outstanding rights and obligations under the respective facilities identified below (including, to the extent included in any such facilities, letters of credit and swingline loans) (the "Assigned Interest"). Such sale and assignment is without recourse to the Assignor and, except as expressly provided in this Assignment and the Credit Agreement, without representation or warranty by the Assignor.

1. Assignor:

2. Assignee: [and is an Affiliate/Approved Fund [*Identify Lender*]

3. Borrower: GPS CCMP MERGER CORP.

4. Administrative Agent: JPMORGAN CHASE BANK, N.A., as the administrative agent under the Credit Agreement

5. Credit Agreement: The Credit Agreement dated as of November 10, 2006 (the "Credit Agreement"), among the Borrower, GENERAC ACQUISITION CORP., a Delaware corporation ("Holdings"), the LENDERS party thereto from time to time, JPMORGAN CHASE BANK, N.A., as administrative agent (in

such capacity, together with its successors and assigns, the "Administrative Agent"), the other agents named therein and GOLDMAN SACHS CREDIT PARTNERS L.P. and J.P. MORGAN SECURITIES INC., as joint lead arrangers and joint bookrunners.

6. Assigned Interest:

Facility Assigned	Aggregate Amount of Loans for all Lenders	Amount of Loans Assigned	Percentage Assigned of Loans(1)
Term	$	$	%

Effective Date: , 20 [TO BE INSERTED BY ADMINISTRATIVE AGENT AND WHICH SHALL BE THE EFFECTIVE DATE OF RECORDATION OF TRANSFER IN THE REGISTER THEREFOR.]

7. Notice and Wire Instructions:

[NAME OF ASSIGNOR]

Notices:

Attention:
Telecopier:

with a copy to:

Attention:
Telecopier:

Wire Instructions:

[NAME OF ASSIGNEE]

Notices:

Attention:
Telecopier:

with a copy to:

Attention:
Telecopier:

Wire Instructions:

(1) Set forth, to at least 9 decimals, as a percentage of the Commitment/Loans of all Lenders thereunder.

The terms set forth in this Assignment are hereby agreed to:

ASSIGNOR
[NAME OF ASSIGNOR]

By: _____

Name:
Title:

ASSIGNEE
[NAME OF ASSIGNEE]

By: _____

Name:
Title:

[Consented to and](2) Accepted:

[JPMORGAN CHASE BANK, N.A., as
Administrative Agent

By _____
Title:]

[Consented to:(3)

[GPS CCMP MERGER CORP.

By _____
Title:]

(2) To be added only if the consent of the Administrative Agent is required by the terms of the Credit Agreement.

(3) To be added only if the consent of the Borrower is required by the terms of the Credit Agreement.

ANNEX 1

STANDARD TERMS AND CONDITIONS FOR ASSIGNMENT
AND ACCEPTANCE AGREEMENT

1. Representations and Warranties.

1.1 Assignor. The Assignor (a) represents and warrants that (i) it is the legal and beneficial owner of the Assigned Interest, (ii) the Assigned Interest is free and clear of any lien, encumbrance or other adverse claim and (iii) it has full power and authority, and has taken all action necessary, to execute and deliver this Assignment and to consummate the transactions contemplated hereby; and (b) assumes no responsibility with respect to (i) any statements, warranties or representations made in or in connection with any Credit Document, (ii) the execution, legality, validity, enforceability, genuineness, sufficiency or value, of the Credit Agreement or any other instrument or document delivered pursuant thereto, other than this Assignment (herein collectively the "Credit Documents"), or any collateral thereunder, (iii) the financial condition of the Borrower, any of its Subsidiaries or Affiliates or any other Person obligated in respect of any Credit Document or (iv) the performance or observance by the Borrower, any of its Subsidiaries or Affiliates or any other Person of any of their respective obligations under any Credit Document.

1.2 Assignee. The Assignee (a) represents and warrants that (i) it has full power and authority, and has taken all action necessary, to execute and deliver this Assignment and to consummate the transactions contemplated hereby and to become a Lender under the Credit Agreement, (ii) it meets all requirements of an Assignee under the Credit Agreement (subject to receipt of such consents as may be required under the Credit Agreement), (iii) from and after the Effective Date, it shall be bound by the provisions of the Credit Agreement as a Lender thereunder and, to the extent of the Assigned Interest, shall have the obligations of a Lender thereunder, (iv) it has received a copy of the Credit Agreement, together with copies of the most recent financial statements delivered pursuant to Section 5.04 thereof, as applicable, and such other documents and information as it has deemed appropriate to make its own credit analysis and decision to enter into this Assignment and to purchase the Assigned Interest on the basis of which it has made such analysis and decision independently and without reliance on the Administrative Agent or any other Lender and (v) if it is a Foreign Lender, attached to the Assignment is any documentation required to be delivered by it pursuant to the terms of the Credit Agreement, duly completed and executed by the Assignee; and (b) agrees that (i) it will, independently and without reliance on the Administrative Agent, the Assignor or any other Lender and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit

decisions in taking or not taking action under the Credit Documents, and (ii) it will perform in accordance with their terms all of the obligations which by the terms of the Credit Documents are required to be performed by it as a Lender.

2. Payments. All payments with respect to the Assigned Interests shall be made on the Effective Date as follows:

2.1 From and after the Effective Date, the Administrative Agent shall make all payments in respect of the Assigned Interest (including payments of principal, interest, fees and other amounts) to the Assignor for amounts which have accrued to but excluding the Effective Date and to the Assignee for amounts which have accrued from and after the Effective Date.

3. General Provisions. This Assignment shall be binding upon, and inure to the benefit of, the parties hereto and their respective successors and permitted assigns. This Assignment may be executed in any number of counterparts, which together shall constitute one instrument. Delivery of an executed counterpart of a signature page of this Assignment by telecopy shall be effective as delivery of a manually executed counterpart of this Assignment. This Assignment shall be governed by, and construed in accordance with, the internal laws of the State of New York without regard to conflict of laws principles thereof.

Exhibit B
to the Second Lien Credit Agreement

FORM OF ADMINISTRATIVE QUESTIONNAIRE

I. Borrower Name:

II. Legal Name of Lender for Signature Page:

III. Name of Lender for any eventual tombstone:

IV. Legal Address:

V. Contact Information:

	Credit Contact	Operations Contact	Legal Counsel
Name:			
Title:			
Address:			
Telephone:			
Facsimile:			
Email:			

VI. Lender's Wire Payment Instructions:

Pay to: _____
(Name of Lender)

_____
(ABA#) (City/State)

_____
(Account #) (Account Name)

Please return this form, by fax, to the attention of [ ], fax [ ], no later than 5:00 p.m. New York City time, on [ ], 2006.

Borrower Name:

VII. Organizational Structure:

Foreign Branch, organized under which laws

Lender's Tax ID:

Tax withholding Form Attached (For Foreign Buyers)

[ ] Form W-9
[ ] Form W-8
[ ] Form 4224 effective:
[ ] Form 1001
[ ] W/Hold % Effective
[ ] Form 4224 on file with Administrative Agent from previous current year's transaction

VIII. Payment Instructions:

Servicing Site:

Pay To:

IX. Name of Authorized Officer:

Name: _____
Signature: _____
Date: _____

X. Institutional Investor Sub-Allocations

Institution Legal
Fund Manager: _____

Sub-Allocations:

Exact Legal Name (for documentation purposes)	Sub-Allocation (Indicate US$)	Direct Signer to Credit Agreement (Yes / No)	Purchase by Assignment (Yes / No)	Date of Post Closing Assignment
1.				
2.				
3.				
4.				
5.				
6.				
7.				
Total				

Special Instructions

Exhibit C
to the Second Lien Credit Agreement

GPS CCMP MERGER CORP.

FORM OF BORROWING REQUEST

JPMorgan Chase Bank, N.A.,
as Administrative Agent for the Lenders referred to below,
1111 Fannin 10th Floor,
Houston, TX 77002
Attention: Katie Rose

November 10, 2006

Ladies and Gentlemen:

The undersigned, GPS CCMP MERGER CORP., a Wisconsin Corporation (the "Borrower"), refers to the Credit Agreement dated as of November 10, 2006 (as the same may be amended, restated, amended and restated, supplemented or otherwise modified from time to time, the "Credit Agreement"), among the Borrower, GENERAC ACQUISITION CORP., a Delaware corporation ("Holdings"), the LENDERS party thereto from time to time, JPMORGAN CHASE BANK, N.A., as administrative agent (in such capacity, together with its successors and assigns, the "Administrative Agent"), the other agents named therein and GOLDMAN SACHS CREDIT PARTNERS L.P. and J.P. MORGAN SECURITIES 1NC., as joint lead arrangers and joint bookrunners. Terms used herein and not otherwise defined herein shall have the meanings assigned to such terms in the Credit Agreement. The Borrower hereby gives you notice pursuant to Section 2.03 of the Credit Agreement that it requests a Borrowing under the Credit Agreement, and in that connection sets forth below the terms on which such Borrowing is requested to be made:

(A) Date of Borrowing
(which is a Business Day) November[ ], 2006

(B) Aggregate Amount of Borrowing

(C) Type of Borrowing(1)

(1) Specify Eurocurrency Borrowing or ABR Borrowing.

Exhibit B
to the Second Lien Credit Agreement

(D) Interest Period and the last day thereof(2)

(E) Funds are requested to be disbursed to the Borrower's account with (Account No.).

[Remainder of page intentionally left blank]

(2) To be an Interest Period contemplated by definition of "Interest Period" in the Credit Agreement (with respect to Eurocurrency Borrowings only).

The Borrower hereby represents and warrants to the Administrative Agent and the Lenders that, on the date of this Borrowing Request and on the date of the related Borrowing, the conditions to lending specified in Section[s] 4.01 and [4.02(3)] of the Credit Agreement have been satisfied.

GPS CCMP MERGER CORP.

By: _____

Name:
Title:

(3) [Insert for Borrowing on the Closing Date.]

Exhibit D
to the Second Lien Credit Agreement

FORM OF INTEREST ELECTION REQUEST

Reference is made to the Credit Agreement dated as of November 10, 2006 (as amended, restated, amended and restated, supplemented or otherwise modified from time to time, the "Credit Agreement"), among GPS CCMP MERGER CORP., a Wisconsin corporation (the "Borrower"), GENERAC ACQUISITION CORP., a Delaware corporation ("Holdings"), the LENDERS party thereto from time to time, JPMORGAN CHASE BANK, N.A., as administrative agent (in such capacity, together with its successors and assigns, the "Administrative Agent"), the other agents named therein and GOLDMAN SACHS CREDIT PARTNERS L.P. and J.P. MORGAN SECURITIES INC., as joint lead arrangers and joint bookrunners.

Pursuant to Section 2.07 of the Credit Agreement, the Borrower desires to convert or to continue the following Loans, each such conversion and/or continuation to be effective as of / /20 :

Term Borrowings:

$[, ,] Eurocurrency Borrowing to be continued with Interest Period of month(s).

$[, ,] ABR Borrowing to be converted to a Eurocurrency Borrowing with Interest Period of month(s).

$[, ,] Eurocurrency Borrowing to be converted to ABR Loans.

Borrower hereby certifies that as of the date hereof, no event has occurred and is continuing or would result from the consummation of the conversion and/or continuation contemplated hereby that would constitute an Event of Default.

Date: / /20

GPS CCMP MERGER CORP.

By: _____

Name:
Title:

Exhibit E
to the Second Lien Credit Agreement

FORM OF COLLATERAL AGREEMENT

Exhibit F
to the Second Lien Credit Agreement

FORM OF SOLVENCY CERTIFICATE
November 10, 2006

THE UNDERSIGNED HEREBY CERTIFIES ON BEHALF OF GPS CCMP MERGER CORP., IN MY CAPACITY AS AN OFFICER AND NOT INDIVIDUALLY, AS FOLLOWS AS OF THE DATE HEREOF:

1. I am the chief financial officer of GENERAC ACQUISITION CORP., a Delaware corporation ("Holdings") and GPS CCMP MERGER CORP., a Wisconsin corporation (the "Borrower").

2. Reference is made to the Credit Agreement dated as of November 10, 2006 (the "Credit Agreement"), among the Borrower, GENERAC ACQUISITION CORP., a Delaware corporation ("Holdings"), the LENDERS party thereto from time to time, JPMORGAN CHASE BANK, N.A., as administrative agent (in such capacity, together with its successors and assigns, the "Administrative Agent"), the other agents named therein and GOLDMAN SACHS CREDIT PARTNERS L.P. and J.P. MORGAN SECURITIES INC., as joint lead arrangers and joint bookrunners.

3. I have reviewed, or caused to be reviewed under my supervision, the terms of Article III and Article IV of the Credit Agreement and the definitions and provisions contained in the Credit Agreement relating thereto.

4. Based upon my review and examination described in paragraph 3 above, 1 certify that as of the date hereof, after giving effect to the consummation of the transactions contemplated by the Merger Agreement, the related financings and the other transactions contemplated by the other Transaction Documents (i) the fair value of the assets of Holdings, the Borrower and its Subsidiaries on a consolidated basis, at a fair valuation, will exceed the debts and liabilities, direct, subordinated, contingent or otherwise, of Holdings, the Borrower and its Subsidiaries on a consolidated basis, respectively; (ii) the present fair saleable value of the property of Holdings, the Borrower and its Subsidiaries on a consolidated basis will be greater than the amount that will be required to pay the probable liability of Holdings, the Borrower and its Subsidiaries on a consolidated basis, respectively, on their debts and other liabilities, direct, subordinated, contingent or otherwise, as such debts and other liabilities become absolute and matured; (iii) Holdings, the Borrower and its Subsidiaries on a consolidated basis will be able to pay their debts and liabilities, direct, subordinated, contingent or otherwise, as such debts and liabilities become absolute and matured; and (iv) Holdings, the Borrower and its Subsidiaries on a consolidated basis will not have unreasonably small capital with which to conduct the businesses in which they are engaged as such businesses are now conducted and are proposed to be conducted following the Closing Date.

[THE REMAINDER OF THIS PAGE IS INTENTIONALLY LEFT BLANK]

The foregoing certifications are made and delivered as of the date first written above.

GPS CCMP MERGER CORP.

By: _____

Name: Aaron P. Jagdfeld
Title: Chief Financial Officer

Exhibit G
to the Second Lien Credit Agreement

FORM OF SUBORDINATION PROVISIONS

Reference is made to the Credit Agreement dated as of November 10, 2006 (as amended, restated, amended and restated, supplemented or otherwise modified from time to time, the "Credit Agreement"), among GPS CCMP MERGER CORP., a Wisconsin corporation (the "Borrower"), GENERAC ACQUISITION CORP., a Delaware corporation ("Holdings"), the LENDERS party thereto from time to time, JPMORGAN CHASE BANK, N.A., as administrative agent (in such capacity, together with its successors and assigns, the "Administrative Agent"), the other agents named therein and GOLDMAN SACHS CREDIT PARTNERS L.P. and J.P. MORGAN SECURITIES INC., as joint lead arrangers and joint bookrunners. Terms used herein and not otherwise defined herein shall have the meanings assigned to such terms in the Credit Agreement.

A. [Defined terms to be included]:

"Cash Management Agreement" shall mean any agreement evidencing Cash Management Obligations entered into by (i) [Holdings], the Borrower or any of its Subsidiaries and (ii) a Lender Counterparty.

"Designated Senior Debt" means:

(1) any Indebtedness outstanding under the Loan Documents, Second Lien Loan Documents, Specified Hedge Agreements or Cash Management Agreements and any permitted Refinancing Indebtedness in request thereof; and

(2) any other Senior Debt permitted under the [applicable debt instrument], and that has been designated by the Borrower as "Designated Senior Debt."

"Obligations" means: any principal, premium, if any, interest, including interest accruing on or after the filing of any petition in bankruptcy or for reorganization relating to the Borrower or its Subsidiaries whether or not a claim for post-filing interest is allowed in such proceedings, penalties, fees, charges, expenses, indemnifications, reimbursement obligations, damages, including liquidated damages, guarantees and other liabilities or amounts payable under the documentation governing any Indebtedness or in respect thereof; but excluding contingent indemnification and reimbursement obligations which are not due and payable.

"Permitted Junior Securities" means:

(1) Equity Interests in Borrower, Holdings, any Subsidiary Loan Party, or any other business entity provided for by a plan of reorganization with respect to such person which has been confirmed by a bankruptcy court of competent jurisdiction; or

(2) debt securities of the Borrower, Holdings, any Subsidiary Loan Party, or any other business entity provided for by a plan of reorganization with respect to such person which has been confirmed by a bankruptcy court of competent jurisdiction that (i) has a maturity date at least 180 days later than the maturity date of the [term facility maturity date] and (ii) are

subordinated, to substantially the same extent as, or to a greater extent than, the Subordinated Debt is subordinated to Senior Debt under the these subordination provisions, to all Senior Debt and any debt securities issued in exchange for Senior Debt.

"Senior Debt" means:

(1) all Indebtedness of Borrower, Holdings or any Subsidiary Loan Party outstanding under any of the Loan Documents, the Specified Hedge Agreements, the Cash Management Agreements, and the First Lien Loan Documents;

(2) any other Indebtedness of Borrower, Holdings or any Subsidiary Loan Party permitted to be incurred under the terms of the [applicable debt instrument], unless the instrument under which such Indebtedness is incurred expressly provides that it is on a parity with or subordinated in right of payment to the Subordinated Debt; and

(3) all Obligations with respect to the items listed in the preceding clauses (1) and (2) (including interest accruing on or after the filing of any petition in bankruptcy or for reorganization relating to the Borrower or its Subsidiaries whether or not a claim for post-filing interest is allowed in such proceedings).

Notwithstanding anything to the contrary in the preceding, Senior Debt will not include:

(1) any liability for federal, state, local or other taxes owed or owing by Borrower, Holdings or any Subsidiary or Affiliate thereof;

(2) any trade payables;

(3) the portion of any Indebtedness that is incurred in violation of the [applicable debt instrument]; or

(4) Indebtedness which is classified as non-recourse in accordance with GAAP or any unsecured claim arising in respect thereof by reason of the application of section 1111 (b)(1) of the Bankruptcy Code.

"Subordinated Debt" means: indebtedness incurred under the [applicable debt instrument].

B. Subordination

The payment of principal, interest and premium and liquidated damages, if any, on the Subordinated Debt will be subordinated in right of payment to the indefeasible prior payment in full of all Senior Debt of the Borrower, including Senior Debt incurred after the date of the [applicable debt instrument].

The holders of Senior Debt will be entitled to receive payment in full of all Obligations due in respect of Senior Debt (including interest after the commencement of any bankruptcy proceeding at the rate specified in the applicable Senior Debt whether or not a claim for post petition interest is allowed in any such proceeding, and any make whole or prepayment premium

regardless whether or not claims for such amounts are allowed in such proceedings) before the holders of Subordinated Debt will be entitled to receive any payment with respect to the Subordinated Debt (except that holders of Subordinated Debt may receive and retain Permitted Junior Securities or payments received from any trust established pursuant to [insert defeasance and/or discharge provisions under applicable debt instrument] if the subordination provisions described in this section and the terms of the Designated Senior Debt related thereto were not violated at the time the applicable amounts were deposited in trust or with the [Trustee][Agent]), in the event of any distribution to creditors of the Borrower:

(1) in a liquidation or dissolution of the Borrower or any other Loan Party;

(2) in a bankruptcy, reorganization, insolvency, receivership or similar proceeding relating to the Borrower [or any other Loan Party] and [their] respective properties;

(3) in an assignment for the benefit of creditors; or

(4) in any marshaling of the assets and liabilities of the Borrower [or any other Loan Party].

The Borrower also may not make any payment or distribution in respect of the Subordinated Debt (except in the form of Permitted Junior Securities or payments, on behalf of the Borrower, from any trust established pursuant to [insert defeasance and/or discharge provisions under applicable debt instrument] if the subordination provisions described in this section and the terms of the Designated Senior Debt related thereto were not violated at the time the applicable amounts were deposited in trust or with the [Trustee][Agent]) if:

(1) a default in the payment of any principal, premium, interest or any other amount payable in respect of Designated Senior Debt occurs and is continuing beyond any applicable grace period (including at maturity); or

(2) any other default occurs and is continuing on any series of Designated Senior Debt that permits holders of that series of Designated Senior Debt to accelerate its maturity and the trustee/agent receives a notice of such default (a "Payment Blockage Notice") from the Borrower or the holders of any Designated Senior Debt; provided, however, that the Borrower may make such payments or distributions in respect of the Subordinated Debt without regard to the foregoing if the Borrower and the [Trustee][Agent] receive written notice approving such payment from the representative of such issue of Designated Senior Debt.

Payments on the Subordinated Debt may and will be resumed:

(1) in the case of a payment default, upon the date on which such default is cured or waived; and

(2) in the case of a nonpayment default, upon the earlier of (x) the date on which such nonpayment default is cured or waived, (y) 179 days after the date on which the applicable Payment Blockage Notice is received and (z) the date the [trustee]/[agent] receives notice, from

the Borrower or the holders of such Designated Senior Debt rescinding the Payment Blockage Notice, unless, in each case, the maturity of such Designated Senior Debt has been accelerated.

No new Payment Blockage Notice may be delivered unless and until:

(1) 360 days have elapsed since the delivery of the immediately prior Payment Blockage Notice; and

(2) all scheduled payments of principal, interest and premium and liquidated damages, if any, on the Subordinated Debt that have come due have been paid in full in cash.

No nonpayment default that existed or was continuing on the date of delivery of any Payment Blockage Notice to the holders of Subordinated Debt (or any [trustee]/[agent] acting therefor) will be, or be made, the basis for a subsequent Payment Blockage Notice.

If any holder of Subordinated Debt (or any [trustee]/[agent] acting therefor) receives a payment or distribution in respect of the Subordinated Debt (except in Permitted Junior Securities or payments received from any trust established pursuant to [insert defeasance and/or discharge provisions under applicable debt instrument] if the subordination provisions described in this section and the terms of the Designated Senior Debt related thereto were not violated at the time the applicable amounts were deposited in trust or with the [Trustee][Agent]) when the payment is prohibited by these subordination provisions, then any such holder of Subordinated Debt (or any [trustee]/[agent] acting therefor), as the case may be, will hold the payment or distribution in trust for the benefit of the holders of Senior Debt. Upon the proper written request of the holders of Senior Debt, any such holder of Subordinated Debt (or [trustee]/[agent] acting therefor), as the case may be, will deliver such payment or distribution in trust to the holders of Senior Debt or their proper representative.

The Borrower must promptly notify holders of Senior Debt if payment on the Subordinated Debt is accelerated because of an Event of Default.

FORM OF GLOBAL INTERCOMPANY NOTE

Note Number: 1 Dated: [ ], 2006

FOR VALUE RECEIVED, GPS CCMP MERGER CORP. and each of its Subsidiaries (collectively, the "Group Members" and each, a "Group Member") which is a party to this global intercompany note (this "Promissory Note") promises to pay to the order of such other Group Member as makes loans to such Group Member (each Group Member which borrows money pursuant to this Promissory Note is referred to herein as a "Payor" and each Group Member which makes loans and advances pursuant to this Promissory Note is referred to herein as a "Payee"), on demand, in lawful money of the United States of America, in immediately available funds and at the appropriate office of the Payee, the aggregate unpaid principal amount of all loans and advances heretofore and hereafter made by such Payee to such Payor and any other indebtedness now or hereafter owing by such Payor to such Payee as shown either on Schedule A attached hereto (and any continuation thereof) or in the books and records of such Payee. The failure to show any such Indebtedness or any error in showing such Indebtedness shall not affect the obligations of any Payor hereunder. Capitalized terms used herein but not otherwise defined herein shall have the meanings given such terms in the Credit Agreement dated as of November 10, 2006 (as amended, restated, amended and restated, supplemented or otherwise modified from time to time, the "Credit Agreement"), among GPS CCMP MERGER CORP., a Wisconsin corporation (the "Borrower"), GENERAC ACQUISITION CORP., a Delaware corporation ("Holdings"), the LENDERS party thereto from time to time, JPMORGAN CHASE BANK, N.A., as administrative agent (in such capacity, together with its successors and assigns, the "Administrative Agent"), the other agents named therein and GOLDMAN SACHS CREDIT PARTNERS L.P. and J.P. MORGAN SECURITIES INC., as joint lead arrangers and joint bookrunners.

The unpaid principal amount hereof from time to time outstanding shall bear interest at a rate equal to the rate as may be agreed upon in writing from time to time by the relevant Payor and Payee. Upon demand for payment of any principal amount hereof, accrued but unpaid interest on such principal amount shall also be due and payable. Interest shall be paid in lawful money of the United States of America and in immediately available funds. Interest shall be computed for the actual number of days elapsed on the basis of a year consisting of 365 days.

Each Payor and any endorser of this Promissory Note hereby waives presentment, demand, protest and notice of any kind. No failure to exercise, and no delay in exercising, any rights hereunder on the part of the holder hereof shall operate as a waiver of such rights.

This Promissory Note has been pledged by each Payee who is a grantor under the Security Documents to the Administrative Agent, for the benefit of the Secured Parties, as security for such Payee's Secured Obligations, if any, under the Credit Agreement, the Collateral Agreement and the other Loan Documents to which such Payee is a party. Each Payor acknowledges and agrees that the Administrative Agent and the other Secured Parties may exercise all the rights of such Payees under this Promissory Note and will not be subject to any abatement, reduction, recoupment, defense, setoff or counterclaim available to such Payor.

Each Payee which is not a grantor under the Security Documents (a "Subordinated Payee") agrees that any and all claims of such Subordinated Payee against any Payor or any endorser of this Promissory Note, or against any of their respective properties, shall be subordinate and subject in right of payment to the Obligations until all of the Obligations have been performed and paid in full in immediately available funds, no Letters of Credit are outstanding and the Commitments have been terminated; provided, that each Payor may make payments to the applicable Subordinated Payee so long as no Event of Default shall have occurred and be continuing. Notwithstanding any right of any Subordinated Payee to ask, demand, sue for, take or receive any payment from any Payor, all rights, Liens and security interests of such Subordinated Payee, whether now or hereafter arising and howsoever existing, in any assets of any Payor (whether constituting part of the security or collateral given to the Administrative Agent or any Secured Party to secure payment of all or any part of the Obligations or otherwise) shall be and hereby are subordinated to the rights of the Administrative Agent or any Secured Party in such assets until the payment in full of the Obligations (other than obligations for taxes, costs, indemnifications, reimbursement, damages and other contingent liabilities in respect of which no claim or demand for payment has been made or, in the case of indemnifications, no notice has been given (or reasonably satisfactory arrangements have otherwise been made)). Except as permitted by the Credit Agreement, if an Event of Default has occurred and is continuing, the Subordinated Payees shall have no right to possession of any such asset or to foreclose upon, or exercise any other remedy in respect of, any such asset, whether by judicial action or otherwise, unless and until all of the Obligations shall have been performed and paid in full in immediately available funds (other than obligations for taxes, costs, indemnifications, reimbursement, damages and other contingent liabilities in respect of which no claim or demand for payment has been made or, in the case of indemnifications, no notice has been given (or reasonably satisfactory arrangements have otherwise been made)), no Letters of Credit are outstanding and the Commitments under the Credit Agreement have been terminated.

If an Event of Default shall have occurred and be continuing, except as otherwise permitted under the Credit Agreement, should any payment, distribution, security or other investment property or instrument or any proceeds thereof be received by any Subordinated Payee upon or with respect to Payor Indebtedness owing to such Subordinated Payee prior to such time as the Obligations have been performed and paid in full in immediately available funds (other than obligations for taxes, costs, indemnifications, reimbursement, damages and other contingent liabilities in respect of which no claim or demand for payment has been made or, in the case of indemnifications, no notice has been given (or reasonably satisfactory arrangements have otherwise been made)), no Letters of Credit are outstanding and the Commitments have been terminated, such Subordinated Payee shall receive and hold the same in trust, as trustee, for the benefit of the Administrative Agent and the Secured Parties, and shall forthwith deliver the same to the Administrative Agent, for the benefit of the Secured Parties, in precisely the form received (except for the endorsement or assignment of such Subordinated Payee where necessary or advisable in the Administrative Agent's judgment), for application to any of the Obligations, due or not due, and, until so delivered, the same shall be segregated from the other assets of such Subordinated Payee and held in trust by such Subordinated Payee as the property of the Administrative Agent, for the benefit of the Secured Parties. If such Subordinated Payee fails to make any such endorsement or assignment to the Administrative Agent, the Administrative

Agent or any of its officers, employees or representatives are hereby irrevocably authorized to make the same.

Each Payee agrees that until the Obligations have been performed and paid in full in immediately available funds, no Letters of Credit are outstanding and the Commitments have been terminated, such. Subordinated Payee will not otherwise amend, modify, supplement, waive or fail to enforce any provision of this Promissory Note.

Notwithstanding anything to the contrary contained herein, in any other Loan Document or in any such promissory note or other instrument, this Promissory Note (i) replaces and supersedes any and all promissory notes or other instruments which create or evidence any loans or advances made on or before the date hereof by any Group Member to any other Group Member, and (ii) shall not be deemed replaced, superseded or in any way modified by any promissory note or other instrument entered into on or after the date hereof which purports to create or evidence any loan or advance by any Group Member to any other Group Member.

THIS PROMISSORY NOTE AND THE RIGHTS AND OBLIGATIONS OF THE PARTIES UNDER THIS PROMISSORY NOTE SHALL BE GOVERNED BY, AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH, THE LAW OF THE STATE OF NEW YORK.

From time to time after the date hereof, additional Subsidiaries of the Group Members may become parties hereto by executing a counterpart signature page to this Promissory Note (each additional Subsidiary, an "Additional Payor"). Upon delivery of such counterpart signature page to the Payees, notice of which is hereby waived by the other Payors, each Additional Payor shall be a Payor and shall be as fully a party hereto as if such Additional Payor were an original signatory hereof. Each Payor expressly agrees that its obligations arising hereunder shall not be affected or diminished by the addition or release of any other Payor hereunder. This Promissory Note shall be fully effective as to any Payor that is or becomes a party hereto regardless of whether any other Person becomes or fails to become or ceases to be a Payor hereunder.

This Promissory Note may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute one and the same agreement.

(signature page follows)

IN WITNESS WHEREOF, each Payor has caused this Note to be duly executed and delivered by its officer thereunto duly authorized as of the date first above written.

GPS CCMP MERGER CORP.

By: _____
Name:
Title:

GENERAC ACQUISITION CORP.

By: _____
Name:
Title:

[SUBSIDIARIES]

By: _____
Name:
Title:

SCHEDULE A

TRANSACTIONS
ON
GLOBAL INTERCOMPANY NOTE

Date	Name of Payor	Name of Payee	Amount of Advance This Date	Amount of Principal Paid This Date	Outstanding Principal Balance from Payor to Payee This Date	Notation Made By

ENDORSEMENT

FOR VALUE RECEIVED, each of the undersigned does hereby sell, assign and transfer to all of its right, title and interest in and to the Global Intercompany Note, dated [ ], [ ], 20 (as amended, supplemented, replaced or otherwise modified from time to time, the "Promissory Note"), made by GENERAC ACQUISITION CORP. ("Holdings"), GPS CCMP MERGER CORP. (the "Borrower"), and each other Subsidiary of Holdings or any other Person that becomes a party thereto, and payable to the undersigned. This endorsement is intended to be attached to the Promissory Note and, when so attached, shall constitute an endorsement thereof.

The initial undersigned shall be the Loan Parties. From time to time after the date thereof, additional Subsidiaries of the Loan Parties shall become parties to the Promissory Note (each, an "Additional Payee") and, if such Subsidiary is or becomes a Loan Party, a signatory to this endorsement by executing a counterpart signature page to the Promissory Note and to this endorsement. Upon delivery of such counterpart signature page to the Payors, notice of which is hereby waived by the other Payees, each Additional Payee shall be a Payee and shall be as fully a Payee under the Promissory Note and, if applicable, a signatory to this endorsement as if such Additional Payee were an original Payee under the Promissory Note and, if applicable, an original signatory hereof. Each Payee expressly agrees that its obligations arising under the Promissory Note and hereunder shall not be affected or diminished by the addition or release of any other Payee under the Promissory Note or hereunder. This endorsement shall be fully effective as to any Payee that is or becomes a signatory hereto regardless of whether any other Person becomes or fails to become or ceases to be a Payee to the Promissory Note or hereunder.

Dated: _____

(signature page follows)

GPS CCMP MERGER CORP.

By: _____
Name:
Title:

GENERAC ACQUISITION CORP.

By: _____
Name:
Title:

[SUBSIDIARY LOAN PARTIES]

By: _____
Name:
Title:

Exhibit I
to the Second Lien Credit Agreement

The foregoing certifications, together with the computations set forth in the Annex A hereto and the financial statements delivered with this Certificate in support hereof, are made and delivered as of the date first written above pursuant to Section 5.04 (c) of the Credit Agreement.

GPS CCMP MERGER CORP.

By: _____
Name:
Title: [ ]

ANNEX A TO
COMPLIANCE CERTIFICATE

SCHEDULE 2.01

COMMITMENTS

TERM LOAN

LENDER	COMMITMENT
GOLDMAN SACHS CREDIT PARTNERS L.P.	$ 430,000,000
TOTAL	**$ 430,000,000.00**

SCHEDULE 2.01 – GENERAC SECOND LIEN CREDIT AGREEMENT

Schedule 3.04
Governmental Approvals

Registration of Goldman Sachs Credit Partners L.P. as a mortgage banker in Wisconsin.

Schedule 3.08(a)
Subsidiaries

Name	Jurisdiction	Percentage of each class of outstanding Equity Interests owned	Ownership
Generac Acquisition Corp.	Delaware	—	—
GPS CCMP Merger Corp.	Wisconsin	100%	Generac Acquisition Corp.

Schedule 3.17
Financing Statements and Other Filings

Type of Filing	Office to File
UCC-1 Financing Statement	Wisconsin Department of Financial Institutions
UCC-1 Financing Statement	Delaware Secretary of State

Schedule 3.20
Insurance

Property Casualty Insurance Policy Summary
Policy Year: 08/01/2006 – 08/01/2007 (unless noted)

Automobile
Policy Carrier: Wausau Business Insurance Company
Policy Coverage: Auto & truck accidents
Coverage Limits: $1,000,000 per accident
Deductible: $1,000 private passenger/$1,000 tractor trailer/$5,000 medical

Crime
Policy Carrier: Chubb Forefront (Federal Insurance Company)
(8/1/2006 – 11/10/2006 Existing)
Policy Coverage: Employee dishonesty, depositor's forgery, money & securities, etc.
Coverage Limits: $3,000,000, $1,000,000 for counterfeit and credit card forgery
Deductible: $25,000 per occurrence

Crime
Policy Carrier: Chubb Forefront (Federal Insurance Company)
(11/10/2006 – 8/1/2007 Go-Forward Coverage)
Policy Coverage: Employee dishonesty, depositor's forgery, money & securities, etc.
Coverage Limits: $3,000,000, $1,000,000 for counterfeit and credit card forgery
Deductible: $25,000 per occurrence

Directors & Officers:
Policy Carrier: Chubb Forefront (Federal Insurance Company)
(8/1/2006 – 11/10/2006 Existing)
Policy Coverage: Covers directors & officers defense costs, settlements & judgments
Coverage Limits: $10,000,000 each loss each policy period
Deductible: $0 insuring Clause A / $50,000 insuring Clause B & C

Directors & Officers:
Policy Carrier: Chubb Forefront (Federal Insurance Company)
(11/10/2006 – 8/1/2007 Go-Forward)
Policy Coverage: Covers directors & officers defense costs, settlements & judgments
Coverage Limits: $10,000,000 each loss each policy period
Deductible: $0 insuring Clause A / $50,000 insuring Clause B & C

Directors & Officers:
Policy Carrier: Chubb Forefront (Federal Insurance Company)
(11/10/2006 – 11/10/2012 Tail Policy)
Policy Coverage: Covers directors & officers defense costs, settlements & judgments
Coverage Limits: $10,000,000 each loss each policy period
Deductible: $0 insuring Clause A / $50,000 insuring Clause B & C

Fiduciary:
Policy Carrier: Chubb Forefront (Federal Insurance Company)
(8/1/2006 – 11/10/2006 Existing)
Policy Coverage: Benefit programs
Coverage Limits: $4,000,000 each loss each policy period
Deductible: $1,000 insuring Clause A / $0 voluntary settlement

Fiduciary:
Policy Carrier: Chubb Forefront (Federal Insurance Company)
(11/10/2006 – 8/1/2007 Go-Forward)
Policy Coverage: Benefit programs
Coverage Limits: $4,000,000 each loss each policy period
Deductible: $1,000 insuring Clause A / $0 voluntary settlement

Fiduciary:
Policy Carrier: Chubb Forefront (Federal Insurance Company)
(11/10/2006 – 11/10/2012 Tail Policy)
Policy Coverage: Benefit programs
Coverage Limits: $4,000,000 each loss each policy period
Deductible: $1,000 insuring Clause A / $0 voluntary settlement

Special Crime:
Policy Carrier: Chubb Forefront (Federal Insurance Company)
(8/1/2006 – 11/10/2006 Existing)
Policy Coverage: Kidnap, Ransom & Extortion
Coverage Limits: $1,000,000 each loss each policy period
Deductible: $0

Special Crime:
Policy Carrier: Chubb Forefront (Federal Insurance Company)
(11/10/2006 – 8/1/2007 Go-Forward)
Policy Coverage: Kidnap, Ransom & Extortion
Coverage Limits: $1,000,000 each loss each policy period
Deductible: $0

Worker's Compensation:
Policy Carrier: Wausau Business Insurance Company
Policy Coverage: Statutory benefits
Coverage Limits: $500,000 each accident each employee
Deductible: $0

General Liability:
Policy Carrier: Wausau Underwriters Insurance Co.
Policy Coverage: Products liability, premises, personal injury, employee benefits liability
Coverage Limits: $1,000,000 each occurrence / $2,000,000 aggregate
Deductible: $25,000 per occurrence / $100,000 aggregate

Umbrella:
Policy Carrier: Athena Assurance (St. Paul Fire & Marine)
Policy Coverage: Umbrella over auto, G/L, employer's liability, foreign, and employee benefits liability
Coverage Limits: $10,000,000 each occurrence / $10,000,000 aggregate
Deductible: $0 / $10,000 insured's retention

Excess Umbrella:
Policy Carrier: Firemans Fund Insurance Co.
Policy Coverage: Excess over umbrella on auto, G/L, employer's liability, foreign, and employee benefits liability
Coverage Limits: $40,000,000 each occurrence / $40,000,000 aggregate
Deductible: $0

International Package:
Policy Carrier: St. Paul Fire and Marine
Policy Coverage: International general liability, auto, voluntary work comp, and MEDEX
Coverage Limits: $1,000,000 each
Deductible: $0

Property/BI/Equipment Breakdown:
Policy Carrier: Liberty Mutual Property
Policy Coverage: Blanket buildings & personal property / blanket business income & extra expense / equipment breakdown (boiler & machinery) / foreign tool & die
Coverage Limits: $191,034,979 building & personal property / $217,812,870 business interruption / $100,000,000 equipment breakdown
Deductible: $25,000 combined / 24hr

Ocean Cargo:
Policy Carrier: Hartford
Policy Coverage: To/from all ports/places in the world, excludes countries on the "U.S. Enemies" list
Coverage Limits: $1,000,000 per vessel / $1,000,000 per aircraft / $25,000 per parcel post package / other
Deductible: $5,000 per occurrence

Employed Lawyers:
Policy Carrier: American International Specialty Lines Ins. Co. (term 5/4/06-07)
Policy Coverage: Covers employed attorney of GPS or other employee assisting attorney for "wrongful acts" – negligent, error, omission, misstatement, breach of duty
Coverage Limits: $1,000,000 per claim / $1,000,000 aggregate
Deductible: $0

Lawyer's Professional Liability:
Policy Carrier: Colony Insurance Company (term 5/4/06-07)
Policy Coverage: Covers law firm or other employee assisting attorney of law firm for negligent acts or omissions regarding usual and customary services
Coverage Limits: $500,000 per claim / $1,000,000 aggregate
Deductible: $5,000

Schedule 5.09
Mortgaged Properties

1. 305,000 square foot facility on 60 acres located at the following street address: State Highway 59 & Hillside Road, Genesee, Wisconsin.

2. 295,000 square foot facility on 34 acres located at the following street address: 757 Necomb Road, Whitewater, Wisconsin.

3. 249,000 square foot facility on 19 acres located at the following street address: 211 Murphy Drive, Eagle, Wisconsin.

4. 6,000 square foot training facility on two acres located at the following street address: 214 Murphy Drive, Eagle, Wisconsin.

5. 145,000 square foot facility on 22 acres located at the following street address: 104 Generac Drive, Maquoketa, Iowa.

6. Vacant parcel constituting 18.6586 acres located in Whitewater, Wisconsin and adjacent to Generac's Whitewater, Wisconsin facility described above.

Schedule 6.01
Indebtedness

None.

Schedule 6.02(a)
Liens

Jurisdiction	Debtor	Secured Party	Filing Info
Wisconsin SOS	Generac Power Systems Inc Hilside Rd & Hwy 59 W Waukesha, WI 53187	NMHG Financial Services, Inc. 42 Old Ridgebury Road Danbury, CT 06810	030018068124 10/31/03
Wisconsin SOS	Generac Power Systems, Inc. Hillside Rd & Hwy 59 W Waukesha, WI 53187	IBM Credit LLC 1 North Castle Drive Armonk, NY 10504-2575	040001844219 2/3/04
Wisconsin SOS	Generac Power Systems, Inc. Hwy 59 & Hillside Drive Waukesha, WI 53186	Southgate Capital, LLC 4440 S 108th Street Milwaukee, WI 53188 and US Bank National Association 777 E Wisconsin Ave Milwaukee, WI 53202	050015145319 10/19/05

Schedule 6.04
Investments

None.

Schedule 6.07
Transactions with Affiliates

None.

SECOND LIEN GUARANTEE AND COLLATERAL AGREEMENT

made by

GENERAC ACQUISITION CORP.

GPS CCMP MERGER CORP.

and certain Subsidiaries of GPS CCMP MERGER CORP.

in favor of

WILMINGTON TRUST COMPANY, as Collateral Agent

and

JPMORGAN CHASE BANK, N.A., as Administrative Agent

Dated as of November 10, 2006

TABLE OF CONTENTS

SECOND LIEN GUARANTEE AND COLLATERAL AGREEMENT, dated as of November 10, 2006, made by each of the signatories hereto (other than GSCP, but together with any other entity that may become a party hereto as provided herein, the "Grantors"), in favor of WILMINGTON TRUST COMPANY, as collateral agent (in such capacity and together with its successors, the "Collateral Agent") for (i) itself, the Second Lien Administrative Agent and the banks and other financial institutions or entities (the "Lenders") from time to time parties to the Credit Agreement, dated as of November 10, 2006 (as amended, restated, amended and restated, supplemented or otherwise modified from time to time, the "Second Lien Credit Agreement"), among Generac Acquisition Corp., a Delaware corporation ("Holdings"), GPS CCMP Merger Corp., a Wisconsin corporation (the "Borrower"), the Lenders party thereto, JPMorgan Chase Bank, N.A. ("JPMorgan"), as Administrative Agent (in such capacity, the "Second Lien Administrative Agent"), J.P. Morgan Securities Inc. and Goldman Sachs Credit Partners L.P. ("GSCP"), as joint bookrunners and joint lead arrangers (in each such capacity, the "Joint Lead Arrangers"), GSCP as syndication agent (in such capacity, the "Syndication Agent"), and Barclays Bank, PLC ("Barclays"), as Documentation Agent (in such capacity and together with its successors, the "Documentation Agent"), and (ii) the other Secured Parties (as hereinafter defined).

W I T N E S S E T H:

WHEREAS, pursuant to the Second Lien Credit Agreement, the Lenders have severally agreed to make extensions of credit to the Borrower upon the terms and subject to the conditions set forth therein;

WHEREAS, the Borrower is a member of an affiliated group of companies that includes each other Grantor;

WHEREAS, the proceeds of the extensions of credit under the Second Lien Credit Agreement will be used in part to enable the Borrower to make valuable transfers to one or more of the other Grantors in connection with the operation of their respective businesses;

WHEREAS, the Borrower and the other Grantors are engaged in related businesses, and each Grantor will derive substantial direct and indirect benefit from the making of the extensions of credit under the Second Lien Credit Agreement;

WHEREAS, it is a condition precedent to the obligation of the Lenders to make their respective extensions of credit to the Borrower under the Second Lien Credit Agreement that the Grantors shall have executed and delivered this Agreement to the Collateral Agent for its benefit and for the benefit of the other Secured Parties;

WHEREAS, as of the date hereof, Grantors have also entered into (a) that certain Credit Agreement, dated as of the date hereof (as may be amended, supplemented or otherwise modified from time to time, the "First Lien Credit Agreement"), by and among Holdings, Borrower, the lenders party thereto from time to time, GSCP, as joint bookrunner, joint lead arranger and administrative agent (together with its permitted successors and assigns, in such capacity, the "First Lien Administrative Agent"), JPMorgan, as joint bookrunner, joint lead arranger and as syndication agent and Barclays as documentation agent and (b) that certain First

Lien Guarantee and Collateral Agreement, dated as of the date hereof (as may be amended, supplemented or otherwise modified from time to time, the "First Lien Security Agreement"), by and between each of the Grantors and the First Lien Administrative Agent, pursuant to which each Grantor has granted a first priority Lien to the First Lien Administrative Agent for the benefit of the holders of First Lien Obligations (as defined in the Intercreditor Agreement referred to below) on the Collateral to secure such Grantor's obligations under the Loan Documents (as defined in the First Lien Credit Agreement); and

WHEREAS, Holdings, Borrower, the First Lien Administrative Agent and the Collateral Agent have entered into an Intercreditor Agreement, dated as of the date hereof (as may be amended, supplemented or otherwise from time to time, the "Intercreditor Agreement").

NOW, THEREFORE, in consideration of the premises and to induce the Joint Lead Arrangers, the Second Lien Administrative Agent, the Collateral Agent and the Lenders to enter into the Second Lien Credit Agreement and to induce the Lenders to make their respective extensions of credit to the Borrower thereunder, each Grantor hereby agrees with the Collateral Agent, for its benefit and for the benefit of the Secured Parties, as follows:

SECTION 1. DEFINED TERMS

1.1. Definitions. (a) Unless otherwise defined herein, terms defined in the Second Lien Credit Agreement and used herein shall have the meanings given to them in the Second Lien Credit Agreement, and the following terms are used herein as defined in the New York UCC (and if defined in more than one Article of the New York UCC, such terms shall have the meanings given in Article 9 thereof): Accounts, Account Debtor, Certificated Security, Chattel Paper, Commercial Tort Claim, Commodity Account, Commodity Contract, Commodity Intermediary, Documents, Deposit Account, Electronic Chattel Paper, Equipment, Farm Products, Financial Asset, Fixtures, Goods, Instruments, Inventory, Letter of Credit, Letter of Credit Rights, Money, Payment Intangibles, Securities Account, Securities Intermediary, Security, Security Entitlement, Supporting Obligations, Tangible Chattel Paper and Uncertificated Security.

(b) The following terms shall have the following meanings:

"After-Acquired Intellectual Property" shall have the meaning assigned to such term in Section 5.9(k).

"Agreement" shall mean this Second Lien Guarantee and Collateral Agreement, as the same may be amended, amended and restated, restated, supplemented or otherwise modified from time to time.

"Borrower" shall have the meaning assigned to such term in the preamble.

"Borrower Obligations" shall mean the collective reference to the unpaid principal of and interest on (including interest accruing after the maturity of the Loans and interest accruing after the filing of any petition in bankruptcy, or the commencement of any insolvency, reorganization or like proceeding, relating to any Grantor, whether or not a claim for post-filing or post-petition interest is allowed in such proceeding) the Loans and all other

obligations and liabilities of the Borrower to the Joint Lead Arrangers, to any Agent, Lender or other Secured Party, whether direct or indirect, absolute or contingent, due or to become due, or now existing or hereafter incurred, which may arise under, out of, or in connection with the Second Lien Credit Agreement, any other Loan Document or any other document made, delivered or given in connection herewith or therewith, in each case whether on account of principal, interest, reimbursement obligations, fees, indemnities, costs, expenses (including all fees, charges and disbursements of counsel to the Joint Lead Arrangers, to any Agent or to any Lender that are required to be paid by any Grantor pursuant to the Second Lien Credit Agreement or any other Loan Document) or otherwise.

"Co-Documentation Agents" shall have the meaning assigned to such term in the preamble.

"Collateral" shall have the meaning assigned to such term in Section 3.

"Collateral Account" shall mean any collateral account established by the Second Lien Administrative Agent as provided in Section 6.1 or 6.4.

"Collateral Account Funds" shall mean, collectively, the following: all funds (including all trust monies) and investments (including all cash equivalents) credited to, or purchased with funds from, any Collateral Account and all certificates and instruments from time to time representing or evidencing such investments; all Money, notes, certificates of deposit, checks and other instruments from time to time hereafter delivered to or otherwise possessed by the Second Lien Administrative Agent or the Collateral Agent for or on behalf of any Grantor in substitution for, or in addition to, any or all of the Collateral; and all interest, dividends, cash, instruments and other property from time to time received, receivable or otherwise distributed in respect of or in exchange for any or all of the items constituting Collateral.

"Collateral Agent" shall have the meaning assigned to such term in the preamble.

"Contracts" shall mean all contracts and agreements between any Grantor and any other person (in each case, whether written or oral, or third party or intercompany) as the same may be amended, assigned, extended, restated, supplemented, replaced or otherwise modified from time to time including (i) all rights of any Grantor to receive moneys due and to become due to it thereunder or in connection therewith, (ii) all rights of any Grantor to receive proceeds of any insurance, indemnity, warranty or guaranty with respect thereto, (iii) all rights of any Grantor to damages arising thereunder and (iv) all rights of any Grantor to terminate and to perform and compel performance of, such Contracts and to exercise all remedies thereunder.

"Copyright Licenses" shall mean any agreement, whether written or oral, naming any Grantor as licensor or licensee (including those listed in Schedule 4.9(a) (as such schedule may be amended or supplemented from time to time)), granting any right in, to or under any Copyright, including the grant of rights to manufacture, print, publish, copy, import, export, distribute, exploit and sell materials derived from any Copyright.

"Copyrights" shall mean (i) all copyrights arising under the laws of the United States, any other country, or union of countries, or any political subdivision of any of the foregoing, whether registered or unregistered and whether published or unpublished (including

those listed in Schedule 4.9(a) (as such schedule may be amended or supplemented from time to time)), all registrations and recordings thereof, and all applications in connection therewith and rights corresponding thereto throughout the world, including all registrations, recordings and applications in the United States Copyright Office, and all Mask Works (as defined in 17 USC 901), (ii) the right to, and to obtain, all extensions and renewals thereof, and the right to sue for past, present and future infringements of any of the foregoing, (iii) all proceeds of the foregoing, including license, royalties, income, payments, claims, damages, and proceeds of suit and (iv) all other rights of any kind whatsoever accruing thereunder or pertaining thereto.

"dollars" or "$" shall mean lawful money of the United States of America.

"Excluded Assets" shall mean: (i) the Excluded Foreign Subsidiary Equity Interests; (ii) any Equity Interests if, and to the extent that, and for so long as doing so would violate applicable law or, other than in the case of Wholly-Owned Subsidiaries, a contractual obligation binding on such Equity Interests; (iii) any assets acquired after the Closing Date, to the extent that, and for so long as, taking such actions would violate a contractual obligation binding on such assets that existed at the time of the acquisition thereof and was not created or made binding on such assets in contemplation or in connection with the acquisition of such assets (except in the case of assets acquired with Indebtedness permitted pursuant to Section 6.01(h) of the Second Lien Credit Agreement that is secured by a Lien permitted pursuant to Section 6.02(i) of the Second Lien Credit Agreement); (iv) any lease, license, contract, property right or agreement to which any Grantor is a party or any of its rights or interests thereunder if and only for so long as the grant of a security interest hereunder shall constitute or result in a breach, termination or default under any such lease, license, contract, property right or agreement (other than to the extent that any such term would be rendered ineffective pursuant to Sections 9-406, 9-407, 9-408 or 9-409 of the UCC of any relevant jurisdiction or any other applicable law or principles of equity); provided, however, that such security interest shall attach immediately to any portion of such lease, license, contract, property rights or agreement that does not result in any of the consequences specified above, (v) any property subject to a Lien permitted under Section 6.02(i) or 6.02(j) of the Second Lien Credit Agreement, (vi) Deposit Accounts, Securities Accounts and all cash, cash equivalents and assets on deposit therein, (vii) vehicles and (viii) those assets with respect to which the Second Lien Administrative Agent reasonably determines that the costs of obtaining security interests in which are excessive in relation to the value of the security afforded thereby.

"Excluded Foreign Subsidiary Equity Interests" shall mean (A) Equity Interests of any "first tier" Foreign Subsidiary owned by any Grantor in excess of 65% of the issued and outstanding Equity Interests of such Foreign subsidiary and (B) any issued and outstanding Equity Interests of any Foreign Subsidiary that is not a "first tier" Foreign Subsidiary owned by any Grantor.

"Excluded Perfection Assets" shall mean (i) Collateral for which the perfection of Liens thereon requires filings in or other actions under the laws of jurisdictions outside of the United States of America, any State, territory or dependency thereof or the District of Columbia, (ii) goods included in Collateral received by any Person from any Grantor for "sale or return" within the meaning of Section 2-326 of the Uniform Commercial Code of the applicable jurisdiction, to the extent of claims of creditors of such Person, (iii) Equipment constituting

Fixtures, (iv) Collateral as to which actions required for perfection are permitted not to be taken pursuant to Section 5.02 hereof or Section 5.09(g) of the Second Lien Credit Agreement and (v) Deposit Accounts, Securities Accounts (other than the filing of a financing statement with respect thereto) and vehicles that are subject to the certificate of title laws in any state.

"First Lien Administrative Agent" shall have the meaning assigned to such term in the recitals.

"First Lien Credit Agreement" shall have the meaning assigned to such term in the preamble.

"First Lien Security Agreement" shall have the meaning assigned to such term in the recitals.

"General Intangibles" shall mean all "general intangibles" as such term is defined in Section 9-102(a)(42) of the New York UCC and, in any event, including with respect to any Grantor, all rights of such Grantor to receive any tax refunds, all Swap Agreements and all contracts, agreements, instruments and indentures and all licenses, permits, concessions, franchises and authorizations issued by

Governmental Authorities in any form, and portions thereof, to which such Grantor is a party or under which such Grantor has any right, title or interest or to which such Grantor or any property of such Grantor is subject, as the same may from time to time be amended, supplemented, replaced or otherwise modified, including (i) all rights of such Grantor to receive moneys due and to become due to it under or in connection with any such general intangibles, (ii) all rights of such Grantor to receive proceeds of any insurance, indemnity, warranty or guaranty with respect to any such general intangibles, (iii) all rights of such Grantor to damages arising under or in connection with any such general intangibles and (iv) all rights of such Grantor to terminate and to perform and compel performance and to exercise all remedies under any such general intangibles.

"Grantors" shall have the meaning assigned to such term in the preamble.

"Guarantor Obligations" shall mean with respect to any Guarantor, all obligations and liabilities of such Guarantor which may arise under or in connection with (a) this Agreement (including Section 2) or any other Loan Document to which such Guarantor is a party to any Secured Party or (b) any Cash Management Agreement to any Lender Counterparty, in each case whether on account of guarantee obligations, reimbursement obligations, fees, indemnities, costs, expenses or otherwise (including all fees and disbursements of counsel to any Secured Party that are required to be paid by such Guarantor pursuant to the terms of this Agreement or any other Loan Document).

"Guarantors" shall mean the collective reference to each Grantor other than the Borrower.

"Holdings" shall have the meaning assigned to such term in the preamble.

"Insurance" shall mean (i) all insurance policies covering any or all of the Collateral (regardless of whether the Collateral Agent is the loss payee thereof) and (ii) any key man life insurance policies.

"Intellectual Property" shall mean the collective reference to all rights, priorities and privileges relating to intellectual property, whether arising under United States, multinational or foreign laws or otherwise, including the Copyrights, the Copyright Licenses, the Patents, the Patent Licenses, the Trademarks, the Trademark Licenses, the Trade Secrets and the Trade Secret Licenses, and all rights to sue at law or in equity for any past, present and future infringement or other impairment thereof, including the right to receive all proceeds and damages therefrom.

"Intercompany Note" shall mean any promissory note evidencing loans made by any Grantor to Holdings, the Borrower or any of the Subsidiaries, including the Global Intercompany Note.

"Intercreditor Agreement" shall have the meaning assigned to such term in the recitals.

"Investment Property" shall mean the collective reference to (i) all "investment property" as such term is defined in Section 9-102(a)(49) of the New York UCC (other than any such investment property which is an Excluded Asset) including all Certificated Securities and Uncertificated Securities, all Security Entitlements, all Securities Accounts, all Commodity Contracts and all Commodity Accounts, (ii) security entitlements, in the case of any United States Treasury book-entry securities, as defined in 31 C.F.R. section 357.2, or, in the case of any United States federal agency book-entry securities, as defined in the corresponding United States federal regulations governing such book-entry securities, and (iii) whether or not otherwise constituting "investment property," all Pledged Notes, all Pledged Equity Interests, all Pledged Security Entitlements and all Pledged Commodity Contracts.

"Issuers" shall mean the collective reference to each issuer of Pledged Collateral that is a Subsidiary.

"Joint Lead Arrangers" shall have the meaning assigned to such term in the preamble.

"Lenders" shall have the meaning assigned to such term in the preamble.

"Licensed Intellectual Property" shall have the meaning assigned to such term in Section 4.9(a).

"New York UCC" shall mean the Uniform Commercial Code as from time to time in effect in the State of New York.
"Obligations" shall mean (i) in the case of the Borrower, the Borrower Obligations, and (ii) in the case of each Guarantor, its Guarantor Obligations.

"Owned Intellectual Property" shall have the meaning assigned to such term in Section 4.9(a).

"Patent License" shall mean all agreements, whether written or oral, providing for the grant by or to any Grantor of any right to manufacture, use, import, export, distribute or sell

any invention covered in whole or in part by a Patent, including any of the foregoing listed in Schedule 4.9(a) (as such schedule may be amended or supplemented from time to time).

"Patents" shall mean (i) all letters of patent of the United States, any other country, union of countries or any political subdivision of any of the foregoing, all reissues and extensions thereof and all goodwill associated therewith, including any of the foregoing listed in Schedule 4.9(a) (as such schedule may be amended or supplemented from time to time), (ii) all applications for letters of patent of the United States or any other country or union of countries or any political subdivision of any of the foregoing and all divisions, continuations and continuations-in-part thereof, all improvements thereof, including any of the foregoing listed in Schedule 4.9(a) (as such schedule may be amended or supplemented from time to time), (iii) all rights to, and to obtain, any reissues or extensions of the foregoing and (iv) all proceeds of the foregoing, including licenses, royalties, income, payments, claims, damages and proceeds of suit.

"Pledged Alternative Equity Interests" shall mean all interests (other than any such interests that are Excluded Assets) of any Grantor in participation or other interests in any equity or profits of any business entity and the certificates, if any, representing such interests and all dividends, distributions, cash, warrants, rights, options, instruments, securities and other property or proceeds from time to time received, receivable or otherwise distributed in respect of or in exchange for any or all of such interests and any other warrant, right or option to acquire any of the foregoing; provided, however, that Pledged Alternative Equity Interests shall not include any Pledged Stock, Pledged LLC Interests, Pledged Partnership Interests or Pledged Trust Interests.

"Pledged Collateral" shall mean the collective reference to the Pledged Debt Securities, the Pledged Notes and the Pledged Equity Interests.

"Pledged Commodity Contracts" shall mean all commodity contracts listed on Schedule 4.7(c) (as such schedule may be amended from time to time) and all other commodity contracts to which any Grantor is party from time to time.

"Pledged Debt Securities" shall mean all debt securities now owned or hereafter acquired by any Grantor, (other than any such debt securities that are Excluded Assets), including the debt securities listed on Schedule 4.7(b), (as such schedule may be amended or supplemented from time to time), together with any other certificates, options, rights or security entitlements of any nature whatsoever in respect of the debt securities of any person that may be issued or granted to, or held by, any Grantor while this Agreement is in effect.

"Pledged Equity Interests" shall mean all Pledged Stock, Pledged LLC Interests, Pledged Partnership Interests, Pledged Trust Interests and Pledged Alternative Equity Interests.

"Pledged LLC Interests" shall mean all interests of any Grantor now owned or hereafter acquired in any limited liability company (other than any such interests that are Excluded Assets), including all limited liability company interests listed on Schedule 4.7(a) hereto under the heading "Pledged LLC Interests" (as such schedule may be amended or supplemented from time to time) and the certificates, if any, representing such limited

liability company interests and any interest of such Grantor on the books and records of such limited liability company and all dividends, distributions, cash, warrants, rights, options, instruments, securities and other property or proceeds from time to time received, receivable or otherwise distributed in respect of or in exchange for any or all of such limited liability company interests and any other warrant, right or option to acquire any of the foregoing.

"Pledged Notes" shall mean all promissory notes now owned or hereafter acquired by any Grantor (other than any such promissory notes that are Excluded Assets), including those listed on Schedule 4.7(b) (as such schedule may be amended or supplemented from time to time) and all Intercompany Notes at any time issued to or held by any Grantor.

"Pledged Partnership Interests" shall mean all interests of any Grantor now owned or hereafter acquired in any general partnership, limited partnership, limited liability partnership or other partnership (other than any such interests that are Excluded Assets), including all partnership interests listed on Schedule 4.7(a) hereto under the heading "Pledged Partnership Interests" (as such schedule may be amended or supplemented from time to time) and the certificates, if any, representing such partnership interests and any interest of such Grantor on the books and records of such partnership and all

dividends, distributions, cash, warrants, rights, options, instruments, securities and other property or proceeds from time to time received, receivable or otherwise distributed in respect of or in exchange for any or all of such partnership interests and any other warrant, right or option to acquire any of the foregoing.

"Pledged Security Entitlements" shall mean all security entitlements with respect to the financial assets listed on Schedule 4.7(c) (as such schedule may be amended from time to time) and all other security entitlements of any Grantor.

"Pledged Stock" shall mean all shares of capital stock (other than any such shares that are Excluded Assets) now owned or hereafter acquired by any Grantor, including all shares of capital stock listed on Schedule 4.7(a) hereto under the heading "Pledged Stock" (as such schedule may be amended or supplemented from time to time), and the certificates, if any, representing such shares and any interest of such Grantor in the entries on the books of the issuer of such shares and all dividends, distributions, cash, warrants, rights, options, instruments, securities and other property or proceeds from time to time received, receivable or otherwise distributed in respect of or in exchange for any or all of such shares and any other warrant, right or option to acquire any of the foregoing.

"Pledged Trust Interests" shall mean all interests of any Grantor now owned or hereafter acquired in a Delaware business trust or other trust (other than any such interests that are Excluded Assets), including all trust interests listed on Schedule 4.7(a) hereto under the heading "Pledged Trust Interests" (as such schedule may be amended or supplemented from time to time) and the certificates, if any, representing such trust interests and any interest of such Grantor on the books and records of such trust or on the books and records of any securities intermediary pertaining to such interest and all dividends, distributions, cash, warrants, rights, options, instruments, securities and other property or proceeds from time to time received, receivable or otherwise distributed in respect of or in exchange for any or all of such trust interests and any other warrant, right or option to acquire any of the foregoing.

"Proceeds" shall mean all "proceeds" as such term is defined in Section 9-102(a)(64) of the New York UCC and, in any event, shall include all dividends or other income from the Investment Property, collections thereon or distributions or payments with respect thereto.

"Receivable" shall mean all Accounts and any other right to payment for goods or other property sold, leased, licensed or otherwise disposed of or for services rendered, whether or not such right is evidenced by an Instrument or Chattel Paper or classified as a Payment Intangible and whether or not it has been earned by performance. References herein to Receivables shall include any Supporting Obligation or collateral securing such Receivable.

"Second Lien Administrative Agent" shall have the meaning assigned such term in the preamble.

"Second Lien Credit Agreement" shall have the meaning assigned such term in the preamble.

"Secured Parties" shall mean, collectively, the Joint Lead Arrangers, the Second Lien Administrative Agent, the Collateral Agent and the Lenders.

"Securities Act" shall mean the Securities Act of 1933, as amended.

"Syndication Agent" shall have the meaning assigned to such term in the preamble.

"Trademark License" shall mean any agreement, whether written or oral, providing for the grant by or to any Grantor of any right in, to or under any Trademark, including any of the foregoing referred to in Schedule 4.9(a) (as such schedule may be amended or supplemented from time to time).

"Trademarks" shall mean (i) all trademarks, trade names, corporate names, company names, business names, fictitious business names, trade styles, service marks, logos and other source or business identifiers, and all goodwill associated therewith, now existing or hereafter adopted or acquired, all registrations and recordings thereof, and all applications in connection therewith, whether in the United States Patent and Trademark Office or in any similar office or agency of the United States, any State thereof or any other country, union of countries, or any political subdivision of any of the foregoing, or otherwise, and all common-law rights related thereto, including any of the foregoing listed in Schedule 4.9(a) (as such schedule may be amended or supplemented from time to time), (ii) the right to, and to obtain, all renewals thereof, (iii) the goodwill of the business symbolized by the foregoing, (iv) other source or business identifiers, designs and general intangibles of a like nature and (v) the right to sue for past, present and future infringements or dilution of any of the foregoing or for any injury to goodwill, and all proceeds of the foregoing, including royalties, income, payments, claims, damages and proceeds of suit.

"Trade Secret License" shall mean any agreement, whether written or oral, providing for the grant by or to any Grantor of any right in, to or under any Trade Secret.

"Trade Secrets" shall mean all trade secrets and all other confidential or proprietary information and know-how (all of the foregoing being collectively called a "Trade Secret"), whether or not reduced to a writing or other tangible form, including all documents and things embodying, incorporating or describing such Trade Secret, the right to sue for past, present and future infringements of any Trade Secret and all proceeds of the foregoing, including royalties, income, payments, claims, damages and proceeds of suit.

1.2. Other Definitional Provisions. (a) The words "hereof," "herein," "hereto" and "hereunder" and words of similar import when used in this Agreement shall refer to this Agreement as a whole and not to any particular provision of this Agreement, and Section and Schedule references are to the specific provisions of this Agreement unless otherwise specified.

(b) The meanings given to terms defined herein shall be equally applicable to both the singular and plural forms of such terms.

(c) Where the context requires, terms relating to the Collateral or any part thereof, when used in relation to a Grantor, shall refer to the property or assets such Grantor has granted as Collateral or the relevant part thereof.

(d) The expressions "payment in full," "paid in full" and any other similar terms or phrases when used herein with respect to the Borrower Obligations or the Guarantor Obligations shall mean the payment in full, in immediately available funds, of all of the Borrower Obligations or the Guarantor Obligations, as the case may be, in each case, unless otherwise specified, other than indemnification and other contingent obligations not then due and payable.

(e) The words "include," "includes" and "including," and words of similar import, shall not be limiting and shall be deemed to be followed by the phrase "without limitation."

(f) Notwithstanding anything herein to the contrary, the Liens and security interest granted to the Collateral Agent pursuant to this Agreement and the exercise of any right or remedy by the Collateral Agent hereunder are subject to the provisions of the Intercreditor Agreement.

SECTION 2. GUARANTEE

2.1. Guarantee.

(a) Each of the Guarantors hereby, jointly and severally, unconditionally and irrevocably, guarantees to the Collateral Agent for its benefit and for the ratable benefit of the other Secured Parties and their respective successors, indorsees, transferees and assigns, the prompt and complete payment and performance by the Borrower when due (whether at the stated maturity, by acceleration or otherwise) of the Borrower Obligations.

(b) If and to the extent required in order for the Obligations of any Guarantor to be enforceable under applicable federal, state and other laws relating to the

insolvency of debtors, the maximum liability of such Guarantor hereunder shall be limited to the greatest amount which can lawfully be guaranteed by such Guarantor under such laws, after giving effect to any rights of contribution, reimbursement and subrogation arising under Section 2.2. Each Guarantor acknowledges and agrees that, to the extent not prohibited by applicable law, (i) such Guarantor (as opposed to its creditors, representatives of creditors or bankruptcy trustee, including such Guarantor in its capacity as debtor in possession exercising any powers of a bankruptcy trustee) has no personal right under such laws to reduce, or request any judicial relief that has the effect of reducing, the amount of its liability under this Agreement, (ii) such Guarantor (as opposed to its creditors, representatives of creditors or bankruptcy trustee, including such Guarantor in its capacity as debtor in possession exercising any powers of a bankruptcy trustee) has no personal right to enforce the limitation set forth in this Section 2.1(b) or to reduce, or request judicial relief reducing, the amount of its liability under this Agreement, and (iii) the limitation set forth in this Section 2.1(b) may be enforced only to the extent required under such laws in order for the obligations of such Guarantor under this Agreement to be enforceable under such laws and only by or for the benefit of a creditor, representative of creditors or bankruptcy trustee of such Guarantor or other person entitled, under such laws, to enforce the provisions thereof.

(c) Each Guarantor agrees that the Borrower Obligations may at any time and from time to time be incurred or permitted in an amount exceeding the maximum liability of such Guarantor under Section 2.1(b) without, to the extent permitted by applicable law, impairing the guarantee contained in this Section 2 or affecting the rights and remedies of any Secured Party hereunder.

(d) The guarantee contained in this Section 2 shall remain in full force and effect until payment in full of the Obligations, notwithstanding that from time to time during the term of the Second Lien Credit Agreement the Borrower may be free from any Borrower Obligations.

(e) No payment made by the Borrower, any of the Guarantors, any other guarantor or any other person or received or collected by any Secured Party from the Borrower, any of the Guarantors, any other guarantor or any other person by virtue of any action or proceeding or any set-off or appropriation or application at any time or from time to time in reduction of or in payment of the Borrower Obligations shall be deemed to modify, reduce, release or otherwise affect the liability of any Guarantor hereunder which shall, notwithstanding any such payment (other than any payment made by such Guarantor in respect of the Borrower Obligations or any payment received or collected from such Guarantor in respect of the Borrower Obligations), remain liable for the Borrower Obligations up to the maximum liability of such Guarantor hereunder until the Borrower Obligations are paid in full, no letter of credit shall be outstanding under the Second Lien Credit Agreement and all commitments to extend credit under the Second Lien Credit Agreement shall have been terminated or have expired.

2.2. Rights of Reimbursement, Contribution and Subrogation. In case any payment is made on account of the Obligations by any Grantor or is received or collected on account of the Obligations from any Grantor or its property:

(a) If such payment is made by the Borrower or from its property, then, if and to the extent such payment is made on account of Obligations arising from or relating to a Loan or other extension of credit made to the Borrower or a Letter of Credit issued for the account of the Borrower, the Borrower shall not be entitled (i) to demand or enforce reimbursement or contribution in respect of such payment from any other Grantor or (ii) to be subrogated to any claim, interest, right or remedy of any Secured Party against any other person, including any other Grantor or its property.

(b) If such payment is made by a Guarantor or from its property, such Guarantor shall be entitled, subject to and upon payment in full of the Obligations, (i) to demand and enforce reimbursement for the full amount of such payment from the Borrower and (ii) to demand and enforce contribution in respect of such payment from each other Guarantor that has not paid its fair share of such payment, as necessary to ensure that (after giving effect to any enforcement of reimbursement rights provided hereby) each Guarantor pays its fair share of the unreimbursed portion of such payment. For this purpose, the fair share of each Guarantor as to any unreimbursed payment shall be determined based on an equitable apportionment of such unreimbursed payment among all Guarantors based on the relative value of their assets and any other equitable considerations deemed appropriate by a court of competent jurisdiction.

(c) Until all amounts owing to the Second Lien Administrative Agent and the other Secured Parties by the Borrower on account of the Obligations are paid in full, no Letter of Credit shall be outstanding and the Commitments are terminated, notwithstanding Sections 2.2(a) and 2.2(b), no Grantor shall be entitled, to be subrogated (equally and ratably with all other Grantors entitled to reimbursement or contribution from any other Grantor as set forth in this Section 2.2) to any security interest that may then be held by the Second Lien Administrative Agent or the Collateral Agent upon any Collateral granted to it in this Agreement nor shall any Grantor seek or be entitled to seek any contribution or reimbursement from the Borrower or any other Grantor in respect of payments made by any Grantor hereunder. Such right of subrogation shall be enforceable solely against the Grantors, and not against the Secured Parties, and neither the Second Lien Administrative Agent, the Collateral Agent nor any other Secured Party shall have any duty whatsoever to warrant, ensure or protect any such right of subrogation or to obtain, perfect, maintain, hold, enforce or retain any Collateral for any purpose related to any such right of subrogation. If subrogation is demanded by any Grantor, then (and only after payment in full of the Obligations) the Second Lien Administrative Agent or the Collateral Agent, as the case may be, shall deliver to the Grantors making such demand, or to a representative of such Grantors or of the Grantors generally, an instrument reasonably satisfactory to the Second Lien Administrative Agent or the Collateral Agent, as the case may be, transferring, on a quitclaim basis without any recourse, representation, warranty or obligation whatsoever, whatever security interest the Second Lien Administrative Agent or the Collateral Agent, as the case may be, then may hold in whatever Collateral may then exist that was not previously released or disposed of by the Second Lien Administrative Agent or the Collateral Agent, as the case may be.

(d) All rights and claims arising under this Section 2.2 or based upon or relating to any other right of reimbursement, indemnification, contribution or subrogation

that may at any time arise or exist in favor of any Grantor as to any payment on account of the Obligations made by it or received or collected from its property shall be fully subordinated in all respects to the prior payment in full of all of the Obligations. Until payment in full of the Obligations, no Grantor shall demand or receive any collateral security, payment or distribution whatsoever (whether in cash, property or securities or otherwise) on account of any such right or claim. If any such payment or distribution is made or becomes available to any Grantor in any bankruptcy case or receivership, insolvency or liquidation proceeding, such payment or distribution shall be delivered by the person making such payment or distribution directly to the Second Lien Administrative Agent, for application to the payment of the Obligations. If any such payment or distribution is received by any Grantor, it shall be held by such Grantor in trust, as trustee of an express trust for the benefit of the Secured Parties, and shall forthwith be transferred and delivered by such Grantor to the Second Lien Administrative Agent, in the exact form received and, if necessary, duly endorsed.

(e) The obligations of the Grantors under the Loan Documents, including their liability for the Obligations and the enforceability of the security interests granted thereby, are not contingent upon the validity, legality, enforceability, collectibility or sufficiency of any right of reimbursement, contribution or subrogation arising under this Section 2.2 and the provisions of this Section 2.2 shall in no respect limit the obligations and liabilities of any Guarantor to the Second Lien Administrative Agent and Secured Parties, and each Guarantor shall remain liable to the Second Lien Administrative Agent and the Secured Parties for the full amount guaranteed by such Guarantor hereunder. The invalidity, insufficiency, unenforceability or uncollectibility of any such right shall not in any respect diminish, affect or impair any such obligation or any other claim, interest, right or remedy at any time held by any Secured Party against any Guarantor or its property. The Secured Parties make no representations or warranties in respect of any such right and shall have no duty to assure, protect, enforce or ensure any such right or otherwise relating to any such right.

(f) Each Grantor reserves any and all other rights of reimbursement, contribution or subrogation at any time available to it as against any other Grantor, but (i) the exercise and enforcement of such rights shall be subject to Section 2.2(d) and (ii) neither the Second Lien Administrative Agent nor any other Secured Party shall ever have any duty or liability whatsoever in respect of any such right, except as provided in the last sentence of Section 2.2(c).

2.3. Amendments, etc. with respect to the Borrower Obligations. Each Guarantor shall remain obligated hereunder notwithstanding that, without any reservation of rights against any Guarantor and without notice to or further assent by any Guarantor, any demand for payment of any of the Borrower Obligations made by any Secured Party may be rescinded by such Secured Party and any of the Borrower Obligations continued, and the Borrower Obligations, or the liability of any other person upon or for any part thereof, or any collateral security or guarantee therefor or right of offset with respect thereto, may, from time to time, in whole or in part, be renewed, increased, extended, amended, modified, accelerated, compromised, waived, surrendered or released by any Secured Party, and the Second Lien Credit Agreement and the other Loan Documents and any other documents executed and delivered in connection therewith

may be amended, modified, supplemented or terminated, in whole or in part, as the parties thereto may deem advisable from time to time, and any collateral security, guarantee or right of offset at any time held by any Secured Party for the payment of the Borrower Obligations may be sold, exchanged, waived, surrendered or released. No Secured Party shall have any obligation to protect, secure, perfect or insure any Lien at any time held by it as security for the Borrower Obligations or for the guarantee contained in this Section 2 or any property subject thereto.

2.4. Guarantee Absolute and Unconditional. Each Guarantor waives, to the extent permitted by applicable law, any and all notice of the creation, renewal, extension or accrual of any of the Borrower Obligations and notice of or proof of reliance by any Secured Party upon the guarantee contained in this Section 2 or acceptance of the guarantee contained in this Section 2; the Borrower Obligations, and any of them, shall conclusively be deemed to have been created, contracted or incurred, or renewed, extended, amended or waived, in reliance upon the guarantee contained in this Section 2; and all dealings between the Borrower and any of the Guarantors, on the one hand, and the Secured Parties, on the other hand, likewise shall be conclusively presumed to have been had or consummated in reliance upon the guarantee contained in this Section 2. Each Guarantor waives, to the extent permitted by applicable law, diligence, presentment, protest, demand for payment and notice of default or nonpayment to or upon the Borrower or any of the Guarantors with respect to the Borrower Obligations. Each Guarantor understands and agrees, to the extent permitted by applicable law, that the guarantee contained in this Section 2 shall be construed as a continuing, absolute and unconditional guarantee of payment and performance without regard to (a) the validity or enforceability of the Second Lien Credit Agreement or any other Loan Document, any of the Borrower Obligations or any other collateral security therefor or guarantee or right of offset with respect thereto at any time or from time to time held by any Secured Party, (b) any defense, set-off or counterclaim (other than a defense of payment or performance hereunder) which may at any time be available to or be asserted by the Borrower or any other person against any Secured Party, or (c) any other circumstance whatsoever (with or without notice to or knowledge of the Borrower or such Guarantor) which constitutes, or might be construed to constitute, an equitable or legal discharge of the Borrower for the Borrower Obligations, or of such Guarantor under the guarantee contained in this Section 2, in bankruptcy or in any other instance. When making any demand hereunder or otherwise pursuing its rights and remedies hereunder against any Guarantor, any Secured Party may, but shall be under no obligation to, make a similar demand on or otherwise pursue such rights and remedies as it may have against the Borrower, any other Guarantor or any other person or against any collateral security or guarantee for the Borrower Obligations or any right of offset with respect thereto, and any failure by any Secured Party to make any such demand, to pursue such other rights or remedies or to collect any payments from the Borrower, any other Guarantor or any other person or to realize upon any such collateral security or guarantee or to exercise any such right of offset, or any release of the Borrower, any other Guarantor or any other person or any such collateral security, guarantee or right of offset, shall not relieve any Guarantor of any obligation or liability hereunder, and shall not impair or affect the rights and remedies, whether express, implied or available as a matter of law, of any Secured Party against any Guarantor. For the purposes hereof “demand” shall include the commencement and continuance of any legal proceedings.

2.5. Reinstatement. The guarantee contained in this Section 2 shall continue to be effective, or be reinstated, as the case may be, if at any time payment, or any part thereof, of any

of the Borrower Obligations is rescinded or must otherwise be restored or returned by any Secured Party upon the insolvency, bankruptcy, dissolution, liquidation or reorganization of the Borrower or any Guarantor, or upon or as a result of the appointment of a receiver, intervenor or conservator of, or trustee or similar officer for, the Borrower or any Guarantor or any substantial part of its property, or otherwise, all as though such payments had not been made.

2.6. Payments. Each Guarantor hereby guarantees that payments hereunder will be paid to the Second Lien Administrative Agent without set-off or counterclaim in Dollars in immediately available funds at the office of the Second Lien Administrative Agent as specified in the Second Lien Credit Agreement.

SECTION 3. GRANT OF SECURITY INTEREST;
CONTINUING LIABILITY UNDER COLLATERAL

(a) Each Grantor hereby assigns and transfers to the Collateral Agent, and hereby grants to the Collateral Agent, for its benefit and for the benefit of the other Secured Parties, a security interest in all of the personal property of such Grantor, including the following property, in each case, wherever located and now owned or at any time hereafter acquired by such Grantor or in which such Grantor now has or at any time in the future may acquire any right, title or interest (collectively, the "Collateral"), as collateral security for the prompt and complete payment and performance when due (whether at the stated maturity, by acceleration or otherwise) of such Grantor's Obligations:

(i) all Accounts;

(ii) all Chattel Paper;

(iii) all Collateral Accounts and all Collateral Account Funds;

(iv) all Commercial Tort Claims from time to time specifically described on Schedule 4.11;

(v) all Contracts;

(vi) all Documents;

(vii) all Equipment;

(viii) all Fixtures;

(ix) all General Intangibles;

(x) all Goods;

(xi) all Instruments;

(xii) all Insurance;

(xiii) all Intellectual Property;

(xiv) all Inventory;

(xv) all Investment Property;

(xvi) all Letters of Credit and Letter of Credit Rights;

(xvii) all Money;

(xviii) all books, records, ledger cards, files, correspondence, customer lists, blueprints, technical specifications, manuals, computer software, computer printouts, tapes, disks and other electronic storage media and related data processing software and similar items that at any time pertain to or evidence or contain information relating to any of the Collateral or are otherwise necessary or helpful in the collection thereof or realization thereupon; and

(xix) to the extent not otherwise included, all other personal property, whether tangible or intangible, of the Grantor and all Proceeds, products, accessions, rents and profits of any and all of the foregoing and all collateral security, Supporting Obligations and guarantees given by any person with respect to any of the foregoing;

provided that, notwithstanding any other provision set forth in this Section 3, Collateral shall not include, and this Agreement shall not, at any time, constitute a grant of a security interest in any property that is, at such time, an Excluded Asset.

(b) Notwithstanding anything herein to the contrary, (i) each Grantor shall remain liable for all obligations under and in respect of the Collateral and nothing contained herein is intended or shall be a delegation of duties to the Second Lien Administrative Agent, the Collateral Agent or any other Secured Party, (ii) each Grantor shall remain liable under and each of the agreements included in the Collateral, including any Receivables, any Contracts and any agreements relating to Pledged Partnership Interests or Pledged LLC Interests, to perform all of the obligations undertaken by it thereunder all in accordance with and pursuant to the terms and provisions thereof and none of the Second Lien Administrative Agent, the Collateral Agent nor any other Secured Party shall have any obligation or liability under any of such agreements by reason of or arising out of this Agreement or any other document related hereto nor shall the Second Lien Administrative Agent, the Collateral Agent nor any other Secured Party have any obligation to make any inquiry as to the nature or sufficiency of any payment received by it or have any obligation to take any action to collect or enforce any rights under any agreement included in the Collateral, including any agreements relating to any Receivables, any Contracts or any agreements relating to Pledged Partnership Interests or Pledged LLC Interests and (iii) the exercise by the Second Lien Administrative Agent of any of its rights hereunder shall not release any Grantor from any of its duties or obligations under the contracts and agreements included in the Collateral, including any agreements relating to any Receivables, any Contracts and any agreements relating to Pledged Partnership Interests or Pledged LLC Interests.

(c) Notwithstanding anything herein to the contrary, it is the understanding of the parties that the Liens granted pursuant to Section 3(a) herein shall, prior to the Discharge of First Lien Obligations (as defined in the Intercreditor Agreement), be subject

and subordinate (pursuant to the terms and conditions of the Intercreditor Agreement) to the Liens granted to the First Lien Administrative Agent for the benefit of the holders of the First Lien Obligations to secure the First Lien Obligations pursuant to the First Lien Security Agreement. Notwithstanding anything herein to the contrary, the Liens and security interest granted to the Collateral Agent pursuant to this Agreement and the exercise of any right or remedy by the Second Lien Administrative Agent or the Collateral Agent hereunder are subject in all instances to the provisions of the Intercreditor Agreement. In the event of any conflict between the terms of the Intercreditor Agreement and this Agreement, the terms of the Intercreditor Agreement shall govern and control. In the event of any conflict between the terms of this Agreement and the terms of the First Lien Collateral Documents, the terms of the First Lien Collateral Documents shall control.

(d) Each of the parties hereto (including the Collateral Agent) acknowledges and agrees that any provision of this Agreement to the contrary notwithstanding, until the Discharge of First Lien Obligations (as defined in the Intercreditor Agreement), the Grantors shall not be required to act or refrain from acting under this Agreement with respect to the Collateral in any manner that would be contrary to or would otherwise result in a Default or Event of Default under the terms and provisions of the First Lien Loan Documents (as defined in the Intercreditor Agreement) and no such failure to act or refrain from acting shall constitute a Default or Event of Default under the Loan Documents.

SECTION 4. REPRESENTATIONS AND WARRANTIES

To induce the Joint Lead Arrangers, the Second Lien Administrative Agent, the Collateral Agent, the Syndication Agent, the Co-Documentation Agents and the Lenders to enter into the Second Lien Credit Agreement and to induce the Lenders to make their respective extensions of credit to the Borrower thereunder, each Grantor hereby represents and warrants to the Secured Parties that:

4.1. Representations in Second Lien Credit Agreement. In the case of each Guarantor (other than Holdings), the representations and warranties set forth in Article III of the Second Lien Credit Agreement as they relate to such Guarantor or to the Loan Documents to which such Guarantor is a party, each of which is hereby incorporated herein by reference, are true and correct as of the date hereof in all material respects, and the Secured Parties shall be entitled to rely on each of them as if they were fully set forth herein.

4.2. Title; No Other Liens. Such Grantor owns each item of the Collateral free and clear of any and all Liens, including Liens arising as a result of such Grantor becoming bound (as a result of merger or otherwise) as grantor under a security agreement entered into by another person, except for Liens permitted by Section 6.02 of the Second Lien Credit Agreement.

4.3. Perfected First Priority Liens. The security interests (other than security interests in Excluded Perfection Assets) granted pursuant to this Agreement (a) upon completion of the filings and other actions specified on Schedule 4.3 (all of which, in the case of all filings and other documents referred to on such Schedule have been delivered to the Second Lien Administrative

Agent or the Collateral Agent, and in the case of all Instruments, Chattel Paper and certificated Pledged Equity Interests and Pledged Debt, to the First Lien Administrative Agent in accordance with the Intercreditor Agreement, in duly completed and duly executed form, as applicable, and may be filed by the Second Lien Administrative Agent or the Collateral Agent at any time) and payment of all filing fees, will constitute valid fully perfected security interests in all of the Collateral in favor of the Collateral Agent, for its benefit and for the ratable benefit of the other Secured Parties, as collateral security for such Grantor's Obligations and (b) are prior to all other Liens on the Collateral, except for Liens expressly permitted by Section 6.02 of the Second Lien Credit Agreement. Without limiting the foregoing but subject to the Intercreditor Agreement, each Grantor has taken all actions necessary (except with respect to Excluded Perfection Assets), including those specified in Section 5.2 to (i) establish the Collateral Agent's "control" (within the meanings of Sections 8-106 and 9-106 of the New York UCC) over any portion of the Investment Property constituting Certificated Securities, Uncertificated Securities, Securities Entitlements or Commodity Accounts (each as defined in the New York UCC), (ii) establish the Collateral Agent's "control" (within the meaning of Section 9-107 of the New York UCC) over all Letter of Credit Rights, (iii) establish the Collateral Agent's control (within the meaning of Section 9-105 of the New York UCC) over all Electronic Chattel Paper and (iv) establish the Collateral Agent's "control" (within the meaning of Section 16 of the Uniform Electronic Transaction Act as in effect in the applicable jurisdiction "UETA") over all "transferable records" (as defined in UETA).

4.4. Name; Jurisdiction of Organization, etc. On the date hereof, such Grantor's exact legal name (as indicated on the public record of such Grantor's jurisdiction of formation or organization), jurisdiction of organization, organizational identification number, if any, and the location of such Grantor's chief executive office or sole place of business are specified on Schedule 4.4. On the date hereof, each Grantor is organized solely under the law of the jurisdiction so specified and has not filed any certificates of domestication, transfer or continuance in any other jurisdiction. On the date hereof, except as specified on Schedule 4.4, no such Grantor has changed its name, jurisdiction of organization, chief executive office or sole place of business in any way (e.g. by merger, consolidation, change in corporate form or otherwise) within the past five years and has not within the last five years become bound (whether as a result of merger or otherwise) as a grantor under a security agreement (other than in respect of a Lien permitted by Section 6.02 of the Second Lien Credit Agreement) entered into by another person, which has not heretofore been terminated.

4.5. Inventory and Equipment. None of the Inventory or Equipment that is included in the Collateral is in the possession of an issuer of a negotiable document (as defined in Section 7-104 of the New York UCC) therefor or is otherwise in the possession of any bailee or warehouseman.

4.6. Farm Products. None of the Collateral constitutes, or is the Proceeds of, Farm Products.

4.7. Investment Property. (a) Schedule 4.7(a) hereto (as such schedule may be amended or supplemented from time to time by notice from one or more Grantors to the Second Lien Administrative Agent) sets forth under the headings "Pledged Stock," "Pledged LLC Interests," "Pledged Partnership Interests" and "Pledged Trust Interests," respectively, all of the Pledged Stock, Pledged LLC Interests, Pledged Partnership Interests and Pledged Trust Interests owned by any Grantor and such Pledged Equity Interests

constitute the percentage of issued and outstanding shares of stock, percentage of membership interests, percentage of partnership interests or percentage of beneficial interest of the respective issuers thereof indicated on such schedule. Schedule 4.7(b) (as such schedule may be amended or supplemented from time to time by notice from one or more Grantors to the Second Lien Administrative Agent) sets forth under the heading "Pledged Debt Securities" or "Pledged Notes" all of the Pledged Debt Securities and Pledged Notes owned by any Grantor, and except as set forth on Schedule 4.7(b) (as such schedule may be amended or supplemented from time to time by notice from one or more Grantors to the Second Lien Administrative Agent and the Collateral Agent) all of such Pledged Debt Securities and Pledged Notes have been duly authorized, authenticated or issued, and delivered and is the legal, valid and binding obligation of the issuers thereof enforceable in accordance with their terms, subject to applicable bankruptcy, insolvency, reorganization, moratorium or other laws affecting creditors' rights generally and subject to general principles of equity, regardless of whether considered in a proceeding in equity or at law and constitutes all of the issued and outstanding inter-company indebtedness evidenced by an instrument or certificated security of the respective issuers thereof owing to such Grantor; provided, however, that representations set forth in this sentence shall be limited in the case of Pledged Equity Interests or Pledged Debt Securities not issued by Loan Parties to the knowledge of such Grantor. Schedule 4.7(c) hereto (as such schedule may be amended from time to time by notice from one or more Grantors to the Second Lien Administrative Agent and the Collateral Agent) sets forth under the heading "Commodities Accounts" all of the "Commodities Accounts" in which each Grantor has an interest and in which the value of each such account is in excess of $1,000,000. Each Grantor is the sole entitlement holder or customer of each such account, and no Grantor has consented to or is otherwise aware of any person having "control" (within the meanings of Sections 8-106, 9-106 and 9-104 of the New York UCC) over, or any other interest in, Commodity Account, in each case in which such Grantor has an interest, or any commodities or other property credited thereto other than the First Lien Administrative Agent.

(b) The shares of Pledged Equity Interests pledged by such Grantor hereunder constitute all of the issued and outstanding shares of all classes of Equity Interests in each Issuer owned by such Grantor (other than any Equity Interests that are Excluded Assets).

(c) The Pledged Equity Interests issued by any Subsidiary have been duly and validly issued and are fully paid and nonassessable (except for shares of any unlimited liability company which are assessable in certain circumstances).

(d) None of the terms of any uncertificated Pledged LLC Interests and Pledged Partnership Interests expressly provide that they are securities governed by Article 8 of the Uniform Commercial Code in effect from time to time in the "issuer's jurisdiction" of each Issuer thereof (as such term is defined in the Uniform Commercial Code in effect in such jurisdiction).

(e) All other certificated Pledged LLC Interests and Pledged Partnership Interests, if any, do not expressly provide that they are "securities" for purposes of Section 8-103(c) of the Uniform Commercial Code as in effect in any relevant jurisdiction.

(f) Such Grantor is the record and beneficial owner of, and has good and marketable title to, the Investment Property pledged by it hereunder, free of any and all Liens or options in favor of, or claims of, any other person, except Liens permitted by Section 6.02 of the Second Lien Credit Agreement, and there are no outstanding warrants, options or other rights to purchase, or shareholder, voting trust or similar agreements outstanding with respect to, or property that is convertible into, or that requires the issuance or sale of, any Pledged Equity Interests.

(g) Each Issuer that is not a Grantor hereunder has executed and delivered to the Collateral Agent an Acknowledgment and Consent, in substantially the form of Exhibit A, to the pledge of the Pledged Collateral pursuant to this Agreement.

4.8. Receivables. (a) No amount payable to such Grantor under or in connection with any Receivable that is included in the Collateral is evidenced by any Instrument or Tangible Chattel Paper with a value in excess of $1,000,000 which has not been delivered to the First Lien Administrative Agent or constitutes Electronic Chattel Paper that has not been subjected to the control (within the meaning of Section 9-105 of the New York UCC) of the Collateral Agent.

4.9. Intellectual Property. (a) Schedule 4.9(a) lists all material Intellectual Property which is registered with a Governmental Authority or is the subject of an application for registration and all material unregistered Intellectual Property (other than unregistered Copyrights), in each case which is owned by such Grantor in its own name on the date hereof (collectively, the "Owned Intellectual Property"). Except as set forth in Schedule 4.9(a) and except as would not reasonably be expected to have a Material Adverse Effect, such Grantor is the exclusive owner of the entire and unencumbered right, title and interest in and to all such Owned Intellectual Property and is otherwise entitled to use, and grant to others the right to use, all such Owned Intellectual Property subject only to the license terms of the licensing or franchise agreements referred to in paragraph (c) below. Such Grantor has the right to use all Intellectual Property which it uses in its business, but does not own (collectively, the "Licensed Intellectual Property").

(b) On the date hereof, all Owned Intellectual Property and, to such Grantor's knowledge, all Licensed Intellectual Property (collectively, the "Material Intellectual Property"), is subsisting, unexpired and has not been abandoned, except as would not reasonably be expected to have a Material Adverse Effect. Neither the operation of such Grantor's business as currently conducted or as contemplated to be conducted nor the use of the Intellectual Property in connection therewith conflicts with, infringes, misappropriates, dilutes, misuses or otherwise violates the intellectual property rights of any other person, except in each case as would not reasonably be expected to have a Material Adverse Effect.

(c) Except as set forth in Schedule 4.9(c), on the date hereof (i) none of the Material Intellectual Property is the subject of any licensing or franchise agreement pursuant to which such Grantor is the licensor or franchisor and (ii) there are no other agreements, obligations, orders or judgments which materially affect the use of any Material Intellectual Property.

(d) The rights of such Grantor in or to the Material Intellectual Property do not conflict with or infringe upon the rights of any third party, and no claim has been asserted that the use of such Intellectual Property does or may infringe upon the rights of any third party except in each case as would not reasonably be expected to have a Material Adverse Effect.

(e) No action or proceeding is pending, or, to such Grantor's knowledge, threatened, on the date hereof (i) seeking to limit, cancel or question any Owned Intellectual Property, (ii) alleging that any services provided by, processes used by, or products manufactured or sold by such Grantor infringe any patent, trademark, copyright, or any other right of any other person or (iii) alleging that any Material Intellectual Property is being licensed, sublicensed or used in violation of any intellectual property or any other right of any other person, in each case, which would reasonably be expected to have a material adverse effect on the value of the Collateral, taken as a whole. On the date hereof, to such Grantor's knowledge, except as set forth on Schedule 4.9(f) no person is engaging in any activity that infringes upon, or is otherwise an unauthorized use of, any Material Intellectual Property or upon the rights of such Grantor therein. Except as set forth in Schedule 4.9(f) as of the date hereof, such Grantor has not granted any license, release, covenant not to sue, non-assertion assurance, or other right to any person with respect to any part of the Material Intellectual Property. The consummation of the transactions contemplated by this Agreement (including the enforcement of remedies) will not result in the termination or impairment of any of the Material Intellectual Property the loss of which would be reasonably likely to have a Material Adverse Effect.

(f) To such Grantor's knowledge, with respect to each Copyright License, Trademark License, Trade Secret License and Patent License which relates to Material Intellectual Property or the loss of which could otherwise have a Material Adverse Effect: (i) such license is in full force and effect and represents the entire agreement between the respective licensor and licensee with respect to the subject matter of such license; (ii) such license will not cease to be valid and binding and in full force and effect on terms identical to those currently in effect as a result of the rights and interests granted herein, nor will the grant of such rights and interests constitute a breach or default under such license or otherwise give the licensor or licensee a right to terminate such license; (iii) such Grantor has not received any notice of termination or cancellation under such license; (iv) such Grantor has not received any notice of a breach or default under such license, which breach or default has not been cured; (v) such Grantor has not granted to any other person any rights, adverse or otherwise, under such license; and (vi) such Grantor is not in breach or default in any material respect, and no event has occurred that, with notice and/or lapse of time, would constitute such a breach or default or permit termination, modification or acceleration under such license, except in each case as would not have a material adverse effect on the value of the Collateral, taken as a whole.

(g) Except in each case as would not reasonably be expected to have a Material Adverse Effect, (i) none of the Trade Secrets of such Grantor that are material to its business have been used, divulged, disclosed or appropriated to the detriment of such Grantor for the benefit of any other person; (ii) no employee, independent contractor or agent of such Grantor has misappropriated any trade secrets of any other person in the course of the performance of his or her duties as an employee, independent contractor or agent of such Grantor; and (iii) no employee, independent contractor or agent of such Grantor is in default or breach of any term of any employment agreement, non-disclosure agreement, assignment of inventions agreement or similar agreement or contract relating in any way to the protection, ownership, development, use or transfer of such Grantor's Intellectual Property.

(h) Such Grantor has made all filings and recordations necessary to adequately protect (in its reasonable business judgment) its interest in its Material Intellectual Property, including recordation of its interests in the Patents and Trademarks with the United States Patent and Trademark Office and in corresponding national and international patent offices, and recordation of any of its interests in the Copyrights with the United States Copyright Office and in corresponding national and international copyright offices.

(i) Except as would not reasonably be expected to have a Material Adverse Effect, such Grantor has taken all commercially reasonable steps to use consistent standards of quality in the manufacture, distribution and sale of all products sold and provision of all services provided under or in connection with any item of Intellectual Property and has taken all reasonable steps to ensure that all licensed users of any kind of Intellectual Property use such consistent standards of quality.

(j) Except as would not reasonably be expected to have a Material Adverse Effect, no Grantor is subject to any settlement or consents, judgment, injunction, order, decree, covenants not to sue, non-assertion assurances or releases that would impair the validity or enforceability of, or such Grantor's rights in, any Material Intellectual Property.

4.10. Letters of Credit and Letter of Credit Rights. No Grantor is a beneficiary or assignee under any letter of credit with a face amount in excess of $1,000,000 (including any "Letter of Credit") other than the letters of credit described on Schedule 4.10 (as such schedule may be amended or supplemented from time to time). With respect to any letters of credit in excess of $1,000,000 in face amount that are by their terms transferable, each Grantor has caused (or, in the case of the letters of credit that are specified on Schedule 4.10 on the date hereof in excess of $1,000,000 in face amount, will use commercially reasonable efforts to cause) all issuers and nominated persons under letters of credit in which the Grantor is the beneficiary or assignee to consent to the assignment of such letter of credit to the First Lien Administrative Agent or the Second Lien Administrative Agent, as applicable in accordance with the Intercreditor Agreement, and has agreed that upon the occurrence of an Event of Default it shall cause all payments thereunder to be made to the Collateral Account or an account designated by the First Lien Administrative Agent, as applicable in accordance with the Intercreditor Agreement. With respect to any letters of credit in excess of $1,000,000 in face amount that are not transferable, each Grantor shall obtain (or, in the case of the letters of credit that are specified

on Schedule 4.10 on the date hereof in excess of $1,000,000 in face amount, use commercially reasonable efforts to obtain) the consent of the issuer thereof and any nominated person thereon to the assignment of the proceeds of the released letter of credit to the First Lien Administrative Agent or the Second Lien Administrative Agent, as applicable in accordance with the Intercreditor Agreement, in accordance with Section 5-114(c) of the New York UCC.

4.11. Commercial Tort Claims. No Grantor has any Commercial Tort Claims as of the date hereof in excess of $1,000,000 and, except as specifically described on Schedule 4.11 (as such schedule may be amended or supplemented from time to time), no Grantor has any Commercial Tort Claims after the date hereof in excess of $1,000,000.

SECTION 5. COVENANTS

Each Grantor covenants and agrees with the Secured Parties that, from and after the date of this Agreement until the Obligations shall have been paid in full, and all commitments to extend credit under the Second Lien Credit Agreement shall have expired or been terminated:

5.1. Covenants in Second Lien Credit Agreement. Each Grantor shall take, or shall refrain from taking, as the case may be, each action that is necessary to be taken or not taken, as the case may be, so that no Default or Event of Default is caused by the failure to take such action or to refrain from taking such action by such Grantor or any of its Subsidiaries.

5.2. Delivery and Control of Certain Collateral. (a) If any of the Collateral is or shall become evidenced or represented by any Certificated Security or Tangible Chattel Paper, such Certificated Security or Tangible Chattel Paper shall be delivered promptly to the First Lien Administrative Agent or the Collateral Agent, as applicable in accordance with the Intercreditor Agreement, duly endorsed, if applicable, in a manner reasonably satisfactory to the Second Lien Administrative Agent, to be held as Collateral pursuant to this Agreement, and all of such property owned by any Grantor as of the Closing Date shall be delivered on the Closing Date. Any Pledged Collateral evidenced or represented by any Instrument or Negotiable Document shall be delivered promptly to the First Lien Administrative Agent or the Collateral Agent, as applicable in accordance with the Intercreditor Agreement, duly endorsed, if applicable, in a manner reasonably satisfactory to such Collateral Agent, to be held as Collateral pursuant to this Agreement, and all of such property owned by any Grantor as of the Closing Date shall be delivered on the Closing Date. Notwithstanding the foregoing, no Instrument, Tangible Chattel Paper, Pledged Debt Security constituting a Certificated Security or Negotiable Document shall be required to be delivered to the First Lien Administrative Agent or the Collateral Agent, as applicable in accordance with the Intercreditor Agreement, pursuant to this clause (a) if the value thereof is less than $1,000,000 individually or $5,000,000 in the aggregate.

(b) If any of the Collateral is or shall constitute "Electronic Chattel Paper" (under Article 9 of the UCC) such Grantor shall ensure (to the Second Lien Administrative Agent's reasonable satisfaction) that (i) a single authoritative copy exists which is unique,

identifiable, unalterable (except as provided in clauses (iii), (iv) and (v) of this paragraph), (ii) such authoritative copy identifies the First Lien Administrative Agent or the Collateral Agent, as applicable in accordance with the Intercreditor Agreement, as the assignee and is communicated to and maintained by the Collateral Agent or its designee, (iii) copies or revisions that add or change the assignee of the authoritative copy can only be made with the participation of the First Lien Administrative Agent or the Collateral Agent, as applicable in accordance with the Intercreditor Agreement, (iv) each copy of the authoritative copy and any copy of a copy is readily identifiable as a copy and not the authoritative copy and (v) any revision of the authoritative copy is readily identifiable as an authorized or unauthorized revision; provided that such actions shall not be required to be taken until the aggregate face amount of the Electronic Chattel Paper included in the Collateral exceeds $1,000,000.

(c) If any Collateral with a value in excess of $1,000,000 shall become evidenced or represented by an Uncertificated Security, such Grantor shall cause the Issuer thereof either (i) to register the First Lien Administrative Agent or the Collateral Agent, as applicable in accordance with the Intercreditor Agreement, as the registered owner of such Uncertificated Security, upon original issue or registration of transfer or (ii) to agree in writing with such Grantor and the Second Lien Administrative Agent that such Issuer will comply with instructions with respect to such Uncertificated Security originated by the Second Lien Administrative Agent or the Collateral Agent, subject to the Intercreditor Agreement, without further consent of such Grantor, such agreement to be in substantially the form of Exhibit C, or such other form as may be reasonably agreed to by the Second Lien Administrative Agent, and such actions shall be taken on or prior to the Closing Date with respect to any Uncertificated Securities owned as of the Closing Date by any Grantor.

(d) If any of the Collateral is or shall become evidenced or represented by a Commodity Contract, such Grantor shall cause the Commodity Intermediary with respect to such Commodity Contract to agree in writing with such Grantor and the Second Lien Administrative Agent that such Commodity Intermediary will apply any value distributed on account of such Commodity Contract as directed by the Second Lien Administrative Agent or the Collateral Agent without further consent of such Grantor, such agreement to be in the form reasonably agreed to by the Second Lien Administrative Agent subject to the Intercreditor Agreement.

(e) In the case of any transferable letters of credit with a face amount in excess of $1,000,000, such Grantor shall use commercially reasonable efforts to obtain the consent of any issuer thereof to the transfer of such letter of credit to the First Lien Administrative Agent or the Collateral Agent, as applicable in accordance with the Intercreditor Agreement. In the case of any other letter of credit rights in excess of $1,000,000 such Grantor shall use commercially reasonable efforts to obtain the consent of the issuer thereof and any nominated person thereon to the assignment of the proceeds of the related letter of credit to the First Lien Administrative Agent or the Collateral Agent, as applicable in accordance with the Intercreditor Agreement, in accordance with Section 5-114(c) of the New York UCC.

5.3. Maintenance of Insurance. Such Grantor will maintain insurance on all its property in compliance with Section 5.02 of the Second Lien Credit Agreement.

5.4. Maintenance of Perfected Security Interest; Further Documentation. Such Grantor shall maintain each of the security interests created by this Agreement as a security interest having at least the perfection and priority described in Section 4.3 and shall defend such security interest against the claims and demands of all persons whomsoever except as otherwise permitted by Section 6.02 of the First Lien Credit Agreement, subject to the provisions of Section 8.15.

(b) At any time and from time to time, upon the written request of the Second Lien Administrative Agent, subject to the Intercreditor Agreement, and at the sole expense of such Grantor, such Grantor shall promptly and duly authorize, execute and deliver, and have recorded, such further instruments and documents and take such further actions as the Second Lien Administrative Agent may reasonably request for the purpose of obtaining or preserving the full benefits of this Agreement and of the rights and powers herein granted, including, (i) the filing of any financing or continuation statements under the Uniform Commercial Code (or other similar laws) in effect in any jurisdiction with respect to the security interests created hereby and (ii) in the case of Investment Property subject to the requirements of Section 5.2 and any other relevant Collateral, taking any actions necessary to enable the Collateral Agent to obtain "control" (within the meaning of the applicable Uniform Commercial Code) with respect thereto.

5.5. Changes in Locations, Name, Jurisdiction of Incorporation, etc. Such Grantor shall give 10 days' written notice to the Second Lien Administrative Agent and delivery to the Second Lien Administrative Agent of duly authorized and, where required, executed copies of all additional financing statements and other documents reasonably requested by the Second Lien Administrative Agent to maintain the validity, perfection and priority of the security interests provided for herein after any of the following:

(i) a change in its legal name, jurisdiction of organization or the location of its chief executive office or sole place of business from that referred to in Section 4.4; or

(ii) a change in its legal name, identity or structure to such an extent that any financing statement filed by the Second Lien Administrative Agent in connection with this Agreement would become misleading.

5.6. Investment Property. (a) If such Grantor shall become entitled to receive or shall receive any stock or other ownership certificate (including any certificate representing a stock dividend or a distribution in connection with any reclassification, increase or reduction of capital or any certificate issued in connection with any reorganization), option or rights in respect of the Equity Interests in any issuer, whether in addition to, in substitution of, as a conversion of, or in exchange for, any shares of or other ownership interests in the Pledged Equity Interests, or otherwise in respect thereof, such Grantor shall accept the same as the agent of the Secured Parties, hold the same in trust for the Secured Parties and deliver the same forthwith to the First Lien Administrative Agent or the Collateral Agent, as applicable in accordance with the Intercreditor Agreement, in the exact

form received, duly endorsed by such Grantor to the Collateral Agent, if required, together with an undated stock power or similar instrument of transfer covering such certificate duly executed in blank by such Grantor and with, if such First Lien Administrative Agent or Collateral Agent so requests, signature guaranteed, to be held by such First Lien Administrative Agent or Collateral Agent, subject to the terms hereof, as additional collateral security for the Obligations. If an Event of Default shall occur and be continuing, (i) any sums paid upon or in respect of the Pledged Equity Interests upon the liquidation or dissolution of any Issuer shall be paid over to the First Lien Administrative Agent or the Collateral Agent, as applicable in accordance with the Intercreditor Agreement, to be held by it hereunder as additional collateral security for the Obligations and (ii) in case any distribution of capital shall be made on or in respect of the Pledged Equity Interests or any property shall be distributed upon or with respect to the Pledged Equity Interests pursuant to the recapitalization or reclassification of the capital of any issuer thereof or pursuant to the reorganization thereof, the property so distributed shall, unless otherwise subject to a perfected security interest in favor of the Second Lien Administrative Agent, be delivered to the First Lien Administrative Agent or the Collateral Agent, as applicable in accordance with the Intercreditor Agreement, to be held by it hereunder as additional collateral security for the Obligations. If any sums of money or property so paid or distributed in respect of the Pledged Equity Interests shall be received by such Grantor, such Grantor shall, until such money, to the extent required pursuant to (i) above, or property is paid or delivered to such First Lien Administrative Agent or Collateral Agent, hold such money or property in trust for the Secured Parties, segregated from other funds of such Grantor, as additional collateral security for the Obligations.

(b) Without the prior written consent of the First Lien Administrative Agent or the Second Lien Administrative Agent, as applicable in accordance with the Intercreditor Agreement, such Grantor shall not (i) vote to enable, or take any other action to permit, any issuer of Pledged Equity Interests to issue any stock, partnership interests, limited liability company interests or other equity securities of any nature or to issue any other securities convertible into or granting the right to purchase or exchange for any stock, partnership interests, limited liability company interests or other equity securities of any nature of any such issuer (except, in each case, pursuant to a transaction expressly permitted by the Second Lien Credit Agreement), (ii) sell, assign, transfer, exchange, or otherwise dispose of, or grant any option with respect to, any of the Investment Property constituting Collateral or Proceeds thereof or any interest therein (except, in each case, pursuant to a transaction permitted by the Second Lien Credit Agreement), (iii) create, incur or permit to exist any Lien or option in favor of, or any claim of any person with respect to, any of the Investment Property or Proceeds thereof, or any interest therein, except for the security interests created by this Agreement or any Lien permitted thereon pursuant to Section 6.02 of the Second Lien Credit Agreement, (iv) enter into any agreement or undertaking (other than the Intercreditor Agreement or any replacement thereof) restricting the right or ability of such Grantor or the Collateral Agent to sell, assign or transfer any of the Investment Property or Proceeds thereof or any interest therein or except as permitted by the First Lien Credit Agreement, or (v) cause or permit any Issuer of any Pledged Partnership Interests or Pledged LLC Interests which are not securities (for purposes of the New York UCC) on the date hereof to elect or otherwise take any action to cause such Pledged Partnership Interests or Pledged LLC Interests to be treated as

securities for purposes of the New York UCC; provided, however, notwithstanding the foregoing, if any Issuer of any Pledged Partnership Interests or Pledged LLC Interests takes any such action in violation of the provisions in this clause (v), such Grantor shall promptly notify the Second Lien Administrative Agent and the Collateral Agent in writing of any such election or action and, in such event, shall take all steps necessary or advisable to establish the Collateral Agent's "control" thereof.

(c) In the case of each Grantor which is an Issuer, such Issuer agrees that (i) it shall be bound by the terms of this Agreement relating to the Pledged Collateral issued by it and shall comply with such terms insofar as such terms are applicable to it, (ii) it shall notify the Second Lien Administrative Agent concurrently with delivery of the financial statements required under Section 5.04(b) of the First Lien Credit Agreement in writing of the occurrence of any of the events described in Section 5.7(a) with respect to the Pledged Collateral issued by it and (iii) the terms of Sections 6.3(c) and 6.7 shall apply to it, mutatis mutandis, with respect to all actions that may be required of it pursuant to Section 6.3(c) or 6.7 with respect to the Pledged Collateral issued by it. In addition, each Grantor which is either an Issuer or an owner of any Pledged Collateral hereby consents to the grant by each other Grantor of the security interest hereunder in favor of the Collateral Agent and to the transfer of any Pledged Collateral to the Collateral Agent or its nominee following an Event of Default and to the substitution of the Collateral Agent or its nominee as a partner, member or shareholder of the Issuer of the related Pledged Collateral.

5.7. Intellectual Property. Except as would not reasonably be expected to have a Material Adverse Effect (a) Such Grantor (either itself or through licensees) shall (i) to the extent commercially reasonable, continue to use each Trademark material to its business on each and every trademark class of goods applicable to its current line as reflected in its current catalogs, brochures and price lists in order to maintain such Trademark in full force free from any claim of abandonment for non-use, (ii) maintain as in the past the quality of products and services offered under such Trademark and take all necessary steps to ensure that all licensed users of such Trademark maintain as in the past such quality, (iii) use such Trademark with the appropriate notice of registration and all other notices and legends required by applicable Requirements of Law, (iv) not adopt or use any mark which is confusingly similar or a colorable imitation of such Trademark unless the Collateral

Agent, for its benefit and for the ratable benefit of the other Secured Parties, shall obtain a perfected security interest in such mark pursuant to this Agreement and the Intellectual Property Security Agreement, and (v) not (and not permit any licensee or sublicensee thereof to) do any act or knowingly omit to do any act whereby such Trademark could reasonably be expected to become invalidated or impaired in any way.

(b) Such Grantor (either itself or through licensees) shall not do any act, or omit to do any act, whereby any Patent owned by such Grantor material to its business could reasonably be expected to become forfeited, abandoned or dedicated to the public.

(c) Such Grantor (either itself or through licensees) (i) shall employ each Copyright material to its business and (ii) shall not (and shall not permit any licensee or sublicensee thereof to) do any act or knowingly omit to do any act whereby any material portion of such Copyrights could reasonably be expected to become invalidated or

otherwise impaired. Such Grantor shall not (either itself or through licensees) do any act whereby any material portion of such Copyrights could reasonably be expected to fall into the public domain.

(d) Such Grantor (either itself or through licensees) shall not knowingly do any act that uses any Material Intellectual Property to infringe, misappropriate or violate the intellectual property rights of any other person in any material respect.

(e) Such Grantor (either itself or through licensees) shall use proper statutory notice in connection with the use of the Material Intellectual Property.

(f) Such Grantor shall notify the Second Lien Administrative Agent and the Collateral Agent promptly if it knows, or has reason to know, that any application or registration relating to any Material Intellectual Property may become forfeited, abandoned or dedicated to the public, or of any material adverse determination or development (including the institution of, or any such determination or development in, any proceeding in the United States Patent and Trademark Office, the United States Copyright Office or any court or tribunal in any country) regarding such Grantor's ownership of, or the validity of, any Material Intellectual Property or such Grantor's right to register the same or to own and maintain the same.

(g) Promptly upon such Grantor's acquisition or creation of any copyrightable work, invention, trademark or other similar property that is material to the business of such Grantor, apply for registration thereof with the United States Copyright Office, the United States Patent and Trademark Office and any other appropriate office. Whenever such Grantor, either by itself or through any agent, employee, licensee or designee, shall file an application for the registration of any Intellectual Property that is material to the business of such Grantor with the United States Patent and Trademark Office, the United States Copyright Office or any similar office or agency in any other country or any political subdivision thereof, such Grantor shall report such filing to the Second Lien Administrative Agent within 45 days after the last day of the fiscal quarter in which such filing occurs (or 110 days if such filing occurs in the fourth fiscal quarter of a fiscal year). Upon request of the Second Lien Administrative Agent, such Grantor shall execute and deliver, and have recorded, any and all agreements, instruments, documents, and papers as the Second Lien Administrative Agent may reasonably request to evidence the Secured Parties' security interest in any Copyright, Patent, Trademark or other Intellectual Property of such Grantor and the goodwill and general intangibles of such Grantor relating thereto or represented thereby.

(h) Such Grantor shall take all reasonable and necessary steps, including in any proceeding before the United States Patent and Trademark Office, the United States Copyright Office or any similar office or agency in any other country or any political subdivision thereof, to maintain and pursue each application (and to obtain the relevant registration) and to maintain each registration of Intellectual Property material to its business, including the payment of required fees and taxes, the filing of responses to office actions issued by the United States Patent and Trademark Office and the United States Copyright Office, the filing of applications for renewal or extension, the filing of affidavits

of use and affidavits of incontestability, the filing of divisional, continuation, continuation-in-part, reissue, and renewal applications or extensions, the payment of maintenance fees, and the participation in interference, reexamination, opposition, cancellation, infringement and misappropriation proceedings.

(i) Such Grantor (either itself or through licensees) shall not, without the prior written consent of the Second Lien Administrative Agent, discontinue use of or otherwise abandon any of its Intellectual Property, or abandon any application or any right to file an application for letters patent, trademark, or copyright, unless such Grantor shall have previously determined that such use or the pursuit or maintenance of such Intellectual Property is no longer desirable in the conduct of such Grantor's business and that the loss thereof could not reasonably be expected to have a Material Adverse Effect and, in which case, such Grantor shall give prompt notice of any such abandonment to the Second Lien Administrative Agent in accordance herewith.

(j) In the event that such Grantor reasonably believes that any Intellectual Property material to its business is infringed, misappropriated or diluted by a third party, such Grantor shall (i) take such actions as such Grantor shall reasonably deem appropriate under the circumstances to protect such Intellectual Property and (ii) if such Intellectual Property is of material economic value, promptly notify the Second Lien Administrative Agent after it learns thereof and sue for infringement, misappropriation or dilution, to seek injunctive relief where appropriate and to recover any and all damages for such infringement, misappropriation or dilution.

(k) Such Grantor agrees that, should it obtain an ownership interest in any item of intellectual property which is not, as of the Closing Date, a part of the Intellectual Property Collateral (the "After-Acquired Intellectual Property"), (i) the provisions of Section 3 shall automatically apply thereto, (ii) any such After-Acquired Intellectual Property, and in the case of trademarks, the goodwill of the business connected therewith or symbolized thereby, shall automatically become part of the Intellectual Property Collateral, (iii) it shall give, within 45 days after the last day of the fiscal quarter in which such Grantor acquires such ownership interest (or 110 days if such filing occurs in the fourth fiscal quarter of a fiscal year), written notice thereof to the Second Lien Administrative Agent in accordance herewith, and (iv) it shall provide the Second Lien Administrative Agent within 45 days after the last day of the fiscal quarter in which such Grantor acquires such ownership interest (or 90 days if such filing occurs in the fourth fiscal quarter of a fiscal year) with an amended Schedule 4.9(a) and take the actions specified in 5.8(m).

(l) Such Grantor agrees to execute an Intellectual Property Security Agreement with respect to its Intellectual Property in substantially the form of Exhibit B-1 in order to record the security interest granted herein to the Collateral Agent for its benefit and for the ratable benefit of the other Secured Parties with the United States Patent and Trademark Office, the United States Copyright Office, and any other applicable Governmental Authority.

(m) Such Grantor agrees to execute an After-Acquired Intellectual Property Security Agreement with respect to its After-Acquired Intellectual Property in substantially the form of Exhibit B-2 in order to record the security interest granted herein to the Collateral Agent for its benefit and for the ratable benefit of the other Secured Parties with the United States Patent and Trademark Office, the United States Copyright Office and any other applicable Governmental Authority.

(n) Such Grantor shall take all steps reasonably necessary to protect the secrecy of all Trade Secrets material to its business, including entering into confidentiality agreements with employees and labeling and restricting access to secret information and documents.

5.8. Commercial Tort Claims. Such Grantor shall advise the Second Lien Administrative Agent concurrently with delivery of the financial statements required under Section 5.04(b) of the First Lien Credit Agreement of any Commercial Tort Claim held by such Grantor in excess of $1,000,000 and shall promptly execute a supplement to this Agreement in form and substance reasonably satisfactory to the Second Lien Administrative Agent to grant a security interest in such Commercial Tort Claim to the Collateral Agent for its benefit and for the ratable benefit of the other Secured Parties.

SECTION 6. REMEDIAL PROVISIONS

6.1. Certain Matters Relating to Receivables. (a) Upon the occurrence and during the continuance of any Event of Default, the Second Lien Administrative Agent shall have the right (but shall in no way be obligated) to make test verifications of the Receivables that are included in the Collateral in any manner and through any medium that it reasonably considers advisable, and each Grantor shall furnish all such assistance and information as the Second Lien Administrative Agent may reasonably require in connection with such test verifications. At any time and from time to time following the occurrence and during the continuance of any Event of Default, upon the Second Lien Administrative Agent's request and at the expense of the relevant Grantor, such Grantor shall cause independent public accountants or others reasonably satisfactory to the Second Lien Administrative Agent to furnish to the Second Lien Administrative Agent, the Collateral Agent or any other Secured Party reports showing reconciliations, aging and test verifications of, and trial balances for, the Receivables.

(b) The Second Lien Administrative Agent hereby authorizes each Grantor to collect such Grantor's Receivables, subject to the Second Lien Administrative Agent's direction and control and subject to the terms of the Intercreditor Agreement, and each Grantor hereby agrees to continue to collect all amounts due or to become due to such Grantor under the Receivables and any Supporting Obligation and diligently exercise each material right it may have under any Receivable and any Supporting Obligation, in each case, at its own expense; provided, however, that the Second Lien Administrative Agent may curtail or terminate said authority at any time after the occurrence and during the continuance of an Event of Default. If required by the Second Lien Administrative Agent at any time after the occurrence and during the continuance of an Event of Default, any payments of Receivables, when collected by any Grantor, (i) shall be forthwith (and, in any

event, within two Business Days) deposited by such Grantor in the exact form received, duly endorsed by such Grantor to the Second Lien Administrative Agent if required, in a Collateral Account maintained under the sole dominion and control of the Collateral Agent, subject to withdrawal by the Collateral Agent or the Second Lien Administrative Agent for the account of the Secured Parties only as provided in Section 6.5, and (ii) until so turned over, shall be held by such Grantor in trust for the Secured Parties, segregated from other funds of such Grantor. Each such deposit of Proceeds of Receivables shall be accompanied by a report identifying in reasonable detail the nature and source of the payments included in the deposit.

(c) At the Second Lien Administrative Agent's reasonable request (and subject to the terms of the Intercreditor Agreement) after the occurrence and during the continuance of any Event of Default, each Grantor shall deliver to the Second Lien Administrative Agent all original and other documents evidencing, and relating to, the agreements and transactions which gave rise to the Receivables that are included in the Collateral, including all original orders, invoices and shipping receipts.

6.2. Communications with Obligors; Grantors Remain Liable.

(a) The Second Lien Administrative Agent or the Collateral Agent each in their own name or in the name of others may at any time after the occurrence and during the continuance of an Event of Default communicate with obligors under the Receivables and parties to the Contracts to verify with them to the Second Lien Administrative Agent's satisfaction the existence, amount and terms of any Receivables or Contracts.

(b) At any time after the occurrence and during the continuance of any Event of Default, the Second Lien Administrative Agent or the Collateral Agent may at any time notify, or require any Grantor to so notify, the Account Debtor or counterparty on any Receivable or Contract of the security interest of the Collateral Agent therein. In addition, after the occurrence and during the continuance of an Event of Default, the Second Lien Administrative Agent, subject to the terms of the Intercreditor Agreement, may upon written notice to the applicable Grantor, notify, or require any Grantor to notify, the Account Debtor or counterparty to make all payments under the Receivables and/or Contracts directly to the Collateral Agent;

(c) Anything herein to the contrary notwithstanding, each Grantor shall remain liable under each of the Receivables and Contracts to observe and perform all the conditions and obligations to be observed and performed by it thereunder, all in accordance with the terms of any agreement giving rise thereto. No Secured Party shall have any obligation or liability under any Receivable (or any agreement giving rise thereto) or Contract by reason of or arising out of this Agreement or the receipt by any Secured Party of any payment relating thereto, nor shall any Secured Party be obligated in any manner to perform any of the obligations of any Grantor under or pursuant to any Receivable (or any agreement giving rise thereto) or Contract, to make any payment, to make any inquiry as to the nature or the sufficiency of any payment received by it or as to the sufficiency of any performance by any party thereunder, to present or file any claim, to take any action to

enforce any performance or to collect the payment of any amounts which may have been assigned to it or to which it may be entitled at any time or times.

6.3. Pledged Collateral. (a) Unless an Event of Default shall have occurred and be continuing and the Second Lien Administrative Agent shall have given notice to the relevant Grantor of the Second Lien Administrative Agent's intent to exercise its corresponding rights pursuant to Section 6.3(b), each Grantor shall be permitted to receive all cash dividends paid in respect of the Pledged Equity Interests and all payments made in respect of the Pledged Notes, to the extent permitted in the Second Lien Credit Agreement, and to exercise all voting and corporate rights with respect to the Pledged Collateral.

(b) If an Event of Default shall occur and be continuing and the Second Lien Administrative Agent shall have given notice to the relevant Grantor of the Second Lien Administrative Agent's intent to exercise its rights pursuant to this Section 6.3(b): (i) all rights of each Grantor to exercise or refrain from exercising the voting and other consensual rights which it would otherwise be entitled to exercise pursuant hereto shall cease and all such rights shall thereupon become vested in the First Lien Administrative Agent or the Second Lien Administrative Agent, as applicable in accordance with the Intercreditor Agreement, who shall thereupon have the sole right, but shall be under no obligation, to exercise or refrain from exercising such voting and other consensual rights, (ii) the First Lien Administrative Agent or the Collateral Agent, as applicable in accordance with the Intercreditor Agreement, shall have the right, without notice to any Grantor, to transfer all or any portion of the Investment Property to its name or the name of its nominee or agent and (iii) the Second Lien Administrative Agent shall have the right to receive any and all cash dividends, payments or other Proceeds paid in respect of the Investment Property and make application thereof to the Obligations in such order as the Second Lien Administrative Agent may determine. In addition, the First Lien Administrative Agent or the Collateral Agent, as applicable in accordance with the Intercreditor Agreement, shall have the right at any time after the occurrence and during the continuance of any Event of Default, without notice to any Grantor, to exchange any certificates or instruments representing any Investment Property for certificates or instruments of smaller or larger denominations. In order to permit the Second Lien Administrative Agent to exercise the voting and other consensual rights which it may be entitled to exercise pursuant hereto after the occurrence and during the continuance of any Event of Default and to receive all dividends and other distributions which it may be entitled to receive hereunder each Grantor shall promptly execute and deliver (or cause to be executed and delivered) to the Second Lien Administrative Agent all proxies, dividend payment orders and other instruments as the Second Lien Administrative Agent may from time to time reasonably request, subject to the terms of the Intercreditor Agreement and each Grantor acknowledges that the Second Lien Administrative Agent may utilize the power of attorney set forth herein.

(c) Each Grantor hereby authorizes and instructs each Issuer of any Pledged Collateral pledged by such Grantor hereunder to (i) comply with any instruction received by it from the Second Lien Administrative Agent in writing that (x) states that an Event of Default has occurred and is continuing and (y) is otherwise in accordance with the terms of this Agreement and the Intercreditor Agreement, without any other or further

instructions from such Grantor, and each Grantor agrees that each Issuer shall be fully protected in so complying, and (ii) upon any such instruction following the occurrence and during the continuance of an Event of Default, pay any dividends or other payments with respect to the Investment Property, including Pledged Collateral, directly to the Second Lien Administrative Agent.

6.4. Proceeds to be Turned Over To Second Lien Administrative Agent. In addition to the rights of the Secured Parties specified in Section 6.1 with respect to payments of Receivables, if an Event of Default shall occur and be continuing, all Proceeds received by any Grantor consisting of cash, cash equivalents, checks and other near-cash items shall be held by such Grantor in trust for the Secured Parties, segregated from other funds of such Grantor, and shall, forthwith upon demand, be turned over to the First Lien Administrative Agent or the Collateral Agent, as applicable in accordance with the Intercreditor Agreement, in the exact form received by such Grantor (duly endorsed by such Grantor to the applicable Administrative Agent, if required). All Proceeds received by the Collateral Agent hereunder shall be held by the Collateral Agent in a Collateral Account maintained under its sole dominion and control. All Proceeds while held by the Collateral Agent in a Collateral Account (or by such Grantor in trust for the Secured Parties) shall continue to be held as collateral security for all the Obligations and shall not constitute payment thereof until applied as provided in Section 6.5.

6.5. Application of Proceeds. At such intervals as may be agreed upon by the Borrower and the Second Lien Administrative Agent, or, if an Event of Default shall have occurred and be continuing, at any time at the Second Lien Administrative Agent's election, the Second Lien Administrative Agent may apply all or any part of the net Proceeds (after deducting fees and expenses as provided in Section 6.6) constituting Collateral realized through the exercise by the Second Lien Administrative Agent of its remedies hereunder, whether or not held in any Collateral Account, and any proceeds of the guarantee set forth in Section 2, in payment of the Obligations in the following order:

First, to the Collateral Agent, for payment of its fees and expenses (including, without limitation, all fees and expenses of its counsel) under the Loan Documents;

Second, to the Second Lien Administrative Agent, to pay incurred and unpaid fees and expenses of the Secured Parties under the Loan Documents;

Third, to the Second Lien Administrative Agent, for application by it towards payment of amounts then due and owing and remaining unpaid in respect of the Obligations, pro rata among the Secured Parties according to the amounts of the Obligations then due and owing and remaining unpaid to the Secured Parties;

Fourth, to the Second Lien Administrative Agent, for application by it towards prepayment of the Obligations, pro rata among the Secured Parties according to the amounts of the Obligations then held by the Secured Parties; and

Fifth, any balance of such Proceeds remaining after the Obligations shall have been paid in full and the Commitments under the Second Lien Credit Agreement shall

have terminated or expired shall be paid over to the Borrower or to whomsoever may be lawfully entitled to receive the same.

6.6. Code and Other Remedies. (a) If an Event of Default shall occur and be continuing, the Second Lien Administrative Agent or the Collateral Agent, on behalf of the Secured Parties, subject to the terms and conditions set forth in the Intercreditor Agreement, may exercise, in addition to all other rights and remedies granted to them in this Agreement and in any other instrument or agreement securing, evidencing or relating to the Obligations, all rights and remedies of a secured party under the New York UCC (whether or not the New York UCC applies to the affected Collateral) or its rights under any other applicable law or in equity. Without limiting the generality of the foregoing, each of the Second Lien Administrative Agent and the Collateral Agent, without demand of performance or other demand, presentment, protest, advertisement or notice of any kind (except any notice required by law referred to below) to or upon any Grantor or any other person (all and each of which demands, defenses, advertisements and notices are hereby waived), may, subject to the terms and conditions set forth in the Intercreditor Agreement, in such circumstances forthwith collect,

receive, appropriate and realize upon the Collateral, or any part thereof, and/or may forthwith sell, lease, license, assign, give option or options to purchase, or otherwise dispose of and deliver the Collateral or any part thereof (or contract to do any of the foregoing), in one or more parcels at public or private sale or sales, at any exchange, broker's board or office of any Secured Party or elsewhere upon such terms and conditions as it may deem advisable and at such prices as it may deem best, for cash or on credit or for future delivery without assumption of any credit risk. Each Secured Party shall have the right upon any such public sale or sales, and, to the extent permitted by law, upon any such private sale or sales, to purchase the whole or any part of the Collateral so sold, free of any right or equity of redemption in any Grantor, which right or equity is hereby waived and released. Each purchaser at any such sale shall hold the property sold absolutely free from any claim or right on the part of any Grantor, and each Grantor hereby waives (to the extent permitted by applicable law) all rights of redemption, stay and/or appraisal which it now has or may at any time in the future have under any rule of law or statute now existing or hereafter enacted. Each Grantor agrees that, to the extent notice of sale shall be required by law, at least ten days notice to such Grantor of the time and place of any public sale or the time after which any private sale is to be made shall, to the extent permitted by law, constitute reasonable notification. The Collateral Agent shall not be obligated to make any sale of Collateral regardless of notice of sale having been given. The Collateral Agent may adjourn any public or private sale from time to time by announcement at the time and place fixed therefor, and such sale may, without further notice, be made at the time and place to which it was so adjourned. The Collateral Agent may sell the Collateral without giving any warranties as to the Collateral. The Collateral Agent may specifically disclaim or modify any warranties of title or the like. This procedure will not be considered to adversely effect the commercial reasonableness of any sale of the Collateral. Each Grantor agrees that it would not be commercially unreasonable for the Collateral Agent to dispose of the Collateral or any portion thereof by using Internet sites that provide for the auction of assets of the types included in the Collateral or that have the reasonable capability of doing so, or that match buyers and sellers of assets. Each Grantor hereby waives any claims against the Collateral Agent arising by reason of the fact that the price at which any Collateral may have been sold at such a private sale was less

than the price which might have been obtained at a public sale, even if the Collateral Agent accepts the first offer received and does not offer such Collateral to more than one offeree. Each Grantor further agrees, at the Collateral Agent's request, to assemble the Collateral and make it available to the Collateral Agent at places which the Collateral Agent shall reasonably select, whether at such Grantor's premises or elsewhere upon the occurrence and during the continuance of any Event of Default. The Collateral Agent shall have the right, subject to the terms and conditions set forth in the Intercreditor Agreement, to enter onto the property where any Collateral is located and take possession thereof with or without judicial process.

(b) The Collateral Agent shall apply the net proceeds of any action taken by it pursuant to this Section 6.6, after deducting all reasonable costs and expenses of every kind incurred in connection therewith or incidental to the care or safekeeping of any of the Collateral or in any way relating to the Collateral or the rights of the Secured Parties hereunder, including reasonable attorneys' fees and disbursements to the extent required to be paid in accordance with the First Lien Credit Agreement, to the payment in whole or in part of the Obligations and only after such application and after the payment by the Collateral Agent of any other required by any provision of law, including Section 9-615(a) of the New York UCC, need the Collateral Agent account for the surplus, if any, to any Grantor. If the Collateral Agent sells any of the Collateral upon credit, the Grantor will be credited only with payments actually made by the purchaser and received by the Collateral Agent and applied to indebtedness of the purchaser. In the event the purchaser fails to pay for the Collateral, the Collateral Agent may resell the Collateral and the Grantor shall be credited with proceeds of the sale. To the extent permitted by applicable law, each Grantor waives all claims, damages and demands it may acquire against any Secured Party arising out of the exercise by them of any rights hereunder.

(c) Upon the occurrence and during the continuance of any Event of Default, in the event of any disposition of any of the Intellectual Property, the goodwill of the business connected with and symbolized by any Trademarks subject to such disposition shall be included, and the applicable Grantor shall supply the Collateral Agent or its designee with such Grantor's know-how and expertise, and with documents and things embodying the same, relating to the manufacture, distribution, advertising and sale of products or the provision of services relating to any Intellectual Property subject to such disposition, and such Grantor's customer lists and other records and documents relating to such Intellectual Property and to the manufacture, distribution, advertising and sale of such products and services.

6.7. Registration Rights. (a) If the Collateral Agent shall determine to exercise its right to sell any or all of the Pledged Equity Interests or the Pledged Debt Securities pursuant to Section 6.6, and if in the opinion of the Collateral Agent it is necessary or advisable to have the Pledged Equity Interests or the Pledged Debt Securities, or that portion thereof to be sold, registered under the provisions of the Securities Act, the relevant Grantor shall use commercially reasonable efforts to cause the Issuer thereof to (i) execute and deliver, and cause the directors and officers of such Issuer to execute and deliver, all such instruments and documents, and do or cause to be done all such other acts as may be, in the reasonable opinion of the Collateral Agent, necessary or advisable to register the

Pledged Equity Interests or the Pledged Debt Securities, or that portion thereof to be sold, under the provisions of the Securities Act, (ii) cause the registration statement relating thereto to become effective and to remain effective for a period of one year from the date of the first public offering of the Pledged Equity Interests or the Pledged Debt Securities, or that portion thereof to be sold, and (iii) make all amendments thereto and/or to the related prospectus which, in the opinion of the Collateral Agent, are reasonably necessary or advisable, all in conformity with the requirements of the Securities Act and the rules and regulations of the SEC applicable thereto. Each Grantor agrees to use commercially reasonable efforts to cause such Issuer to comply with the provisions of the securities or "Blue Sky" laws of any and all jurisdictions which the Collateral Agent shall designate and to make available to its security holders, as soon as practicable, an earnings statement (which need not be audited) which will satisfy the provisions of Section 11(a) of the Securities Act.

(b) Each Grantor recognizes that the Collateral Agent may be unable to effect a public sale of any or all the Pledged Equity Interests or the Pledged Debt Securities, by reason of certain prohibitions contained in the Securities Act and applicable state securities laws or otherwise, and may be compelled to resort to one or more private sales thereof to a restricted group of purchasers which will be obliged to agree, among other things, to acquire such securities for their own account for investment and not with a view to the distribution or resale thereof. Each Grantor acknowledges and agrees that any such private sale may result in prices and other terms less favorable than if such sale were a public sale and, notwithstanding such circumstances, agrees that any such private sale shall be deemed to have been made in a commercially reasonable manner. The Collateral Agent shall be under no obligation to delay a sale of any of the Pledged Equity Interests or the Pledged Debt Securities for the period of time necessary to permit the Issuer thereof to register such securities for public sale under the Securities Act, or under applicable state securities laws, even if such Issuer would agree to do so.

(c) Each Grantor agrees to use its commercially reasonable efforts to do or cause to be done all such other acts as may be necessary to make such sale or sales of all or any portion of the Pledged Equity Interests or the Pledged Debt Securities pursuant to this Section 6.7 valid and binding and in compliance with any and all other applicable Requirements of Law. Each Grantor further agrees that a breach of any of the covenants contained in this Section 6.7 will cause irreparable injury to the Secured Parties, that the Secured Parties have no adequate remedy at law in respect of such breach and, as a consequence, that each and every covenant contained in this Section 6.7 shall be specifically enforceable against such Grantor, and such Grantor hereby waives and agrees, to the extent permitted by applicable law, not to assert any defenses against an action for specific performance of such covenants except for a defense that no Event of Default has occurred and is continuing under the Second Lien Credit Agreement or a defense of payment.

6.8. Deficiency. Each Grantor shall remain liable for any deficiency if the proceeds of any sale or other disposition of the Collateral are insufficient to pay its Obligations and the fees and disbursements of any attorneys employed by any Secured Party to collect such deficiency.

SECTION 7. THE COLLATERAL AGENT

7.1. Collateral Agent's Appointment as Attorney-in-Fact, etc. (a) Subject to the terms and conditions set forth in the Intercreditor Agreement, each Grantor hereby irrevocably constitutes and appoints the Collateral Agent and any officer or agent thereof, with full power of substitution, as its true and lawful attorney-in-fact with full irrevocable power and authority in the place and stead of such Grantor and in the name of such Grantor or in its own name, for the purpose of carrying out the terms of this Agreement, to take any and all appropriate action and to execute any and all documents and instruments which may be necessary or desirable to accomplish the purposes of this Agreement, and, without limiting the generality of the foregoing, each Grantor hereby gives the Collateral Agent the power and right, on behalf of such Grantor, without notice to or assent by such Grantor, to do any or all of the following:

(i) in the name of such Grantor or its own name, or otherwise, take possession of and endorse and collect any checks, drafts, notes, acceptances or other instruments for the payment of moneys due under any Receivable or Contract or with respect to any other Collateral and file any claim or take any other action or proceeding in any court of law or equity or otherwise deemed appropriate by the Collateral Agent for the purpose of collecting any and all such moneys due under any Receivable or Contract or with respect to any other Collateral whenever payable;

(ii) in the case of any Intellectual Property, execute and deliver, and have recorded, any and all agreements, instruments, documents and papers as the Second Lien Administrative Agent or the Collateral Agent may request to evidence the Secured Parties' security interest in such Intellectual Property and the goodwill and general intangibles of such Grantor relating thereto or represented thereby;

(iii) pay or discharge taxes and Liens levied or placed on or threatened against the Collateral, effect any repairs or any insurance called for by the terms of this Agreement and pay all or any part of the premiums therefor and the costs thereof;

(iv) execute, in connection with any sale provided for in Section 6.7 or 6.8, any endorsements, assignments or other instruments of conveyance or transfer with respect to the Collateral; and

(v) (1) direct any party liable for any payment under any of the Collateral to make payment of any and all moneys due or to become due thereunder directly to the Second Lien Administrative Agent or the Collateral Agent or as the Second Lien Administrative Agent shall direct; (2) ask or demand for, collect, and receive payment of and receipt for, any and all moneys, claims and other amounts due or to become due at any time in respect of or arising out of any Collateral; (3) sign and endorse any invoices, freight or express bills, bills of lading, storage or warehouse receipts, drafts against debtors, assignments, verifications, notices and other documents in connection with any of the Collateral; (4) commence and prosecute any suits, actions or proceedings at law or in equity in any court of competent jurisdiction to collect the Collateral or any portion thereof and to enforce any other right in respect of any

Collateral; (5) defend any suit, action or proceeding brought against such Grantor with respect to any Collateral; (6) settle, compromise or adjust any such suit, action or proceeding and, in connection therewith, give such discharges or releases as the Second Lien Administrative Agent or the Collateral Agent may deem appropriate; (7) assign any Copyright, Patent or Trademark (along with the goodwill of the business to which any such Copyright, Patent or Trademark pertains), throughout the world for such term or terms, on such conditions, and in such manner, as the Second Lien Administrative Agent or the Collateral Agent shall in their sole discretion determine; and (8) generally, sell, transfer, pledge and make any agreement with respect to or otherwise deal with any of the Collateral as fully and completely as though the Collateral Agent were the absolute owner thereof for all purposes, and do, at the Second Lien Administrative Agent's option and such Grantor's expense, at any time, or from time to time, all acts and things which the Second Lien Administrative Agent or the Collateral Agent deems necessary to protect, preserve or realize upon the Collateral and the Secured Parties' security interests therein and to effect the intent of this Agreement, all as fully and effectively as such Grantor might do.

Anything in this Section 7.1(a) to the contrary notwithstanding, the Second Lien Administrative Agent agrees that, except as provided in Section 7.1(b), it will not exercise any rights under the power of attorney provided for in this Section 7.1(a) unless an Event of Default shall have occurred and be continuing.

(b) If any Grantor fails to perform or comply with any of its agreements contained herein, the Second Lien Administrative Agent, at its option, but without any obligation so to do, may perform or comply, or otherwise cause performance or compliance, with such agreement.

(c) The expenses of the Second Lien Administrative Agent incurred in connection with actions undertaken as provided in this Section 7.1, together with interest thereon at a rate per annum equal to the rate per annum at which interest would then be payable on past due Revolving Loans that are ABR Loans under the Second Lien Credit Agreement, from the date of payment by the Second Lien Administrative Agent to the date reimbursed by the relevant Grantor, shall be payable by such Grantor to the Second Lien Administrative Agent on demand; provided, however, that unless an Event of Default has occurred and is continuing, the Second Lien Administrative Agent shall not exercise this power without first making demand on such Grantor and the Grantor failing to immediately comply therewith.

(d) Each Grantor hereby ratifies all that said attorneys shall lawfully do or cause to be done by virtue hereof. All powers, authorizations and agencies contained in this Agreement are coupled with an interest and are irrevocable until this Agreement is terminated and the security interests created hereby are released.

7.2. Duty of Second Lien Administrative Agent and the Collateral Agent. The Second Lien Administrative Agent's and the Collateral Agent's sole duty with respect to the custody, safekeeping and physical preservation of the Collateral in its possession, under Section 9-207 of the New York UCC or otherwise, shall be to deal with it in the same manner as the

Second Lien Administrative Agent or the Collateral Agent, as the case may be, deals with similar property for its own account. None of the Second Lien Administrative Agent, the Collateral Agent, nor any other Secured Party nor any of their respective officers, directors, partners, employees, agents, attorneys and other advisors, attorneys-in-fact or affiliates shall be liable for failure to demand, collect or realize upon any of the Collateral or be responsible for the perfection of the Secured Parties' security interests in such Collateral (including, without limitation, the filing or renewal of any UCC financing statements) or for any delay in doing so or shall be under any obligation to sell or otherwise dispose of any Collateral upon the request of any Grantor or any other person or to take any other action whatsoever with regard to the Collateral or any part thereof. The powers conferred on the Secured Parties hereunder are solely to protect the Secured Parties' interests in the Collateral and shall not impose any duty upon any Secured Party to exercise any such powers. The Secured Parties shall be accountable only for amounts that they actually receive as a result of the exercise of such powers, and neither they nor any of their officers, directors, partners, employees, agents, attorneys and other advisors, attorneys-in-fact or affiliates shall be responsible to any Grantor for any act or failure to act hereunder, except to the extent that any such act or failure to act is found by a final and nonappealable decision of a court of competent jurisdiction to have resulted primarily from their own gross negligence or willful misconduct in breach of a duty owed to such Grantor.

7.3. Execution of Financing Statements. Each Grantor acknowledges that pursuant to Section 9-509(b) of the New York UCC and any other applicable law, each Grantor authorizes the Second Lien Administrative Agent to file or record financing or continuation statements, and amendments thereto, and other filing or recording documents or instruments with respect to the Collateral, in such form and in such offices as the Second Lien Administrative Agent reasonably determines appropriate to perfect or maintain the perfection of the security interests of the Collateral Agent or the Second Lien Administrative Agent under this Agreement. Each Grantor agrees that such financing statements may describe the collateral in the same manner as described in the Security Documents or as "all assets" or "all personal property," whether now owned or hereafter existing or acquired or such other description as the Second Lien Administrative Agent, in its sole judgment, determines is necessary or advisable. A photographic or other reproduction of this Agreement shall be sufficient as a financing statement or other filing or recording document or instrument for filing or recording in any jurisdiction.

7.4. Authority of Second Lien Administrative Agent and the Collateral Agent. Each Grantor acknowledges that the rights and responsibilities of the Second Lien Administrative Agent and the Collateral Agent under this Agreement with respect to any action taken by the Second Lien Administrative Agent or the Collateral Agent, as the case may be, or the exercise or non-exercise by the Second Lien Administrative Agent or the Collateral Agent, as the case may be, of any option, voting right, request, judgment or other right or remedy provided for herein or resulting or arising out of this Agreement shall, as between the Second Lien Administrative Agent and the Collateral Agent, on the one hand, and the other Secured Parties, on the other hand, be governed by the Second Lien Credit Agreement and by such other agreements with respect thereto as may exist from time to time among them, but, as between the Second Lien Administrative Agent and the Collateral Agent on the one hand, and the Grantors, on the other hand, the Second Lien Administrative Agent and the Collateral Agent shall be conclusively presumed to be acting as agent for the Secured Parties with full and valid authority

so to act or refrain from acting, and no Grantor shall be under any obligation, or entitlement, to make any inquiry respecting such authority.

7.5. Appointment of Co-Collateral Agents. At any time or from time to time, in order to comply with any applicable requirement of law, the Second Lien Administrative Agent and the Collateral Agent may appoint another bank or trust company or one of more other persons, either to act as co-agent or agents on behalf of the Secured Parties with such power and authority as may be necessary for the effectual operation of the provisions hereof and which may be specified in the instrument of appointment (which may, in the discretion of the Second Lien Administrative Agent or the Collateral Agent, as the case may be, include provisions for indemnification and similar protections of such co-agent or separate agent).

SECTION 8. MISCELLANEOUS

8.1. Amendments in Writing. None of the terms or provisions of this Agreement may be waived, amended, supplemented or otherwise modified except by a written instrument executed by each affected Grantor, the Second Lien Administrative Agent and the Collateral Agent (which shall execute any such waiver, amendment, supplement or modification upon the request of the Required Lenders), subject to any consents required under Section 9.08 of the Second Lien Credit Agreement; provided that any provision of this Agreement imposing obligations on any Grantor may be waived by the Second Lien Administrative Agent in a written instrument executed by the Second Lien Administrative Agent.

8.2. Notices. All notices, requests and demands to or upon the Second Lien Administrative Agent, the Collateral Agent or any Grantor hereunder shall be effected in the manner provided for in Section 9.01 of the Second Lien Credit Agreement; provided that any such notice, request or demand to or upon any Guarantor shall be addressed to such Guarantor at its notice address set forth on Schedule 8.2.

8.3. No Waiver by Course of Conduct; Cumulative Remedies. No Secured Party shall by any act (except by a written instrument pursuant to Section 8.1), delay, indulgence, omission or otherwise be deemed to have waived any right or remedy hereunder or to have acquiesced in any Default or Event of Default. No failure to exercise, nor any delay in exercising, on the part of any Secured Party, any right, power or privilege hereunder shall operate as a waiver thereof. No single or partial exercise of any right, power or privilege hereunder shall preclude any other or further exercise thereof or the exercise of any other right, power or privilege. A waiver by any Secured Party of any right or remedy hereunder on any one occasion shall not be construed as a bar to any right or remedy which such Secured Party would otherwise have on any future occasion. The rights and remedies herein provided are cumulative, may be exercised singly or concurrently and are not exclusive of any other rights or remedies provided by law.

8.4. Enforcement Expenses; Indemnification. (a) Each Grantor agrees to pay or reimburse each Secured Party for all its reasonable costs and expenses incurred in collecting against such Grantor under the guarantee contained in Section 2 or otherwise enforcing or preserving any rights under this Agreement and the other Loan Documents to which such Grantor is a party, including the fees and disbursements of counsel to each

Secured Party and of counsel to the Second Lien Administrative Agent and the Collateral Agent.

(b) Each Grantor agrees to pay, and to hold the Secured Parties harmless from, any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind or nature whatsoever with respect to, or resulting from any delay in paying, any and all stamp, excise, sales or other taxes which may be payable or determined to be payable with respect to any of the Collateral or in connection with any of the transactions contemplated by this Agreement.

(c) Each Grantor agrees to pay, and to hold the Secured Parties harmless from, any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind or nature whatsoever with respect to the execution, delivery, enforcement, performance and administration of this Agreement to the extent the Borrower would be required to do so pursuant to Section 9.05 of the Second Lien Credit Agreement.

(d) The agreements in this Section shall survive repayment of the Obligations and all other amounts payable under the Second Lien Credit Agreement and the other Loan Documents.

8.5. Successors and Assigns. This Agreement shall be binding upon the successors and assigns of each Grantor and shall inure to the benefit of the Secured Parties and their successors and assigns; provided that no Grantor may assign, transfer or delegate any of its rights or obligations under this Agreement without the prior written consent of the Second Lien Administrative Agent, and any attempted assignment without such consent shall be null and void.

8.6. Set-Off. Each Grantor hereby irrevocably authorizes each Secured Party at any time and from time to time while an Event of Default shall have occurred and be continuing, without notice to such Grantor or any other Grantor, any such notice being expressly waived by each Grantor, to set-off and appropriate and apply any and all deposits (general or special, time or demand, provisional or final), in any currency, and any other credits, indebtedness or claims, in any currency, in each case whether direct or indirect, absolute or contingent, matured or unmatured, at any time held or owing by such Secured Party to or for the credit or the account of such Grantor, or any part thereof in such amounts as such Secured Party may elect, against and on account of the obligations and liabilities of such Grantor to such Secured Party hereunder and claims of every nature and description of such Secured Party against such Grantor, in any currency, whether arising hereunder, under the Second Lien Credit Agreement, any other Loan Document or otherwise, as such Secured Party may elect, whether or not any Secured Party has made any demand for payment and although such obligations, liabilities and claims may be contingent or unmatured. Each Secured Party shall notify such Grantor promptly of any such set-off and the application made by such Secured Party of the proceeds thereof, provided that the failure to give such notice shall not affect the validity of such set-off and application. The rights of each Secured Party under this Section are in addition to other rights and remedies (including other rights of set-off) which such Secured Party may have.

8.7. Counterparts. This Agreement may be executed by one or more of the parties to this Agreement on any number of separate counterparts (including by facsimile), and all of said counterparts taken together shall be deemed to constitute one and the same instrument.

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

8.9. Section Headings. The Section headings used in this Agreement are for convenience of reference only and are not to affect the construction hereof or be taken into consideration in the interpretation hereof.

8.10. Integration. This Agreement and the other Loan Documents represent the agreement of the Grantors, the Second Lien Administrative Agent, the Collateral Agent and the other Secured Parties with respect to the subject matter hereof and thereof, and there are no promises, undertakings, representations or warranties by any Secured Party relative to subject matter hereof and thereof not expressly set forth or referred to herein or in the other Loan Documents.

8.11. **APPLICABLE LAW. THIS AGREEMENT SHALL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE STATE OF NEW YORK.**

8.12. Submission to Jurisdiction; Waivers. Each Grantor, the Collateral Agent and the Second Lien Administrative Agent hereby irrevocably and unconditionally:

(a) submits, for itself and its property, to the nonexclusive jurisdiction of any New York State court or federal court of the United States of America sitting in New York City, and any appellate court from any thereof, in any action or proceeding arising out of or relating to this Agreement or the other Loan Documents, or for recognition or enforcement of any judgment, and each of the parties hereto hereby irrevocably and unconditionally agrees that all claims in respect of any such action or proceeding may be heard and determined in such New York State or, to the extent permitted by law, in such federal court. Each of the parties hereto agrees that a final judgment in any such action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law. Nothing in this Agreement shall affect any right that any Lender, the Collateral Agent or the Second Lien Administrative Agent may otherwise have to bring any action or proceeding relating to this Agreement or the other Loan Documents against Holdings, the Borrower or any Loan Party or their properties in the courts of any jurisdiction;

(b) waives, to the fullest extent it may legally and effectively do so, any objection which it may now or hereafter have to the laying of venue of any suit, action or proceeding arising out of or relating to this Agreement or the other Loan Documents in any New York State or federal court. Each of the parties hereto hereby irrevocably waives, to

the fullest extent permitted by law, the defense of an inconvenient forum to the maintenance of such action or proceeding in any such court; and

(c) agrees that service of all process in any such proceeding in any such court may be made by registered or certified mail, return receipt requested at its address provided in Section 9.01 agrees that service as so provided in is sufficient to confer personal jurisdiction over the applicable credit party in any such proceeding in any such court, and otherwise constitutes effective and binding service in every respect; and agrees that agents and lenders retain the right to serve process in any other manner permitted by law or to bring proceedings against any credit party in the courts of any other jurisdiction.

8.13. Acknowledgments. Each Grantor hereby acknowledges that:

(a) it has been advised by counsel in the negotiation, execution and delivery of this Agreement and the other Loan Documents to which it is a party;

(b) no Secured Party has any fiduciary relationship with or duty to any Grantor arising out of or in connection with this Agreement or any of the other Loan Documents, and the relationship between the Grantors, on the one hand, and the Secured Parties, on the other hand, in connection herewith or therewith is solely that of debtor and creditor; and

(c) no joint venture is created hereby or by the other Loan Documents or otherwise exists by virtue of the transactions contemplated hereby among the Secured Parties or among the Grantors and the Secured Parties.

8.14. Additional Grantors. Each Subsidiary of the Borrower that is required to become a party to this Agreement pursuant to Section 5.09 of the Second Lien Credit Agreement shall become a Grantor for all purposes of this Agreement upon execution and delivery by such Subsidiary of an Assumption Agreement in the form of Exhibit D hereto.

8.15. Releases. (a) At such time as the Loans and the other Obligations (other than contingent reimbursement or indemnification obligations) shall have been paid in full, the commitments under the Second Lien Credit Agreement have been terminated or expired and no letter of credit issued under the Second Lien Credit Agreement shall be outstanding, the Collateral shall be released from the Liens created hereby, and this Agreement and all obligations (other than those expressly stated to survive such termination) of the Second Lien Administrative Agent, the Collateral Agent and each Grantor hereunder shall automatically terminate, all without delivery of any instrument or performance of any act by any party, and all rights to the Collateral shall revert to the Grantors. At the request and sole expense of any Grantor following any such termination, the Second Lien Administrative Agent or the Collateral Agent, as the case may be, shall deliver to such Grantor any Collateral held by the Second Lien Administrative Agent or the Collateral Agent hereunder, and execute and deliver to such Grantor such documents as such Grantor shall reasonably request to evidence such termination.

(b) The obligations of Guarantors that are Subsidiaries and the security interests created hereunder shall be subject to release in accordance with Section 9.17 of the Second Lien Credit Agreement.

(c) Each Grantor acknowledges that it is not authorized to file any financing statement or amendment or termination statement with respect to any financing statement originally filed in connection herewith without the prior written consent of the Second Lien Administrative Agent, subject to such Grantor's rights under Section 9-509(d)(2) of the New York UCC.

8.16. **WAIVER OF JURY TRIAL. EACH GRANTOR, THE COLLATERAL AGENT AND THE SECOND LIEN ADMINISTRATIVE AGENT HEREBY AGREES TO WAIVE ITS RESPECTIVE RIGHTS TO A JURY TRIAL OF ANY CLAIM OR CAUSE OF ACTION BASED UPON OR ARISING HEREUNDER OR UNDER ANY OF THE OTHER LOAN DOCUMENTS OR ANY DEALINGS BETWEEN THEM RELATING TO THE SUBJECT MATTER OF THIS LOAN TRANSACTION OR THE LENDER/BORROWER RELATIONSHIP THAT IS BEING ESTABLISHED. THE SCOPE OF THIS WAIVER IS INTENDED TO BE ALL-ENCOMPASSING OF ANY AND ALL DISPUTES THAT MAY BE FILED IN ANY COURT AND THAT RELATE TO THE SUBJECT MATTER OF THIS TRANSACTION, INCLUDING CONTRACT CLAIMS, TORT CLAIMS, BREACH OF DUTY CLAIMS AND ALL OTHER COMMON LAW AND STATUTORY CLAIMS. EACH PARTY HERETO ACKNOWLEDGES THAT THIS WAIVER IS A MATERIAL INDUCEMENT TO ENTER INTO A BUSINESS RELATIONSHIP, THAT EACH HAS ALREADY RELIED ON THIS WAIVER IN ENTERING INTO THIS AGREEMENT, AND THAT EACH WILL CONTINUE TO RELY ON THIS WAIVER IN ITS RELATED FUTURE DEALINGS. EACH PARTY HERETO FURTHER WARRANTS AND REPRESENTS THAT IT HAS REVIEWED THIS WAIVER WITH ITS LEGAL COUNSEL AND THAT IT KNOWINGLY AND VOLUNTARILY WAIVES ITS JURY TRIAL RIGHTS FOLLOWING CONSULTATION WITH LEGAL COUNSEL. THIS WAIVER IS IRREVOCABLE, MEANING THAT IT MAY NOT BE MODIFIED EITHER ORALLY OR IN WRITING (OTHER THAN BY A MUTUAL WRITTEN WAIVER SPECIFICALLY REFERRING TO THIS SECTION 8.16 AND EXECUTED BY EACH OF THE PARTIES HERETO), AND THIS WAIVER SHALL APPLY TO ANY SUBSEQUENT AMENDMENTS, RENEWALS, SUPPLEMENTS OR MODIFICATIONS HERETO OR ANY OF THE OTHER LOAN DOCUMENTS OR TO ANY OTHER DOCUMENTS OR AGREEMENTS RELATING TO THE LOANS MADE HEREUNDER. IN THE EVENT OF LITIGATION, THIS AGREEMENT MAY BE FILED AS A WRITTEN CONSENT TO A TRIAL BY THE COURT.**

8.17 Authority Subject to Credit Agreement

(a) Wilmington Trust Company has been appointed the Collateral Agent hereunder pursuant to Section 8.12 of the Second Lien Credit Agreement. It is expressly understood and agreed by the parties to this Agreement that any authority conferred upon the Collateral Agent hereunder is subject to the terms of the delegation of authority made by the Secured Parties (other than the Collateral Agent) to the Collateral Agent pursuant to the Second

Lien Credit Agreement and that the Collateral Agent has agreed to act (and any successor Collateral Agent shall act) as such hereunder only on the express conditions contained in the Second Lien Credit Agreement (including, without limitation, Section 8.09 thereof). Any successor Collateral Agent appointed in accordance with Section 8.09 of the Second Lien Credit Agreement shall be entitled to all the rights, interests and benefits of the Collateral Agent hereunder.

(b) In the event of a conflict between this Agreement and the Second Lien Credit Agreement, the Second Lien Credit Agreement will govern and control.

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF, each of the undersigned has caused this Guarantee and Collateral Agreement to be duly executed and delivered as of the date first above written.

GENERAC ACQUISITION CORP.

By: /s/ Aaron P. Jagdfeld
Name: Aaron P. Jagdfeld
Title: Chief Financial Officer

GPS CCMP MERGER CORP.

By: /s/ Aaron P. Jagdfeld
Name: Aaron P. Jagdfeld
Title: Chief Financial Officer

WILMINGTON TRUST COMPANY,
as Collateral Agent

By: /s/ James A. Hanley
Name: James A. Hanley
Title: Assistant Vice President

Exhibit A
to Second Lien Guarantee and Collateral Agreement

FORM OF ACKNOWLEDGMENT AND CONSENT

The undersigned hereby acknowledges receipt of a copy of the Second Lien Guarantee and Collateral Agreement, dated as of November 10, 2006 (as amended, restated, supplemented, or otherwise modified from time to time, the "Collateral Agreement"), made by the Grantors and Guarantors parties thereto for the benefit of Wilmington Trust Company, as collateral agent (in such capacity and together with its successors, the "Collateral Agent"), for itself and the other Secured Parties; capitalized terms used but not defined herein have the meanings given such terms therein. The undersigned agrees for the benefit of the Collateral Agent and the other Secured Parties as follows:

1. The undersigned will be bound by the terms of the Collateral Agreement applicable to issuers of Pledged Collateral and will comply with such terms insofar as such terms are applicable to the undersigned.

2. The undersigned confirms the statements made in the Collateral Agreement with respect to the undersigned including, without limitation, in Section 4.7 and Schedules 4.7(a), 4.7(b) and 4.7(c).

3. The terms of Sections 6.3(c) and 6.7 of the Collateral Agreement shall apply to it, mutatis mutandis, with respect to all actions that may be required of it pursuant to Section 6.3(c) or 6.7 of the Collateral Agreement.

[NAME OF ISSUER]

By: _____
Name:
Title:

Address for Notices:

Fax: _____

Exhibit B-1
to Second Lien Guarantee and Collateral Agreement

FORM OF INTELLECTUAL PROPERTY SECURITY AGREEMENT

This INTELLECTUAL PROPERTY SECURITY AGREEMENT, dated as of November 10, 2006 (as amended, supplemented or otherwise modified from time to time, this "Intellectual Property Security Agreement"), is made by each of the signatories hereto (collectively, the "Grantors") in favor of Wilmington Trust Company as collateral agent (in such capacity and together with its successors and assigns, the "Collateral Agent"), for itself and the other the Secured Parties (as defined in the Collateral Agreement referred to below).

WHEREAS, GPS CCMP MERGER CORP., a Wisconsin corporation (the "Borrower"), has entered into a Credit Agreement dated as of November 10, 2006 *(as* the same may be amended, restated, amended and restated, supplemented or otherwise modified from time to time, the "Credit Agreement"), among the Borrower, GENERAC ACQUISITION CORP., a Delaware corporation ("Holdings"), the LENDERS party thereto from time to time, JPMORGAN CHASE BANK, N.A., as administrative agent (in such capacity, together with its successors and assigns, the "Administrative Agent"), the other agents named therein and GOLDMAN SACHS CREDIT PARTNERS L.P. and J.P. MORGAN SECURITIES INC., as joint lead arrangers and joint bookrunners;

WHEREAS, it is a condition precedent to the obligations of the Lenders and to make their respective extensions of credit to the Borrower that the Grantors shall have executed and delivered that certain Second Lien Guarantee and Collateral Agreement, dated as of November 10, 2006, to the Collateral Agent (as amended, supplemented, restated or otherwise modified from time to time, the "Collateral Agreement") for its benefit and for the benefit of the other Secured Parties (capitalized terms used and not defined herein have the meanings given such terms in the Collateral Agreement);

WHEREAS, under the terms of the Collateral Agreement, the Grantors have granted a security interest in certain property, including, without limitation, certain Intellectual Property (as defined in the Collateral Agreement) of the Grantors to the Administrative Agent for the ratable benefit of the Secured Parties, and have agreed as a condition thereof to execute this Intellectual Property Security Agreement for recording with the United States Patent and Trademark Office, the United States Copyright Office, and other applicable Governmental Authorities;

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Grantors agree as follows:

SECTION 1. Grant of Security. Each Grantor hereby grants to the Collateral Agent for its benefit and for the benefit of the other Secured Parties a security interest in and to all of such Grantor's right, title and interest in and to the following (the "Intellectual Property Collateral"), as collateral security for the prompt and complete payment and performance when due (whether at the stated maturity, by acceleration or otherwise) of such Grantor's Obligations (as defined in the Collateral Agreement):

(a) (i) all trademarks, service marks, trade names, corporate names, company names, business names, trade dress, trade styles, logos, or other indicia of origin or source identification, trademark and service mark registrations, and applications for trademark or service mark registrations and any new renewals thereof, including, without limitation, each registration and application identified in Schedule 1, (ii) the right to sue or otherwise recover for any and all past, present and future infringements and misappropriations thereof, (iii) all income, royalties, damages and other payments now and hereafter due and/or payable with respect thereto (including, without limitation, payments under all licenses entered into in connection therewith, and damages and payments for past, present or future infringements thereof), and (iv) all other rights of any kind whatsoever of the Grantor accruing thereunder or pertaining thereto, together in each case with the goodwill of the business connected with the use of, and symbolized by, each of the above (collectively, the "Trademarks");

(b) (i) all patents, patent applications and patentable inventions, including, without limitation, each issued patent identified in Schedule 1, (ii) all inventions and improvements described and claimed therein, (iii) the right to sue or otherwise recover for any and all past, present and future infringements and misappropriations thereof, (iv) all income, royalties, damages and other payments now and hereafter due and/or payable with respect thereto (including, without limitation, payments under all licenses entered into in connection therewith, and damages and payments for past, present or future infringements thereof), and (v) all reissues, divisions, continuations, continuations-in-part, substitutes, renewals, and extensions thereof, all improvements thereon and all other rights of any kind whatsoever of the Grantor accruing thereunder or pertaining thereto (collectively, the "Patents");

(c) (i) all copyrights, whether or not the underlying works of authorship have been published, including, but not limited to copyrights in software and databases all Mask Works (as defined in 17 U.S.C. 901 of the Copyright Act) and all works of authorship and other intellectual property rights therein, all copyrights of works based on, incorporated in, derived from or relating to works covered by such copyrights, all right, title and interest to make and exploit all derivative works based on or adopted from works covered by such copyrights, and all copyright registrations and copyright applications, mask works and mask work applications, and any renewals or extensions thereof, including, without limitation, each registration and application identified in Schedule 1, (ii) the rights to print, publish and distribute any of the foregoing, (iv) the right to sue or otherwise recover for any and all past, present and future infringements and misappropriations thereof, (iv) all income, royalties, damages and other payments now and hereafter due and/or payable with respect thereto (including, without limitation, payments under all licenses entered into in connection therewith, and damages and payments for past, present or future infringements thereof), and (v) all other rights of any kind whatsoever of the Grantor accruing thereunder or pertaining thereto ("Copyrights");

(d) (i) all trade secrets and all confidential and proprietary information, including know-how, manufacturing and production processes and techniques, inventions, research and development information, technical data, financial, marketing and business data, pricing and cost information, business and marketing plans, and customer and supplier lists and information, (ii) the right to sue or otherwise recover for any and all past, present and future infringements and misappropriations thereof, (iii) all income, royalties, damages and other

payments now and hereafter due and/or payable with respect thereto (including, without limitation, payments under all licenses entered into in connection therewith, and damages and payments for past, present or future infringements thereof), and (iv) all other rights of any kind whatsoever of the Grantor accruing thereunder or pertaining thereto (collectively, the "Trade Secrets");

(e) (i) all licenses or agreements, whether written or oral, providing for the grant by or to the Grantor of: (A) any right to use any Trademark or Trade Secret, (B) any right to manufacture, use, import, export, distribute, offer for sale or sell any invention covered in whole or in part by a Patent, and (C) any right under any Copyright including, without limitation, the grant of rights to manufacture, distribute, exploit and sell materials derived from any Copyright including, without limitation, any of the foregoing identified in Schedule I, (ii) the right to sue or otherwise recover for any and all past, present and future infringements and misappropriations of any of the foregoing, (iii) all income, royalties, damages and other payments now and hereafter due and/or payable with respect thereto (including, without limitation, payments under all licenses entered into in connection therewith, and damages and payments for past, present or future infringements thereof), and (iv) all other rights of any kind whatsoever of the Grantor accruing thereunder or pertaining thereto; and

(f) any and all proceeds of the foregoing.

SECTION 2. Recordation. Each Grantor authorizes and requests that the Register of Copyrights and the Commissioner of Patents and Trademarks record this Intellectual Property Security Agreement.

SECTION 3. Execution in Counterparts. This Agreement may be executed in any number of counterparts (including by telecopy), each of which when so executed shall be deemed to be an original and all of which taken together shall constitute one and the same agreement.

SECTION 4. Governing Law. This Intellectual Property Security Agreement shall be governed by, and construed and interpreted in accordance with, the law of the State of New York without regard to conflict of laws principles thereof that would require application of laws of another state.

SECTION 5. Conflict Provision. This Intellectual Property Security Agreement has been entered into in conjunction with the provisions of the Collateral Agreement and the Credit Agreement. The rights and remedies of each party hereto with respect to the security interest granted herein are without prejudice to, and are in addition to those set forth in the Collateral Agreement and the Credit Agreement, all terms and provisions of which are incorporated herein by reference. In the event that any provisions of this Intellectual Property Security Agreement are in conflict with the Collateral Agreement or the Credit Agreement, the provisions of the Collateral Agreement or the Credit Agreement shall govern and control.

IN WITNESS WHEREOF, each of undersigned has caused this Intellectual Property Security Agreement to be duly executed and delivered as of the date first above written.

[NAME OF GRANTOR]

By: _____
Name:
Title:

Schedule 1

COPYRIGHTS

PATENTS

TRADEMARKS

Exhibit B-2 to
Second Lien Guarantee and Collateral Agreement

FORM OF AFTER-ACQUIRED INTELLECTUAL PROPERTY SECURITY AGREEMENT

(FIRST SUPPLEMENTAL FILING)

This INTELLECTUAL PROPERTY SECURITY AGREEMENT (FIRST SUPPLEMENTAL FILING), dated as of November 10, 2006 (as amended, supplemented or otherwise modified from time to time, this "First Supplemental Intellectual Property Security Agreement"), is made by each of the signatories hereto (collectively, the "Grantors") in favor of Wilmington Trust Company, as collateral agent (in such capacity and together with its successors and assigns, the "Collateral Agent"), for itself and the other Secured Parties (as defined in the Collateral Agreement referred to below).

WHEREAS, GPS CCMP MERGER CORP., a Wisconsin corporation (the "Borrower"), has entered into a Credit Agreement dated as of November 10, 2006 (as the same may be amended, restated, amended and restated, supplemented or otherwise modified from time to time, the "Credit Agreement"), among the Borrower, GENERAC ACQUISITION CORP., a Delaware corporation ("Holdings"), the LENDERS party thereto from time to time, JPMORGAN CHASE BANK, N.A., as administrative agent (in such capacity, together with its successors and assigns, the "Administrative Agent"), the other agents named therein and GOLDMAN SACHS CREDIT PARTNERS L.P. and J.P. MORGAN SECURITIES INC., as joint lead arrangers and joint bookrunners;

WHEREAS, it is a condition precedent to the obligations of the Lenders and to make their respective extensions of credit to the Borrower that the Grantors shall have executed and delivered that certain Second Lien Guarantee and Collateral Agreement, dated as of November 10, 2006, to the Collateral Agent (as amended, supplemented, restated or otherwise modified from time to time, the "Collateral Agreement") for its benefit and for the benefit of the other Secured Parties (capitalized terms used and not defined herein have the meanings given such terms in the Collateral Agreement);

WHEREAS, under the terms of the Collateral Agreement, the Grantors have granted a security interest in certain property, including, without limitation, certain Intellectual Property (as defined in the Collateral Agreement), including but not limited to After-Acquired Intellectual Property (as defined in the Collateral Agreement) of the Grantors to the Administrative Agent for the ratable benefit of the Secured Parties, and have agreed as a condition thereof to execute this First Supplemental Intellectual Property Security Agreement for recording with the United States Patent and Trademark Office, the United States Copyright Office, and other applicable Governmental Authorities;

WHEREAS, the Intellectual Property Security Agreement was recorded against certain United States Intellectual Property at [INSERT REEL/FRAME NUMBER] [IF SECOND OR LATER SUPPLEMENTAL, ADD PRIOR REEL/FRAME NUMBERS];

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Grantors agree as follows:

SECTION 1. Grant of Security. Each Grantor hereby grants to the Collateral Agent for its benefit and for the benefit of the other Secured Parties a security interest in and to all of such Grantor's right, title and interest in and to the following (the "Intellectual Property Collateral"), as collateral security for the prompt and complete payment and performance when due (whether at the stated maturity, by acceleration or otherwise) of such Grantor's Obligations (as defined in the Collateral Agreement):

(a) (i) all trademarks, service marks, trade names, corporate names, company names, business names, trade dress, trade styles, logos, or other indicia of origin or source identification, trademark and service mark registrations, and applications for trademark or service mark registrations and any new renewals thereof, including, without limitation, each registration and application identified in Schedule 1, (ii) the right to sue or otherwise recover for any and all past, present and future infringements and misappropriations thereof, (iii) all income, royalties, damages and other payments now and hereafter due and/or payable with respect thereto (including, without limitation, payments under all licenses entered into in connection therewith, and damages and payments for past, present or future infringements thereof), and (iv) all other rights of any kind whatsoever of the Grantor accruing thereunder or pertaining thereto, together in each case with the goodwill of the business connected with the use of, and symbolized by, each of the above (collectively, the "Trademarks");

(b) (i) all patents, patent applications and patentable inventions, including, without limitation, each issued patent identified in Schedule 1, (ii) all inventions and improvements described and claimed therein, (iii) the right to sue or otherwise recover for any and all past, present and future infringements and misappropriations thereof, (iv) all income, royalties, damages and other payments now and hereafter due and/or payable with respect thereto (including, without limitation, payments under all licenses entered into in connection therewith, and damages and payments for past, present or future infringements thereof), and (v) all reissues, divisions, continuations, continuations-in-part, substitutes, renewals, and extensions thereof, all improvements thereon and all other rights of any kind whatsoever of the Grantor accruing thereunder or pertaining thereto (collectively, the "Patents");

(c) (i) all copyrights, whether or not the underlying works of authorship have been published, including but not limited to copyrights in software and databases, all Mask Works (as defined in 17 U.S.C. 901 of the Copyright Act) and all works of authorship and other intellectual property rights therein, all copyrights of works based on, incorporated in, derived from or relating to works covered by such copyrights, all right, title and interest to make and exploit all derivative works based on or adopted from works covered by such copyrights, and all copyright registrations and copyright applications, mask works registrations and mask works applications, and any renewals or extensions thereof, including, without limitation, each registration and application identified in Schedule 1, (ii) the rights to print, publish and distribute any of the foregoing, (iii) the right to sue or otherwise recover for any and all past, present and future infringements and misappropriations thereof, (iv) all income, royalties, damages and other payments now and hereafter due and/or payable with respect thereto (including, without limitation, payments under all licenses entered into in connection therewith, and damages and

payments for past, present or future infringements thereof), and (v) all other rights of any kind whatsoever of the Grantor accruing thereunder or pertaining thereto ("Copyrights");

(d) (i) all trade secrets and all confidential and proprietary information, including know-how, manufacturing and production processes and techniques, inventions, research and development information, technical data, financial, marketing and business data, pricing and cost information, business and marketing plans, and customer and supplier lists and information, (ii) the right to sue or otherwise recover for any and all past, present and future infringements and misappropriations thereof, (iii) all income, royalties, damages and other payments now and hereafter due and/or payable with respect thereto (including, without limitation, payments under all licenses entered into in connection therewith, and damages and payments for past, present or future infringements thereof), and (iv) all other rights of any kind whatsoever of the Grantor accruing thereunder or pertaining thereto (collectively, the "Trade Secrets");

(e) (i) all licenses or agreements, whether written or oral, providing for the grant by or to any Grantor of: (A) any right to use any Trademark or Trade Secret, (B) any right to manufacture, use, import, export, distribute, offer for sale or sell any invention covered in whole or in part by a Patent, and (C) any right under any Copyright including, without limitation, the grant of rights to

manufacture, distribute, print, publish, copy, import, export, exploit and sell materials derived from any Copyright including, without limitation, any of the foregoing identified in Schedule 1, (ii) the right to sue or otherwise recover for any and all past, present and future infringements and misappropriations of any of the foregoing, (iii) all income, royalties, damages and other payments now and hereafter due and/or payable with respect thereto (including, without limitation, payments under all licenses entered into in connection therewith, and damages and payments for past, present or future infringements thereof), and (iv) all other rights of any kind whatsoever of the Grantor accruing thereunder or pertaining thereto; and

(f) any and all proceeds of the foregoing.

SECTION 2. Recordation. Each Grantor authorizes and requests that the Register of Copyrights and the Commissioner of Patents and Trademarks record this First Supplemental Intellectual Property Security Agreement.

SECTION 3. Execution in Counterparts. This Agreement may be executed in any number of counterparts (including by telecopy), each of which when so executed shall be deemed to be an original and all of which taken together shall constitute one and the same agreement.

SECTION 4. Governing Law. This First Supplemental Intellectual Property Security Agreement shall be governed by, and construed and interpreted in accordance with, the law of the State of New York without regard to conflict of laws principles thereof that would require application of laws of another state.

SECTION 5. Conflict Provision. This First Supplemental Intellectual Property Security Agreement has been entered into in conjunction with the provisions of the Collateral Agreement and the Credit Agreement. The rights and remedies of each party hereto with respect

to the security interest granted herein are without prejudice to, and are in addition to those set forth in the Collateral Agreement and the Credit Agreement, all terms and provisions of which are incorporated herein by reference. In the event that any provisions of this Intellectual Property Security Agreement are in conflict with the Collateral Agreement or the Credit Agreement, the provisions of the Collateral Agreement or the Credit Agreement shall govern and control.

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF, each of undersigned has caused this Intellectual Property Security Agreement to be duly executed and delivered as of the date first above written.

[NAME OF GRANTOR]

By: _____
Name:
Title:

Schedule I

COPYRIGHTS

PATENTS

TRADEMARKS

Exhibit C to
Second Lien Guarantee and Collateral Agreement

FORM OF CONTROL AGREEMENT (UNCERTIFICATED SECURITIES)

This Uncertificated Securities Control Agreement dated as of November 10, 2006 (this "Agreement"), among (the "Pledgor"), Goldman Sachs Credit Partners L.P., in its capacity as Collateral agent for the First Lien Obligations (as defined in the Intercreditor Agreement referenced below, including its successors and assigns from time to time, the "First Lien Collateral Agent"), and Wilmington Trust Company, in its capacity as Collateral Agent for the Second Lien Obligations (as defined in the Intercreditor Agreement referenced below, including its successors and assigns from time to time, the "Second Lien Collateral Agent"), and , a corporation (the "Issuer"). Capitalized terms used but not defined herein shall have the meaning assigned in the Intercreditor Agreement dated November 10, 2006 (as amended, restated, supplemented or otherwise modified from time to time, the "Intercreditor Agreement") among GPS CCMP MERGER CORP. ("Borrower"), the First Lien Collateral Agent and the Second Lien Collateral Agent . All references herein to the "UCC" shall mean the Uniform Commercial Code as in effect in the State of New York.

SECTION 1. Priority of Lien. Pursuant to that certain First Lien Guarantee and Collateral Agreement dated as of November 10, 2006 (as amended, restated, supplemented or otherwise modified from time to time, the "First Lien Collateral Agreement"), among the Pledgor, the other grantors party thereto and Goldman Sachs Credit Partners, L.P. (in such capacity, and together with its successors and assigns from time to time, the "First Lien Administrative Agent"), and that certain Second Lien Guarantee and Collateral Agreement dated as of November 10, 2006 (as amended, restated, supplemented or otherwise modified from time to time, the "Second Lien Collateral Agreement"; and together with the First Lien Collateral Agreement, the "Security Agreements"), among the Pledgor, the other grantors party thereto, the Second Lien Collateral Agent and the Second Lien Administrative Agent (as such term is defined therein) the Pledgor has granted a security interest in all of the Pledgor's rights in the Pledged Shares referred to in Section 2 below to each of the First Lien Administrative Agent and the Second Lien Collateral Agent, respectively. The First Lien Administrative Agent and Second Lien Collateral Agent, the Pledgor and the Issuer are entering into this Agreement to perfect each of the First Lien Administrative Agent, and the Second Lien Collateral Agent's security interests in such Pledged Shares. As between the First Lien Administrative Agent and the Second Lien Collateral Agent, the First Lien Administrative Agent shall have a first priority security interest in such Pledged Shares and the Second Lien Collateral Agent shall have a second priority security interest in such Pledged Shares in accordance with the Intercreditor Agreement. The Issuer hereby acknowledges that it has received notice of the security interests of the First Lien Administrative Agent and the Second Lien Collateral Agent in such Pledged Shares and hereby acknowledges and consents to such liens.

SECTION 2. Registered Ownership of Shares. The Issuer hereby confirms and agrees that as of the date hereof the Pledgor is the registered owner of [shares][membership interests] [partnership interests][other equivalents of capital stock of a corporation] of [capital stock of] the Issuer (the "Pledged Shares") and the Issuer shall not change the registered owner of the Pledged Shares without the prior written consent of the Administrative Agents.

SECTION 3. Instructions. If at any time after the occurrence and during the continuance of an Event of Default the Issuer shall receive instructions originated by the First Lien Administrative Agent relating to the Pledged Shares, the Issuer shall comply with such instructions without further consent by the Pledgor or any other person. If at any time the Issuer shall receive instructions originated by the Second Lien Collateral Agent relating to the Pledged Shares, the Issuer shall comply with such instructions without further consent by the Pledgor or any other person; provided that, prior to receipt by the Issuer of a Notice of Termination of First Lien Obligations in the form of Exhibit A attached hereto ("Notice of Termination of First Lien Obligations"), in the event the Issuer receives conflicting instructions from the First Lien Administrative Agent, the Second Lien Administrative Agent and the Second Lien Collateral Agent, the Second Lien Administrative Agent hereby instructs the Issuer to comply with the instructions of the First Lien Administrative Agent; and provided further that the Second Lien Collateral Agent shall not give any such instructions other than in accordance with Section 3 of the lntercreditor Agreement. If the Pledgor is otherwise entitled to issue instructions and such instructions conflict with any instructions issued by the First Lien Administrative Agent or the Second Lien Collateral Agent (either with the consent of the First Lien Administrative Agent or following the receipt by Issuer or a Notice of Termination of First Lien Obligations), if applicable, the Issuer shall follow the instructions issued by the applicable Administrative Agent.

SECTION 4. Additional Representations and Warranties of the Issuer. The Issuer hereby represents and warrants to the First Lien Administrative Agent and the Second Lien Collateral Agent (in such capacity, the "Agents") :

(a) It has not entered into, and until the termination of this agreement will not enter into, any agreement with any other person relating the Pledged Shares pursuant to which it has agreed to comply with instructions issued by such other person.

(b) It has not entered into, and until the termination of this agreement will not enter into, any agreement with the Pledgor or the Agents purporting to limit or condition the obligation of the Issuer to comply with instructions as set forth in Section 3 hereof.

(c) Except for the security interests of the Agents and of the Pledgor in the Pledged Shares, the Issuer does not know of any security interest in the Pledged Shares. If any person asserts any lien, encumbrance or adverse claim. (including any writ, garnishment, judgment, warrant of attachment, execution or similar process) against the Pledged Shares, the Issuer will promptly notify the Agents and the Pledgor thereof.

(d) This Agreement is the valid and legally binding obligation of the Issuer.

SECTION 5. Choice of Law. This Agreement shall be governed by the laws of the State of New York.

SECTION 6. Conflict with Other Agreements. In the event of any conflict between this Agreement or any other agreement between the Pledgor and the Issuer (or any portion thereof) now existing or hereafter entered into, the terms of this Agreement shall prevail. As between the Agents and the Pledgor, in the event of any conflict between this Agreement and the Security Agreements, the terms of the Security Agreements shall prevail. No amendment or modification of this Agreement or waiver of any right hereunder shall be binding on any party hereto unless it is in writing and is signed by all of the parties hereto. With respect to the Second Lien Colalteral Agent and the Second Lien Administrative Agent only, the terms of this Agreement shall be subject in their entirety to the terms of the Second Lien Credit Agreement.

SECTION 7. Voting Rights. Until such time as the Agents shall otherwise instruct the Issuer in writing, the Pledgor shall have the right to vote the Pledged Shares.

SECTION 8. Successors; Assignment. The terms of this Agreement shall be binding upon, and shall inure to the benefit of, the parties hereto and their respective successors and assigns. Each Agent may assign its rights hereunder only with the express written consent of the Issuer and by sending written notice of such assignment to the Pledgor.

SECTION 9. Notices. Any notice, request or other communication required or permitted to be given under this Agreement shall be in writing and deemed to have been properly given when delivered in person, or when sent by telecopy or other electronic means and electronic confirmation of error free receipt is received or two (2) days after being sent by certified or registered United States mail, return receipt requested, postage prepaid, addressed to the party at the address set forth below.

Pledgor:
[INSERT ADDRESS]
Attention:
Telecopier:

First Lien Administrative Agent:
Goldman Sachs Credit Partners L.P.,
c/o Goldman, Sachs & Co.,
30 Hudson Street, 17th Floor,
Jersey City, NJ 07302,
Attention: SBD Operations
Attention: Pedro Ramirez
Telecopier: (212) 357-4597

Second Lien Administrative Agent:
JPMorgan Chase Bank, N.A.
1111 Fannin 10th Floor
Houston, Texas 77002

Attention: Bammy Adedugbe
Telecopier: (713) 750-2228

Issuer:
[INSERT ADDRESS]
Attention:
Telecopier:

Any party may change its address for notices in the manner set forth above.

SECTION 10. Termination. The obligations of the Issuer to the Agents pursuant to this Agreement shall continue in effect until the security interests of both Agents in the Pledged Shares have been terminated pursuant to the terms of the Security Agreements and each Agent has notified the Issuer of such termination in writing. Each Agent agrees to provide a Notice of Termination in substantially the form of Exhibit B hereto to the Issuer upon the request of the Pledgor on or after the termination of such Agent's security interest in the Pledged Shares pursuant to the terms of the applicable Security Agreement. The termination of this Agreement shall not terminate the Pledged Shares or alter the obligations of the Issuer to the Pledgor pursuant to any other agreement with respect to the Pledged Shares.

SECTION 11. Counterparts. This Agreement may be executed in any number of counterparts, all of which shall constitute one and the same instrument, and any party hereto may execute this Agreement by signing and delivering one or more counterparts.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed as of the date first above written by their respective officers thereunto duly authorized.

[NAME OF PLEDGOR]

By: _____
Name:
Title:

GOLDMAN SACHS CREDIT PARTNERS L.P.
as First Lien Administrative Agent

By: _____
Name:
Title:

WILMINGTON TRUST COMPANY
as Second Lien Collateral Agent

By: _____
Name:
Title

[NAME OF ISSUER]

By: _____
Name:
Title:

Exhibit A
To Uncertificated Securities Control Agreement

[LETTERHEAD OF GOLDMAN SACHS CREDIT PARTNERS L.P.]

NOTICE OF TERMINATION OF FIRST LIEN OBLIGATIONS

[Name of Financial Institution]
[Address]

[ ]
60 Wall Street
New York , New York 10005

Attention:

Re: Uncertificated Securities Control Agreement dated as of November 10, 2006 (as amended, restated, supplemented or otherwise modified from time to time, the "Agreement") by and among [NAME OF PLEDGOR], GOLDMAN SACHS CREDIT PARTNERS L.P., as First Lien Administrative Agent (in such capacity, the "First Lien Administrative Agent"), WILMINGTON TRUST COMPANY, as Second Lien Collateral Agent (in such capacity, the "Second Lien Collateral Agent") and [NAME OF FINANCIAL INSTITUTION] re: Pledged Shares issued by [NAME OF ISSUER].

Ladies and Gentlemen:

You are hereby notified that there has been a Discharge of First Lien Obligations.

Capitalized terms used but not defined herein shall have the meanings set forth in the Agreement.

Sincerely,

GOLDMAN SACHS CREDIT PARTNERS L.P.
as First Lien Administrative Agent

By: _____
Name:
Title:

Cc:[PLEDGOR]

Exhibit B
To Uncertificated Securities Control Agreement

[LETTERHEAD OF FIRST/SECOND LIEN ADMINISTRATIVE /COLLATERAL AGENT]

[DATE]

[Name and Address of Issuer]

Attention:

Re: Termination of Control Agreement

You are hereby notified that the Uncertificated Securities Control Agreement between you, [the Pledgor] and the undersigned (a copy of which is attached) (the "Agreement") is terminated and you have no further obligations to the undersigned pursuant to the Agreement. Notwithstanding any previous instructions to you, you are hereby instructed to accept all future directions with respect to Pledged Shares (as defined in the Agreement) from [the Pledgor]. This notice terminates any obligations you may have to the undersigned with respect to the Pledged Shares, however nothing contained in this notice shall alter any obligations which you may otherwise owe to [the Pledgor] pursuant to any other agreement.

You are instructed to deliver a copy of this notice by facsimile transmission to [insert name of Pledgor].

Very truly yours,

[NAME OF FIRST/SECOND LIEN
ADMINISTRATIVE/COLLATERAL AGENT]
as First/Second Lien Administrative/Collateral
Agent

By: _____
Name:
Title:

Exhibit D to
Second Lien Guarantee and Collateral Agreement

ASSUMPTION AGREEMENT

ASSUMPTION AGREEMENT, dated as of November 10, 2006 made by , a (the "Additional Grantor"), in favor of Wilmington Trust Company, as collateral agent (in such capacity and together with its successors in such capacity, the "Collateral Agent") for (i) itself, (ii) the Lenders parties to the Credit Agreement referred to below, and (iii) the other Secured Parties (as defined in the Collateral Agreement (as hereinafter defined)). All capitalized terms not defined herein shall have the meaning ascribed to them in such Credit Agreement.

W I T N E S S E T H:

WHEREAS, GPS CCMP MERGER CORP., a Wisconsin corporation (the "Borrower"), has entered into a Credit Agreement dated as of November 10, 2006 (as the same may be amended, restated, amended and restated, supplemented or otherwise modified from time to time, the "Credit Agreement"), among the Borrower, GENERAC ACQUISITION CORP., a Delaware corporation ("Holdings"), the LENDERS party thereto from time to time, JPMORGAN CHASE BANK, N.A., as administrative agent (in such capacity, together with its successors and assigns, the "Administrative Agent"), the other agents named therein and GOLDMAN SACHS CREDIT PARTNERS L.P. and J.P. MORGAN SECURITIES INC., as joint lead arrangers and joint bookrunners;

WHEREAS, in connection with the Credit Agreement, the Borrower, Holdings and certain of its Subsidiaries (other than the Additional Grantor) have entered into the Second Lien Guarantee and Collateral Agreement, dated as of November 10, 2006 (as amended, restated, supplemented or otherwise modified from time to time, the "Collateral Agreement") in favor of the Administrative Agent for the benefit of the Secured Parties;

WHEREAS, the Credit Agreement requires the Additional Grantor to become a party to the Collateral Agreement as a Grantor and a Guarantor thereunder; and

WHEREAS, the Additional Grantor has agreed to execute and deliver this Assumption Agreement in order to become a party to the Collateral Agreement as a Grantor and a Guarantor thereunder;

NOW, THEREFORE, IT IS AGREED:

1. Collateral Agreement. By executing and delivering this Assumption Agreement, the Additional Grantor, as provided in Section 8.14 of the Collateral Agreement, hereby becomes a party to the Collateral Agreement as a Grantor and a Guarantor thereunder with the same force and effect as if originally named therein as a Grantor and a Guarantor and, without limiting the generality of the foregoing, hereby expressly (a) assumes all obligations and liabilities of a Grantor and a Guarantor thereunder; (b) guarantees the Borrower Obligations

pursuant to Section 2 of the Collateral Agreement; and (c) assigns and transfers to the Collateral Agent, and hereby grants to the Collateral Agent, for its benefit and for the benefit of the other Secured Parties, a security interest in all such Additional Grantor's right, title and interest in and to the Collateral, wherever located and whether now owned or at any time hereafter acquired by the Additional Grantor or in which the Additional Grantor now has or at any time in the future may acquire any right, title or interest, as collateral security for the prompt and complete payment and performance when due (whether at stated maturity, by acceleration or otherwise) of the Additional Grantor's Obligations. The information set forth in [Annex 1-A] hereto is hereby added to the information set forth in Schedules (1) to the Collateral Agreement. The Additional Grantor hereby represents and warrants that each of the representations and warranties contained in Section 4 of the Collateral Agreement is true and correct on and as the date hereof (after giving effect to this Assumption Agreement) as if made on and as of such date.

2. GOVERNING LAW. THIS ASSUMPTION AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH, THE LAW OF THE STATE OF NEW YORK WITHOUT REGARD TO CONFLICT OF LAWS PRINCIPLES THEREOF THAT WOULD REQUIRE APPLICATION OF LAWS OF ANOTHER STATE.

IN WITNESS WHEREOF, the undersigned has caused this Assumption Agreement to be duly executed and delivered as of the date first above written.

[ADDITIONAL GRANTOR]

By: _____
Name:
Title:

(1) Refer to each Schedule which needs to be supplemented.

Schedule 4.3
Filings; Other Actions

UCC-1 Financing Statement filed with Wisconsin Department of Financial Institutions.

UCC-1 Financing Statement filed with Delaware Secretary of State.

Intellectual Property Security Agreement filed with the U.S. Patent and Trademark Office and the U.S. Copyright Office.

Delivery of possessory collateral.

Schedule 4.4
Name; Jurisdiction of Organization, etc.

Name	Jurisdiction of Organization	Organizational ID Number	Chief Executive Office
Generac Acquisition Corp.	Delaware	4240074	245 Park Avenue 16th Floor New York, NY 10167-2403
GPS CCMP Merger Corp.	Wisconsin	G038855	245 Park Avenue 16th Floor New York, NY 10167-2403
Generac Power Systems, Inc.	Wisconsin	1G04432	Hwy. 59 & Hillside Road P. O. Box 8 Waukesha, WI 53187

Schedule 4.7(a)
Investment Property

PLEDGED STOCK

Stock Owned	Percentage of Issued and Outstanding Stock
1 share of GPS CCMP Merger Corp. owned by Generac Acquisition Corp. (pre-Merger)	100%
1 share of Generac Power Systems, Inc. owned by Generac Acquisition Corp. (post-Merger)	100%

PLEDGED LLC INTERESTS

None.

PLEDGED PARTNERSHIP INTERESTS

None.

PLEDGED TRUST INTERESTS

None.

Schedule 4.7(b)
Investment Property

PLEDGED DEBT SECURITIES

None.

PLEDGED NOTES

None.

Schedule 4.7(c)
Investment Property

COMMODITIES ACCOUNTS

None.

Schedule 4.9(a)
Intellectual Property

US Trademark Registrations and Applications

Mark	Application Serial No.	Registration No.	Registration Date
CONTROL YOUR POWER, CONTROL YOUR LIFE	77017054	N/A	Filed 10/9/06
CENTURION	77012308	N/A	Filed 10/3/06
GEMINI	76184342	2640658	10/22/2002
GENERAC	74213770	1706283	8/11/1992
GENERAC	75234791	2160191	5/26/1998
GENLINK	75718232	2382826	9/5/2000
GUARDIAN	75639051	2403403	11/14/2000
GUARDIAN ELITE	77015448	N/A	Filed 10/6/06
IMPACT	75237109	2188490	9/8/1998
OHVI	75136916	2123079	12/23/1997
OHVI GENERAC INDUSTRIAL SERIES	76236272	2661922	12/17/2002
POWER MANAGER BY GENERAC POWER SYSTEMS	76146845	2676313	1/21/2003
POWERMANAGER	76284287	2676764	1/21/2003
POWER MASTER	77025989	N/A	Filed 10/20/06
PRIMEPACT	75694070	2474199	7/31/2001
QUIETPACT	75706683	2326725	3/7/2000
QUIETSOURCE	76576961	N/A	Filed 1/29/2004
QUIET TEST	77026040	N/A	Filed 10/20/06

SPECWRITER	75257005	2202567	11/10/1998
ULTRA SOURCE	76576962	3012603	11/8/2005
RAMPOWER	75268554	2269500	08/10/1999
WATCHDOG	77014536	N/A	Filed 10/5/06
WHISPER –TEST	77016886	N/A	Filed 10/9/06
X-TORQ	77028230	N/A	Filed 10/24/06

Foreign Trademark Registrations

Mark & Country	Application Serial No.	Registration No.	Registration Date
GENERAC - Brazil	819826910	819826910	10/5/1999
GENERAC - Brazil	819826928	819826918	10/5/1999

GENERAC - Canada	839,906	TMA525,879	3/28/2000
GENERAC - Chile	373,224	499,632	12/23/1997
GENERAC - China	970014363	1165144	4/7/1998
GENERAC - China		1171453	4/28/1998
GENERAC - Colombia	971,304	205,428	1/30/1998
GENERAC - Colombia	97001306	206,002	2/24/1998
GENERAC - Colombia	97 1305	255,256	10/12/1999
GENERAC - Costa Rica	115,223	110,496	12/10/1998
GENERAC - Ecuador	2652-98	2652-98	5/7/1998
GENERAC - Ecuador	2653-98	2653-98	5/7/1998
GENERAC - Ecuador		2651-98	5/7/1998
GENERAC - European Community	000476119	000476119	2/15/1999

Mark & Country	Application Serial No.	Registration No.	Registration Date
GENERAC - Hong Kong	199700320	199810461	1/10/1997
GENERAC - Hong Kong	199700321	199809710AA	9/21/1998
GENERAC - Indonesia	D97 14589	415247	4/20/1998
GENERAC - Indonesia	D97 14588	415246	4/20/1998
GENERAC - Korea	97-2102	413,453	7/30/1998
GENERAC - Korea	97-2103	405,039	6/17/1998
GENERAC - Mexico	290772	552,453	6/27/1997
GENERAC - Mexico	290770	552,451	6/27/1997
GENERAC - Mexico	2990771	552,452	6/27/1997
GENERAC - Puerto Rico	40,372	40,372	5/2/1997
GENERAC - Puerto Rico	40,371	40,371	5/2/1997
GENERAC - Puerto Rico	40,370	40,370	5/2/1997
GENERAC - Singapore		S/12766/96	11/26/1999
GENERAC - Singapore		T96/12765F	11/26/1996
GENERAC - Singapore	S/12764/96	T96/12764H	11/26/1996
GENERAC - Taiwan	85061804	00799577	12/16/1999
GENERAC - Taiwan	85061805	00839780	2/16/1999
GENERAC - Taiwan	85061804	00724577	Filed 12/5/1996
GENERAC - Thailand	329,244	Kor110994	3/27/2000
GENERAC - Thailand	329,245	Kor72,724	7/3/1998
GENERAC - Uruguay	292,562	292,562	10/8/1997
GENERAC - Venezuela	3364	205,407	5/8/1998

Mark & Country	Application Serial No.	Registration No.	Registration Date
GENERAC - Venezuela	3365	205,408	5/8/1998
GENERAC - Venezuela	3477	205,420	5/8/1998
GENERAC - Vietnam	32727	32727	2/11/1997

U.S. Patents

Patent#	Description	Issued Date
5317999	INTERNAL COMBUSTION ENGINE FOR PORTABLE POWER GENERATING EQUIPMENT	6/7/1994
5497735	INTERNAL COMBUSTION ENGINE FOR PORTABLE POWER GENERATING EQUIPMENT	3/12/1996
5537025	BATTERY CHARGER/PRE-EXCITER FOR ENGINE-DRIVEN GENERATOR	7/16/1996
5797540	METHOD OF MAKING A POWER-TRANSMITTING COUPLING	8/25/1998
5816102	ENGINE-GENERATOR SET WITH INTEGRAL GEAR REDUCTION	10/6/1998
5861604	ARC WELDER AND METHOD PROVIDING USE-ENHANCING FEATURES	1/19/1999

5899176	APPARATUS FOR REDUCING ENGINE FAN NOISE	5/4/1999
5914467	AUTOMATIC TRANSFER SWITCH WITH IMPROVED POSITIONING MECHANISM	6/22/1999
5914551	ELECTRICAL ALTERNATOR	6/22699
5943986	ENGINE HEAT EXCHANGE APPARATUS WITH SLIDE-MOUNTED FAN CARRIER ASSEMBLY	8/31/1999
6045448	POWER-TRANSMITTING DRIVE ASSEMBLY WITH IMPROVED RESILIENT DEVICES	4/4/2000
6068017	DUAL-FUEL VALVE	5/30/2000
6181028	TRANSFER MECHANISM FOR TRANSFERRING POWER BETWEEN A UTILITY SOURCE AND A STAND-BY GENERATOR	1/30/2001
6365982	APPARATUS AND METHOD FOR POSITIONING AN ENGINE THROTTLE	4/2/2002
6412478	BREATHER FOR INTERNAL COMBUSTION ENGINE	7/2/2002

Patent#	Description	Issued Date
6443130	FUEL DEMAND REGULATOR	9/3/2002
D471207	ENGINE COVER	3/4/2003
6552454	GENERATOR STRUCTURE INCORPORATING MULTIPLE ELECTRICAL GENERATOR SETS	4/22/2003
D479244	ENGINE COVER	9/2/2003
D479532	ENGINE COVER	9/9/2003
D479721	ENGINE COVER	9/16/2003
6630756	AIR FLOW ARRANGEMENT FOR GENERATOR ENCLOSURE	10/7/2003
6653821	SYSTEM CONTROLLER AND METHOD FOR MONITORING AND CONTROLLING A PLURALITY OF GENERATOR SETS	11/25/2003
6657416	CONTROL SYSTEM FOR STAND-BY ELECTRICAL GENERATOR	12/2/2003
6659894	VARIABLE PITCH SHEAVE ASSEMBLY FOR FAN DRIVE SYSTEM	12/9/2003
6668530	GRASS-CUTTING TRACTOR WITH IMPROVED OPERATING FEATURES	12/30/2003
6686547	RELAY FOR A TRANSFER MECHANISM WHICH TRANSFERS POWER BETWEEN A UTILITY SOURCE A STAND-BY GENERATOR	2/3/2004
6706084	DEVICE FOR DEFLECTING DEBRIS FROM LAWNMOWER AIR INTAKE	3/16/2004
6726734	DEVICE FOR DEFLECTING DEBRIS FROM LAWNMOWER AIR INTAKE	4/27/2004
6742771	FUEL MIXER FOR INTERNAL COMBUSTION ENGINE	6/1/2004
6784574	AIR FLOW ARRANGEMENT FOR A STAND-BY ELECTRIC GENERATOR	8/31/2004
6824067	METHOD OF COOLING ENGINE COOLANT FLOWING THROUGH A RADIATOR	11/30/2004
6863034	METHOD OF CONTROLLING A BI-FUEL GENERATOR SET	3/8/2005
7000575	METHOD AND APPARATUS FOR REDUCING FAN NOISE IN AN ELECTRICAL GENERATOR	2/21/2006
7111592	APPARATUS AND METHOD FOR COOLING ENGINE COOLANT FLOWING THROUGH A RADIATOR	9/29/2006
7000268	METHOD AND APPARATUS FOR REDUCING FAN NOISE IN AN ELECTRICAL GENERATOR	2/21/2006

Patent#	Description	Issued Date

U.S. Pending Patents

Application #	Description	Filed Date
10/653,366	Power Strip Transfer Mechanism	9/2/2003
11/033,579	Method of Exercising A Stand-By Electrical Generator	1/12/2005
11/201,989	Heat Exchanger	8/11/2005
09/881,998	Network controller for managing the supply and distribution of electrical power	06/15/2001
11/516,981	Fuel Selection Device	9/9/2006

U.S. Patents Licensed w/ Generac Portable Products Transaction

Patent#	Description	Issued Date
5376877	ENGINE-DRIVEN GENERATOR	12/27/1994
5489811	Permanent magnet alternator	2/6/1996
5831366	Permanent magnet alternator	11/3/1998
5504417	ENGINE-DRIVEN GENERATOR	4/2/1996

Foreign Patents

Application # Patent#	Country / Description	Filed Date
2273152	Canada / Engine-Generator Set with Integral Gear Reduction	12/2/1997
00959268.4	Europe / Transfer Mechanism for Transferring Power Between a Utility Source and a Stand-By Generator	2/19/2002
2382273	Canada / Transfer Mechanism for Transferring Power Between a Utility Source and a Stand-By Generator	2/19/2002
2390734	Canada / Network Controller for Managing the Supply and Distribution of Electrical Power	12/15/2002

Schedule 4.9(c)
Intellectual Property

1. Patent License Agreement with Generac Portable Products, Inc (f/k/a GPPC, Inc.) dated July 9, 1998. This agreement is now with Briggs & Stratton.

2. Trademark License Agreement with Generac Portable Products, Inc (f/k/a GPPC, Inc.) dated July 9, 1998. This agreement is now with Briggs & Stratton.

3. Trademark License Agreement with Carrier Corporation dated March 9, 2006.

4. Supplier Buying Agreement Version 2.04 with The Home Depot covering the United States, Puerto Rico, U.S. Virgin Islands (as agreed to and amended in the Letter Agreement dated November 11, 2004).

Schedule 4.9(f)
Intellectual Property

None.

Schedule 4.10
Letters of Credit and Letters of Credit Rights

None.

Schedule 4.11
Commercial Tort Claims

None.

Schedule 8.2
Notices

Generac Acquisition Corp.
245 Park Avenue, 16th Floor
New York, New York 10167-2403

GPS CCMP ACQUISITION CORP.

2006 MANAGEMENT EQUITY INCENTIVE PLAN

RESTRICTED STOCK AGREEMENT

RESTRICTED STOCK AGREEMENT (this "***Agreement***") made as December 27, 2007 (the "***Effective Date***"), by and between GPS CCMP Acquisition Corp., a Delaware corporation (the "***Company***"), and Clement Feng (the "***Executive***").

WHEREAS, as a material inducement to the Company to sell and issue to the Executive the Restricted Shares hereunder, the Executive has agreed to execute and deliver to the Company the Confidentiality, Non-Competition and Intellectual Property Agreement attached hereto as **Exhibit C** (the "***Non-Competition Agreement***");

WHEREAS, in consideration of the mutual covenants contained herein, the receipt and sufficiency of which are hereby acknowledged;

NOW, THEREFORE, the parties hereto agree as follows:

1. Purchase and Sale of Restricted Shares.

(a) Upon execution of this Agreement and the Joinder Agreement, in the form attached hereto as **Exhibit D** (the "***Joinder Agreement***"), to the Shareholders' Agreement, dated as of November 10, 2006, by and among the Company and the other parties from time to time party thereto (the "***Shareholders' Agreement***"), and subject to the terms and conditions of the Plan (as defined below) and this Agreement, the Company will issue to the Executive **389.579916** shares of class A nonvoting common stock of the Company, par value $0.01 per share (the "***Class A Common Stock***"), for a purchase price of $**341.36** per share (the "***Class A Purchase Price***"). All of such shares of Class A Common Stock purchased by the Executive pursuant to this Agreement are referred to herein as "***Restricted Shares***".

(b) The foregoing sale and issuance of Restricted Shares shall be deemed, for all purposes, an Award under (and as defined in) the Company's 2006 Management Equity Incentive Plan (the "***Plan***"), which is incorporated herein by this reference and made a part of this Agreement.

2. Section 83(b) Election.

The parties agree that the fair market value of each share of Class A Common Stock as of November 10, 2006, based on the appraisal report of Corporate Valuation Advisors was the Class A Purchase Price, and that such price represents the fair market value of each share of Class A Common Stock on the Effective Date. The Executive, in its sole discretion, may make an election with the Internal Revenue Service (the "***IRS***") under Section 83(b) of the Code and the regulations promulgated thereunder in the form of **Exhibit A** attached hereto (the "***83(b) Election***"), and in connection with the making of such election, shall provide a copy of such form to the Company promptly following its filing. The Executive understands that under applicable law such election must be filed with the IRS no later than thirty (30) days after any acquisition of the Restricted Shares to be effective. If the Executive files an effective 83(b) Election, the excess of the fair market value of the Restricted Shares on the date hereof (which the IRS may assert is different from the fair market value determined by the parties) covered by such election over the amount paid by the Executive for the Restricted Shares shall be treated as ordinary income received by the Executive, and the Company or one of its Subsidiaries shall withhold from the Executive's compensation all amounts required to be withheld under applicable law. If the Executive does not file an 83(b) Election, future appreciation on the Restricted Shares will generally be taxable as ordinary income when such stock vests pursuant to this Agreement. The foregoing is merely a brief summary of complex

tax laws and regulations, and therefore the Executive is advised to consult with its own tax advisors regarding the purchase and holding of the Restricted Shares.

3. Executive Representations and Warranties.

As an inducement to the Company to issue the Restricted Shares to the Executive and as a condition thereto, the Executive represents, acknowledges and agrees (as applicable) that:

(i) this Agreement constitutes the legal, valid and binding obligation of the Executive, enforceable against it in accordance with its terms, except to the extent the enforceability thereof may be limited by bankruptcy laws, insolvency laws, moratorium laws or other laws affecting creditors' rights generally or by general equitable principles, and the execution, delivery and performance of this Agreement by the Executive does not and will not conflict with, violate or cause a breach of any agreement, contract or instrument to which the Executive is a party or any judgment, order or decree to which the Executive is subject; and

(ii) neither the issuance of the Restricted Shares to the Executive nor any provision contained herein or in the Plan, shall entitle the Executive to remain in the employment of the Company or any of its Subsidiaries, or affect the right of the Company or any Subsidiary to terminate the Executive's employment at any time for any reason.

4. Vesting of Class A Common Stock.

(a) All Restricted Shares shall initially be unvested and shall be subject to repurchase by the Company pursuant to the Shareholders' Agreement. Subject in all respects to the provisions of the Certificate of Incorporation of the Company, all stock dividends, if any, that are paid on unvested Restricted Shares and all stock dividends, if any, that are paid on any such stock dividends (any such stock dividends, "***Restricted Share Dividends***") and all cash dividends paid on unvested Restricted Shares (or on Restricted Share Dividends) ("***Unvested Shares Cash Dividends***") shall be treated as set forth in Section 6(d).

(b) Time-Vesting. **194.789958** Restricted Shares shall be "***Time Vesting Shares***."

(i) Vesting Schedule. Subject to Sections 4(b)(ii) through (iv), the Time Vesting Shares shall vest as set forth below, provided that the Executive remains employed with the Company or one of its Subsidiaries on such Vesting Dates:

Vesting Date	Vested Percentage of Time Vesting Shares
December 27, 2008	25%
December 27, 2009	50%
December 27, 2010	75%
December 27, 2011	100%

(ii) Acceleration upon Change of Control. Upon the occurrence of a Change of Control prior to February 15, 2011, all then unvested Time Vesting Shares shall immediately vest in full, so long as the Executive is employed with the Company or one of its Subsidiaries on the applicable Change of Control Date.

(iii) Accelerated Vesting upon Death or Disability. Notwithstanding the foregoing provisions of this Section 4, in the event of the Executive's termination of employment with the

Company or any of its Subsidiaries by reason of his death or becoming Disabled on or after the Effective Date, Time Vesting Shares that would otherwise have been become vested within twelve months immediately following the date of such death or Disability shall vest as of the date of such death or Disability.

(iv) Cessation of Vesting. Subject to the effect of paragraph (iii) above, the vesting of all Time Vesting Shares shall cease upon the date of employee's termination of employment with the Company.

(c) Performance-Based Vesting.

(i) General. In accordance with Section 4(c)(ii) through (iv), **194.789958** Restricted Shares shall be eligible to vest upon the occurrence of either a Change of Control or an IPO Liquidity Event, provided the Executive is employed with the Company or one of its Subsidiaries on the Change of Control Date or IPO Liquidity Event Date, as applicable, as set forth in the requirements of this Section 4(c) (the "***Performance Vesting Shares***").

(ii) Change of Control. In the event that, upon the occurrence of a Change of Control (and provided that the Executive is employed with the Company or one of its Subsidiaries on the applicable Change of Control Date), the Class B Return is equal to or greater than 2, 100% of the Performance Vesting Shares shall vest on the Change of Control Date.

(iii) IPO Liquidity Event. Upon the occurrence of an IPO Liquidity Event (and provided that the Executive is employed with the Company or one of its Subsidiaries on the applicable IPO Liquidity Event Date), 100% of the Performance Vesting Shares shall vest on the IPO Liquidity Event Date.

(iv) Cessation of Vesting upon Termination of Employment Prior to Change of Control or IPO Liquidity Event. In the event of the Executive's termination of employment for any reason prior to the occurrence of either a Change of Control or an IPO Liquidity Event, vesting shall cease for the Performance Vesting Shares.

(d) Dividends, Etc. Subject in all respects to the provisions of the Certificate of Incorporation of the Company, Restricted Share Dividends, Unvested Shares Cash Dividends and Additional Property shall be delivered to the Executive promptly upon the vesting of the related Restricted Shares.

5. Legend.

(a) Each certificate representing Restricted Shares shall bear each of the following legends (in addition to any legends required under the Shareholders' Agreement).

"THE SHARES REPRESENTED BY THIS CERTIFICATE HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AND HAVE BEEN ACQUIRED FOR INVESTMENT AND NOT WITH A VIEW TO, OR IN CONNECTION WITH, THE SALE OR DISTRIBUTION THEREOF. NO SUCH SALE OR DISTRIBUTION MAY BE EFFECTED WITHOUT AN EFFECTIVE REGISTRATION STATEMENT RELATED THERETO OR AN OPINION OF COUNSEL IN A FORM REASONABLY SATISFACTORY TO THE COMPANY THAT SUCH REGISTRATION IS NOT REQUIRED UNDER THE SECURITIES ACT OF 1933."

"THE SHARES REPRESENTED BY THIS CERTIFICATE MAY NOT BE TRANSFERRED, SOLD, ASSIGNED, PLEDGED, HYPOTHECATED OR OTHERWISE DISPOSED OF OR EXCHANGED UNLESS SUCH TRANSFER, SALE, ASSIGNMENT, PLEDGE, HYPOTHECATION OR OTHER DISPOSITION OR EXCHANGE COMPLIES WITH THE PROVISIONS OF THE SHAREHOLDERS' AGREEMENT AND THE RESTRICTED STOCK AGREEMENT, EACH AS AMENDED FROM TIME TO TIME, BETWEEN OR AMONG THE COMPANY AND THE INVESTORS PARTY THERETO. IN ADDITION TO RESTRICTIONS ON TRANSFER, THE RESTRICTED STOCK AGREEMENT PROVIDES FOR THE VESTING OF THE SHARES ACCORDING TO THE SPECIFIC PROVISIONS OF THE RESTRICTED STOCK AGREEMENT. COPIES OF THE SHAREHOLDERS' AGREEMENT AND THE RESTRICTED STOCK AGREEMENT ARE ON FILE WITH THE COMPANY."

(b) The certificates shall also bear any legend required by any applicable state securities law.

6. Restrictions on Transfer and Conversion.

(a) The Company and the Executive acknowledge and agree that the Restricted Shares are subject to and restricted by the Shareholders' Agreement and with respect to such Restricted Shares, the Executive shall be an "***Investor***" and a "***Management Shareholder***" as such terms are used in the Shareholders Agreement.

(b) No unvested Restricted Shares shall be transferable to any Person for any reason. Any attempt to Transfer any unvested Restricted Shares shall be null and void and have no force or effect, and the Company shall not, and shall cause any transfer agent not to, give any effect in such entity's share records to such attempted Transfer.

(c) Prior to any Transfer of vested Restricted Stock made in accordance with the Shareholders' Agreement, the transferee shall agree, by execution of a Joinder Agreement, to be bound by this Agreement as holder of Restricted Shares and by the Shareholders' Agreement as an "***Investor***" and a "***Management Shareholder***". Any Transfer or attempted Transfer of any Restricted Shares in violation of this Section 6 or the Shareholders' Agreement shall be void, and the Company shall not record such Transfer on its books or treat any purported transferee of such Restricted Shares as the owner of such stock for any purpose.

(d) All Restricted Share Dividends, all Unvested Shares Cash Dividends and all new, substituted or additional securities or other property contemplated by Section 10 below ("***Additional Property***"), shall be subject to the same restrictions (and the same vesting) as the Restricted Share to which such Restricted Share Dividend, Unvested Shares Cash Dividends or Additional Property relates, and will be paid to the Executive in accordance with Section 4(d).

(e) The Executive acknowledges that the transfer restrictions contained in this Agreement are reasonable and in the best interests of the Company.

7. Right of Repurchase. Except as provided in any other agreement between the Company and/or one of its Subsidiaries and the Executive, and subject to applicable securities laws, the Company shall have no duty or obligation to disclose to the Executive, and the Executive shall have no right to be advised of, any material information regarding the Company and its Subsidiaries at any time prior to, upon or in connection with the Company's exercise of it right to repurchase the Restricted Shares pursuant to Article V of the Shareholders' Agreement (the "***Repurchase Option***") upon the termination of the Executive's employment with the Company or one of it Subsidiaries. In connection with the

exercise of the Repurchase Option by the Company with respect to unvested Restricted Shares, if the Company holds, pursuant to Section 6(d) Unvested Shares Cash Dividends, Restricted Share Dividends and/or Additional Property with respect to such unvested Restricted Shares, upon the purchase by the Company or its designee of such Restricted Shares, notwithstanding anything to the contrary in this Agreement or the Shareholders' Agreement, all such Unvested Shares Cash Dividends, Restricted Share Dividends (subject to any repurchase provisions in the Shareholders' Agreement) and/or Additional Property shall be forfeited by the Executive (and any Permitted Transferee of the Executive) and all of the Executive's rights, or the rights of any Permitted Transferee of the Executive, to such Unvested Shares Cash Dividends, Restricted Share Dividends and/or Additional Property shall terminate.

8. Securities Laws Matters.

(a) The Executive understands and agrees that: (i) the Restricted Shares have not been registered under the Securities Act, (ii) the Restricted Shares are restricted securities under the Securities Act and (iii) the Restricted Shares may not be resold or transferred unless they are first registered under the Securities Act or unless an exemption from such registration is available. The Executive hereby makes to the Company the representations and warranties set forth in **Exhibit B** hereto.

(b) Except as otherwise set forth in the Shareholders' Agreement, the Company may, but shall not be obligated to register or qualify the issuance, or the resale of any of the Restricted Shares under the Securities Act or any other applicable law.

9. Definitions.

The following terms shall have the meanings ascribed below:

"***Aggregate Net Proceeds***" means:

(i) all cash proceeds actually received by the CCMP Investors with respect to the sale or assignment of shares of Class B Common Stock to third parties, net of any unreimbursed Sales Costs, plus

(ii) the Fair Market Value of any shares of Marketable Securities actually received by the CCMP Investors with respect to the sale or assignment of Class B Common Stock to third parties (for purposes of clarity, excluding any conversion of shares of Class B Common Stock into shares of Class A Common Stock), as determined on the date of the consummation of such sale or other disposition, net of any unreimbursed Sales Costs, plus

(iii) dividends in cash or the fair market value of any property dividends (other than stock dividends) as determined by the Board of Directors of the Company in good faith, actually received by the CCMP Investors (or receivable at the discretion of the CCMP Investors or persons within their control) in respect of the Class B Common Stock;

provided, *however*, that (A) Aggregate Net Proceeds shall not include any advisory, management, monitoring, transaction or other fees pursuant to arrangements entered into as of November 10, 2006 (as amended from time to time), or any expense reimbursement, received by one or more CCMP Investors or any of their affiliates and (B) any cash dividends received by the CCMP Investors shall not be counted more than once in any calculation of Aggregate Net Proceeds.

"***CCMP Investment***" means initially $588,500,000, and shall be adjusted for any cash or other consideration contributed from the CCMP Investors from and after November 10, 2006.

"***CCMP Investors***" means CCMP Capital Investors II, L.P., CCMP Capital Investors (Cayman), L.P., Asia Opportunity Fund II, L.P., AOF II Employee Co-Invest Fund, L.P. and CCMP Generac Co-Invest, L.P.

"***Change of Control***" means (a) any transaction or series of related transactions, whether or not the Company is a party thereto, in which, after giving effect to such transaction or transactions, the capital stock of the Company representing in excess of fifty percent (50%) of the voting power of the Company is owned directly, or indirectly through one or more entities, by any "*person*" or "*group*" (as such terms are used in Section 13(d) of the Exchange Act) of Persons, other than one or more CCMP Investors or a "*group*" in which a CCMP Investor is a member, or (b) a sale, lease or other disposition of all or substantially all of the assets of the Company and its Subsidiaries on a consolidated basis (including securities of the Company's directly or indirectly owned Subsidiaries (if any)).

"***Change of Control Date***" means the date of consummation of a Change of Control.

"***Class A Common Stock***" has the meaning set forth in Section 1(a) hereof.

"***Class B Return***" as of any date of determination means the quotient of (a) the Aggregate Net Proceeds received by the CCMP Investors with respect to shares of Class B Common Stock (or shares of Class A Common Stock into which shares of Class B Common Stock are converted) through such date, *divided by* (b) the CCMP Investment; *provided*, *however*, that solely with respect to an IPO (and solely on the IPO Date), the "***Class B Return***" shall equal the quotient of (i) sum of (A) the Aggregate Net Proceeds received by the CCMP Investors with respect to shares of Class B Common Stock prior to the IPO *plus* (B) the product of (x) price per share at which shares of the Class A Common Stock are initially sold by the underwriters in connection with the IPO and (y) the number of shares of Class A Common Stock into which shares of Class B Common Stock held by the CCMP Investors are converted, *divided by* (ii) the CCMP Investment.

"***Class B Common Stock***" means the class B voting common stock of the Company, par value $0.01 per share.

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

"***Disabled***" means: (a)(i) that Executive qualifies for benefits due to total disability on the part of the Executive under the Company's long-term disability plan, as in effect from time to time; or (ii) in the event that the Company has no such long-term disability plan in effect at the time the disability arises on the part of the Executive, that Executive is unable, as a result of a medically determinable physical or mental illness, to perform the duties and services of his position and (b) Executive shall be absent from his duties with the Company on a full time basis for 180 consecutive days. "**Disability**" shall have a correlative meaning.

"***Fair Market Value***" of Marketable Securities means an amount equal to (i) the Market Price of such Marketable Securities *multiplied by* (ii) the number of shares of such Marketable Securities.

"***IPO***" means the initial public offering of Shares registered on Form S-1 (or any equivalent or successor form under the Securities Act).

"***IPO Date***" means the date on which the Company consummates an IPO of the Company.

"***IPO Liquidity Event***" means, from and after the date of an IPO, the achievement with respect to the Class A Shares of an average closing trading price equal to or exceeding the Liquidity Threshold Price in any sixty (60) consecutive trading day period starting prior to the later of (a) the fifth anniversary of the date hereof, and (b) one year after the IPO.

"***IPO Liquidity Event Date***" means the date of occurrence of the IPO Liquidity Event.

"***Liquidity Threshold Price***" means, at any time, the lowest amount which when multiplied by the number of shares of Class A Common Stock then held by the CCMP Investors and then added to the Aggregate Net Proceeds received by the CCMP Investors since the date hereof with respect to its shares of Class B Common Stock or shares of Class A Common Stock issued upon conversion of its shares of Class B Common Stock in connection with an IPO, would yield to the CCMP Investors a Class B Return equal to 2.

"***Market Price***" of Marketable Securities means, on any date of determination, the average of the closing prices of such Marketable Securities on any U.S. securities exchange on which such Marketable Securities are listed or, if not so listed, the average bid and asked price of such Marketable Securities reported on the NASDAQ National Market or any established over-the-counter trading system on which prices for such Marketable Securities are quoted, in each case, for a period of twenty trading days prior to such date of determination; provided, that, with respect to any Marketable Securities received by the CCMP Investors in connection with a Change of Control transaction, the Market Price of such Marketable Securities shall be the value ascribed to such Marketable Securities in such transaction.

"***Marketable Securities***" means freely tradeable equity securities of a Person that are listed on an established U.S. securities exchange or through the NASDAQ National Market, or any established over-the-counter trading system.

"***Person***" shall be construed broadly and shall include, without limitation, an individual, a partnership, an investment fund, a limited liability company, a corporation, an association, a joint stock company, a trust, a joint venture, an unincorporated organization and a governmental entity or any department, agency or political subdivision thereof.

"***Recapitalization***" shall mean an event or series of events affecting the capital structure of the Company including, but not limited to, stock dividends, stock splits, rights offers or recapitalizations through large, non-recurring cash dividends.

"***Restricted Shares***" has the meaning set forth in Section 1(a) hereof. "***Restricted Shares***" shall also include shares of the Company's capital stock issued with respect to, or exchanged or substituted for, the Restricted Shares by way of a stock split, stock dividend or other recapitalization, merger, consolidation, reorganization or similar transaction.

"***Sales Costs***" means any costs or expenses (including legal or other advisor costs and expenses), fees (including investment banking fees (but excluding any such fees payable to CCMP Investors or their Affiliates)), commissions or discounts payable directly by the CCMP Investors in connection with, arising out of or relating to any sale or other disposition of the Class B Common Stock (including in connection with the negotiation, preparation and execution of any transaction documentation with respect to such sale or other disposition).

"***Securities Act***" means the Securities Act of 1933, as amended, or any successor federal law then in force.

"***Shareholders' Agreement***" means the Shareholders' Agreement, dated as of November 10, 2006, among the Company and certain shareholders of the Company, as amended, modified or supplemented from time to time.

"***Shares***" means all shares of Class A Common Stock and Class B Common Stock, whenever issued, including all shares of Class A Common Stock and Class B Common Stock issued upon the exercise, conversion or exchange of any Convertible Securities.

"***Subsidiary***" or "***Subsidiaries***" of any Person means any corporation, partnership, joint venture or other legal entity of which such Person (either alone or through or together with any other Person), owns, directly or indirectly, 50% or more of the stock or other equity interests which are generally entitled to vote for the election of the board of directors or other governing body of such corporation or other legal entity.

"***Transfer***" means the sale, transfer, assignment, pledge or other disposal (whether with or without consideration and whether voluntarily or involuntarily or by operation of law) of any Restricted Shares.

10. Adjustment of Shares.

In the event of a Recapitalization, the terms of this Agreement (including, without limitation, the number and kind of shares of Class A Common Stock subject to this award) shall be adjusted as set forth in Section 13(a) of the Plan. In the event that the Company is a party to a merger or consolidation, this award shall be subject to the agreement of merger or consolidation, as provided in Section 13(b) of the Plan.

11. Related Agreements. Simultaneously with the execution and delivery of this Agreement, the Executive shall execute and deliver the Non-Competition and a Joinder Agreement.

12. General Provisions.

(a) Severability. It is the desire and intent of the parties hereto that the provisions of this Agreement be enforced to the fullest extent permissible under the laws and public policies applied in each jurisdiction in which enforcement is sought. Accordingly, if any particular provision of this Agreement shall be adjudicated by a court of competent jurisdiction to be invalid, prohibited or unenforceable

for any reason, such provision, as to such jurisdiction, shall be ineffective, without invalidating the remaining provisions of this Agreement or affecting the validity or enforceability of this Agreement or affecting the validity or enforceability of such provision in any other jurisdiction. Notwithstanding the foregoing, if such provision could be more narrowly drawn so as not to be invalid, prohibited or unenforceable in such jurisdiction, it shall, as to such jurisdiction, be so narrowly drawn, without invalidating the remaining provisions of this Agreement or affecting the validity or enforceability of such provision in any other jurisdiction.

(b) Entire Agreement. This Agreement, the Plan, the Joinder Agreement and the Shareholders' Agreement embody the complete agreement and understanding among the parties hereto with respect to the subject matter hereof and supersede and preempt any prior understandings, agreements or representations by or among the parties, written or oral, which may have related to the subject matter hereof in any way.

(c) Counterparts. This Agreement may be executed in separate counterparts, each of which is deemed to be an original and all of which taken together constitute one and the same agreement.

(d) Successors and Assigns. Except as otherwise provided herein, this Agreement shall bind and inure to the benefit of and be enforceable by the Executive, the Company, and their respective successors, permitted assigns, heirs, representative and estate, as the case may be (including subsequent holders of Restricted Shares); provided that the rights and obligations of the Executive under this Agreement shall not be assignable except in connection with a permitted transfer of Restricted Shares hereunder and under the Shareholders' Agreement.

(e) Governing Law. THIS AGREEMENT WILL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF DELAWARE, WITHOUT GIVING EFFECT TO ANY CHOICE OF LAW OR CONFLICTS PROVISION OR RULE (WHETHER OF THE STATE OF DELAWARE, OR ANY OTHER JURISDICTION), THAT WOULD CAUSE THE LAWS OF ANY JURISDICTION OTHER THAN THE STATE OF DELAWARE TO BE APPLIED.

(f) Jurisdiction and Venue. SUBJECT TO THE TERMS OF THIS AGREEMENT, THE PARTIES AGREE THAT ANY AND ALL ACTIONS ARISING UNDER OR IN RESPECT OF THIS AGREEMENT SHALL BE LITIGATED IN THE FEDERAL OR STATE COURTS IN DELAWARE. BY EXECUTING AND DELIVERING THIS AGREEMENT, EACH PARTY IRREVOCABLY SUBMITS TO THE PERSONAL JURISDICTION OF SUCH COURTS FOR ITSELF, HIMSELF, OR HERSELF AND IN RESPECT OF ITS, HIS PROPERTY WITH RESPECT TO SUCH ACTION. EACH PARTY AGREES THAT VENUE WOULD BE PROPER IN ANY OF SUCH COURTS, AND HEREBY WAIVES ANY OBJECTION THAT ANY SUCH COURT IS AN IMPROPER OR INCONVENIENT FORUM FOR THE RESOLUTION OF ANY SUCH ACTION.

(g) Remedies. Each of the parties to this Agreement and any such Person granted rights hereunder whether or not such Person is a signatory hereto shall be entitled to enforce its rights under this Agreement specifically to recover damages and costs (including reasonable attorney's fees) for any breach of any provision of this Agreement and to exercise all other rights existing in its favor. The parties hereto agree and acknowledge that money damages may not be an adequate remedy for any breach of the provisions of this Agreement and that any party and any such Person granted rights hereunder whether or not such Person is a signatory hereto may in its sole discretion apply to any court of law or equity of competent jurisdiction for specific performance and/or other injunctive relief (without posting any bond or deposit) in order to enforce or prevent any violations of the provisions of this Agreement.

(h) Amendment and Waiver. The provisions of this Agreement may be amended and waived only with the prior written consent of the Company and the Executive and no course of conduct or failure or delay in enforcing the provisions of this Agreement shall be construed as a waiver of such provisions or affect the validity, binding effect or enforceability of this Agreement or any provision hereof; *provided* that the Company may amend or modify the Agreement without the Executive's consent in accordance with the provisions of the Plan (including, without limitation, the provisions in Sections 13(b), 15(c) and 16(e) of the Plan) or as otherwise set forth in this Agreement.

(i) Notices. Any notice provided for in this Agreement must be in writing and must be either personally delivered, transmitted via facsimile, mailed by first class mail (postage prepaid and return receipt requested) or sent by reputable overnight courier service (charges prepaid) to the recipient at the address below indicated or at such other address or to the attention of such other person as the recipient party has specified by prior written notice to the sending party. Notices will be deemed to have been given hereunder and received when delivered personally, when received if transmitted via facsimile, five (5) days after deposit in the U.S. mail and one (1) day after deposit with a reputable overnight courier service.

If to the Company, to:

GPS CCMP Acquisition Corp.
c/o CCMP Capital Advisors, LLC
245 Park Avenue, 16th Floor
New York, NY 10167
Attention: Stephen Murray

If to the Executive, to the Executive at his most recent address in the Company's records.

(j) Business Days. If any time period for giving notice or taking action hereunder expires on a day which is a Saturday, Sunday or holiday in the state in which the Company's chief executive office is located, the time period for giving notice or taking action shall be automatically extended to the business day immediately following such Saturday, Sunday or holiday.

(k) Survival of Representations, Warranties and Agreements. All representations, warranties and agreements contained herein shall survive the consummation of the transactions contemplated hereby and the termination of this Agreement indefinitely.

(l) Recapitalization, Exchange, Etc. Affecting the Company's Shares. The provisions of this Agreement shall apply, to the full extent set forth herein, with respect to any and all Shares of the Company or any successor or assign of the Company (whether by merger, consolidation, sale of assets, conversion to a corporation or otherwise) that may be issued in respect of, in exchange for, or in substitution of, the Shares of the Company and shall be appropriately adjusted for any dividends, splits, reverse splits, combinations, recapitalizations, and the like occurring after the date hereof.

(m) Descriptive Headings. The descriptive headings of this Agreement are inserted for convenience only and do not constitute a part of this Agreement.

(n) Construction. Where specific language is used to clarify by example a general statement contained herein, such specific language shall not be deemed to modify, limit or restrict in any manner the construction of the general statement to which it relates. The language used in this Agreement shall be deemed to be the language chosen by the parties to express their mutual intent, and no rule of strict construction shall be applied against any party.

(o) WAIVER OF JURY TRIAL. EACH OF THE PARTIES HERETO HEREBY IRREVOCABLY WAIVES ALL RIGHT TO TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM ARISING OUT OF OR RELATING TO THIS AGREEMENT.

(p) Nouns and Pronouns. Whenever the context may require, any pronouns used herein shall include the corresponding masculine, feminine or neuter forms, and the singular form of nouns and pronouns shall include the plural and vice versa.

(q) Plan; Shareholders' Agreement; Counsel. The Executive acknowledges and understands that material definitions and provisions concerning the Restricted Shares and the Executive's rights and obligations with respect thereto are set forth in the Plan and the Shareholders' Agreement. The Executive has had the opportunity to retain counsel, and has read carefully, and understands, the provisions of such documents. The Executive has had the opportunity to seek legal advice from such counsel on this Agreement and the transactions contemplated hereby.

(r) Non-Qualified Deferred Compensation. The parties acknowledge and agree that, to the extent applicable, this Agreement shall be interpreted in accordance with Section 409A of the Code and Department of Treasury regulations and other interpretive guidance issued thereunder, including without

limitation any such regulations or other guidance that may he issued after the Effective Date. Notwithstanding any provision of this Agreement to the contrary, in the event that the Company determines that any amounts payable hereunder will be immediately taxable to the Executive or the Executive under Section 409A of the Code and related Department of Treasury guidance, the Company may (a) adopt such amendments to this Agreement and appropriate policies and procedures, including amendments and policies with retroactive effect, that the Company determines necessary or appropriate to preserve the intended tax treatment of the benefits provided by this Agreement and/or (b) take such other actions as the Company determines necessary or appropriate to comply with the requirements of Section 409A of the Code and related Department of Treasury guidance, including such Department of Treasury guidance and other interpretive materials as may be issued after the Effective Date.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the parties hereto have executed this Restricted Stock Agreement as of the date first written above.

THE COMPANY

GPS CCMP ACQUISITION CORP.

By: /s/ Aaron P. Jagdfeld
Name: Aaron P. Jagdfeld
Title President

THE EXECUTIVE:

/s/ Clement Feng
CLEMENT FENG

FORM OF PROMISSORY NOTE AND PLEDGE AGREEMENT

DUE: December 27, 2010

$132,987.00

DATE OF ISSUE: December 27, 2007

FOR VALUE RECEIVED, CLEMENT FENG (the *"**Executive**")* hereby promise to pay, to: GENERAC POWER SYSTEMS, INC., a Wisconsin corporation (the *"**Company**")*, or its permitted assigns, the principal sum of **ONE HUNDRED THIRTY TWO THOUSAND AND NINE HUNDRED AND EIGHTY SEVEN ($132,987.00)** (the *"**Principal Amount**")* or, if less, the principal amount outstanding hereunder on the Maturity Date, pursuant to and in accordance with the terms and conditions provided in this Note. All terms used herein without definition shall have the meanings ascribed to them in that certain Restricted Stock Agreement, dated as of December 27, 2007, by and among Executive and GPS CCMP Acquisition Corp. (the *"**Parent**")*.

1. Maturity. (a) The outstanding Principal Amount shall be due and payable on December 27, 2010 (such date, or such earlier date as the outstanding Principal Amount of this Note is or is required to be repaid in full, is referred to herein as the *"**Maturity Date**")*. The Note shall mature upon the occurrence of an Acceleration Event (as defined below).

For purposes of this Note, an Acceleration Event shall include each of the following events and occurrences:

(i) the sale, transfer or assignment of all or any portion of the Pledged Collateral (as hereinafter defined) by the Executive;

(ii) the failure of the Executive to make any payment hereunder as and when the same shall become due and payable, whether by acceleration or otherwise, which shall continue uncured for 2 business days;

(iii) the failure of the Executive to comply with the terms and provisions of Section 7 of this Note, which failure shall continue uncured for a period of 5 business days;

(iv) any of the terms or provisions of this Note shall be or become unenforceable or any of the terms or provisions of this Note shall cease to be in full force and effect, and Executive shall fail or refuse to enter into such new note, or one or more amendments to the Note as the Company shall reasonably require to address such failures or deficiencies;

(v) the commission of any act of bankruptcy by the Executive, the execution by the Executive of a general assignment for the benefit of creditors, the filing by or against the Executive of any petition in bankruptcy or any petition for relief under the provisions of the federal bankruptcy laws or any other state or federal law for the relief of debtors and the continuation of such petition without dismissal for a period of twenty (20) days or more, the appointment of a receiver or trustee to take possession of any property or assets of the Executive, or the attachment of or execution against any property or assets of the Executive; and

---

(vi) the Executive shall cease to be a full time employee of the Company.

2. Interest. The Executive promises to pay interest on the unpaid Principal Amount hereof from time to time outstanding at a rate per annum equal to 5.25%, compounded annually on each anniversary of the date hereof. Interest shall be calculated on the basis of a year of 365 or 366 days (as the case may be) for the actual number of days elapsed. Interest shall accrue and be added to the outstanding Principal Amount and shall be due and payable on the Maturity Date.

3. Manner of Payment. All payments due hereunder shall be made to the Company at its office at the address set forth in Section 8 below, in lawful money of the United States of America and in same day funds, or at such other place and in such other manner as may be specified in writing by the Company. Anything in this Note to the contrary notwithstanding, any payment of principal or interest on this Note that is due on a date other than a business day shall be made on the next succeeding business day. If the date for any payment is extended to the next succeeding business day by reason of the preceding sentence, the period of such extension shall not be included in the computation of the interest payable on such business day.

4. Prepayment. The Executive may, at any time, prepay in whole or in part, without premium or penalty, the unpaid Principal Amount and accrued interest thereon. Notwithstanding any provision in this Note to the contrary, the amount to be prepaid pursuant to this Section 4 shall be applied first to the prepayment of accrued interest on the Note outstanding on such date.

5. Waiver. Executive hereby waive presentment for payment, demand, protest and notice of dishonor. No renewal or extension of this Note and no delay in enforcement of this Note or in exercising any right hereunder shall affect the liability of Executive hereunder.

6. Security. (a) As security for the Executive's obligations under the Note, the Executive hereby pledges and escrows with the Company, in a form transferable for delivery, Executive's entire equity interest in the Parent (the *"**Pledged Stock**")*, and such additional property received or distributed in respect of such Pledged Stock (together with such additional property, the *"**Pledged collateral**")*. The certificate representing the Pledged Stock shall be accompanied by a stock power, duly endorsed in blank.

(b) So long as there shall not exist no or occur any Acceleration Event, Executive shall be entitled to exercise any and all voting rights which may be associated with the ownership of the Pledged Stock.

(c) Upon payment in full of the Note, the Executive shall be entitled to the return of the Pledged Collateral. This Note and the agreements contained herein shall terminate at such time as all of the Pledged Collateral held hereunder has been delivered by the Company to the Executive as provided herein.

7. Restrictions. At all times that any amounts are due and outstanding under this Note, the Executive will not (a) sell, transfer or assign (or attempt to sell, transfer or assign) any interest of Executive in and to the Pledged Collateral, other than pursuant to and in accordance with the terms of that certain Shareholders' Agreement, dated as of November 10, 2006, by and among the Parent and the other parties from time to time party thereto or (ii) create, incur, assume or suffer to exist any lien, security interest or other encumbrance upon the Pledged Collateral, other that pursuant to the terms hereof.

---

8. Notices. Any notice or other communication required or permitted to be given hereunder shall be delivered via an overnight courier such as Federal Express or delivered against receipt (including by confirmed facsimile transmission), as follows:

(i) In the case of the Executive, to:

Clement Feng
20690 Bradford CT
Brookfield, WI 53045
Telecopy:
Attn:

(ii) In the case of the Company, to:

Generac Power Systems, Inc.
P.O. Box 295
Waukesha, WI 53187
Telecopy: (262) 544-4851
Attn: Aaron Jagdfeld, Chief Financial Officer

or to such other address as the party may have furnished in writing in accordance with the provisions of this paragraph.

9. Governing Law. This Note shall be governed by, and construed and enforced in accordance with, the laws of the State of New York without regard to the principles of conflicts of law thereof.

10. Assignment. The Executive may not, directly or indirectly, assign its rights or obligations under this Note.

11. WAIVER OF JURY TRIAL. EACH OF THE EXECUTIVE AND, BY ITS ACCEPTANCE OF THIS NOTE, THE COMPANY HEREBY KNOWINGLY, VOLUNTARILY AND INTENTIONALLY WAIVES ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY OF ANY DISPUTE ARISING UNDER OR RELATING TO THIS NOTE AND AGREES THAT ANY SUCH DISPUTE SHALL BE TRIED BEFORE A JUDGE SITTING WITHOUT A JURY.

* * *

IN WITNESS WHEREOF, the undersigned Executive has executed this Note on the date of issue stated above.

/s/ Clement Feng
Name: CLEMENT FENG

Signature page to Note in favor of Generac Power Systems, Inc.

2009 EXECUTIVE MANAGEMENT
INCENTIVE COMPENSATION PROGRAM

OBJECTIVE

The objective of the 2009 Executive Management Incentive Program (EMIP) is to reward participants for helping the company achieve critical business results. The Program has been designed to incent those employees who have a direct impact on the company's ability to meet our operating profit (EBITDA) goals. The EMIP is structured to reward participants for the achievement of these key financial goals.

PARTICIPATION

Participants in the 2009 Executive Management Incentive Compensation Program include Corporate Officers, Vice Presidents and Directors. Participation can be extended to other key employees as recommended and approved by the Generac Compensation Committee.

DEFINITIONS

- **EBITDA**

  Earnings before Interest, Taxes, Depreciation and Amortization as defined and reported in credit agreements between Generac and its lenders.

- **Target EBITDA**

  For 2009, budgeted EBITDA as approved by Generac's Board of Directors serves as the target.

- **Financial Portion**

  That portion of the bonus Program tied to specific financial goals of the company as applicable. For 2009, the Financial Portion will be 100% of the participant's Target Award Level.

- **Target Bonus Award Level**

  Target bonus award level is the target annual incentive level that has been established for each participant under the Program. Target award is expressed as a percentage of the participant's base salary.

- **Target EBITDA Budget Levels**

  Target EBITDA budget levels established for 2009 that will serve as a multiplier of up to 3 times the Target Bonus Award Level.

- **Base Salary**

  Base salary is the salary earned or actually paid to the participant during the fiscal year disregarding deferral elections, premiums, allowances, expense reimbursements, commissions, incentives, severance or termination pay, and payments under deferred salary or long term incentive agreements.

TARGET BONUS AWARD LEVELS

For 2009, the target bonus award levels range from 15% - 35% of base salary, as determined by position level and responsibilities.

The maximum bonus award payable under the 2009 EMIP is equal to 105% of base salary.

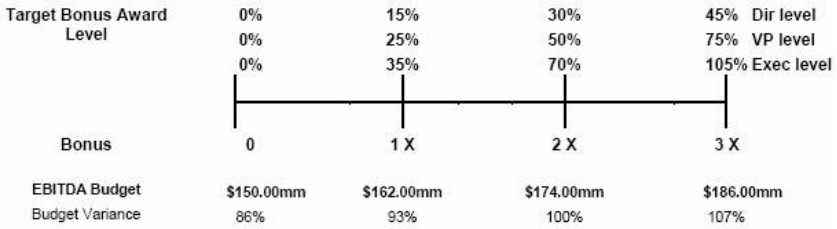
BONUS AWARD CRITERIA

For 2009, bonus awards are based upon the following criteria:

Financial Performance

100% of the target award is based upon achieving target corporate EBITDA budget levels.

2009 Target EBITDA Budget Levels chart:



BONUS AWARD CALCULATIONS

At the conclusion of the 2009 fiscal year, the award earned by each participant is calculated based on the financial performance of the company.

Financial Performance

Bonus Incentive Earned = Target bonus award level x Target EBITDA budget level x Base Salary achieved for 2009

Bonus award is payable under the financial portion only if actual EBITDA achieved is greater than 92.5% of target EBITDA.

The target opportunity is earned if the established performance goals are exactly achieved. Depending on how actual EBITDA performance compares to EBITDA budget, the actual incentive earned will be based on a sliding scale ranging from 0 to 3 times the target opportunity.

- Example: A VP with a base salary of $150,000 has a target bonus level of 25% hits the target EBITDA budget at level 2. Result = $150,000 x 25% x 2 = $75,000 bonus

---

ADMINISTRATION

1. Individuals who become eligible to participate in the Program after the beginning of the 2009 fiscal year (a "Program Year") through either promotion or hire will be eligible for an incentive award prorated to reflect such participant's service during the Program Year.

2. In the event a participant's target award level changes during the Program Year, the participant's award will be pro-rated based on the time that he or she participated in each target award level category.

3. If a participant terminates for reason of retirement, disability or death, any award earned will be prorated based on the number of days worked in the Program Year and will be paid in accordance with the terms and conditions of the 2009 EMIP.

4. If a participant's employment is terminated either voluntarily or involuntarily for any reason (other than retirement, disability or death) during the Program Year, no bonus award will be due or payable.

5. The 2009 incentive award will be calculated using December 31, 2009 base salary.

6. All awards payable will be made by separate check, less applicable withholding and taxes, on or before March 15, 2010. Except as otherwise noted in #4 above, individuals must be actively employed at the time of disbursement to be eligible for an incentive award payment.

7. The Generac Compensation Committee may, in its sole discretion, amend, modify, suspend or terminate this Program at any time.

8. The Program is not and should not be construed as a contract of employment between the company and any eligible employees or other person.

9. The 2009 Executive management Incentive Program (EMIP) replaces all bonus programs that may be in existence and replaces any Bonus/Incentive parameters set forth in the individual offer letter.

10. The Generac Compensation Committee shall be responsible for the calculation and final determination of any and all individual awards and will be responsible for the administration of the 2009 EMIP.

Exhibit 23.1

Consent of Independent Registered Public Accounting Firm

We consent to the reference to our firm under the caption "Experts" and to the use of our report dated October 20, 2009, in Amendment No. 2 to the Registration Statement (Form S-1 No. 333-162590) and related Prospectus of Generac Holdings Inc. for the registration of shares of its common stock.

/s/ Ernst & Young LLP

Milwaukee, Wisconsin
December 16, 2009

QuickLinks

Weil, Gotshal & Manges LLP
767 Fifth Avenue
New York, New York 10153
(212) 310-8000
FAX: (212) 310-8007

December 16, 2009

VIA EDGAR

Securities and Exchange Commission
Division of Corporate Finance
100 F Street, NE
Washington, D.C. 20549-6010
Attn: Celia A. Soehner

Re: Generac Holdings Inc.
Registration Statement on Form S-1
File No. 333-162590

Dear Ms. Soehner:

On behalf of our client, Generac Holdings Inc. (the "Company"), we are transmitting herewith via the EDGAR system for filing with the Commission Amendment No. 2 (the "Amendment") to the Registration Statement on Form S-1 (the "Registration Statement") of the Company (File No. 333-162590), together with exhibits thereto.

Set forth below in bold are each of the comments in the Staff's letter of December 11, 2009. Immediately following each of the Staff's comments is the Company's response to that comment, including where applicable, a cross-reference to the location in the Amendment of changes made in response to the Staff's comment. For your convenience, each of the numbered paragraphs below corresponds to the numbered comment in the Staff's comment letter and includes the caption used in the comment letter.

Prospectus summary, page 1

1. We reissue prior comment 3. We note that your prospectus summary continues to include multiple pages of detail, much of which is identical to detail repeated elsewhere in your document.

The Company has substantially revised the prospectus summary on pages 1-5. Specifically, the Company has deleted a significant amount of detail in the summary regarding the Company's business, market opportunity, competitive strengths and strategy. The Company notes that these sections of the prospectus summary now take up approximately four pages of text, reduced from six pages in Amendment No. 1 to the Registration Statement filed on November 24, 2009, which was in turn reduced from over seven pages in the Registration Statement filed on October 20, 2009.

2. Your response to prior comment 4 does not appear to address the SENTECH report that you cite on pages 70 and 71. Please advise.

The Company has complied with the Staff's comment by supplementally providing the Staff with a marked copy of the SENTECH report and the LBNL report showing the data

cited on pages 72-73. In addition, the Company confirms that the two reports are the latest reports regarding the cost of outages publicly published by SENTECH, Inc. and the Ernest Orlando Lawrence Berkeley National Library. Both reports are publicly availably on their respective websites. The Company also confirms that it has not paid for the compilation of these reports, that they were not prepared for use in the Registration Statement and that no consents are required because the reports are publicly available.

3. Please tell us how you believe that your disclosure that you have "a leading market share" would permit investors to understand the information that you provided to us in response to prior comment 4.

As discussed with the Staff, the Company has complied with the Staff's comment by supplementally providing the Staff with additional information regarding the number of participants in the standby generator market in North America to indicate that the Company's position in comparison with all industry participants is greater than might have appeared previously in the table in the Frost & Sullivan report. The supplemental material is a list of an additional 20 market participants in addition to those specifically listed in the Frost & Sullivan report. The Company believes that this information, taken together with the data supporting the Company's substantial share of the residential standby generator market and significant share of the industrial and light commercial generator markets previously provided to the Staff in response to prior comment 4 supports the disclosure that the Company has "a leading market share."

4. It is unclear how the limited data and significant assumptions that you included in response to prior comment 5 supports your unqualified disclosed belief that your production costs are among the lowest in the industry. Please advise or revise your disclosure for clarity.

As discussed with the Staff, the Company has complied with the Staff's comment by supplementally providing the Staff with additional information that supports the statement that the Company's production costs are among the lowest in the industry. While the number of publicly available comparable data points may be limited, due to the fact that for most of the other industry participants generators represent just one part of a larger business and, as a result, these companies do not report costs and margins on a basis that is exactly comparable to the Company (which is a "pure" generator manufacturer), the Company believes that the publicly available data provided to the Staff supports its belief that it is one of the lowest cost producers in the industry. Management's belief is also derived from their understanding of the available industry data, which is supported in part by comparisons of market pricing and comparisons of publicly reported gross margins for its competitors. Publicly reported gross margins include various generator and non-generator products for some competitors and, as a result may not be exactly comparable, but management believes the analysis is indicative and meaningful given the magnitude of the differences.

Our company, page 1

5. We note your presentation of net sales, net loss and adjusted EBITDA for the twelve months ended September 30, 2009. Please revise to include disclosure of your net sales and net loss under U.S. GAAP for the year ended December 31, 2008 and the nine months ended September 30, 2009. Please also refer readers to where you discuss how the pro

forma measures were calculated and why you present the information and how management uses the information.

The Company has revised the disclosure on page 1 to include a discussion of the Company's net sales and net loss under U.S. GAAP for the relevant periods and has added a cross reference to direct readers to the discussion of how the pro forma measures were calculated, why the Company presents the information and how management uses the information.

6. **Further, while your disclosure refers the reader to pages 14 - 15 for an explanation and reconciliation of adjusted EBITDA, we note that the relevant information appears to be on pages 13 - 15. Please revise or advise.**

The Company has revised the disclosure to refer the reader to pages 11-14 in response to the Staff's comment.

Summary historical consolidated financial and other data. page 10

7. **Your response to prior comments 6 and 9 states that you revised your disclosure to explain how management uses the information and why management believes the information is useful. In footnote 1 to the table, we note that you only disclose that management believes the presentation provides useful information to investors regarding your financial performance without explaining why or how management uses the information. Please revise to discuss how management uses the information and why the presentation is useful to investors.**

The Company has revised the disclosure in footnote (1) on page 10 to discuss how management uses the "last twelve months" information and why the presentation is useful to investors.

8. **We note your responses to prior comments 7 and 10. Please revise to thoroughly discuss why management believes that Adjusted EBITDA is useful to investors and how management uses the information since we note that the measure excludes items that are integral to the purpose for which the measure is used. In this regard, carefully and thoroughly explain why management believes this measure is relevant as a performance measure, focusing on why it is useful to include or exclude the adjustments shown on page 14.**

The Company has revised the disclosure on page 11 to discuss further why management believes that Adjusted EBITDA is useful to investors and how management uses the information in evaluating the Company's performance against its budget, preparing and refining future projections and as a benchmark used in bonus compensation for its executives. In addition, the Company has revised the disclosure on pages 13-14 to explain why the Company believes each adjustment is useful in order for Adjusted EBITDA to be an accurate measure of the Company's performance, which among other reasons, includes adjusting to exclude income that does not come from its core operations, non-recurring charges and non-cash charges that the Company does not believe reflect its ongoing operations or believes will become immaterial.

9. **Please tell us whether management reasonably believes that it is probable that the financial impact of the adjustments referred to in footnotes (a)–(d) will disappear or**

become immaterial within a near-term finite period. Refer to Question 8 of Frequently Asked Questions Regarding the Use of Non-GAAP Financial Measures dated June 13, 2003 (FAQ), available on our website at *http://www.sec.gov/divisions/corpfin/faqs/nongaapfaq.htm*.

The Company has revised the disclosure on pages 13-14 to address the reasons why management believes that the adjustments referred to in footnotes (a)–(d) will disappear or become immaterial or are otherwise appropriate in evaluating the Company's operating performance and the other purposes for which the Company uses this non-GAAP measure.

10. Further, to the extent that you use "Adjusted EBITDA" to determine compensation, then please discuss who has the responsibility for the excluded amounts related to the adjustments. If no one has responsibility for the excluded amounts, disclosures as to the limitation of the measure should be included to clarify the effect to investors and the trends in the unmonitored amounts.

The Company has revised the disclosure on page 12 to clarify that one of its uses of Adjusted EBITDA is as a benchmark for determining elements of compensation for its senior executives. At the same time, some or all of these senior executives have responsibility for monitoring the Company's financial results generally, including the items that are included as adjustments in calculating Adjusted EBITDA (subject ultimately to review by the Company's board of directors in the context of the board's review of the Company's quarterly financial statements). While many of the adjustments (for example, transaction costs and credit facility fees and sponsor fees), involve mathematical application of items reflected in the Company's financial statements, others (such as business optimization adjustments) involve a degree of judgment and discretion. While the Company believes that all of these adjustments are appropriate, and while the quarterly calculations are subject to review by the Company's board of directors in the context of the board's review of the Company's quarterly financial statements and certification by the Company's chief financial officer in a compliance certificate provided to the lenders under the Company's senior secured credit facilities, this discretion may be viewed as an additional limitation on the use of Adjusted EBITDA as an analytical tool.

11. Also, please expand your disclosure related to explaining the material limitations associated with use of "Adjusted EBITDA" as compared to net income. For example, we note that your measure excludes certain costs without considering the related impact on other financial statement captions.

The Company has revised the disclosure on page 12 to include additional material limitations associated with the use of Adjusted EBITDA.

12. We note from your disclosure that management uses adjusted EBITDA for determining achievement of targets under your management incentive plans. Please tell us how management used the adjusted EBITDA for determining achievement of targets under your management incentive plans and reconcile the adjusted EBITDA presented in your summary information with the Business Plan EBITDA used by the company as part of the determination of its incentive compensation as discussed on page 98.

As discussed under "Compensation discussion and analysis" on page 100, management and the Company's compensation committee uses "Business Plan EBITDA" as the metric in evaluating performance for purposes of setting incentive compensation. For this purpose, "Business Plan EBITDA" is identical to Adjusted EBITDA as presented in footnote (6) under "Summary historical consolidated financial and other data" and the disclosure on page 100 has been revised to use the appropriate term.

13. In footnote 6, you disclose that adjusted EBITDA is consistent with the definition of EBITDA in your senior secured credit facilities. Please explain how this is consistent given the numerous adjustments you made to EBITDA.

The Company has revised the disclosure on page 12 to clarify that the reference to EBITDA formerly contained in footnote (6) is a reference to Covenant EBITDA described elsewhere in the prospectus and to clarify that these measures are substantially consistent. A cross reference has been added to the table on page 9 describing the additional adjustments allowed under Covenant EBITDA.

14. In the first paragraph of footnote 6 where you discuss your Covenant EBITDA, please include a reference for the reader to where you show and discuss this measure in your MD&A.

The Company has revised the disclosure on page 12 to include a reference to the discussion of Covenant EBITDA in the "Management's discussion and analysis of financial condition and results of operations" section of the prospectus.

Capitalization, page 35

15. While we note your response to prior comment 18, we continue to believe that you should remove the caption relating to cash and cash equivalents from your presentation of pro forma capitalization.

The Company has revised the disclosure on page 34 to remove the caption relating to cash and cash equivalents from the presentation of pro forma capitalization.

Dilution, page 36

16. We understand from your response to prior comment 19 that the conversion of your Series A convertible preferred stock and Class B convertible voting common stock will occur as a result of the public offering. However, it is not clear how you are complying with Item 506 of Regulation S-K when you combine the pro forma impact of the conversion of the company's Series A convertible preferred stock and Class B convertible voting common stock with the sale of your common equity in the offering, since it appears that you are not disclosing the amount of the increase in the net tangible book value per share attributable to cash payments made by the purchasers of the shares being offered. Please tell us how you considered Item 506 of Regulation S-K in your disclosure.

As discussed with the Staff, the Company has complied with the Staff's comment by supplementally providing the Staff with examples of the pro forma impact of both the conversion of the Company's Series A convertible preferred stock and Class B convertible voting common stock and the sale of the Company's common equity in the offering. In addition, the Company has revised the disclosure on pages 45-46 to clarify the effects of the Corporate Reorganization and the offering. The Corporate Reorganization, in and of itself, has no impact on the net tangible book value. The Company believes that showing the dilutive effect of the offering based on a comparison of the "as converted" number of shares of common stock after giving effect to the Corporate Reorganization pre- and post-offering will provide investors with a complete understanding of this dilution. The Company has considered, and believes the disclosure complies with, Item 506 of Regulation S-K.

17. Further, we note that you refer to both pro forma net tangible book value per share and pro forma as adjusted net tangible book value. Please disclose how you define each term. It should be clear how each amount was calculated.

The Company has revised the disclosure on page 36 to add footnotes disclosing how the Company defines pro forma net tangible book value per share and pro forma as adjusted net tangible book value per share.

18. Please explain the factors that may change the number of common shares to be issued as a result of the Corporate Reorganization and how you determined the number of common shares to be issued as a result of the Corporate Reorganization, or clearly refer readers to where you disclose how you determined the number of shares.

The Company has revised the disclosure on page 36 to include a reference to the discussion elsewhere in the prospectus describing the Company's determination of the number of common shares to be issued as a result of the Corporate Reorganization.

Industry trends, page 41

19. Please balance your disclosure in this section with the "shorter-term" trend mentioned in the last sentence of your response to prior comment 28.

The Company has added disclosure on page 42 regarding the short-term trend of increased product costs in order to balance the disclosure relating to the long-term trend of decreased product costs.

Corporate reorganization, page 44

20. We note your revisions in response to prior comment 67. Please disclose the per share conversion rate, not merely how the rate will change given changes in your offering.

The Company has revised the disclosure on pages 45-46 to include the per share conversion rate. In addition, as discussed with the Staff, the Company has supplementally provided the Staff with an example of the "Corporate reorganization" section as it would be completed based on a hypothetical offering price to illustrate these calculations.

21. Please disclose how you calculated the actual conversion rate of the Class B voting common stock. It should be clear from your response how the offering price and the date of the completion of the offering impact the calculation. Please ensure that your

disclosure includes a discussion of the impact of the reverse stock split of the Class A Common Stock.

The Company has revised the disclosure on pages 45-46 to include a discussion of the Company's calculation of the actual conversion rate of the Class B voting common stock as well as the impact of the reverse stock split of the Class A Common Stock. In addition, as discussed with the Staff, the Company supplementally provided the Staff with an example of the "Corporate reorganization" section as it would be completed based on a hypothetical offering price.

22. Please disclose how you calculated the actual conversion rate of the Series A preferred stock. It should be clear from your response how the offering price and the date of the completion of the offering impact the calculation.

The Company has revised the disclosure on page 46 to include a discussion of the Company's calculation of the actual conversion rate of the Series A preferred stock. In addition, as discussed with the Staff, the Company supplementally provided the Staff with an example of the "Corporate reorganization" section as it would be completed based on a hypothetical offering price.

Critical accounting policies, page 47

23. We note your response to prior comment 24. However, you continue to disclose on page 48 that due to the current economic uncertainty and other factors, your remaining goodwill could be impaired in future periods. As such, please explain why you believe the reporting unit (your company) is not at risk of failing step one.

The Company respectfully advises the Staff that at this time, given the improved conditions of the equity markets and the Company's cash flows, both of which have improved since the fourth quarter of 2008 when the Company incurred an impairment charge, the Company believes it is not at risk of failing step one of a goodwill impairment analysis. We have revised the language to eliminate references to current economic uncertainty.

Results of operations, page 52

24. We note your response to prior comment 26 that the Company is unable to present a sufficiently accurate or meaningful price versus volume breakdown for the change in net sales and your disclosures on page 52, which state that net sales were also impacted by increased selling prices. Considering your response, please tell us how you were able to determine that net sales were impacted by increased selling prices.

The Company respectfully advises the Staff that while the Company is able to determine that increases and decreases in pricing have an overall directional impact on net sales and results of operations from period to period, due to the number of products in the Company's portfolio, the levels of customization for certain of the Company's products and the fact that pricing changes are not applied uniformly, the Company is unable to determine with specificity the magnitude of such changes.

Covenant compliance, page 61

25. Please expand your response to prior comment 35 to show us how the ratio will decrease over future periods. Include in your response an analysis of the materiality of the risks presented by the ratio requirement.

The Company has revised the disclosure on pages 63-64 to include a description of how the leverage ratios contained in the Company's senior secured credit facilities will decrease over future periods and an analysis of the materiality of the risks presented by the ratio requirement.

26. In the table on page 63, please remove the reference to the information for the twelve months ended September 30, 2009 as unaudited to avoid giving the impression that the other information in the table is audited.

The Company has removed the word "Unaudited" from the table on page 65 in response to the Staff's comment.

27. We note your response and revisions to prior comment 33. If you continue to present Adjusted EBITDA in the table you must provide all the disclosures required by Item 10(e)(1)(ii) of Regulation S-K as explained in Question 8 of Frequently Asked Questions Regarding the Use of Non-GAAP Financial Measures dated June 13, 2003 (FAQ), available on our website at *http://www.sec.gov/divisions/corpfin/faqs/nongaapfaq.htm*. Alternatively, you may remove references to this non-GAAP measure.

The Company has revised the disclosure on page 65 to include a cross-reference to the Summary section of the document, where Adjusted EBITDA is explained in more detail. The Company respectfully submits that the inclusion of Adjusted EBITDA in the reconciliation table for Covenant EBITDA on page 65 is helpful to the reader because it highlights in tabular form how Covenant EBITDA differs from Adjusted EBITDA. The Company is presenting Covenant EBITDA on pages 63 to 67 in reliance on Question 10 of the Frequently Asked Questions Regarding the Use of Non-GAAP Financial Measures, rather than Question 8 of those FAQs, and the Company believes it has provided the necessary disclosure under Question 10. The Company believes that repeating all the disclosures in footnote 6 on pages 11 to 14 in the discussion of covenant compliance on pages 63 to 67 would detract from the disclosure on those pages and would be confusing to the reader.

History, page 82

28. Please expand your response to prior comment 39 to clarify, with a view toward disclosure:

- **whether Briggs & Stratton has conducted business under the Generac name in the past and, if so, when; and**
- **what, if any, significant corporate events occurred between you and any of Generac Power Systems, The Beacon Group, or Briggs & Stratton following the sale of your portable products business.**

As discussed with the Staff, in 1998 the Company sold its portable products business to The Beacon Group, a private equity firm. In connection with this sale, the Company entered into a non-compete agreement with The Beacon Group and granted The

Beacon Group an indefinite license for the use of the Generac Portable Products trademark. The Beacon Group subsequently sold this business to Briggs & Stratton. The Company was not a party to or otherwise involved in this subsequent transaction. In 1998, the Company entered into an engine supply agreement with The Beacon Group. Briggs & Stratton became the beneficiary of the contract upon its purchase of the business. The agreement was for a nine-year term with a three-year automatic renewal feature. Briggs & Stratton phased out purchases from the Company under the engine supply agreement beginning in 2007 and has not made any material purchases from the Company since 2007. In 2008, the Company re-entered the portable generator market after the expiration of its non-compete agreement with The Beacon Group. The Company respectfully advises the Staff that since it was not a party to the agreement between The Beacon Group and Briggs & Stratton, the Company is not in a position to comment on Briggs & Stratton's historical, current or future use of the trademark. The Company also confirms that since the 1998 sale, the Company has not been involved in any significant transactions between it and either The Beacon Group or Briggs & Stratton.

The Company has revised the disclosure on page 84 to clarify that the license to The Beacon Group was granted to use the Generac Portable Products name indefinitely and that the non-compete agreement was entered into with The Beacon Group.

Our products, page 82

29. Please expand your disclosure in response to prior comment 40 to address separately each class of similar products or services without combining them with other classes.

The Company has revised the disclosure on pages 84-85 to clarify that residential generators and industrial & commercial generators are each a similar class of products. Each class of products is similar based on power output and customer usage. These classes of similar products are the same breakdown used by the Company historically in discussions with its lenders and rating agencies.

Research and development and intellectual property, page 85

30. Regarding your response to prior comment 41:

- **Please tell us, with a view toward clarified disclosure, the number of the "45 U.S. and international registered issued patents" that are United States patents.**
- **Please disclose the effect of your granted patents. For example, what feature or function of your product is protected by the patent?**

The Company has revised the disclosure on page 88 to clarify the number of patents that are United States patents.

The Company has added disclosure on page 88 relating to the effect of its granted patents.

Role of the Compensation Committee. page 96

31. We note your disclosure that the committee attempts to award competitive salaries based on market practices and your references to industry data under the caption "Base salary"

on page 97. Therefore, we reissue prior comment 48. Also, please clarify how the committee defines "competitive."

As discussed with the Staff, in analyzing compensation levels the Company's compensation committee reviews third-party databases containing aggregated information with respect to manufacturing companies with comparable net sales and headcount and attempts to award salaries that are reasonable in light of such data; however, the compensation committee does not identify a specific peer group for the purpose of benchmarking executive compensation. The Company has revised the disclosure on pages 98-100 to clarify the Company's practices in determining compensation.

32. We reissue prior comment 49. We note, for example, that your compensation committee reviews comparative data "by position annually and attempts to award competitive salaries based on current market practices," but such disclosure does not demonstrate how your compensation committee uses such information to make actual compensation decisions.

The Company has revised the disclosure on pages 98-100 to clarify the Company's practices in determining compensation.

Base salary. page 97

33. We reissue prior comment 50. The specific factors that underlie the salary decisions remain unclear. From your revised disclosure, it should be clear how the committee established the salary for each named executive officer, specifically what the committee considered that merited the increase for each named executive officer, how those factors determined the amount of any salary adjustments, and why adjustments differed among the named executive officers. Vague references to "individual performance" and similar terms are insufficient to satisfy your disclosure obligations under Regulation S-K Item 402(b).

The Company has revised the disclosure on pages 98-100 to clarify the Company's practices in determining compensation. As stated in the revised disclosure, in making compensation decisions, the compensation committee ultimately makes a subjective evaluation of each individual's overall performance. The committee does not have a list of specific criteria or metrics that it uses in making compensation determinations for each named executive officer. The Company believes that the revised description truly and accurately reflects the actual process that the committee engaged in when it made historical compensation decisions.

Summary compensation table, page 100

34. Please tell us why the compensation disclosed in response to prior comment 52 does not appear in column (e) of the table required by Regulation S-K Item 402(c).

The Company respectfully advises the Staff that the Company's disclosure relating to the amortization of restricted Class A Share Common Stock expense resulting from the purchase of restricted shares by named executive officers at a discount from the market price appears in column (i) "All Other Compensation," as opposed to column (e) "Stock Awards" of the table required by Regulation S-K Item 402(c), in reliance on Item 402(c)(2)(ix)(C) of Regulation S-K, which states that: "For any security of the registrant or its subsidiaries purchased from the registrant or its subsidiaries (through

deferral of salary or bonus, or otherwise) at a discount from the market price of such security at the date of purchase, unless that discount is available generally, either to all security holders or to all salaried employees of the registrant, the compensation cost, if any, computed in accordance with FAS 123R." As discussed with the Staff, the Company has provided disclosures on page 103 to indicate the value of the named executive officer's restricted shares of Class A Common Stock as of September 30, 2009.

35. With a view toward clarified disclosure, please tell us why only a "pro rata share" of the housing allowance is included in the table. In this regard, please revise the paragraph following the table to clarify which amounts mentioned are included in the table; provide us the basis for any exclusions of those amounts from the table.

The Company has revised the disclosure to indicate that the amount listed in the table on page 103 reflects the amount paid to the executive for the year until the time of his resignation. No amounts paid to executive officers are excluded from the table.

Equity vesting upon a change of control, page 104

36. We note your response to prior comment 54:

- **Regarding the first paragraph of the response, please clarify why you cannot quantify the effect of the accelerated vesting as provided in Instruction 1 to Regulation S-K Item 402(j).**
- **Regarding the second paragraph of your response, please tell us the basis for conclusion that a "right, but not the obligation" is not a potential payment as described in Regulation S-K Item 402(k).**

As discussed with the Staff, the Company has added disclosure on pages 108-109 to quantify the amounts that would be paid to the named executive officers upon a repurchase at the option of the Company of their restricted shares under the Shareholders Agreement upon the occurrence of certain events under the Shareholders Agreement. This disclosure is only relevant to investors in the event that the offering is completed and therefore, the information presented assumes the events occurred upon the completion of the offering. In addition, the Company has added disclosure showing the fair market value of restricted shares held by named executive officers that would be subject to accelerated vesting upon the occurrence of a change in control as of December 31, 2008.

37. Please clarify who you mean by your reference to "Sponsors."

The Company has revised the disclosure on page 108 to define the term "Sponsors."

Certain relationships and related person transactions, page 105

38. We note your response to prior comment 60. Please disclose in this section how and why the related-person transaction was an "equity cure." Also, please tell us how the last sentence of your response is consistent with Instruction 1 to Regulation S-K Item 404.

The Company has revised the disclosure on page 112 to discuss how and why the related-person transaction was an "equity cure."

As discussed with the Staff, the Company will update the disclosure in "Certain relationships and related person transactions" to include all transactions for the year ended December 31, 2009 prior to distributing preliminary prospectuses or requesting effectiveness of the Registration Statement (which the Company does not plan on effecting until after January 1, 2010). As a result, the Company will comply with Instruction 1 to Regulation S-K Item 404 by including all relevant information for the last three full fiscal years (2007-2009).

Issuances of securities, page 106

39. We reissue the portion of prior comment 64 that requested you show us how your disclosure in this section can be reconciled with your disclosure in the section entitled "CCMP transactions" on pages 43-44. It is unclear from your response which "portion of the transactions described under the 'CCMP transactions"' is included under this heading. Also in your response to this comment, please show us how your disclosure in this section is reconcilable with Note 6 to the financial statements.

The Company has revised the disclosure on pages 111-113 to make the disclosure more easily reconcilable with the disclosure in the section entitled "CCMP transactions." The Company respectfully advises the Staff that the disclosure presented in "Certain relationships and related person transactions" are presented on a transactional basis in accordance with the guidance of Item 404 of Regulation S-K and that the disclosure presented in "Management's discussion and analysis of financial condition and results of operations" is focused on the impact of these transactions on the Company's balance sheet; as a result, the disclosure is not identical. The disclosure in Note 6 to the financial statements also differs somewhat from the other sections because it is written as an explanation of the accounting line items related to the equity instruments issued. Despite the differences in presentation, the Company believes that the information disclosed in each such portion of the prospectus is consistent and reconcilable.

Reconciliation of "Certain relationships and related person transactions—Issuances of securities" with "Management's discussion and analysis of financial condition and results of operations—Transactions with CCMP"

The first paragraph of *Sales of Class B Voting Common Stock* on pages 111-112 discloses the exchange of debt for Class B Common Stock by affiliates of CCMP that is summarized in the second and third paragraphs under *Transactions with CCMP* on page 44. The second paragraph of *Sales of Class B Voting Common Stock* discloses transactions that are not summarized under *Transactions with CCMP* because neither CCMP nor any of its affiliates were a party to such transactions.

The first and second sentences of *Sales of Series A Preferred Stock* on page 112 disclose a purchase of Series A Preferred Stock by affiliates of CCMP, the proceeds of which were used by the Company to cure a leverage ratio covenant of the Company's senior secured credit facilities, which is not summarized under *Transactions with CCMP* because such disclosure is primarily focused on the exchanges of debt for equity and the impact of such transactions on the Company's balance sheet. The third, fourth and fifth sentences of *Sales of Series A Preferred Stock* disclose the exchange of debt for Series A

Preferred Stock by affiliates of CCMP that is summarized in the third and fourth paragraphs under *Transactions with CCMP* on pages 44-45.

The disclosure of the sale to Clement Feng in *Sales of Class A Nonvoting Stock* on page 112 is not summarized under *Transactions with CCMP* because neither CCMP nor any of its affiliates were a party to such transaction.

The disclosure of the preemptive rights transactions in *Preemptive Rights* on pages 112-113 corresponds to the fifth paragraph under *Transactions with CCMP* which is on page 45. The disclosure of the preemptive rights transactions in *Preemptive Rights* specifies the shares sold by the Company to related persons and the aggregate amount for which such shares were sold in accordance with Item 404 of Regulation S-K, whereas the description of the preemptive rights transactions under *Transactions with CCMP* summarizes more generally all of the sales made pursuant to the preemptive rights provisions in the Shareholders Agreement, including sales made by affiliates of CCMP to certain stockholders to which the Company was not a party.

Reconciliation of "Certain relationships and related person transactions—Issuances of securities" with Note 6 to the Financial Statements

The first paragraph of *Sales of Class B Voting Common Stock* on page 111 discloses the exchange of debt for Class B Common Stock by affiliates of CCMP that is summarized in the third, fourth and fifth sentences of *Class B Common Stock* on page F-28. The second paragraph of *Sales of Class B Voting Common Stock* discloses sales of Class B Common Stock to members of the Company's board of directors that are summarized in the second sentence of *Class B Common Stock*.

The first and second sentences of *Sales of Series A Preferred Stock* on page 112 disclose a purchase of Series A Preferred Stock by affiliates of CCMP, the proceeds of which were used by the Company to cure a leverage ratio covenant of the Company's senior secured credit facilities, which is summarized in the first sentence of the first paragraph of *Series A Preferred Stock* on page F-29. To the extent that the acquisition and exchange of debt for Series A Preferred stock by affiliates of CCMP that is disclosed in the third, fourth and fifth sentences of *Sales of Series A Preferred Stock* on page 112 occurred in 2008, it is summarized in the second and third sentences of the first paragraph of *Series A Preferred Stock* on page F-29.

The disclosure of the sale to Clement Feng in *Sales of Class A Nonvoting Stock* on page 112 is subsumed in the summary of sales of Class A Common Stock that occurred in 2007 in *Class A Common Stock* on pages F-27 to F-28. The other sales of shares of Class A Common Stock that are included in the aggregate number of Class A Common Stock sold listed in *Class A Common Stock* are not disclosed in *Sales of Class A Nonvoting Stock* because such sales did not involve related persons.

The Class B Common Stock-related preemptive rights transaction described in *Preemptive Rights* on page 112 is summarized in the sixth sentence in *Class B Common Stock* on page F-28.

Preemptive rights, page 107

40. Please expand your disclosure in response to prior comment 62 to clarify how the preemptive rights resulted in (1) a shareholder selling shares to a board member as you mention on page 44 and (2) the transfer from your shareholder to management that you previously disclosed on page 102 of your registration statement filed on October 20, 2009.

The Company has revised the disclosure on page 45 to delete the reference to the stockholder selling shares to a board member because in fact such sale was not made pursuant to the preemptive rights provisions; instead, it was a direct sale between affiliates of CCMP and such board member that was permitted under the Shareholders Agreement. The Company was not a party to such transaction.

The Company deleted reference to the transfer from the stockholder to management that was previously disclosed on page 102 of the registration statement filed on October 20, 2009 because in fact such transaction did not qualify as a related person transaction as the Company was not a party to such transaction.

The Company has also revised the disclosure on pages 112-113 to clarify how transfers to certain members of management and other stockholders of the Company were effected pursuant to the preemptive rights provisions in the Shareholders Agreement. Under the Shareholders Agreement, the Company is permitted to offer and sell equity securities to CCMP without first complying with the preemptive rights provisions so long as the other stockholders of the Company are subsequently afforded the opportunity to purchase an amount of such equity securities equal to the number of shares that would have been offered for sale to such other stockholders had the preemptive rights initially been complied with. The stockholders have had preemptive rights in connection with two transactions. In the preemptive rights transaction that was effected in 2007 (see pages 112 and F-28), the preemptive rights were satisfied by affiliates of CCMP selling shares of Class B Common Stock to stockholders that elected to participate. In the preemptive rights transaction that was effected in 2008 (see pages 112-113), the preemptive rights were satisfied by affiliates of CCMP and the Company selling shares of Series A Preferred Stock to stockholders that elected to participate.

Repurchases of securities, page 107

41. Please expand your response to prior comment 66 to tell us (1) why you previously believed the disclosure that you originally included under this section was required, and (2) the basis for your conclusion that deletion of that disclosure is appropriate.

The disclosure formerly on page 102 was deleted because the information presented was related to transactions between the Company and employees or other persons who were not "related parties" as defined in Item 404 of Regulation S-K, and, therefore, disclosure is not required.

Principal stockholders, page 109

42. We are unable to agree with your response to prior comment 68 that no individual beneficially owns the shares because investment and voting power are vesting in more than

three individual members, especially given that Rule 13d-3 includes as a beneficial owner any person who shares voting or investment power. Please revise your disclosure accordingly.

Based on a discussion with the Staff, the Company has revised the disclosure to provide additional information about the natural persons who exercise, directly or indirectly, sole or shared voting and/or dispositive powers with respect to the Company's shares held in the name of CCMP Capital, LLC and Unitas Capital Ltd.

Index to consolidated financial statements, page F-1

Note 2. Significant accounting policies, page F-9

Segment reporting, page F-17

43. We note in your response to prior comment 40 that you breakout revenues by market. Please revise to provide the disclosures required by paragraph 280-10-50-40 of the FASB Accounting Standards Codification.

The Company has revised the disclosure on page F-18 to provide the disclosures required by paragraph 280-10-50-40 of the FASB Accounting Standards Codification.

Note 6. Redeemable stock and stockholders' equity (Deficit), page F-23

44. In reference to prior comment 79, and with a view towards enhanced disclosure, please tell us the significant terms of the Series A preferred shares and Class B common shares, including conversion terms and terms related to equity participation and priority returns. Explain how you will determine the number of shares to issue upon conversion, including the priority return amounts, the Class A share value and the Series A Equity Participation. To the extent deemed helpful, please provide an example to illustrate. Please refer to paragraph 505-10-50-3 of FASB ASC.

The Company has revised the disclosure on pages F-24 to F-26 to better clarify the significant terms of the Series A Preferred Stock and Class B Common Stock, including conversion terms, terms related to equity participation and priority returns. The expanded disclosure breaks out separately the terms for the Series A Preferred Stock and the common shares regarding voting rights, dividends and other distributions, distributions upon liquidations and change of control transactions, and conversions upon an initial public offering.

With respect to your request to explain the conversion terms of the Class B Common Stock and Series A Preferred Stock, the Company advises you as to the following:

(i) At the time the Company enters into an underwriting agreement with respect to an initial public offering, each share of Class B Common Stock will automatically convert into a number of shares of Class A Common Stock equal to one plus the quotient obtained by dividing (i)(x) the amount paid for such share of Class B Common Stock plus (y) an increase to such amount equal to 10% per annum calculated and compounded quarterly on the basis of a 360-day year of twelve 30-day months and which increased amount shall be deemed to have accrued on a daily basis (the "Class B Return"), by (ii) the public offering price (net of underwriting discounts and commissions).

(ii) On the business day immediately following the date on which the Company enters into an underwriting agreement with respect to an initial public offering, each share of its Series A Preferred Stock will automatically convert into a number of shares of Class A Common Stock equal to the sum of (A) the quotient obtained by dividing (i)(w) the amount paid for such share of Series A Preferred Stock plus (x) an increase to such amount equal to 14% per annum calculated and compounded quarterly on the basis of a 360-day year of twelve 30-day months and which increased amount shall be deemed to have accrued on a daily basis (the "Series A Preferred Return"), by (ii) the public offering price (net of underwriting discounts and commissions), plus (B) the product of (y) a fraction, the numerator of which is one and the denominator of which is the number of shares of Series A Preferred Stock outstanding at such time, and (z) an additional number of shares of its Class A Common Stock that, when added to the number of shares of its Class A Common Stock outstanding at such time, including after giving effect to the conversion of the Class B Common Stock described above, the reverse stock split and the issuance of Class A Common Stock pursuant to clause (A) above, would equal 24.3% of the number of shares of Class A Common Stock outstanding at such time.

The Company has expanded disclosure with respect to the conversions under "Management's discussion and analysis of financial condition and results of operations—Corporate reorganization" and the disclosure in Note 6 on pages F-24 to F-29 is substantively similar to and consistent with the revised disclosure on pages 111-113 and the description provided immediately above. The Company has also supplementally provided the Staff with an illustrative example of how the conversions described above will work.

The Company has revised the disclosure on pages F-25 to F-26 to provide the information required by paragraph 505-10-50-3 of FASB ASC.

45. Please tell us under what circumstances the Series A preferred shareholder is entitled to the priority return preference and the Series A equity participation. Similarly, discuss for the priority return and equity appreciation for the Class B stock.

The Company has revised the disclosure on pages F-24 to F-25 to specifically clarify that the holders of Series A Preferred Stock are entitled to receive a priority return in connection with dividends and other distributions, distributions upon liquidations and change of control transactions, and conversions upon an initial public offering. The Company notes that a similar disclosure with respect to the Class B Common Stock can be found on pages F-25 to F-26.

46. Further, please provide us with an analysis showing your consideration of all relevant accounting literature in determining how to classify and account for the Series A preferred shares and Class B common shares, including the priority return preference, the equity participation rights and the "beneficial conversion feature."

Based on the rights and attributes of the Company's Series A Preferred Stock and Class B Common Stock equity securities, we considered the following in determining the appropriate accounting and classification for each class of stock:

1. Classification of the equity instruments—i.e. permanent equity or outside of permanent equity (i.e. temporary/mezzanine equity)
2. Accounting for the priority return preference (accretion)
3. Participation rights of each of the classes of stock and impact on earnings per share
4. Accounting for beneficial conversion features

In determining the appropriate accounting for the equity securities, the following literature was considered:

ASR 268 **Redeemable Preferred Stock**

ASC 260 **Earnings Per Share** (original guidance issued under *SFAS 128 Earnings per Share* and EITF 03-6 *Participating Securities and the Two-Class Method under FASB Stmt No. 128*)

ASC 480 **Distinguishing Liabilities from Equity** (original guidance issued under *EITF D-98 (Topic D-98) Classification and Measurement of Redeemable Securities*)

ASC 470-20 **Debt with Conversion and Other Options** (original guidance issued under *EITF 98-5 Accounting for Convertible Securities with Beneficial Conversion Features or Contingently Adjustable Conversion Ratios* and *EITF 00-27 Application of Issue No. 98-5 to Certain Convertible Instruments*)

Our analysis and conclusions regarding the appropriate accounting and classification is summarized as follows:

Topic 1—Classification of the equity instruments—i.e. permanent equity or outside of permanent equity (temporary/mezzanine equity)

Class B Common Stock—Class B Common Stock is redeemable at the Company's option if an employee stockholder is terminated. Further, upon a change in control or liquidation, holders of Class B Common Stock are entitled to the ratable payment out of the assets of the Company available for distribution in an amount per share equal to the unreturned paid-in capital per share of Class B Common Stock held by such holder.

Series A Preferred Stock—Upon a change in control or liquidation, holders of Series A Preferred Stock are entitled to the ratable payment out of the assets of the Company available for distribution in an amount per share equal to the unreturned paid-in capital per share of Series A Preferred Stock held by such holder.

ASR 268 requires securities subject to redemption requirements that are outside of the control of the issuer to be excluded from the caption "stockholders' equity" and presented separately in the issuer's balance sheet. In an interpretation of ASR 268, guidance originally issued under Topic D-98 (codified under ASC 480 Distinguishing Liabilities from Equity) indicates that if there are any circumstances under which the

issuer could be required to redeem equity securities, regardless of the likelihood that those circumstances will arise, those securities must be classified outside permanent equity. Specifically, paragraph 5 of Topic D-98 states "deemed liquidation events that require (or permit at the holder's option) the redemption of only one or more particular class of equity security for cash or other assets cause those securities to be classified outside of permanent equity." The change of control provisions could result in a full or partial redemption of either Series A Preferred Stock or Class B Common Stock without all equity securities participating in such redemption. Accordingly, as the redemption provisions related to the Class B Common Stock and Series A Preferred Stock are outside the control of the Company, these two classes of stock are classified outside of permanent equity as temporary or mezzanine equity, between liabilities and stockholders' equity on the consolidated balance sheet.

Topic 2—Accounting for the priority return preference (accretion)

Paragraph 15 of Topic D-98 (ASC 480-10-30) states that "the initial carrying amount of a redeemable equity security should be its fair value at the date of issue. If the security is not redeemable currently (for example, because a contingency has not been met), and it is not probable that the security will become redeemable, subsequent adjustment is not necessary until it is probable that the security will become redeemable."

Accordingly, as the contingency allowing for both classes of stock to be redeemed is a change in control, and a change in control is not probable, both securities are recorded at their fair value at the date of issuance and remain at their un-accreted value until it becomes probable that the stock will become redeemable. The amount of accumulated accretion is appropriately disclosed in the footnotes to the financial statements.

Topic 3—Participation rights of each of the classes of stock and impact on earnings per share

SFAS 128 (codified under ASC 260—Earnings Per Share)) requires companies that have multiple classes of common stock or have issued securities other than common stock that participate in dividends with the common stock to apply the two-class method to compute earnings per share. Paragraph 60(a) of FAS 128 (ASC 260-10-45-59A) provides the following description of a participating securities "Securities that may participate in dividends with common stock according to a predetermined formula (for example, two for one) with, at times, an upper limit on the extent of participation (for example, up to, but not beyond, a specified amount per share)." Issue 2 of EITF 03-6 (ASC 260-10) further clarified by indicating that a "participating security is a security that may participate in undistributed earnings with common stock, whether that participation is conditioned upon the occurrence of a specified event or not. The Task Force observed that the form of such participation does not have to be a dividend—that is, any form of participation in undistributed earnings would constitute participation by that security, regardless of whether the payment to the security holder was referred to as a dividend." Paragraph 9 of SFAS 128 (ASC 260-10-45-11) requires that "income from continuing operations (or net income) be reduced by the amount of dividends declared in the current period for each class of stock and by the contractual amount of dividends (or interest on participating income bonds) that must be paid for the current period (for example, unpaid cumulative dividends)."

The accretion rights on the Class B Common and Series A Preferred Stock are akin to a cumulative preferred dividend for earnings per share purposes. Accordingly, regardless of whether or not a dividend / distribution is made during the period, the accretion accumulates and, similar to a cumulative dividend, reduce the net income available to common stockholders. The priority return preference (accretion) for both the Class B Common and Series A Preferred Stock are reflected as a reduction of net income available to common stockholders in the calculation of earnings per share of Class A Common Stock. Earnings per share of the Class B Common Stock is based on the current period accretion unless current period earnings are in excess of the current period accretion for both the Class B Common and Series A Preferred Stock. Neither Class B Common nor Series A Preferred Stock participate in losses.

Topic 4—Accounting for beneficial conversion features

Class B Common Stock and Series A Preferred Stock (conversion into Class A Common)

Series A Preferred and Class B Common Stock receive proceeds (in cash or shares) equal to their initial liquidation preference of $10,000 accreted to the date of an IPO, change in ownership or liquidation event, subject to sufficient proceeds being available on that date, as further described in our response to comment number 44. The following guidance from *EITF 98-5 Accounting for Convertible Securities with Beneficial Conversion Features or Contingently Adjustable Conversion Ratios* (ASC 470-20), indicates the following:

13. The Task Force also discussed the accounting for (a) a security that becomes convertible only upon the occurrence of a future event outside the control of the holder and (b) a security that is convertible from inception but contains conversion terms that change upon the occurrence of a future event**.** *The Task Force reached a consensus that any contingent beneficial conversion feature should be measured using the commitment date stock price but not recognized in earnings until the contingency is resolved.* [Note: See paragraphs 18-22 of the STATUS section.]

The example included within EITF 98-5 (ASC 470-20) indicates that the beneficial conversion would not be recorded until the triggering event occurs, i.e. the occurrence of an IPO. Therefore, the Company will record the beneficial conversion upon the occurrence of the triggering event.

Series A Preferred Stock

The Series A Preferred Stock has an additional feature whereby at a change in control or IPO, the preferred shareholders will receive approximately an additional 24.3% equity participation. This is a contingent beneficial conversion feature, however the Company is unable to calculate the number of shares which may be distributed as a result of the additional equity participation until the occurrence of the triggering event as the calculation requires the fair value of the Class A Common Stock at the triggering event. Accordingly, consistent with the EITF 00-27 (ASC 470-20) (excerpt below), the contingent beneficial conversion is not recorded until the triggering event occurs. Therefore, the Company will record the beneficial conversion upon the occurrence of the triggering event.

23. *The Task Force reached a consensus that if the terms of a contingent conversion option do not permit an issuer to compute the number of shares that the holder would receive if the contingent event occurs and the conversion price is adjusted, an issuer should wait until the contingent event occurs and then compute the resulting number of shares that would be received pursuant to the new conversion price.* The number of shares that would be received upon conversion based on the adjusted conversion price would then be compared with the number that would have been received prior to the occurrence of the contingent event. The excess number of shares multiplied by the commitment date stock price equals the incremental intrinsic value that results from the resolution of the contingency and the corresponding adjustment to the conversion price. That incremental amount would be recognized when the triggering event occurs.

47. Please tell us how you determined the cumulative accretion reflected for the Series A preferred and Class B common stock as shown on page F-25.

The Company respectfully advises the Staff that the cumulative accretion reflected for the Series A Preferred Stock is determined by adding together the unreturned paid-in capital of every outstanding share of Series A Preferred Stock. The unreturned paid in capital of a share of Series A Preferred Stock is determined by adding to the amount originally paid for such share to an amount which is the product of the unreturned paid in capital times 14% per annum, with such increases to be calculated quarterly, compounded on the basis of a 360-day year of twelve 30-day months, and are deemed to accrue on a daily basis. If any distributions are received in respect of such shares, the amount of such distributions would decrease such unreturned paid-in capital; however, there have been no distributions made on the Series A Preferred Stock.

In addition, the cumulative accretion reflected for the Class B Common Stock is determined by adding together the unreturned paid-in capital of every outstanding share of Class B Common Stock. The unreturned paid in capital of a share of Class B Common Stock is determined by adding to the amount originally paid for such share to an amount which is the product of the unreturned paid in capital times 10% per annum, with such increases to be calculated quarterly, compounded on the basis of a 360-day year of twelve 30-day months, and are deemed to accrue on a daily basis. If any distributions are received in respect of such shares, the amount of such distributions would decrease such unreturned paid-in capital; however, there have been no distributions made on the Class B Common Stock.

48. We note that you plan to recognize a beneficial conversion upon the IPO related to the additional base amount of $25,790,000 on Class B common stock, as well as the impact of the Series A Equity Participation on Series A preferred stock. Please show us how you determined the beneficial conversion amount for the Class B common stock and how you will determine the beneficial conversion amount for the Series A preferred stock related to the Series A Equity Participation.

The Class B Common stock beneficial conversion amount of $25,790,000 is calculated as follows:

10,425	shares of Class B Common Stock issued in 2007 and 2008 (Class B follow-on shares)
$2,473.86	per share—this is the difference between the $10,000 base amount, which is the conversion feature amount (priority return preference basis), and the average amount paid per share of $7,526.14, which was equal to fair value at the time the shares were issued
$25,790,000	Total beneficial conversion on Class B Common Stock issued in 2007 and 2008

The Series A Preferred beneficial conversion is unknown at this time because of the Series A equity participation. The Series A equity participation is based on the proceeds of the IPO, change in control, or liquidation, which is not known at this time. The beneficial conversion amount will be the Series A equity participation as further described in our response to comment number 44.

Recent sales of unregistered securities, page II-3

49. Refer to your disclosure provided in response to prior comment 81. Please clarify how the facts disclosed make the September 2009 transaction exempt from registration under the Securities Act.

The September 2009 issuance of Series A Preferred Stock was the consummation of a contractual preemptive right exercised in September 2009 that was triggered by the Company's sales of shares to affiliates of CCMP beginning in late 2008 and ending in July 2009. Each of the purchasers of these shares of Series A Preferred Stock had a pre-existing relationship with the Company as a stockholder (and, in many cases, also as an employee) and had a contractual right to acquire such shares pursuant to the Shareholders Agreement. The offering and sale of these shares of preferred stock did not involve any solicitation beyond the parties to the Shareholders Agreement. There were no underwriters employed in connection with the transaction, and the recipients of securities in the transaction represented their intention to acquire the securities for investment only and not with a view to any distribution thereof. Appropriate legends were affixed to the share certificates and other instruments issued in the transaction. All purchasers were given the opportunity to ask questions and receive answers from representatives of the Company concerning the business and financial affairs of the Company. Based on the foregoing, and the fact that the transaction giving rise to the exercise of the preemptive right, as well as the exercise of preemptive rights themselves, took place well in advance and completely independent of the filing of the Registration Statement for the Company's initial public offering, the Company has concluded that these transactions were exempt from registration.

Exhibits, page II-4

50. Please expand your response to prior comment 83 to address Regulation S-K Item 601(b)(2), not merely Item 601(b)(10).

With respect to the merger agreement by which the Company acquired Generac Power Systems in 2006, the Company respectfully advises the Staff that it believes it is not required to file this agreement under Item 601(b)(2) of Regulation S-K, because the transaction contemplated by this agreement was completed in November 2006 (more than three years before the Registration Statement will be declared effective), and, more importantly, the Company has no continuing financial or other material obligations relating to or arising out of the agreement. The Company believes that, while the acquisition transaction itself was material to the Company at the time, the impact of this transaction is fully reflected in the Company's financial statements and the agreement itself is not material. Accordingly, the Company believes that this agreement is not a "material plan of acquisition, disposition, reorganization, readjustment, succession, liquidation or arrangement" for purposes of Item 601(b)(2) or a "material contract" for purposes of Item 601(b)(10).

51. Please note that, except as provided by Regulation S-K Item 601(b)(2) for documents filed pursuant to Item 601(b)(2), the documents that you file must be complete with all attachments. We note the missing attachments from exhibit 10.5.1. and 10.6.1.

The Company has filed the attachments for Exhibits 10.5, 10.5.1, 10.6 and 10.6.1.

We would very much appreciate receiving the Staff's comments, if any, with respect to the Amendment as promptly as applicable. If it would expedite the review of the information provided herein, please do not hesitate to call the undersigned at (212) 310-8165.

Sincerely,

/s/ MATTHEW D. BLOCH

Matthew D. Bloch

QuickLinks

Weil, Gotshal & Manges LLP 767 Fifth Avenue New York, New York 10153 (212) 310-8000 FAX: (212) 310-8007