IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

In re:	Chapter 11
FALLBROOK TECHNOLOGIES INC., et al.[1]	Case No. 18-10384 (___)
Debtors.	(Joint Administration Requested)

DECLARATION OF ROY MESSING IN SUPPORT OF CHAPTER 11 PETITIONS AND FIRST DAY MOTIONS

I, Roy Messing, hereby declare under penalty of perjury, pursuant to section 1746 of title 28 of the United States Code, as follows:

1. I am a Senior Managing Director at Ankura Consulting Group, LLC ("**Ankura**"), with an office located at 750 Third Avenue, New York, New York 10017.

2. Effective December 1, 2017, I was appointed the Chief Restructuring Officer of Fallbrook Technologies Inc. ("**FTI**"), a Delaware corporation and an affiliate of each of the above-captioned debtors and debtors in possession (each, a "**Debtor**" and collectively, the "**Debtors**").

3. Concurrently with my appointment, Ankura was retained by the Debtors to provide support personnel to myself, in my role as the Chief Restructuring Officer, and to the Debtors and certain of their non-debtor affiliates and subsidiaries (collectively, and as described in greater detail below, the "**Fallbrook Companies**" or the "**Company**").

4. Prior to my involvement with the Fallbrook Companies, I served as a president, chief restructuring officer, liquidating trustee, turnaround advisor, and strategic consultant to numerous companies across various industries, including manufacturing and distribution,

[1] The Debtors in these chapter 11 cases, along with the last four digits of each Debtor's federal tax identification number are: Fallbrook Technologies Inc. (7116); Fallbrook Technologies International Co. (7837); Hodyon, Inc. (1078); and Hodyon Finance, Inc. (5973). The Debtors' principal offices are located at 505 Cypress Creek Road, Suite L, Cedar Park, Texas 78613.

chemicals, energy, building materials, commercial real estate, financial services, professional services, medical devices and services, pharmaceuticals, technology, media, telecom, and entertainment. In particular, I have served as chief restructuring officer for Last Call Guarantor and Filip Technologies, and as restructuring officer for Caribbean Petroleum Corporation.

5. On the date hereof (the "**Petition Date**"), each of the Debtors filed a voluntary petition for relief (collectively, the "**Petitions**") under chapter 11 of title 11 of the United States Code, 11 U.S.C. §§ 101–1532 (the "**Bankruptcy Code**"), with the United States Bankruptcy Court for the District of Delaware (the "**Court**").

6. I submit this declaration (this "**First Day Declaration**"), pursuant to Rule 1007 of the Federal Rules of Bankruptcy Procedure (the "**Bankruptcy Rules**"), to provide an overview of the Debtors' businesses and these chapter 11 cases (the "**Chapter 11 Cases**") and to support the Petitions and the Debtors' application and motions for "first day" relief (collectively, the "**First Day Pleadings**"). Except as otherwise indicated herein, all facts set forth in this First Day Declaration are based upon my personal knowledge of the Debtors' operations and finances, information learned from my review of relevant documents, information supplied to me by other members of the Debtors' management and the Debtors' professional advisors, or my opinion based on my experience, knowledge, and information concerning the Debtors' operations and financial condition. To the extent that any information provided herein is materially inaccurate, we will act promptly to notify the Court and other parties; however, I believe all information herein to be true to the best of my knowledge. I am authorized to submit this First Day Declaration on behalf of the Debtors and, if called upon to testify, I could and would testify competently to the facts set forth herein.

7. Part I of this Declaration provides a brief overview of the Chapter 11 Cases and the Debtors' contemplated course of action. Part II provides an overview of the Debtors' businesses. Part III provides a description of the Debtors' organizational and capital structure. Part IV provides a discussion of the events that compelled the commencement of the Chapter 11 Cases. Part V affirms and incorporates the facts that support the relief requested in the First Day Pleadings.

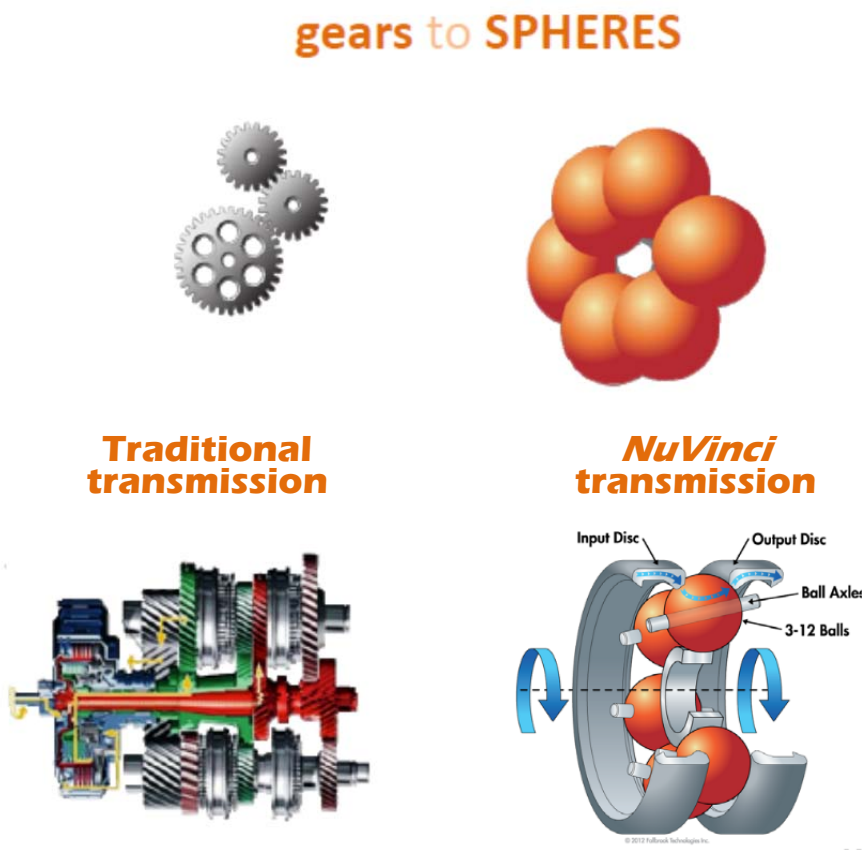
8. The Debtors continue to operate their businesses and manage their property as debtors in possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code. No request for the appointment of a trustee or examiner has been made in the Chapter 11 Cases, and no committees have been appointed or designated. As set forth in Part V, concurrently herewith, the Debtors have filed a motion seeking joint administration of the Chapter 11 Cases pursuant to Bankruptcy Rule 1015(b).

Part I

Background

9. The Company, which is headquartered in Cedar Park, Texas, and has operations in Europe and China, invented and patented the *NuVinci*® continuously variable planetary technology (the "***NuVinci* Technology**")—a unique mechanical technology that enhances performance and improves efficiency in all types of machinery, vehicles and equipment. The Company's objective is to replace traditional gears with its proprietary *NuVinci* Technology. The Company is seeking to establish the *NuVinci* Technology as the global technical standard to manage mechanical and electro mechanical power systems. The *NuVinci* Technology transforms "gears to spheres" by using a set of rotating and tilting spheres between the input and output components of a transmission. As the picture below illustrates, instead of the gear and clutch mechanisms found in a traditional transmission, the *NuVinci* transmission can change seamlessly

through an infinite number of speed ratios between maximum and minimum values. As a result, a transmission system with the *NuVinci* Technology improves some combination of performance, powertrain efficiency, durability and cost, over conventional transmission systems.



10. The *NuVinci* Technology is a highly versatile and scalable transmission technology that can replace a traditional transmission in applications across a wide spectrum of industries to achieve improved efficiency and performance. It can be configured as a continuously variable transmission ("**CVT**") or as an infinitely variable transmission ("**IVT**") where reverse is desired, with no external components, unlike any other CVT.

11. The *NuVinci* Technology has been described a potential "game changer" when it comes to today's transmission applications, because it changes the way mechanical power is transmitted to improve the performance and efficiency of transmission systems. In addition,

NuVinci Technology enables a uniquely flexible design platform that can be incorporated in everything from bicycles, automotive accessory drives, electric vehicles, lawn care equipment to small wind turbines and beyond. The *NuVinci* Technology can be manufactured at a low cost with standard industrial materials and processes and has already been commercialized in traditional bicycles and electronic bicycles, also known as e-bikes.

12. In addition to commercializing the *NuVinci* Technology in bicycles, FTI and/or its non-debtor subsidiary, Fallbrook Intellectual Property Company LLC ("**FIPC**"), licenses the *NuVinci* Technology to industry leaders such as Allison Transmission Inc. ("**Allison**"), Dana Limited ("**Dana**"), TEAM Industries, Inc. ("**TEAM**") and Conti Temic microelectronics GmbH, an affiliate of Continental AG, to derive revenue from upfront license fees and royalties on the sales of its licensees' products.

13. Despite the Debtors' successful commercialization of the *NuVinci* Technology in bicycles and strong partnerships with licensees to further develop and commercialize the *NuVinci* Technology, the licensees are not yet selling products that utilize the *NuVinci* Technology, which sales would require the licensees to pay royalties to the Debtors. Thus, the Debtors' revenue streams do not currently provide sufficient liquidity necessary to satisfy their debt and operating expense obligations.

14. Consequently, the next step in the Debtors' evolution is to implement a balance sheet restructuring under the supervision of the Court. In consultation with their professional advisors and after careful examination by the Debtors' board of directors, the Debtors determined that a prearranged chapter 11 process would provide the necessary tools to maximize the value of their business and assets, while restructuring their substantial debt load.

15. Shortly after the Petition Date, the Debtors intend to file a chapter 11 plan (the "**Proposed Plan**") that implements the Debtors' proposed restructuring and de-leverages the Debtors' balance sheets. The Proposed Plan has the support of certain of the Debtors' largest secured creditors, including certain holders of the Existing Notes (as defined below) (collectively, the "**Kayne Supporting Creditors**"), certain other holders of claims against and interests in the Debtors, and any other creditors that join the agreement (together with the Kayne Supporting Creditors and their respective successors and permitted assigns, the "**Supporting Creditors**"). The Supporting Creditors have entered into the Restructuring Support Agreement, a true and correct copy of which is attached hereto as Exhibit B, to help pave the way for a swift and efficient chapter 11 process.

Part II

Overview of Debtors' Businesses

A. History of the Debtors

16. The Fallbrook Companies' origins trace back to the late 1990's, when Donald C. Miller, a cycling enthusiast, became interested in building the world's fastest bicycle. Although he had no formal engineering training, Miller analyzed the system components and determined that the transmission was a limiting factor. Miller searched for new ideas, and came across the concept of a CVT. Believing that a CVT might help him achieve his objective, Miller conducted a series of experiments that led him to develop a new CVT concept for use in a bicycle transmission.

17. In 1997, Miller filed the first patent applications for a CVT design that he felt could be implemented for a bicycle and seemed to address all of the traditional weaknesses of a CVT. In 1998, Miller and a group of investors formed Motion Systems, Inc. to develop this

technology. At the end of 2000, as part of a process to provide additional funding and guidance, Miller and The Weiss Group LLC, an investment and startup advisory firm, joined forces to form Motion Technologies LLC ("**Motion Technologies**").

18. As the company's product development initiatives progressed, it soon became apparent that the technology's potential was even greater than originally anticipated. At that point, management set out to obtain further funding and additional executive talent, and immediately began an aggressive fundraising effort.

19. On April 13, 2004, Motion Technologies became FTI. FTI secured additional funding via a private placement, and accelerated research and development by assembling a staff that included many top engineers in the transmission field. The accelerated research and development effort began producing tangible results later in 2004, when FTI signed its first agreements with manufacturers. In September 2006, FTI introduced the *NuVinci* Technology with the first continuously variable planetary ("**CVP**") transmission for bicycle and light electric vehicle applications.[2] Also in 2006, FTI introduced the use of CVP transmissions in light electric vehicle applications in industry research publications. Volume production of *NuVinci* CVP transmissions for bicycles for FTI's first European and U.S. original equipment manufacturer ("**OEM**") customers began in January 2007.

20. In 2012, the Company entered into licensing agreements with Allison and Dana to develop and commercialize primary drivetrain transmissions utilizing the *NuVinci* Technology for certain passenger, off-highway, and heavy duty vehicles. As of the Petition Date, the partnerships with Allison and Dana remain critically important to the Debtors' future, and, until

[2] The company's core technology would take the name *NuVinci* in a "tip of the hat" to Leonardo da Vinci who in 1490 sketched what is considered to be the first documented CVT.

recently, the president and chief financial officer of Allison served as a member of FTI's board of directors. Dana's former chief executive officer, Roger Wood, serves on FTI's board of directors, and, effective as of the Petition Date, Mr. Wood became FTI's Chief Executive Officer.[3]

21. In 2012, in connection with entering into the license agreements with Allison and Dana, FTI formed a bankruptcy remote entity, FIPC, for the purpose of protecting a licensee's investment in the *NuVinci* Technology from bankruptcy. In exchange for 100% of the common membership units in FIPC, FTI assigned all of its rights in the *NuVinci* Technology to FIPC, which included all rights FTI held at the time of the assignment as well as an ongoing obligation to contribute to FIPC all improvements in the *NuVinci* Technology. In addition to common membership units, Series A preferred membership units in FIPC ("**Series A**") may be issued to a Qualified CVP Technology Licensee. A "Qualified CVP Technology Licensee" means a licensee that (i) had annual sales revenues of at least $1 billion in the applicable field of use in the year prior to being granted the license, or (ii) paid FIPC at least $10 million in license fees (not including future royalties). There are no distributions from FIPC to Series A holders other than tax distributions, and, upon liquidation of FIPC, where the return to a holder of Series A units is capped at two times the holder's capital contribution. Allison and Dana are the holders

[3] Mr. Wood has an agreement in principle in place with Kayne (defined below), which provides that, if Kayne or an affiliate becomes the owner of FTI following the company's restructuring, Mr. Wood shall remain FTI's Chief Executive Officer. In addition, the agreement provides that 30% of the common equity securities of the reorganized company will be allocated to FTI's management team (the "**Equity Awards**"), which will be distributed to the management team (including Mr. Wood) as determined by Mr. Wood in consultation with Kayne and the company. In the event that the proceeds received in respect of the Equity Awards upon the consummation of the first liquidity event that occurs in respect of the reorganized company following the completion of the restructuring is less than 10% of the debt value received by Kayne from any third party in respect of any debt held by Kayne (or its affiliates) of the reorganized company immediately following the completion of the restructuring, Mr. Wood will receive, subject to his continued employment through such liquidity event, an additional fee to ensure that the value paid in respect of the Equity Awards will equal 10% of the debt instrument value received by Kayne from any third party. The agreement will be documented and the terms will be defined in more detail during the restructuring process. As a consequence of Mr. Wood's agreement with Kayne, FTI's board of directors has appointed an independent special committee, which shall not include Mr. Wood, vested with approval authority over all aspects of the plan process.

of the outstanding Series A units. FTI, as the sole common member of FIPC, owns approximately 97% of the total membership units and, thus, all economic rights, other than the limited distributions and returns to Series A holders mentioned above, are retained by FTI.

22. In addition to its economic rights, FTI retained all of the governance and management rights of FIPC. Only FTI has the right to appoint a member to FIPC's board of directors and otherwise manage FIPC; *provided, however*, the holders of Series A units have (i) certain unanimous consent rights and (ii) certain call rights. Pursuant to a Support Services Agreement between FTI and FIPC, FTI manages the IP Portfolio (as defined below), performs technology transfers and performs engineering support services on FIPC's behalf. While licensees enter into license agreements, and engineering services agreements with FIPC,[4] FTI performs all of FIPC's obligations under such agreements.

23. Over the past decade, the Fallbrook Companies' operations and business relationships have continued to expand globally, solidifying their position as leading innovators of CVP transmission systems. In addition to the licenses with Allison and Dana, the Fallbrook Companies' growth has included: (i) signing an exclusive licensing agreement with TEAM for the use of the *NuVinci* Technology in North America and Europe for certain electric and gasoline light vehicle applications; (ii) signing an exclusive licensing agreement within a defined field of use for e-bike applications with an affiliate of Continental AG ("**Continental**"); (iii) signing an exclusive licensing agreement with Napino Auto & Electronics Ltd. ("**Napino**") for the use of *NuVinci* Technology in scooter and motorcycle applications; (iv) having Dana publicly report that multiple OEMs currently are designing transmissions featuring the *NuVinci* Technology and

[4] A License with TEAM was entered into with FTI rather than FIPC in October 2012 and has not been assigned to FIPC. A license with Viryd III Series of LTS Capital Partners II, LLC was entered into prior to the formation of FIPC and was never assigned to FIPC.

Dana is targeting volume production in 2020; (v) having the *NuVinci* Technology used in bike share programs around the world, including New York, San Francisco, Zurich, and Oslo; and (vi) expanding their bicycle business outside of core European regions with North American sales having tripled.

B. Business Lines

24. The Debtors have two primary business lines—their bicycle business (formerly known as "***NuVinci* Cycling**" and now known as and referred to herein as "**Enviolo**") and their licensing business (the "**Licensing Business**").

i. Enviolo

25. In 2006, FTI formed its bicycle division (now branded Enviolo) to provide proof of concept, demonstrate mass market viability, and further develop the *NuVinci* Technology. Enviolo sells, supports, markets, designs, and facilitates manufacturing of *NuVinci* optimized cycling products, including five different product transmission types and multiple shifting systems for those transmissions. Included in those shifting system options are multiple auto-shifting systems for e-bikes. Each of these products is a first for the cycling industry, and offers the rider a simplified and more functionally efficient, and, therefore, more enjoyable, riding experience as well as best-in-industry durability. Bicycles using Enviolo transmissions provide riders with a smooth, stepless progression from one speed ratio to another, effectuated by a twist of the rider's wrist. Bicycles using Enviolo auto-shifting systems allow riders to select how quickly they would like to pedal, and the auto-shifting technology then maintains a steady pace regardless of inclines or resistance.

26. The Fallbrook Companies outsource the manufacturing of the *Nfinity* and *Harmony* products that are sold by Enviolo to third-party manufacturers. Specifically, FTI has

entered into manufacturing supply agreements with: Tristar Inc., which manufactures *Nfinity* products; Applied Micro Electronics "AME" B.V., which manufactures *Harmony* products; and Santolubes Manufacturing LLC, which manufactures synthetic fluids and lubricants. In addition, FTI also contracts for the manufacture of shifters from MicroShift, although there is not an ongoing manufacturing supply agreement between the parties. The products manufactured by these third parties are then purchased by FTI, and either used in the manufacturing process (in the case of Santolubes), or sold to customers globally.

27. Enviolo utilizes four production locations and three inventory locations across three continents. While Enviolo is a division of FTI, its global operations necessitate the support of the following Fallbrook Companies in addition to FTI: Debtor Fallbrook Technologies International Co. ("**Fallbrook International**"), which employs those employees who are based in Europe and holds the European leases; non-Debtor FIPC, which licenses the *NuVinci* Technology to Fallbrook International; non-Debtor Fallbrook (Hong Kong) Limited ("**Fallbrook HK**"), the holding company for non-Debtor Shanghai Trading Company Ltd. ("**FICE**"); and FICE, which employs China-based employees.

28. Enviolo has developed sophisticated and significant internal capabilities through these five Fallbrook Companies, which allow the business to seamlessly operate on a global scale. Sales, bicycle service and support (including customer account support), and marketing primarily are handled by employees in Europe. Logistics support and supplier management and quality control primarily are handled by employees in Texas and China. Operations and product development, as well as finance, legal, and human resources, are managed through FTI's corporate headquarters in Texas.

29. Today, Enviolo is the only provider of bicycle CVTs in the world, with the Debtors' products available in over 100 OEM bicycle brands, a 35% market share in the luxury e-bike segment, and 2017 revenue of over $15 million.

ii. *Licensing Business*

30. While the Company has successfully demonstrated the real-world application of the *NuVinci* Technology through Enviolo, the *NuVinci* Technology goes well beyond bicycles and e-bikes. Indeed, the Company believes that the *NuVinci* Technology sets a bold new standard of performance and efficiency for all types of vehicles, equipment, and machinery, representing a $600 billion total market opportunity. The Company believes that the total addressable market for the current fields it licenses and is focusing on, which include primary transmission, accessories and auxiliaries, scooters and motorcycles, and bicycles, is $150 billion. The *NuVinci* Technology is affordable, highly versatile and scalable, and is applicable to nearly all vehicles, transportation equipment, and machinery. As a result, there is a highly valuable complex intellectual property portfolio related to the *NuVinci* Technology (the "**IP Portfolio**"). The IP Portfolio utilizes a mix of patents, trademarks, copyrights, and trade secrets, and includes over 800 worldwide patents.

31. Through the Licensing Business, the Company seeks to monetize the IP Portfolio and transition to an intellectual property company fortified by a community of licensees. The Licensing Business primarily generates revenue through upfront license fees and ongoing royalty payments based on a percentage of a licensee's revenue from products using the *NuVinci* Technology. Additional revenue is generated from the Company's engineering team, which provides engineering services to the Company's licensees to assess feasibility, design prototypes,

assist in post-license design and support, and assist with the transfer of the *NuVinci* Technology to the licensees.

32. The *NuVinci* Technology is further developed and licensees' investments are supported through an innovation community model, which pools innovation to reduce development cost and development risk for licensees. Under this model, the vast majority of the continuing investment in the *NuVinci* Technology is made by the Company's licensees. The licenses include a grant-back license, whereby the licensee grants back to the Company the right to use any improvements made to the *NuVinci* Technology.[5] Those improvements, improvements from past programs, and the rights to use all such improvements are then shared with the licensee community members. Sharing the rights in the improvements allows each member to use the technology free from concerns of intellectual property infringement claims from other members of the community. The Company believes the community concept spurs innovation and collaboration and creates efficiencies leading to a rapid product development and commercialization process, which in turn leads to a faster royalty stream.

33. As previously discussed, license agreements already have been entered into with Allison, Dana, TEAM, Continental, and Napino for various micro mobility and passenger, commercial, and off-highway vehicle applications. These license agreements have resulted in more than $75 million in upfront license fees and a powerful licensee community committed to the development and commercialization of the *NuVinci* Technology, as described above. The Company believes that the licensee community has invested more than $225 million in the *NuVinci* Technology and filed over 100 patents related to improvements thereto. In 2013, Dana

[5] The license with TEAM requires TEAM to assign most of its improvements back to FTI, rather than grant the rights back to use improvements via a license. FTI then may allow other licensees in the community to use such improvements.

even opened a 45,000 square foot Global Technology Center dedicated to the development of the *NuVinci* Technology in Cedar Park, Texas, near the Debtors' headquarters. It is estimated that the licensee community continues to invest $30–$50 million annually in the *NuVinci* Technology.

34. Revenue for the Company also is generated through fees for engineering services. The Debtors built a world-class engineering team to advance the commercialization of the *NuVinci* Technology through licensee applications. The engineering team also focuses on standardizing design and helping licensees move quickly from concept to market commercialization. FIPC enters into engineering services agreements with existing and potential licensees to allow them to utilize the Debtors' engineering expertise in engaging in technology transfer, designing, developing and testing applications utilizing the *NuVinci* Technology. As mentioned above, FTI hires the engineers so that it can perform these engineering services on FIPC's behalf.

35. With numerous licensees on the verge of commercializing products that feature the *NuVinci* Technology, and a global, highly scalable infrastructure, the Debtors believe that they are on the brink of significant revenue growth and market expansion.

C. Income, Assets and Liabilities

36. For the twelve months ending December 31, 2017, the Debtors generated approximately $30.58 million in revenue on a consolidated basis. As of December 31, 2017, the book value of the Debtors' assets and liabilities are both over $100 million. The Debtors had approximately $560,000 in cash on hand as of February 23, 2018.

Part III

Debtors' Organizational and Capital Structure

A. Organizational Structure

37. FTI is a privately held Delaware corporation with principal offices located in Cedar Park, Texas. An organization chart of FTI and the other Fallbrook Companies is attached hereto as Exhibit A. Shareholders that own greater than 5% of FTI's stock, on a fully diluted basis, include MIHI, LLC (~15.4), NGEN Partners III, L.P. (~10.8%), Robeco[6] (~10.7%), Allison Transmission Inc. (~10.4%), LTS Capital Partners II, LLC[7] (~7.7%), and Gary Jacobs (~5.1%).

38. Debtor Fallbrook International, which operates a branch office in the Netherlands and has operations in Germany, is a wholly-owned subsidiary of FTI.

39. FTI is the direct or indirect parent of Debtors Hodyon, Inc. and Hodyon Finance, Inc. (together, the "**Hodyon Debtors**"). The Hodyon Debtors were formed in 2011 in conjunction with FTI's acquisition of the Dynasys auxiliary power unit business of Hodyon L.P. FTI sold the Dynasys business in 2014, and, as a result, the Hodyon Debtors are no longer operating, but have remaining warranty obligations that were not transferred as part of the sale.

40. With respect to the non-Debtor affiliates, FTI is the direct or indirect parent of non-Debtors Fallbrook HK and FICE. FTI also is one of three members of non-Debtor FIPC. FTI is the sole holder of FIPC's one million outstanding common membership units. The other

[6] Collectively, through affiliates Robeco Clean Tech Co-Investment Fund II, L.P., Stichting Custody Robeco Master Clean Tech II (EUR), and Stichting Custody Robeco Master Clean Tech II (USD).

[7] Collectively, through affiliates Fallbrook I Series of LTS Capital Partners II, LLC, Fallbrook II Series of LTS Capital Partners II, LLC, Fallbrook III Series of LTS Capital Partners II, LLC, Fallbrook IV Series of LTS Capital Partners, II, LLC, Fallbrook V Series of LTS Capital Partners II, LLC, Fallbrook VI Series of LTS Capital Partners II, LLC, and Fallbrook VII Series of LTS Capital Partners II, LLC.

two members, Allison and Dana, hold Series A preferred membership units. Allison contributed $250,000 to FIPC in return for 25,000 Series A preferred membership units, and Dana contributed $10,000 to FIPC in exchange for 1,000 Series A preferred membership units. These preferred members were granted a preferred return equal to 15% per annum (without compounding) on their respective outstanding capital contributions, provided that such return may never exceed two times the aggregate amount of capital contributions made. FIPC is managed solely by its board of directors, which is elected by FTI as the sole holder of common membership units.

B. Funded Indebtedness

41. As of the Petition Date, the Debtors have prepetition funded secured and unsecured indebtedness in a principal amount of over $58.0 million.

i. The Existing Notes

42. On January 29, 2015, FTI, as issuer, entered into a Securities Purchase Agreement (as amended by that certain First Amendment to Securities Purchase Agreement dated as of August 1, 2016 and by that certain Waiver and Second Amendment to Securities Purchase Agreement dated as of May 10, 2017, the "**Waiver**", and the Securities Purchase Agreement, as amended, the "**Existing Notes Purchase Agreement**"), with certain of the purchasers (the "**Existing Noteholders**") of FTI's 12.00% Senior Secured Notes due 2019 (the "**Existing Notes**") for the initial issuance of the Existing Notes in the aggregate principal amount of $25 million. On May 1, 2015, FTI issued $10 million in additional notes to the Existing Noteholders.

43. The Existing Notes are secured by a first-priority security interest in substantially all of the assets of FTI and Fallbrook International, including accounts, accounts receivable, inventory and related general intangibles, and proceeds of the foregoing, but subject to certain

exclusions (the "**Prepetition Collateral**"). The following property is excluded from the Prepetition Collateral: (i) amounts properly deposited in certain excluded accounts; (ii) equity interests in certain "Excluded Subsidiaries" other than FIPC; (iii) voting equity interests in certain first-tier foreign subsidiaries in excess of 65% of such voting equity interests; and (iv) only to the extent not permitted by the FIPC LLC Agreement or certain "Global Closing" agreements between FTI and Dana, and FTI and Allison, FTI's limited liability company interests in FIPC. The Existing Notes are guaranteed by Fallbrook International.

44. FTI initially had a limited option under the Existing Notes Purchase Agreement to make paid-in-kind interest payments on the Existing Notes, to be capitalized and added to the principal amount of the Existing Notes, provided that FTI also issued additional warrants to the Existing Noteholders to purchase certain amounts of the company's stock in the event it made such an election. On May 10, 2017, the Existing Notes Purchase Agreement was amended to, among other things, allow FTI to make paid-in-kind interest payments (without the issuance of additional warrants) from April 1, 2017, until the full and final repayment in cash of the principal amount of the Existing Notes.

45. The outstanding principal amount of the Existing Notes has increased by approximately $14.6 million as a result of the accrual of paid-in-kind interest and amendment fees since May 10, 2017. Accordingly, as of the Petition Date the outstanding principal amount of the Existing Notes is not less than $49.6 million. In addition, FTI has issued outstanding warrants to the Existing Noteholders to purchase shares of FTI's common stock. The Existing Notes matured on January 31, 2018.

ii. *The Bridge Notes*

46. On May 10, 2017, FTI, as issuer, entered into a Bridge Note Purchase Agreement with the purchasers (the "**Bridge Noteholders**" and, together with the Existing Noteholders, the "**Prepetition Secured Parties**") of FTI's Senior Secured Bridge Notes due March 2, 2018 (the "**Bridge Notes**") for the issuance of $8 million in Bridge Notes. On May 26, 2017, FTI issued an additional $137,508 in Bridge Notes to certain officers of FTI. The Bridge Notes are secured by a first-priority security interest in the Prepetition Collateral, *pari passu* with the Existing Notes. The Bridge Notes are guaranteed by Fallbrook International.

47. Interest on the Bridge Notes is paid-in-kind. The outstanding principal amount of the Bridge Notes has increased by approximately $667,901 as a result of the accrual of paid-in-kind interest. Accordingly, as of the Petition Date, the outstanding principal amount of the Bridge Notes is not less than $8.8 million. The Bridge Notes are scheduled to mature on March 2, 2018.

iii. *Convertible Notes*

48. On July 7, 2014, FTI, as issuer, entered into a Note Purchase Agreement for the issuance and sale of $8,595,000 of senior subordinated convertible notes due July 2019 (the "**Convertible Notes**"). On August 3, 2016, FTI entered into a Note Purchase Agreement for the issuance and sale of $3,400,000 of additional Convertible Notes. The Convertible Notes are general unsecured obligations of the Debtors.

49. Interest on the Convertible Notes ceased accruing on May 10, 2017. As of the Petition Date, the outstanding balance of the Convertible Notes is approximately $15.3 million. The Convertible Notes are scheduled to mature on July 7, 2019.

iv. *Intercreditor Agreement*

50. The Intercreditor and Subordination Agreement dated May 10, 2017 (the "**Intercreditor Agreement**") sets forth the terms of the relationship between the Existing Noteholders and the Bridge Noteholders, including with respect to the Prepetition Collateral. The Intercreditor Agreement provides, among other things, that all proceeds of any sale or other disposition of the Prepetition Secured Collateral shall be held by Kayne Credit Opportunities Fund (QP), LP ("**Kayne**", and in its capacity as collateral agent for the Existing Noteholders, the "**Collateral Agent**"), and distributed to the Existing Noteholders and, pro rata therewith, distributed to Allison, in its capacity as agent in respect of the Bridge Notes held by the Bridge Noteholders (the "**Bridge Notes Agent**") for the benefit of the Bridge Noteholders, until all such debt is paid in full.

51. The Intercreditor Agreement further governs the exercise of certain rights of the parties thereto in the event that the Debtors file chapter 11 cases. Specifically, it provides that if the Existing Noteholders provide the Debtors with DIP financing or if the Existing Noteholders consent to the use of the Prepetition Collateral (including Cash Collateral) by the Debtors, then, among other things, the Bridge Notes Agent (for itself and on behalf of the Bridge Noteholders) will (i) be deemed to have consented to such DIP financing or such use of collateral, (ii) neither object to, nor support any other person objecting to, such DIP financing or such use of collateral, and (iii) subordinate (and be deemed to have subordinated) its liens in respect of any Prepetition Collateral to, among other things, (x) any adequate protection provided to the Collateral Agent or the Existing Noteholders with respect to the Prepetition Collateral, including, without limitation, any adequate protection liens on the Prepetition Collateral granted to the Collateral Agent or the

Existing Noteholders, (y) the liens securing such DIP financing, and (z) any "carve-out" for professional and United States Trustee fees.

52. The Intercreditor Agreement also provides, among other things, that (i) the Bridge Notes Agent (for itself and on behalf of the Bridge Noteholders) will neither object to, nor support any other person objecting to, any request by the Prepetition Secured Parties for adequate protection, and (ii) to the extent that adequate protection is granted in the forms of cash payments of interest and fees, costs and expenses, and additional collateral or replacement liens, then the Bridge Notes Agent (for itself and on behalf of the Bridge Noteholders) may seek adequate protection limited solely to replacement liens or liens on additional collateral on which the Prepetition Secured Parties obtain a lien.

C. Unsecured Obligations

53. In the ordinary course of operating their business, the Debtors purchase goods and services from hundreds of trade creditors. As of the Petition Date, the Debtors estimate that they owe approximately $5.4 million to third-party trade creditors. Additionally, the Debtors are obligated to each other for certain intercompany obligations owing from one Debtor to another, and from one Debtor and certain of the non-Debtor Fallbrook Companies.

Part IV

Events Leading to the Commencement of the Chapter 11 Cases

54. While the Debtors have successfully commercialized the *NuVinci* Technology in the bicycle industry, the revenues and EBITDA for Enviolo fell short of the financial covenants that were contained in the Existing Notes Purchase Agreement. As such, the Company was in default of such covenants as of December 31, 2016. As a result of the default, the Company and the Existing Noteholders renegotiated certain terms of the Existing Notes Purchase Agreement

and entered into the Waiver, which amended, among other terms, the maturity date, which was changed from January 7, 2019 to January 31, 2018.

55. Revenue from the Company's lines of business is not sufficient to pay the debt incurred under the Existing Notes Purchase Agreement, or to fund the Company's continuing operations. Commercialization of the *NuVinci* Technology through licensee products has been slower to market than originally anticipated, with large-scale commercialization yet to occur. The reason for this is that the *NuVinci* Technology was licensed for one of the most difficult applications first: the primary drivetrain transmission. The extremely long development time for such application caused royalties to be pushed out and sublicensing opportunities to be limited. As a result, upfront license payments, engineering services revenue, and Enviolo revenue have been unable to provide a bridge to the period when royalty payments are anticipated to generate sufficient liquidity for debt service and operational expenses.

56. The Debtors, in consultation with their advisors, diligently evaluated a range of strategic alternatives to address their liquidity challenges, and determined that the best way to maximize value for their stakeholders would be to either (i) market their assets for sale as a going concern, or (ii) obtain the necessary incremental capital to maintain sufficient liquidity to continue operations outside of the context of the Chapter 11 Cases. Towards that end, in April 2017, the Debtors engaged Deutsche Bank Securities, Inc. ("**Deutsche Bank**") as an investment banker to conduct a marketing process for the sale of the Fallbrook Companies. The Debtors also retained a financial advisory firm, Versari Private Capital Advisors ("**Versari**"), in July 2017, to pursue additional capital infusions and other strategic alternatives. To supplement the efforts of Deutsche Bank and Versari, in September 2017, the Debtors retained Ocean Tomo, a financial advisory and brokerage firm that specializes in intellectual property and intangible

assets, to act as a placement agent in connection with the private placement of equity or debt-lined securities to certain investors.

57. A requirement of the Waiver and of the Bridge Notes was that FTI undergo a sale process of its businesses pursuant to which a winning bidder would be selected no later than November 30, 2017. During much of 2017, the Debtors and their advisors reached out to numerous strategic and financial investors in an attempt to sell the Fallbrook Companies or attract the necessary incremental capital to maintain sufficient liquidity to continue operations outside of the context of the Chapter 11 Cases. In particular, Deutsche Bank contacted approximately 85 potential investors, 10 of which executed a non-disclosure agreement ("**NDA**") to receive information about the Fallbrook Companies. Versari contacted almost 200 potential investors, 25 of which executed an NDA, and Ocean Tomo contacted approximately 74 potential investors, 9 of which executed an NDA. Company management met in person and via phone with many of the parties who signed NDAs. Despite the Debtors' and their advisors' best efforts, this process did not result in any definitive bids, although one party proposed a confidential term sheet to recapitalize the company. Unfortunately, negotiations with that party did not advance beyond the term sheet phase. Accordingly, the Debtors and their advisors were unable to find any parties that would be willing to provide additional capital sufficient to make an out-of-court restructuring achievable.

58. On December 1, 2017, FTI and the Collateral Agent agreed that certain events of default had occurred or would occur under the Waiver as a result of FTI's failure to select a winning bidder for FTI's businesses no later than November 30, 2017. Subsequently, the Collateral Agent and the Debtors negotiated a forbearance agreement that expired just prior to the Petition Date.

59. Against this backdrop, and after significant arms'-length negotiations, the Kayne Supporting Creditors agreed to provide the Debtors with a debtor-in-possession term loan facility (the "**DIP Facility**"), and, along with the other Supporting Creditors, to enter into a restructuring support agreement (the "**Restructuring Support Agreement**") that would pave the way for a value-maximizing, prearranged chapter 11 process. As part of their negotiations with the Kayne Supporting Creditors over the terms and conditions of the DIP Facility, and the Supporting Creditors over the terms and conditions of Restructuring Support Agreement, the Debtors agreed to several milestones related to this plan process. These milestones include: (i) filing the Proposed Plan and related disclosure statement (the "**Disclosure Statement**") by March 20, 2018; (ii) obtaining approval of the Disclosure Statement by May 1, 2018; and (iii) confirming the Proposed Plan by no later than June 12, 2018.

60. It is the Debtors' goal to complete the Chapter 11 Cases quickly and efficiently. The Proposed Plan will provide unsecured creditors more value than they would receive in the event of a chapter 7 case. Further, a reorganization under the Proposed Plan allows the Debtors to maintain operations, preserve jobs, and assume leases and contracts, providing substantial benefits to the stakeholders in the Chapter 11 Cases. As a result, the Debtors have the consent and support of the Supporting Creditors, consisting of the Debtors' largest secured and unsecured creditors, and the Debtors believe they will be able to obtain the support of additional creditors in the first few weeks of the Chapter 11 Cases.

Part V

Facts Relevant to the First Day Pleadings[8]

61. To facilitate the Chapter 11 Cases, the Debtors have filed the First Day Pleadings requesting various forms of relief. Generally, the First Day Pleadings have been designed to meet the Debtors' goals of: (i) continuing their operations in chapter 11 with as little disruption and loss of productivity as possible while the Debtors seek to maximize the value of their estates through the Chapter 11 Cases; (ii) maintaining the confidence and support of their employees and other key constituents during the chapter 11 process; and (iii) establishing procedures for the smooth and efficient administration of the Chapter 11 Cases.

62. I have reviewed each of the First Day Pleadings filed contemporaneously herewith, and the facts set forth in the First Day Pleadings are true and correct to the best of my knowledge, information, and belief, and are incorporated herein by reference. It is my belief that the relief sought in each of the First Day Pleadings is tailored to meet the goals described above and, ultimately, will enhance the Debtors' ability to maximize the value of their estates for the benefit of all of the Debtors' stakeholders.

63. It is my further belief that, with respect to those First-Day Pleadings requesting the authority to pay discrete prepetition claims or continue selected prepetition programs, the relief requested is essential to preserve the value of the Debtors' estates and necessary to avoid immediate and irreparable harm to the Debtors and all stakeholders of the Debtors' estates. The Debtors believe that payment of those selected prepetition claims identified in the First Day

[8] Contemporaneously herewith, the Debtors have submitted a separate declaration in support of the *Debtors' Motion for Interim and Final Orders (I) Authorizing the Debtors to (A) Obtain Postpetition Financing on an Interim Basis and (B) Utilize Cash Collateral of Pre-Petition Secured Parties on an Interim Basis, (II) Granting Adequate Protection, (III) Modifying the Automatic Stay, (IV) Granting Related Relief, Pursuant to 11 U.S.C. Sections 105, 361, 362, 363(c), (d) and (e), 364(c), (d) and (e) and 507(b), and (V) Scheduling a Final Hearing Authorizing Financing on a Final Basis Pursuant to Bankruptcy Rule 4001(b) and (c).*

Pleadings will forestall such irreparable harm, thus maximizing the value of the Debtors' estates to the benefit of all stakeholders.

64. The Debtors have an immediate need to continue the operation of their businesses by paying employees in the normal course pending the completion of their chapter 11 efforts, and making other necessary payments as set forth in the First Day Pleadings. Further, the Debtors believe that such relief will enable them to stabilize their operations and avoid a chaotic post-filing period.

A. Joint Administration Motion

65. The Debtors request entry of an order directing joint administration of the Chapter 11 Cases for procedural purposes only pursuant to Bankruptcy Rule 1015(b). Specifically, the Debtors request that the Court maintain one docket for all of the Chapter 11 Cases under the case of FTI. Further, the Debtors request that an entry be made on the docket of each of the Chapter 11 Cases of the other Debtors to indicate the joint administration of the Chapter 11 Cases.

66. All of the Debtors are "affiliates," as that term is defined in section 101(2) of the Bankruptcy Code, of FTI, and, accordingly, the Court has the authority to grant the relief requested in the Joint Administration Motion. Many of the motions, hearings, and orders that will be filed in the Chapter 11 Cases will almost certainly affect each Debtor. The entry of an order directing joint administration of the Chapter 11 Cases will reduce fees and costs by avoiding duplicative filings and objections and will allow the Office of the United States Trustee for the District of Delaware (the "**U.S. Trustee**") and all parties in interest to monitor the Chapter 11 Cases with greater ease and efficiency. For these reasons, I believe that joint administration of the Chapter 11 Cases is in the best interests of the Debtors' estates, their creditors, and all other parties in interest.

B. Claims Agent Application

67. The Debtors request entry of an order authorizing the retention and appointment of Epiq Bankruptcy Solutions, LLC ("**Epiq**"), as claims and noticing agent in the Chapter 11 Cases. The Debtors selected Epiq after soliciting proposals from Epiq and two other potential claims and noticing agents, which I am advised satisfies the minimum number of proposals that must be considered by the rules of the Court. I believe that the relief requested in the Claims Agent Application will ease the administrative burden on the Clerk of the Court in connection with the Chapter 11 Cases. In addition, I have been advised by counsel that Epiq's retention is required by the Local Rules of Bankruptcy Practice and Procedure of the United States Bankruptcy Court for the District of Delaware in light of the Debtors' number of creditors.

C. Cash Management Motion

68. The Debtors request (i) authority to continue to use their existing cash management system, maintain their existing bank accounts, and continue their intercompany transactions and (ii) a waiver of the requirements of section 345(b) of the Bankruptcy Code on an interim basis. In addition, the Debtors request that administrative priority status be granted to intercompany claims and that the Debtors be allowed to continue to perform under certain intercompany arrangements in accordance with their historical practices.

69. In the ordinary course of business, the Debtors maintain an integrated cash management system that allows them to effectively and efficiently administer their cash and financial affairs. As described in the motion, any disruption to the cash management system would have an immediate adverse impact on the Debtors' businesses and would impair the Debtors' ability to successfully administer the Chapter 11 Cases. It would be time-consuming, difficult, and costly for the Debtors to establish an entirely new system of accounts and a new

cash management system, particularly in light of the international reach of the Debtors' businesses.

70. The Debtors respectfully submit that parties in interest will not be harmed by their maintenance of the existing cash management system, including their existing bank accounts, because the Debtors have implemented appropriate mechanisms to ensure that unauthorized payments will not be made on account of obligations incurred prior to the Petition Date.

71. The relief requested in the motion is vital to ensuring the Debtors' seamless transition into bankruptcy. Authorizing the Debtors to maintain their cash management system will avoid many of the possible disruptions and distractions that could divert their attention from more critical matters during the initial period of the Chapter 11 Cases.

D. Employee Wage Motion

72. The Debtors request the authority, in their sole discretion, to pay prepetition claims, honor obligations, and continue programs, in the ordinary course of business and consistent with past practices, relating to employee wages and benefits.

73. As of the Petition Date, the Debtors employ approximately 91 employees (collectively, the "**Employees**"). In addition, the Debtors engage approximately 14 independent contractors and a varied number of temporary employees provided through third-party staffing companies.

74. At this critical stage, the Debtors simply cannot risk the substantial disruption of their businesses and affairs that, in all likelihood, would accompany any decline in workforce morale attributable to the Debtors' failure to honor obligations for unpaid compensation, benefits, and reimbursable expenses in the ordinary course of business. Absent the requested relief, the Employees would suffer great hardship and, in many instances, financial difficulties, because these monies are needed to enable them to meet their personal obligations and daily

living expenses. Additionally, without the requested relief, the Debtors' stability would be undermined by the potential threat that otherwise loyal Employees at all levels would seek other employment. Similarly, independent contractors and staffing companies may choose to end their relationships with the Debtors, resulting in disruptions to the services provided to the Debtors' clients at a crucial time.

75. I believe that the relief requested in the motion is in the best interests of the Debtors' estates, and necessary to preserve and maximize the value of the Debtors' businesses and enable the Debtors to continue to operate their businesses in chapter 11 without disruption so as to avoid immediate and irreparable harm.

E. Critical Vendor Motion

76. In the ordinary course of their business, the Debtors purchase goods and services from numerous third-party vendors. With the assistance of their advisors, the Debtors have spent significant time reviewing and analyzing their books and records, consulting management, reviewing contracts, and analyzing historical practice to identify those vendors that are critical to the continued and uninterrupted operation of the Debtors' businesses (collectively, the "**Critical Vendors**").

77. Following this analysis, the Debtors identified Critical Vendors that provide essential materials, parts, supplies, and certain other goods or essential services that are highly specialized and/or closely integrated with the Debtors' business operations and customer relationships. Based on this exercise, the Debtors estimate that having authority to pay up to $1,250,000 (on a final basis) in prepetition critical trade claims will ensure that they can perform on their customer commitments, keep their supply chain intact, and preserve the value of their operations.

78. As a *quid pro quo*, the Debtors propose that Critical Vendors whose claims are paid under the authority requested in the Critical Vendor Motion also continue providing goods and services to the Debtors on customary trade terms.

79. I believe that the relief requested in the Critical Vendor Motion is in the best interests of the Debtors' estates and will enable the Debtors to continue to operate their businesses in chapter 11 without disruption so as to avoid immediate and irreparable harm.

F. Taxes Motion

80. In the ordinary course of their business, the Debtors incur sales, use, franchise, property, and foreign taxes. The Taxes Motion seeks the authority, but not the direction, to pay claims for such taxes to the applicable taxing and governmental authorities, including such taxes and fees determined to be owed prior to the Petition Date.

81. I believe that, if these taxes are not paid, many of the taxing authorities to which the taxes are owed may audit the Debtors, file liens, make motions for relief from the automatic stay, or take other aggressive action during these cases. If that were to occur, it would divert the Debtors' attention from their business operations and restructuring efforts and could cause the Debtors' estates to incur interest expenses, penalties, fees, and/or litigation costs, all to the detriment of creditors and parties in interest.

82. Moreover, I believe that payment of certain of the taxes is necessary for the Debtors to maintain their good standing to operate in the jurisdictions in which they do business. Any dispute with taxing authorities over the payment of these taxes could impair the Debtors' ability to conduct business in a particular jurisdiction and could negatively affect the Debtors' businesses as a whole by creating a risk that the regulatory authorities would cancel or fail to renew necessary permits or authorizations.

83. Accordingly, I believe that the relief requested in the Taxes Motion is necessary to prevent immediate and irreparable harm.

G. Insurance Motion

84. The Debtors request authority, but not direction, to (i) continue to maintain and administer prepetition insurance policies and revise, extend, renew, supplement, or change such policies, as needed, (ii) pay or honor obligations outstanding on account of prepetition insurance policies, if any, and (iii) continue their insurance premium financing program.

85. In the ordinary course of business, the Debtors maintain a carefully designed and vitally important insurance program, which includes the use of one insurance premium finance agreement. The Debtors' insurance program provides coverage for, among other things, general liability, the Debtors' property, marine cargo, international/foreign, automobile, and D&O (collectively, the "**Policies**"). The Policies are provided by several different insurance carriers.

86. The uninterrupted maintenance of the Policies is essential to the continued operation of the Debtors' business and to the preservation of the value of the Debtors' estates. Any lapse in coverage would expose the Debtors to significant potential liabilities and losses to the detriment of all parties in interest. Furthermore, the loss of insurance coverage would require the Debtors to obtain replacement insurance on an expedited basis and likely pay a lump-sum, advance premium.

87. Not only are some of the Policies required by the various regulations, laws, and contracts that govern the Debtors' commercial activities, but section 1112(b)(4)(C) of the Bankruptcy Code provides that "failure to maintain appropriate insurance that poses a risk to the estate or to the public" is "cause" for mandatory conversion or dismissal of a chapter 11 case. Moreover, the U.S. Trustee's *Operating Guidelines for Chapter 11 Cases* require debtors to maintain insurance coverage throughout the pendency of their chapter 11 cases.

88. I believe that the relief requested in the Insurance Motion is in the best interests of the Debtors' estates and will enable the Debtors to continue to operate their businesses in chapter 11 without disruption so as to avoid immediate and irreparable harm.

H. Utilities Motion

89. In connection with the operation of their businesses, the Debtors obtain electricity, sewer, water, telecommunications, waste disposal, and other similar services (collectively, the "**Utility Services**") from various utility companies (the "**Utility Companies**"). The Debtors are requesting that the Court enter an order (i) prohibiting the Utility Companies from altering, refusing, or discontinuing Utility Services on account of unpaid prepetition invoices, (ii) deeming the Utility Companies adequately assured of future performance, and (iii) establishing procedures for determining additional adequate assurance of future payment and authorizing the Debtors to provide adequate assurance of future payment to the Utility Companies. The Debtors intend to pay when due all undisputed postpetition charges for Utility Services. And the Debtors expect their available cash—including cash made available under the proposed postpetition financing—will be more than sufficient to pay for the Debtors' postpetition use of Utility Services. Nonetheless, the Debtors propose to deposit a sum equal to 50% of the Debtors' estimated monthly cost of Utility Services into a newly-created segregated bank account as adequate assurance of future payment.

90. Utility Services are vital to the continued operation of the Debtors' businesses and, consequently, to the success of the Chapter 11 Cases. Accordingly, the relief requested in the Utilities Motion is necessary and in the best interests of the Debtors' estates and creditors. Such relief ensures that the Debtors' business operations will not be disrupted, and also provides both Utility Companies and the Debtors with an orderly, fair procedure for determining Adequate Assurance.

91. I believe that the procedures the Debtors have proposed for the Utility Companies adequately protect the Utility Companies' rights that I have been advised are provided to the Utility Companies under the Bankruptcy Code, while also protecting the Debtors' need to continue to receive, for the benefit of their estates, the Utility Services upon which their businesses depend.

I. Foreign Vendors Motion

92. In the ordinary course of business, the Debtors incur various obligations to foreign vendors, suppliers, and other entities (collectively, the "**Foreign Vendors**"). The Debtors rely on these Foreign Vendors to supply various goods and services that are crucial to the Debtors' ongoing operations. Many of the Foreign Vendors who supply these essential goods and services may argue that they are not subject to the jurisdiction of the Court or the provisions of the Bankruptcy Code that would otherwise protect the Debtors' assets and business operations, and/or may take actions that would disrupt the Debtors' business operations. There also is a risk that Foreign Vendors could sue the Debtors in foreign courts and attempt to recover prepetition amounts owed to them if such amounts remain unpaid. If the Foreign Vendors were successful in obtaining judgments against the Debtors, the Foreign Vendors could seek to exercise post-judgment remedies, including seeking to attach the Debtors' foreign assets or withholding vital supplies from the Debtors.

93. Accordingly, to avoid the resulting irreparable harm that would immediately arise from the potential issues highlighted above, I believe that the Debtors must have the ability to continue to compensate the Foreign Vendors on an uninterrupted basis and, therefore, the Debtors seek the relief requested in the Foreign Vendors Motion.

J. Customer Programs Motion

94. In the ordinary course of their business, the Debtors engage in certain activities to develop and sustain a positive reputation with Enviolo customers. To that end, the Debtors maintain various customer programs, practices, and policies (collectively, the "**Customer Programs**") designed to ensure customer satisfaction, drive sales, meet competitive pressures, develop and sustain customer loyalty, improve profitability, and generate goodwill, thereby retaining current customers, attracting new ones, and, ultimately, enhancing net income.

95. The benefits of the Customer Programs are integral to the Debtors' restructuring efforts and ability to ultimately deliver the most value to all stakeholders in the Chapter 11 Cases. To maintain their valuable customer relationships following the commencement of the Chapter 11 Cases, the Debtors believe that they must quickly assure customers of their continued ability to fulfill their obligations under the Customer Programs. The Debtors' inability to fully honor their obligations under the Customer Programs could erode the Debtors' goodwill and ongoing business relationships and result in reduced revenues. At this critical juncture, the Debtors cannot risk any loss of customer confidence as a result of the Debtors' failure to honor obligations under the Customer Programs.

Conclusion

To minimize any loss of value to their businesses, the Debtors' immediate objective is to engage in business as usual following the commencement of the Chapter 11 Cases with as little interruption to the Debtors' operations as possible. I believe that if the Court grants the relief requested in the First Day Pleadings, the prospect of achieving these objectives—to the maximum benefit of the Debtors' estates, their creditors, and other parties in interest—will be substantially enhanced.

I submit this Declaration in support of the First Day Pleadings. I have reviewed the First Day Pleadings and participated in the preparation thereof. I believe, to the best of my knowledge and with reliance on certain information provided by other executives affiliated with the Debtors, that the facts set forth in the First Day Pleadings are true and correct. This representation is based upon information and belief and through my general review of various materials and information, as well as my experience and knowledge of the Debtors' operations and financial condition. Based upon the foregoing, if called to testify, I could and would testify competently to the key facts set forth in each of the First Day Pleadings.

Pursuant to 28 U.S.C. § 1746, I declare under penalty of perjury that the foregoing is true and correct and respectfully request that all of the relief requested in the First Day Pleadings be granted, together with such other relief as the Court deems just

Dated: February 26, 2018

/s/ Roy Messing
Roy Messing
Chief Restructuring Officer

EXHIBIT A

Corporate Organizational Chart

Fallbrook Technologies Inc.
Corporate Organizational Chart

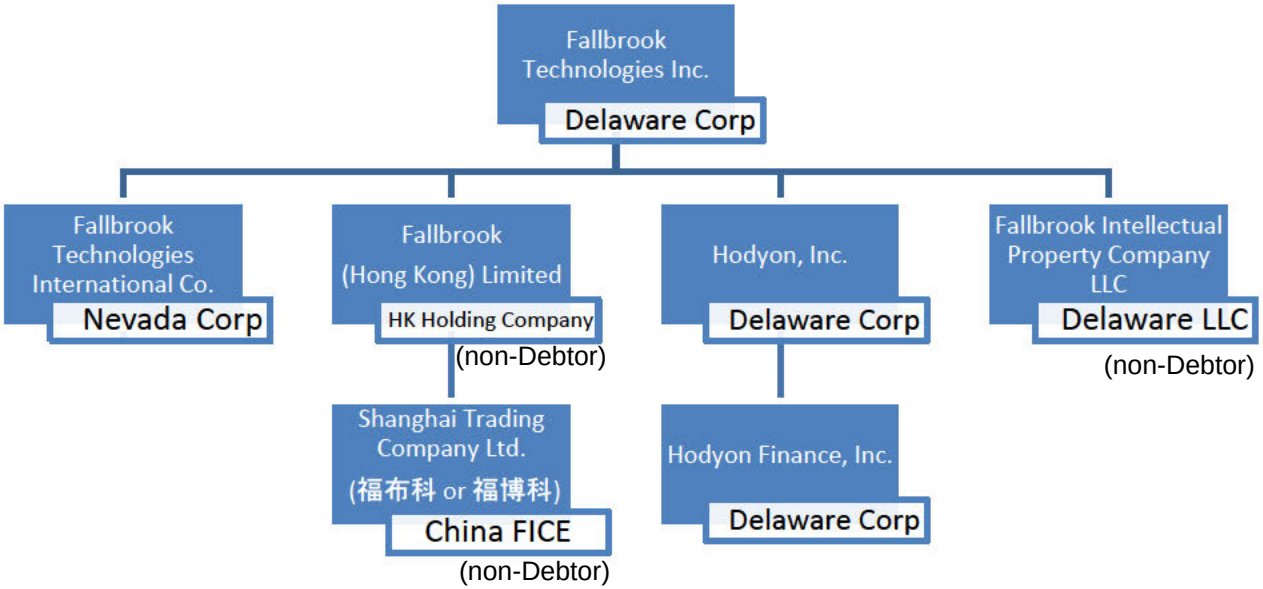


EXHIBIT B

Restructuring Support Agreement

THIS AGREEMENT IS NOT AN OFFER WITH RESPECT TO ANY SECURITIES OR A SOLICITATION OF VOTES WITH RESPECT TO A PLAN OF REORGANIZATION. ANY SUCH OFFER OR SOLICITATION WILL COMPLY WITH ALL APPLICABLE SECURITIES LAWS AND/OR PROVISIONS OF THE BANKRUPTCY CODE.

RESTRUCTURING SUPPORT AGREEMENT

This RESTRUCTURING SUPPORT AGREEMENT (together with all exhibits, schedules, and attachments hereto, as amended, supplemented, or otherwise modified from time to time in accordance with the terms hereof, this "***Agreement***"), dated as of February 25, 2018, is entered into by and among (a) Fallbrook Technologies Inc. ("***Fallbrook***") and Fallbrook Technologies International Co., a Nevada corporation ("***FTI International***," and, together with Fallbrook, the "***Company***" or the "***Fallbrook Parties***"); (b) the undersigned holders of the Existing Notes (as defined below) (collectively, the "***Kayne Supporting Creditors***"); (c) the undersigned holders of Claims against and other interests in the Fallbrook Parties (the "***RSA Supporting Creditors***") and (d) the creditors joining this Agreement by execution of a Joinder Agreement attached hereto as Exhibit C (the "***Additional Supporting Creditors***," and together with the Kayne Supporting Creditors, and the RSA Supporting Creditors, together with their respective successors and permitted assigns under this Agreement, the "***Supporting Creditors***"). The Company and the Supporting Creditors are referred to herein as the "***Parties***" and each individually as a "***Party***." Capitalized terms used herein and not defined herein shall have the meanings ascribed to such terms in the restructuring term sheet attached hereto as **Exhibit A** (the "***Restructuring Term Sheet***"), which Restructuring Term Sheet is expressly incorporated by reference herein and made a part of this Agreement as if fully set forth herein.

PRELIMINARY STATEMENTS

WHEREAS, the Parties have negotiated in good faith at arm's length and have agreed to undertake a financial restructuring of the Company, to be implemented by each of the Fallbrook Parties commencing a voluntary case (collectively, the "***Chapter 11 Cases***") under chapter 11 of title 11 of the United States Code (the "***Bankruptcy Code***") in the United States Bankruptcy Court for the District of Delaware (the "***Bankruptcy Court***") to pursue a pre-negotiated chapter 11 plan of reorganization all in accordance with the terms set forth in this Agreement and the Definitive Documents (as defined below) (the "***Restructuring Transaction***").

WHEREAS, as of the date hereof, the Supporting Creditors collectively hold 100% of the outstanding aggregate principal amount of Fallbrook's 12.00% Senior Secured Notes due 2019 (the "***Existing Notes***") issued pursuant to that certain Securities Purchase Agreement, dated January 29, 2015 (as amended by that certain First Amendment to Securities Purchase Agreement dated as of August 1, 2016 and by that certain Waiver and Second Amendment to Securities Purchase Agreement dated as of May 10, 2017, the "***Existing Notes Purchase Agreement***"), between Fallbrook in its capacity as issuer thereunder, FTI International, as guarantor, Kayne Credit Opportunities

Fund (QP), LP, as collateral agent (in such capacity, the "***Existing Notes Collateral Agent***") and the purchasers of the Existing Notes party thereto from time to time;

WHEREAS, as of the date hereof, the Supporting Creditors collectively hold approximately 32.0% of the outstanding aggregate principal amount of Fallbrook's Senior Secured Notes due 2018 (the "***Bridge Notes***") under the Bridge Note Purchase Agreement, dated as of May 10, 2017 (as amended, supplemented or otherwise modified, the "***Bridge Notes Purchase Agreement***"), between Fallbrook, in its capacity as issuer thereunder, FTI International, as guarantor, Allison Transmission, Inc., in its capacity as Bridge Notes agent, and the purchasers of the Bridge Notes party thereto from time to time;

WHEREAS, as of the date hereof, the Supporting Creditors collectively hold approximately 66.8% of the outstanding aggregate principal amount of Fallbrook's senior subordinated convertible notes due July 2019 (the "***Convertible Notes***") under those certain Note Purchase Agreements dated July 7, 2014, and August 3, 2016, by and among Fallbrook and the purchasers named therein;

WHEREAS, each Party desires that the Restructuring Transaction be implemented through a joint chapter 11 pre-negotiated plan of reorganization for the Company on the terms and conditions as set forth in this Agreement;

WHEREAS, in connection with the Chapter 11 Cases, the Company intends to file the Plan (as defined below) and the Disclosure Statement (as defined below);

WHEREAS, the Parties desire that the Restructuring Transaction be consummated as efficiently and quickly as possible and believe the Parties' interests are and will be adequately represented such that they do not seek an official committee of creditors in the Chapter 11 Cases to be formed; and

WHEREAS, the Parties desire to express to one another their mutual support and commitment in respect of the matters discussed herein.

NOW, **THEREFORE**, in consideration of the promises and the mutual covenants and agreements set forth herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows:

Section 1. *Certain Definitions; Rules of Construction*. As used in this Agreement, the following terms have the following meanings:

(a) "***Affiliate***" means, with respect to any Person, any other Person which directly or indirectly controls, or is under common control with, or is controlled by, such Person. As used in this definition, "control" (including, with its correlative meanings, "controlled by" and "under common control with") shall mean, with respect to any Person, the possession, directly or indirectly, of power to direct or cause the direction of

management or policies (whether through ownership of securities or partnership or other ownership interests, by contract or otherwise) of such Person.

(b) "***Agreement***" has the meaning set forth in the Preamble.

(c) "***Alternative Proposal***" means any plan of reorganization or liquidation, proposal, term sheet, offer, transaction, dissolution, winding up, liquidation, reorganization, refinancing, recapitalization, restructuring, merger, consolidation, business combination, joint venture, partnership, sale of material assets or equity involving the Company, other than the Restructuring Transaction.

(d) "***Applicable Law***" means any federal state, local or foreign law, statute, code, ordinance, rule, or regulation, including those addressing unfair and deceptive acts and practices, advertising, usury, and permits.

(e) "***Bankruptcy Code***" has the meaning set forth in the Preliminary Statements.

(f) "***Bankruptcy Court***" has the meaning set forth in the Preliminary Statements.

(g) "***Board***" has the meaning set forth in Section 6(c)(iv).

(h) "***Bridge Notes***" has the meaning set forth in the Preliminary Statements.

(i) "***Bridge Notes Purchase Agreement"*** has the meaning set forth in the Preliminary Statements.

(j) "***Business Day***" means any day that is not a Saturday, Sunday, or other day on which banks in New York are authorized or required to close.

(k) "***Chapter 11 Cases***" has the meaning set forth in the Preliminary Statements.

(l) "***Claim***" has the meaning set forth in section 101(5) of the Bankruptcy Code.

(m) "***Company***" has the meaning set forth in the Preamble.

(n) "***Company Termination Event***" has the meaning set forth in Section 6(b)(xii).

(o) "***Company Termination Notice***" has the meaning set forth in Section 6(b)(xii).

(p) "***Confirmation Order***" means an order entered by the Bankruptcy Court confirming the Plan that is consistent with this Agreement.

(q) "***Convertible Notes***" has the meaning set forth in the Preliminary Statements.

(r) "***Definitive Documents***" means the (i) Plan (and all exhibits thereto), (ii) Confirmation Order, (iii) Disclosure Statement, (iv) Disclosure Statement Order, (v) Solicitation Materials, (vi) DIP Credit Agreement and related documentation, including the DIP Motion and the DIP Financing Orders, (vii) the agreements governing the Exit Facilities, (viii) the Plan Supplement, (ix) those motions and proposed court orders that the Company files on or after the Petition Date (as defined below) and seeks to have heard on an expedited basis at the "first day hearing" (the "***First Day Pleadings***"), (x) any court filings in the Chapter 11 Cases that could be reasonably expected to affect the interests of the Supporting Creditors, (xi) any corporate or organizational documents for the reorganized company (the "***Organizational Documents***"), (xii) all regulatory filings necessary to implement the Restructuring Transaction and (xiii) any other documents or exhibits related to or contemplated in the foregoing clause (i) – (xii), in each case, in form and substance acceptable to the Company and the Kayne Supporting Creditors.

(s) "***DIP Credit Agreement***" means the credit agreement or agreements pursuant to which Fallbrook shall issue the DIP Facility.

(t) "***DIP Facility***" means the debtor-in-possession credit facility provided by the Existing Noteholders and such other Supporting Creditors, if any, that satisfy the DIP Participation Condition (as defined in the Restructuring Term Sheet), to Fallbrook pursuant to the DIP Credit Agreement.

(u) "***DIP Financing Orders***" means the Interim DIP Financing Order and the Final DIP Financing Order.

(v) "***DIP Motion***" means the motion seeking (i) approval of the DIP Facility and (ii) authority to use collateral, including cash collateral, and grant adequate protection.

(w) "***Disclosure Statement***" means the disclosure statement for the Plan, approved by the Bankruptcy Court as containing, among other things, "adequate information" as required by sections 1125 and 1126(b) of the Bankruptcy Code, that is materially consistent with this Agreement.

(x) "***Disclosure Statement Order***" means an order entered by the Bankruptcy Court approving the Disclosure Statement and Solicitation Materials as containing, among other things, "adequate information" as required by sections 1125 and 1126(b) of the Bankruptcy Code, that is materially consistent with this Agreement.

(y) "***Effective Date***" means the date on which the Plan is substantially consummated in accordance with its terms and the Confirmation Order.

(z) "***Equity Interest***" means any and all equity securities (as defined in section 101(16) of the Bankruptcy Code) of the Company, including all shares, common stock, preferred stock, or other instrument evidencing any fixed or contingent ownership interest in the Company, including any option, warrant, or other right, contractual or otherwise, to acquire any such interest in the Company, whether or not transferable and whether fully vested or vesting in the future, that existed immediately before the Effective Date.

(aa) "***Exit Facilities***" means the New First Lien Facility and the New Second Lien Facility.

(bb) "***Existing Notes***" has the meaning set forth in the Preliminary Statements.

(cc) "***Existing Notes Collateral Agent***" has the meaning set forth in the Preliminary Statements.

(dd) "***Existing Notes Purchase Agreement"*** has the meaning set forth in the Preliminary Statements.

(ee) "***Fallbrook***" has the meaning set forth in the Preamble.

(ff) "***Fallbrook Parties***" has the meaning set forth in the Preamble.

(gg) "***Final DIP Financing Order***" means the order entered by the Bankruptcy Court approving the DIP Motion.

(hh) "***First Lien Creditors***" means the holders of the Existing Notes and the holders of the Bridge Notes.

(ii) "***Interim DIP Financing Order***" means the order entered by the Bankruptcy Court approving the DIP Motion on an interim basis.

(jj) "***Joinder Agreement***" has the meaning set forth in Section 4(c).

(kk) "***Kayne Supporting Creditor Termination Event***" has the meaning set forth in Section 6(a).

(ll) "***Kayne Supporting Creditor Termination Notice***" has the meaning set forth in Section 6(a).

(mm) "***Material Adverse Change***" has the meaning set forth in Section 6(b)(xii).

(nn) "***Milestones***" has the meaning set forth in Section 6(a)(i).

(oo) "***New First Lien Facility***" shall have the meaning set forth in the Restructuring Term Sheet.

(pp) "***New Second Lien Facility***" shall have the meaning set forth in the Restructuring Term Sheet.

(qq) "***Party***" has the meaning set forth in the Preamble.

(rr) "***Person***" means an individual, a partnership, a joint venture, a limited liability company, a corporation, a trust, an unincorporated organization, a group, a governmental or regulatory authority, or any legal entity or association.

(ss) "***Petition Date***" means the date of the commencement of the Chapter 11 Cases.

(tt) "***Plan***" means the chapter 11 plan of reorganization for the Company, filed in the Chapter 11 Cases, as it may be amended, restated or supplemented, which shall be consistent in all respects with this Agreement.

(uu) "***Plan Filing Deadline***" has the meaning set forth in Section 6(a)(i)(D).

(vv) "***Plan Supplement***" means the compilation of agreements, documents and forms of agreements, documents, schedules, and exhibits to the Plan that will be filed by the Company with the Bankruptcy Court and be consistent in all respects with this Agreement.

(ww) "***Restructuring Term Sheet***" has the meaning set forth in the Preamble.

(xx) "***Restructuring Transaction***" has the meaning set forth in the Preliminary Statements.

(yy) ***"RSA Supporting Creditors"*** has the meaning set forth in the Preamble.

(zz) "***SEC***" means the Securities and Exchange Commission.

(aaa) "***Solicitation Materials***" means the solicitation materials in respect of the Plan.

(bbb) "***Subsidiary***" means, as to any Person, any other Person of which a majority of the outstanding voting securities or other voting Equity Interests are owned, directly or indirectly, by such Person.

(ccc) "***Support Effective Date***" has the meaning set forth in Section 10.

(ddd) "***Support Period***" means, with reference to any Party, the period commencing on the Support Effective Date and ending on the earlier of (i) the Effective Date; and (ii) the date on which this Agreement is terminated with respect to such Party in accordance with Section 6 hereof.

(eee) "***Supporting Creditors***" has the meaning set forth in the Preamble.

(fff) "***Supporting Creditor Termination Event***" has the meaning set forth in Section 6(a).

(ggg) "***Supporting Creditor Termination Notice***" has the meaning set forth in Section 6(a).

(hhh) "***Tax***" or "***Taxes***" means (a) all federal, local or foreign taxes, charges, fees, imposts, levies or other assessments, including all income, gross receipts, escheat, capital, sales, use, ad valorem, value added, transfer, franchise, profits, inventory, capital stock, license, withholding, payroll, employment, social security, unemployment, excise, severance, stamp, occupation, property and estimated taxes, customs duties, fees, assessments and charges of any kind whatsoever imposed by a governmental authority; and (b) all interest, penalties, fines, additions to tax or additional amounts imposed by any Tax Authority in connection with any item described in clause (a).

(iii) "***Tax Authority***" means the Internal Revenue Service and any state, local, or foreign government, agency or instrumentality, charged with the administration of any applicable law relating to Taxes.

(jjj) "***Termination Event***" means a Kayne Supporting Creditor Termination Event, Supporting Creditor Termination Event or a Company Termination Event.

(kkk) "***Transfer***" has the meaning set forth in Section 4(c).

(lll) "***Transferee***" has the meaning set forth in Section 4(c).

Unless otherwise specified, references in this Agreement to any Section or clause refer to such Section or clause as contained in this Agreement. The words "***herein***," "***hereof***," and "***hereunder***" and other words of similar import in this Agreement refer to this Agreement as a whole, and not to any particular Section or clause contained in this Agreement. Wherever from the context it appears appropriate, each term stated in either the singular or plural shall include the singular and the plural, and pronouns stated in the masculine, feminine, or neuter gender shall include the masculine, feminine, and neuter genders. The words "***including***," "***includes***," and "***include***" shall each be deemed to be followed by the words "***without limitation***."

Section 2. *Restructuring Term Sheet.*

The terms and conditions of the Restructuring Transaction are set forth in the Restructuring Term Sheet. In the event of any inconsistencies between the terms of this Agreement and the Restructuring Term Sheet, the terms of the Restructuring Term Sheet shall govern.

Section 3. *[reserved]*

Section 4. *Commitments of the Supporting Creditors*.

(a) *Affirmative Covenants.* Subject to the terms and conditions hereof, for the duration of the Support Period, each Supporting Creditor shall:

(i) negotiate in good faith the Definitive Documentation, which shall be (A) in form and substance consistent in all respects with this Agreement and the Restructuring Term Sheet, and (B) otherwise reasonably acceptable to the Company and the Kayne Supporting Creditors;

(ii) consent to those actions contemplated by this Agreement or otherwise required to be taken to effectuate the Restructuring Transaction, including entering into all documents and agreements necessary to consummate the Restructuring Transaction;

(iii) support and take all commercially reasonable actions necessary or reasonably requested by the Company to facilitate entry of the DIP Financing Orders, the Disclosure Statement Order, and the Confirmation Order; and

(iv) support the Restructuring and timely vote, when properly solicited to do so under applicable law, all of such Supporting Creditor's Claims against the Company now or hereafter owned by such Supporting Creditor (or for which such Supporting Creditor now or hereafter has voting control over) in favor of the Plan (and not withdraw or revoke its vote with respect to the Plan); provided that, such vote may be revoked (and, upon such revocation, deemed void *ab initio*) by any Supporting Creditor at any time following the termination of this Agreement (or if this Agreement is amended in a manner that could adversely affect such Supporting Creditor);

(b) *Negative Covenants*. Subject to the terms and conditions hereof, for the duration of the Support Period, each Supporting Creditor shall not:

(i) (A) take any action inconsistent with the transactions expressly contemplated by this Agreement; (B) in the case of the Bridge Notes, declare an event of default under the Bridge Notes Purchase Agreement or accelerate the Bridge Notes; or (C) exercise any right or remedy for the enforcement, collection, or recovery of any Claim against the Company except in a manner consistent with this Agreement, the Restructuring Term Sheet, the DIP Financing Order or the Plan, as applicable; and

(ii) (A) object to, delay, impede, or take any other action that would materially interfere with, delay, or postpone acceptance, confirmation, or implementation of the Plan and the Restructuring Transaction; (B) be a plan proponent under section 1121(c) of the Bankruptcy Code (as identified in accordance with Federal Rule of Bankruptcy Procedure 3016(a)) for, or submit or vote its Claims for, any Alternative Proposal or (C) otherwise take any action that would, or is intended to, in any material respect interfere with, delay or postpone the consummation of the Restructuring Transaction.

Subject in all respects to applicable intercreditor agreements among the parties thereto, nothing in this Agreement shall prohibit any Supporting Creditor from (x) appearing as a party-in-interest in any matter arising in the Chapter 11 Cases, (y) taking or directing any action to be taken relating to maintenance, protection, or preservation of any collateral, and (z) enforcing any right, remedy, condition, consent, or approval requirement under this Agreement or any Definitive Documentation entered into in connection with the Restructuring Transaction; provided that, in each case, any such action is not inconsistent with such Supporting Creditor's obligations hereunder.

(c) *Transfers*. Each Supporting Creditor agrees that, for the duration of the Support Period, such Supporting Creditor shall not sell, transfer, loan, issue, pledge, hypothecate, assign, grant, encumber, or otherwise dispose of (including by participation), directly or indirectly, in whole or in part, including to an Affiliate, any Claims against the Fallbrook Parties now or hereafter beneficially owned by such Supporting Creditor or for which it now or hereafter serves as the nominee, investment manager, or advisor for beneficial holders, as applicable, or any option thereon or any right or interest therein (including granting any proxies, depositing any such Claims into a voting trust, or entering into a voting agreement with respect to any such Claims) (collectively, a "***Transfer***"), unless the transferee of such Claims (the "***Transferee***") either (A) in the case of Transfers consisting of pledges or hypothecations, is a lender, a trustee, or an agent under such Supporting Creditor's credit arrangements and such pledge or hypothecation does not include voting rights and will not otherwise interfere with such Supporting Creditor's performance of its obligations hereunder; (B) is a Supporting Creditor; or (C) if such Transferee is not a Supporting Creditor, prior to the effectiveness of such Transfer, such Transferee agrees in writing, for the benefit of the Parties, to become a Supporting Creditor and to be bound by all of the terms of this Agreement applicable to a Supporting Creditor (including with respect to any and all Claims the Transferee already may then or subsequently own or control) by executing a joinder agreement, substantially in the form attached hereto as **Exhibit C** (each, a "***Joinder Agreement***"), and by delivering an executed copy thereof to the Company (in accordance with the notice provisions set forth in Section 20 hereof and prior to the effectiveness of such Transfer), in which event (x) the Transferee shall be deemed to be a Supporting Creditor hereunder with respect to all of its owned or controlled Claims and (y) from and after the delivery of such executed copy of such Joinder Agreement to the Company (in accordance with the notice provisions set forth in Section 20 hereof and prior to the effectiveness of such Transfer), the transferor Supporting Creditor shall be deemed to relinquish its rights, and be released from its obligations, under this Agreement to the extent of the transferred Claims; provided, that in no event shall any such Transfer relieve a Party hereto from liability for its breach or non-performance of its obligations hereunder prior to the date of delivery of such Joinder Agreement; and provided, further, that each Supporting Creditor agrees that, if it has transferred some or all of the Claims and such Transferee is not authorized to vote any and all such Claims under Applicable Law, such Transferor shall vote such Claims on behalf of such Transferee in a manner consistent with this Agreement and the obligations under Sections 4(a) and (b) hereof. Each Supporting Creditor agrees that any Transfer of any Claims

that does not comply with the terms and procedures set forth herein shall be deemed void *ab initio*, and the Company and each other Supporting Creditor shall have the right to enforce the voiding of such Transfer and the terms hereof.

Section 5. *Covenants of the Company*.

(a) *Affirmative Covenants*. Subject to the terms and conditions hereof, The Company agrees that, for the duration of the Support Period, the Company shall:

(i) support and, subject to all necessary Bankruptcy Court approvals, consummate the Restructuring Transaction and all transactions contemplated under this Agreement in accordance with the Milestones; including commencing the Chapter 11 Cases;

(ii) negotiate in good faith the Definitive Documentation, which shall be (A) in form and substance consistent in all material respects with this Agreement, and (B) except as otherwise provided herein, reasonably acceptable to the Company and the Kayne Supporting Creditors;

(iii) use its reasonable best efforts to (A) timely file a formal written response in opposition to any objection filed with the Bankruptcy Court by any Person with respect to entry of the DIP Financing Order (or with respect to any adequate protection proposed to be granted or granted to the DIP Lenders pursuant to the DIP Financing Order or the Confirmation Order), or the Confirmation Order; (B) prosecute and defend any appeals related to the DIP Financing Order, the or the Confirmation Order; (C) support and consummate the Restructuring Transaction in accordance with this Agreement; and (D) execute and deliver any other required agreements to effectuate and consummate the Restructuring Transaction;

(iv) provide prompt written notice (in accordance with Section 20 hereof) to the Supporting Creditors during the Support Period of (A) becoming aware of the occurrence of a Termination Event, (B) the occurrence, or failure to occur, of any event of which the Company has actual knowledge which occurrence or failure would be likely to cause (1) any covenant of any Fallbrook Party contained in this Agreement not to be satisfied in any material respect, or (2) any condition precedent contained in the Plan not to timely occur or become impossible to satisfy, (C) becoming aware of any third party alleging that the consent of such party is or may be required in connection with the transactions contemplated by the Restructuring Transaction, (D) becoming aware of any proceeding commenced, or, to the actual knowledge of the Company, threatened against the Company, relating to or involving or otherwise affecting in any material respect transactions contemplated by the Restructuring Transaction, (E) becoming aware of any person that has challenged the validity or priority of, or has sought to avoid, any lien securing the Existing Notes or Bridge Notes (except for a pleading filed with the Bankruptcy Court), (F) material developments,

negotiations, or proposals relating to any material contracts or any case or controversy that may be commenced against the Company that would reasonably be expected to materially impede or prevent consummation of the Restructuring Transaction, or (G) any failure of the Company to comply, in any material respect, with or satisfy any covenant, condition or agreement to be complied with or satisfied by it hereunder;

(v) act in good faith and use reasonable best efforts to support and complete successfully a solicitation of the Plan in accordance with the terms of this Agreement and the transactions contemplated by the Restructuring Term Sheet and this Agreement;

(vi) timely file a formal objection to any motion filed with the Bankruptcy Court seeking the entry of an order (A) modifying or terminating the Company's exclusive right to file and/or solicit acceptances of a plan of reorganization, (B) directing the appointment of an examiner with expanded powers or a trustee, (C) converting the Chapter 11 Cases to cases under chapter 7 of the Bankruptcy Code, (D) dismissing the Chapter 11 Cases or (E) for relief that (x) is inconsistent with this Agreement in any material respect or (y) would, or would reasonably be expected to, frustrate the purposes of this Agreement, including by preventing the consummation of the Restructuring Transaction;

(vii) use its reasonable best efforts to obtain any and all required third-party approvals of the Restructuring Transaction, including, without limitation, any and all required governmental, regulatory, licensing, Bankruptcy Court, or other approvals (including, without limitation, any necessary third-party consents) necessary to implement and/or consummate the Restructuring Transaction;

(viii) use its reasonable best efforts to lift or otherwise reverse the effect of any injunction or other order or ruling of a court or regulatory body that would impede the consummation of a material aspect of the Restructuring Transaction;

(ix) operate its business in the ordinary course consistent with past practice and the operations contemplated pursuant to the Company's business plan (as may be updated from time to time in consultation with the Kayne Supporting Creditors) taking into account the Restructuring Transaction and the commencement and pendency of the Chapter 11 Cases, and otherwise preserve its businesses and assets;

(x) unless the Company obtains the prior written consent of a Supporting Creditor: (A) use the information regarding any Claims owned at any time by such Supporting Creditor (the "***Confidential Claims Information***") solely in connection with this Agreement (including any disputes relating thereto); and (B) except as required by law, rule, or regulation or by order of a court or as requested or required by the SEC or by any other regulatory, judicial, governmental, or supervisory authority or body, keep the Confidential Claims

Information strictly confidential and not disclose the Confidential Claims Information to any other Person; provided, however, that the Company may combine the Confidential Claims Information provided to the Company by a Supporting Creditor with the corresponding data provided to the Company by the other Supporting Creditors and freely disclose such combined data on an aggregate basis. In the event that the Company is required (by law, rule, regulation, deposition, interrogatories, requests for information or documents in legal or administrative proceedings, subpoena, civil investigative demand or other similar process, or by any governmental, judicial, regulatory, or supervisory body) to disclose the Confidential Claims Information or the contents thereof, the Company shall, to the extent legally permissible, provide affected Supporting Creditors with prompt notice of any such request or requirement so that such Supporting Creditors may, at such Supporting Creditor's expense, seek a protective order or other appropriate remedy and/or waive compliance with the provisions of this section. If, in the absence of a protective order or other remedy or the receipt of a waiver from a Supporting Creditor, the Company believes that it is nonetheless, following consultation with counsel, required to disclose the Confidential Claims Information, the Company may disclose only that portion of the Confidential Claims Information that it believes, following consultation with counsel, it is required to disclose, provided that it exercises reasonable best efforts to preserve the confidentiality of the Confidential Claims Information, including, without limitation, by, if appropriate, marking the Confidential Claims Information "Confidential – Attorneys' Eyes Only" and by reasonably cooperating with the affected Supporting Creditor, at the Supporting Creditor's own expense, to obtain an appropriate protective order or other reliable assurance that confidential and attorneys' eyes only treatment will be accorded the Confidential Claims Information. In no event shall this Agreement be construed to impose on a Supporting Creditor an obligation to disclose the price for which it acquired or disposed of any Claim. Notwithstanding anything to the contrary herein, this Agreement and any Joinder Agreement (i) may be filed with the Bankruptcy Court and any public filing of this Agreement and any Joinder Agreement which includes executed signature pages to this Agreement and any Joinder Agreement shall include such signature pages only in redacted form with respect to the holdings of each Supporting Creditor (provided that the holdings disclosed in such signature pages may be filed in unredacted form with the Bankruptcy Court under seal), (ii) Confidential Claim Information shall not include information that was in the possession of the Company before being provided hereunder, (iii) it is understood that the Company may file Confidential Claims Information in routine filings with the Bankruptcy Court, such as creditor lists, and information disclosed on schedules and statements and the like, without providing advance notice to any creditor or seeking a protective order in the ordinary course of administering its bankruptcy case. The Company's obligations under this Section 5(a)(x) shall survive termination of this Agreement.

(b) *Negative Covenants of the Company*. Subject to the terms and conditions hereof, for the duration of the Support Period, the Company shall not, without the prior written consent of the Kayne Supporting Creditors (which may be by email), take any of the following actions (except that, if the Company receives a proposal that it believes in good faith, after consultation with its legal and financial advisors, is reasonably likely to result in an Alternative Proposal and the failure to pursue such proposal would reasonably expected to be inconsistent with its fiduciary duties under applicable law, the Company may pursue such proposal and take all actions reasonably necessary to effect such proposal if it becomes an Alternative Proposal):

(i) take any action to solicit, initiate, encourage, or assist the submission or development of an Alternative Proposal. If the Company receives a proposal or expression of interest in undertaking an Alternative Proposal, the Company shall promptly notify the Supporting Creditor Professionals of the receipt of such proposal or expression of interest, with such notice to include the identity of the Person or group of Persons involved as well as the terms of such Alternative Proposal, as well as a written copy of such Alternative Proposal, if available;

(ii) accept any Alternative Proposal that does not (A) provide for the payment in full of the DIP Facility and (B) provide greater overall value to the Company's bankruptcy estates and greater recoveries to their creditors than those contemplated by this Agreement;

(iii) (A) publicly announce its intention not to pursue the Restructuring Transaction; (B) suspend or revoke the Restructuring Transaction; or (C) execute any agreements, instruments, or other documents (including any modifications or amendments to any Definitive Documentation necessary to effectuate the Restructuring Transaction) that, in whole or in part, are not consistent with this Agreement, or are not otherwise reasonably acceptable to the Kayne Supporting Creditors;

(iv) take or fail to take any actions that violate this Agreement or are inconsistent with, or that are intended or are reasonably likely to interfere with, this Agreement, the Restructuring Term Sheet, the DIP Facility, the Plan and any other related documents executed by the Company;

(v) take or fail to take any actions outside the ordinary course of business that would have a material adverse effect on Supporting Creditors' recoveries under the Restructuring Term Sheet;

(vi) modify, amend, supplement or file any pleading seeking authority to modify, amend or supplement the Definitive Documents or any other document related to the DIP Facility, the Plan or the Restructuring Transaction in a manner that is inconsistent with this Agreement or the Restructuring Term Sheet;

(vii) (A) redeem, purchase or acquire, or offer to acquire any shares of, or any options, warrants, conversion privileges, or rights of any kind to acquire any of its Equity Interests, or (B) issue, sell, pledge, dispose of, or grant or incur any encumbrance on, any shares of, or any options, warrants, conversion privileges, or rights of any kind to acquire any of its Equity Interests;

(viii) (A) split, combine or reclassify any outstanding shares of its Equity Interests, or (B) make, declare, set aside or pay any dividend or other distributions in respect of any of its Equity Interests;

(ix) adopt a plan of complete or partial liquidation, dissolution, merger, consolidation, restructuring, recapitalization or other reorganization;

(x) amend, modify, supplement or terminate any employee benefit, welfare or pension plan or enter into any contract that would constitute an employee benefit, welfare or pension plan;

(xi) other than as required by the Restructuring Term Sheet or the Plan, amend or propose to amend its respective certificate or articles of incorporation, bylaws, or comparable organizational documents;

(xii) enter into any transaction, or proposed settlement of any claim, litigation, dispute, controversy, cause of action, proceeding, appeal, determination, investigation, matter or otherwise, except, in each case, in the ordinary course consistent with past company or industry practice and the operations contemplated pursuant to the Company's business plan, that will impair the Company's ability to consummate the Restructuring Transaction or materially impair the value that the Company is committing to provide the First Lien Creditors' Claims in accordance with this Agreement;

(xiii) pay or make any payment, transfer, or other distribution (whether in cash, securities, or other property) of or in respect of principal of or interest on any funded indebtedness of the Company that either (A) is expressly subordinate in right of payment to the First Lien Creditors' Claims or (B) secured by an interest in collateral, which interest is subordinate in priority to that securing any of the First Lien Creditors' Claims, 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 in respect of any such funded indebtedness that is not contemplated by the Restructuring Term Sheet;

(xiv) file, support, amend or modify the Plan in a way that adversely impacts or materially impairs the Company's ability to provide the treatment of the First Lien Creditors' Claims as contemplated by this Agreement, or contains terms that are not acceptable to the Kayne Supporting Creditors;

(xv) enter into any other agreement (including, without limitation, a restructuring support agreement or settlement agreement) with any creditor, equity holder, ad hoc committee or group of creditors or equity holders, or official committee of creditors or equity holders outside of the ordinary course of business, unless acceptable to the Kayne Supporting Creditors in their sole discretion; and

(xvi) approve, authorize or agree (orally or in writing) to take any of the actions identified above.

(c) *Tax Matters*. The Company agrees that the Tax structure of the Restructuring Transaction, including the utilization or preservation of any Tax attributes or benefits (by election or otherwise) shall be determined by agreement of the Company and the Kayne Supporting Creditors.

(d) *Professional Fees*. The Company agrees to pay all the reasonable and documented fees and expenses, subject to the terms of any applicable reimbursement letter, of Willkie Farr & Gallagher LLP and Richards, Layton & Finger, P.A. as legal advisors to the Kayne Supporting Creditors (collectively, the "***Supporting Creditor Professionals***").

(e) *Automatic Stay*. The Company acknowledges and agrees and shall not dispute that after the Petition Date, the termination of this Agreement and the giving of notice of termination by any Party pursuant to this Agreement shall not be a violation of the automatic stay of section 362 of the Bankruptcy Code (and each Fallbrook Party hereby waives, to the fullest extent permitted by Applicable Law, the applicability of the automatic stay to the giving of such notice).

Section 6. *Termination of Agreement*.

(a) *Kayne Supporting Creditor Termination Events*. Upon written notice ("***Kayne Supporting Creditor Termination Notice***") from the Existing Notes Collateral Agent, on behalf of the Kayne Supporting Creditors, delivered in accordance with Section 20 hereof, the Kayne Supporting Creditors may terminate this Agreement, solely with respect to the Kayne Supporting Creditors, at any time after the occurrence, and during the continuation, of any of the following events (each, a "***Kayne Supporting Creditor Termination Event***"):

(i) the Company fails to comply with, satisfy or achieve the following deadlines (each of which may be extended to a later date to which the Kayne Supporting Creditors, agree in writing) (the "***Milestones***"):

(A) At 11:59 p.m. prevailing Eastern Time on February 28, 2018 unless the Company commenced the Chapter 11 Cases.

(B) At 11:59 p.m. prevailing Eastern Time on the date (x) that is five (5) Business Days after the Petition Date if the Bankruptcy Court has not entered the DIP Financing Order on an interim basis and (y) that is thirty-five (35) calendar days after the Petition Date if the Bankruptcy Court has not entered the DIP Financing Order on a final basis.

(C) [*reserved*]

(D) At 11:59 p.m. prevailing Eastern Time on the date that is 22 days after the Petition Date (the "***Plan Filing Deadline***") unless the Company has filed the Plan and the Disclosure Statement.

(E) At 11:59 p.m. prevailing Eastern Time on the date that is 64 days after the Petition Date, if the Bankruptcy Court has not entered the Disclosure Statement Order.

(F) The Company withdraws the Plan or Disclosure Statement, or the Company files any motion or pleading with the Bankruptcy Court (including the Confirmation Order) that is not consistent with this Agreement, the Restructuring Term Sheet or the Plan and such motion or pleading has not been withdrawn prior to the earlier of (i) three (3) Business Days after the Company receives written notice from a Supporting Creditor (in accordance with Section 20) that such motion or pleading is inconsistent with this Agreement, the Restructuring Term Sheet or the Plan and (ii) entry of an order of the Bankruptcy Court approving such motion or pleading.

(G) At 11:59 p.m. prevailing Eastern Time on the date that is 106 days after the Petition Date, if the Bankruptcy Court has not entered the Confirmation Order.

(H) At 11:59 p.m. prevailing Eastern Time on the date that is 121 days after the Petition Date, if the Effective Date has not occurred.

(I) the earlier of July 15, 2018 and fifteen (15) calendar days after entry of the Confirmation Order (the "***Outside Date***"); unless prior thereto the Effective Date has occurred.

(J) If any of the Milestones set forth in (A) through (I) above are not met (the earliest such date, the "***Sale Trigger Date***"), the Kayne Supporting Creditors may waive such default and may require the following additional Milestones to apply:

(1) At 11:59 p.m. prevailing Eastern Time on the date that is 12 days after the Sale Trigger Date, if the Debtors and the Kayne Supporting Creditors have not executed a

purchase agreement for the sale of substantially all assets of the Debtors, in form and substance satisfactory to the Kayne Supporting Creditors.

(2) At 11:59 p.m. prevailing Eastern Time on the date that is 14 days after the Sale Trigger Date, if the Debtors have not filed a motion seeking approval of the sale and bidding procedures, in form and substance satisfactory to the Kayne Supporting Creditors.

(3) At 11:59 p.m. prevailing Eastern Time on the date that is 25 days after the filing of the motion seeking approval of the sale and bidding procedures, if the Bankruptcy Court has not entered an order approving the bidding procedures (the "***Bid Procedures Order***"), in form and substance satisfactory to Kayne.

(4) At 11:59 p.m. prevailing Eastern Time on the date that is 60 days after the Sale Trigger Date, if the Debtors have not conducted an auction pursuant to the Bid Procedures Order, if necessary.

(5) At 11:59 p.m. prevailing Eastern Time on the date that is 65 days after the Sale Trigger Date, if the Bankruptcy Court shall enter an order approving the sale of substantially all of the Debtors assets, in form and substance satisfactory to the Kayne Supporting Creditors.

(6) At 11:59 p.m. prevailing Eastern Time on the date that is 83 days after the Sale Trigger Date, if the closing date of the sale has not occurred.

(ii) The breach in any material respect by the Company of any of their respective covenants, obligations, representations, or warranties contained in this Agreement or in any of the Definitive Documents, and, to the extent such breach is curable, such breach remains uncured for a period of five (5) Business Days from the date the Company receives a Kayne Supporting Creditor Termination Notice.

(iii) Any of the Definitive Documentation (including any amendment or modification thereof) filed with the Bankruptcy Court, or otherwise finalized or effective, contains terms and conditions inconsistent with this Agreement and such defect remains uncured for five (5) Business Days after the Kayne Supporting Creditors delivers written notice of such inconsistency to the Company.

(iv) The acceleration of the obligations or termination of commitments under the DIP Facility.

Notwithstanding any provision in this Agreement to the contrary, if any Milestone is extended pursuant to this Agreement prior to or upon such date and such later date agreed to in lieu thereof shall be of the same force and effect as the date provided herein.

(b) *Supporting Creditor Termination Events*. Upon written notice ("***Supporting Creditor Termination Notice***") from a Supporting Creditor delivered in accordance with Section 20 hereof, such Supporting Creditor may terminate this Agreement, solely with respect to such terminating Supporting Creditor, at any time after the occurrence, and during the continuation, of any of the following events (each, a "***Supporting Creditor Termination Event***"):

(i) The Kayne Supporting Creditors terminate this Agreement in respect of a Kayne Supporting Creditor Termination Event.

(ii) The breach by the Company of the covenant contained in Section 5(b)(xv).

(iii) The Company files any motion for the (A) conversion of any of the Chapter 11 Cases to a case under chapter 7 of the Bankruptcy Code, (B) appointment of an examiner, a trustee or receiver in one or more of the Chapter 11 Cases or (C) dismissal of any of the Chapter 11 Cases.

(iv) An examiner, receiver or a trustee shall have been appointed in any of the Chapter 11 Cases or if any of the Chapter 11 Cases shall have been converted to cases under chapter 7 of the Bankruptcy Code or any of the Chapter 11 Cases have been dismissed by order of the Bankruptcy Court.

(v) Any Fallbrook Party's exclusive right to file a Chapter 11 plan pursuant to section 1121 of the Bankruptcy Code has been terminated.

(vi) The Bankruptcy Court grants relief that (i) is inconsistent with this Agreement in any material respect or (ii) would, or would reasonably be expected to, materially frustrate the purposes of this Agreement, including by preventing the consummation of the Restructuring Transaction, unless the Company has sought a stay of such relief within three (3) business days after the date of such issuance, and such order is stayed, reversed or vacated within ten (10) business days after the date of such issuance.

(vii) The Company files, propounds, publicly announces or otherwise supports any plan of reorganization, liquidation, sale or other transaction other than the Plan or the Restructuring Transaction.

(viii) Any Fallbrook Party files any motion or application seeking authority to sell all or a material portion of its assets.

(ix) On the date that an order is entered by the Bankruptcy Court or a court of competent jurisdiction denying confirmation of the Plan or refusing to approve the Disclosure Statement.

(x) Any amendment, modification or supplement is made to this Agreement in a manner inconsistent with Section 9 of this Agreement, without the prior written consent of the requisite Supporting Creditors set forth in Section 9.

(xi) The issuance by any governmental authority, including any regulatory authority or court of competent jurisdiction, of any ruling, judgment or order enjoining the consummation of or rendering illegal the Plan or the Restructuring Transactions, which ruling, judgment or order has not been not stayed, reversed or vacated within ten (10) Business Days after such issuance.

(xii) After the date of this Agreement, any event, change, condition or matter that, individually or in the aggregate is, or would reasonably be expected to be, materially adverse to, or result in a material adverse effect to the operation, results of operations or financial condition of the Company, taken as a whole, or which materially impairs the ability of the Company to perform its obligations under this Agreement or has a material adverse effect on or would reasonably be expected to prevent or materially delay the consummation of the transactions contemplated hereby (a "***Material Adverse Change***"); provided, however, that in determining whether there has been a Material Adverse Change, any effect to the extent attributable to any of the following shall be disregarded (subject to the qualification of disproportionality set forth in the last provision of this definition): (i) with respect to the Company, (A) any change in the general condition of the U.S. or global economy and the credit, debt, financial or capital markets or changes in interest or exchange rates, (B) changes in conditions generally affecting any of the industries in which the business operates, (C) changes or proposed changes in applicable Law or GAAP or in the interpretation or enforcement thereof, (D) any failure by the business to meet any internal or external estimates, expectations, budgets, projections or forecasts or the financial condition of any Fallbrook Party or any changes thereof (but not the underlying causes of such failure, condition or change unless such underlying causes would otherwise be excepted from this definition), (ii) the announcement of this Agreement or the transactions contemplated hereby in accordance with the terms hereof, (iii) the filing by Fallbrook Parties of the Chapter 11 Cases, and (iv) any action (A) required to be taken by the Fallbrook Parties or their Subsidiaries pursuant to this Agreement, (B) taken by the Fallbrook Parties or their Subsidiaries at the written request or with the written consent of the Kayne Supporting Creditors in accordance with the terms hereof, or (C) omitted to be taken due to the Supporting Creditors' failure to grant consent to such action; except, with respect to the foregoing clause (i)(A) through clause (i)(C), to the

extent such event, change, condition or matter has or would reasonably be expected to have a disproportionate effect on the Fallbrook Parties and their Subsidiaries (taken as a whole) relative to other businesses operating in the industry in which the Fallbrook Parties and their Subsidiaries operate.

(c) *Company Termination Events*. The Company may terminate this Agreement upon written notice ("***Company Termination Notice***") delivered in accordance with Section 20 hereof, upon the occurrence, and during the continuation, of any of the following events (each, a "***Company Termination Event***"):

(i) The breach in any material respect by the Kayne Supporting Creditors, of any of their covenants, obligations, representations, or warranties contained in this Agreement, which breach remains uncured for a period of five (5) Business Days from the date the Kayne Supporting Creditors receive a Company Termination Notice.

(ii) The Company receives and determines to accept an Alternative Proposal in an exercise of its fiduciary duties.

(iii) The issuance by any governmental authority, including any regulatory authority or court of competent jurisdiction, of any final, non-appealable ruling, judgment or order enjoining the consummation of or rendering impermissible a material portion of the Restructuring Transaction, which ruling, judgment or order has not been stayed, reversed or vacated within twenty (20) Business Days after such issuance.

(iv) The board of directors of the Company (the "***Board"***) determines in good faith that continued performance under this Agreement would be inconsistent with the exercise of its fiduciary duties under Applicable Law, including because such fiduciary obligations require the Board to direct the acceptance of a proposal for an alternative transaction that provides for a higher recovery to the Company's creditors than the Plan.

(v) At 11:59 p.m. prevailing Eastern Time on the date (x) that is five (5) Business Days after the Petition Date if the Bankruptcy Court has not entered the DIP Financing Order on an interim basis and (y) that is thirty-five (35) calendar days after the Petition Date if the Bankruptcy Court has not entered the DIP Financing Order on a final basis.

(vi) [*reserved*]

(vii) The class of First Lien Creditors votes against the Plan.

(viii) Any lender under the DIP Facility to the Company fails to honor or terminates its commitments to provide financing or the agent or any lender declares an event of default thereunder.

(ix) On the date that an order is entered by the Bankruptcy Court or a court of competent jurisdiction denying confirmation of the Plan or refusing to approve the Disclosure Statement.

(x) At 11:59 p.m. prevailing Eastern Time on the date that is 15 calendar days after entry of the Confirmation Order, if the Effective Date has not occurred, and if such failure of the Effective Date to occur is not caused by any action or inaction of the Fallbrook Parties.

(xi) On or after July 15, 2018.

(d) *Mutual Termination*. This Agreement may be terminated by mutual written agreement among the Company and the Kayne Supporting Creditors.

(e) *Automatic Termination*. This Agreement shall automatically terminate on the Effective Date.

Section 7. *Good Faith Cooperation; Further Assurances*. Each Party hereby covenants and agrees to cooperate with each other in good faith in connection with, and shall exercise commercially reasonable best efforts with respect to, the pursuit, approval, implementation and consummation of the Restructuring Transaction, as well as the negotiation, drafting, execution and delivery of the Definitive Documents. Furthermore, subject to the terms hereof, each of the Parties shall take such action as may be reasonably necessary or reasonably requested by the other Parties to carry out the purposes and intent of this Agreement, and shall refrain from taking any action that would frustrate the purposes and intent of this Agreement.

Section 8. *Representations and Warranties*.

(a) Each Party, severally as to itself only (and not jointly), represents and warrants to the other Parties that the following statements are true and correct as of the date hereof (or as of the date a Party becomes a party hereto):

(i) Each Party is validly existing and in good standing under the laws of its jurisdiction of incorporation or organization, has all requisite corporate, partnership, limited liability company, or similar power and authority to enter into this Agreement and perform its obligations under, and carry out the Restructuring Transactions, and the execution and delivery of this Agreement by such Party and the performance of such Party's obligations under this Agreement have been duly authorized by all necessary corporate, limited liability company, partnership, or other similar action on its part;

(ii) the execution, delivery and performance by such Party of this Agreement does not and will not, as applicable, (A) violate Applicable Law relevant to it or any of its Subsidiaries or its charter or bylaws (or other similar governing documents), or those of any of its Subsidiaries; or (B) conflict with,

result in a breach of or constitute (with due notice or lapse of time or both) a default under any material contract to which it or any of its Subsidiaries is a party, other than breaches that arise from (1) the commencement or filing of a voluntary or involuntary petition under any bankruptcy, insolvency or debtor relief laws of any jurisdiction or (2) any agreement to (i) enter into or commence any bankruptcy, insolvency proceeding or any proceeding under any debtor relief laws, in each case, of any jurisdiction or (ii) compromise debts;

(iii) The execution, delivery and performance by such Party of this Agreement does not and will not require any material registration or filing with, consent or approval of, or notice to, or other action, with or by, any federal, state or governmental authority or regulatory body, except such filings as may be necessary or required by the SEC or other securities regulatory authorities under Applicable Law; and

(iv) This Agreement is the legally valid and binding obligation of such Party, enforceable against it in accordance with its terms, except as enforcement may be limited by Applicable Law relating to or limiting creditors' rights generally or by equitable principles relating to enforceability.

(b) Each Supporting Creditor, severally as to itself only (and not jointly), represents and warrants that, as of the date hereof (or as of the date such Supporting Creditor becomes a party hereto):

(i) it is the sole beneficial owner of the Claims, as applicable, set forth below its name on the signature page hereof (or below its name on the signature page of a Joinder Agreement for any Supporting Creditor that becomes a party hereto after the date hereof), and/or has, with respect to the beneficial owners of such Claims, (A) full power and authority to vote on, and consent to, matters concerning such Claims and to exchange, assign, and Transfer such Claims; or (B) full power and authority to bind, or act on behalf of, such beneficial owners holding full power and authority to vote on, and consent to matters concerning such Claims;

(ii) it has made no prior assignment, sale, participation, grant, encumbrance, conveyance, or other Transfer of, and has not entered into any other agreement to assign, sell, participate, grant, encumber, convey, or otherwise Transfer, in whole or in part, any portion of its right, title, or interests in any Claims or any voting or other rights associated therewith that is inconsistent with the representations and warranties of such Supporting Creditor herein or would render such Supporting Creditor otherwise unable to comply with this Agreement and perform its obligations hereunder;

(iii) other than pursuant to this Agreement, the Claims set forth below its signature hereto are free and clear of any pledge, lien, security interest, charge, encumbrance, claim, equity, option, proxy, voting restriction, right of first refusal,

or other limitation on disposition or encumbrance of any kind, that would adversely affect in any way such Supporting Creditor's performance of its obligations contained in this Agreement at the time such obligations are required to be performed;

(iv) it holds or beneficially owns no Claims that have not been set forth on the signature page hereof (or below its name on the signature page of a Joinder Agreement for any Supporting Creditor that becomes a party hereto after the date hereof).

(c) No Other Representations. Except for the representations and warranties contained in this Agreement, no such Supporting Creditor nor any other Person makes any representation or warranty, express or implied, on behalf of such Supporting Creditor.

Section 9. *Amendments and Waivers*. Except as otherwise expressly set forth herein, this Agreement, the Restructuring Term Sheet and the Definitive Documents, including any exhibits or schedules hereto or thereto, may not be waived, modified, amended or supplemented except in a writing signed by the Company, the Kayne Supporting Creditors; provided that any such waiver, modification, amendment or supplement that would disproportionately affect or be materially adverse to a Supporting Creditor shall require the consent in a writing signed by such Supporting Creditor. Notwithstanding the foregoing, the Company may amend, modify or supplement the Plan, from time to time, without the consent of any Supporting Creditor, in order to cure any ambiguity, defect (including any technical defect) or inconsistency; provided, that any such amendments, modifications or supplements do not adversely affect the rights, interests or treatment of such Supporting Creditors under the Plan.

Section 10. *Effectiveness*. This Agreement shall become effective and binding upon each Party upon the delivery of duly authorized and executed signature pages hereto by (a) the Fallbrook Parties; and (b) the Supporting Creditors (the "***Support Effective Date***").

Section 11. *GOVERNING LAW; JURISDICTION; WAIVER OF JURY TRIAL*. THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE INTERNAL LAWS OF THE STATE OF DELAWARE, WITHOUT REGARD TO ANY CONFLICTS OF LAW PROVISIONS WHICH WOULD REQUIRE THE APPLICATION OF THE LAW OF ANY OTHER JURISDICTION. BY EXECUTION AND DELIVERY OF THIS AGREEMENT, EACH OF THE PARTIES HEREBY IRREVOCABLY AND UNCONDITIONALLY AGREES THAT ANY LEGAL ACTION, SUIT, DISPUTE, OR PROCEEDING ARISING UNDER, OUT OF OR IN CONNECTION WITH THIS AGREEMENT SHALL BE BROUGHT IN THE DISTRICT OR BANKRUPTCY COURTS LOCATED IN THE DISTRICT OF DELAWARE AND THE PARTIES HERETO IRREVOCABLY CONSENT TO THE JURISDICTION OF SUCH COURTS AND WAIVE ANY OBJECTIONS AS TO VENUE OR INCONVENIENT FORUM. EACH PARTY

IRREVOCABLY WAIVES ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY LEGAL PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY.

Section 12. *Specific Performance/Remedies*. Subject to the Parties' termination rights provided herein, each Party hereto recognizes and acknowledges that a breach by it of any covenants or agreements contained in this Agreement will cause other Parties to sustain damages for which such Parties would not have an adequate remedy at law for money damages, and therefore each Party agrees that in the event of any such breach, in addition to any other remedy to which such nonbreaching Party may be entitled, at law or in equity, such nonbreaching Party shall be entitled, to the extent available, to the remedy of specific performance of such covenants, including without limitation, to seek the order of any court of competent jurisdiction requiring any Party to comply promptly with any of its obligations hereunder. Each Party agrees to waive any requirement for the securing or posting of a bond in connection with such remedy.

Section 13. *[reserved]*

Section 14. *Survival*. Notwithstanding the termination of this Agreement pursuant to Section 6, Section 11, Section 12, Section 14-Section 17, and Section 21-Section 24 shall survive such termination and shall continue in full force and effect in accordance with the terms hereof; provided, that any liability of a Party for failure to comply with the terms of this Agreement shall survive such termination.

Section 15. *Successors and Assigns; Severability; Several Obligations*. This Agreement is intended to bind and inure to the benefit of the Parties and their respective successors, assigns, heirs, executors, administrators, and representatives; provided, however, that nothing contained in this Section 15 shall be deemed to permit sales, assignments, or other Transfers of Claims. If any provision of this Agreement, or the application of any such provision to any Person or circumstance, shall be held invalid or unenforceable in whole or in part, such invalidity or unenforceability shall attach only to such provision or part thereof and the remaining part of such provision hereof and this Agreement shall continue in full force and effect; provided, however, that nothing in this Section 15 shall be deemed to amend, supplement, or otherwise modify, or constitute a waiver of, any Kayne Supporting Creditor Termination Event, Supporting Creditor Termination Event or any Company Termination Event.

Section 16. *No Third-Party Beneficiaries*. Unless expressly stated herein, this Agreement shall be solely for the benefit of the Parties and no other Person shall be a third-party beneficiary hereof.

Section 17. *Prior Negotiations; Entire Agreement*. This Agreement, including the exhibits and schedules hereto, constitutes the entire agreement of the Parties with respect to the subject matter hereof, and supersedes all other prior negotiations, except that the Parties acknowledge that any confidentiality agreements (if any) heretofore

executed between the Company and any Supporting Creditor shall continue in full force and effect.

Section 18. *Headings*. The headings of the sections, paragraphs, and subsections of this Agreement are inserted for convenience only and shall not affect the interpretation hereof or, for any purpose, be deemed a part of this Agreement.

Section 19. *Counterparts*. This Agreement may be executed in several counterparts, each of which shall be deemed to be an original, and all of which together shall be deemed to be one and the same agreement. Execution copies of this Agreement may be delivered by facsimile, e-mail, or otherwise, which shall be deemed to be an original for the purposes of this Section 19. Without in any way limiting the provisions hereof, additional Supporting Creditors may elect to become Parties by executing and delivering to the Company a counterpart hereof. Such additional holder shall become a Party to this Agreement in accordance with the terms of this Agreement.

Section 20. *Notices*. All notices, requests, demands, document deliveries, and other communications under this Agreement shall be in writing and shall be deemed to have been duly given, provided or made (a) when delivered personally; (b) when sent by electronic mail ("***e-mail***"); or (c) one Business Day after deposit with an overnight courier service, with postage prepaid to the Parties at the following addresses or e-mail addresses (or at such other addresses or e-mail addresses for a Party as shall be specified by like notice):

If to the Company:

Fallbrook Technologies Inc.
505 Cypress Creek Road, Suite L
Cedar Park, TX 78613 USA
Attn: Roy Messing
Sheryl Kinlaw
E-mail: Roy.Messing@ankura.com
sheryl.kinlaw@fallbrooktech.com

with a copy to (which shall not constitute notice):

Shearman & Sterling LLP
599 Lexington Ave
New York, NY 10022
Attn: Ned S. Schodek
Stephen M. Besen
Jordan Wishnew
E-mail: ned.schodek@shearman.com
sbesen@shearman.com
jordan.wishnew@shearman.com

If to the Supporting Creditors:

To each Supporting Creditor at the addresses or e-mail addresses set forth below the Supporting Creditors' signature page to this Agreement (or to the signature page to a Joinder Agreement in the case of any Supporting Creditor that becomes a party hereto after the Support Effective Date).

with a copy (which shall not constitute notice) to the Supporting Creditors' Advisors at:

Willkie Farr & Gallagher LLP
787 Seventh Avenue
New York, NY 10019
Attn: Rachel Strickland
Paul Shalhoub
E-mail: rstrickland@willkie.com
pshalhoub@willkie.com

Section 21. *Reservation of Rights; No Admission*. Subject to and except as expressly provided in this Agreement or in any amendment thereof agreed upon by the Parties pursuant to the terms hereof, nothing herein is intended to, or does, in any manner waive, limit, impair, or restrict the ability of each of the Parties to protect and preserve its rights, remedies, and interests, including its claims against any of the other Parties (or their respective Affiliates or Subsidiaries). Without limiting the foregoing sentence in any way, if the Restructuring Transaction is not consummated, or if this Agreement is terminated for any reason, nothing in this Agreement shall be construed as a waiver by any Party of any or all of such Party's rights, remedies, claims, and defenses, and the Parties expressly reserve any and all of their respective rights, remedies, claims, and defenses. This Agreement is part of a proposed settlement of matters that could otherwise be the subject of litigation among the Parties. Pursuant to Rule 408 of the Federal Rules of Evidence, any applicable state rules of evidence and any other Applicable Law, this Agreement and all negotiations relating thereto shall not be admissible into evidence in any proceeding other than a proceeding to enforce its terms. This Agreement shall in no event be construed as, or be deemed to be, evidence of an admission or concession on the part of any Party of any claim or fault or liability or damages whatsoever. Each of the Parties denies any and all wrongdoing or liability of any kind and does not concede any infirmity in the claims or defenses which it has asserted or could assert.

Section 22. *Representation by Counsel*. Each Party acknowledges that it has been represented by counsel with respect to this Agreement and the Restructuring Transaction. Accordingly, any Applicable Law that would provide any Party with a defense to the enforcement of the terms of this Agreement against such Party based upon lack of legal counsel shall have no application and is expressly waived. No Party shall be

considered to be the drafter of this Agreement or any of its provisions for the purpose of any Applicable Law that would, or might cause, any provision to be construed against such Party.

Section 23. *Relationship among Parties*. Notwithstanding anything herein to the contrary, the duties and obligations of the Supporting Creditors under this Agreement shall be several, not joint. It is understood and agreed that no Supporting Creditor has any duty of trust or confidence of any kind or form with respect to any other Supporting Creditor or the Company, and, except as expressly provided in this Agreement, there are no commitments between or among them. No prior history, pattern, or practice of sharing confidences between or among the Supporting Creditors or the Company shall in any way affect or negate this Agreement.

Section 24. *Acknowledgement*. Notwithstanding any other provision herein, this Agreement is not and shall not be deemed to be an offer with respect to any securities or solicitation of votes for the acceptance of a plan of reorganization for purposes of sections 1125 and 1126 of the Bankruptcy Code or otherwise. Any such offer or solicitation will be made only in compliance with all applicable securities laws and provisions of the Bankruptcy Code.

[Signature pages follow]

EXHIBIT A

Restructuring Term Sheet

RESTRUCTURING TERM SHEET – FALLBROOK TECHNOLOGIES INC.

Set forth below is a summary of indicative terms and conditions (the "Term Sheet") for a proposed restructuring transaction (the "Restructuring") concerning Fallbrook Technologies Inc. ("Fallbrook") and its domestic subsidiaries and affiliates (collectively, the "Company") to be effectuated through a plan of reorganization that is acceptable in form and substance to the Company, the Kayne Supporting Creditors and the Supporting Creditors party to the PSA (defined below) (the "Plan") under chapter 11 of title 11 of the United States Bankruptcy Code (the "Bankruptcy Code"). The implementation of the terms and conditions reflected herein and all definitive documents in connection with the Restructuring are subject to the terms and conditions in the Restructuring Support Agreement (the "PSA"), dated February 25, 2018, by and among the Company, the Kayne Supporting Creditors ("Kayne"), and the Supporting Creditors, and such parties that may execute a joinder to the PSA (collectively, the "Plan Support Parties"), to which this Term Sheet is attached as an exhibit.

Until publicly disclosed in accordance with the terms of the PSA, this Term Sheet and the information contained herein shall remain strictly confidential and may not be shared with any person other than the Company, the Plan Support Parties and their respective professional advisors.

FILING ENTITIES/VENUE

Filing Entities:	Fallbrook Technologies Inc. ("FTI"); Fallbrook Technologies International Co.; Hodyon, Inc.; and Hodyon Finance, Inc. (collectively, the "Debtors").
Venue of Chapter 11 Cases:	United States Bankruptcy Court for the District of Delaware (the "Bankruptcy Court")

DIP FINANCING

DIP Financing:	Debtor-in-possession financing shall be provided by Kayne, and such other Plan Support Parties, if any, that satisfy the DIP Participation Condition (as defined below) (collectively, in their capacities as such, the "DIP Lenders") in an amount up to $8 million (the "DIP Facility"), subject to the terms and conditions in that certain Debtor-in-Possession Term Loan Credit Agreement, dated as of February 26, 2018, by and among FTI, as borrower, the other Debtors as guarantors, Kayne Credit Opportunities Fund (QP), as administrative and collateral agent (in such capacity, the "DIP Agent"), and the DIP Lenders (the "DIP Credit Agreement") and subject to the approval of the Bankruptcy Court. "DIP Participation Condition" means the purchase by a Plan

Support Party of the Existing Notes (as defined below) at face amount in the same *pro rata* percentage as such Plan Support Party's participation in the DIP Facility.

TREATMENT OF CLAIMS AND INTERESTS

Administrative Expense Claims: On the effective date of the Plan (the "Effective Date"), all allowed administrative expense claims of each of the Debtors shall be paid in full in cash or on such other terms as such applicable reorganized Debtor and the holder thereof may agree.

Priority Claims: On the Effective Date, allowed priority claims (*e.g.,* tax and "other" priority claims) against each of the Debtors shall be unimpaired; provided, however, that claims of the type specified in section 1129(a)(9)(C) may be treated in accordance with such Bankruptcy Code section.

Other Secured Claims: On the Effective Date, all allowed secured claims against each of the Debtors other than the Existing Notes and the Bridge Notes shall be paid in full in cash, unimpaired, reinstated, or treated on such other terms as the applicable reorganized Debtor and the holder thereof may agree.

Senior Secured Claims: On the Effective Date, all of the (a) 12.00% Senior Secured Notes issued by FTI (the "Existing Notes") and (b) Senior Secured Notes due 2018 issued by FTI (the "Bridge Notes", and together with the Existing Notes, the "Senior Secured Notes"), shall be cancelled. The Existing Notes shall be allowed in the amount of $49,649,587 (plus any accrued but unpaid prepetition interest and postpetition interest at the default rate), and the Bridge Notes shall be allowed in the amount of $8,805,409 (plus any accrued but unpaid prepetition interest and postpetition interest at the default rate) (the aggregate allowed amount of the Existing Notes and the Bridge Notes, the "Senior Secured Notes Allowed Amount"), and each holder of Senior Secured Notes (a "Senior Noteholder") shall receive, on account of its allowed secured claim in respect of such Senior Secured Notes:

(i) such holder's *pro rata* share of the New Second Lien Facility (defined below), as described below; and

(ii) such Senior Noteholder's *pro rata* share of an amount of equity in reorganized FTI (the "New Common Stock") determined by multiplying (x) fifty-seven percent (57%) of the New Common Stock, times (y) a

fraction having a numerator equal to the New Second Lien Facility Amount and a denominator equal to the sum of the New First Lien Facility Amount and the New Second Lien Facility Amount (as defined below) (the "Senior Secured Notes New Common Stock Distribution").

Convertible Notes Claims and General Unsecured Claims: On the Effective Date, or as soon as practicable thereafter when any such claim becomes an allowed claim, and provided the class of general unsecured claims votes to accept the Plan, each holder of allowed general unsecured claims (including claims in respect of convertible notes) shall receive, on account of its allowed unsecured claim, its *pro rata* share of thirteen percent (13%) of the New Common Stock. Pursuant to this treatment of general unsecured claims, assuming a ~$21,700,000 general unsecured claims pool, holders of convertible notes claims will be entitled to receive their pro rata share of ~9.2% of the New Common Stock. If this class does not vote to accept the Plan, no distributions shall be made on account of claims in such class and the New Common Stock otherwise allocable to this class shall be re-distributed to the Senior Secured Claims class.

[Convenience Class: TBD]

Existing Equity Interests: No holder of any equity interest in any of the Debtors of any nature, or any option, warrants or other securities that are convertible into, or exercisable or exchangeable for, equity interests in any of the Debtors, shall receive a distribution under the Plan on account of such interest or securities. On the Effective Date, all such interests and securities shall be extinguished without payment of any amounts or other distributions in consideration therefor.

NEW FIRST LIEN FACILITY

New First Lien Facility: Upon the Effective Date, in satisfaction of the Debtors' obligations under the DIP Facility: (a) reorganized FTI shall enter into a new first lien exit facility (the "New First Lien Facility") pursuant to which (i) the principal and accrued interest and other obligations in respect of the loans under the DIP Facility outstanding on the Effective Date shall be converted on a dollar-for-dollar basis under the New First Lien Facility; (ii) the $1.25 million fee and $500,000 in other fees due and payable to GLC Advisors & Co., LLC shall be converted on a dollar-for-dollar basis under the New First

	Lien Facility; and (iii) an incremental commitment to provide up to $7 million of new working capital shall be provided (the aggregate of the amounts set forth in (i) and (ii) plus the $7 million working capital commitment set forth in (iii) referred to as, the "New First Lien Facility Amount"); and (b) in order to induce the lenders under the New First Lien Facility (the "New First Lien Lenders") to provide the New First Lien Facility, each of the New First Lien Lenders shall receive a commitment fee equal to their *pro rata* share of an amount of New Common Stock (the "DIP Claims New Common Stock") determined by multiplying (x) fifty-seven percent (57%) of the New Common Stock, times (y) a fraction having a numerator equal to the New First Lien Facility Amount and a denominator equal to the sum of the New First Lien Facility Amount and the New Second Lien Facility Amount.
New First Lien Agent	Kayne Credit Opportunities Fund (QP) (in such capacity, the "New First Lien Agent").
New First Lien Maturity Date:	The New First Lien Facility shall mature, and shall be payable to the New First Lien Agent for the benefit of the lenders under the New First Lien Facility (the "New First Lien Lenders"), on the date that is 6 years from the Effective Date (the "First Lien Maturity Date").
Interest Rate:	The New First Lien Facility shall accrue interest at a rate of 9% *per annum* payable in cash in quarterly installments or 10% payable in kind capitalized quarterly through the New First Lien Maturity Date at the option of the Company.
Security:	The New First Lien Facility shall be secured by a first priority lien on all assets of the reorganized Debtors.
Guarantee:	The New First Lien Facility shall be guaranteed by the reorganized Debtors, other than reorganized FTI.
Representations and Warranties, Conditions, Covenants, Events of Default:	Customary for facilities of this type, subject in each case to customary carveouts, baskets and materiality thresholds satisfactory to the Company and the New First Lien Agent in its sole discretion.

NEW SECOND LIEN FACILITY

New Second Lien Facility:	Upon the Effective Date, reorganized FTI shall issue a new second lien term loan (the "New Second Lien Facility") in the aggregate principal amount equal to 90% of the Senior Secured Allowed Amount (the "New Second Lien Facility Amount") to the holders of the Existing Notes and the Bridge Notes on account of such holders' claims in respect of the Existing Notes and the Bridge Notes (in their capacity as lenders of the New Second Lien Term Loan, the ("New Second Lien Lenders").
New Second Lien Agent:	Kayne Credit Opportunities Fund (QP) (in such capacity, the "New Second Lien Agent").
New Second Lien Maturity Date:	The New Second Lien Facility shall mature, and shall be payable to the New Second Lien Agent, for the benefit of the New Second Lien Lenders, on the date that is 7 years from the Effective Date (the "New Second Lien Maturity Date").
Interest Rate:	The New Second Lien Facility shall accrue interest at a rate of 9% *per annum* payable in cash in quarterly installments or 10% payable in kind capitalized quarterly through the New Second Lien Maturity Date at the option of the Company.
Security:	Subject to any permitted liens, the New Second Lien Facility shall be secured by a second priority lien on all assets of the reorganized Debtors.
Guarantee:	The New Second Lien Facility shall be guaranteed by all of the reorganized Debtors, other than reorganized FTI.
Representations and Warranties, Conditions, Covenants, , Events of Default:	Customary for facilities of this type and consistent with the representations and warranties, conditions, covenants and events of default in the New First Lien Facility (subject in each case to customary carveouts, baskets and materiality thresholds satisfactory to the Company and the New Second Lien Agent in its sole discretion).

Intercreditor Agreement:	The liens securing the New First Lien Facility will be senior in priority to the liens securing the New Second Lien Facility. The priority of the security interests and related creditor rights between the New First Lien Facility and the New Second Lien Facility will be set forth in an intercreditor agreement on terms and conditions acceptable to the First Lien Agent in its sole discretion.

CORPORATE GOVERNANCE

Private Company:	The reorganized Debtors shall be privately owned and, absent shareholder vote otherwise, issue no securities such as would render any of them SEC reporting companies.
Shareholder Agreement and Other Corporate Organizational Documents:	Acceptable to the Debtors and the Kayne in its sole discretion.
Board of Directors of Reorganized FTI:	Membership on the board of directors of FTI shall be as follows: (i) 4 seats to be designated by the Kayne; and (ii) 1 seat to the CEO of the reorganized FTI.

MISCELLANEOUS

Releases:	The Debtors, the DIP Lenders, the DIP Agent, New First Lien Lenders, First Lien Agent, New Second Lien Lenders, New Second Lien Agent, holders of the Existing Notes, holders of the Bridge Notes, and all current professionals, advisors, directors, officers, and employees of each of the foregoing (each solely in its capacity as such), shall be released from liability for all acts relating to FTI, its affiliates and former affiliates, the reorganized Debtors, and these chapter 11 cases, with customary carve-outs for gross negligence and willful misconduct, to the extent permitted by applicable law.
Management Incentive Plan:	A management incentive plan will be adopted and approved by the board of the reorganized Debtors and implemented on the Effective Date to provide for equity based compensation to the management of the reorganized FTI consisting of equity awards representing 30% of the New Common Stock, subject to the specific form, terms and conditions as determined by the board of the reorganized Debtors.

Employment Agreements:	Subject to Kayne's diligence, current officer employment agreements shall be assumed under the Plan to be effective as of the Effective Date; provided however, that any stock options set forth in such agreements shall be replaced with shares under the management incentive plan referred to herein.
Critical Vendor Payments:	The Debtors shall be permitted to make critical vendor payments, as approved by the Bankruptcy Court, in an amount no greater than $1,250,000.
Executory Contracts:	All material executory contracts and unexpired leases of non-residential real property of each of the Debtors shall be assumed or rejected as agreed between the Company and Kayne.
Tri Star:	Tri Star Inc. ("TSI") agrees to continue performing under that certain Second Amended and Restated Manufacturing and Supply Agreement entered into as of November 18, 2016 between TSI and FTI, without interruption throughout the chapter 11 cases, including by providing the trade credit specified therein. On the Effective Date, FTI and TSI shall enter into an amended Manufacturing and Supply Agreement, which shall be satisfactory to FTI, TSI and Kayne. In exchange, (i) FTI will make a critical vendor payment to TSI of $1,000,000 (subject to Bankruptcy Court approval, which FTI shall use commercially reasonably efforts to obtain), (ii) TSI shall have an allowed general unsecured claim against FTI in the amount of $5,800,000 (which, pursuant to the treatment of general unsecured claims described above and assuming a ~$21,700,000 general unsecured claims pool, will entitle TSI to receive ~3.5% of the New Common Stock) in full satisfaction of all of its prepetition claims against the Debtors, and (iii) TSI will receive an administrative expense claim for all goods received by and services provided to the Debtors or their indicated final shipping destinations after February 26th 2018. TSI's general unsecured claim and administrative expense claim described herein shall be its only claims against the Debtors in the bankruptcy cases. For any goods and services shipped before February 26th, 2018 but not received by FTI or FTI-indicated final shipping destinations, TSI shall retain ownership of said goods and services. TSI shall not have a claim against any Debtor for any goods shipped by TSI but not received by FTI or FTI-indicated final shipping destinations.

FIPC:	FTI shall retain all ownership, governance rights, and economic rights in Fallbrook Intellectual Property Company LLC ("FIPC").
Support from Key Stakeholders:	[Each of [TBD] and Roger Wood (as holder of Bridge Notes), shall agree to support, not object to, cooperate, provide any required consents, and take necessary actions to effectuate the transactions.]

EXHIBIT B

DIP Credit Agreement

DEBTOR-IN-POSSESSION TERM LOAN CREDIT AGREEMENT

DATED AS OF FEBRUARY [__], 2018,

among

FALLBROOK TECHNOLOGIES INC.,
a debtor and a debtor-in-possession, as the DIP Borrower

THE OTHER GUARANTORS PARTY HERETO,
each as a debtor and debtor-in-possession,

THE DIP LENDERS PARTY HERETO,
as Lenders

and

KAYNE CREDIT OPPORTUNITIES FUND (QP), LP,
as DIP Agent

THIS DEBTOR-IN-POSSESSION TERM LOAN CREDIT AGREEMENT (this "***Agreement***") is made effective as of the [___] day of February, 2018, by and among Kayne Credit Opportunities Fund (QP), LP (the "***DIP Agent***"), the lenders from time to time party hereto (the "***DIP Lenders***"), Fallbrook Technologies Inc., a Delaware corporation and a debtor and debtor-in-possession in the Cases (the "***DIP Borrower***"), and the Guarantors from time to time party hereto, each as a debtor and debtor-in-possession in the Cases.

INTRODUCTORY STATEMENTS

WHEREAS, on February 26, 2018 (the "***Petition Date***"), the DIP Borrower and certain of the DIP Borrower's Subsidiaries (collectively, the "***Debtors***") filed voluntary petitions (collectively, the "***Cases***") for relief under Chapter 11 of Title 11 of the United States Code (the "***Bankruptcy Code***") in the United States Bankruptcy Court for the District of Delaware (the "***Bankruptcy Court***"); and

WHEREAS, subject to the conditions set forth herein, the DIP Lenders have agreed to extend to the DIP Borrower a senior secured priming super priority multi-draw term loan facility in an aggregate principal amount of eight million dollars ($8,000,0000), up to $4,000,000 of which shall be available to the DIP Borrower on the Effective Date and up to $4,000,000 of which shall be available to the DIP Borrower on the Final Funding Date.

NOW, THEREFORE, in consideration of the mutual covenants set forth herein and intending to be legally bound, each of the parties hereto agree as follows:

ARTICLE 1.
DEFINITIONS

SECTION 1.1 Defined Terms. As used in this Agreement, the following terms have the following meanings:

"***Affiliate***" of any Person means (a) any Person which, directly or indirectly, is in control of, is controlled by, or is under common control with such Person, or (b) any Person who is a director or officer (i) of such Person, (ii) of any Subsidiary of such Person or (iii) of any Person described in clause (a) above. For purposes of this definition, control of a Person shall mean the power, direct or indirect, (x) to vote more than 10% of the securities having ordinary voting power for the election of directors (or equivalent governing body) of such Person, whether by ownership of securities, contract, proxy or otherwise, or (y) to direct or cause the direction of the management and policies of such Person, whether by ownership of securities, contract, proxy or otherwise.

"***Allison Transmission***" means Allison Transmission, Inc., a Delaware corporation.

"***Allison Transmission Global Closing Agreement***" means that certain Global Closing Agreement, dated as of July 25, 2012, between the DIP Borrower and Allison Transmission.

"***Bankruptcy Code***" has the meaning specified in the Introductory Statements hereto.

"***Bankruptcy Court***" has the meaning specified in the Introductory Statements hereto.

"***Bid Procedures Motion***" means a motion filed by the DIP Borrower in the Bankruptcy Court setting forth, among other things, the bidding procedures in respect of the Sale Transaction in form and substance satisfactory to the DIP Agent.

*"**Bid Procedures Order***" means an order approving the Bid Procedures Motion, in form and substance satisfactory to the DIP Agent.

"***Budget***" means initially, the budget for the 13-week period commencing on the Petition Date and attached as Exhibit A hereto and each supplement or modification thereto pursuant to Section 8.1(b) hereof that is approved by the Required DIP Lenders.

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

"***Capital Expenditures***" means all expenditures (whether paid in cash or other consideration or accrued as a liability and including all amounts expended or capitalized under Capital Leases) by such Person that are or are required to be included as capital expenditures under GAAP on a balance sheet of such Person.

"***Capital Lease***" of a Person means any lease of property by such Person as a lessee which would be classified as a capital lease on a balance sheet of such person prepared in accordance with GAAP.

"***Cases***" has the meaning specified in the Introductory Statements hereto.

"***Cash Equivalents***" means: (a) marketable direct obligations issued, unconditionally guaranteed or insured by the United States, any United States agency chartered by an act of Congress or any State thereof having a final maturity of not more than one (1) year from the date of acquisition; (b) commercial paper with an original maturity of no more than 270 days and having a "Short-Term Issue Credit Rating" of no less than A1 from Standard & Poor's or P1 from Moody's Investor Service at the time of acquisition; (c) certificates of deposit issued by banks and bank holding companies which are insured by the Federal Deposit Insurance Corporation; and (d) money market funds which meet the requirements of Securities and Exchange Commission Rule 2a-7 and have a credit rating of no less than AAA or Aaa from Standard & Poor/Moody's Investor Service.

"***Claim***" has the meaning set forth in Section 101(5) of the Bankruptcy Code.

"***Code***" means the Internal Revenue Code of 1986, as amended, or any successor statute thereto.

"***Compliance Certificate***" means a certificate signed by a Responsible Officer of the DIP Borrower substantially in the form of Exhibit E hereto.

"***Confirmation Order***" means an order, in form and substance satisfactory to the DIP Agent, entered by the Bankruptcy Court confirming the Plan.

"***Copyright License***" means, as to any Person, all rights under any written document now owned or hereafter acquired by such Person (or in which such Person has rights or the power to transfer rights to a secured party) granting the right to use any Copyright or Copyright registration.

"***Copyrights***" means, as to any Person, all of the following now owned or hereafter adopted or acquired by such Person: (i) all copyrights in any original work of authorship fixed in any tangible medium of expression, now known or later developed, all registrations and applications for registration of any such copyrights in the United States or any other country, including registrations, recordings and applications, and supplemental registrations, recordings, and applications in the United States Copyright Office; and (ii) all proceeds of the foregoing, including license royalties and proceeds of infringement suits, the right to sue for past, present and future infringements, all rights corresponding thereto throughout the world and all renewals and extensions thereof.

"***Credit Parties***" means the DIP Borrower and the Guarantors, collectively.

"***Dana***" means Dana Limited, an Ohio limited liability company.

"***Dana Global Closing Agreement***" means that certain Global Closing Agreement, dated as of September 10, 2012, between the DIP Borrower and Dana.

"***Default***" means any event or condition that, with the giving of any notice, the passage of time, or both, would be an Event of Default.

"***DIP Agent Fee***" has the meaning specified in Section 5.3.

"***DIP Agent's Office***" means 1800 Avenue of the Stars, Third Floor, Los Angeles, California 90067, Attention: David Shladovsky, General Counsel, or such other address as the DIP Agent may from time to time notify in writing to the DIP Borrower and the DIP Lenders.

"***DIP Borrower***" has the meaning specified in the Introductory Statements hereto.

"***DIP Collateral***" has the meaning specified in the DIP Order, as applicable.

"***DIP Commitments***" means, collectively, the Initial DIP Commitment and the Final DIP Commitment.

"***DIP Lenders***" have the meaning specified in the Introductory Statements hereto.

"***DIP Liens***" have the meaning specified in the DIP Order, as applicable.

"***DIP Plan Milestones"*** means:

(a) no later than 35 days after the Petition Date, the Final DIP Order shall have been entered by the Bankruptcy Court;

(b) no later than 22 days after the Petition Date, the DIP Borrower shall have filed the Plan and the Disclosure Statement;

(c) no later than 64 days after the Petition Date, the Bankruptcy Court shall have entered the Disclosure Statement Order;

(d) no later than 106 days after the Petition Date, the Bankruptcy Court shall have entered the Confirmation Order;

(e) no later than 121 days after the Petition Date, the Plan shall be substantially consummated in accordance with its terms and the Confirmation Order; and

(f) no later than the earlier of July 15, 2018 and 15 days after entry of the Confirmation Order, the Plan shall be substantially consummated in accordance with its terms and the Confirmation Order.

"***DIP Sale Milestones***" means:

(a) no later than 12 days after the Sale Trigger Date, the parties to the Purchase Agreement shall have duly executed and delivered the Purchase Agreement;

(b) no later than 14 days after the Sale Trigger Date, the Debtors shall have filed the Bid Procedures Motion;

(c) no later than 25 days after the Sale Trigger Date, the Bankruptcy Court shall have entered the Bid Procedures Order;

(d) no later than 60 days after the Sale Trigger Date, the Debtors shall have conducted an auction pursuant to the Bid Procedures Order, if necessary;

(e) no later than 65 days after the Sale Trigger Date, the Bankruptcy Court shall have entered an order approving the Sale Motion; and

(f) no later than 83 days after the Sale Trigger Date, the closing date of the Sale Transaction shall have occurred.

"***DIP Orders***" has the meaning specified in Section 6.3(b).

"***Disclosure Statement***" means the disclosure statement for the Plan, in form and substance satisfactory to the Required DIP Lenders, approved by the Bankruptcy Court as containing, among other things, "adequate information" as required by Sections 1125 and 1126(b) of the Bankruptcy Code and that is consistent with this Agreement and the other Loan Documents, including the Restructuring Support Agreement.

"***Disclosure Statement Order***" means an order entered by the Bankruptcy Court, in form and substance satisfactory to the Required DIP Lenders, approving the Disclosure Statement and Solicitation Materials as containing, among other things, "adequate information" as required by

Sections 1125 and 1126(b) of the Bankruptcy Code and that is consistent with this Agreement and the other Loan Documents, including the Restructuring Support Agreement.

"***Disposition***" means to sell, assign, transfer, license, lease or otherwise dispose (whether in one transaction or in a series of transactions, and including any sale and leaseback transaction and any sale, transfer, license or other disposition) of any property (including, without limitation, any capital stock) or grant any option or other right to do any of the foregoing other than in the ordinary course of business.

"***Effective Date***" means the first Business Day on which the conditions specified in Section 6.2 are satisfied (or waived by the Required DIP Lenders) in accordance with the terms hereof and the Loans are made by the DIP Lenders pursuant to Section 2.1(a), which day shall be no later than 3 Business Days following the Petition Date.

"***Equity Interests***" means, with respect to any Person, all of the shares of capital stock of (or other ownership or profit interests in) such Person, all of the warrants, options or other rights for the purchase or acquisition from such Person of shares of capital stock of (or other ownership or profit interests in) such Person, all of the securities convertible into or exchangeable for shares of capital stock of (or other ownership or profit interests in) such Person or warrants, rights or options for the purchase or acquisition from such Person of such shares (or such other interests), and all of the other ownership or profit interests in such Person (including partnership, member or trust interests therein), whether voting or nonvoting, and whether or not such shares, warrants, options, rights or other interests are outstanding on any date of determination.

"***Excluded Taxes***" means, with respect to any Credit Party, (i) Tax Impositions imposed on or measured by net income and franchise Taxes, in each case, imposed as a result of such Person being incorporated in, organized in or in which its principal office or, if applicable, lending office is located in, in each case, the jurisdiction imposing such Tax, (ii) Tax Impositions (including branch profit Taxes) imposed, deducted or withheld as a result of a present or former connection between such Person and the jurisdiction of the Governmental Authority imposing such Tax or any political subdivision or taxing authority thereof or therein (other than such connection arising solely from such Purchaser having executed, delivered or performed its obligations or received a payment under, or enforced, any Loan Document); (iii) Tax Impositions attributable to United States withholding taxes to the extent that the obligation to withhold amounts existed on the date that such Person became a "DIP Lender" under this Agreement in the capacity under which such Person makes a claim under Section 3.1(b) or designates a new lending office (unless such designation was at the request of a Credit Party or was made pursuant to Section 3.1(e)), except in each case to the extent such Person is a direct or indirect assignee of any other DIP Lender that was entitled, at the time the assignment to such Person became effective, to receive additional amounts with respect to such Tax Impositions under Section 3.1(b); (iv) Tax Impositions that are attributable to the failure (other than as a result of a change in Law) by such DIP Lender to comply with Section 3.1(f), (g) and (h); and (v) any federal withholding taxes imposed under FATCA.

*"**Exit Fee**"* has the meaning specified in Section 5.2.

"***Extraordinary Receipts***" means any cash or cash equivalents received by or paid to or for the account of any Person, consisting of amounts received in respect of judgments, settlements, purchase price adjustments and indemnification payments in respect of any acquisition, investment or pension plan reversions, net of (i) all of the costs and expenses reasonably incurred in connection with the collection of such proceeds, award or other payments, (ii) taxes paid or payable as a result thereof and (iii) any amounts retained by or paid to parties having superior right to such proceeds, awards or other payments.

"***Fallbrook***" means Fallbrook Technologies, Inc., a Delaware corporation.

"***Fallbrook International***" means Fallbrook Technologies International Co., a Nevada corporation.

"***Final DIP Commitment***" means, for each DIP Lender, the amount set forth opposite such DIP Lender's name in Schedule I hereto directly below the column entitled "Final DIP Commitment".

"***Final DIP Order***" has the meaning specified in Section 6.3(b).

"***Final Funding Date***" means the first Business Day on which the conditions specified in Section 6.3 are satisfied (or waived by the Required DIP Lenders) in accordance with the terms hereof and the Loans are made by the DIP Lenders pursuant to Section 2.1(a).

"***FIPC***" means Fallbrook Intellectual Property Company, LLC, a Delaware limited liability company.

"***FIPC Limited Liability Company Agreement***" means that certain Amended and Restated Limited Liability Company Agreement of FIPC dated as of September 10, 2012.

"***First Day Orders***" means those orders (both interim and final) entered by the Bankruptcy Court that relate to those motions filed by the Credit Parties on the Petition Date, each in form and substance satisfactory to the DIP Agent.

"***GAAP***" means generally accepted accounting principles in the United States of America, as in effect from time to time.

"***Goodwill***" means, as to any Person, all goodwill, trade secrets, proprietary or confidential information, technical information, procedures, formulae, quality control standards, designs, operating and training manuals, customer lists, and distribution agreements now owned or hereafter acquired by such Person (or in which such Person has rights or the power to transfer rights to a secured party).

"***Governmental Authority***" means the government of the United States of America, any other nation or any political subdivision thereof, whether federal, state, provincial, territorial, local, and any agency, authority, instrumentality, regulatory body, court, central bank or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government (including any supra national bodies such as the European Union or the European Central Bank).

"***Guarantors***" means each Person identified as a Guarantor on the signature pages to this Agreement and each other Person who after the Effective Date becomes a Guarantor hereunder by executing a joinder agreement in form and substance reasonably acceptable to the DIP Agent.

"***Guaranty***" means any guaranty (including the guaranty contained in Article 13), in form and substance reasonably acceptable to the DIP Agent, made by a Guarantor for the benefit of the DIP Agent on behalf of itself and the DIP Lenders.

"***Indebtedness***" of any Person means, without duplication, (a) all obligations of such Person for borrowed money, (b) all obligations of such Person evidenced by bonds, debentures, notes or similar instruments, (c) all obligations of such Person under conditional sale or other title retention agreements relating to property acquired by such Person, (d) all obligations of such Person in respect of the deferred purchase price of property or services (excluding trade accounts payable in the ordinary course of business and any earn-out obligation until such obligation becomes a liability on the balance sheet of such Person in accordance with GAAP), (e) all Indebtedness of others secured by (or for which the holder of such Indebtedness has an existing right, contingent or otherwise, to be secured by) any Lien on property owned or acquired by such Person, whether or not the Indebtedness secured thereby has been assumed, (f) all guarantees by such Person of Indebtedness of others, (g) all obligations of such Person to pay rent or other amounts under any lease of (or other arrangement conveying the right to use) real or personal property, or a combination thereof, which obligations are required to be classified and accounted for as capital leases on a balance sheet of such Person under GAAP, and the amount of such obligations shall be the capitalized amount thereof determined in accordance with GAAP, (h) all obligations, contingent or otherwise, of such Person as an account party in respect of letters of credit and letters of guaranty and (i) all obligations, contingent or otherwise, of such Person in respect of bankers' acceptances. The Indebtedness of any Person shall include the Indebtedness of any other entity (including any partnership in which such Person is a general partner) to the extent such Person is liable therefor as a result of such Person's ownership interest in or other relationship with such entity, except to the extent the terms of such Indebtedness provide that such Person is not liable therefor. The amount of Indebtedness of any Person for purposes of clause (e) above shall (unless such Indebtedness has been assumed by such Person) be deemed to be equal to the lesser of (A) the aggregate unpaid amount of such Indebtedness and (B) the fair market value of the property encumbered thereby as determined by such Person in good faith.

"***Initial DIP Commitment***" means, for each DIP Lender, the amount set forth opposite such DIP Lender's name in Schedule I hereto directly below the column entitled "Initial DIP Commitment".

"***Intellectual Property***" means, as to any Person, all Copyrights, IP Licenses, Patents, Trademarks, inventions, designs, trade secrets and customers lists now owned or hereafter acquired by such Person (or in which such Person has rights or the power to transfer rights to a secured party), wherever located.

"***Interim DIP Order***" has the meaning specified in Section 6.2(b).

"***Investment***" means, as to any Person, any direct or indirect acquisition or investment by such Person in another Person, whether by means of: (a) the purchase or other acquisition of

capital stock or other securities of another Person; (b) a loan, advance or capital contribution to, guarantee or assumption of debt of, or purchase or other acquisition of any other debt or equity participation or interest in, another Person, including any partnership or limited liability company interest in such other Person and any arrangement pursuant to which the investor guarantees Indebtedness of such other Person; or (c) the purchase or other acquisition (in one transaction or a series of transactions) of assets of another Person that constitute a business unit. For purposes of the definition of "Permitted Investments," the amount of any Investment shall be the amount actually invested, without adjustment for subsequent increases or decreases in the value of such Investment but adjusted to reflect any distributions and payments in respect thereof.

"***IP Licenses***" means, as to any Person, all Copyright Licenses, Patent Licenses, Trademark Licenses or other licenses of rights or interests now held or hereafter acquired by such Person.

"***Kayne Anderson***" means, collectively, Phoenix Life Insurance Company, KCOF (QP), Kayne Credit Opportunities Fund, LP, NW Private Debt, LLC and any Affiliates thereof.

"***KCOF (QP)***" means Kayne Credit Opportunities Fund (QP), LP, a Delaware limited partnership.

"***Laws***" means, collectively, all international, foreign, federal, state and local laws, statutes, treaties, authorities, rules, guidelines, regulations, ordinances, codes, administrative or judicial precedents or judgments, orders, decrees, permits and other governmental restrictions, including the interpretation or administration of any of the foregoing by any Governmental Authority charged with the enforcement, interpretation or administration thereof, and all applicable administrative orders, directed duties, requests, licenses, authorizations, concessions, grants, franchises and permits of, and agreement with, any Governmental Authority, in each case whether or not having the force of law.

"***Lien***" means any mortgage, pledge, hypothecation, assignment, deposit arrangement, encumbrance, lien (statutory or other), charge, or preference, priority or other security interest or preferential arrangement in the nature of a security interest of any kind or nature whatsoever (including any conditional sale or other title retention agreement and any easement, right of way or other encumbrance on title to real property).

"***Loan Documents***" means this Agreement, each DIP Order, any security agreement, the Restructuring Support Agreement, the Restructuring Term Sheet, and each other agreement, document, instrument or supplement executed and delivered (or required to be executed and delivered) in connection with the foregoing, and any amendment, waiver, supplement or other modification to any of the foregoing and any order approving any of the forgoing to the extent acceptable to the DIP Lenders.

"***Loans***" has the meaning set forth in Section 2.1(a).

"***Material Adverse Effect***" means (a) a material adverse change in, or a material adverse effect upon, the operations, business, properties, liabilities or condition (financial or otherwise) of the DIP Borrower, the Guarantors, and their respective Subsidiaries taken as a whole; (b) a

material impairment of the ability of the DIP Borrower, the Guarantors, and their respective Subsidiaries taken as a whole to perform their obligations under this Agreement; or (c) a material impairment of the rights and remedies of the DIP Lenders or DIP Agent or a material adverse effect upon the legality, validity, binding effect or enforceability against the Credit Parties of this Agreement. In determining whether any individual event would result in a Material Adverse Effect, notwithstanding that such event in and of itself does not have such effect, a Material Adverse Effect shall be deemed to have occurred if the cumulative effect of such event and all other existing events would result in a Material Adverse Effect. Notwithstanding the foregoing, the filing of the Cases (and events that customarily occur leading up to the commencement and pendency of a proceeding under Chapter 11 of the Bankruptcy Code to the extent disclosed to the DIP Agent on or prior to the Petition Date) will not be deemed to have had a Material Adverse Effect.

"***Maturity Date***" means July 15, 2018.

"***Net Proceeds***" means with respect to any Disposition, the excess, if any, of the sum of cash and Cash Equivalents received in connection with such transaction (including any cash or Cash Equivalents received by way of deferred payment pursuant to, or by monetization of, a note receivable or otherwise, but only as and when so received) less (i) the reasonable out-of-pocket expenses incurred by the DIP Borrower or any of its Restricted Subsidiaries in connection with such transaction and (ii) sales, use and other Taxes as to which DIP Borrower or any Restricted Subsidiary is obligated to pay after the Petition Date as a result of such transaction.

"***Obligations***" means all amounts, now or hereafter, owing by the DIP Borrower and Guarantors to the DIP Lenders or DIP Agent pursuant to this Agreement or any other Loan Document (including all principal, interest, fees, indemnities and other amounts).

"***Organizational Documents***" means, with respect to any Person, the charter, articles or certificate of organization or incorporation and bylaws or other organizational or governing documents of such Person.

"***Other Taxes***" has the meaning specified in Section 3.1(c).

"***Patent License***" means, as to any Person, all rights under any written agreement now owned or hereafter acquired by such Person (or in which such Person has rights or the power to transfer rights to a secured party) granting any right with respect to any invention on which a Patent is in existence.

"***Patents***" means, as to any Person, all of the following in which such Person now holds or hereafter acquires any interest: (a) all letters patent of the United States or any other country, all registrations and recordings thereof, and all applications for letters patent of the United States or any other country, including registrations, recordings and applications in the United States Patent and Trademark Office or in any similar office or agency of the United States, any State or Territory thereof, or any other country; and (b) all reissues, continuations, continuations in part or extensions thereof.

"***Permitted Investments***" means, collectively (without duplication of amounts): (a) Investments reflected on Schedule 1.1 and existing on the Effective Date; (b) Cash Equivalents as of the Petition Date; (c) Investments consisting of the endorsement of negotiable instruments for deposit or collection or similar transactions in the ordinary course of business; (d) Investments consisting of the collateral accounts in which the DIP Agent has a perfected Lien in accordance with the DIP Orders; (e) Investments by any Credit Party in any other Credit Party; (f) Investments consisting of Capital Expenditures not to exceed $50,000 during the term of this Agreement; (g) Investments (including debt obligations) received in connection with the bankruptcy or reorganization of customers or suppliers and in settlement of delinquent obligations of, and other disputes with, customers or suppliers arising in the ordinary course of business; (h) Investments consisting of notes receivable of, or prepaid royalties and other credit extensions, to customers and suppliers who are not Affiliates, in the ordinary course of business; (i) Investments of any Credit Party in or to suppliers for the purchase of tooling in the ordinary course of business; (j) Guarantees that are permitted under Section 9.1(a)(vii); (k) Investments made in accordance with the First Day Orders and permitted by the Budget, without taking into account any permitted variances and (l) Investments consisting of deposits of cash into the Expense Reserve Account (as defined in the DIP Orders) that are expressly contemplated in, and permitted by, the Budget.

"***Person***" means any natural person, corporation, limited liability company, trust, joint venture, association, company, partnership, Governmental Authority or other entity.

"***Petition Date***" has the meaning specified in the Introductory Statements hereto.

"***Plan***" means the chapter 11 plan of reorganization for the Debtors, approved in form and substance by the Required DIP Lenders, and filed in the Cases, as it may be amended, restated or supplemented in a manner approved by the Required DIP Lenders, which plan shall be consistent in all respects with this Agreement and the other Loan Documents, including the Restructuring Support Agreement.

"***Prepetition Bridge Notes Obligations***" has the meaning specified in the DIP Order, as applicable.

"***Prepetition Existing Notes Obligations***" has the meaning specified in the DIP Order, as applicable.

"***Prepetition Secured Parties***" has the meaning specified in the DIP Order, as applicable.

"***Proposed Budget***" has the meaning specified in Section 8.1(b).

"***Purchase Agreement***" means an asset purchase agreement, by and among, *inter alia*, an affiliate of KCOF (QP), as the purchaser (the "***Purchaser***"), and Fallbrook and Fallbrook International, as sellers, in form and substance acceptable to the DIP Agent, whereby the sellers agree to sell substantially all of their assets to the purchaser.

"***Purchaser***" has the meaning specified in the definition of Purchase Agreement.

"***Required DIP Lenders***" means the DIP Lenders holding at least a majority of the aggregate outstanding principal balance of the Loans (or, prior to the funding of the Loans hereunder, the DIP Lenders holding at least a majority of the DIP Commitments), plus, any time when Kayne Anderson holds Loans and DIP Commitments that are less than a majority of all Loans and DIP Commitments then outstanding, Kayne Anderson.

"***Responsible Officer***" means, with respect to any Person, the president, treasurer, chief executive officer, the chief restructuring officer, chief operating officer, or the chief financial officer.

"***Restricted Subsidiaries*****"** means each Subsidiary of the DIP Borrower.

"***Restructuring Support Agreement***" means that certain Restructuring Support Agreement (together with all exhibits, schedules, and attachments thereto, as amended, supplemented or otherwise modified from time to time in accordance with the terms thereof), dated as of February 25, 2018, by and among, Fallbrook, Fallbrook International, the holders of the Prepetition Existing Notes Obligations, the holders of the Prepetition Bridge Notes Obligations and the other creditors of the Debtors party thereto.

"***Restructuring Term Sheet***" means that certain restructuring term sheet attached as Exhibit A to the Restructuring Support Agreement.

"***Sale Motion***" means a motion, in form and substance satisfactory to the DIP Agent, filed by the DIP Borrower with the Bankruptcy Court seeking, among other things, approval of the Purchase Agreement and the transactions contemplated therein.

"***Sale Transaction***" means the transactions contemplated by the Purchase Agreement.

"***Sale Trigger Date"*** has the meaning specified in Section 12.4.

"***Solicitation Materials***" means the solicitation materials in respect of the Plan.

*"****Specified Account***" has the meaning specified in Section 8.13.

"***Specified Taxes***" means all Tax Impositions other than such Tax Impositions as are set forth in the definition of "Excluded Taxes".

"***Subsidiary***" as to any Person, means a corporation, partnership, limited liability company or other entity of which shares of stock of each class or other interests having ordinary voting power (other than stock or other interests having such power only by reason of the happening of a contingency) to elect a majority of the board of directors or other managers of such corporation, partnership or other entity are at the time owned, or the management of which is otherwise controlled, by such Person or by one or more Subsidiaries of such Person or by such Person and one or more Subsidiaries of such Person. A Subsidiary shall be deemed wholly-owned by a Person who owns directly or indirectly all of the voting shares of stock or other interests of such Subsidiary having voting power under ordinary circumstances to vote for directors or other managers of such corporation, partnership or other entity, except for (a)

directors' qualifying shares, (b) shares owned by multiple shareholders to comply with local laws and (c) shares owned by employees.

"***Superpriority Claims***" have the meaning specified in the DIP Order, as applicable.

"***Supporting Creditors***" has the meaning specified in the Restructuring Support Agreement.

"***Tax***" means any federal, state, local or foreign income, gross receipts, license, payroll, employment, excise, severance, stamp, occupation, premium, windfall profits, environmental (including taxes under Code §59A), customs duties, capital stock, franchise profits, withholding, social security (or similar), unemployment, disability, real property, personal property, sales, use, transfer, registration, value added, alternative or add-on-minimum, estimated, or other tax of any kind whatsoever, including any interest, penalty, or addition thereto, whether disputed or not.

"***Tax Impositions***" has the meaning specified in Section 3.1(a).

"***Termination Date***" means the earliest to occur of:

(a) the Maturity Date;

(b) five (5) Business Days after the Petition Date, unless, on or prior to such date, the Interim DIP Order shall have been entered;

(c) thirty (30) days after the Petition Date, unless, on or prior to such date, the Final DIP Order shall have been entered;

(d) the earliest date on which (i) a disclosure statement with respect to a plan of reorganization other than the Plan is approved by the Bankruptcy Court, (ii) there is filed with the Bankruptcy Court a proposed plan of reorganization other than the Plan and (iii) substantial consummation of the Plan occurs pursuant to the Confirmation Order;

(e) the date on which consummation of a sale of all or substantially all of the assets of the Debtors under Section 363 of the Bankruptcy Code or otherwise has occurred (including the Sale Transaction); and

(f) the date on which acceleration of the Loans and/or the termination of the DIP Commitments without the funding of any Loans has occurred.

"***Trademark License***" means, as to any Person, all rights under any written document now owned or hereafter acquired by such Person (or in which such Person has rights or the power to transfer rights to a secured party) granting any right to use any Trademark or Trademark registration.

"***Trademarks***" means, as to any Person, all of the following now owned or hereafter adopted or acquired by such Person: (a) all trademarks, trade names, corporate names, business names, trade styles, service marks, logos, other source or business identifiers, prints and labels on which any of the foregoing have appeared or appear, designs and general intangibles of like

nature (whether registered or unregistered), all registrations and recordings thereof, and all applications in connection therewith, including all registrations, recordings and applications in the United States Patent and Trademark Office or in any similar office or agency of the United States, any State or Territory thereof, or any other country or any political subdivision thereof; (b) all reissues, extensions or renewals thereof; and (c) all Goodwill associated with or symbolized by any of the foregoing.

"***Upfront Fee***" has the meaning specified in Section 5.1.

SECTION 1.2 Terms Generally. As used herein or in any other Loan Document, accounting terms relating to the Credit Parties not defined in Section 1.1, and accounting terms partly defined in Section 1.1 to the extent not defined, shall have the respective meanings given to them under GAAP. The words "hereof," "herein" 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, schedule and exhibit references are to this Agreement unless otherwise specified. Unless otherwise expressly provided herein, references to agreements (including the Loan Documents) and other contractual instruments shall be deemed to include all subsequent amendments, restatements, extensions, supplements and other modifications thereto, but only to the extent such amendments, restatements, extensions, supplements and other modifications are permitted by the DIP Orders (as applicable), this Agreement and the other Loan Documents. The meanings given to terms defined herein shall be equally applicable to the singular and plural forms of such terms.

ARTICLE 2.
THE COMMITMENT AND LOANS

SECTION 2.1 Term Loans.

(a) Subject to the terms and conditions set forth herein, each DIP Lender agrees to make a term loan (each, individually, a "***Loan***" and, collectively, the "***Loans***") to the DIP Borrower (x) in an amount not exceeding to the Initial DIP Commitment on the Effective Date and (y) in an amount not exceeding the Final DIP Commitment on the Final Funding Date. Each DIP Lender's obligation to fund Loans in the amount of its DIP Commitment shall terminate immediately and without further action on the earlier to occur of the Business Day following the Effective Date and the funding of any Loans; provided, however, that if Loans not exceeding the Initial DIP Commitment shall have been funded on or before the Effective Date, then the Final DIP Commitment shall remain in effect until the earlier to occur of 30 days after the date of entry of the Interim DIP Order and funding of any Loans under such Commitment.

(b) Loans borrowed under this Section 2.1 that are repaid or prepaid may not be reborrowed.

(c) Immediately upon the funding of any Loans, the DIP Borrower shall deposit or cause to be deposited such proceeds into the Specified Account. DIP Borrower shall only be permitted to withdraw amounts from the Specified Account to make payments of the types and in the amounts as set forth in the Budget.

SECTION 2.2 Interest. The Loans shall bear interest on the unpaid principal amount thereof from the Effective Date at a rate per annum equal to twelve percent (12%). The DIP Borrower shall pay accrued and unpaid interest in arrears on the first Business Day of each month by adding such accrued amount to the outstanding principal balance of the Loan, and in cash together with the prepayment of any Loans (on the amount so prepaid) and in cash on the Termination Date. Interest hereunder shall be determined on the basis of a 360 day year for the actual number of days elapsed.

SECTION 2.3 Default Interest. If any Event of Default shall have occurred and be continuing, the Loans and other Obligations shall bear interest (which shall be payable in cash on demand by the DIP Agent in writing) at a rate per annum which is two percent (2%) in excess of the applicable interest rate set forth in Section 2.2, compounding monthly from the date of the occurrence of such Event of Default.

SECTION 2.4 Optional Prepayments of the Loans. The DIP Borrower may prepay all or any portion of the outstanding principal amount of Loans or accrued interest at any time and from time to time (including any amounts on deposit in the Specified Account); provided, that (a) prior written notice must be received by the DIP Agent no later than 12:00 p.m. New York City time three (3) Business Days prior to the date of such prepayment, (b) any prepayment of Loans shall be in a minimum principal amount of $500,000 or a whole multiple of $100,000 in excess thereof or, the entire amount thereof then outstanding and (c) such prepayment shall be accompanied by accrued and unpaid interest on such amount and the Exit Fee on such amount.

SECTION 2.5 Mandatory Deposit of the Loans. No later than three (3) Business Days following the receipt by the DIP Borrower or any Restricted Subsidiary of (a) Net Proceeds from any Disposition (excluding Dispositions of inventory in the ordinary course of business), (b) any insurance proceeds (other than proceeds of the DIP Borrower's accounts receivable insurance policy), casualty or condemnation (net of direct costs of collecting insurance or other proceeds to the extent approved by the Bankruptcy Court), (c) any cash proceeds from any issuance or incurrence of Indebtedness not permitted hereunder, (d) any cash proceeds from any equity issuance or (e) Extraordinary Receipts, the DIP Borrower shall deposit into the Specified Account 100% of such proceeds.

SECTION 2.6 Repayment of Loans. Notwithstanding the foregoing, unless otherwise agreed to by the parties hereto in writing, the DIP Borrower shall pay, or cause to be paid, the DIP Agent (for the account of the DIP Lenders) the entire outstanding amount of the Loans, to the extent not credit bid, in full in cash, together with any accrued and unpaid interest on such outstanding amount and the Exit Fee on such outstanding amount incurred in accordance with this Agreement, on the Termination Date.

SECTION 2.7 Evidence of Debt. The Loans made by each DIP Lender shall be evidenced by one or more accounts or records maintained by the DIP Agent in the ordinary course of business. The accounts or records maintained by the DIP Agent shall be conclusive absent manifest error of the amount of the Loans made by the DIP Lenders to the DIP Borrower and the interest and payments thereon. Any failure to so record or any error in doing so shall not, however, limit or otherwise affect the obligation of the DIP Borrower hereunder to pay any amount owing with respect to the Obligations.

SECTION 2.8 Payments Generally.

(a) All payments to be made by the DIP Borrower or any other Credit Party shall be made without condition or deduction for any counterclaim, defense, recoupment or setoff. All payments by the DIP Borrower hereunder shall be made to the DIP Agent, for the account of the respective DIP Lender to which such payment is owed, at the applicable DIP Agent's Office for payment and in same day funds not later than 2:00 p.m., New York City time, on the date specified herein. All payments received by the DIP Agent after 2:00 p.m., New York City time, shall in each case be deemed received on the next succeeding Business Day and any applicable interest or fee shall continue to accrue. If any payment to be made by the DIP Borrower shall come due on a day other than a Business Day, payment shall be made on the next following Business Day, and such extension of time shall be reflected in computing interest or fees, as the case may be.

(b) The obligations of the DIP Lenders hereunder to make Loans are several and not joint. The failure of any DIP Lender to make any Loan on the Effective Date or the Final Funding Date shall not relieve any other DIP Lender of its corresponding obligation to do so on such dates, and no DIP Lender shall be responsible for the failure of any other DIP Lender to so make its Loan.

(c) Except as otherwise expressly provided in this Agreement, each payment (including each prepayment) by the DIP Borrower on account of principal, interest and fees on any Loans shall be allocated by the DIP Agent *pro rata* according to the respective outstanding principal amounts of such Loans then held by the respective DIP Lenders. If any DIP Lender shall, by exercising any right of setoff or counterclaim or otherwise, obtain payment in respect of any principal or interest on any of the Loans made by it, resulting in such DIP Lender receiving payment of a proportion of the aggregate amount of such Loans or participations and accrued interest thereon greater than its pro rata share thereof as provided herein, then the DIP Lender receiving such greater proportion shall (i) notify the DIP Agent of such fact and (ii) purchase (for cash at face value) participations in the applicable Loans, or make such other adjustments as shall be equitable, so that the benefit of all such payments shall be shared by the DIP Lenders ratably in accordance with the aggregate amount of principal of and accrued interest on their respective Loans and other amounts owing them; provided that:

(i) if any such participations are purchased and all or any portion of the payment giving rise thereto is recovered, such participations shall be rescinded and the purchase price restored to the extent of such recovery, without interest; and

(ii) the provisions of this Section 2.8(c) shall not be construed to apply to (1) any payment made by the DIP Borrower pursuant to and in accordance with the express terms of this Agreement or (2) any payment obtained by a DIP Lender as consideration for the assignment of or sale of a participation in any of its Loans to any assignee or participant.

(iii) The DIP Borrower consents to the foregoing and agrees, to the extent it may effectively do so under applicable law, that any DIP Lender acquiring a participation pursuant to the foregoing arrangements may exercise against the DIP Borrower

rights of setoff and counterclaim with respect to such participation as fully as if such DIP Lender were a direct creditor of the DIP Borrower in the amount of such participation.

ARTICLE 3.
TAXES

SECTION 3.1 Taxes.

(a) Except as otherwise provided in this Article 3, each payment by any Credit Party to the DIP Lenders under any Loan Document shall be made free and clear of all present or future taxes, levies, imposts, duties, deductions, withholdings (including backup withholding), assessments, fees or other charges imposed by any Governmental Authority, including any interest, additions to tax or penalties applicable thereto ("***Tax Impositions***") (and without deduction for any of them), except as required by applicable Law.

(b) If any Tax Impositions shall be required by Law to be deducted or withheld from or in respect of any amount payable under any Loan Document to any DIP Lender (i) if such Tax Impositions are Specified Taxes, the amount shall be increased as necessary to ensure that, after all required deductions or withholdings for Specified Taxes are made (including deductions or withholding applicable to any increases to any amount under this Article 3), such DIP Lender receives the amount it would have received had no such deductions or withholdings been made, (ii) the relevant Credit Party shall make such deductions or withholdings, (iii) the relevant Credit Party shall timely pay the full amount deducted or withheld to the relevant taxing authority or other authority in accordance with applicable Law and (iv) within 30 days after such payment is made, the relevant Credit Party shall deliver to the DIP Agent an original or certified copy of a receipt evidencing such payment or other evidence of payment reasonably satisfactory to the DIP Agent.

(c) In addition, the Credit Parties agree to pay, and authorize the DIP Lenders to pay in their name, any stamp, documentary, excise or property tax, charges or similar levies imposed by any applicable Law or Governmental Authority and all liabilities with respect thereto (including by reason of any delay in payment thereof), in each case arising from the execution, delivery or registration of, or modifications or other similar actions with respect to, any Loan Document or any transaction contemplated therein (collectively, "***Other Taxes***"). Within 30 days after the date of any payment of Specified Taxes or Other Taxes by any Credit Party, the Credit Parties shall furnish to the DIP Lenders, at the address referred to in Section 12.7, the original or a certified copy of a receipt evidencing payment thereof or other evidence of such payment reasonably satisfactory to the DIP Lenders.

(d) The Credit Parties shall reimburse and indemnify, within 30 days after receipt of written demand therefor, each DIP Lender for all Specified Taxes and Other Taxes (including any Specified Taxes and Other Taxes imposed by any jurisdiction on amounts payable under this Section 3.1) paid by such DIP Lender and any liabilities arising therefrom, whether or not such Specified Taxes or Other Taxes were correctly or legally asserted (provided that such DIP Lender will permit such Credit Party to seek a refund of such tax payment if such Credit Party determines that such Specified Taxes or Other Taxes were not correctly or legally asserted). A certificate of the DIP Lender claiming any compensation under this clause (d), setting forth the amounts to be paid thereunder and delivered to such Credit Party, shall be

conclusive, binding and final for all purposes, absent demonstrable error. Notwithstanding any of the foregoing, such Credit Party shall not be required to reimburse and indemnify any Specified Taxes and Other Taxes incurred more than 180 days prior to the date that such DIP Lender notifies such Credit Party in writing of the Specified Taxes or Other Taxes and of such DIP Lender's intention to claim compensation thereof (unless the claim arises under circumstances that are applied with retroactive effect, in which event such 180-day period shall be extended to include the period of retroactive effect).

(e) Any DIP Lender claiming any additional amounts payable pursuant to this Section 3.1 shall use its reasonable efforts (consistent with its internal policies and Law) to change the jurisdiction of its lending office if such a change would reduce any such additional amounts (or any similar amount that may thereafter accrue) and would not, in the reasonable determination of such DIP Lender, be otherwise disadvantageous to such DIP Lender. Each Credit Party hereby agrees to pay all reasonable costs and expenses incurred by any DIP Lender in connection with any such change of jurisdiction.

(f) To the extent it is lawfully entitled to do so, each Non-U.S. DIP Lender that, at any of the following times, is entitled to an exemption from U.S. withholding tax or, after a change in any Law, is subject to such withholding tax at a reduced rate under an applicable tax treaty, shall (w) on or prior to the date such Non-U.S. DIP Lender becomes a "Non-U.S. DIP Lender" hereunder, (x) on or prior to the date on which any such form or certification expires or becomes obsolete, (y) after the occurrence of any event requiring a change in the most recent form or certification previously delivered by it pursuant to this clause (f) and (z) from time to time if requested by the DIP Borrower, provide the DIP Borrower with two completed and duly executed originals of each of the following, as applicable: (A) Forms W-8ECI (claiming exemption from U.S. withholding tax because the income is effectively connected with a U.S. trade or business), W-8BEN or W8BEN-E, as applicable (claiming exemption from, or a reduction of, U.S. withholding tax under an income tax treaty) and/or W-8IMY or any successor forms, (B) in the case of a Non-U.S. DIP Lender claiming exemption under Sections 871(h) or 881(c) of the Code, Form W-8BEN or Form W-8BEN-E, as applicable (claiming exemption from U.S. withholding tax under the portfolio interest exemption) or any successor form and a certificate in form and substance acceptable to the DIP Borrower that such Non-U.S. DIP Lender is not (1) a "bank" within the meaning of Section 881(c)(3)(A) of the Code, (2) a "10 percent shareholder" of the DIP Borrower within the meaning of Section 881(c)(3)(B) of the Code or (3) a "controlled foreign corporation" described in Section 881(c)(3)(C) of the Code and (C) any other applicable document prescribed by any Law certifying as to the entitlement of such Non-U.S. DIP Lender to such exemption from U.S. withholding tax or reduced rate with respect to all payments to be made to such Non-U.S. DIP Lender under the Loan Documents.

(g) Each U.S. DIP Lender shall (i) on or prior to the date such U.S. DIP Lender becomes a "U.S. DIP Lender" hereunder, (ii) on or prior to the date on which any such form or certification expires or becomes obsolete, (iii) after the occurrence of any event requiring a change in the most recent form or certification previously delivered by it pursuant to clauses (f), (g) and (h) and (iv) from time to time if requested by the DIP Borrower, provide the DIP Borrower with two completed originals of Form W-9 (certifying that such U.S. Purchaser is entitled to an exemption from U.S. backup withholding tax) or any successor form.

(h) If a payment made to a Non-U.S. DIP Lender would be subject to withholding tax imposed by FATCA if such Non-U.S. DIP Lender fails to comply with the applicable reporting requirements of FATCA (including those contained in Section 1471(b) or 1472(b) of the Code, as applicable), such Non-U.S. DIP Lender shall deliver to the DIP Borrower at the time or times prescribed by any Law and at such time or times reasonably requested by the DIP Borrower any documentation prescribed under any Law (including as prescribed by Section 1471(b)(3)(C)(i) of the Code) or reasonably requested by the DIP Borrower sufficient for the DIP Borrower to comply with its obligations under FATCA and to determine that such Non-U.S. DIP Lender has complied with such applicable reporting requirements and that payments under this Agreement and the other Loan Documents to such DIP Lender are exempt from application of the withholding tax imposed pursuant to FATCA.

ARTICLE 4.
PRIORITY AND LIENS

SECTION 4.1 Priority and Liens. All of the Obligations shall have the priority and be secured pursuant to Liens and claims as set forth in the DIP Order, as applicable. For the avoidance of doubt, the Obligations shall be secured by Liens on the DIP Borrower's Membership Interests (as defined in the FIPC Limited Liability Company Agreement) in FIPC (which, for the avoidance of doubt, shall not include any governance or control rights (such as rights to vote, consent or approve) appurtenant thereto) to the extent permitted by the Limited Liability Company Agreement, the Allison Transmission Global Closing Agreement and the Dana Global Closing Agreement (and only to that extent).

ARTICLE 5.
FEES

SECTION 5.1 Upfront Fee. The DIP Borrower shall pay (or cause to be paid) to the DIP Agent (for the account of the DIP Lenders) a fee (the "***Upfront Fee***") equal to 2% of the aggregate amount of the DIP Commitments (without giving effect to the making of any Loans). The Upfront Fee shall be fully earned upon entry of the Interim DIP Order, and shall be payable in full on the Effective Date by adding such amount to the outstanding principal balance of the Loans. Once paid, the Upfront Fee payable under this Section 5.1 shall not be refundable under any circumstances and shall be paid free of any setoff.

SECTION 5.2 Exit Fee. The DIP Borrower shall pay (or cause to be paid) to the DIP Agent (for the account of the DIP Lenders) a fee in the aggregate amount equal to 2.00% of the aggregate amount of the DIP Commitments as in effect on the Effective Date without giving effect to the making of any Loans (the "***Exit Fee***"). The Exit Fee shall be fully earned on the date on which the Interim DIP Order shall have been entered, and shall be payable on the portion of Loans at any time paid, prepaid or repaid (including on the Termination Date), in each case, in an amount equal to 2.00% of the aggregate amount being paid, prepaid or repaid on such date. For the avoidance of doubt, the total amount of the Exit Fee to be paid shall not exceed 2.00% of the aggregate amount of the DIP Commitments as in effect on the Effective Date (without giving effect to the making of any Loans). Once paid, the Exit Fee payable under this Section 5.2 shall not be refundable under any circumstances and shall be paid free of any setoff.

SECTION 5.3 DIP Agent Fee. The DIP Borrower shall pay (or cause to be paid) to the DIP Agent a fee (the "***DIP Agent Fee***") equal to $25,000. The DIP Agent Fee shall be fully earned upon entry of the Interim DIP Order, and shall be payable in full in cash on the Effective Date from the proceeds of the Loans or DIP Borrower's cash on hand. Once paid, the DIP Agent Fee payable under this Section 5.3 shall not be refundable under any circumstances and shall be paid free of any setoff.

ARTICLE 6.
CONDITIONS TO CREDIT EXTENSIONS

SECTION 6.1 Conditions Precedent to the Credit Parties' Entry Into Agreement. The Credit Parties' entry into this Agreement is subject to entry of the Interim DIP Order authorizing the Debtors' entry into this Agreement.

SECTION 6.2 Conditions Precedent to the Effective Date. The obligation of each DIP Lender to make available its Initial DIP Commitment and fund its Initial DIP Commitment on the Effective Date is subject to satisfaction (or waiver by the Required DIP Lenders) of the following conditions precedent:

(a) DIP Agreement. The DIP Agent shall have received a duly executed counterpart of this Agreement from the DIP Lenders, the DIP Borrower and the Guarantors (which may include delivery of a signed signature page of this Agreement by facsimile or other means of electronic transmission (e.g., "pdf")).

(b) Interim DIP Order. The DIP Agent shall have received the order approving this Agreement on an interim basis (such order, the "***Interim DIP Order***"), which order (i) shall have been entered by the Bankruptcy Court on or prior to the third Business Day after the Petition Date and shall be in the form of Exhibit B hereto, or otherwise in form and substance satisfactory to the Required DIP Lenders, (ii) shall not have been stayed, vacated or reversed (in whole or in part) and (iii) shall not have been amended or modified other than with the consent of the Required DIP Lenders.

(c) First Day Orders. The DIP Agent shall have received and the Required DIP Lenders shall be reasonably satisfied with all "first day orders" (other than the Interim DIP Order) submitted to and entered by the Bankruptcy Court on or about the Petition Date, which orders (i) shall not have been stayed, vacated or reversed (in whole or in part) and (ii) shall not have been amended or modified other than with the consent of the Required DIP Lenders.

(d) Secretary Certificate. The DIP Agent shall have received a copy of (i) each Organizational Document of each Credit Party certified, to the extent applicable, as of a recent date by the applicable Governmental Authority, (ii) signature and incumbency certificates of the officers of each Credit Party executing the Loan Documents, (iii) resolutions of the board of directors and/or similar governing body of each Credit Party approving and authorizing the execution, delivery and performance of Loan Documents, certified as of the Effective Date by its secretary or an assistant secretary as being in full force and effect without modification or amendment, and (iv) a good standing certificate from the applicable Governmental Authority of each Credit Party's state of incorporation or formation.

(e) Closing Certificate. The DIP Agent shall have received a certificate executed by a Responsible Officer of the DIP Borrower certifying that (i) there has been no event or circumstance since the Petition Date that has had or could be reasonably expected to have, either individually or in the aggregate, a Material Adverse Effect, and (b) either (i) no consents, licenses or approvals are required in connection with the execution, delivery and performance by the Credit Parties and the validity against the Credit Parties of this Agreement, or (ii) subject to the entry by the Bankruptcy Court of the Interim DIP Order, all such consents, licenses and approvals have been obtained and are in full force and effect.

(f) Representations and Warranties; No Event of Default. Each of the representations and warranties made by any Credit Party in or pursuant to the Loan Documents shall be true and correct in all material respects (or in the case of representations and warranties with a "materiality" qualifier, true and correct in all respects) immediately prior to, and after giving effect to, the credit extensions hereunder and no Default or Event of Default shall have occurred and be continuing or would result from such credit extensions.

(g) Litigation; etc. There shall exist no action, suit, investigation, litigation or proceeding pending or threatened in any court or before any arbitrator or Governmental Authority (i) in regards to this Agreement or the Interim DIP Order or other Loan Document that is not resolved by the Interim DIP Order or (ii) that could reasonably be expected to have a Material Adverse Effect.

(h) Budget. The DIP Agent shall have received (i) the Budget and (ii) such other financial statements or information as the DIP Agent or Required DIP Lenders shall have requested prior to the Effective Date.

(i) Know Your Customer; Patriot Act. The DIP Agent shall have received 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 Patriot Act, at least (3) Business Days prior to the Effective Date (to the extent requested at least 10 days prior to the Effective Date), or such shorter period as agreed by the DIP Lenders in their reasonable discretion.

(j) Effective Date Borrowing Notice. The DIP Agent shall have received a borrowing notice substantially in the form of Exhibit C.

SECTION 6.3 Conditions Precedent to the Final Funding Date. The obligation of each DIP Lender to make available its Final DIP Commitment and fund its Final DIP Commitment on the Final Funding Date is subject to satisfaction (or waiver by the Required DIP Lenders) of the following conditions precedent:

(a) Interim DIP Order. The Interim DIP Order shall not have been stayed, vacated, or reversed (in whole or in part) and shall not have been amended or modified other than with the consent of the Required DIP Lenders;

(b) Final DIP Order. The Bankruptcy Court shall have entered an order (the "***Final DIP Order***" and, together with the Interim DIP Order, the "***DIP Orders***") approving this Agreement on a final basis, which order shall be substantially similar in form and substance to

the Interim DIP Order with only such changes acceptable to the Required DIP Lenders (including changes to reflect the final nature of such order) and such order shall have been entered by the Bankruptcy Court on or before the 30th day after the date of entry of the Interim DIP Order;

(c) Representations and Warranties; No Event of Default. Each of the representations and warranties made by any Credit Party in or pursuant to the Loan Documents shall be true and correct in all material respects (or in the case of representations and warranties with a "materiality" qualifier, true and correct in all respects) immediately prior to, and after giving effect to, the credit extensions hereunder and no Default or Event of Default shall have occurred and be continuing or would result from such credit extensions; and

(d) Final Funding Date Borrowing Notice. The DIP Agent shall have received a borrowing notice substantially in the form of Exhibit D, which shall, among other things, certify that the statements made pursuant to Sections 6.3(c) and (e) are true and correct.

(e) Budget. The DIP Borrower and each of its Restricted Subsidiaries shall be in compliance with the Budget, subject to permitted variances as set forth in Section 9.7.

ARTICLE 7.
REPRESENTATIONS AND WARRANTIES

To induce the DIP Agent and the DIP Lenders to enter into this Agreement and to make the Loans and permit the use thereof, the Credit Parties hereby jointly and severally represent and warrant to the DIP Agent and each DIP Lender that:

SECTION 7.1 Existence, Qualification and Power. The DIP Borrower and each of its Restricted Subsidiaries (a) is a corporation or limited liability company, as applicable duly incorporated, validly existing and in good standing under the laws of the jurisdiction of its organization, to the extent applicable under such jurisdiction, (b) subject to any entry of any required orders of the Bankruptcy Court including, without limitation, the entry of the DIP Orders (as applicable), has all requisite power and authority and all requisite governmental licenses, permits, authorizations, consents and approvals necessary to (i) own or lease its material assets and carry on its business in the ordinary course and (ii) execute, deliver and perform its obligations under this Agreement, and (c) is duly qualified and is licensed and, where applicable, in good standing under the laws of each jurisdiction where its ownership, lease or operation of properties or the conduct of its business requires such qualification or license; except in each case referred to in clause (c), to the extent that failure to do so could not reasonably be expected to have a Material Adverse Effect.

SECTION 7.2 Authorization; No Contravention. Upon entry of the DIP Orders (as applicable), the execution, delivery and performance by the Credit Parties of this Agreement and each of the Loan Documents to which it is or they are a party has been duly authorized by all necessary corporate or other organizational action, and does not and will not: (a) contravene the terms of the DIP Borrower's or any other Credit Party's Organizational Documents, (b) conflict with or result in any breach, termination, or contravention of, or constitute a default under, or require any payment to be made under (i) any material contract or any material Indebtedness to

which the DIP Borrower or any of the other Credit Parties is a party or affecting the DIP Borrower or any of the other Credit Parties or its or their properties or (ii) any order, injunction, writ or decree of any governmental authority or any arbitral award to which such person or its property is subject, (c) result in or require the creation of any Lien upon any asset of the DIP Borrower or the other Credit Parties (other than Liens under the DIP Orders (as applicable)), or (d) violate any Law applicable to or binding upon the DIP Borrower or any of its Restricted Subsidiaries or any of its or their properties or assets in any material respect.

SECTION 7.3 Governmental Authorization; Other Consents. Subject to the entry of the DIP Order (as applicable), no approval, consent, exemption, authorization, or other action by, or notice to, or filing with, any Governmental Authority or any other person is necessary or required in connection with the execution, delivery or performance by, or enforcement against, the DIP Borrower or any of its Restricted Subsidiaries of this Agreement or any other Loan Document, except for such as have been obtained or made and are in full force and effect.

SECTION 7.4 Binding Effect. This Agreement has been duly executed and delivered by the DIP Borrower and other Credit Parties. Subject to the entry of the DIP Order (as applicable), this Agreement and each other Loan Document constitutes a legal, valid and binding obligation of the DIP Borrower and other Credit Parties, enforceable against the DIP Borrower and other Credit Parties in accordance with its terms, subject to applicable bankruptcy, insolvency, reorganization, moratorium or other laws affecting creditors' rights generally and subject to general principles of equity, regardless of whether considered in a proceeding in equity or at law.

SECTION 7.5 Litigation. Except as specifically set forth on Schedule 7.5 attached hereto, there are no actions, suits, proceedings, claims or disputes pending or, to the knowledge of the DIP Borrower or its Restricted Subsidiaries, threatened, at law, in equity, in arbitration or before any Governmental Authority, by or against the DIP Borrower or its Restricted Subsidiaries that (a) purport to affect or pertain to this Agreement, the Loan Documents or any of the transactions contemplated thereby, or (b) either individually or in the aggregate, if determined adversely, could reasonably be expected to result in material liability to the DIP Borrower or any of its Restricted Subsidiaries.

SECTION 7.6 Insurance. The properties of the DIP Borrower and the other Credit Parties are insured with financially sound and reputable insurance companies with such deductibles and covering such risks as are customarily carried by companies engaged in similar businesses and owning similar properties in localities where the DIP Borrower and each of its Restricted Subsidiaries operate.

SECTION 7.7 Compliance with Laws and Budget. The DIP Borrower and its Restricted Subsidiaries are in compliance (a) in all material respects with applicable Laws and (b) with the Budget as then applicable, subject to permitted variances as set forth in Section 9.7.

SECTION 7.8 No Default. No Default or Event of Default has occurred and is continuing.

SECTION 7.9 Financial Statements, Etc. The DIP Borrower has furnished to the DIP Agent (a) the consolidated balance sheet and related statements of income, stockholders' equity and cash flows of the DIP Borrower and its Subsidiaries as of and for the fiscal years ended December 31, 2016, audited by and accompanied by the opinion of an independent certified public account of nationally or regionally recognized standard reasonably acceptable to the DIP Agent and (b) the unaudited consolidated balance sheet and related statements of income, stockholders' equity and cash flows of the DIP Borrower and its Subsidiaries as of and for the fiscal month ended December 31, 2017. Such financial statements present fairly in all material respects the consolidated financial condition and results of operations of the DIP Borrower and its Subsidiaries as at such dates and for such periods. All such financial statements, including any related schedules and notes thereto have been prepared in accordance with GAAP applied consistently throughout the periods involved subject, in the case of unaudited financial statements, to audit adjustments and the absence of footnotes.

SECTION 7.10 Information Correct. None of the reports, financial statements, certificates or other written information furnished by or on behalf of the DIP Borrower or any of its Subsidiaries to the DIP Agent or DIP Lenders in connection with the negotiation of any Loan Document or delivered thereunder (as modified or supplemented by other information so furnished), when taken as a whole, contains any material misstatement of fact or omits to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not materially misleading; provided that, with respect to projected financial information, including, without limitation, such projected information set forth in the Budget, the DIP Borrower and each other Credit Party represents only that such information was prepared in good faith based upon assumptions believed by them to be reasonable at the time delivered and, if such projected financial information was delivered prior to the Effective Date, as of the Effective Date, it being understood that any such projected financial information may vary from actual results and such variations could be material. The DIP Borrower or such other Credit Party has not failed to disclose to the DIP Agent or DIP Lenders any material assumptions made with respect to, or in connection with, the Budget and all reports or other information contained in the Budget are true, correct, complete and accurate in all material respects

SECTION 7.11 Federal Regulations; Investment Company Act.

(a) No part of the proceeds of the Loan will be used for any purpose which violates the provisions of Regulation T, U or X of the Board of Governors of the Federal Reserve System, together with any successor. The DIP Borrower and its Restricted Subsidiaries are not engaged and will not engage, principally or as one of its important activities, in the business of extending credit for the purpose of "purchasing" or "carrying" any "margin stock" within the respective meanings of each of the quoted terms under said Regulation U.

(b) None of the Credit Parties are required to register as an "investment company" (as defined or used in the Investment Company Act of 1940, as amended).

SECTION 7.12 Intellectual Property. The DIP Borrower and each of its Restricted Subsidiaries owns or is licensed or otherwise has the right to use all of the Intellectual Property and other rights that are material to the operation of its business. The use of such Intellectual Property by the DIP Borrower and its Restricted Subsidiaries and the operation of their

respective businesses does not infringe any valid and enforceable intellectual property rights of any other Person, except to the extent any such infringement could not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect. No slogan or other advertising device, product, process, method, substance, part or other material now employed, or now contemplated to be employed, by the DIP Borrower or any of its Restricted Subsidiaries infringes upon any rights held by any other Person, except to the extent any such infringement could not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect. No claim or litigation regarding any of the foregoing is pending or, to the DIP Borrower's knowledge, threatened, and no patent, invention, device, application, principle or any statute, law, rule, regulation, standard or code is pending or, to the DIP Borrower's knowledge, proposed, which could, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect.

SECTION 7.13 Superpriority Claims; Liens. Upon the entry of the Interim DIP Order, the DIP Orders (as applicable) and the Loan Documents are sufficient to provide the Superpriority Claims and security interests and DIP Liens on the DIP Collateral of the Credit Parties described in, and with the priority provided in, the Loan Documents.

ARTICLE 8.
AFFIRMATIVE COVENANTS

SECTION 8.1 Financial Statements; Etc.. The DIP Borrower shall furnish to the DIP Agent:

(a) On or before 5:00 p.m., New York City time, of Friday of each calendar week, commencing on March 9, 2018, (i) a comparison of actual results for the weekly period ending one week before such date of all items contained in the Budget then applicable to the amounts originally contained in the Budget, and (ii) a cumulative comparison of the actual results for the period from the Petition Date through the end of the week for the weekly period ending one week before such date of results of all items contained in the Budget to the amounts originally contained in the Budget.

(b) On or before the Monday (or the immediately succeeding Business Day if such day is not a Business Day) of each four-week period, commencing with the four-week period ending after the Petition Date, a proposed update to the then-applicable Budget, setting forth the DIP Borrower's projected receipts and disbursements for the four-week period from the last day of the then-applicable Budget (the "***Proposed Budget***"). To the extent that such Proposed Budget is in form and substance acceptable to the Required DIP Lenders, such Proposed Budget, when combined with the then-applicable Budget, shall become the new Budget and be effective as such for the subsequent 13-week period (except to the extent updated with the approval of the Required DIP Lenders).

(c) On March 12, 2018 and on each date that is 14 calendar days after delivery of the most recently delivered Compliance Certificate to the DIP Agent (or the immediately succeeding Business Day in the event such date is not a Business Day), a Compliance Certificate certifying that:

(i) the DIP Orders (as applicable) have not been stayed, vacated, or reversed (in whole or in part) and have not been amended or modified other than with the consent of the Required DIP Lenders;

(ii) each of the representations and warranties made by any Credit Party in or pursuant to the Loan Documents are true and correct in all material respects (or in the case of representations and warranties with a "materiality" qualifier, true and correct in all respects) and no default or Event of Default has occurred and is continuing; and

(iii) the DIP Borrower and each of its Restricted Subsidiaries is in compliance with the Budget, subject to permitted variances as set forth in Section 9.7.

(d) As soon as available, but in any event within forty-five days after the end of each and every fiscal quarter of the DIP Borrower, a consolidated and consolidating balance sheet for DIP Borrower and its Subsidiaries as at the end of such fiscal quarter, and the related consolidated and consolidating statements of income or operations, shareholders' equity and cash flows for the portion of DIP Borrower's fiscal year then ended, setting forth, in each case in comparative form, the figures for the corresponding portion of the previous fiscal year, all in reasonable detail, such consolidated and consolidating statements to be certified by a Responsible Officer of the DIP Borrower as fairly presenting the financial condition, results of operations, shareholders' equity and cash flows of DIP Borrower and its Subsidiaries in accordance with GAAP, subject only to year-end audit adjustments and the absence of footnotes.

(e) As soon as available, but in any event within thirty days after the end of each and every fiscal month of each fiscal year of DIP Borrower, a consolidated and consolidating balance sheet for DIP Borrower and its Subsidiaries as at the end of such fiscal month, and the related consolidated and consolidating statements of income or operations, shareholders' equity and cash flows for the portion of DIP Borrower's fiscal year then ended, setting forth, in each case in comparative form, the figures for the corresponding portion of the previous fiscal year, all in reasonable detail, such consolidated and consolidating statements to be certified by a Responsible Officer of the DIP Borrower as fairly presenting the financial condition, results of operations, shareholders' equity and cash flows of DIP Borrower and its Subsidiaries in accordance with GAAP, subject only to year-end audit adjustments and the absence of footnotes; provided that notwithstanding the foregoing, such balance sheet and related statements of income or operations, shareholders' equity and cash flows for the fiscal month ended February 28, 2018 shall be required to be delivered simultaneously with such balance sheet and statements for the fiscal month ending March 31, 2018.

SECTION 8.2 Notices and Other Information.

(a) The DIP Borrower shall promptly deliver to the DIP Agent, no less than three (3) Business Days prior to the filing thereof, drafts of all material pleadings, motions, applications, financial information and any other material documents to be filed by or on behalf of the Debtors in the Cases, it being understood that all such items with respect to this Agreement, prepetition loans, the Sale Transaction, the Purchase Agreement and the Plan are material;

(b) The DIP Borrower shall promptly deliver to the DIP Agent notice of (i) the occurrence of any Default or Event of Default, (ii) any matter that has resulted or could reasonably be expected to result in a Material Adverse Effect, including any such matter arising from (A) any breach or non-performance of, or any default under, a material contract of the DIP Borrower or any of its Restricted Subsidiaries other than breaches or defaults arising as a result of the filing of the Cases, the exercise of remedies as a result of which are stayed under the Bankruptcy Code and (B) any material dispute, litigation, investigation, proceeding or suspension between the DIP Borrower or any of its Restricted Subsidiaries and any Governmental Authority or the commencement of, or any development in, any material litigation or proceeding affecting the DIP Borrower or any of its Restricted Subsidiaries, each of which is reasonably expected to result in a Material Adverse Effect, (iii) the filing of any Lien for unpaid taxes against the DIP Borrower or any of its Restricted Subsidiaries, or (iv) any casualty or other insured damage to any material portion of the DIP Collateral or the commencement of any action or proceeding for the taking of any interest in a material portion of the DIP Collateral under power of eminent domain or by condemnation or similar proceeding or if any material portion of the DIP Collateral is damaged or destroyed; and

(c) The DIP Borrower shall deliver to the DIP Agent promptly following any request therefor, such other information regarding the operations, business affairs and financial condition of the DIP Borrower and its Restricted Subsidiaries, or compliance with the terms of any Loan Document, as the DIP Agent may reasonably request.

SECTION 8.3 Payment of Obligations. Subject to the provisions of the Bankruptcy Code and in accordance with the then-applicable Budget, the DIP Borrower and each of its Restricted Subsidiaries shall pay and discharge as the same shall become due and payable, all its obligations and liabilities, including (a) all post-petition date tax liabilities, assessments and governmental charges or levies upon it or its properties or assets, (b) all lawful claims (including, without limitation, claims of landlords, warehousemen, customs brokers, freight forwarders, consolidators and carriers) which, if unpaid, would by post-petition date law become a post-petition date lien upon its property; and (c) all post-petition date Indebtedness, as and when due and payable, but subject to any subordination provisions contained in any instrument or agreement evidencing such indebtedness, except, in each case, where (i) the validity or amount thereof is being contested in good faith by appropriate proceedings, (ii) the DIP Borrower or such Restricted Subsidiary has set aside on its books adequate reserves with respect thereto, (iii) such contest effectively suspends collection of the contested obligation and enforcement of any lien securing such obligation, (iv) no Lien has been filed with respect thereto and (v) the failure to make payment pending such contest could not reasonably be expected to result in a Material Adverse Effect. For the avoidance of doubt, nothing herein requires payment of any obligation subject to the automatic stay of the Bankruptcy Code.

SECTION 8.4 Preservation of Existence. The DIP Borrower and each of its Restricted Subsidiaries shall (a) preserve, renew and maintain in full force and effect its legal existence and good standing under the laws of the jurisdiction of its organization or formation, (b) take all reasonable action to maintain all rights, privileges, permits, licenses and franchises necessary in the normal conduct of its business, except to the extent that failure to do so could not reasonably be expected to have a Material Adverse Effect; and (c) preserve or renew all of its

Intellectual Property, except to the extent such Intellectual Property is no longer used or useful in the conduct of the business of the DIP Borrower or such Restricted Subsidiary.

SECTION 8.5 Maintenance of Properties; Maintenance of Insurance. The DIP Borrower and each of its Restricted Subsidiaries shall (a) maintain, preserve and protect all of its material properties and equipment necessary in the operation of its business in good working order and condition, ordinary wear and tear excepted; and (b) make all necessary repairs thereto and renewals and replacements thereof, except in the case of each of clauses (a) and (b) where the failure to do so could not reasonably be expected to have a Material Adverse Effect. The DIP Borrower and each of its Restricted Subsidiaries shall maintain with financially sound and reputable insurance companies insurance with respect to its properties and business against loss or damage of the kinds customarily insured against by persons engaged in the same or similar business and operating in the same or similar locations or as is required by applicable law, of such types and in such amounts as are customarily carried under similar circumstances by such other persons.

SECTION 8.6 Compliance with Laws. Except to the extent noncompliance is expressly permitted under the Bankruptcy Code, the DIP Borrower and each of its Restricted Subsidiaries shall comply with applicable Law, except where the failure to do so could not reasonably be expected to have a Material Adverse Effect.

SECTION 8.7 Use of Proceeds. The DIP Borrower shall use the proceeds of the Loans and its cash and cash equivalents (a) to finance general working capital purposes of the Credit Parties in the ordinary course of business and (b) to pay fees, expenses, and costs incurred in connection with this Agreement or the Cases, as well as the payment of any adequate protection approved in the DIP Orders (as applicable), in the case of each of clauses (a) and (b), only to the extent permitted by the then-applicable Budget (subject to variances permitted by Section 9.7.

SECTION 8.8 Information Regarding the DIP Collateral. Except to the extent, if any, that such changes are contemplated by the Sale Transaction, the DIP Borrower shall furnish to the DIP Agent, at least fifteen (15) days prior written notice of any change in: (a) a Credit Party's name; (b) the location of a Credit Party's chief executive office, its principal place of business, any office in which it maintains books or records relating to the DIP Collateral owned by it, (c) a Credit Party's organizational structure or jurisdiction of incorporation or formation, or (d) a Credit Party's organizational identification number assigned to it by its state of organization. Each Credit Party agrees not to affect or permit any change referred to in the preceding sentence unless all filings have been made under the Uniform Commercial Code or otherwise that are required in order for the DIP Agent to continue at all times following such change to have a valid, legal and perfected first priority security interest in all the DIP Collateral.

SECTION 8.9 Inspection of Property; Books and Records; Discussions; Management Presentations. The DIP Borrower and each of its Restricted Subsidiaries shall keep proper books of record and account in which full, true and correct (in all material respects) entries are made of all dealings and transactions in relation to its business and activities which permit financial statements to be prepared in conformity with GAAP and all applicable Law; and permit representatives of the Required DIP Lenders upon reasonable advance notice to visit and inspect

any of its properties and examine and make abstracts from any of its books and records at any reasonable time during normal business hours and as often as may reasonably be requested upon reasonable advance notice to the DIP Borrower, and to discuss the business, operations, assets and financial and other condition of the DIP Borrower and its Restricted Subsidiaries with officers and employees thereof. Upon reasonable request and notice by the DIP Agent, the senior management of the DIP Borrower shall provide management presentations to the DIP Agent, which management presentations shall cover, among other things, the DIP Borrower and its Subsidiaries' financial performance and operations, matters pertaining to the Cases and any other developments that impact the DIP Borrower or its Restricted Subsidiaries' ability to perform their obligations under the Loan Documents; provided that upon the occurrence of a default or Event of Default such meetings shall be held as often as the DIP Agent shall reasonably request.

SECTION 8.10 Material Contracts. The DIP Borrower and each of its Restricted Subsidiaries shall (a) maintain each material contract in full force and effect and (b) enforce each material contract in accordance with its terms.

SECTION 8.11 Performance Within Budget. The DIP Borrower and each of its Restricted Subsidiaries shall cause receipts and disbursements to comply with the then-applicable Budget (subject to variances permitted by Section 9.7).

SECTION 8.12 DIP Orders. The DIP Borrower and each of its Restricted Subsidiaries shall comply with the DIP Orders (as applicable), as then in effect, in all respects, and shall not seek any reversal, vacatur, stay, amendment or modification thereto.

SECTION 8.13 Specified Account. The Credit Parties shall maintain a deposit account (the "Specified Account") at Wells Fargo Bank, National Association with account number [_____].

SECTION 8.14 Further Actions; Etc..

(a) The DIP Borrower and each of its Restricted Subsidiaries shall diligently pursue the Plan pursuant to the terms and requirements of the Restructuring Support Agreement, and if the Sale Trigger Date has occurred, the DIP Borrower and each of its Restricted subsidiaries shall diligently pursue the Sale Transaction.

(b) The DIP Borrower and each of its Restricted Subsidiaries shall take such further actions and shall execute such further documents or instruments as may be reasonably necessary to fulfill or give force and effect to this Agreement, including without limitation that the DIP Borrower agrees to issue a promissory note to evidence the Loans upon request.

ARTICLE 9.
NEGATIVE COVENANTS

SECTION 9.1 Indebtedness.

(a) The DIP Borrower and each of its Restricted Subsidiaries shall not, on or after the date hereof, (a) create, incur, assume, guarantee, suffer to exist or otherwise become or remain liable with respect to, any Indebtedness, except:

(i) Indebtedness incurred pursuant to the Loan Documents;

(ii) Indebtedness outstanding on the Effective Date and listed on Schedule 9.1 attached hereto;

(iii) trade credit incurred in the ordinary course of business in accordance with the Budget;

(iv) Indebtedness incurred as a result of endorsing negotiable instruments in the ordinary course of business;

(v) Indebtedness of the Credit Parties and their Restricted Subsidiaries to the extent permitted as a Permitted Investment under clause (e) of that definition and such other Indebtedness between the Credit Parties;

(vi) Indebtedness outstanding as of the Petition Date under performance bonds or with respect to workers' compensation claims, in each incurred in the ordinary course of business;

(vii) Guarantees of the DIP Borrower or any other Credit Party in respect of Indebtedness otherwise permitted hereunder of any Credit Party;

(viii) Indebtedness incurred in accordance with the Budget consisting of the financing of insurance premiums in the ordinary course of business so long as the amount of such Indebtedness is not in excess of the amount of the unpaid cost of, and shall be incurred only to defer the cost of, such insurance for the year in which such Indebtedness is incurred and such Indebtedness is outstanding only during such year;

(ix) Indebtedness representing any Taxes, assessments or governmental charges incurred after the Petition Date to the extent such Taxes are being contested in good faith and adequate reserves have been provided thereof;

(x) Indebtedness incurred in the ordinary course of business in respect of credit cards, credit card processing services, debit cards, stored value cards and purchase cards;

(xi) Indebtedness among the Credit Parties incurred in the ordinary course of business in connection with cash pooling arrangements, cash management and other similar arrangements consisting of netting arrangements and overdraft protections incurred in the ordinary course of business;

(xii) extensions, refinancings, modifications, amendments and restatements of any items of Indebtedness referenced in clauses (i) through (xi) of this Section, so long as (x) such Indebtedness was incurred after the Petition Date and (y) without the written

consent of the DIP Agent and the Required DIP Lenders, the principal amount thereof is not increased or the terms thereof are not modified to impose more burdensome terms upon the applicable Credit Party; and

(xiii) Indebtedness incurred in accordance with the First Day Orders that is expressly contemplated in, and permitted by, the Budget (without taking into account any permitted variances).

SECTION 9.2 Liens. The DIP Borrower and each of its Subsidiaries shall not create, incur, assume or suffer to exist any Lien upon any of its property, assets or revenues, whether now owned or hereafter acquired other than the following Liens (to the extent, with respect to the DIP Borrower or any of its Restricted Subsidiaries or any of its or their assets or properties (x) if created, incurred or assumed by such Person on or after the Petition Date, such Liens have been approved and authorized by the Bankruptcy Court with the prior written consent of the Required DIP Lenders and (y) if created, incurred or assumed by such Person before the Petition Date, such Liens have the priority set forth in the DIP Orders (as applicable)):

(a) Liens granted pursuant to the Loan Documents;

(b) Liens outstanding on the Effective Date and listed on Schedule 9.2 attached hereto;

(c) Liens which are statutory liens for amounts incurred before or after the Petition Date in connection with workmen's compensation obligations, unemployment insurance and other social security laws;

(d) carriers', warehousemen's, mechanics' repairmen's and other like Liens imposed by law, arising in the ordinary course of business;

(e) leases or subleases of real property granted in the ordinary course of business, in each case, before the Petition Date, and leases, subleases, non-exclusive licenses or sublicenses of property (other than real property or Intellectual Property) granted in the ordinary course of any Credit Party's or Subsidiary's business, in each case, before the Petition Date, if the leases, subleases, licenses and sublicenses do not specifically prohibit granting the DIP Agent or the DIP Lenders a security interest;

(f) licenses of Intellectual Property granted by FIPC to third parties in the ordinary course of business and approved in writing by the DIP Agent;

(g) Liens arising from attachments or judgments, order or decrees, in each case, before the Petition Date, in circumstances not constituting an Event of Default under Section 10.1; and

(h) the filing of UCC financing statements solely as a precautionary measure in connection with operating leases or consignment of goods or other similar matters.

SECTION 9.3 Investments. The DIP Borrower and each of its Restricted Subsidiaries shall not make any loans, advances or other transfers of assets or investments to any Person other than Permitted Investments.

SECTION 9.4 Fundamental Changes. The DIP Borrower and each of its Restricted Subsidiaries shall not merge, dissolve, liquidate, consolidate with or into another person.

SECTION 9.5 Dispositions. The DIP Borrower and each of its Restricted Subsidiaries shall not make any Disposition, except for Dispositions consistent with the Sale Motion or:

(a) of inventory in the ordinary course of business;

(b) to the extent constituting a Lien permitted hereunder or Permitted Investments;

(c) of leases or licenses for the use of the property of the DIP Borrower or its Subsidiaries in the ordinary course of business, provided that, Dispositions of Intellectual Property leases and licenses shall be subject to the prior approval of the DIP Agent;

(d) of accounts receivable in connection with the compromise, settlement or collection thereof in the ordinary course of business and not for the purpose of financing; provided that (i) the aggregate value of all accounts disposed of for less than par does not exceed $10,000 individually or $100,000 in the aggregate during the term of this Agreement and (ii) the DIP Borrower shall have delivered to the DIP Agent two Business Days' prior written notice of such Disposition;

(e) of business or property among the Credit Parties; and

(f) resulting from any casualty or other insured damage to, or any taking under power of eminent domain or by condemnation or similar proceeding of, any property or asset of any Credit party;

provided that, notwithstanding anything to the contrary contained in this Section 9.5, any Disposition pursuant to any of the foregoing subsections of this Section 9.5 (other than Section 9.5(d)) shall be for not less than fair market values determined by the board of directors of the DIP Borrower or respective Restricted Subsidiary, as applicable.

SECTION 9.6 Dividends. The DIP Borrower and each of its Restricted Subsidiaries shall not declare any dividends on any shares of any class of capital stock, or make any payment on account of, or set apart assets for a sinking or other analogous fund for, the purchase, redemption, retirement or other acquisition of any shares of any class of capital stock, or any warrants or options to purchase such capital stock, whether now or hereafter outstanding, or make any other distribution in respect thereof, either directly or indirectly, whether in cash or property or in obligations of the DIP Borrower or any of its Restricted Subsidiaries (collectively, the "Restricted Payments"), except that each Subsidiary may make Restricted Payments to the DIP Borrower (and, in the case of a Restricted Payment by a non-wholly owned Subsidiary, to the DIP Borrower and any Subsidiary and to each other owner of Equity Interests of such Subsidiary on a pro rata basis based on their relative ownership interest).

SECTION 9.7 Budget Variances. The DIP Borrower and each of its Restricted Subsidiaries shall not permit: (a) for any four-week period receipts to be less than 85% of the amount of receipts projected to be received in the then-applicable Budget for such period or (b) for any four-week period, disbursements to be more than 105% of the amount of disbursements projected to be made in the then-applicable Budget for such period; provided, that disbursements for professional fees attributable to the DIP Agent, the DIP Lenders, the agent and the lenders in respect of the Prepetition Existing Notes Obligations shall be excluded and disregarded from any such determination pursuant to this Section 9.7(b).

ARTICLE 10.
EVENTS OF DEFAULT

SECTION 10.1 Events of Default. The occurrence and continuance of any of the following events shall constitute an "***Event of Default***," unless waived in writing by the Required DIP Lenders in their sole discretion:

(a) The DIP Borrower or any other Credit Party shall fail to pay any principal of any Loan when the same shall become due and payable by the terms of this Agreement; or

(b) The DIP Borrower or any other Credit Party shall fail to pay any interest, fee or amount (other than principal) within three (3) Business Days after any such interest, fee or amount becomes due and payable; or

(c) The DIP Borrower or any of its Restricted Subsidiaries fails to perform or observe any term, covenant or agreement contained in Section 8.1, Section 8.2(b)(i), Section 8.11 or Article 9 of this Agreement; provided that any failure to perform or observe the provisions of Sections 8.1(c), (d), (e) shall constitute an Event of Default only if such failure continues for 72 hours; or

(d) The DIP Borrower or any of its Restricted Subsidiaries fails to perform or observe any other term, covenant or agreement contained in this Agreement or any other Loan Document (other than the DIP Orders (as applicable)) and such default shall continue unremedied for a period of five Business Days; or

(e) The DIP Borrower or any of its Restricted Subsidiaries' breach of any provision of the DIP Orders (as applicable); or

(f) Any representation, warranty, certification or statement of fact made or deemed made by or on behalf of any Credit Party in this Agreement, any other Loan Document or in any document delivered in connection therewith shall be incorrect or misleading in any material respect when made or deemed made; or

(g) Any writ or warrant of attachment or execution or similar process is issued or levied against all or any material part of the property of the DIP Borrower or any of its

Restricted Subsidiaries and is not released, vacated or fully bonded within 5 days after its issue or levy; or

(h) Except as otherwise expressly permitted hereunder, the DIP Borrower or any of its Restricted Subsidiaries shall take any action to suspend the operation of its business in the ordinary course or liquidate all or a material portion of its assets; or

(i) There occurs any uninsured loss to any material portion of the DIP Collateral; or

(j) The occurrence of a Material Adverse Effect; or

(k) The DIP Borrower or any of its Restricted Subsidiaries files a motion with the Bankruptcy Court seeking the authority to liquidate all or substantially all of the Credit Parties assets or capital stock without the prior written consent of the DIP Lenders in their sole discretion; or

(l) The entry of an order reversing, amending, supplementing, staying, vacating or otherwise modifying this Agreement or the DIP Orders, without the written consent of the DIP Lenders, or the filing by a the DIP Borrower or any of its Restricted Subsidiaries of a motion for reconsideration with respect to the DIP Orders; or

(m) The entry of an order dismissing any of the Cases or converting any of the Cases to a case under Chapter 7 of the Bankruptcy Code; or

(n) The entry of an order appointing a trustee or examiner with expanded powers in any of the Cases; or

(o) The lapse, reduction or termination of the DIP Borrower's exclusivity period to file and solicit a plan of reorganization pursuant to section 1121 of the Bankruptcy Code; or

(p) The entry of an order in any of the Cases charging any of the DIP Collateral under Section 506(c) of the Bankruptcy Code or otherwise; or

(q) The entry of an order granting relief from any stay of proceeding (including, without limitation, the automatic stay) so as to allow foreclosure (or granting of a deed in lieu of foreclosure) on any DIP Collateral with fair market values of $25,000 or more, in the aggregate; or

(r) The DIP Borrower or any of its Restricted Subsidiaries seeks to commence an action against the DIP Agent, the DIP Lenders or the Prepetition Secured Parties with respect to any of the Prepetition Existing Notes Obligations or the Prepetition Bridge Notes Obligations; or

(s) The payment of any prepetition claims (other than as permitted by the DIP Orders (as applicable) or pursuant to an order entered in the Cases that is supported, or not objected to, by the DIP Lenders); or

(t) The DIP Borrower or any of its Restricted Subsidiaries shall have failed to comply with a DIP Plan Milestone within the time periods permitted for compliance; or

(u) The DIP Borrower or any of its Restricted Subsidiaries shall have failed to comply with a DIP Sale Milestone within the time periods permitted for compliance; or

(v) The DIP Borrower or any of its Restricted Subsidiaries withdraws the Plan or Disclosure Statement, or the DIP Borrower or any of its Restricted Subsidiaries files any motion or pleading with the Bankruptcy Court (including the Confirmation Order) that is not consistent with this Agreement, any other Loan Document or the Plan and such motion or pleading has not been withdrawn prior to the earlier of (i) three Business Days after the DIP Borrower or such Restricted Subsidiary receives written notice from a Supporting Creditor (in accordance with Section 20 of the Restructuring Support Agreement) that such motion or pleading is inconsistent with the Restructuring Support Agreement, the Restructuring Term Sheet or the Plan and (ii) entry of an order of the Bankruptcy Court approving such motion or pleading; or

(w) The date that is three (3) days after any party other than the Purchaser or its designee is selected as the winning bidder for the Credit Parties' assets; or

(x) The DIP Borrower or any of its Restricted Subsidiaries breaches any of its covenants, agreements, representations or warranties in the Purchase Agreement, and such breach is not waived or cured within the applicable cure period set forth in the Purchase Agreement.

If an Event of Default has occurred, and at any time thereafter during the continuance of such event, the DIP Agent may (and shall, at the direction of the Required DIP Lenders), by notice to the DIP Borrower, declare the Loans then outstanding to be due and payable in whole (or in part, in which case any principal not so declared to be due and payable may thereafter be declared to be due and payable), and thereupon the principal of the Loans so declared to be due and payable, together with accrued interest thereon and all fees and other obligations of the Credit Parties accrued hereunder, shall become due and payable immediately, without presentment, demand, protest or other notice of any kind, all of which are hereby waived by the Credit Parties.

SECTION 10.2 Remedies Cumulative; No Waiver. Each and every right, power and remedy hereby specifically given to the DIP Agent and DIP Lenders shall be in addition to every other right, power and remedy specifically given under this Agreement, the DIP Orders or the other Loan Documents or now or hereafter existing at law or in equity, or by statute and each and every right, power and remedy whether specifically herein given or otherwise existing may be exercised from time to time or simultaneously and as often and in such order as may be deemed expedient by the DIP Agent. All such rights, powers and remedies shall be cumulative and the exercise or the beginning of exercise of one shall not be deemed a waiver of the right to exercise of any other or others. No delay or omission of the DIP Agent or DIP Lenders in the exercise of any such right, power or remedy and no renewal or extension of any of the Obligations shall impair any such right, power or remedy or shall be construed to be a waiver of any Default or Event of Default or an acquiescence therein

SECTION 10.3 Discontinuance of Proceedings. In case the DIP Agent or DIP Lenders shall have instituted any proceeding to enforce any right, power or remedy under this Agreement by foreclosure, sale, entry or otherwise, and such proceeding shall have been discontinued or abandoned for any reason, then and in every such case the Credit Parties, the DIP Agent and each DIP Lender shall be restored to their former positions and rights hereunder with respect to the DIP Collateral subject to the Liens granted under this Agreement and the DIP Orders, and all rights, remedies and powers of the DIP Lender and DIP Agent shall continue as if no such proceeding had been instituted.

ARTICLE 11.
DIP AGENT

SECTION 11.1 Appointment of DIP Agent; No Effect on DIP Borrower's Obligations. KCOF (QP) is hereby appointed by each DIP Lender and their successors and permitted assigns as the DIP Agent hereunder and under the other Loan Documents and each DIP Lender hereby authorizes KCOF (QP) to act as the DIP Agent in accordance with the terms hereof and the other Loan Documents. The DIP Agent hereby agrees to act in its capacity as such upon the express conditions contained herein and the other Loan Documents, as applicable. The provisions of this Article 11 are solely for the benefit of the DIP Agent and each DIP Lender, and, except as set forth in Section 11.5, no Credit Party shall have any rights as a third party beneficiary of any of the provisions thereof. Each DIP Lender shall ratably, in accordance with the aggregate outstanding principal amount of the Loans held by it, reimburse and indemnify the DIP Agent (to the extent not reimbursed by the Credit Parties) for and against any cost, expense (including counsel fees and disbursements), claim, demand, action, obligation, damage, penalty, judgment, loss or liability (except such as result from the DIP Agent's gross negligence or willful misconduct) that the DIP Agent or any Affiliate thereof may suffer or incur in connection with the Loan Documents or any action taken or omitted by the DIP Agent or any Affiliate thereof, hereunder or thereunder. The obligations of the DIP Lenders under this Section 11.1 shall survive the payment in full of the Obligations and the termination of this Agreement. This Article 11 sets forth the rights and obligations solely as between the DIP Agent and the DIP Lenders, and nothing in this Article 11 creates any rights for the DIP Borrower or releases the DIP Borrower from its obligations under this Agreement, including without limitation the obligation of the DIP Borrower to reimburse any DIP Lender for any payment made by such DIP Lender to the DIP Agent under this Section 11.1 on an DIP Borrower's behalf.

SECTION 11.2 Powers and Duties. Each DIP Lender hereby irrevocably authorizes the DIP Agent to take such action on such DIP Lender's behalf and to exercise such powers, rights and remedies hereunder and under the other Loan Documents as are specifically delegated or granted to the DIP Agent by the terms hereof and thereof, together with such powers, rights and remedies as are incidental thereto. Each DIP Lender hereby further irrevocably authorizes the DIP Agent to act as the secured party under each of the Loan Documents, as applicable. The DIP Agent may exercise such powers, rights and remedies and perform such duties by or through its agents or employees and may consult with legal counsel, independent public accountants and other experts selected by it and shall not be liable for any action taken or omitted to be taken by it in good faith in accordance with the advice of such counsel, accountants or expert. The DIP Agent may accept payments of principal, interest, fees and expenses due under the Loan

Documents from any Credit Party on the account or benefit of any DIP Lender. The DIP Agent may perform any of its respective duties hereunder or under the other Loan Documents by or through its officers, directors, agent, employees or affiliates.

SECTION 11.3 Exculpatory Provisions.

(a) The DIP Agent shall not have any duties or obligations except those expressly set forth herein and in the other Loan Documents. Without limiting the generality of the foregoing, the DIP Agent:

(i) shall not be subject to any fiduciary or other implied duties, regardless of whether a Default has occurred and is continuing;

(ii) shall not have any duty to take any discretionary action or exercise any discretionary powers, except discretionary rights and powers expressly contemplated hereby or by the other Loan Documents that the DIP Agent is required to exercise as directed in writing by the DIP Lenders, provided that the DIP Agent shall not be required to take any action that, in its opinion or the opinion of its counsel, may expose the DIP Agent to liability or that is contrary to any Loan Document or applicable law; and

(iii) shall not, except as expressly set forth herein and in the other Loan Documents, have any duty to disclose, and shall not be liable for the failure to disclose, any information relating to the DIP or any of its Affiliates that is communicated to or obtained by the Person serving as the DIP Agent or any of its Affiliates in any capacity.

(b) The DIP Agent shall not be liable for any action taken or not taken by it (i) with the consent or at the request of the DIP Lenders or (ii) in the absence of its own gross negligence or willful misconduct.

(c) The DIP Agent shall not be responsible for or have any duty to ascertain or inquire into (i) any statement, warranty or representation made in or in connection with this Agreement or any other Loan Document, (ii) the contents of any certificate, report or other document delivered hereunder or thereunder or in connection herewith or therewith, (iii) the performance or observance of any of the covenants, agreements or other terms or conditions set forth herein or therein or the occurrence of any Default, (iv) the validity, enforceability, effectiveness or genuineness of this Agreement, any other Loan Document or any other agreement, instrument or document or (v) the satisfaction of any condition set forth in Section 6 or elsewhere herein, other than to confirm receipt of items expressly required to be delivered to the Administrative Agent.

SECTION 11.4 Reliance by Administrative Agent. The DIP Agent shall be entitled to rely upon, and shall not incur any liability for relying upon, any notice, request, certificate, consent, statement, instrument, document or other writing (including any electronic message, Internet or intranet website posting or other distribution) believed by it to be genuine and to have been signed, sent or otherwise authenticated by the proper Person. The DIP Agent also may rely upon any statement made to it orally or by telephone and believed by it to have been made by the proper Person, and shall not incur any liability for relying thereon. The DIP Agent may consult with legal counsel (who may be counsel for the DIP Borrower), independent accountants and

other experts selected by it, and shall not be liable for any action taken or not taken by it in accordance with the advice of any such counsel, accountants or experts.

SECTION 11.5 Successor Collateral Agent. The DIP Agent may at any time give notice of its resignation to the DIP Lenders and the DIP Borrower. Upon receipt of any such notice of resignation, the Required DIP Lenders shall have the right to appoint a successor DIP Agent, provided that at any time prior to the acceleration of all or any part of the Obligations pursuant to Section 10.1, the DIP Borrower's written consent shall be required for any such appointment (such consent not to be unreasonably withheld, conditioned, or delayed). If no such successor shall have been so appointed by the Required DIP Lenders and shall have accepted such appointment within thirty (30) days after the retiring DIP Agent gives notice of its resignation, then (a) the resignation of the DIP Agent shall become effective on such 30th day, (b) the Required DIP Lenders shall perform the duties of the DIP Agent hereunder and under the other Loan Documents until the Required DIP Lenders appoint a successor DIP Agent, (c) the retiring DIP Agent shall be discharged from its duties and obligations hereunder and under the other Loan Documents and (d) all payments, communications and determinations provided to be made by, to or through the DIP Agent shall instead be made by or to each DIP Lender directly, until such time as the Required DIP Lenders appoint a successor the DIP Agent as provided for in this Section 11.5. Upon the acceptance of a successor's appointment as the DIP Agent hereunder, such successor shall succeed to and become vested with all of the rights, powers, privileges and duties of the retiring (or retired) DIP Agent, and the retiring DIP Agent shall be discharged from all of its duties and obligations hereunder and under the other Loan Documents (if not already discharged therefrom as provided herein). After the retiring DIP Agent's resignation hereunder and under the other Loan Documents, the retiring DIP Agent shall remain indemnified to the extent provided in this Agreement and the other Loan Documents and the provisions of this Article 11 shall continue in effect for the benefit of such retiring DIP Agent and its sub-agents in respect of any actions taken or omitted to be taken by any of them while the retiring DIP Agent was acting or was continuing to act as the DIP Agent.

SECTION 11.6 Actions with Respect to Defaults. The DIP Agent shall not be deemed to have knowledge or notice of the occurrence of any Default or Event of Default except with respect to Defaults in the payment of principal, interest and fees required to be paid to the DIP Agent for the account of the DIP Lenders, unless the DIP Agent shall have received written notice from a DIP Lender or Credit Party referring to this Agreement, describing such Default or Event of Default and stating that such notice is a "notice of default". The DIP Agent will notify each DIP Lender of its receipt of any such notice. In addition to the DIP Agent's right to take actions on its own accord as permitted under this Agreement, the DIP Agent shall take such action with respect to a Default or Event of Default as shall be directed by the Required DIP Lenders or all of the DIP Lenders, as the case may be, provided that the DIP Agent shall not be required to take any action which in the DIP Agent's opinion would expose the DIP Agent or its Affiliates to liability, and provided, further, that until the DIP Agent shall have received such directions, the DIP Agent may (but shall not be obligated to) take such ministerial action, or refrain from taking such ministerial action, with respect to such Default or Event of Default as it shall deem advisable and in the best interests of the DIP Lenders. The DIP Agent may at any time request instructions from the DIP Lenders with respect to any actions (including failures to act) or approvals which by the terms of this Agreement or of any of the Loan Documents the DIP Agent is permitted or desires to take or to grant, and if such instructions are promptly requested,

the DIP Agent shall be absolutely entitled to refrain from taking any action or to withhold any approval and shall not be under any liability whatsoever to any Person for refraining from any action or withholding any approval under any of the Loan Documents until it shall have received such instructions from the Required DIP Lenders, and the DIP Agent shall not incur liability to any DIP Lender by reason of so refraining. Without limiting the foregoing, no DIP Lender shall have any right of action whatsoever against the DIP Agent solely as a result of the DIP Agent acting or refraining from acting under this Agreement or under any of the other Loans Documents, except with respect to its gross negligence or willful misconduct.

SECTION 11.7 Collateral Matters.

(a) Each DIP Lender authorizes and directs the DIP Agent to take such action on its behalf under the provisions of this Agreement, the other Loan Documents and any other instruments and agreements referred to herein or therein and to exercise such powers and to perform such duties hereunder and thereunder as are specifically delegated to or required of the DIP Agent by the terms hereof and thereof and such other powers as are incidental thereto, including, without limitation, entering into the Loan Documents for the benefit of the DIP Lenders. Each DIP Lender hereby agrees that, except as otherwise set forth herein, any action taken by the Required DIP Lenders or all of the DIP Lenders, as applicable, in accordance with the provisions of this Agreement or the other Loans Documents, and the exercise by the Required DIP Lenders or all of the DIP Lenders, as applicable, of the powers set forth herein or therein, together with such other powers as are incidental thereto, shall be authorized and binding upon all of the DIP Lenders. The DIP Agent is hereby authorized on behalf of all of the DIP Lenders, without the necessity of any notice to or further consent from any DIP Lender, from time to time, to take any action with respect to any DIP Collateral or Loan Document which may be necessary or appropriate to perfect and maintain perfected the Liens granted pursuant to the Loan Documents.

(b) The DIP Lenders hereby authorize the DIP Agent, at its option and in its discretion to, in accordance with the terms of (and at the times specified in) the Loan Documents, release (x) any Lien granted to or held by the DIP Agent upon any DIP Collateral in accordance with the terms of the Loan Documents, and (y) any Guarantor from its obligations under the Guaranty. Upon request by the DIP Agent at any time, the DIP Lenders will confirm in writing the DIP Agent's authority to release or subordinate its interest in particular types or items of collateral, or to release any Guarantor from its obligations under the Guaranty, in each case, as permitted pursuant to this Section 11.7(b).

(c) The DIP Agent shall not have any duties or responsibilities except those expressly set forth in this Agreement and in the other Loan Documents, and shall have no obligation whatsoever to the DIP Lenders or to any other Person to assure that any collateral exists or is owned by the Credit Parties or is cared for, protected or insured or that the DIP Liens granted to the DIP Agent herein or pursuant to the Loan Documents have been properly or sufficiently or lawfully created, perfected, protected or enforced or are entitled to any particular priority, or to exercise or to continue exercising at all or in any manner or under any duty of care, disclosure or fidelity any of the rights, authorities and powers granted or available to the DIP Agent in this Section 11.7 or in any of the Loan Documents, it being understood and agreed that in respect of the DIP Collateral, or any act, omission or event related thereto, the DIP Agent may

act in any manner it may deem appropriate, in its sole discretion, given the DIP Agent's own interest in any collateral as one of the DIP Lenders and that the DIP Agent shall have no duty or liability whatsoever to the DIP Lenders, except for its gross negligence or willful misconduct. Neither the DIP Agent nor any of its directors, officers, partners, managers, agents or employees shall be liable for any action taken or omitted by it or them hereunder or under any other Loan Document or in connection herewith or therewith, unless caused by its or their gross negligence or willful misconduct (as determined by a court of competent jurisdiction in a final and nonappealable decision), nor shall any of them be responsible for or have any duty to ascertain, inquire into or verify (i) any statement, warranty or representation made in connection with any Loan Document or any borrowing hereunder; (ii) the performance or observance of any of the covenants or agreements specified in any Loan Document; (iii) the satisfaction of any condition specified in any Loan Document, except receipt of items required to be delivered to the DIP Agent; (iv) the validity, effectiveness, sufficiency or genuineness of any Loan Document or any other instrument or writing furnished in connection therewith; (v) the existence or non-existence of any Default or Event of Default; or (vi) the financial condition of any Credit Party. Each DIP Lender acknowledges that it has, independently and without reliance upon the DIP Agent or any other Purchaser, and based on such documents and information as it has deemed appropriate, made its own credit analysis and decision to enter into this Agreement. Each DIP Lender also acknowledges that it will, independently and without reliance upon the DIP Agent or any other DIP 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 any action under the Loan Documents. The duties of the DIP Agent shall be mechanical and administrative in nature; the DIP Agent shall not have by reason of this Agreement or any other Loan Document a fiduciary relationship in respect of any DIP Lender; and nothing in this Agreement or in any other Loan Document, expressed or implied, is intended to or shall be so construed as to impose upon the DIP Agent any obligations in respect of this Agreement or any other Loan Document except as expressly set forth herein or therein.

ARTICLE 12.
MISCELLANEOUS

SECTION 12.1 Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of the DIP Borrower, DIP Agent and DIP Lenders and their respective successors and permitted assigns. Notwithstanding the foregoing, the DIP Borrower may not assign or transfer any of its rights or obligations under this Agreement without the prior written consent of the Required DIP Lenders. The DIP Lenders may, without the consent of the DIP Borrower or any other Credit Party, assign or transfer to any other Person or Persons any or all of their rights or obligations under this Agreement. The DIP Lenders may without the consent of the DIP Borrower sell participations in their Loans and rights under this Agreement.

SECTION 12.2 Amendments and Waivers. No amendment or waiver of any provision of this Agreement or any other Loan Document, and no consent to any departure by the DIP Borrower or any other Credit Party therefrom, shall be effective unless in writing signed by the Required DIP Lenders and the DIP Borrower, or the applicable Credit Party, as the case may be, and acknowledged by the DIP Agent, and each such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given; provided, however, that no such amendment, waiver or consent shall:

(a) extend or increase the terms of funding of any DIP Lender without the written consent of such DIP Lender;

(b) reduce the principal of, or the stated rate of interest specified herein on any Loan, or any fees or other amounts payable hereunder without the written consent of each DIP Lender directly affected thereby; provided, however, that, without limiting the effect of the proviso directly below, only the consent of the Required DIP Lenders shall be necessary to waive any obligation of the DIP Borrower to pay interest at the default rate of interest;

(c) change any provision of this Section or the definition of "Required DIP Lenders" or any other provision of this Agreement specifying the number or percentage of DIP Lenders required to amend, waive or otherwise modify any rights hereunder or make any determination or grant any consent hereunder without the written consent of each DIP Lender;

(d) release all or substantially all of the value of the guarantees made by the Guarantors hereunder or all or a material portion of the DIP Collateral, in each case without the written consent of each DIP Lender, except to the extent the release of such Guarantor is permitted pursuant to Article 11 (in which case such release may be made by the DIP Agent acting alone);

(e) modify or waive any provision of this Agreement in order to permit the incurrence of any financing pursuant to Section 364 of the Bankruptcy Code (other than this Agreement) that would be secured by the DIP Collateral (or any portion thereof) on a pari passu or senior basis with the Obligations or that would benefit from any Superpriority Claim in the Cases that is *pari passu* or senior to the Superpriority Claims with respect to the Obligations as provided in the DIP Orders, without the written consent of each DIP Lender;

and, provided further, that, notwithstanding anything to the contrary in this Agreement, (i) no amendment, waiver or consent shall, unless in writing and signed by the DIP Agent, in addition to the DIP Lenders required above, directly adversely affect the rights or duties of the DIP Agent under this Agreement or any other Loan Document; and (ii) if the DIP Borrower or any Restricted Subsidiary notifies the DIP Agent in writing that it intends to make a Disposition of accounts receivable in connection with the compromise, settlement or collection thereof in the ordinary course of business and not for the purposes of financing that is not permitted by Section 9.5(d) and the DIP Agent has not responded to such notice within two Business Days' of the DIP Agent's receipt of such notice, then the Required DIP Lenders shall be deemed to have consented to such Disposition. Any such waiver and any such amendment or modification pursuant to this Section 12.2 shall be binding upon the DIP Borrower, the DIP Lenders, the DIP Agent and all future holders of the Loans. In the case of any waiver, the DIP Borrower, the DIP Lenders and the DIP Agent shall be restored to their former positions and rights hereunder and under the other Loan Documents, and any Default or Event of Default that is waived pursuant to this Section 12.2 shall be deemed to be cured and not continuing during the period of such waiver.

SECTION 12.3 Payment of Expenses; Indemnification. The Credit Parries agree (a) to pay or reimburse the DIP Lenders, the DIP Agent and each of their respective Affiliates for all their reasonable and documented out-of-pocket costs and expenses incurred in connection with

the negotiation, preparation and execution of the Loan Documents and any other documents prepared in connection herewith, and the consummation of the transactions contemplated hereby and thereby, including, without limitation, the reasonable and documented fees and disbursements of one lead counsel and one local counsel to the DIP Agent and the DIP Lenders taken as a whole, (b) to pay or reimburse the DIP Lenders, the DIP Agent and each of their respective Affiliates for all their reasonable and documented out-of-pocket costs and expenses incurred in connection with the on-going administration of the Loan Documents (including the preparation, negotiation and execution of any amendments, consents, waivers, assignments, restatements or supplements thereto), including, without limitation, the reasonable and documented fees and disbursements of one lead counsel and one local counsel to the DIP Agent and the DIP Lenders taken as a whole, (c) to pay or reimburse the DIP Lenders, the DIP Agent and each of their respective Affiliates for all their reasonable and documented out of pocket costs and expenses incurred in connection with (i) the enforcement or preservation of any rights under this Agreement, the other Loan Documents and any such other documents, (ii) any refinancing or restructuring of the Loans in the nature of a "work-out" and (iii) any legal proceeding relating to or arising out of the Loans or the other transaction contemplated by the Loan Documents, in each case, including, without limitation, the reasonable and documented fees and disbursements of one lead counsel and one local counsel to the DIP Agent and the DIP Lenders taken as a whole, (d) to pay or reimburse the DIP Lenders, the DIP Agent and each of their respective Affiliates for all their reasonable and documented out-of-pocket costs and expenses incurred in connection with, and to pay, indemnify, and hold the DIP Lenders, DIP Agent and each of their respective Affiliates harmless from and against any and all other liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind or nature whatsoever arising out of or in connection with, the administration, enforcement or preservation of any rights under any Loan Document and any such other documents, including, without limitation, reasonable and documented fees and disbursements of counsel to the DIP Lenders, DIP Agent and their respective Affiliates incurred in connection with the foregoing and in connection with advising the DIP Lenders and DIP Agent with respect to their rights and responsibilities under this Agreement and the documentation relating thereto, (e) to pay, indemnify, and to hold the DIP Lenders, DIP Agent and each of their respective Affiliates harmless from any and all recording and filing fees (other than Other Taxes described in Section 3.1(c)), if any, which may be payable or determined to be payable in connection with the execution and delivery of, or consummation of any of the transactions contemplated by, or any amendment, supplement or modification of, or any waiver or consent under or in respect of, any Loan Document and any such other documents, and (f) to pay, indemnify, and hold the DIP Lenders, the DIP Agent and their respective Affiliates, officers, directors, trustees, agents, attorneys and advisors harmless from and against any and all other liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind or nature whatsoever (including, without limitation, reasonable and documented fees and disbursements of counsel) which may be incurred by or asserted against the DIP Lenders, DIP Agent or each of their respective Affiliates, officers, directors, trustees, agents, attorneys or advisors arising out of or in connection with any investigation, litigation or proceeding related to this Agreement, the other Loan Documents, the proceeds of the Loan and the transactions contemplated by or in respect of such use of proceeds, or any of the other transactions contemplated hereby, whether or not any of the DIP Lender, DIP Agent or such Affiliates, officers, directors or trustees is a party thereto (all the foregoing, collectively, the "***indemnified***

liabilities"); provided that the DIP Borrower shall not have any obligation hereunder with respect to indemnified liabilities of the DIP Lenders and DIP Agent or any of their Affiliates, officers, directors, trustees, agents, attorneys or advisors to the extent such indemnified liabilities are found by a final and non-appealable decision of a court of competent jurisdiction to have resulted from the bad faith, gross negligence, willful misconduct or breach of this Agreement or any other Loan Document by the person seeking indemnification. All amounts due under this Section 12.3 shall be payable not later than 10 Business Days after written demand therefor.

SECTION 12.4 Sale Trigger Date. Notwithstanding anything to the contrary in this Agreement, the parties agree that if an Event of Default occurs under Section 10.1(t) or 10.1(v), the Required DIP Lenders shall have the option to waive such Event of Default and require that the DIP Sale Milestones apply in lieu of the DIP Plan Milestones. Such decision shall be in the sole discretion of the Required DIP Lenders. The date on which the Required DIP Lenders waive an Event of Default under Section 10.1(t) or 10.01(v) and require the DIP Sale Milestones to apply shall be the "***Sale Trigger Date***".

SECTION 12.5 Governing Law; Jurisdiction.

(a) This Agreement shall be governed by and interpreted in accordance with the laws in force in the State of New York of the United States of America and the applicable provisions of the Bankruptcy Code.

(b) Each party hereto hereby irrevocably and unconditionally submits for itself and its property in any legal action or proceeding relating to this Agreement and the other Loan Documents to which it is a party, or for recognition and enforcement of any judgment in respect thereof, to the non-exclusive general jurisdiction of the Bankruptcy Court and, if the Bankruptcy Court does not have (or abstains from) jurisdiction, to the non-exclusive general jurisdiction of any State or Federal court of competent jurisdiction sitting in the State of Delaware, and any appellate court from any thereof, in any action or proceeding arising out of or relating to this Agreement, or for recognition or enforcement of any judgment. 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 the DIP Lender may otherwise have to bring any action or proceeding relating to this Agreement against the DIP Borrower or its properties in the courts of any jurisdiction.

(c) Each party hereto hereby irrevocably and unconditionally waives, to the fullest extent it may legally and effectively do so, any objection that it may now or hereafter have to the laying of venue of any suit, action or proceeding arising out of or relating to any Loan Document in any court referred to in paragraph (b) of this Section 12.5. 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.

SECTION 12.6 WAIVER OF JURY TRIAL. EACH PARTY HERETO HEREBY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN ANY LEGAL PROCEEDING DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO ANY LOAN DOCUMENT OR THE

TRANSACTIONS CONTEMPLATED THEREBY (WHETHER BASED ON CONTRACT, TORT OR ANY OTHER THEORY). EACH PARTY HERETO (A) CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PARTY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER AND (B) ACKNOWLEDGES THAT IT AND THE OTHER PARTIES HERETO HAVE BEEN INDUCED TO ENTER INTO THIS AGREEMENT BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION.

SECTION 12.7 Notices. Except in the case of notices and other communications expressly permitted to be given by telephone, all notices and other communications provided for herein shall be in writing and shall be delivered by hand or overnight courier service, mailed by certified or registered mail or sent by fax or other electronic transmission, as follows:

The DIP Borrower:

c/o Fallbrook Technologies Inc.
505 Cypress Creek Road, Suite L
Cedar Park, TX 78613
Attn: Roger Wood, CEO
Sharon O'Leary, President
Email: roger.wood@fallbrooktech.com
sharon.oleary@fallbrooktech.com

With a copy to:

Shearman & Sterling LLP
599 Lexington Ave.
New York, NY 10022
Attn: Ned S. Schodek
Stephen M. Besen
Email: ned.schodek@shearman.com
sbesen@shearman.com

The DIP Lenders:

Kayne Credit Opportunities Fund (QP), LP
c/o KCOF SLP, L.P.
655 Madison Avenue, 18th Floor
New York, NY 10065
Attn:
Fax:
Email:

With a copy that shall not constitute notice to:

Willkie Farr & Gallagher LLP
787 Seventh Avenue
New York, NY 10019
Attn: Leonard Klingbaum
Fax: 212-728-9290
Email: lklingbaum@willkie.com

provided that any notice, request or demand to or upon the DIP Lenders or DIP Agent shall not be effective until received and; provided, further, that the failure to provide the copies of notices to the DIP Borrower provided for in this Section 12.7 shall not result in any liability to the DIP Lenders or DIP Agent.

SECTION 12.8 Severability. Any provision of this Agreement held to be invalid, illegal or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such invalidity, illegality or unenforceability without affecting the validity, legality and enforceability of the remaining provisions hereof; and the invalidity of a particular provision in a particular jurisdiction shall not invalidate such provision in any other jurisdiction.

SECTION 12.9 Counterparts; Integration; Effectiveness. This Agreement may be executed manually or by facsimile by the parties hereto, in any number of counterparts, each of which shall be considered one and the same agreement and shall become effective when a counterpart hereof shall have been signed by each of the parties and delivered to the other parties hereto. This Agreement and the other Loan Documents constitute the entire contract among the parties relating to the subject matter hereof and supersede any and all previous agreements and understandings, oral or written, relating to the subject matter hereof. Delivery of an executed counterpart of a signature page of this Agreement by facsimile or other electronic means shall be effective as delivery of a manually executed counterpart of this Agreement.

SECTION 12.10 Headings. Article and Section headings used herein are for convenience of reference only, are not part of this Agreement and shall not affect the construction of, or be taken into consideration in interpreting, this Agreement.

ARTICLE 13.
GUARANTY

SECTION 13.1 Guaranty. Each Guarantor unconditionally and irrevocably guarantees to the DIP Agent and the DIP Lenders the full and prompt payment when due (whether at stated maturity, by required prepayment, declaration, acceleration, demand or otherwise) and performance of the Obligations (the "Guaranteed Obligations"). The Guaranteed Obligations include interest that, but for a proceeding under the Bankruptcy Code, would have accrued on such Guaranteed Obligations, whether or not a claim is allowed against the DIP Borrower for such interest in any such proceeding.

SECTION 13.2 Separate Obligation. Each Guarantor acknowledges and agrees that: (i) the Guaranteed Obligations are separate and distinct from any Indebtedness arising under or in connection with any other document, including under any provision of this Agreement other than this Article 13, executed at any time by such Guarantor in favor of the DIP Agent or any DIP Lender; and (ii) such Guarantor shall pay and perform all of the Guaranteed Obligations as required under this Article 13, and the DIP Agent and the DIP Lenders may enforce any and all of their respective rights and remedies hereunder, without regard to any other document, including any provision of this Agreement other than this Article 13 at any time executed by such Guarantor in favor of the DIP Agent or any DIP Lender, irrespective of whether any such other document, or any provision thereof or hereof, shall for any reason become unenforceable or any of the Indebtedness thereunder shall have been discharged, whether by performance, avoidance or otherwise. Each Guarantor acknowledges that, in providing benefits to the DIP Borrower, the DIP Agent and the DIP Lenders are relying upon the enforceability of this Article 13 and the Guaranteed Obligations as separate and distinct Indebtedness of such Guarantor, and each Guarantor agrees that the DIP Agent and the DIP Lenders would be denied the full benefit of their bargain if at any time this Article 13 or the Guaranteed Obligations were treated any differently. The fact that the guaranty is set forth in this Agreement rather than in a separate guaranty document is for the convenience of the DIP Borrower and Guarantors and shall in no way impair or adversely affect the rights or benefits of the DIP Agent and the DIP Lenders under this Article 13. Each Guarantor agrees to execute and deliver a separate document, immediately upon request at any time of the DIP Agent or any DIP Lender, evidencing such Guarantor's obligations under this Article 13. Upon the occurrence of any Event of Default, a separate action or actions may be brought against such Guarantor, whether or not the DIP Borrower, any other Guarantor or any other Person is joined therein or a separate action or actions are brought against the DIP Borrower, any such other Guarantor or any such other Person.

SECTION 13.3 Limitation of Guaranty. To the extent that any court of competent jurisdiction shall impose by final judgment under applicable Laws (including Sections 544 and 548 of the Bankruptcy Code and any similar federal or state Laws) any limitations on the amount of any Guarantor's liability with respect to the Guaranteed Obligations that the DIP Agent or any DIP Lender can enforce under this Article 13, the DIP Agent and DIP Lenders by their acceptance hereof accept such limitation on the amount of such Guarantor's liability hereunder to the extent needed to make this Article 13 fully enforceable and nonavoidable. Notwithstanding any provision to the contrary contained herein or in any other of the Loan Documents or the other documents relating to the Obligations, the obligations of each Guarantor under this Agreement and the other Loan Documents shall not exceed an aggregate amount equal to the largest amount that would not render the obligations of such Guarantor subject to avoidance under applicable bankruptcy Laws.

SECTION 13.4 Liability of Applicable Guarantors. The liability of any Guarantor under this Article 13 shall be irrevocable, absolute, independent and unconditional, and shall not be affected by any circumstance that might constitute a discharge of a surety or guarantor other than the indefeasible payment and performance in full of all Guaranteed Obligations. In furtherance of the foregoing and without limiting the generality thereof, each Guarantor agrees as follows to the maximum extent permitted by applicable Laws:

(a) such Guarantor's liability hereunder shall be the immediate, direct, and primary obligation of such Guarantor and shall not be contingent upon the DIP Agent's or any DIP Lender's exercise or enforcement of any remedy it may have against the DIP Borrower or any other Person, or against any DIP Collateral or other security for any Guaranteed Obligations;

(b) this Guaranty is a guaranty of payment when due and not merely of collectability;

(c) the DIP Agent and the DIP Lenders may enforce this Article 13 upon the occurrence of an Event of Default and for so long as it is continuing notwithstanding the existence of any dispute among the DIP Agent and the DIP Lenders, on the one hand, and DIP Borrower or any other Person, on the other hand, with respect to the existence of such Event of Default;

(d) such Guarantor's payment of a portion, but not all, of the Guaranteed Obligations shall in no way limit, affect, modify or abridge such Guarantor's liability for any portion of the Guaranteed Obligations remaining unsatisfied; and

(e) such Guarantor's liability with respect to the Guaranteed Obligations shall remain in full force and effect without regard to, and shall not be impaired or affected by, nor shall such Guarantor be exonerated or discharged by, any of the following events:

(i) any proceeding under any bankruptcy Law;

(ii) any limitation, discharge, or cessation of the liability of the DIP Borrower or any other Person for any Guaranteed Obligations due to any statute, regulation or rule of law, or any invalidity or unenforceability in whole or in part of any of the Guaranteed Obligations or the Loan Documents;

(iii) any merger, acquisition, consolidation or change in structure of the DIP Borrower or any other Person, or any sale, lease, transfer or other disposition of any or all of the assets or shares of the DIP Borrower or any other Person;

(iv) any assignment or other transfer, in whole or in part, of the DIP Agent's or any DIP Lender's interests in and rights under this Agreement (including this Article 13) or the other Loan Documents;

(v) any claim, defense, counterclaim or setoff, other than that of prior performance, that DIP Borrower, or any other Guarantor may have or assert, including any defense of incapacity or lack of corporate or other authority to execute any of the Loan Documents;

(vi) the DIP Agent's or any DIP Lender's amendment, modification, renewal, extension, cancellation or surrender of any Loan Document or any Guaranteed Obligations;

(vii) the DIP Agent's or any DIP Lender's exercise or non-exercise of any power, right or remedy with respect to any Guaranteed Obligations or any DIP Collateral;

(viii) the DIP Agent's or any DIP Lender's vote, claim, distribution, election, acceptance, action or inaction in any proceeding under any bankruptcy Law; or

(ix) any other guaranty, whether by such Guarantor or any other Person, of all or any part of the Guaranteed Obligations or any other indebtedness, obligations or liabilities of the DIP Borrower to the DIP Agent or any DIP Lender.

SECTION 13.5 Consents of Guarantors. Each Guarantor hereby unconditionally consents and agrees that, without notice to or further assent from such Guarantor:

(a) the principal amount of the Guaranteed Obligations may be increased or decreased and additional indebtedness or obligations of DIP Borrower under the Loan Documents may be incurred and the time, manner, place or terms of any payment under any Loan Document may be extended or changed, by one or more amendments, modifications, renewals or extensions of any Loan Document or otherwise;

(b) the time for DIP Borrower's (or any other Person's) performance of or compliance with any term, covenant or agreement on its part to be performed or observed under any Loan Document may be extended, or such performance or compliance waived, or failure in or departure from such performance or compliance consented to, all in such manner and upon such terms as the DIP Agent and DIP Lenders (as applicable under the relevant Loan Documents) may deem proper;

(c) the DIP Agent and DIP Lenders may request and accept other guaranties and may take and hold security as collateral for the Guaranteed Obligations, and may, from time to time, in whole or in part, exchange, sell, surrender, release, subordinate, modify, waive, rescind, compromise or extend such other guaranties or security and may permit or consent to any such action or the result of any such action, and may apply such security and direct the order or manner of sale thereof; and

(d) the DIP Agent or DIP Lenders may exercise, or waive or otherwise refrain from exercising, any other right, remedy, power or privilege even if the exercise thereof affects or eliminates any right of subrogation or any other right of such Guarantor against the DIP Borrower.

SECTION 13.6 Guarantors' Waivers. Each Guarantor waives and agrees not to assert to the maximum extent permitted by applicable Laws:

(a) any right to require the DIP Agent or any DIP Lender to proceed against the DIP Borrower, any other Guarantor or any other Person, or to pursue any other right, remedy, power or privilege of the DIP Agent or any DIP Lender whatsoever;

(b) the defense of the statute of limitations in any action hereunder or for the collection or performance of the Guaranteed Obligations;

(c) any defense arising by reason of any lack of corporate or other authority or any other defense of the DIP Borrower, such Guarantor or any other Person;

(d) any defense based upon the DIP Agent's or any DIP Lender's errors or omissions in the administration of the Guaranteed Obligations;

(e) any rights of set-offs and counterclaims;

(f) without limiting the generality of the foregoing, to the fullest extent permitted by Law, any defenses or benefits that may be derived from or afforded by applicable Law limiting the liability of or exonerating guarantors or sureties, or that may conflict with the terms of this Article 13; and

(g) any and all notice of the acceptance of this guaranty, and any and all notice of the creation, renewal, modification, extension or accrual of the Guaranteed Obligations, or the reliance by the DIP Agent and DIP Lenders upon this Guaranty, or the exercise of any right, power or privilege hereunder. The Guaranteed Obligations shall conclusively be deemed to have been created, contracted, incurred and permitted to exist in reliance upon this Guaranty. Each Guarantor waives promptness, diligence, presentment, protest, demand for payment, notice of default, dishonor or nonpayment and all other notices to or upon DIP Borrower, each Guarantor or any other Person with respect to the Guaranteed Obligations.

SECTION 13.7 Financial Condition of DIP Borrower. No Guarantor shall have any right to require the DIP Agent or any DIP Lender to obtain or disclose any information with respect to: the financial condition or character of the DIP Borrower or the ability of DIP Borrower to pay and perform the Guaranteed Obligations; the Guaranteed Obligations; any collateral or other security for any or all of the Guaranteed Obligations; the existence or nonexistence of any other guarantees of all or any part of the Guaranteed Obligations; any action or inaction on the part of the DIP Agent or any DIP Lender or any other Person; or any other matter, fact or occurrence whatsoever. Each Guarantor hereby acknowledges that it has undertaken its own independent investigation of the financial condition of DIP Borrower and all other matters pertaining to this Guaranty and further acknowledges that it is not relying in any manner upon any representation or statement of the DIP Agent or any DIP Lender with respect thereto.

SECTION 13.8 Subrogation. Until the Guaranteed Obligations shall be satisfied in full, each Guarantor shall not have, and shall not directly or indirectly exercise: (a) any rights that it may acquire by way of subrogation under this Article 13, by any payment hereunder or otherwise; (b) any rights of contribution, indemnification, reimbursement or similar suretyship claims arising out of this Article 13; or (c) any other right that it might otherwise have or acquire (in any way whatsoever) that could entitle it at any time to share or participate in any right, remedy or security of the DIP Agent or any DIP Lender as against the DIP Borrower or other Guarantors or any other Person, whether in connection with this Article 13, any of the other Loan Documents or otherwise. If any amount shall be paid to any Guarantor on account of the foregoing rights at any time when all the Guaranteed Obligations shall not have been paid in full, such amount shall be held in trust for the benefit of the DIP Agent and DIP Lenders and shall forthwith be paid to the DIP Agent to be credited and applied to the Guaranteed Obligations, whether matured or unmatured, in accordance with the terms of the Loan Documents.

SECTION 13.9 Subordination. All payments on account of all indebtedness, liabilities and other obligations of the DIP Borrower to any Guarantor, whether now existing or hereafter arising, and whether due or to become due, absolute or contingent, liquidated or unliquidated, determined or undetermined (the "***Guarantor Subordinated Debt***") shall be subject, subordinate and junior in right of payment and exercise of remedies, to the extent and in the manner set forth herein, to the Guaranteed Obligations until the Guaranteed Obligations have been paid in full in cash. As long as any of the Guaranteed Obligations have not been paid in full in cash (other than any contingent indemnification obligations arising out of facts and circumstances that are not reasonably identified by the DIP Agent or any DIP Lender at the time of such repayment), each Guarantor shall not accept or receive any payment or distribution by or on behalf of the DIP Borrower or any other Guarantor, directly or indirectly, or assets of the DIP Borrower or any other Guarantor, of any kind or character, whether in cash, property or securities, including on account of the purchase, redemption or other acquisition of Guarantor Subordinated Debt, as a result of any collection, sale or other disposition of collateral, or by setoff, exchange or in any other manner, for or on account of the Guarantor Subordinated Debt ("***Applicable Guarantor Subordinated Debt Payments***"), except that, so long as an Event of Default does not then exist, any Guarantor shall be entitled to accept and receive payments on its Guarantor Subordinated Debt, in accordance with past business practices of such Guarantor and the DIP Borrower (or any other Guarantor) and not in contravention of any Law or the terms of the Loan Documents. If any Guarantor Subordinated Debt Payments shall be received in contravention of this Article 13, such Guarantor Subordinated Debt Payments shall be held in trust for the benefit of the DIP Agent and DIP Lenders and shall be paid over or delivered to the DIP Agent for application to the Guaranteed Obligations until they are paid in full to the extent necessary to give effect to this Article 13 after giving effect to any concurrent payments or distributions to the DIP Agent and DIP Lenders in respect of the Guaranteed Obligations.

SECTION 13.10 Continuing Guaranty. This Guaranty is a continuing guaranty and agreement of subordination and shall continue in effect and be binding upon each Guarantor until termination of the this Agreement and payment and performance in full in cash of the Guaranteed Obligations, including Guaranteed Obligations which may exist continuously or which may arise from time to time under successive transactions, and each Guarantor expressly acknowledges that this guaranty shall remain in full force and effect notwithstanding that there may be periods in which no Guaranteed Obligations exist. This Guaranty shall continue in effect and be binding upon each Guarantor until actual receipt by the DIP Agent of written notice from such Guarantor of its intention to discontinue this Guaranty as to future transactions (which notice shall not be effective until noon on the day that is five Business Days following such receipt); provided that no revocation or termination of this guaranty shall affect in any way any rights of the DIP Agent, or any DIP Lender hereunder with respect to any Guaranteed Obligations arising or outstanding on the date of receipt of such notice, including any subsequent continuation, extension, or renewal thereof, or change in the terms or conditions thereof, or any Guaranteed Obligations made or created after such date to the extent made or created pursuant to a legally binding commitment of any DIP Lender in existence as of the date of such revocation (collectively, "***Existing Guaranteed Obligations***"), and the sole effect of such notice shall be to exclude from this Guaranty Guaranteed Obligations thereafter arising which are unconnected to any Existing Guaranteed Obligations.

SECTION 13.11 Reinstatement. This Guaranty shall continue to be effective or shall be reinstated and revived, as the case may be, if, for any reason, any payment of the Guaranteed Obligations by or on behalf of the DIP Borrower (or receipt of any proceeds of DIP Collateral) shall be rescinded, invalidated, declared to be fraudulent or preferential, set aside, voided or otherwise required to be repaid to the DIP Borrower, its estate, trustee, receiver or any other Person (including under any bankruptcy Law), or must otherwise be restored by the DIP Agent or any DIP Lender, whether as a result of proceedings under any bankruptcy Law or otherwise. All losses, damages, costs and expenses that the DIP Agent, or any DIP Lender may suffer or incur as a result of any voided or otherwise set aside payments shall be specifically covered by the indemnity in favor of the DIP Agent and DIP Lenders contained in Section 12.3.

[Signature Pages Follow]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be effective as of the day and year first above written.

DIP AGENT:

KAYNE CREDIT OPPORTUNITIES FUND (QP), LP

By: _____
Name:
Title:

DIP LENDERS:

KAYNE CREDIT OPPORTUNITIES FUND (QP), LP

By: _____
Name:
Title:

KAYNE CREDIT OPPORTUNITIES FUND, LP

By: _____
Name:
Title:

NW PRIVATE DEBT, LLC

By: _____
Name:
Title:

PHOENIX LIFE INSURANCE COMPANY

By: _____
Name:
Title:

DIP BORROWER:

FALLBROOK TECHNOLOGIES INC.

By: _____
Name:
Title:

GUARANTORS :

FALLBROOK TECHNOLOGIES INTERNATIONAL CO.

HODYON, INC

HODYON FINANCE, INC.

By: _____
Name:
Title:

Schedule I

Initial DIP Commitment

DIP Lender	Percentage Commitment	Dollar Commitment
Kayne Credit Opportunities Fund (QP), LP	77.65%	$3,105,865.52
Kayne Credit Opportunities Fund, LP	1.69%	$67,754.29
NW Private Debt, LLC	16.66%	$666,435.64
Phoenix Life Insurance Company	4.00%	$159,944.55
Totals	**100%**	**$4,000,000.00**

Final DIP Commitment

DIP Lender	Percentage Commitment	Dollar Commitment
Kayne Credit Opportunities Fund (QP), LP	77.65%	$3,105,865.52
Kayne Credit Opportunities Fund, LP	1.69%	$67,754.29
NW Private Debt, LLC	16.66%	$666,435.64
Phoenix Life Insurance Company	4.00%	$159,944.55
Totals	**100%**	**$4,000,000.00**

EXHIBIT C

Form of Joinder Agreement

Joinder Agreement

The undersigned additional Supporting Creditor (the "***Additional Supporting Creditor***" or "***Transferee***") hereby acknowledges that it has reviewed and understands the Restructuring Support Agreement, dated as of [ ], 2018, a copy of which is attached hereto as Annex I (as amended, supplemented or otherwise modified from time to time, the "***Agreement***"), by and among (a) Fallbrook Technologies Inc. ("***Fallbrook***") and Fallbrook Technologies International Co., a Nevada corporation ("***FTI International***," and, together with Fallbrook, the "***Company***") and the Persons named therein as "***Supporting Creditors,***" and that it has been represented, or has had the opportunity to be represented, by counsel with respect to the Agreement. Capitalized terms used and not otherwise defined herein shall have the meanings set forth in the Agreement.

1. *Agreement to be Bound*. The Additional Supporting Creditor hereby agrees to be bound by all of the terms of the Agreement. The Additional Supporting Creditor shall hereafter be deemed to be a "***Supporting Creditor***" and a "***Party***" for all purposes under the Agreement and with respect to all Claims held by such Additional Supporting Creditor.

2. *Representations and Warranties*. The Additional Supporting Creditor hereby makes the representations and warranties of the Supporting Creditors set forth in Section 8 of the Agreement to each other Party or only the Company (as applicable).

3. *Governing Law*. This Joinder Agreement shall be governed by and construed in accordance with the internal laws of the State of Delaware, without regard to any conflicts of law provisions which would require the application of the law of any other jurisdiction.

[THE REMAINDER OF THIS PAGE IS INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, the Additional Supporting Creditor or Transferee has caused this Joinder Agreement to be executed as of the date first written above.

Name of Transferor: _____

Name of Additional Supporting Creditor or Transferee: _____

By: _____

Name: _____

Title: _____

Notice Address:

_____

_____

Attention: _____

with a copy to:

_____

_____

Attention: _____

_____

$_____ aggregate outstanding principal amount of Existing Notes

$_____ aggregate outstanding principal amount of Bridge Notes

$_____ aggregate outstanding principal amount of Convertible Notes

_____ shares of [specify equity interest in Fallbrook]

[Describe any other Claim or other interest in Company]