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

FORM 10-K

x **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended December 31, 2016

OR

o **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from to

Commission File Number 1-71

HEXION INC.
(Exact name of registrant as specified in its charter)

New Jersey	**13-0511250**
(State of incorporation)	**(I.R.S. Employer Identification No.)**
180 East Broad St., Columbus, OH 43215	**614-225-4000**
(Address of principal executive offices)	**(Registrant's telephone number)**

SECURITIES REGISTERED PURSUANT TO SECTION 12(b) OF THE ACT:

Title of each class	Name of each exchange on which registered
None	**None**

(Former name, former address and fiscal year, if changed since last report)

SECURITIES REGISTERED PURSUANT TO SECTION 12(g) OF THE ACT: NONE

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes o No x.

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes o No x.

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes x No o.

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes x No o.

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. x

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

Large accelerated filer o Accelerated filer o Non-accelerated filer x Smaller reporting company o

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes o No x.

At December 31, 2016, the aggregate market value of voting and non-voting common equity of the Registrant held by non-affiliates was zero.

Number of shares of common stock, par value $0.01 per share, outstanding as of the close of business on March 1, 2017: 82,556,847

Documents incorporated by reference. None

HEXION INC.

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PART I

(dollars in millions)

Forward-Looking and Cautionary Statements

Certain statements in this report, including without limitation, certain statements made under Item 1, “Business,” and Item 7, “Management’s Discussion and Analysis of Financial Condition and Results of Operations,” are forward-looking statements within the meaning of and made pursuant to the safe harbor provisions of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. In addition, our management may from time to time make oral forward-looking statements. All statements, other than statements of historical facts, are forward-looking statements. Forward-looking statements may be identified by the words “believe,” “expect,” “anticipate,” “project,” “plan,” “estimate,” “may,” “will,” “could,” “should,” “seek” or “intend” and similar expressions. Forward-looking statements reflect our current expectations and assumptions regarding our business, the economy and other future events and conditions and are based on currently available financial, economic and competitive data and our current business plans. Actual results could vary materially depending on risks and uncertainties that may affect our operations, markets, services, prices and other factors as discussed in the Risk Factors section of this report. While we believe our assumptions are reasonable, we caution you against relying on any forward-looking statements as it is very difficult to predict the impact of known factors, and it is impossible for us to anticipate all factors that could affect our actual results. Important factors that could cause actual results to differ materially from those in the forward-looking statements include, but are not limited to, a weakening of global economic and financial conditions, interruptions in the supply of or increased cost of raw materials, the loss of, or difficulties with the further realization of, cost savings in connection with our strategic initiatives, including transactions with our affiliate, Momentive Performance Materials Inc., the impact of our substantial indebtedness, our failure to comply with financial covenants under our credit facilities or other debt, pricing actions by our competitors that could affect our operating margins, changes in governmental regulations and related compliance and litigation costs and the other factors listed in the Risk Factors section of this report. For a more detailed discussion of these and other risk factors, see the Risk Factors section in this report. All forward-looking statements are expressly qualified in their entirety by this cautionary notice. The forward-looking statements made by us speak only as of the date on which they are made. Factors or events that could cause our actual results to differ may emerge from time to time. We undertake no obligation to publicly update or revise any forward-looking statement as a result of new information, future events or otherwise, except as otherwise required by law.

ITEM 1 - BUSINESS

Overview

Hexion Inc. (“Hexion” or the “Company”), a New Jersey corporation with predecessors dating from 1899, is the world’s largest producer of thermosetting resins, or thermosets, and a leading producer of adhesive and structural resins and coatings. Thermosets are a critical ingredient in virtually all paints, coatings, glues and other adhesives produced for consumer or industrial uses. The type of thermoset used, and how it is formulated, applied and cured, determines its key attributes, such as durability, gloss, heat resistance, adhesion or strength of the final product. Thermosetting resins include materials such as phenolic resins, epoxy resins, polyester resins, acrylic resins and urethane resins.

Our direct parent is Hexion LLC, a holding company and wholly owned subsidiary of Hexion Holdings LLC (“Hexion Holdings”), the ultimate parent entity of Hexion. Hexion Holdings is controlled by investment funds managed by affiliates of Apollo Management Holdings, L.P. (together with Apollo Global Management, LLC and its subsidiaries, “Apollo”). Apollo may also be referred to as the Company’s owner.

Our business is organized based on the products we offer and the markets we serve. At December 31, 2016, we had two reportable segments: Epoxy, Phenolic and Coating Resins and Forest Products Resins.

Products and Markets

We have a broad range of thermoset resin technologies, with high quality research, applications development and technical service capabilities. We provide a broad array of thermosets and associated technologies, and have significant market positions in each of the key markets that we serve.

Our products are used in thousands of applications and are sold into diverse markets, such as forest products, architectural and industrial paints, packaging, consumer products, composites and automotive coatings. Major industry sectors that we serve include industrial/marine, construction, consumer/durable goods, automotive, wind energy, aviation, electronics, architectural, civil engineering, repair/remodeling and oil and gas field support. The diversity of our products limits our dependence on any one market or end-use. We have a history of product innovation and success in introducing new products to new markets, as evidenced by more than 800 granted patents, the majority of which relate to the development of new products and manufacturing processes.

As of December 31, 2016, we had 55 active production sites around the world. Through our worldwide network of strategically located production facilities, we serve more than 4,200 customers in approximately 100 countries. Our position in certain additives, complementary materials and services further enables us to leverage our core thermoset technologies and provide our customers with a broad range of product solutions. As a result of our focus on innovation and a high level of technical service, we have cultivated long-standing customer relationships. Our global customers include leading companies in their respective industries, such as 3M, Akzo Nobel, BASF, Bayer, Dow, Louisiana Pacific, Monsanto, Owens Corning, PPG Industries, Valspar and Weyerhaeuser.

Industry & Competitors

We are a large participant in the specialty chemicals industry. Thermosetting resins are generally considered specialty chemical products because they are sold primarily on the basis of performance, technical support, product innovation and customer service. However, as a result of the impact of the ongoing global economic volatility and overcapacity in certain markets, certain of our competitors have focused more on price to retain business and market share, which we have followed in certain markets to maintain market share and remain a market leader.

We compete with many companies in most of our product lines, including large global chemical companies and small specialty chemical companies. No single company competes with us across all of our segments and existing product lines. The principal competitive factors in our industry include technical service, breadth of product offerings, product innovation, product quality and price. Some of our competitors are larger and have greater financial resources, less debt and better access to the capital markets than we do. As a result, they may be better able to withstand adverse changes in industry conditions, including pricing, and the economy as a whole. As a result, our competitors may have more resources to support continued expansion than we do. Some of our competitors also have a greater range of products and may be more vertically integrated than we are within specific product lines or geographies.

We believe that the principal factors that contribute to success in the specialty chemicals market, and our ability to maintain our position in the markets we serve, are (i) consistent delivery of high-quality products; (ii) favorable process economics; (iii) the ability to provide value to customers through both product attributes and strong technical service and (iv) an international footprint and presence in growing and developing markets.

Our Businesses

The following is a discussion of our reportable segments, their corresponding major product lines and the primary end-use applications of our key products as of December 31, 2016.

Epoxy, Phenolic and Coating Resins Segment
2016 Net Sales: $2,094

Epoxy Specialty Resins

We are a leading producer of epoxy specialty resins, modifiers and curing agents in Europe and the United States with a global reach to our end markets, which include emerging regions such as China and Latin America. Epoxy resins are the fundamental component of many types of materials and are often used in the automotive, construction, wind energy, aerospace and electronics industries due to their superior adhesion, strength and durability. We internally consume approximately 30% of our liquid epoxy resin (“LER”) production in specialty composite, coating and adhesive applications, which ensures a consistent supply of our required intermediate materials. Our position in basic epoxy resins, along with our technology and service expertise, has enabled us to offer formulated specialty products in certain markets. In composites, our specialty epoxy products are used either as replacements for traditional materials such as metal, wood and ceramics, or in applications where traditional materials do not meet demanding engineering specifications.

We are a leading producer of resins that are used in fiber reinforced composites. Composites are a fast growing class of materials that are used in a wide variety of applications ranging from aircraft components and wind turbine blades to sports equipment, and increasingly in automotive and transportation. We supply epoxy resin systems to composite fabricators in the wind energy, automotive and pipe markets.

Epoxy specialty resins are also used for a variety of high-end coating applications that require the superior adhesion, corrosion resistance and durability of epoxy, such as protective coatings for industrial flooring, pipe, marine and construction applications and automotive coatings. Epoxy-based surface coatings are among the most widely used industrial coatings due to their long service life and broad application functionality combined with overall economic efficiency. We also leverage our resin and additives position to supply custom resins to specialty coatings formulators.

Products	Key Applications
Adhesive Applications:	
Civil Engineering	Building and bridge construction, concrete enhancement and corrosion protection
Adhesives	*Automotive*: hem flange adhesives and panel reinforcements
	Construction: ceramic tiles, chemical dowels and marble
	Aerospace: metal and composite laminates
	Electronics: chip adhesives and solder masks
Electrical Applications:	
Electronic Resins	Unclad sheets, paper impregnation and electrical laminates for printed circuit boards
Electrical Castings	Generators and bushings, transformers, medium and high-voltage switch gear components, post insulators, capacitors and automotive ignition coils

Principal Competitors: Olin, Nan Ya, Huntsman, Spolchemie, Leuna Harze and Aditya Birla (Thai Epoxy)

Products	Key Applications
Composites:	
Composite Epoxy Resins	Pipes and tanks, automotive, sports (ski, snowboard, golf), boats, construction, aerospace, wind energy and industrial applications

Principal Competitors: Olin, Cytec-Solvay Group, BASF, Aditya Birla (Thai Epoxy), Gurit, Huntsman and Swancor

Products	Key Applications
Coating Applications:	
Floor Coatings (LER, Solutions, Performance Products)	Chemically resistant, antistatic and heavy duty flooring used in hospitals, the chemical industry, electronics workshops, retail areas and warehouses
Ambient Cured Coatings (LER, Solid Epoxy Resin ("SER") Solutions, Performance Products)	Marine (manufacturing and maintenance), shipping containers and large steel structures (such as bridges, pipes, plants and offshore equipment)
Waterborne Coatings (EPI-REZ™ Epoxy Waterborne Resins)	Substitutes of solvent-borne products in both heat cured and ambient cured applications

Principal Competitors: Olin, Huntsman, Nan Ya, Air Products and Cytec-Solvay Group

Basic Epoxy Resins and Intermediates

We are one of the world's largest suppliers of basic epoxy resins, such as solid epoxy resin ("SER") and LER. These base epoxies are used in a wide variety of industrial coatings applications. In addition, we are a major producer of bisphenol-A ("BPA") and epichlorohydrin ("ECH"), key precursors in the downstream manufacture of basic epoxy resins and epoxy specialty resins. We internally consume the majority of our BPA, and all of our ECH, which ensures a consistent supply of our required intermediate materials.

Products	Key Applications
Electrocoat (LER, SER, BPA)	Automotive, general industry and white goods (such as appliances)
Powder Coatings (SER, Performance Products)	White goods, pipes for oil and gas transportation, general industry (such as heating radiators) and automotive (interior parts and small components)
Heat Cured Coatings (LER, SER)	Metal packaging and coil-coated steel for construction and general industry

Principal Competitors: Olin, Huntsman, Nan Ya and the Formosa Plastics Group, Leuna, Kukdo and other Korean producers

Versatic Acids and Derivatives

We are the world's largest producer of Versatic acids and derivatives. Versatic acids and derivatives are specialty monomers that provide significant performance advantages for finished coatings, including superior adhesion, hydrolytic stability, water resistance, appearance and ease of application. Our products include basic Versatic acids and derivatives sold under the Versatic™, VEOVA™ vinyl ester and CARDURA™ glycidyl ester names. Applications for these specialty monomers include decorative, automotive and protective coatings, as well as other uses, such as adhesives and intermediates.

Products	Key Applications
CARDURA™ glycidyl ester	Automotive repair/refinishing, automotive original equipment manufacturing ("OEM") and industrial coatings
Versatic™ Acids	Chemical intermediates (e.g., for peroxides, pharmaceuticals and agrochemicals) and adhesion promoters (e.g., for tires)
VEOVA™ vinyl ester	Architectural coatings, construction and adhesives

Principal Competitors: ExxonMobil and Hebei Shield Excellence Technology

Phenolic Specialty Resins and Molding Compounds

We are one of the leading producers of phenolic specialty resins, which are used in applications that require extreme heat resistance and strength, such as after-market automotive and OEM truck brake pads, filtration, aircraft components and foundry resins. These products are sold under globally recognized brand names such as BORDEN, BAKELITE, DURITE and CELLOBOND. Our phenolic specialty resins are known for their binding qualities and are used widely in the production of mineral wool and glass wool used for commercial and domestic insulation applications.

We have expanded our phenolic specialty resins business in select regions where we believe there are prospects for strong long-term growth. In the second half of 2015, we acquired the remaining 50% interest in a joint venture that constructed a phenolic specialty resins manufacturing facility in China. This facility produces a full range of specialty novolac and resole phenolic resins used in a diverse range of applications, including refractories, friction and abrasives to support the growing auto and consumer markets in China, as well as exports.

Products	Key Applications
Phenolic Specialty Resins:	
Composites and Electronic Resins	Aircraft & rail components, ballistic applications, industrial grating, pipe, jet engine components, computer chip encasement and photolithography
Automotive Phenol Formaldehyde Resins	Acoustical insulation, engine filters, brakes, friction materials, interior components, molded electrical parts and assemblies
Construction Phenol Formaldehyde Resins and Urea Formaldehyde Resins	Fiberglass insulation, floral foam, insulating foam, lamp cement for light bulbs, molded appliance and electrical parts, molding compounds, sandpaper, fiberglass mat and coatings
Molding Compounds:	
Phenolic, Epoxy, Unsaturated Polyesters	High performance automotive transmissions and under-hood components, heat resistant knobs and bases, switches and breaker components, pot handles and ashtrays
Glass	High load, dimensionally stable automotive underhood parts and commutators

Principal Competitors: Sumitomo (Durez), SI Group, Plenco, Dynea International, Arclin, Georgia-Pacific and Shenquan

Phenolic Encapsulated Substrates

We are a leading producer of phenolic resin encapsulated sand and ceramic substrates that are used in oil field applications. Our highly specialized compounds and resins are designed to perform well under extreme conditions, such as intense heat, high-closure stress and corrosive environments, that characterize oil and gas drilling. Our resin encapsulated proppants are also used to enhance oil and gas recovery rates and extend well life.

Products	Key Applications
Oil & Gas Stimulation Services Applications:	
Resin Encapsulated Proppants	Oil and gas fracturing

Principal Competitors: Carbo Ceramics, Santrol, Preferred Sands, Patriot Proppants and Atlas Resins

Forest Products Resins Segment
2016 Net Sales: $1,344

Formaldehyde Based Resins and Intermediates

We are the leading producer of formaldehyde-based resins for the North American forest products industry, and also hold significant positions in Europe, Latin America, Australia and New Zealand. Formaldehyde-based resins, also known as forest products resins, are a key adhesive and binding ingredient used in the production of a wide variety of engineered lumber products, including medium-density fiberboard (“MDF”), particleboard, oriented strand board (“OSB”) and various types of plywood and laminated veneer lumber (“LVL”). These products are used in a wide range of applications in the construction, remodeling and furniture industries. Forest products resins have relatively short shelf lives, and as such, our manufacturing facilities are strategically located in close proximity to our customers.

In addition, we are a significant producer of formaldehyde, a key raw material used to manufacture thousands of other chemicals and products, including the manufacture of methylene diphenyl diisocyanate (“MDI”) and butanediol (“BDO”). Nearly all of our formaldehyde requirements for the production of forest products resins are provided by internal production, giving us a competitive advantage versus our non-integrated competitors.

In the second half of 2015, we completed the expansion of our forest products resins manufacturing capacity in Brazil and the construction of a new formaldehyde plant in North America. In addition, we finalized construction of an additional formaldehyde plant in North America in early 2016. This added capacity has enhanced our ability to leverage the expected long-term growth in these regions.

Products	Key Applications
Forest Products Resins:	
Engineered Wood Resins	Softwood and hardwood plywood, OSB, LVL, particleboard, MDF and decorative laminates
Specialty Wood Adhesives	Laminated beams, structural and nonstructural fingerjoints, wood composite I-beams, cabinets, doors, windows, furniture, molding and millwork and paper laminations
Wax Emulsions	Moisture resistance for panel boards and other specialty applications
Formaldehyde Applications:	
Formaldehyde	MDI, BDO, herbicides and fungicides, scavengers for oil and gas production, fabric softeners, urea formaldehyde resins, phenol formaldehyde resins, melamine formaldehyde resins, hexamine and other catalysts

Principal Competitors: Arclin, Georgia-Pacific, Huntsman, BASF, Covestro and DB Western Inc.

For additional information about our segments, see Note 16 to our Consolidated Financial Statements in Item 8 of Part II of this Annual Report on Form 10-K.

Marketing, Customers and Seasonality

Our products are sold to industrial users worldwide through a combination of a direct sales force that services our larger customers and third-party distributors that more cost-effectively serve our smaller customers. Our customer service and support network is made up of key regional customer service centers. We have global account teams that serve the major needs of our global customers for technical service and supply and commercial term requirements. Where operating and regulatory factors vary from country to country, these functions are managed locally.

In 2016, our largest customer accounted for approximately 2% of our net sales, and our top ten customers accounted for approximately 13% of our net sales. Neither our overall business nor any of our reporting segments depends on any single customer or a particular group of customers; therefore, the loss of any single customer would not have a material adverse effect on either of our two reporting segments or the Company as a whole. Our primary customers are manufacturers, and the demand for our products is seasonal in certain of our businesses, with the highest demand in the summer months and lowest in the winter months. Therefore, the dollar amount of our backlog orders as of December 31, 2016 is not significant. Demand for our products can also be cyclical, as general economic health and industrial and commercial production levels are key drivers for our business.

International Operations

Our non-U.S. operations accounted for 60%, 60% and 57% of our sales in 2016, 2015 and 2014, respectively. While our international operations may be subject to a number of additional risks, such as exposure to foreign currency exchange risk, we do not believe that our foreign operations, on the whole, carry significantly greater risk than our operations in the United States. We plan to grow our business in the Asia-Pacific, European and Latin American markets, where the use of our products is increasing. Information about sales by geographic region for the past three years and long-lived assets by geographic region for the past two years can be found in Note 16 in Item 8 of Part II of this Annual Report on Form 10-K. More information about our methods and actions to manage exchange risk and interest rate risk can be found in Item 7A of Part II of this Annual Report on Form 10-K.

Raw Materials

Raw material costs accounted for approximately 70% of our cost of sales in 2016. In 2016, we purchased approximately $2.1 billion of raw materials. The three largest raw materials that we use are phenol, methanol and urea, which collectively represented approximately 40% of our total raw material expenditures in 2016. The majority of raw materials that we use to manufacture our products are available from more than one source, and are readily available in the open market. We have long-term purchase agreements for certain raw materials that ensure the availability of adequate supply. These agreements generally have periodic price adjustment mechanisms and do not have minimum annual purchase requirements. Smaller quantity materials that are single sourced generally have long-term supply contracts to maximize supply reliability. Prices for our main feedstocks are generally driven by underlying petrochemical benchmark prices and energy costs, which are subject to price fluctuations. Although we seek to offset increases in raw material prices with increases in our product prices, we may not always be able to do so, and there are periods when price increases lag behind raw material price increases.

Research and Development

Our research and development activities are geared to developing and enhancing products, processes and application technologies so that we can maintain our position as the world’s largest producer of thermosetting resins. We focus on:

- developing new or improved applications based on our existing product lines and identified market trends;
- developing new resin products and applications for customers to improve their competitive advantage and profitability;
- providing premier technical service for customers of specialty products;
- providing technical support for manufacturing locations and assisting in optimizing our manufacturing processes;
- ensuring that our products are manufactured consistent with our global environmental, health and safety policies and objectives;
- developing lower cost manufacturing processes globally; and
- expanding our production capacity.

We have over 350 scientists and technicians worldwide. Our research and development facilities include a broad range of synthesis, testing and formulating equipment and small-scale versions of customer manufacturing processes for applications development and demonstration.

More recently, we have focused research and development resources on the incorporation of green chemistry principles into technology innovations to remain competitive and to address our customers’ demands for more environmentally preferred solutions. Our efforts have focused on developing resin technologies that reduce emissions, maximize efficiency and increase the use of bio-based raw materials. Some examples of meaningful results of our investment in the development of green products include:

- EPIKOTE™ / EPIKURE™ epoxy systems for wind energy applications, which provide superior mechanical and process properties, reducing air emissions when hours of energy are created;
- EPIKOTE™ and Bakelite® resin systems for automotive applications, which produce lightweight automotive composite components and other automotive parts that allow customers to build cars with better mileage, reducing air emissions without sacrificing performance;
- EcoBind™ Resin Technology, an ultra low-emitting binder resin used to produce engineered wood products; and
- Epi-Rez™ Epoxy Waterborne Resins, which provide for lower volatile organic compounds, reducing air emissions.

In 2016, 2015 and 2014, our research and development and technical services expense was $59, $65 and $72, respectively ($3, $6 and $6, respectively, of these expenses relate to divested businesses). We take a customer-driven approach to discover new applications and processes and provide customer service through our technical staff. Through regular direct contact with our key customers, our research and development associates can become aware of evolving customer needs in advance, and can anticipate their requirements to more effectively plan customer programs. We also focus on continuous improvement of plant yields and production capacity and reduction of fixed costs.

Intellectual Property

As of December 31, 2016, we own, license or have rights to over 800 granted patents and over 1,200 registered trademarks, as well as various patent and trademark applications and technology licenses around the world, which we currently use or hold for use in our operations. A majority of our patents relate to developing new products and processes for manufacturing and will expire between 2017 and 2034. We renew our trademarks on a regular basis. While we view our patents and trademarks to be valuable, because of the broad scope of our products and services, we do not believe that the loss or expiration of any single patent or trademark would have a material adverse effect on our results of operations, financial position or the continuation of our business.

Industry Regulatory Matters

Domestic and international laws regulate the production and marketing of chemical substances. Almost every country has its own legal procedures for registration and import. Of these, the laws and regulations in the European Union, the United States (Toxic Substances Control Act) and China are the most significant to our business. Additionally, other laws and regulations may also limit our expansion into other countries. Chemicals that are not included on one or more of these, or any other country’s chemical inventory lists, can usually be registered and imported, but may first require additional testing or submission of additional administrative information.

The European Commission enacted a regulatory system in 2006, known as Registration, Evaluation, Authorization and Restriction of Chemical substances (“REACH”), which requires manufacturers, importers and consumers of certain chemicals to register these chemicals and evaluate their potential impact on human health and the environment. As REACH matures, significant market restrictions could be imposed on the current and future uses of chemical products that we use as raw materials or that we sell as finished products in the European Union. Other countries may also enact similar regulations.

Environmental Regulations

Our policy is to operate our plants in a manner that protects the environment and health and safety of our employees, customers and communities. We have implemented company-wide environmental, health and safety policies managed by our Environmental, Health and Safety ("EH&S") department and overseen by the EH&S Committee of Hexion Holdings' Board of Managers. Our EH&S department provides support and oversight to our operations worldwide to ensure compliance with environmental, health and safety laws and regulations. This responsibility is executed via training, communication of EH&S policies, formulation of relevant policies and standards, EH&S audits and incident response planning and implementation. Our EH&S policies include systems and procedures that govern environmental emissions, waste generation, process safety management, handling, storage and disposal of hazardous substances, worker health and safety requirements, site security, emergency planning and response and product stewardship.

Our operations involve the use, handling, processing, storage, transportation and disposal of hazardous materials, and we are subject to extensive environmental regulation at the federal, state and international levels. We are also exposed to the risk of claims for environmental remediation or restoration. Our production facilities require operating permits that are subject to renewal or modification. Violations of environmental laws or permits may result in restrictions being imposed on operating activities, substantial fines, penalties, damages or other costs. In addition, statutes such as the federal Comprehensive Environmental Response, Compensation and Liability Act and comparable state and foreign laws impose strict, joint and several liability for investigating and remediating the consequences of spills and other releases of hazardous materials, substances and wastes at current and former facilities, as well as third-party disposal sites. Other laws permit individuals to seek recovery of damages for alleged personal injury or property damage due to exposure to hazardous substances and conditions at our facilities or to hazardous substances otherwise owned, sold or controlled by us. Therefore, notwithstanding our commitment to environmental management and environmental health and safety, we may incur liabilities in the future, and these liabilities may result in a material adverse effect on our business, financial condition, results of operations or cash flows.

Although our environmental policies and practices are designed to ensure compliance with international, federal and state laws and environmental regulations, future developments and increasingly stringent regulation could require us to make additional unforeseen environmental expenditures. In addition, our former operations, including our ink, wallcoverings, film, phosphate mining and processing, thermoplastics and food and dairy operations, may give rise to claims relating to our period of ownership.

We expect to incur future costs for capital improvements and general compliance under environmental, health and safety laws, including costs to acquire, maintain and repair pollution control equipment. In 2016, we incurred related capital expenditures of $23. We estimate that capital expenditures in 2017 for environmental controls at our facilities will be between $20 and $25. This estimate is based on current regulations and other requirements, but it is possible that a material amount of capital expenditures, in addition to those we currently anticipate, could be necessary if these regulations or other requirements or other facts change.

Employees

At December 31, 2016, we had approximately 4,300 employees. Approximately 37% of our employees are members of a labor union or are represented by workers' councils that have collective bargaining agreements, including most of our European employees. We believe that we have good relations with our union and non-union employees.

Our Board of Directors and sole shareholder expect honest and ethical conduct from every employee. We strive to adhere to the highest ethical standards in the conduct of our business and to comply with all laws and regulations that are applicable to the business. Each employee has a responsibility to maintain and advance the ethical values of the Company. In support of this, our employees receive training to emphasize the importance of compliance with our Code of Business Ethics.

Where You Can Find More Information

The public may read and copy any materials that we file with the Securities and Exchange Commission (the "SEC") at the SEC's Public Reference Room at 100 F Street, NW, Washington, DC 20549. The public may obtain information about the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330. In addition, our Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K and amendments to these reports are available free of charge to the public through our internet website at www.hexion.com under "Investor Relations - SEC Filings" or on the SEC's website at www.sec.gov.

ITEM 1A - RISK FACTORS

Following are our principal risks. These factors may or may not occur, and we cannot express a view on the likelihood that any of these may occur. Other factors may exist that we do not consider significant based on information that is currently available or that we are not currently able to anticipate. Any of the following risks could materially adversely affect our business, financial condition or results of operations and prospects.

Risks Related to Our Business

If global economic conditions are weak or deteriorate, it will negatively impact our business operations, results of operations and financial condition.

Global economic and financial market conditions, including severe market disruptions like in late 2008 and 2009 and the potential for a significant and prolonged global economic downturn, have impacted or could continue to impact our business operations in a number of ways including, but not limited to, the following:

- reduced demand in key customer segments, such as oil and gas, automotive, building, construction and electronics, compared to prior years;
- payment delays by customers and reduced demand for our products caused by customer insolvencies and/or the inability of customers to obtain adequate financing to maintain operations. This situation could cause customers to terminate existing purchase orders and reduce the volume of products they purchase from us and further impact our customers' ability to pay our receivables, requiring us to assume additional credit risk related to these receivables or limit our ability to collect receivables from that customer;
- insolvency of suppliers or the failure of suppliers to meet their commitments resulting in product delays;
- more onerous credit and commercial terms from our suppliers such as shortening the required payment period for outstanding accounts receivable or reducing or eliminating the amount of trade credit available to us; and
- potential delays in accessing our senior secured asset based revolving credit facility (the "ABL Facility") or obtaining new credit facilities on terms we deem commercially reasonable or at all, and the potential inability of one or more of the financial institutions included in our syndicated ABL Facility to fulfill their funding obligations. Should a bank in our syndicated ABL Facility be unable to fund a future draw request, we could find it difficult to replace that bank in the facility.

Global economic conditions may remain volatile or deteriorate. Any weakening of economic conditions would likely exacerbate the negative effects described above, could significantly affect our liquidity which may cause us to defer needed capital expenditures, reduce research and development or other spending, defer costs to achieve productivity and synergy programs or sell assets or incur additional borrowings which may not be available or may only be available on terms significantly less advantageous than our current credit terms and could result in a wide-ranging and prolonged impact on general business conditions, thereby negatively impacting our business, results of operations and financial condition. In addition, if the global economic environment deteriorates or remains slow for an extended period of time, the fair value of our reporting units could be more adversely affected than we estimated in our analysis of reporting unit fair values at October 1, 2016. This could result in additional goodwill or other asset impairments, which could negatively impact our business, results of operations and financial condition.

Due to continued worldwide economic volatility and uncertainty, the short-term outlook for our business is difficult to predict. Although certain global markets have improved, a continued or increasing lack of consumer confidence could lead to stagnant demand for many of our products within both of our reportable segments into 2017.

Fluctuations in direct or indirect raw material costs could have an adverse impact on our business.

Raw materials costs made up approximately 70% of our cost of sales in 2016. The prices of our direct and indirect raw materials have been, and we expect them to continue to be, volatile. If the cost of direct or indirect raw materials increases significantly and we are unable to offset the increased costs with higher selling prices, our profitability will decline. Increases in prices for our products could also hurt our ability to remain both competitive and profitable in the markets in which we compete.

Although some of our materials contracts include competitive price clauses that allow us to buy outside the contract if market pricing falls below contract pricing, and certain contracts have minimum-maximum monthly volume commitments that allow us to take advantage of spot pricing, we may be unable to purchase raw materials at market prices. In addition, some of our customer contracts have fixed prices for a certain term, and as a result, we may not be able to pass on raw material price increases to our customers immediately, if at all. Due to differences in timing of the pricing trigger points between our sales and purchase contracts, there is often a "lead-lag" impact. In many cases this "lead-lag" impact can negatively impact our margins in the short term in periods of rising raw material prices and positively impact them in the short term in periods of falling raw material prices. Future raw material prices may be impacted by new laws or regulations, suppliers' allocations to other purchasers, changes in our supplier manufacturing processes as some of our products are byproducts of these processes, interruptions in production by suppliers, natural disasters, volatility in the price of crude oil and related petrochemical products and changes in exchange rates.

An inadequate supply of direct or indirect raw materials and intermediate products could have a material adverse effect on our business.

Our manufacturing operations require adequate supplies of raw materials and intermediate products on a timely basis. The loss of a key source or a delay in shipments could have a material adverse effect on our business. Raw material availability may be subject to curtailment or change due to, among other things:

- new or existing laws or regulations;
- suppliers' allocations to other purchasers;
- interruptions in production by suppliers; and
- natural disasters.

Many of our raw materials and intermediate products are available in the quantities we require from a limited number of suppliers. Should any of our key suppliers fail to deliver these raw materials or intermediate products to us or no longer supply us, we may be unable to purchase these materials in necessary quantities, which could adversely affect our volumes, or may not be able to purchase them at prices that would allow us to remain competitive. During the past several years, certain of our suppliers have experienced force majeure events rendering them unable to deliver all, or a portion of, the contracted-for raw materials. On these occasions, we have been forced to limit production or were forced to purchase replacement raw materials in the open market at significantly higher costs or place our customers on an allocation of our products. In the past, some of our customers have chosen to discontinue or decrease the use of our products as a result of these measures. We have experienced, and expect to continue to experience, force majeure events by certain of our suppliers which have had significant negative impacts on our business. For example, in 2014, Shell notified us of a supply interruption event at its Moerdijk, Netherlands facility, which provides key raw materials to us, and this event resulted in us allocating certain products to our customers through mid-2015, at which point the disruption was resolved. In addition, we cannot predict whether new regulations or restrictions may be imposed in the future which may result in reduced supply or further increases in prices. We cannot assure investors that we will be able to renew our current materials contracts or enter into replacement contracts on commercially acceptable terms, or at all. Fluctuations in the price of these or other raw materials or intermediate products, the loss of a key source of supply or any delay in the supply could result in a material adverse effect on our business.

Our production facilities are subject to significant operating hazards which could cause environmental contamination, personal injury and loss of life, and severe damage to, or destruction of, property and equipment.

Our production facilities are subject to hazards associated with the manufacturing, handling, storage and transportation of chemical materials and products, including human exposure to hazardous substances, pipeline and equipment leaks and ruptures, explosions, fires, inclement weather and natural disasters, mechanical failures, unscheduled downtime, transportation interruptions, remedial complications, chemical spills, discharges or releases of toxic or hazardous substances or gases, storage tank leaks and other environmental risks. Additionally, a number of our operations are adjacent to operations of independent entities that engage in hazardous and potentially dangerous activities. Our operations or adjacent operations could result in personal injury or loss of life, severe damage to or destruction of property or equipment, environmental damage, or a loss of the use of all or a portion of one of our key manufacturing facilities. Such events at our facilities, or adjacent third-party facilities, could have a material adverse effect on us.

We may incur losses beyond the limits or coverage of our insurance policies for liabilities that are associated with these hazards. In addition, various kinds of insurance for companies in the chemical industry have not been available on commercially acceptable terms, or, in some cases, have been unavailable altogether. In the future, we may not be able to obtain coverage at current levels, and our premiums may increase significantly on coverage that we maintain.

Environmental obligations and liabilities could have a substantial negative impact on our financial condition, cash flows and profitability.

Our operations involve the use, handling, processing, storage, transportation and disposal of hazardous materials and are subject to extensive and complex U.S. federal, state, local and non-U.S. supranational, national, provincial, and local environmental, health and safety laws and regulations. These environmental laws and regulations include those that govern the discharge of pollutants into the air and water, the generation, use, storage, transportation, treatment and disposal of hazardous materials and wastes, the cleanup of contaminated sites, occupational health and safety and those requiring permits, licenses, or other government approvals for specified operations or activities. Our products are also subject to a variety of international, national, regional, state, and provincial requirements and restrictions applicable to the manufacture, import, export or subsequent use of such products. In addition, we are required to maintain, and may be required to obtain in the future, environmental, health and safety permits, licenses, or government approvals to continue current operations at most of our manufacturing and research facilities throughout the world.

Compliance with environmental, health and safety laws and regulations, and maintenance of permits, can be costly and complex, and we have incurred and will continue to incur costs, including capital expenditures and costs associated with the issuance and maintenance of letters of credit, to comply with these requirements. In 2016, we incurred capital expenditures of $23 to comply with environmental, health and safety laws and regulations and to make other environmental improvements. If we are unable to comply with environmental, health and safety laws and regulations, or maintain our permits, we could incur substantial costs, including fines and civil or criminal sanctions, third party property damage or personal injury claims or costs associated with upgrades to our facilities or changes in our manufacturing processes in order to achieve and maintain compliance, and may also be required to halt permitted activities or operations until any necessary permits can be obtained or complied with. In addition, future developments or increasingly stringent regulations could require us to make additional unforeseen environmental expenditures, which could have a material adverse effect on our business.

Environmental, health and safety requirements change frequently and have tended to become more stringent over time. We cannot predict what environmental, health and safety laws and regulations or permit requirements will be enacted or amended in the future, how existing or future laws or regulations will be interpreted or enforced or the impact of such laws, regulations or permits on future production expenditures, supply chain or sales. Our costs of compliance with current and future environmental, health and safety requirements could be material. Such future requirements include legislation designed to reduce emissions of carbon dioxide and other substances associated with climate change ("greenhouse gases"). The European Union has enacted greenhouse gas emissions legislation and continues to expand the scope of such legislation. The U.S. Environmental Protection Agency (the "USEPA") has promulgated regulations applicable to projects involving greenhouse gas emissions above a certain threshold, and the United States and certain states within the United States have enacted, or are considering, limitations on greenhouse gas emissions. These requirements to limit greenhouse gas emissions could significantly increase our energy costs, and may also require us to incur material capital costs to modify our manufacturing facilities.

In addition, we are subject to liability associated with hazardous substances in soil, groundwater and elsewhere at a number of sites. These include sites that we formerly owned or operated and sites where hazardous wastes and other substances from our current and former facilities and operations have been sent, treated, stored, or recycled or disposed of, as well as sites that we currently own or operate. Depending upon the circumstances, our liability may be strict, joint and several, meaning that we may be held responsible for more than our proportionate share, or even all, of the liability involved regardless of our fault or whether we are aware of the conditions giving rise to the liability. Environmental conditions at these sites can lead to environmental cleanup liability and claims against us for personal injury or wrongful death, property damages and natural resource damages, as well as to claims and obligations for the investigation and cleanup of environmental conditions. The extent of any of these liabilities is difficult to predict, but in the aggregate such liabilities could be material.

We have been notified that we are or may be responsible for environmental remediation at a number of sites in North America, Europe and South America. We are also performing a number of voluntary cleanups. The most significant sites at which we are performing or participating in environmental remediation are sites formerly owned by us in Geismar, Louisiana and Plant City, Florida. As the result of former, current or future operations, there may be additional environmental remediation or restoration liabilities or claims of personal injury by employees or members of the public due to exposure or alleged exposure to hazardous materials in connection with our operations, properties or products. Sites sold by us in past years may have significant site closure or remediation costs and our share, if any, may be unknown to us at this time. These environmental liabilities or obligations, or any that may arise or become known to us in the future, could have a material adverse effect on our financial condition, cash flows and profitability.

Future chemical regulatory actions may decrease our profitability.

Several governmental agencies have enacted, are considering or may consider in the future, regulations that may impact our ability to sell certain chemical products in certain geographic areas. In December 2006, the European Union enacted a regulation known as REACH, which stands for Registration, Evaluation and Authorization of Chemicals. This regulation requires manufacturers, importers and consumers of certain chemicals manufactured in, or imported into, the European Union to register such chemicals and evaluate their potential impacts on human health and the environment. The implementing agency is currently in the process of determining if any chemicals should be further tested, regulated, restricted or banned from use in the European Union. In addition, the Frank R. Lautenberg Chemical Safety for the 21st Century Act ("LCSA") was signed into law on June 22, 2016, and updates and revises the Toxic Substances Control Act. LCSA requires the implementing agency to conduct risk evaluations on high priority chemicals, which could include chemical products we manufacture. Other countries have implemented, or are considering implementation of, similar chemical regulatory programs. When fully implemented, REACH, LCSA and other similar regulatory programs may result in significant adverse market impacts on the affected chemical products. If we fail to comply with REACH, LCSA or other similar laws and regulations, we may be subject to penalties or other enforcement actions, including fines, injunctions, recalls or seizures, which would have a material adverse effect on our financial condition, cash flows and profitability.

We participate with other companies in trade associations and regularly contribute to the research and study of the safety and environmental impact of our products and raw materials, including silica, formaldehyde and Bis-phenol A ("BPA"). These programs are part of a process to review the environmental impacts, safety and efficacy of our products. In addition, government and academic institutions periodically conduct research on potential environmental and health concerns posed by various chemical substances, including substances we manufacture and sell. These research results are periodically reviewed by state, national and international regulatory agencies and potential customers. Such research could result in future regulations restricting the manufacture or use of our products, liability for adverse environmental or health effects linked to our products, and/or de-selection of our products for specific applications. These restrictions, liability, and product de-selection could have a material adverse effect on our business, our financial condition and/or liquidity.

Because of certain government public health agencies' concerns regarding the potential for adverse human health effects, formaldehyde is a regulated chemical and public health agencies continue to evaluate its safety. In 2004, a division of the World Health Organization, the International Agency for Research on Cancer, or IARC, based on an alleged stronger relationship with nasopharyngeal cancer ("NPC"), reclassified formaldehyde as "carcinogenic to humans," a higher classification than set forth in previous IARC evaluations. In 2009, the IARC determined that there is sufficient evidence in humans of a causal association between formaldehyde exposure and leukemia. In 2011, the National Toxicology Program, or NTP, within the U.S. Department of Health and Human Services, or HHS, issued its 12th Report on Carcinogens, or RoC, which lists formaldehyde as "known to be a human carcinogen." This NTP listing was based, in part, upon certain studies reporting an increased risk of certain types of cancers, including myeloid leukemia, in individuals with higher measures of formaldehyde exposure (exposure level or duration). In December 2016, the USEPA issued its final rule on formaldehyde emissions from composite wood products that follows the 2010 Congressional legislative mandate to ensure a global level playing field for acceptance of composite wood products. Hexion's formaldehyde technology platform is well suited to help our customers meet the regulatory requirements. The USEPA, under its Integrated Risk Information System, or IRIS, released a draft of its toxicological review of formaldehyde in 2010. This draft review states that formaldehyde meets the criteria to be described as "carcinogenic to humans" by the inhalation route of exposure based upon evidence of causal links to certain cancers, including leukemia. The National Academy of Sciences, or NAS, was requested by the the USEPA to serve as the external peer review body for the draft review. The NAS reviewed the draft IRIS toxicological review and issued a report in April 2011 that criticized the draft IRIS toxicological review and stated that the methodologies and the underlying science used in the draft IRIS review did not clearly support a conclusion of a causal link between formaldehyde exposure and leukemia. It is possible that USEPA may revise its draft IRIS toxicological review to reflect the NAS findings, including the conclusions regarding a causal link between formaldehyde exposure and leukemia. The USEPA has not yet issued a revised updated draft assessment for public review and comment. In December 2011, the conference report for the FY 2012 Omnibus Appropriations bill included a provision directing HHS to refer the NTP 12th RoC file for formaldehyde to the NAS for further review. On August 8, 2014 the NAS accepted the listing of formaldehyde as a "known human carcinogen" in the 12th RoC, with no changes recommended. According to NTP, a listing in the RoC indicates a potential hazard and does not assess cancer risks to individuals associated with exposures in their daily lives. However, the 12th RoC listing could have material adverse effects on our business. In October 2011, the European Chemical Agency ("ECHA") publicly released for comment the "Proposal for Harmonized Classification and Labelling Based on Regulation (EC) No

1272/2008 (C.I.P. Regulation), Annex VI, Part 2, Substance Name: FORMALDEHYDE Version Number 2, Date: 28 September 2011.” The French Member State Competent Authorities proposed that formaldehyde be reclassified as a Category 1A Carcinogen and Category 2 Mutagen based upon their review of the available evidence. The proposal cited a relationship to NPC. NPC is a rare cancer of the upper respiratory tract. Following a review of the proposal, the Risk Assessment Committee of ECHA, which is made up of representatives from all EU member states, determined that there was sufficient evidence to justify the classification of formaldehyde as a Category 2 Mutagen, but that the evidence reviewed only supported the classification of formaldehyde as a Category 1B Carcinogen (described by the applicable EU regulation as “presumed to have carcinogenic potential for humans, classification is largely based on animal evidence”) rather than as a Category 1A Carcinogen (described as “known to have carcinogenic potential for humans, classification is largely based on human evidence”) as proposed by France. This new classification became effective on January 1, 2016. It is possible that new regulatory requirements could be promulgated to limit human exposure to formaldehyde, that we could incur substantial additional costs to meet any such regulatory requirements, and that there could be a reduction in demand for our formaldehyde-based products. These additional costs and reduced demand could have a material adverse effect on our operations and profitability.

BPA, which is manufactured and used as an intermediate at our Deer Park, Texas and Pernis, Netherlands manufacturing facilities, and is also sold directly to third parties, is currently under evaluation as an “endocrine disrupter.” Endocrine disrupters are chemicals that have been alleged to interact with the endocrine systems of human beings and wildlife and disrupt their normal biological processes. BPA continues to be subject to scientific, regulatory and legislative review and negative media attention. Several significant reviews on the safety of BPA were performed by prestigious regulatory and scientific bodies around the globe. These include the World Health Organization, U.S. Food and Drug Administration (“FDA”), European Food Safety Authority (“EFSA”), Japanese Research Institute of Science for Safety and Sustainability, The German Society of Toxicology and Health Canada. In January 2013, the California Environmental Protection Agency’s Office of Environmental Health Hazard Assessment (“OEHHA”) issued a notice of intent to list BPA under Proposition 65 as a developmental toxicant. If listed, manufacturers, dealers, distributors and retailers of products containing BPA would be required to warn individuals prior to exposing them to BPA unless such exposures were shown to be less than a risk-based level (the maximum allowable dose level (“MADL”)). Concurrent with its proposed listing, the OEHHA proposed establishing an MADL for BPA. The American Chemistry Council (“ACC”) has filed a lawsuit to challenge this proposed listing. On April 19, 2013, a California state court issued a preliminary injunction ordering OEHHA to remove BPA from the Proposition 65 list during the pendency of the lawsuit. OEHHA subsequently removed the listing and withdrew its MADL for BPA. On December 18, 2014, the California state court issued a ruling denying ACC’s petition to prevent to listing of BPA under Proposition 65. ACC appealed this decision and the California Court of Appeals issued a stay of OEHHA’s listing of BPA until further order of the Court. On May 7, 2015, OEHHA’s Developmental and Reproductive Toxicity Identification Committee voted to list BPA under Proposition 65 as a reproductive toxicant. OEHHA subsequently established a dermal exposure MADL of 3 ug/day. As of May 11, 2016, products containing BPA sold into California must comply with Proposition 65’s requirements. As a result, and as part of the Company’s November 2015 settlement of an Occupational Safety and Health Administration (“OSHA”) enforcement action under OSHA’s hazard communication standard, the Company’s Safety Data Sheets (SDS) have been changed to reflect the required OSHA Global Harmonized System (GHS) classification of BPA as a Category 2 reproductive toxicant and the California Proposition 65 listing. Despite these hazard designations and listings, the FDA, as noted above, is also actively engaged in the scientific and regulatory review of BPA and, in a letter submitted to OEHHA dated April 6, 2015, has reaffirmed that BPA is safe as currently permitted in FDA-regulated food contact uses and concluded that FDA’s National Center for Toxicological Research study did not support the listing of BPA as a reproductive toxicant. In December 2012, France enacted a law that bans BPA in Food Containers by 2015. Per this new law, the production, import, export, and marketing of food packaging containing BPA in direct contact with food contents was banned as of January 1, 2013 for products intended for infants less than 3 years of age, and as of January 1, 2015 for all other consumer products. However, the French Constitutional Court in September 2015 ruled that banning the manufacture and export of BPA-based food contact materials was unconstitutional. In December 2016, the French Conseil d’Etat (Supreme Administrative Court) found that the French ban did not violate EU law. In January 2015, EFSA published its final opinion on its comprehensive re-evaluation of BPA exposure and toxicity, which concluded that BPA poses no health risk to consumers of any age group (including unborn children, infants and adolescents) at currently permitted exposure levels. EFSA again confirmed this conclusion in October 2016, paving the way for enactment of an EU specific migration limit of 50 ppb in 2017. The EU Committee for Risk Assessment has adopted an opinion to change the existing harmonized classification and labeling of BPA from a category 2 reproductive Toxicant to a category 1B reproductive Toxicant. This classification change will become effective March 1, 2018. Regulatory and legislative initiatives such as these would likely result in a reduction in demand for BPA and our products containing BPA and could also result in additional liabilities as well as an increase in operating costs to meet more stringent regulations. Such increases in operating costs and/or reduction in demand could have a material adverse effect on our operations and profitability.

We manufacture resin-encapsulated sand. Because sand consists primarily of crystalline silica, potential exposure to silica particulate exists. Overexposure to crystalline silica is a recognized health hazard. OSHA proposed a new comprehensive occupational health standard for crystalline silica in August 2013, which was submitted as a draft rule to the US Office of Management and Budget in December 2015. The final rule, issued March 25, 2016, among other things, lowers the permissible occupational exposure limits to airborne crystalline silica particulate to which workers would be allowed to be exposed. We may incur additional costs to comply with the new OSHA regulation.

In addition, we sell resin-encapsulated sand (proppants) to oil and natural gas drilling operators for use in a process known as hydraulic fracturing. Drilling and hydraulic fracturing of wells is under public and governmental scrutiny due to potential environmental and physical impacts, including possible contamination of groundwater and drinking water and possible links to earthquakes. Currently, studies and reviews of hydraulic fracturing environmental impacts are underway by the USEPA, as directed by the U.S. Congress in 2010. In December 2016, USEPA released its final report on the impacts from hydraulic fracturing on drinking water resources in the U.S., finding potential impact to water resources under some circumstances. Legislation is being considered or has been adopted by various U.S. states and localities to require public disclosure of the contents of the fracking fluids and/or to further regulate oil and natural gas drilling. New laws and regulations could affect the confidential business information of fracking fluids, including those associated with our proppant technologies and the number of wells drilled by operators, decrease demand for our resin-coated sands and cause a decline in our operations and financial performance. Such a decline in demand could also increase competition and decrease pricing of our products, which could also have a negative impact on our profitability and financial performance.

Scientists periodically conduct studies on the potential human health and environmental impacts of chemicals, including products we manufacture and sell. Also, nongovernmental advocacy organizations and individuals periodically issue public statements alleging human health and environmental impacts of chemicals, including products we manufacture and sell. Based upon such studies or public statements, our customers may elect to discontinue the purchase and use of our products, even in the absence of any government regulation. Such actions could significantly decrease the demand for our products and, accordingly, have a material adverse effect on our business, financial condition, cash flows and profitability. In July 2012, the FDA concluded that polycarbonate, a plastic resin made from BPA, was no longer being used in the manufacture of certain infant and toddler beverage containers and, accordingly, approved a petition from the ACC to remove polycarbonate from the list of material approved for the use in the manufacture of such beverage containers. Abandonment of such uses of polycarbonate was due at least in part to adverse publicity alleging possible health effects on infants and toddlers of small amounts of BPA released from the polycarbonate. The FDA's authority to act on this petition was based solely on marketplace conditions. As noted by the FDA, their action is not based on any finding or conclusion that packaging containing BPA is unsafe. Although the FDA's determination will not have a direct impact on our business, it could eventually result in a determination by some of our customers to discontinue or decrease the use of our products made from BPA.

We are subject to certain risks related to litigation filed by or against us, and adverse results may harm our business.

We cannot predict with certainty the cost of defense, of prosecution or of the ultimate outcome of litigation and other proceedings filed by or against us, including penalties or other civil or criminal sanctions, or remedies or damage awards, and adverse results in any litigation and other proceedings may materially harm our business. Litigation and other proceedings may include, but are not limited to, actions relating to intellectual property, international trade, commercial arrangements, product liability, environmental, health and safety, joint venture agreements, labor and employment or other harms resulting from the actions of individuals or entities outside of our control. In the case of intellectual property litigation and proceedings, adverse outcomes could include the cancellation, invalidation or other loss of material intellectual property rights used in our business and injunctions prohibiting our use of business processes or technology that are subject to third-party patents or other third-party intellectual property rights. Litigation based on environmental matters or exposure to hazardous substances in the workplace or based upon the use of our products could result in significant liability for us, which could have a material adverse effect on our business, financial condition and/or profitability.

Because we manufacture and use materials that are known to be hazardous, we are subject to, or affected by, certain product and manufacturing regulations, for which compliance can be costly and time consuming. In addition, we may be subject to personal injury or product liability claims as a result of human exposure to such hazardous materials.

We produce hazardous chemicals that require care in handling and use that are subject to regulation by many U.S. and non-U.S. national, supra-national, state and local governmental authorities. In some circumstances, these authorities must review and, in some cases approve, our products and/or manufacturing processes and facilities before we may manufacture and sell some of these chemicals. To be able to manufacture and sell certain new chemical products, we may be required, among other things, to demonstrate to the relevant authority that the product does not pose an unreasonable risk during its intended uses and/or that we are capable of manufacturing the product in compliance with current regulations. The process of seeking any necessary approvals can be costly, time consuming and subject to unanticipated and significant delays. Approvals may not be granted to us on a timely basis, or at all. Any delay in obtaining, or any failure to obtain or maintain, these approvals would adversely affect our ability to introduce new products and to generate revenue from those products. New laws and regulations may be introduced in the future that could result in additional compliance costs, bans on product sales or use, seizures, confiscation, recall or monetary fines, any of which could prevent or inhibit the development, distribution or sale of our products and could increase our customers' efforts to find less hazardous substitutes for our products. We are subject to ongoing reviews of our products and manufacturing processes.

As discussed above, we manufacture and sell products containing formaldehyde, and certain governmental bodies have stated that there is a causal link between formaldehyde exposure and certain types of cancer, including myeloid leukemia and NPC. These conclusions could also become the basis of product liability litigation.

Other products we have made or used have been and could be the focus of legal claims based upon allegations of harm to human health. While we cannot predict the outcome of pending suits and claims, we believe that we maintain adequate reserves, in accordance with our policy, to address currently pending litigation and are adequately insured to cover currently pending and foreseeable future claims. However, an unfavorable outcome in these litigation matters could have a material adverse effect on our business, financial condition and/or profitability and cause our reputation to decline.

We are subject to claims from our customers and their employees, environmental action groups and neighbors living near our production facilities.

We produce and use hazardous chemicals that require appropriate procedures and care to be used in handling them or in using them to manufacture other products. As a result of the hazardous nature of some of the products we produce and use, we may face claims relating to incidents that involve our customers' improper handling, storage and use of our products. We have historically faced lawsuits, including class action lawsuits that claim liability for death, injury or property damage caused by products that we manufacture or that contain our components. Additionally, we may face lawsuits alleging personal injury or property damage by neighbors living near our production facilities. These lawsuits, and any future lawsuits, could result in substantial damage awards against us, which in turn could encourage additional lawsuits and could cause us to incur significant legal fees to defend such lawsuits, either of which could have a material adverse effect on our business, financial condition and/or profitability. In addition, the activities of environmental action groups could result in litigation or damage to our reputation.

As a global business, we are subject to numerous risks associated with our international operations that could have a material adverse effect on our business.

We have significant manufacturing and other operations outside the United States. Some of these operations are in jurisdictions with unstable political or economic conditions. There are numerous inherent risks in international operations, including, but not limited to:

- exchange controls and currency restrictions;
- currency fluctuations and devaluations;
- tariffs and trade barriers imposed by the current U.S. administration or foreign governments;
- renegotiation of trade agreements by the current U.S. administration;
- export duties and quotas;
- changes in local economic conditions;
- changes in laws and regulations;
- exposure to possible expropriation or other government actions;
- acts by national or regional banks, including the European Central Bank, to increase or restrict the availability of credit;
- hostility from local populations;
- diminished ability to legally enforce our contractual rights in non-U.S. countries;
- restrictions on our ability to repatriate dividends from our subsidiaries; and
- unsettled political conditions and possible terrorist attacks against U.S. interests.

Our international operations expose us to different local political and business risks and challenges. For example, we may face potential difficulties in staffing and managing local operations, and we may have to design local solutions to manage credit risks of local customers and distributors. In addition, some of our operations are located in regions that may be politically unstable, having particular exposure to riots, civil commotion or civil unrests, acts of war (declared or undeclared) or armed hostilities or other national or international calamity. In some of these regions, our status as a U.S. company also exposes us to increased risk of sabotage, terrorist attacks, interference by civil or military authorities or to greater impact from the national and global military, diplomatic and financial response to any future attacks or other threats.

In addition, intellectual property rights may be more difficult to enforce in non-U.S. or non-Western European countries.

If global economic and market conditions, or economic conditions in Europe, China, Brazil, the United States or other key markets remain uncertain or deteriorate further, the value of associated foreign currencies and the global credit markets may weaken. Additionally, general financial instability in countries where we do not transact a significant amount of business could have a contagion effect and contribute to the general instability and uncertainty within a particular region or globally. If this were to occur, it could adversely affect our customers and suppliers and in turn have a materially adverse effect on our international business and results of operations.

Our overall success as a global business depends, in part, upon our ability to succeed under different economic, social and political conditions. We may fail to develop and implement policies and strategies that are effective in each location where we do business, and failure to do so could have a material adverse effect on our business, financial condition and results of operations.

Our business is subject to foreign currency risk.

In 2016, approximately 60% of our net sales originated outside the United States. In our consolidated financial statements, we translate our local currency financial results into U.S. dollars based on average exchange rates prevailing during a reporting period or the exchange rate at the end of that period. During times of a strengthening U.S. dollar, at a constant level of business, our reported international revenues and earnings would be reduced because the local currency would translate into fewer U.S. dollars.

In addition to currency translation risks, we incur a currency transaction risk whenever we enter into a purchase or a sales transaction or indebtedness transaction using a different currency from the currency in which we record revenues. Given the recent volatility of exchange rates, we may not manage our currency transaction and/or translation risks effectively, and volatility in currency exchange rates may materially adversely affect our financial condition or results of operations, including our tax obligations. Since the vast majority of our indebtedness is denominated in U.S. dollars, a strengthening of the U.S. dollar could make it more difficult for us to repay our indebtedness.

We have entered and expect to continue to enter into various hedging and other programs in an effort to protect against adverse changes in the non-U.S. exchange markets and attempt to minimize potential material adverse effects. These hedging and other programs may be unsuccessful in protecting against these risks. Our results of operations could be materially adversely affected if the U.S. dollar strengthens against non-U.S. currencies and our protective strategies are not successful. Likewise, a strengthening U.S. dollar provides opportunities to source raw materials more cheaply from foreign countries.

Fluctuations in energy costs could have an adverse impact on our profitability and negatively affect our financial condition.

Oil and natural gas prices have fluctuated greatly over the past several years and we anticipate that they will continue to do so. Natural gas and electricity are essential to our manufacturing processes, which are energy-intensive. Our energy costs represented approximately 4% of our total cost of sales for the year ended December 31, 2016.

Our operating expenses will increase if our energy prices increase. Increased energy prices may also result in greater raw materials costs. If we cannot pass these costs through to our customers, our profitability may decline. Increased energy costs may also negatively affect our customers and the demand for our products. In addition, as oil and natural gas prices fall, while having a positive effect on our overall costs, such falling prices can have a negative impact on our oil field business, as the number of oil and natural gas wells drilled declines in response to market condition.

If energy prices decrease, we expect benefits in the short-run with decreased operating expenses and increased operating income, but may face increased pricing pressure from competitors that are similarly impacted by energy prices. As a result, profitability may decrease over an extended period of time of lower energy prices. Moreover, any future increases in energy prices after a period of lower energy prices may have an adverse impact on our profitability for the reasons described above.

We face increased competition from other companies and from substitute products, which could force us to lower our prices, which would adversely affect our profitability and financial condition.

Several of the markets that we operate in are highly competitive, and this competition could harm our results of operations, cash flows and financial condition. Our competitors include major international producers as well as smaller regional competitors. We believe that the most significant competitive factor that impacts demand for certain of our products is selling price. We may be forced to lower our selling price based on our competitors' pricing decisions, which would reduce our profitability. Certain markets that we serve have become commoditized in recent years and have given rise to several industry participants, resulting in fierce price competition in these markets. This has been further magnified by the impact of the recent global economic downturn, as companies have focused more on price to retain business and market share. In addition, we face competition from a number of products that are potential substitutes for our products. Growth in substitute products could adversely affect our market share, net sales and profit margins.

Additional trends include current and anticipated consolidation among our competitors and customers which may cause us to lose market share as well as put downward pressure on pricing. There is also a trend in our industries toward relocating manufacturing facilities to lower cost regions, such as Asia, which may permit some of our competitors to lower their costs and improve their competitive position. Furthermore, there has been an increase in new competitors based in these regions.

Some of our competitors are larger, have greater financial resources, have a lower cost structure, and/or have less debt than we do. As a result, those competitors may be better able to withstand a change in conditions within our industry and in the economy as a whole. If we do not compete successfully, our operating margins, financial condition, cash flows and profitability could be adversely affected. Furthermore, if we do not have adequate capital to invest in technology, including expenditures for research and development, our technology could be rendered uneconomical or obsolete, negatively affecting our ability to remain competitive.

We have achieved significant cost savings as a result of the Shared Services Agreement with MPM. If the Shared Services Agreement is terminated or further amended, if we have material disputes with MPM regarding its implementation or if we are unable to implement new initiatives under the amended agreement, it could have a material adverse effect on our business operations, results of operations, and financial condition.

In October 2010, we entered into the Shared Services Agreement with MPM (which, from October 1, 2010 through October 24, 2014, was a subsidiary of Hexion Holdings). The Shared Services Agreement was amended in October 2014. Under this agreement, we provide to MPM, and MPM provides to us, certain services, including, but not limited to, executive and senior management, administrative support, human resources, information technology support, accounting, finance, technology development, legal and procurement services. We have realized significant cost savings under the Shared Service Agreement, including savings related to shared services and logistics optimization, best-of-source contractual terms, procurement savings, regional site rationalization, administrative and overhead savings. The Shared Services Agreement is subject to termination by MPM (or us), without cause, on not less than thirty days prior written notice, but provides for a 12 - 14 month transition period, and expires in October 2017 (subject to one-year renewals every year thereafter, absent contrary notice from either party).

Each year, the parties review and adjust the level and extent of services provided to meet the current needs of both companies. If the Shared Services Agreement is terminated, or if the parties to the amended agreement have material disagreements with its implementation, it could have a material adverse effect on our business operations, results of operations and financial condition, as we would need to replace the services no longer being provided by MPM, and would lose a portion of the benefits being generated under the agreement at the time.

We expect additional cost savings from our other strategic initiatives, and if we are unable to achieve these cost savings, or sustain our current cost structure, it could have a material adverse effect on our business operations, results of operations and financial condition.

We have not yet realized all of the cost savings and synergies we expect to achieve from our other strategic initiatives. A variety of risks could cause us not to realize the expected cost savings and synergies, including but not limited to, higher than expected severance costs related to staff reductions; higher than expected retention costs for employees that will be retained; higher than expected stand-alone overhead expenses; delays in the anticipated timing of activities related to our cost-saving plan; and other unexpected costs associated with operating our business.

If we are unable to achieve these cost savings or synergies it could adversely affect our profitability and financial condition. In addition, while we have been successful in reducing costs and generating savings, factors may arise that may not allow us to sustain our current cost structure. As market and economic conditions change, we may also make changes to our operating cost structure.

Our success depends in part on our ability to protect our intellectual property rights, and our inability to enforce these rights could have a material adverse effect on our competitive position.

We rely on the patent, trademark, copyright and trade-secret laws of the United States and the countries where we do business to protect our intellectual property rights. We may be unable to prevent third parties from using our intellectual property without our authorization. The unauthorized use of our intellectual property could reduce any competitive advantage we have developed, reduce our market share or otherwise harm our business. In the event of unauthorized use of our intellectual property, litigation to protect or enforce our rights could be costly, and we may not prevail.

Many of our technologies are not covered by any patent or patent application, and our issued and pending U.S. and non-U.S. patents may not provide us with any competitive advantage and could be challenged by third parties. Our inability to secure issuance of our pending patent applications may limit our ability to protect the intellectual property rights these pending patent applications were intended to cover. Our competitors may attempt to design around our patents to avoid liability for infringement and, if successful, our competitors could adversely affect our market share. Furthermore, the expiration of our patents may lead to increased competition.

Our pending trademark applications may not be approved by the responsible governmental authorities and, even if these trademark applications are granted, third parties may seek to oppose or otherwise challenge these trademark applications. A failure to obtain trademark registrations in the United States and in other countries could limit our ability to protect our products and their associated trademarks and impede our marketing efforts in those jurisdictions.

In addition, effective patent, trademark, copyright and trade secret protection may be unavailable or limited in some foreign countries. In some countries we do not apply for patent, trademark or copyright protection. We also rely on unpatented proprietary manufacturing expertise, continuing technological innovation and other trade secrets to develop and maintain our competitive position. While we generally enter into confidentiality agreements with our employees and third parties to protect our intellectual property, these confidentiality agreements are limited in duration and could be breached, and may not provide meaningful protection of our trade secrets or proprietary manufacturing expertise. Adequate remedies may not be available if there is an unauthorized use or disclosure of our trade secrets and manufacturing expertise. In addition, others may obtain knowledge about our trade secrets through independent development or by legal means. The failure to protect our processes, apparatuses, technology, trade secrets and proprietary manufacturing expertise, methods and compounds could have a material adverse effect on our business by jeopardizing critical intellectual property.

Where a product formulation or process is kept as a trade secret, third parties may independently develop or invent and patent products or processes identical to our trade-secret products or processes. This could have an adverse impact on our ability to make and sell products or use such processes and could potentially result in costly litigation in which we might not prevail.

We could face intellectual property infringement claims that could result in significant legal costs and damages and impede our ability to produce key products, which could have a material adverse effect on our business, financial condition and results of operations.

Our production processes and products are specialized; however, we could face intellectual property infringement claims from our competitors or others alleging that our processes or products infringe on their proprietary technology. If we were subject to an infringement suit, we may be required to change our processes or products, or stop using certain technologies or producing the infringing product entirely. Even if we ultimately prevail in an infringement suit, the existence of the suit could cause our customers to seek other products that are not subject to infringement suits. Any infringement suit could result in significant legal costs and damages and impede our ability to produce key products, which could have a material adverse effect on our business, financial condition and results of operations.

We depend on certain of our key executives and our ability to attract and retain qualified employees.

Our ability to operate our business and implement our strategies depends, in part, on the skills, experience and efforts of key members of our leadership team. We do not maintain any key-man insurance on any of these individuals. In addition, our success will depend on, among other factors, our ability to attract and retain other managerial, scientific and technical qualified personnel, particularly research scientists, technical sales professionals, and engineers who have specialized skills required by our business and focused on the industries in which we compete. Competition for qualified employees in the chemicals industry is intense and the loss of the services of any of our key employees or the failure to attract or retain other qualified personnel could have a material adverse effect on our business or business prospects. Further, if any of these executives or employees joins a competitor, we could lose customers and suppliers and incur additional expenses to recruit and train personnel, who require time to become productive and to learn our business.

Our majority shareholder's interest may conflict with or differ from our interests.

Apollo controls our ultimate parent company, Hexion Holdings LLC, or Hexion Holdings, which indirectly owns 100% of our common equity. In addition, Apollo has significant representation on Hexion Holdings' Board of Managers. As a result, Apollo can significantly influence our ability to enter into significant corporate transactions such as mergers, tender offers and the sale of all or substantially all of our assets. The interests of Apollo and its affiliates could conflict with or differ from our interests. For example, the concentration of ownership held by Apollo could delay, defer or prevent a change of control of our company or impede a merger, takeover or other business combination which may otherwise be favorable for us.

Additionally, Apollo is in the business of making investments in companies and may, from time to time, acquire and hold interests in businesses that compete, directly or indirectly with us. Apollo may also pursue acquisition opportunities that may be complementary to our business, and as a result, those acquisition opportunities may not be available to us. Additionally, even if Apollo invests in competing businesses through Hexion Holdings, such investments may be made through a newly-formed subsidiary of Hexion Holdings. Any such investment may increase the potential for the conflicts of interest discussed in this risk factor.

So long as Apollo continues to indirectly own a significant amount of the equity of Hexion Holdings, even if such amount is less than 50%, they will continue to be able to substantially influence or effectively control our ability to enter into any corporate transactions.

Because our equity securities are not and will not be registered under the securities laws of the United States or in any other jurisdiction and are not listed on any U.S. securities exchange, we are not subject to certain of the corporate governance requirements of U.S. securities authorities or to any corporate governance requirements of any U.S. securities exchanges.

If we fail to extend or renegotiate our collective bargaining agreements with our works councils and labor unions as they expire from time to time, if disputes with our works councils or unions arise, or if our unionized or represented employees were to engage in a strike or other work stoppage, our business and operating results could be materially adversely affected.

As of December 31, 2016, approximately 37% of our employees were unionized or represented by works councils that were covered by collective bargaining agreements. In addition, some of our employees reside in countries in which employment laws provide greater bargaining or other employee rights than the laws of the United States. These rights may require us to expend more time and money altering or amending employees' terms of employment or making staff reductions. For example, most of our employees in Europe are represented by works councils, which generally must approve changes in conditions of employment, including restructuring initiatives and changes in salaries and benefits. A significant dispute could divert our management's attention and otherwise hinder our ability to conduct our business or to achieve planned cost savings.

We may be unable to timely extend or renegotiate our collective bargaining agreements as they expire. We have collective bargaining agreements which will expire during the next two years. We also may be subject to strikes or work stoppages by, or disputes with, our labor unions. If we fail to extend or renegotiate our collective bargaining agreements, if disputes with our works councils or unions arise or if our unionized or represented workers engage in a strike or other work stoppage, we could incur higher labor costs or experience a significant disruption of operations, which could have a material adverse effect on our business, financial position and results of operations.

Our pension plans are unfunded or under-funded and our required cash contributions could be higher than we expect, each of which could have a material adverse effect on our financial condition and liquidity.

We sponsor various pension and similar benefit plans worldwide.

Our U.S. and non-U.S. defined benefit pension plans were under-funded in the aggregate by $35 and $199, respectively, as of December 31, 2016. We are legally required to make contributions to our pension plans in the future, and those contributions could be material.

In 2017, we do not expect to make any contributions to our U.S. defined benefit pension plan and we expect to contribute approximately $23 to our non-U.S. defined benefit pension plans, which we believe is sufficient to meet the minimum funding requirements as set forth in employee benefit and tax laws.

Our future funding obligations for our employee benefit plans depend upon the levels of benefits provided for by the plans, the future performance of assets set aside for these plans, the rates of interest used to determine funding levels, the impact of potential business dispositions, actuarial data and experience, and any changes in government laws and regulations. In addition, our employee benefit plans hold a significant amount of equity securities. If the market values of these securities decline, our pension expense and funding requirements would increase and, as a result, could have a material adverse effect on our business.

Any decrease in interest rates and asset returns, if and to the extent not offset by contributions, could increase our obligations under these plans. If the performance of assets in the funded plans does not meet our expectations, our cash contributions for these plans could be higher than we expect, which could have a material adverse effect on our financial condition and liquidity.

Natural or other disasters have, and could in the future, disrupt our business and result in loss of revenue or higher expenses.

Any serious disruption at any of our facilities or our suppliers' facilities due to hurricane, fire, earthquake, flood, terrorist attack or any other natural or man-made disaster could impair our ability to use our facilities and have a material adverse impact on our revenues and increase our costs and expenses. If there is a natural disaster or other serious disruption at any of our facilities or our suppliers' facilities, it could impair our ability to adequately supply our customers and negatively impact our operating results. For example, our manufacturing facilities in the U.S. Gulf Coast region were also impacted by Hurricanes Katrina and Rita in 2005 and Hurricanes Gustav and Ike in 2008. In addition, many of our current and potential customers are concentrated in specific geographic areas. A disaster in one of these regions could have a material adverse impact on our operations, operating results and financial condition. Our business interruption insurance may not be sufficient to cover all of our losses from a disaster, in which case our unreimbursed losses could be substantial. Some of our operations are located in regions with particular exposure to natural disasters such as storms, floods, fires and earthquakes. It would be difficult or impossible for us to relocate these operations and, as a result, any of the aforementioned occurrences could materially adversely affect our business.

Security breaches and other disruptions to our information technology infrastructure could interfere with our operations, and could compromise our information and the information of our customers and suppliers, exposing us to liability which would cause our business and reputation to suffer.

In the ordinary course of business, we rely upon information technology networks and systems, some of which are managed by third parties, to process, transmit and store electronic information, and to manage or support a variety of business processes and activities, including supply chain, manufacturing, distribution, invoicing, and collection of payments from customers. We use information technology systems to record, process and summarize financial information and results of operations for internal reporting purposes and to comply with regulatory financial reporting, legal and tax requirements. Additionally, we collect and store sensitive data, including intellectual property, proprietary business information, the propriety business information of our customers and suppliers, as well as personally identifiable information of our customers and employees, in data centers and on information technology networks. The secure operation of these information technology networks, and the processing and maintenance of this information is critical to our business operations and strategy. Despite security measures and business continuity plans, our information technology networks and infrastructure may be vulnerable to damage, disruptions or shutdowns due to attacks by hackers or breaches due to employee error or malfeasance, or other disruptions during the process of upgrading or replacing computer software or hardware, power outages, computer viruses, telecommunication or utility failures or natural disasters or other catastrophic events. The occurrence of any of these events could compromise our networks and the information stored there could be accessed, publicly disclosed, lost or stolen. Any such access, disclosure or other loss of information could result in legal claims or proceedings, liability or regulatory penalties under laws protecting the privacy of personal information, disrupt operations, and damage our reputation, which could adversely affect our business, financial condition and results of operations.

Acquisitions and joint ventures that we pursue may present unforeseen integration obstacles and costs, increase our leverage and negatively impact our performance. Divestitures that we pursue also may present unforeseen obstacles and costs and alter the synergies we expect to continue to achieve from the Shared Services Agreement with MPM.

We have made acquisitions of related businesses, and entered into joint ventures in the past and intend to selectively pursue acquisitions of, and joint ventures with, related businesses as one element of our growth strategy. Acquisitions may require us to assume or incur additional debt financing, resulting in additional leverage and complex debt structures. If such acquisitions are consummated, the risk factors we describe above and below, and for our business generally, may be intensified.

Our ability to implement our growth strategy could be limited by covenants in our ABL Facility, indentures and other indebtedness, our financial resources, including available cash and borrowing capacity, and our ability to integrate or identify appropriate acquisition and joint venture candidates.

The expense incurred in consummating acquisitions of related businesses, or our failure to integrate such businesses successfully into our existing businesses, could result in our incurring unanticipated expenses and losses. Furthermore, we may not be able to realize any anticipated benefits from acquisitions or joint ventures. The process of integrating acquired operations into our existing operations may result in unforeseen operating difficulties and may require significant financial resources that would otherwise be available for the ongoing development or expansion of existing operations. Some of the risks associated with our acquisition and joint venture strategy include:

- potential disruptions of our ongoing business and distraction of management;
- unexpected loss of key employees or customers of the acquired company;
- conforming the acquired company's standards, processes, procedures and controls with our operations;
- coordinating new product and process development;
- hiring additional management and other critical personnel; and
- increasing the scope, geographic diversity and complexity of our operations.

In addition, we may encounter unforeseen obstacles or costs in the integration of acquired businesses. For example, if we were to acquire an international business, the preparation of the U.S. GAAP financial statements could require significant management resources. Also, the presence of one or more material liabilities of an acquired company that are unknown to us at the time of acquisition may have a material adverse effect on our business. Our acquisition and joint venture strategy may not be successfully received by customers, and we may not realize any anticipated benefits from acquisitions or joint ventures.

In addition, we have selectively made, and may in the future, pursue divestitures of certain of our businesses as one element of our portfolio optimization strategy. Divestitures may require us to separate integrated assets and personnel from our retained businesses and devote our resources to transitioning assets and services to purchasers, resulting in disruptions to our ongoing business and distraction of management. Divestitures may alter synergies we expect to continue to achieve from the Shared Services Agreement with MPM.

We could face additional income tax obligations based on tax reform proposals.

As a result of the 2016 U.S. election and ongoing activity in the U.S. Congress on tax reform proposals, there is a heightened possibility of significant changes to U.S. federal income tax laws. From time to time, legislative proposals have been introduced that, if enacted, could have a material and adverse effect on our business. Of particular interest to our business are potential changes that would impact at least some of our significant tax attributes. Those attributes include our U.S. Net Operating Losses, unremitted foreign earnings and net interest expense, all of which would be adversely impacted if unfavorable tax legislation were to be enacted. We are unable to predict when or if such legislation will be introduced, whether or not such legislation will be enacted, what specific provisions will be included or what the effective date will be, and as a result the ultimate impact on us of such legislation is uncertain.

If we fail to establish and maintain an effective internal control environment, our ability to both timely and accurately report our financial results could be adversely affected.

Section 404 of the Sarbanes-Oxley Act of 2002 requires companies to conduct a comprehensive evaluation of their internal control over financial reporting. To comply with this statute, each year we are required to document and test our internal control over financial reporting, our management is required to assess and issue a report concerning our internal control over financial reporting.

The existence of one or more material weaknesses has resulted in, and could continue to result in, errors in our financial statements, and substantial costs and resources may be required to rectify these errors or other internal control deficiencies and may cause us to incur other costs, including potential legal expenses. If we cannot produce reliable financial reports, investors could lose confidence in our reported financial information, and we may be unable to obtain additional financing to operate and expand our business and our business and financial condition could be harmed.

Although we believe we have remediated the control deficiencies we identified and are taking appropriate actions to strengthen our internal control over financial reporting, we cannot assure you that the measures we have taken to date, or any measures we may take in the future, will be sufficient to avoid potential future material weaknesses.

Risks Related to Our Indebtedness

We may be unable to generate sufficient cash flows from operations to meet our consolidated debt service payments.

On February 8, 2017, we issued $485 aggregate principal amount of 10.375% First Priority Senior Secured Notes due 2022 (the “New First Lien Notes”) and $225 aggregate principal amount of 13.75% Senior Secured Notes due 2022 (the “New Senior Secured Notes”). Upon the closing of these offerings, we satisfied and discharged our obligations under the 8.875% Senior Secured Notes due 2018 (the “Old Senior Secured Notes”) by irrevocably depositing the net proceeds from these offerings, together with cash from our balance sheet, with the trustee for the Old Senior Secured Notes for the purpose of redeeming all of our outstanding Old Senior Secured Notes, which redemption will occur on March 10, 2017. In December 2016, we amended and restated our ABL Facility, with modifications to, among other things, permit the refinancing of the Old Senior Secured Notes. In connection with the issuance of the new notes in February 2017, certain lenders under the ABL Facility provided extended revolving facility commitments in an aggregate principal amount of $350 with a maturity date of December 5, 2021 (subject to early maturity triggers), the existing commitments were terminated and the size of the ABL facility was reduced from $400 to $350. Collectively, we refer to these transactions as the “2017 Refinancing Transactions.”

We have substantial consolidated indebtedness. As of December 31, 2016, both before and after giving effect to the 2017 Refinancing Transactions, we had approximately $3.5 billion of consolidated outstanding indebtedness, including payments due within the next twelve months and short-term borrowings. In addition, both before and after giving effect to 2017 Refinancing Transactions, we had a $299 undrawn revolver under our ABL Facility, subject to a borrowing base, after giving effect to $35 of outstanding letters of credit. In 2017, our annualized cash interest expense is projected to be approximately $298 based on consolidated indebtedness, as adjusted for the 2017 Refinancing Transactions, and interest rates at December 31, 2016, of which $291 represents cash interest expense on fixed-rate obligations, including variable rate debt subject to interest rate swap agreements.

As of December 31, 2016, both before and after giving effect to the 2017 Refinancing Transactions, approximately $94, or 3%, of our borrowings were at variable interest rates and expose us to interest rate risk. If interest rates increase, our debt service obligations on the variable rate indebtedness would increase even though the amount borrowed remained the same. Assuming our consolidated variable interest rate indebtedness outstanding as of December 31, 2016 remains the same, an increase of 1% in the interest rates payable on our variable rate indebtedness would increase our annual estimated debt service requirements by approximately $1.

Our ability to generate sufficient cash flows from operations to make scheduled debt service payments depends on a range of economic, competitive and business factors, many of which are outside of our control. Our business may generate insufficient cash flows from operations to meet our debt service and other obligations, and currently anticipated cost savings, working capital reductions and operating improvements may not be realized on schedule, or at all. If we are unable to meet our expenses and debt service obligations, we may need to refinance all or a portion of our indebtedness on or before maturity, sell assets or issue additional equity securities. We may be unable to refinance any of our indebtedness, sell assets or issue equity securities on commercially reasonable terms, or at all, which could cause us to default on our obligations and result in the acceleration of our debt obligations. Our inability to generate sufficient cash flows to satisfy our outstanding debt obligations, or to refinance our obligations on commercially reasonable terms, would have a material adverse effect on our business, financial condition and results of operations.

Availability under the ABL Facility is subject to a borrowing base based on a specified percentage of eligible accounts receivable and inventory and, with respect to the foreign loan parties, a specified percentage of eligible machinery, equipment and real property, subject to certain limitations. As of December 31, 2016, both before and after giving effect to the 2017 Refinancing Transactions, the borrowing base reflecting various required reserves was approximately $334, and our borrowing availability after factoring in letters of credit outstanding under the ABL Facility was $299. However, the borrowing base (including various reserves) will be updated on a monthly basis, so the actual borrowing base could be lower in the future. To the extent the borrowing base is lower than we expect, that could significantly impair our liquidity. In addition, if our fixed charge coverage ratio falls to less than 1.0 to 1.0, we will need to ensure that our availability under the ABL Facility is at least the greater of $35 and 12.5% of the lesser of the borrowing base and the total commitments under the ABL Facility.

Our substantial indebtedness could adversely affect our ability to raise additional capital to fund our operations and limit our ability to react to changes in the economy or our industry.

Our substantial consolidated indebtedness could have other important consequences, including but not limited to the following:

- it may limit our flexibility in planning for, or reacting to, changes in our operations or business;
- we are more highly leveraged than many of our competitors, which may place us at a competitive disadvantage;
- it may make us more vulnerable to downturns in our business or in the economy;
- a substantial portion of our cash flows from operations will be dedicated to the repayment of our indebtedness and will not be available for other purposes;
- it may restrict us from making strategic acquisitions, introducing new technologies or exploiting business opportunities;
- it may make it more difficult for us to satisfy our obligations with respect to our existing indebtedness;
- it may adversely affect terms under which suppliers provide material and services to us;
- it may limit our ability to borrow additional funds or dispose of assets; and
- it may limit our ability to fully achieve possible cost savings from the Shared Services Agreement with MPM.

There would be a material adverse effect on our business and financial condition if we were unable to service our indebtedness or obtain additional financing, as needed.

Despite our substantial indebtedness, we may still be able to incur additional indebtedness. This could intensify the risks described above and below.

We may be able to incur additional indebtedness in the future. Although the terms governing our indebtedness contain restrictions on our ability to incur additional indebtedness, these restrictions are subject to numerous qualifications and exceptions, and the indebtedness we may incur in compliance with these restrictions could be substantial. Increasing our indebtedness could intensify the risks described above and below.

The terms governing our outstanding debt, including restrictive covenants, may adversely affect our operations.

The terms governing our outstanding debt contain, and any future indebtedness we incur would likely contain, numerous restrictive covenants that impose significant operating and financial restrictions on our ability to, among other things:

- incur or guarantee additional debt;
- pay dividends and make other distributions to our shareholders;
- create or incur certain liens;
- make certain loans, acquisitions, capital expenditures or investments;
- engage in sales of assets and subsidiary stock;
- enter into sale/leaseback transactions;
- enter into transactions with affiliates; and
- transfer all or substantially all of our assets or enter into merger or consolidation transactions.

In addition, the credit agreement governing our ABL Facility requires us to maintain a minimum fixed charge coverage ratio of 1.0 to 1.0 at any time when the availability is less than the greater of (x) $35 and (y) 12.5% of the lesser of the borrowing base and the total ABL Facility commitments at such time. The fixed charge coverage ratio under the credit agreement governing the ABL Facility is generally defined as the ratio of (a) Adjusted EBITDA minus non-financed capital expenditures and cash taxes to (b) debt service plus cash interest expense plus certain restricted payments, each measured for the four most recent quarters for which financial statements have been delivered. We may not be able to satisfy such ratio in future periods. If we anticipate we will be unable to meet such ratio, we expect not to allow our availability under the ABL Facility to fall below such levels.

A breach of our fixed charge coverage ratio covenant, if in effect, would result in an event of default under our ABL Facility. Pursuant to the terms of our ABL Facility, our direct parent company will have the right, but not the obligation, to cure such default through the purchase of additional equity in up to two of any four consecutive quarters and seven total during the term of the ABL Facility. If a breach of a fixed charge coverage ratio covenant is not cured or waived, or if any other event of default under the ABL Facility occurs, the lenders under such credit facility:

- would not be required to lend any additional amounts to us;
- could elect to declare all borrowings outstanding under the ABL Facility, together with accrued and unpaid interest and fees, due and payable and could demand cash collateral for all letters of credit issued thereunder;
- could apply all of our available cash that is subject to the cash sweep mechanism of the ABL Facility to repay these borrowings; and/or
- could prevent us from making payments on our notes;

any or all of which could result in an event of default under our notes.

The ABL Facility provides for “springing control” over the cash in our deposit accounts constituting collateral for the ABL Facility, and such cash management arrangements includes a cash sweep at any time that availability under the ABL Facility is less than the greater of (x) $35 and (y) 12.5% of the lesser of the borrowing base and the total ABL Facility commitments at such time. Such cash sweep, if in effect, will cause all our available cash to be applied to outstanding borrowings under our ABL Facility. If we satisfy the conditions to borrowings under the ABL Facility while any such cash sweep is in effect, we may be able to make additional borrowings under the ABL Facility to satisfy our working capital and other operational needs. If we do not satisfy the conditions to borrowing, we will not be permitted to make additional borrowings under our ABL Facility, and we will not have sufficient cash to satisfy our working capital and other operational needs.

In addition, the terms governing our indebtedness limit our ability to sell assets and also restrict the use of proceeds from that sale, including restrictions on transfers from us to MPM and vice versa. We may be unable to sell assets quickly enough or for sufficient amounts to enable us to meet our obligations. Furthermore, a substantial portion of our assets is, and may continue to be, intangible assets. Therefore, it may be difficult for us to pay our consolidated debt obligations in the event of an acceleration of any of our consolidated indebtedness.

Repayment of our debt, including required principal and interest payments, depends on cash flows generated by our subsidiaries, which may be subject to limitations beyond our control.

Our subsidiaries own a significant portion of our consolidated assets and conduct a significant portion of our consolidated operations. Repayment of our indebtedness depends, to a significant extent, on the generation of cash flows and the ability of our subsidiaries to make cash available to us by dividend, debt repayment or otherwise. Our subsidiaries may not be able to, or may not be permitted to, make distributions to enable us to make payments on our indebtedness. Each subsidiary is a distinct legal entity and, under certain circumstances, legal and contractual restrictions may limit our ability to obtain cash from subsidiaries. While there are limitations on the ability of our subsidiaries to incur consensual restrictions on their ability to pay dividends or make intercompany payments, these limitations are subject to certain qualifications and exceptions. In the event that we are unable to receive distributions from our subsidiaries, we may be unable to make required principal and interest payments on our indebtedness.

A downgrade in our debt ratings could restrict our access to, and negatively impact the terms of, current or future financings or trade credit.

Standard & Poor’s Ratings Services (“S&P”) and Moody’s Investors Service (“Moody’s”) maintain credit ratings on us and certain of our debt. Each of these ratings is currently below investment grade. Any decision by these or other ratings agencies to downgrade such ratings in the future could restrict our access to, and negatively impact the terms of, current or future financings and trade credit extended by our suppliers of raw materials or other vendors.

ITEM 1B - UNRESOLVED STAFF COMMENTS

None.

ITEM 2 - PROPERTIES

Our headquarters are in Columbus, Ohio and we have executive offices in Rotterdam, Netherlands and Shanghai, China. Our major manufacturing facilities are primarily located in North America and Europe. As of December 31, 2016, we operated 23 domestic production and manufacturing facilities in 12 states and 32 foreign production and manufacturing facilities primarily in Australia, Brazil, Canada, China, Colombia, Finland, Germany, Italy, Korea, Malaysia, Netherlands, New Zealand, Spain, the United Kingdom and Uruguay.

The majority of our facilities are used for the production of thermosetting resins, and most of them manufacture more than one type of thermosetting resin, the nature of which varies by site. These facilities typically use batch technology, and range in size from small sites, with a limited number of reactors, to larger sites, with dozens of reactors. One exception to this is our plant in Deer Park, Texas, the only continuous-process epoxy resins plant in the world, which provides us with a cost advantage over conventional technology.

In addition, we have the ability to internally produce key intermediate materials such as formaldehyde, BPA, ECH, versatic acid and acrylic acid. This backward integration provides us with cost advantages and facilitates our adequacy of supply. These facilities are usually co-located with downstream resin manufacturing facilities they serve. As these intermediate materials facilities are often much larger than a typical resins plant, we can capture the benefits of manufacturing efficiency and scale by selling material that we do not use internally to third parties.

We believe our production and manufacturing facilities are well maintained and effectively utilized and are adequate to operate our business. Following are our more significant production and manufacturing facilities and executive offices:

Location	Nature of Ownership	Reporting Segment
Argo, IL*	Owned	Epoxy, Phenolic and Coating Resins
Barry, UK*	Owned	Epoxy, Phenolic and Coating Resins
Brady, TX	Owned	Epoxy, Phenolic and Coating Resins
Deer Park, TX*	Owned	Epoxy, Phenolic and Coating Resins
Duisburg-Meiderich, Germany	Owned	Epoxy, Phenolic and Coating Resins
Iserlohn-Letmathe, Germany	Owned	Epoxy, Phenolic and Coating Resins
Lakeland, FL	Owned	Epoxy, Phenolic and Coating Resins
Louisville, KY	Owned	Epoxy, Phenolic and Coating Resins
Moerdijk, Netherlands*	Owned	Epoxy, Phenolic and Coating Resins
Onsan, South Korea	Owned	Epoxy, Phenolic and Coating Resins
Pernis, Netherlands*	Owned	Epoxy, Phenolic and Coating Resins
Solbiate Olona, Italy	Owned	Epoxy, Phenolic and Coating Resins
Zhenjiang, China	Owned	Epoxy, Phenolic and Coating Resins
Curitiba, Brazil	Owned	Forest Products Resins
Montenegro, Brazil	Owned	Forest Products Resins
Edmonton, AB, Canada	Owned	Forest Products Resins
Fayetteville, NC	Owned	Forest Products Resins
Kitee, Finland	Owned	Forest Products Resins
Luling, LA*	Owned	Forest Products Resins
Geismar, LA	Owned	Forest Products Resins
Gonzales, LA	Owned	Forest Products Resins
Hope, AR	Owned	Forest Products Resins
Springfield, OR	Owned	Forest Products Resins
St. Romuald, QC, Canada	Owned	Forest Products Resins
Columbus, OH†	Leased	Corporate and Other
Rotterdam, Netherlands†	Leased	Corporate and Other
Shanghai, China†	Leased	Corporate and Other

* We own all of the assets at this location. The land is leased.
† Executive offices.

ITEM 3 - LEGAL PROCEEDINGS

Legal Proceedings

We are involved in various product liability, commercial and employment litigation, personal injury, property damage and other legal proceedings in the ordinary course of business, including actions that allege harm caused by products the Company has allegedly made or used, containing silica, vinyl chloride monomer and asbestos. The following claims represent material proceedings outstanding that are not in the ordinary course of business.

Environmental Damages to the Port of Paranagua, Brazil

On August 10, 2005, the Environmental Institute of Paraná (IAP), an environmental agency in the State of Paraná, provided Hexion Quimica Industria, the Company's Brazilian subsidiary, with notice of an environmental assessment in the amount of 12 Brazilian reais. The assessment related to alleged environmental damages to the Paranagua Bay caused in November 2004 from an explosion on a shipping vessel carrying methanol purchased by the Company. The investigations performed by the public authorities have not identified any actions of the Company that contributed to or caused the accident. The Company responded to the assessment by filing a request to have it cancelled and by obtaining an injunction precluding execution of the assessment pending adjudication of the issue. In November 2010, the Court denied the Company's request to cancel the assessment and lifted the injunction that had been issued. The Company responded to the ruling by filing an appeal in the State of Paraná Court of Appeals. In March 2012, the Company was informed that the Court of Appeals had denied the Company's appeal, and on June 4, 2012 the Company filed appeals to the Superior Court of Justice and the Supreme Court of Brazil. In September 2016, the Superior Court of Justice decided that strict liability does not apply to administrative fines issued by environmental agencies and reversed the decision of the State of Paraná Court of Appeals. The Superior Court of Justice remanded the case back to the Court of Appeals to determine if the IAP met its burden of proving negligence by the Company. The Company continues to believe it has strong defenses against the validity of the assessment, and does not believe that a loss is probable. At December 31, 2016, the amount of the assessment, including tax, penalties, monetary correction and interest, is 52 Brazilian reais, or approximately $16.

EPA Risk Management Plan Inspection

In December 2013, the USEPA conducted an inspection at one of our U.S. manufacturing facilities, which identified alleged violations of USEPA's Risk Management Plan regulations. The Company entered into a Consent Agreement and Final Order with USEPA effective September 22, 2016 that resolved the matter for a payment of less than $100,000.

Other Litigation

For a discussion of certain other legal contingencies, refer to Note 9 in Item 8 of Part II of this Annual Report on Form 10-K.

ITEM 4 - MINE SAFETY DISCLOSURES

This item is not applicable to the registrant.

PART II

(dollars in millions, except per share data, or as otherwise noted)

ITEM 5 - MARKET FOR THE REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

There is no established public trading market for our common stock. As of March 1, 2017, 82,556,847 common shares were held by our direct parent, Hexion LLC.

In 2014, we declared dividends of less than $1 to be paid as and when needed to fund the compensation for the Board of Managers of Hexion Holdings, insurance premiums and other expenses. Other than dividends that we may declare from time to time to fund expenses as permitted under our ABL Facility and the indentures that govern our notes, we do not currently intend to declare any cash dividends on our common stock, and instead intend to retain earnings, if any, to fund future operations and to reduce our debt. The credit agreement that governs our ABL Facility and the indentures that govern our notes impose restrictions on our ability to pay dividends. Therefore, our ability to pay dividends on our common stock will depend on, among other things, our level of indebtedness at the time of the proposed dividend and whether we are in default under any of our debt instruments. Our future dividend policy will also depend on the requirements of any future financing agreements to which we may be a party and other factors that our board of directors considers relevant. Any decision to declare and pay dividends in the future will be made at the discretion of our board of directors and will depend on, among other things, our results of operations, cash requirements, financial condition, business opportunities, provision of applicable law and other factors that our board of directors may consider relevant. For a discussion of our cash resources and needs, see Item 7 of Part II of this Annual Report on Form 10-K.

We have no compensation plans that authorize issuing our common stock to employees or non-employees. In addition, there have been no sales or repurchases of our equity securities during the past fiscal year. However, we and our direct and indirect parent companies have in the past issued, and may issue from time to time, equity awards that are denominated in or based upon the common units of our direct or ultimate parent to our employees and directors. As the awards were granted in exchange for service to us, these awards are included in our Consolidated Financial Statements. For a discussion of these equity plans, see Note 11 in Item 8 of Part II and Item 11 of Part III of this Annual Report on Form 10-K.

ITEM 6 - SELECTED FINANCIAL DATA

The following table presents our selected historical consolidated and combined financial data. The following information should be read in conjunction with, and is qualified by reference to, our "Management's Discussion and Analysis of Financial Condition and Results of Operations," and our audited Consolidated Financial Statements, as well as the other financial information included elsewhere herein.

The consolidated balance sheet data at December 31, 2016 and 2015 and the consolidated statement of operations data as for the years ended December 31, 2016, 2015 and 2014 have been derived from our audited Consolidated Financial Statements included elsewhere herein. The consolidated balance sheet data at December 31, 2014, 2013 and 2012 and the consolidated statement of operations data for the years ended December 31, 2013 and 2012 have been derived from audited consolidated financial statements not included herein.

	Year ended December 31,				
	2016	2015	2014	2013	2012
	(dollars in millions, except per share data)				
Statements of Operations:					
Net sales	$ 3,438	$ 4,140	$ 5,137	$ 4,890	$ 4,756
Cost of sales [(1)]	3,038	3,540	4,576	4,282	4,232
Gross profit	400	600	561	608	524
Selling, general and administrative expense	328	306	399	304	376
Gain on dispositions	(240)	—	—	—	—
Asset impairments	—	6	5	181	23
Business realignment costs	55	16	47	21	35
Other operating expense (income), net	13	12	(8)	1	11
Operating income	244	260	118	101	79
Interest expense, net	310	326	308	303	263
(Gain) loss on extinguishment of debt	(48)	(41)	—	6	—
Other non-operating (income) expense, net	(7)	(3)	32	2	(1)
Loss from continuing operations before income tax and earnings from unconsolidated entities	(11)	(22)	(222)	(210)	(183)
Income tax expense (benefit)	38	34	22	379	(410)
(Loss) income from continuing operations before earnings from unconsolidated entities	(49)	(56)	(244)	(589)	227
Earnings from unconsolidated entities, net of taxes	11	17	20	17	19
Net (loss) income	(38)	(39)	(224)	(572)	246
Net (income) loss attributable to noncontrolling interest	—	(1)	1	1	1
Net (loss) income attributable to Hexion Inc.	$ (38)	$ (40)	$ (223)	$ (571)	$ 247
Dividends declared per common share	$ —	$ —	$ —	$ 0.01	$ 0.04
Cash Flows (used in) provided by :					
Operating activities	$ (20)	$ 213	$ (50)	$ 80	$ 177
Investing activities	210	(155)	(233)	(150)	(138)
Financing activities	(235)	24	69	52	(59)
Balance Sheet Data (at end of period):					
Cash and cash equivalents	$ 196	$ 236	$ 172	$ 393	$ 419
Short-term investments	—	—	7	7	5
Working capital [(2)]	146	283	422	570	672
Total assets	2,055	2,382	2,617	2,804	3,300
Total long-term debt	3,397	3,698	3,678	3,598	3,367
Total net debt [(3)]	3,346	3,593	3,655	3,374	3,071
Total liabilities	4,594	4,859	4,967	4,877	4,583
Total deficit	(2,539)	(2,477)	(2,350)	(2,073)	(1,283)

(1) Cost of sales for the year ended December 31, 2016 includes accelerated depreciation of $129 related primarily to facility rationalizations within the Epoxy, Phenolic and Coatings Resins segment.
(2) Working capital is defined as current assets less current liabilities.
(3) Net debt is defined as long-term debt (exclusive of unamortized deferred financing fees) plus short-term debt less cash and cash equivalents and short-term investments.

ITEM 7 - MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

You should read the following discussion and analysis of our results of operations and financial condition for the years ended December 31, 2016, 2015 and 2014 with the audited Consolidated Financial Statements and related notes included elsewhere herein. The following discussion and analysis contains forward-looking statements that reflect our plans, estimates and beliefs, and which involve numerous risks and uncertainties, including, but not limited to, the risks and uncertainties described in Item 1A, "Risk Factors." Actual results may differ materially from those contained in any forward-looking statements.

Overview and Outlook

We are a large participant in the specialty chemicals industry, and a leading producer of adhesive and structural resins and coatings. Thermosets are a critical ingredient for virtually all paints, coatings, glues and other adhesives produced for consumer or industrial uses. We provide a broad array of thermosets and associated technologies and have significant market positions in all of the key markets that we serve.

Our products are used in thousands of applications and are sold into diverse markets, such as forest products, architectural and industrial paints, packaging, consumer products and automotive coatings, as well as higher growth markets, such as wind energy and electrical composites. Major industry sectors that we serve include industrial/marine, construction, consumer/durable goods, automotive, wind energy, aviation, electronics, architectural, civil engineering, repair/remodeling and oil and gas drilling. Key drivers for our business include general economic and industrial conditions, including housing starts, auto build rates and active oil and gas drilling rigs. In addition, due to the nature of our products and the markets we serve, competitor capacity constraints and the availability of similar products in the market may impact our results. As is true for many industries, our financial results are impacted by the effect on our customers of economic upturns or downturns, as well as by the impact on our own costs to produce, sell and deliver our products. Our customers use most of our products in their production processes. As a result, factors that impact their industries can and have significantly affected our results.

Through our worldwide network of strategically located production facilities we serve more than 4,200 customers in approximately 100 countries. Our global customers include large companies in their respective industries, such as 3M, Akzo Nobel, BASF, Bayer, Dow, Louisiana Pacific, Monsanto, Owens Corning, PPG Industries, Valspar and Weyerhaeuser.

Business Strategy

As a significant player in the specialty chemicals industry, we believe we have unique opportunities to strategically grow our business over the long term. We continue to develop new products with an emphasis on innovation and expanding our product solutions for our existing global customer base, while growing our businesses in potential high growth regions in the world, such as Asia-Pacific, Latin America, India and the Middle East. Through these growth strategies we strive to create shareholder value and generate solid operating cash flow.

Reportable Segments

Our business segments are based on the products that we offer and the markets that we serve. At December 31, 2016, we had two reportable segments: Epoxy, Phenolic and Coating Resins and Forest Products Resins. A summary of the major products of our reportable segments follows:

- **Epoxy, Phenolic and Coating Resins:** epoxy specialty resins, phenolic encapsulated substrates, versatic acids and derivatives, basic epoxy resins and intermediates, phenolic specialty resins and molding compounds, polyester resins, acrylic resins and vinylic resins
- **Forest Products Resins:** forest products resins and formaldehyde applications

2016 Overview

Following are highlights from our results of operations for the years ended December 31, 2016 and 2015:

	2016	2015	$ Change	% Change
Statements of Operations:				
Net sales	$ 3,438	$ 4,140	$ (702)	(17)%
Gross profit [1]	400	600	(200)	(33)%
Operating income	244	260	(16)	(6)%
Loss before income tax	(11)	(22)	11	50 %
Net loss	(38)	(39)	1	3 %
Segment EBITDA:				
Epoxy, Phenolic and Coating Resins	$ 258	$ 307	$ (49)	(16)%
Forest Products Resins	240	233	7	3 %
Corporate and Other	(65)	(74)	9	(12)%
Total	$ 433	$ 466	$ (33)	(7)%

(1) Gross profit for the year ended December 31, 2016 includes the negative impact of $129 of accelerated depreciation related primarily to facility rationalizations within our Epoxy, Phenolic and Coatings Resins segment.

- ***Net Sales***—Net sales in 2016 were $3.4 billion, a decrease of 17% compared with $4.1 billion in 2015. The decline in net sales was primarily driven by continued lower oil and raw material prices, which has led to lower demand and volumes in our oilfield business and an overall reduction in selling prices across many of our businesses due to the pass through of raw material cost reductions to our customers. The absence of net sales from our PAC Business in the second half of 2016, due to the sale of this business in the second quarter of 2016, further contributed $177 to the overall decrease. Additionally, the continued economic downturn in Brazil negatively impacted volumes in our Latin American forest products resins business. These decreases were partially offset by overall increases in our epoxy specialty business, driven by increased demand in the Chinese and European wind energy markets in the first half of 2016. Lastly, the strengthening of the U.S. dollar against most other currencies negatively impacted our net sales by 2%.

- ***Net Loss***—Net loss in 2016 was $38, an improvement of 3% as compared with a net loss of $39 in 2015. This improvement was primarily driven by $240 in gains on dispositions recognized in 2016 related to the sale of our PAC Business and HAI joint venture interest further discussed below, as well as a decrease in interest expense due to lower average debt levels in 2016. These decreases to net loss were largely offset by lower gross margin of $200, as well as increases in business realignment costs and selling, general and administrative expense. Lower gross margin was primarily driven by increased accelerated depreciation related to our Norco, LA facility closure and the indefinite idling of two manufacturing facilities in our oilfield business, as well as mark-to-market losses on pension and OPEB liabilities, which also negatively impacted selling, general and administrative expense. The increase in business realignment costs was largely attributable to the Norco, LA facility closure and the oilfield facility idlings mentioned above.

- ***Segment EBITDA***—In 2016, Segment EBITDA was $433, a decrease of 7% compared with $466 in 2015. The reduction in Segment EBITDA was primarily driven by volume decreases in our oilfield and base epoxy businesses and $23 due to the absence of the PAC Business and HA-International, LLC (“HAI”) from our results in the second half of 2016. These reductions were partially offset by overall volume growth in our epoxy specialty and versatic acid and derivatives businesses, cost efficiencies related to our new North American formaldehyde plants and the rationalization at our Norco, LA manufacturing facility and increases in raw materiality productivity across many of our businesses. Additionally, the strengthening of the U.S. dollar against most other currencies negatively impacted our Segment EBITDA results by 2%.

- ***Sale of PAC Business—***In May 2016, we completed the sale of our PAC Business to Synthomer plc (the “Buyer”) for a purchase price of approximately $226, less approximately $6 relating to liabilities, net of cash and estimated working capital, that transferred to the Buyer as part of the purchase agreement.

- ***Sale of HAI Joint Venture Interest—***In May 2016, we sold our 50% interest in HAI, a joint venture serving the North American foundry industry, to our joint venture partner HA-USA, Inc for a purchase price of $136, which includes $2 representing our 50% share of HAI’s cash balance at closing. HAI continues a strategic sourcing arrangement with our Louisville, KY site.

- ***Restructuring and Cost Reduction Programs—***During 2016, we have achieved $31 in cost savings related to our ongoing productivity and cost reduction programs. As of December 31, 2016, we have approximately $25 of total in-process cost savings related to these programs, the majority of which we expect to be achieved over the next 12 to 18 months.

- ***Norco, LA Facility Rationalization—***One of the above identified cost reduction projects was a facility rationalization at our Norco, LA manufacturing facility, where we ceased production during the second quarter of 2016 and have finalized agreements to exit the site in 2017. We expect this facility rationalization to generate approximately $20 in annual cost savings. As a result, we incurred $106 in accelerated depreciation related to shortening the estimated useful lives of certain long-lived assets related to this facility and the acceleration of a conditional asset retirement obligation (“ARO”) related to certain contractually obligated future demolition, decontamination and repair costs associated with this facility. We expect that our existing liabilities related to this closure will result in cash outflows over the next approximately 12 months.

- ***Growth Initiatives—***In February 2016, we completed construction of a new formaldehyde plant in Luling, LA. The completion of this facility, combined with the 2015 expansions of our forest products resins manufacturing facility in Curitiba, Brazil and our formaldehyde manufacturing facility in Geismar, LA, provides us with additional capacity to support expected long-term growth in these businesses and regions. We also added additional capacity in China to support increased demand in our epoxy specialty business. Further, we continue to focus on new product development and have taken steps to improve our analytical and product development services for our global grid, such as our recent announcement of the construction of a new research and development facility in Germany.

- ***2017 Refinancing Transactions—***In February 2017, we issued $485 aggregate principal amount of New First Lien Notes and $225 aggregate principal amount of New Senior Secured Notes. We will use the net proceeds from these notes, together with cash on our balance sheet, to redeem all of our outstanding Old Senior Secured Notes. We also amended and restated our ABL Facility, which effectively extended the maturity date of the facility from March 2018 to December 2021 and reduced the existing commitments under the facility from $400 to $350.

2017 Outlook

During 2017, we continue to expect strong demand in our North American forest products resins business due to ongoing modest growth in U.S. housing starts. Additionally, we expect the incremental capacity created by the newly completed formaldehyde plants in North America to drive volume increases in this business in 2017. We also expect improvements in our Latin American forest products resins business due to modest economic recovery in Brazil.

We expect our phenolic resins business to continue to benefit from the acquisition of the remaining 50% of our previous Chinese joint venture, as well as from the introduction of new products into the China market. Additionally, we expect modestly lower overall demand in our epoxy specialty business in 2017 due to a destocking of wind blades in China. We anticipate improvement in the second half of 2017 as demand increases. Further, while we anticipate volumes in our versatic acid and derivatives businesses to continue to improve, our results in this business will be negatively impacted by the absence of insurance recoveries, as our ongoing supplier disruption insurance claim was closed in late 2016. Lastly, we expect our base epoxy business to improve in 2017 due to our restructuring initiatives, but remain below historical levels of profitability.

We expect modest growth in our oilfield business in 2017 due to increased drilling activity and an expected increase in oil prices relative to 2016. We also expect lower than normal raw material prices to continue in 2017, as a substantial number of our raw material inputs are petroleum-based and their prices fluctuate with the price of oil.

Lastly, we anticipate that weaker global currencies could continue to pressure our results.

Shared Services Agreement

In October 2010, we entered into a shared services agreement with MPM (which, from October 1, 2010 through October 24, 2014, was a subsidiary of Hexion Holdings), as amended in October 2014 (the “Shared Services Agreement”), pursuant to which we provide to MPM, and MPM provides to us, certain services, including, but not limited to, executive and senior management, administrative support, human resources, information technology support, accounting, finance, legal and procurement services. The Shared Services Agreement was renewed for one year starting in October 2016 and is subject to termination by either the Company or MPM, without cause, on not less than 30 days’ written notice, and expires in October 2017 (subject to one-year renewals every year thereafter; absent contrary notice from either party). The Shared Services Agreement establishes certain criteria upon which the costs of such services are allocated between us and MPM and requires that the Shared Services Steering Committee formed under the agreement meet no less than annually to evaluate and determine an equitable allocation percentage. The allocation percentage for 2016 was 56% for us and 44% for MPM, as compared to 2015, which was 54% for us and 46% for MPM. Each year, the parties review and adjust the level and extent of services provided to meet the current needs of both companies.

The Shared Services Agreement has resulted in significant synergies for us, including shared services and logistics optimization, best-of-source contractual terms, procurement savings, regional site rationalization and administrative and overhead savings. We expect the majority of these savings to continue, and do not expect the 2014 amendment to have a material effect on our business, results of operations or liquidity.

Matters Impacting Comparability of Results

Our Consolidated Financial Statements include the accounts of the Company, its majority-owned subsidiaries in which minority shareholders hold no substantive participating rights and variable interest entities in which we have a controlling financial interest. Intercompany accounts and transactions are eliminated in consolidation.

Dispositions of PAC Business and HAI Joint Venture Interest

As discussed above, during the second quarter of 2016, we completed the sales of both our PAC Business and our 50% interest in the HAI joint venture. As a result, when comparing 2016 to 2015, our results in the second half of 2016 exclude these divested businesses, while our results in the second half of 2015 include net sales of $177 and Segment EBITDA of $23 related to these divested businesses.

Raw Material Prices

Raw materials comprised approximately 70% of our cost of sales in 2016. The three largest raw materials used in our production processes are phenol, methanol and urea. These materials represented approximately 40% of our total raw material costs in 2016. Fluctuations in energy costs, such as volatility in the price of crude oil and related petrochemical products, as well as the cost of natural gas, have caused volatility in our raw material costs and utility costs. In 2016, the average price of phenol remained flat, and the average prices of methanol and urea decreased by approximately 30% and 27%, respectively, as compared to 2015. In 2015, the average prices of phenol, methanol and urea decreased by approximately 28%, 22% and 15%, respectively, as compared to 2014. The impact of passing through raw material price changes to customers can result in significant variances in sales comparisons from year to year.

We expect long-term raw material cost volatility to continue because of price movements of key feedstocks. To help mitigate raw material volatility, we have purchase and sale contracts and commercial arrangements with many of our vendors and customers that contain periodic price adjustment mechanisms. Due to differences in timing of the pricing trigger points between our sales and purchase contracts, there is often a “lead-lag” impact. In many cases this “lead-lag” impact can negatively impact our margins in the short term in periods of rising raw material prices and positively impact them in the short term in periods of falling raw material prices.

Supplier Disruption

From late 2014 through July 2015, our European versatic acids and dispersions businesses were negatively impacted by a supplier disruption. We recorded insurance recoveries of $19 and $35 during 2016 and 2015, respectively, for a portion of these losses, and our insurance claim is now closed. The disruption had negative impacts on Segment EBITDA for our Epoxy, Phenolic and Coating Resins segment of $19 and $25 in 2016 and 2015, respectively. Timing differences between the negative impacts of the disruption and the related insurance recoveries can result in variances in Segment EBITDA comparisons from year to year.

Other Comprehensive Income

Our other comprehensive income is significantly impacted by foreign currency translation, and also impacted by defined benefit pension and postretirement benefit adjustments to a lesser degree. The impact of foreign currency translation is driven by the translation of assets and liabilities of our foreign subsidiaries which are denominated in functional currencies other than the U.S. dollar. The primary assets and liabilities driving the adjustments are cash and cash equivalents; accounts receivable; inventory; property, plant and equipment; accounts payable; pension and other postretirement benefit obligations and certain intercompany loans payable and receivable. The primary currencies in which these assets and liabilities are denominated are the euro, Brazilian real, Canadian dollar and Australian dollar. The impact of defined benefit pension and postretirement benefit adjustments is primarily driven by unrecognized prior service cost related to our defined benefit and other postretirement benefit plans, as well as the subsequent amortization of these amounts from accumulated other comprehensive income in periods following the initial recording of such amounts.

Pension and OPEB MTM Adjustments

Under our accounting policy related to the recognition of gains and losses for pension and other non-pension postretirement benefit ("OPEB") plans, upon the annual remeasurement of our pension and OPEB plans in the fourth quarter, or on an interim basis as triggering events warrant, we immediately recognize gains and losses as a mark-to-market ("MTM") gain or loss through net income. The largest component of our pension and OPEB expense typically relates to these MTM adjustments, which were recognized in the Consolidated Statements of Operations for the years ended, December 31, 2016, 2015 and 2014 as follows:

	Year Ended December 31,		
MTM Loss (Gain)	**2016**	**2015**	**2014**
Cost of sales	$ 19	$ (8)	$ 45
Selling, general and administrative expense	15	(5)	57
Total	$ 34	$ (13)	$ 102

In 2016, an overall decrease in the discount rates used to calculate our pension and OPEB liabilities at December 31, 2016 resulted in a increase in unrealized losses of $47, from an unrealized gain of $13 in 2015 to an unrealized loss of $34 in 2016. The change in unrealized losses increased Cost of sales by $27 and Selling, general and administrative expense by $20.

In 2015, an overall increase in the discount rates used to calculate our pension and OPEB liabilities at December 31, 2015 resulted in a decrease in unrealized losses of $115, from an unrealized loss of $102 in 2014 to an unrealized gain of $13 in 2015. The change in unrealized losses decreased Cost of sales by $53 and Selling, general and administrative expense by $62.

Results of Operations

CONSOLIDATED STATEMENTS OF OPERATIONS

	Year Ended December 31,		
(In millions)	**2016**	**2015**	**2014**
Net sales	$ 3,438	$ 4,140	$ 5,137
Cost of sales	2,909	3,538	4,576
Accelerated depreciation	129	2	—
Gross profit	400	600	561
Gross profit as a percentage of net sales	*12%*	*14%*	*11%*
Selling, general and administrative expense	328	306	399
Gain on dispositions	(240)	—	—
Asset impairments	—	6	5
Business realignment costs	55	16	47
Other operating expense (income), net	13	12	(8)
Operating income	244	260	118
Operating income as a percentage of net sales	*7%*	*6%*	*2%*
Interest expense, net	310	326	308
Gain on extinguishment of debt	(48)	(41)	—
Other non-operating (income) expense, net	(7)	(3)	32
Total non-operating expense	255	282	340
Loss before income tax and earnings from unconsolidated entities	(11)	(22)	(222)
Income tax expense	38	34	22
Loss before earnings from unconsolidated entities	(49)	(56)	(244)
Earnings from unconsolidated entities, net of taxes	11	17	20
Net loss	(38)	(39)	(224)
Net (income) loss attributable to noncontrolling interest	—	(1)	1
Net loss attributable to Hexion Inc.	$ (38)	$ (40)	$ (223)
Other comprehensive loss	$ (24)	$ (88)	$ (57)

Net Sales

In 2016, net sales decreased by $702, or 17%, compared to 2015. Pricing negatively impacted net sales by $373 due to raw material price decreases passed through to customers in most of our businesses. The disposition of our PAC Business in the second quarter of 2016 negatively impacted net sales by $177. Volume decreases negatively impacted net sales by $82, and were primarily driven by reduced volumes in our oilfield business, which were the result of lower natural gas and oil drilling activity caused by lower oil prices. Also contributing to the overall volume decrease were volume reductions in our Latin American forest products resins business due to the continued economic downturn in Brazil. These decreases were partially offset by higher volumes in our phenolic resins business, driven by the acquisition of the remaining 50% of our previous Chinese joint venture and increased demand within certain industrial markets in North America, as well as higher volumes in our epoxy specialty business, which were primarily driven by strong demand in the Chinese and European wind energy markets in the first half of 2016. In addition, foreign currency translation negatively impacted net sales by $70, primarily as a result of the strengthening of the U.S. dollar against the Brazilian real, Chinese yuan and euro in 2016 compared to 2015.

In 2015, net sales decreased by $997, or 19%, compared to 2014. Volume decreases negatively impacted net sales by $255 and were primarily driven by reduced volumes in our oilfield business, which was the result of lower natural gas and oil drilling activity caused by a decrease in oil prices throughout 2015. Also contributing to the overall volume decrease were lower volumes in our versatic acids business and within certain product lines in our base epoxy and dispersions businesses. Decreases in volumes in our versatic acids and dispersions businesses were primarily driven by the impact of a supplier disruption in our European versatic acids business, and decreases in volumes in our base epoxy business were primarily due to a customer plant closure in late 2014 and operational issues at certain manufacturing facilities. These decreases were partially offset by volume increases in our epoxy specialty business, which were driven by increasing demand in the China wind energy market, as well as volume increases in our North American forest products resins business, driven by increases in U.S. housing construction. Pricing had a negative impact of $307 due to raw material price decreases passed through to customers in most of our businesses, as well as competitive pricing pressures in our oilfield business. In addition, foreign currency translation negatively impacted net sales by $435, primarily as a result of the strengthening of the U.S. dollar against the euro, Brazilian real and Canadian dollar in 2015 compared to 2014.

Gross Profit

Gross profit decreased $200 in 2016 compared to 2015, primarily due to an increase in accelerated depreciation of $127 related to the rationalization of our Norco, LA facility and the indefinite idling of two manufacturing facilities in our oilfield business, as well as an increase of $27 related to MTM adjustments on pension and OPEB liabilities (losses of $19 in 2016 and gains of $8 in 2015). Gross profit as a percentage of net sales decreased by 2%, primarily due to the impact of the accelerated depreciation and MTM adjustments discussed above, which had a combined negative impact of 4%. These decreases were partially offset by favorable raw material deflation and raw material productivity initiatives.

Gross profit increased $39 in 2015 compared to 2014, largely due to the impact of the MTM adjustments on pension and OPEB liabilities discussed above (gains of $8 in 2015 and losses of $45 in 2014). Gross profit as a percentage of net sales increased by 3%, primarily due to favorable raw material deflation and raw material productivity initiatives and also due to the impact of the MTM adjustments on pension and OPEB liabilities, which outpaced the negative impact of competitive pricing pressures discussed above.

Operating Income

Operating income decreased by $16 in 2016 compared to 2015. This decrease was primarily due to the decrease in gross profit of $200 discussed above. Also contributing to the decrease in operating income was a increase in business realignment costs of $39 and increases in selling, general and administrative expense of $22. The increase in business realignment costs was largely due to one-time closure expenses related to our Norco, LA facility rationalization, primarily consisting of charges related to the early termination of certain contracts for utilities, site services and raw materials. The increase in selling, general and administrative expense was due primarily to the impact of the MTM adjustments on pension and OPEB liabilities (losses of $15 in 2016 and gains of $5 in 2015), costs related to the sale of our PAC Business and lower insurance recoveries in 2016 related to the supplier disruption in our European versatic acids business, partially offset by lower compensation and benefits expense driven by our recent cost savings and productivity actions. These negative impacts to operating income were partially offset by gains of $240 in the second quarter 2016 related to the sale of our PAC Business and our ownership interest in the HAI joint venture (see Note 12 in Item 8 of Part II of this Annual Report on Form 10-K), as well as reductions of $6 in asset impairment charges.

Operating income increased by $142 in 2015 compared to 2014. The increase was primarily due to decreases in selling, general and administrative expense of $93 and business realignment costs of $31 compared to 2014. Selling, general and administrative expense decreased primarily due to the impact of the MTM adjustments on pension and OPEB liabilities discussed above (gains of $5 in 2015 and losses of $57 in 2014), as well as lower compensation and benefits expense driven by our recent cost savings and productivity actions and lower professional services costs. The decrease in business realignment costs was due primarily to a decrease in costs related to the Company’s restructuring and cost optimization programs, as well as a decrease environmental remediation costs at certain formerly owned locations. These positive impacts to operating income were partially offset by other operating expense (income), net, which increased by $20 from income of $8 to an expense of $12, compared to 2014, due to an increase in realized and unrealized foreign currency transaction losses, partially offset by a gain of $5 on a step acquisition (see Note 13 in Item 8 of Part II of this Annual Report on Form 10-K). Additionally, gross profit increased by $39, as discussed above.

Non-Operating Expense

In 2016, total non-operating expense decreased by $27 compared to 2015, primarily due to a decrease in interest expense of $16 driven by lower average debt levels, as well as an increase of $7 in gains on debt buyback transactions and an increase of $4 in realized and unrealized foreign currency transaction gains.

In 2015, total non-operating expense decreased by $58 compared to 2014, primarily due to a $41 gain on debt extinguishment that occurred in 2015, as well as a decrease in realized and unrealized foreign currency transaction losses. These items were partially offset by an increase of $18 in interest expense driven by higher average debt levels.

Income Tax Expense

In 2016, income tax expense increased by $4 compared to 2015. In 2016, the Company recognized income tax expense of $38 primarily as a result of income from certain foreign operations. Losses in the United States created a deferred income tax benefit which was completely offset by an increase to the related valuation allowance.

In 2015, income tax expense increased by $12 compared to 2014. In 2015, the Company recognized income tax expense of $34 primarily as a result of income from certain foreign operations. Losses in the United States created a deferred income tax benefit which was completely offset by an increase to the related valuation allowance.

Other Comprehensive Loss

In 2016, other comprehensive loss of $24 relates to the $23 negative impact of foreign currency translation, primarily driven by the strengthening of the U.S. dollar against the Chinese yuan and the euro, and to $1 of amortization of prior service costs on defined benefit pension and postretirement benefits.

In 2015, foreign currency translation negatively impacted other comprehensive income by $88, primarily due to the strengthening of the U.S. dollar against the euro, Brazilian real and Canadian dollar.

In 2014, foreign currency translation negatively impacted other comprehensive loss by $61 primarily due to the strengthening of the U.S. dollar against the Australian dollar, Brazilian real, Canadian dollar and the euro. For the year ended December 31, 2014, pension and OPEB adjustments positively impacted other comprehensive income by $4, primarily due to prior service benefit recorded related to certain plan amendments.

Results of Operations by Segment

Following are net sales and Segment EBITDA (earnings before interest, income taxes, depreciation and amortization) by reportable segment. Segment EBITDA is defined as EBITDA adjusted for certain non-cash items, other income and expenses and discontinued operations. Segment EBITDA is the primary performance measure used by our senior management, the chief operating decision-maker and the board of directors to evaluate operating results and allocate capital resources among segments. Segment EBITDA is also the profitability measure used to set management and executive incentive compensation goals. Segment EBITDA should not be considered a substitute for net income (loss) or other results reported in accordance with U.S. GAAP. Segment EBITDA may not be comparable to similarly titled measures reported by other companies.

	Year Ended December 31,		
	2016	2015	2014
Net Sales[1]:			
Epoxy, Phenolic and Coating Resins	$ 2,094	$ 2,589	$ 3,277
Forest Products Resins	1,344	1,551	1,860
Total	$ 3,438	$ 4,140	$ 5,137
Segment EBITDA:			
Epoxy, Phenolic and Coating Resins	$ 258	$ 307	$ 290
Forest Products Resins	240	233	255
Corporate and Other	(65)	(74)	(83)
Total	$ 433	$ 466	$ 462

(1) Intersegment sales are not significant and, as such, are eliminated within the selling segment.

2016 vs. 2015 Segment Results

Following is an analysis of the percentage change in sales by segment from 2015 to 2016:

	Volume	Price/Mix	Currency Translation	Impact of Dispositions	Total
Epoxy, Phenolic and Coating Resins	(2)%	(9)%	(1)%	(7)%	(19)%
Forest Products Resins	(1)%	(10)%	(2)%	— %	(13)%

Epoxy, Phenolic and Coating Resins

Net sales in 2016 decreased by $495, or 19%, compared to 2015. Pricing negatively impacted net sales by $221 due primarily to raw material price decreases passed through to customers in most of our businesses. The disposition of our PAC Business in the second quarter of 2016 negatively impacted net sales by $177. Lower volumes negatively impacted net sales by $64, which were primarily driven by continued decreases in volumes within our oilfield business, as well as volume decreases in our base epoxy business due to increased competition. These decreases were partially offset by higher volumes in our phenolic resins business due to the acquisition of the remaining 50% of our previous Chinese joint venture and increased demand within certain industrial markets in North America, as well as overall higher volumes in our epoxy specialty business, which were primarily driven by strong demand in the Chinese and European wind energy markets in the first half of 2016. Foreign exchange translation negatively impacted net sales by $33, primarily due to the strengthening of the U.S. dollar against the Chinese yuan and the euro in 2016 compared to 2015.

Segment EBITDA in 2016 decreased by $49 to $258 compared to 2015. The impact of the disposition of our PAC Business and HAI joint venture interest in the second quarter of 2016 contributed to $23 of this decrease. The remaining decrease was primarily driven by the volume declines in our oilfield and base epoxy businesses discussed above. These decreases were partially offset by the growth in our epoxy specialty business discussed above, combined with margin expansion in our versatic acids business and cost reductions related to the rationalization at our Norco, LA manufacturing facility.

Forest Products Resins

Net sales in 2016 decreased by $207, or 13%, when compared to 2015. Pricing negatively impacted net sales by $152, which was primarily due to raw material price decreases contractually passed through to customers across many of our businesses. Lower volumes negatively impacted net sales by $18, and were primarily driven by weaker demand in our Latin American forest products resins business as a result of the continued economic downturn in Brazil. These decreases were partially offset by volume increases in certain industrial markets within our European forest products business. Foreign exchange translation negatively impacted net sales by $37, primarily due to the strengthening of the U.S. dollar against the Brazilian real, Canadian dollar and the euro in 2016 compared to 2015.

Segment EBITDA in 2016 increased by $7 to $240 compared to 2015. This increase was primarily due to increased volumes and cost efficiencies associated with our new North American formaldehyde plants, as well as increased raw material productivity. These increases were partially offset by the volume reductions in our Latin American forest products resins business discussed above.

Corporate and Other

Corporate and Other is primarily corporate, general and administrative expenses that are not allocated to the segments, such as shared service and administrative functions, unallocated foreign exchange gains and losses and legacy company costs not allocated to continuing segments. Corporate and Other charges decreased by $9 to $65 compared to 2015, due primarily to lower compensation and benefits expense driven by our recent cost savings actions.

2015 vs. 2014 Segment Results

The table below provides additional detail of the percentage change in sales by segment from 2014 to 2015:

	Volume	Price/Mix	Currency Translation	Total
Epoxy, Phenolic and Coating Resins	(7)%	(6)%	(8)%	(21)%
Forest Products Resins	(1)%	(6)%	(10)%	(17)%

Epoxy, Phenolic and Coating Resins

Net sales in 2015 decreased by $688, or 21%, compared to 2014. Lower volumes negatively impacted net sales by $232, which were primarily driven by decreased volumes within our oilfield business, as well as volume decreases related to our versatic acids business and certain products within our base epoxy and dispersions businesses. These decreases were partially offset by higher volumes in our epoxy specialty business. Volume decreases in our oilfield business were a result of reduced natural gas and oil drilling activity as a result of lower oil prices. Decreases in volumes in our versatic acids and dispersions businesses were primarily driven by the impact of a supplier disruption in our European versatic acids business and decreases in volumes in our base epoxy business were primarily due to a customer plant closure in late 2014 and operational issues at certain manufacturing facilities. Increases in volumes in our epoxy specialty business were driven by strong demand in the China wind energy market. Pricing had a negative impact of $193, which was primarily due to raw material price decreases passed through to customers, as well as unfavorable product mix and competitive pricing pressures in our oilfield business. Foreign exchange translation negatively impacted net sales by $263, primarily due to the strengthening of the U.S. dollar against the euro in 2015 compared to 2014.

Segment EBITDA in 2015 increased by $17 to $307 compared to 2014. This increase is primarily due to strong volume growth in our epoxy specialty business discussed above, as well as overall raw material price deflation. These increases more than offset the declines in our oilfield business and unfavorable foreign exchange impacts discussed above. On a constant currency basis, Segment EBITDA increased by 16%.

Forest Products Resins

Net sales in 2015 decreased by $309, or 17%, when compared to 2014. The primary driver of this decrease was foreign exchange translation, which negatively impacted net sales by $172, primarily due to the strengthening of the U.S. dollar against the Brazilian real, Canadian dollar and the euro in 2015 compared to 2014. Pricing had a negative impact of $114, which was primarily due to raw material price decreases passed through to customers and unfavorable product mix in our North American formaldehyde business. Lower volumes negatively impacted sales by $23, and were primarily driven by volume decreases in certain industrial markets within our North American formaldehyde business due to a reduction in natural gas and oil drilling activity, as well as volume decreases in our Latin American forest product resins business due to weakening demand in Brazil. These decreases were partially offset by volume increases in our North American forest products resins business driven by increases in U.S. housing construction.

Segment EBITDA in 2015 decreased by $22 to $233 compared to 2014. This decrease is primarily due to the negative impact of foreign exchange translation and volume decreases in our North American formaldehyde and Latin American forest product resins businesses discussed above. These decreases were partially offset by the volume increases in our North American forest products resin business discussed above, as well as increases in raw material productivity. On a constant currency basis, Segment EBITDA increased by 2%.

Corporate and Other

Corporate and Other is primarily corporate, general and administrative expenses that are not allocated to the segments, such as shared service and administrative functions, unallocated foreign exchange gains and losses and legacy company costs not allocated to continuing segments. Corporate and Other charges decreased by $9 to $74 compared to 2014, due primarily to lower compensation and benefits expense driven by our recent cost savings actions, as well as the impact of the strengthening of the U.S. dollar.

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Reconciliation of Net Loss to Segment EBITDA:

	Year Ended December 31,		
	2016	2015	2014
Net loss	$ (38)	$ (39)	$ (224)
Income tax expense	38	34	22
Interest expense, net	310	326	308
Depreciation and amortization	131	137	144
Accelerated depreciation	129	2	—
EBITDA	$ 570	$ 460	$ 250
Items not included in Segment EBITDA:			
Asset impairments	$ —	$ 6	$ 5
Business realignment costs	55	16	47
Realized and unrealized foreign currency (gains) losses	(11)	10	32
Gain on dispositions	(240)	—	—
Gain on extinguishment of debt	(48)	(41)	—
Unrealized losses (gains) on pension and OPEB plan liabilities	34	(13)	102
Other	73	28	26
Total adjustments	(137)	6	212
Segment EBITDA	$ 433	$ 466	$ 462
Segment EBITDA:			
Epoxy, Phenolic and Coating Resins	$ 258	$ 307	$ 290
Forest Products Resins	240	233	255
Corporate and Other	(65)	(74)	(83)
Total	$ 433	$ 466	$ 462

Items Not Included in Segment EBITDA

Not included in Segment EBITDA are certain non-cash items and other income and expenses. For 2016, these other items primarily included certain professional fees related to strategic projects and expenses from retention programs. For 2015, these other items primarily included expenses from retention programs, certain professional fees related to strategic projects and management fees, partially offset by gains on the disposal of assets and a gain on a step acquisition. For 2014, these items primarily included expenses from retention programs, partially offset by gains on the disposal of assets.

Business realignment costs for 2016 primarily included costs related to the rationalization at our Norco, LA manufacturing facility and costs related to certain in-process cost reduction programs. Business realignment costs for 2015 primarily included costs related to certain in-process cost reduction programs. Business realignment costs for 2014 primarily included expenses from the Company’s newly implemented restructuring and cost optimization programs, as well as costs for environmental remediation at certain formerly owned locations.

Liquidity and Capital Resources

We are a highly leveraged company. Our primary sources of liquidity are cash flows generated from operations and availability under our ABL Facility. Our primary liquidity requirements are interest, working capital and capital expenditures.

At December 31, 2016, we had $3,504 of outstanding debt and $511 in liquidity consisting of the following:

- $179 of unrestricted cash and cash equivalents (of which $151 is maintained in foreign jurisdictions);
- $299 of borrowings available under our ABL Facility ($334 borrowing base less $35 of outstanding letters of credit); and
- $33 of time drafts and borrowings available under credit facilities at certain international subsidiaries.

Our net working capital (defined as accounts receivable and inventories less accounts payable) at December 31, 2016 and 2015 was $309 and $356, respectively. A summary of the components of our net working capital as of December 31, 2016 and 2015 is as follows:

	December 31, 2016	% of LTM Net Sales	December 31, 2015	% of LTM Net Sales
Accounts receivable	$ 390	12 %	$ 428	11 %
Inventories	287	9 %	279	7 %
Accounts payable	(368)	(11)%	(351)	(9)%
Net working capital [(1)]	$ 309	10 %	$ 356	9 %

(1) The components of net working capital and percentage of LTM net sales at both December 31, 2016 and December 31, 2015 exclude net working capital and net sales related to the PAC Business.

The decrease in net working capital of $47 from December 31, 2015 was the result of a decrease of $38 in accounts receivable and an increase of $17 in accounts payable, which outpaced an increase of $8 in inventory. The decrease in accounts receivable was primarily due to higher efficiency in collections at the end of 2016, lower sales volumes and pricing decreases due to decreases in raw material costs. The increases in accounts payable were primarily driven by the timing of vendor payments at the end of 2016. In addition, the strengthening of the U.S. dollar against other currencies further contributed to decreases in net working capital. To minimize the impact of net working capital on cash flows, we continue to review inventory safety stock levels, focus on receivable collections by offering incentives to customers to encourage early payment or accelerating receipts through the sale of receivables and negotiate with vendors to contractually extend payment terms whenever possible.

We periodically borrow from the ABL Facility to support our short-term liquidity requirements, particularly when net working capital requirements increase in response to seasonality of our volumes. As of December 31, 2016, there were no outstanding borrowings under the ABL Facility.

2017 Refinancing Transactions

On February 8, 2017, we issued $485 aggregate principal amount of New First Lien Notes and $225 aggregate principal amount of New Senior Secured Notes. Upon the closing of these offerings, we satisfied and discharged our obligations under the Old Senior Secured Notes by depositing the net proceeds from these offerings, together with cash on our balance sheet, with the trustee for the Old Senior Secured Notes for the purpose of redeeming all of our outstanding Old Senior Secured Notes, which redemption will occur on March 10, 2017.

In December 2016, we amended and restated the ABL Facility, with modifications to, among other things, permit the refinancing of the Old Senior Secured Notes. In connection with the issuance of the new notes in February 2017, certain lenders under the ABL Facility provided extended revolving facility commitments in an aggregate principal amount of $350 with a maturity date of December 5, 2021 (subject to early maturity triggers), the existing commitments were terminated and the size of the ABL Facility was reduced from $400 to $350.

2016 Debt Transactions

During 2016, we repurchased $290 of our Old Senior Secured Notes on the open market for cash of $240. These transactions resulted in a gain of $48, which represents the difference between the carrying value of the repurchased debt and the cash paid for the repurchases, less the proportionate amount of unamortized deferred financing fees and debt discounts that were written off in conjunction with the repurchases.

2017 Outlook

The following factors will impact 2017 cash flows:

- **Interest and Income Taxes:** We expect cash outflows in 2017 related to interest payments on our debt of approximately $300 and income tax payments between $25 and $35.

- **Capital Spending:** Capital spending in 2017 is expected to be between $100 and $110, a significant decrease from 2016 due to the completion of large strategic growth projects in 2016, as well as our recent divestitures and restructuring activities at certain facilities.

- **Working Capital:** We anticipate working capital to increase slightly during 2017, as compared to 2016. During the year, we expect an increase in the first half and a decrease in the second half, consistent with historical trends.

We plan to fund these outflows with available cash and cash equivalents, cash from operations and, if necessary, through available borrowings under our ABL Facility. Based on our liquidity position as of December 31, 2016, and projections of operating cash flows in 2017, we believe we have the ability to continue as a going concern for the next twelve months.

Depending upon market, pricing and other conditions, including the current state of the high yield bond market, as well as our cash balances and available liquidity, we or our affiliates, may seek to acquire additional notes or other indebtedness of the Company through open market purchases, privately negotiated transactions, tender offers, redemption or otherwise, upon such terms and at such prices as we or our affiliates may determine (or as may be provided for in the indentures governing the notes), for cash or other consideration. We expect to have adequate liquidity to fund our ongoing operations for the next twelve months from cash on our balance sheet, cash flows provided by operating activities and amounts available for borrowings under our credit facilities.

Sources and Uses of Cash

Following are highlights from our Consolidated Statements of Cash Flows for the years ended December 31:

	Year Ended December 31,		
	2016	**2015**	**2014**
Sources (uses) of cash:			
Operating activities	$ (20)	$ 213	$ (50)
Investing activities	210	(155)	(233)
Financing activities	(235)	24	69
Effect of exchange rates on cash flow	(4)	(10)	(9)
Net (decrease) increase in cash and cash equivalents	$ (49)	$ 72	$ (223)

Operating Activities

In 2016, operating activities used $20 of cash. Net loss of $38 included $34 of net non-cash income items, of which $240 related to gains on the HAI and PAC dispositions, $52 was for unrealized foreign currency gains and $48 related to gains on debt extinguishments. These items were partially offset by $131 of depreciation and amortization, $129 of accelerated depreciation, $34 of unrealized losses related to the remeasurement of our pension and OPEB liabilities and $2 related to deferred tax expense. Working capital provided $18, which was driven by decreases in accounts payable due to timing of vendor payments, partially offset by smaller decreases in accounts receivable and inventory due to sales volume decreases, lower raw material prices and increased efficiency in accounts receivable collections. Changes in other assets and liabilities and income taxes payable provided $34 due to the timing of when items were expensed versus paid, which primarily included interest expense, restructuring costs, employee retention programs, pension plan contributions and taxes.

In 2015, operating activities provided $213 of cash. Net loss of $39 included $97 of net non-cash expense items, of which $137 was for depreciation and amortization, $12 related to unrealized foreign currency losses, $8 was for non-cash asset impairments and accelerated depreciation and $7 related to deferred tax expense. These expense items were partially offset by a $41 gain on extinguishment of debt, $13 of unrealized gains related to the remeasurement of our pension and OPEB liabilities, a $5 gain on step acquisition and a $4 gain on sale of assets. Working capital provided $135, which was driven by decreases in accounts receivable and inventory due to sales volume decreases, lower raw material prices and increased efficiency in accounts receivable collections, which were partially offset by decreases in accounts payable, driven by volume decreases, lower raw material prices and the timing of vendor payments. Changes in other assets and liabilities and income taxes payable provided $20 due to the timing of when items were expensed versus paid, which primarily included interest expense, employee retention programs, pension plan contributions and taxes.

In 2014, operating activities used $50 of cash. Net loss of $224 included $270 of net non-cash expense items, of which $144 was for depreciation and amortization, $102 was for unrealized losses related to the remeasurement of our pension and OPEB liabilities, $46 related to unrealized foreign currency losses and $5 was for non-cash asset impairments. These items were partially offset by gains on the sale of certain assets of $16 and $6 of deferred tax benefit. Working capital used $127, which was driven by increases in inventory and accounts receivable due to sales volume increases, as well as decreases in accounts payable, driven by the timing of vendor payments. Changes in other assets and liabilities and income taxes payable provided $31 due to the timing of when items were expensed versus paid, which primarily included interest expense, employee retention programs, pension plan contributions and taxes.

Investing Activities

In 2016, investing activities provided $210, primarily driven by net cash proceeds of $356 related to the HAI and PAC dispositions and cash received on the HAI buyer’s note, as well as $5 in proceeds from the sale of other assets. These items were partially offset by capital expenditures (including capitalized interest) of $141 and increase of $9 in restricted cash.

In 2015, investing activities used $155. We spent $179 for capital expenditures (including capitalized interest), which primarily related to plant expansions, improvements and maintenance related capital expenditures. Additionally, we spent $7, net of cash received, on the step acquisition of a joint venture. The sale of certain assets and investments provided cash of $23, and the decrease in restricted cash provided $8.

In 2014, investing activities used $233. We spent $183 for capital expenditures, which primarily related to plant expansions and improvements, as well as maintenance-related capital expenditures. We also used cash of $52 to purchase a manufacturing facility in Shreveport, Louisiana, and $12 of cash was used to purchase a subsidiary of MPM. The loan extended to Superholdco Finance Corp. (“Finco”) resulted in a $50 decrease in cash, which was offset by the subsequent $50 repayment of the loan by Finco. Additionally, the sale of certain assets provided $20 of cash, and the change in restricted cash used $3.

Financing Activities

In 2016, financing activities used $235. Net short-term debt repayments were $22 and net long-term debt repayments were $212. Our long-term debt repayments primarily consisted of $240 used to repurchase a portion of our Old Senior Secured Notes on the open market. We also paid $1 of financing fees.

In 2015, financing activities provided $24. Net short-term debt repayments were $3, and net long term borrowings were $38, which primarily consisted of proceeds from the issuance of an aggregate principal amount of $315 of 10.00% First-Priority Senior Secured Notes due 2020 ("10.00% First Lien Notes"), which was partially offset by the redemption or repayment of approximately $40 of our outstanding Sinking Fund Debentures and all amounts outstanding on the ABL Facility at the time of the issuance. Additionally, we used $160 to repurchase a portion of our Old Senior Secured Notes on the open market. We also paid $11 of financing fees related to these debt transactions.

In 2014, financing activities provided $69. Net short-term debt borrowings were $21, which primarily consisted of net borrowings in certain foreign jurisdictions primarily to fund working capital requirements. Net long-term debt borrowings of $48 primarily consisted of net borrowings under our ABL Facility.

There are certain restrictions on the ability of certain of our subsidiaries to transfer funds to the parent in the form of cash dividends, loans or otherwise, which primarily arise as a result of certain foreign government regulations or as a result of restrictions within certain subsidiaries' financing agreements limiting such transfers to the amounts of available earnings and profits or otherwise limit the amount of dividends that can be distributed. In either case, we have alternative methods to obtain cash from these subsidiaries in the form of intercompany loans and/or returns of capital in such instances where payment of dividends is limited to the extent of earnings and profits.

Covenant Compliance

The instruments that govern our indebtedness contain, among other provisions, restrictive covenants (and incurrence tests in certain cases) regarding indebtedness, dividends and distributions, mergers and acquisitions, asset sales, affiliate transactions, capital expenditures and, in the case of our ABL Facility, the maintenance of a financial ratio (depending on certain conditions). Payment of borrowings under the ABL Facility and our notes may be accelerated if there is an event of default as determined under the governing debt instrument. Events of default under the credit agreement governing our ABL Facility includes the failure to pay principal and interest when due, a material breach of representations or warranties, most covenant defaults, events of bankruptcy and a change of control. Events of default under the indentures governing our notes include the failure to pay principal and interest, a failure to comply with covenants, subject to a 30-day grace period in certain instances, and certain events of bankruptcy.

The indentures that govern our 6.625% First-Priority Senior Secured Notes, 10.00% First Lien Notes, New First Lien Notes, New Senior Secured Notes and 9.00% Second-Priority Senior Secured Notes (the "Secured Indentures") contain an Adjusted EBITDA to Fixed Charges ratio incurrence test which may restrict our ability to take certain actions such as incurring additional debt or making acquisitions if we are unable to meet this ratio (measured on a last twelve months, or LTM, basis) of at least 2.0:1. The Adjusted EBITDA to Fixed Charges Ratio under the Secured Indentures is generally defined as the ratio of (a) Adjusted EBITDA to (b) net interest expense excluding the amortization or write-off of deferred financing costs, each measured on an LTM basis.

Our ABL Facility, which is subject to a borrowing base does not have any financial maintenance covenant other than a minimum fixed charge coverage ratio of 1.0 to 1.0 that would only apply if our availability under the ABL Facility at any time is less than the greater of (a) $35 and (b) 12.5% of the lesser of the borrowing base and the total ABL Facility commitments at such time. The fixed charge coverage ratio under the credit agreement governing the ABL Facility is generally defined as the ratio of (a) Adjusted EBITDA minus non-financed capital expenditures and cash taxes to (b) debt service plus cash interest expense plus certain restricted payments, each measured for the four most recent quarters for which financial statements have been delivered. At December 31, 2016, our availability under the ABL Facility exceeded such levels; therefore, the minimum fixed charge coverage ratio did not apply. As of December 31, 2016, we were in compliance with all covenants that govern the ABL Facility. We believe that a default under the ABL Facility is not reasonably likely to occur in the foreseeable future.

Outstanding Debt

Following is a summary of our cash and cash equivalents and outstanding debt at December 31, 2016, as adjusted for the 2017 Refinancing Transactions, and our cash and cash equivalents and outstanding debt at December 31, 2015:

	As of December 31,			
	2016			2015
	Actual	Adjustments	As Adjusted	Actual
Cash and cash equivalents	$ 196	$ (15)	$ 181	$ 236
Debt:				
ABL Facility	$ —	$ —	$ —	$ —
Senior Secured Notes:				
6.625% First-Priority Senior Secured Notes due 2020 (includes $3 and $4 of unamortized debt premium at December 31, 2016 and 2015, respectively)	1,553	—	1,553	1,554
10.00% First-Priority Senior Secured Notes due 2020	315	—	315	315
10.375% First-Priority Senior Secured Notes due 2022	—	485	485	—
8.875% Senior Secured Notes due 2018 (includes $1 and $2 of unamortized debt discount at December 31, 2016 and 2015, respectively)	706	(706)	—	995
13.75% Senior Secured Notes due 2022	—	225	225	—
9.00% Second-Priority Senior Secured Notes due 2020	574	—	574	574
Debentures:				
9.2% debentures due 2021	74	—	74	74
7.875% debentures due 2023	189	—	189	189
Other Borrowings:				
Australia Term Loan Facility due 2017	51	—	51	32
Brazilian bank loans	40	—	40	47
Capital Leases	9	—	9	10
Other	31	—	31	39
Unamortized debt issuance costs	(38)	(18)	(56)	(51)
Total	$ 3,504	$ (14)	$ 3,490	$ 3,778

Adjusted EBITDA is defined as EBITDA adjusted for certain non-cash and certain non-recurring items and other adjustments calculated on a pro-forma basis, including the expected future cost savings from business optimization programs or other programs and the expected future impact of acquisitions, in each case as determined under the governing debt instrument. As we are highly leveraged, we believe that including the supplemental adjustments that are made to calculate Adjusted EBITDA provides additional information to investors about our ability to comply with our financial covenants and to obtain additional debt in the future. Adjusted EBITDA and Fixed Charges are not defined terms under U.S. GAAP. Adjusted EBITDA is not a measure of financial condition, liquidity or profitability, and should not be considered as an alternative to net income (loss) determined in accordance with U.S. GAAP or operating cash flows determined in accordance with U.S. GAAP. Additionally, EBITDA is not intended to be a measure of free cash flow for management's discretionary use, as it does not take into account certain items such as interest and principal payments on our indebtedness, depreciation and amortization expense (because we use capital assets, depreciation and amortization expense is a necessary element of our costs and ability to generate revenue), working capital needs, tax payments (because the payment of taxes is part of our operations, it is a necessary element of our costs and ability to operate), non-recurring expenses and capital expenditures. Fixed Charges under the Secured Indentures should not be considered an alternative to interest expense.

Reconciliation of Last Twelve Months Net Loss to Adjusted EBITDA

The following table reconciles Net loss to EBITDA and Adjusted EBITDA, and calculates the ratio of Adjusted EBITDA to Fixed Charges as calculated under certain of our indentures for the period presented:

	Year Ended December 31, 2016
Net loss	$ (38)
Interest expense, net	310
Income tax expense	38
Depreciation and amortization	131
Accelerated depreciation	129
EBITDA	570
Adjustments to EBITDA:	
Gain on dispositions	(240)
Gain on extinguishment of debt	(48)
Business realignment costs [1]	55
Realized and unrealized foreign currency gains	(11)
Unrealized losses on pension and OPEB plan liabilities [2]	34
Other [3]	77
Cost reduction programs savings [4]	25
Adjustment for PAC and HAI dispositions [5]	(28)
Adjusted EBITDA	$ 434
Pro forma fixed charges [6]	$ 279
Ratio of Adjusted EBITDA to Fixed Charges [7]	1.56

(1) Primarily represents costs related to the rationalization at our Norco, LA manufacturing facility, as well as headcount reduction expenses and plant rationalization costs related to cost reduction programs, termination costs and other costs associated with business realignments.

(2) Represents non-cash losses resulting from pension and postretirement benefit plan liability remeasurements.

(3) Primarily includes certain professional fees related to strategic projects, retention program costs, business optimization expenses and management fees.

(4) Represents pro forma impact of in-process cost reduction programs savings. Cost reduction program savings represent the unrealized headcount reduction savings and plant rationalization savings related to cost reduction programs and other unrealized savings associated with the Company’s business realignments activities, and represent our estimate of the unrealized savings from such initiatives that would have been realized had the related actions been completed at the beginning of the period presented. The savings are calculated based on actual costs of exiting headcount and elimination or reduction of site costs.

(5) Represents pro forma LTM Adjusted EBITDA impact of the PAC and HAI dispositions, which both occurred during the second quarter of 2016.

(6) Reflects pro forma interest expense based on interest rates at December 31, 2016, as if the 2016 Debt Transactions had taken place at the beginning of the period.

(7) The Company’s ability to incur additional indebtedness, among other actions, is restricted under the indentures governing certain notes, unless the Company has an Adjusted EBITDA to Fixed Charges ratio of 2.0 to 1.0. As of December 31, 2016, we did not satisfy this test. As a result, we are subject to restrictions on our ability to incur additional indebtedness or to make investments; however, there are exceptions to these restrictions, including exceptions that permit indebtedness under the ABL Facility (available borrowings of which were $299 at December 31, 2016).

Contractual Obligations

The following table presents our contractual cash obligations at December 31, 2016. Our contractual cash obligations consist of legal commitments at December 31, 2016 that require us to make fixed or determinable cash payments, regardless of the contractual requirements of the specific vendor to provide us with future goods or services. This table does not include information about most of our recurring purchases of materials used in our production; our raw material purchase contracts do not meet this definition since they generally do not require fixed or minimum quantities. Contracts with cancellation clauses are not included, unless a cancellation would result in a major disruption to our business. For example, we have contracts for information technology support that are cancelable, but this support is essential to the operation of our business and administrative functions; therefore, amounts payable under these contracts are included. These contractual obligations are grouped in the same manner as they are classified in the Consolidated Statements of Cash Flows in order to provide a better understanding of the nature of the obligations.

Contractual Obligations	Payments Due By Year 2017	2018	2019	2020	2021	2022 and beyond	Total
Operating activities:							
Purchase obligations (1)	$ 218	$ 93	$ 81	$ 81	$ 9	$ 74	$ 556
Interest on fixed rate debt obligations (4)	273	241	208	139	18	22	901
Interest on variable rate debt obligations (2)	8	1	1	—	—	—	10
Operating lease obligations	25	17	10	6	5	5	68
Funding of pension and other postretirement obligations (3)	23	23	35	31	31	—	143
Financing activities:							
Long-term debt, including current maturities (4)	105	712	5	2,442	77	189	3,530
Capital lease obligations	3	2	2	5	—	1	13
Total	$ 655	$ 1,089	$ 342	$ 2,704	$ 140	$ 291	$ 5,221

(1) Purchase obligations are comprised of the fixed or minimum amounts of goods and/or services under long-term contracts and assumes that certain contracts are terminated in accordance with their terms after giving the requisite notice which is generally two to three years for most of these contracts; however, under certain circumstances, some of these minimum commitment term periods could be further reduced which would significantly decrease these contractual obligations.

(2) Based on applicable interest rates in effect at December 31, 2016.

(3) Pension and other postretirement contributions have been included in the above table for the next five years. These amounts include estimated benefit payments to be made for unfunded foreign defined benefit pension plans as well as estimated contributions to our funded defined benefit plans. The assumptions used by our actuaries in calculating these projections includes a weighted average annual return on pension assets of approximately 4% for the years 2017 – 2021 and the continuation of current law and plan provisions. These estimated payments may vary based on the actual return on our plan assets or changes in current law or plan provisions. See Note 10 to the Consolidated Financial Statements in Item 8 of Part II of this Annual Report on Form 10-K for more information on our pension and postretirement obligations.

(4) As adjusted for the 2017 Refinancing Transactions, our debt service obligations are as follows at December 31, 2016:

Contractual Obligations	Payments Due By Year 2017	2018	2019	2020	2021	2022 and beyond	Total
Operating activities:							
Interest on fixed rate debt obligations	$ 288	$ 291	$ 289	$ 220	$ 99	$ 62	$ 1,249
Financing activities:							
Non-affiliated long-term debt, including current maturities	105	5	5	2,442	77	899	3,533
Total	$ 393	$ 296	$ 294	$ 2,662	$ 176	$ 961	$ 4,782

The table above excludes payments for income taxes and environmental obligations since, at this time, we cannot determine either the timing or the amounts of all payments beyond 2016. At December 31, 2016, we recorded unrecognized tax benefits and related interest and penalties of $116. We estimate that we will pay between $25 and $35 in 2017 for U.S. Federal, state and international income taxes. We expect non-capital environmental expenditures for 2017 through 2021 totaling $13. See Notes 9 and 14 to the Consolidated Financial Statements in Item 8 of Part II of this Annual Report on 10-K for more information on these obligations.

Off Balance Sheet Arrangements

We had no off-balance sheet arrangements as of December 31, 2016.

Critical Accounting Estimates

In preparing our financial statements in conformity with U.S. GAAP, we have to make estimates and assumptions about future events that affect the amounts of reported assets, liabilities, revenues and expenses, as well as the disclosure of contingent assets and liabilities in the financial statements and accompanying notes. Some of these accounting policies require the application of significant judgment by management to select the appropriate assumptions to determine these estimates. By their nature, these judgments are subject to an inherent degree of uncertainty; therefore, actual results may differ significantly from estimated results. We base these judgments on our historical experience, advice from experienced consultants, forecasts and other available information, as appropriate. Our significant accounting policies are more fully described in Note 2 to the Consolidated Financial Statements in Item 8 of Part II of this Annual Report on Form 10-K.

Our most critical accounting policies, which reflect significant management estimates and judgment to determine amounts in our audited Consolidated Financial Statements, are as follows:

Environmental Remediation and Restoration Liabilities

Accruals for environmental matters are recorded when we believe that it is probable that a liability has been incurred and we can reasonably estimate the amount of the liability. We have accrued $57 and $61 at December 31, 2016 and 2015, respectively, for all probable environmental remediation and restoration liabilities, which is our best estimate of these liabilities. Based on currently available information and analysis, we believe that it is reasonably possible that the costs associated with these liabilities may fall within a range of $45 to $94. This estimate of the range of reasonably possible costs is less certain than the estimates that we make to determine our reserves. To establish the upper limit of this range, we used assumptions that are less favorable to Hexion among the range of reasonably possible outcomes, but we did not assume that we would bear full responsibility for all sites to the exclusion of other potentially responsible parties.

Some of our facilities are subject to environmental indemnification agreements, where we are generally indemnified against damages from environmental conditions that occurred or existed before the closing date of our acquisition of the facility, subject to certain limitations. In other cases we have sold facilities subject to an environmental indemnification agreement pursuant to which we retain responsibility for certain environmental conditions that occurred or existed before the closing date of the sale of the facility.

Income Tax Assets and Liabilities and Related Valuation Allowances

At December 31, 2016 and 2015, we had valuation allowances of $651 and $611, respectively, against our deferred income tax assets. At December 31, 2016, we had a $531 valuation allowance against all of our net U.S. federal and state deferred income tax assets, as well as a valuation allowance of $120 against a portion of our net foreign deferred income tax assets, primarily in Germany and the Netherlands. At December 31, 2015, we had a $475 valuation allowance against all of our net U.S. federal and state deferred income tax assets, as well as a valuation allowance of $136 against a portion of our net foreign deferred income tax assets, primarily in Germany and the Netherlands. The valuation allowances require an assessment of both negative and positive evidence, such as operating results during the most recent three-year period. This evidence is given more weight than our expectations of future profitability, which are inherently uncertain.

The Company considered all available evidence, both positive and negative, in assessing the need for a valuation allowance for deferred tax assets. The Company evaluated four possible sources of taxable income when assessing the realization of deferred tax assets:

- Taxable income in prior carryback years;
- Future reversals of existing taxable temporary differences;
- Tax planning strategies; and
- Future taxable income exclusive of reversing temporary differences and carryforwards.

In 2016, our losses in the U.S. and certain foreign operations in recent periods represented sufficient negative evidence to require a full valuation allowance against the net federal, state, and certain foreign deferred tax assets. We intend to maintain a valuation allowance against the net deferred tax assets until sufficient positive evidence exists to support the realization of such assets.

The accounting guidance for uncertainty in income taxes is recognized in the financial statements. The guidance prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of tax positions taken or expected to be taken in its tax return. We also apply the guidance relating to de-recognition, classification, interest and penalties, accounting in interim periods, disclosure and transition.

The calculation of our income tax liabilities involves dealing with uncertainties in the application of complex domestic and foreign income tax regulations. Unrecognized tax benefits are generated when there are differences between tax positions taken in a tax return and amounts recognized in the Consolidated Financial Statements. Tax benefits are recognized in the Consolidated Financial Statements when it is more likely than not that a tax position will be sustained upon examination. Tax benefits are measured as the largest amount of benefit that is greater than 50% likely to be realized upon settlement. To the extent we prevail in matters for which liabilities have been established, or are required to pay amounts in excess of our liabilities, our effective income tax rate in a given period could be materially impacted. An unfavorable income tax settlement may require the use of cash and result in an increase in our effective income tax rate in the year it is resolved. A favorable income tax settlement would be recognized as a reduction in the effective income tax rate in the year of resolution. At December 31, 2016 and 2015, we recorded unrecognized tax benefits and related interest and penalties of $116 and $99, respectively.

Pensions

The amounts that we recognize in our financial statements for pension benefit obligations are determined by actuarial valuations. Inherent in these valuations are certain assumptions, the more significant of which are:

- The weighted average rate used for discounting the liability;
- The weighted average expected long-term rate of return on pension plan assets;
- The method used to determine market-related value of pension plan assets;
- The weighted average rate of future salary increases; and
- The anticipated mortality rate tables.

The discount rate reflects the rate at which pensions could be effectively settled. When selecting a discount rate, our actuaries provide us with a cash flow model that uses the yields of high-grade corporate bonds with maturities consistent with our anticipated cash flow projections. Our pension and OPEB liabilities and related service and interest cost are calculated using a split-rate interest discounting methodology, whereby expected future cash flows related to these liabilities are discounted using multiple interest rates on a forward curve that correspond to the timing of the expected cash flows.

The expected long-term rate of return on plan assets is determined based on the various plans' current and projected asset mix. To determine the expected overall long-term rate of return on assets, we take into account the rates on long-term debt investments that are held in the portfolio, as well as expected trends in the equity markets, for plans including equity securities.

The rate of increase in future compensation levels is determined based on salary and wage trends in the chemical and other similar industries, as well as our specific compensation targets.

The mortality tables that are used represent the most commonly used mortality projections for each particular country, and reflect projected mortality improvements.

We believe the current assumptions used to estimate plan obligations and pension expense are appropriate in the current economic environment. However, as economic conditions change, we may change some of our assumptions, which could have a material impact on our financial condition and results of operations.

The following table presents the sensitivity of our projected pension benefit obligation ("PBO"), accumulated benefit obligation ("ABO"), deficit ("Deficit") and 2017 pension expense to the following changes in key assumptions:

	Increase / (Decrease) at December 31, 2016		Increase / (Decrease)
	PBO	ABO	2017 Expense
Assumption:			
Increase in discount rate of 0.5%	$ (71)	$ (64)	$ (1)
Decrease in discount rate of 0.5%	62	57	1
Increase in estimated return on assets of 1.0%	N/A	N/A	(6)
Decrease in estimated return on assets of 1.0%	N/A	N/A	6

Impairment of Long-Lived Assets, Goodwill and Other Intangible Assets

Goodwill

Our reporting units include epoxy, phenolic specialty resins, oil field, coatings, versatics and forest products. Our reporting units are generally one level below our operating segments for which discrete financial information is available and reviewed by segment management. However, components of an operating segment can be aggregated as one reporting unit if the components have similar economic characteristics. We perform an annual assessment of qualitative factors to determine whether the existence of any events or circumstances leads to a determination that it is more likely than not that the fair value of a reporting unit is less than the carrying amount of the reporting unit's net assets. If, after assessing all events and circumstances, we determine it is more likely than not that the fair value of a reporting unit is less than the carrying amount of the reporting unit's net assets, we use a probability weighted market and income approach to estimate the fair value of the reporting unit. Our market approach is a comparable analysis technique commonly used in the investment banking and private equity industries based on the EBITDA multiple technique. Under this technique, estimated fair value is the result of a market based EBITDA multiple that is applied to an appropriate historical EBITDA amount, adjusted for the additional fair value that would be assigned by a market participant obtaining control over the reporting unit. Our income approach is a discounted cash flow model. The discounted cash flow model requires management to project revenues, operating expenses, working capital investment, capital spending and cash flows over a multi-year period, as well as determine the weighted average cost of capital to be used as a discount rate. Applying this discount rate to the multi-year projections provides an estimate of fair value for the reporting unit.

If the estimated fair value of the reporting unit is less than the carrying value of the reporting unit's net assets, the Company performs an allocation of the reporting unit's fair value to the reporting unit's assets and liabilities, using the acquisition method of accounting, to determine the implied fair value of the reporting unit's goodwill. The implied fair value of the reporting unit's goodwill is then compared with the carrying amount of the reporting unit's goodwill to determine the goodwill impairment loss to be recognized, if any.

As of October 1, 2016 and 2015, the estimated fair value of each of our reporting units was deemed to be substantially in excess of the carrying amount of assets and liabilities assigned to each unit. A 20% decrease in the EBITDA multiple or a 20% increase in the interest rate used to calculate the discounted cash flows would not result in any of our reporting units failing the first step of the goodwill impairment analysis.

Long-Lived Assets

As events warrant, we evaluate the recoverability of long-lived assets, other than goodwill and other indefinite-lived intangibles, by assessing whether the carrying value can be recovered over their remaining useful lives through the expected future undiscounted operating cash flows of the underlying business. Impairment indicators include, but are not limited to, a significant decrease in the market price of a long-lived asset; a significant adverse change in the manner in which the asset is being used or in its physical condition; a significant adverse change in legal factors or the business climate that could affect the value of a long-lived asset; an accumulation of costs significantly in excess of the amount originally expected for the acquisition or construction of a long-lived asset; current period operating or cash flow losses combined with a history of operating or cash flow losses associated with the use of the asset; or a current expectation that it is more likely than not that a long-lived asset will be sold or otherwise disposed of significantly before the end of its previously estimated useful life. As a result, future decisions to change our manufacturing process, exit certain businesses, reduce excess capacity, temporarily idle facilities and close facilities could result in material impairment charges. Long-lived assets are grouped together at the lowest level for which identifiable cash flows are largely independent of cash flows of other groups of long-lived assets. Any impairment loss that may be required is determined by comparing the carrying value of the assets to their estimated fair value. We do not have any indefinite-lived intangible assets, other than goodwill.

Variable Interest Entities—Primary Beneficiary

We evaluate each of our variable interest entities on an ongoing basis to determine whether we are the primary beneficiary. Management assesses, on an on-going basis, the nature of our relationship to the variable interest entity, including the amount of control that we exercise over the entity as well as the amount of risk that we bear and rewards we receive in regards to the entity, to determine if we are the primary beneficiary of that variable interest entity. Management judgment is required to assess whether these attributes are significant and whether the amount of control results in the power to direct the activities of the variable interest entity that most significantly impact the entity's economic performance. We consolidate all variable interest entities for which we have concluded that we are the primary beneficiary.

Recently Issued Accounting Standards

See Note 2 in Item 8 of Part II of this Annual Report on Form 10-K for a detailed description of recently issued accounting pronouncements.

ITEM 7A - QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We are exposed to market risk, including changes in currency exchange rates, interest rates and certain commodity prices. To manage the volatility related to these exposures we use various financial instruments, including some derivatives, to help us hedge our foreign currency exchange risk and interest rate risk. We also use raw material purchasing contracts and pricing contracts with our customers to help mitigate commodity price risks. These contracts generally do not contain minimum purchase requirements.

We do not use derivative instruments for trading or speculative purposes. We manage counterparty credit risk by entering into derivative instruments only with financial institutions with investment-grade ratings.

Foreign Exchange Risk

Our international operations accounted for approximately 60% of our sales in both 2016 and 2015. As a result, we have significant exposure to foreign exchange risk on transactions that can potentially be denominated in many foreign currencies. These transactions include foreign currency denominated imports and exports of raw materials and finished goods (both intercompany and third party) and loan repayments. The functional currency of our operating subsidiaries is the related local currency.

We reduce foreign currency cash flow exposure from exchange rate fluctuations where economically feasible by hedging firmly committed foreign currency transactions. Our use of forward contracts is designed to protect our cash flows against unfavorable movements in exchange rates, to the extent of the amount that is under contract. We do not attempt to hedge foreign currency exposure in a manner that would entirely eliminate the effect of changes in foreign currency exchange rates on net income and cash flow. We do not speculate in foreign currency nor do we hedge the foreign currency translation of our international businesses to the U.S. dollar for purposes of consolidating our financial results, or other foreign currency net asset or liability positions.

We are party to various foreign exchange rate swaps in Brazil in order to reduce the foreign currency risk associated with certain assets and liabilities of our Brazilian subsidiary that are denominated in U.S. dollars. The counter-parties to the foreign exchange rate swap agreements are financial institutions with investment grade ratings. We do not apply hedge accounting to these derivative instruments.

Our foreign exchange risk is also mitigated because we operate in many foreign countries, which reduces the concentration of risk in any one currency. In addition, our foreign operations have limited imports and exports, which reduces the potential impact of foreign currency exchange rate fluctuations.

A 5% strengthening of the U.S. dollar against the primary currencies in which we conduct our non-U.S. operations in 2016 would generate an approximate $102 negative impact to our estimated net sales. Conversely, a 5% weakening of the U.S. dollar against the same currencies would benefit our estimated net sales by an equal amount.

Interest Rate Risk

As a result of the refinancing transactions in 2013, we have effectively fixed the interest rate on 97% of our outstanding debt, thus significantly decreasing our exposure to interest rate risk. Assuming the amount of our variable debt remains the same, an increase of 1% in the interest rates on our variable rate debt would increase our 2017 estimated debt service requirements by approximately $1.

Following is a summary of our outstanding debt as of December 31, 2016 and 2015 (see Note 7 in Item 8 of Part II of this Annual Report on Form 10-K for additional information on our debt). The fair value of our publicly held debt is based on the price at which the bonds are traded or quoted at December 31, 2016 and 2015. All other debt fair values are based on other similar financial instruments, or based upon interest rates that are currently available to us for the issuance of debt with similar terms and maturities.

	2016			2015		
Year	**Debt Maturities**	**Weighted Average Interest Rate**	**Fair Value**	**Debt Maturities**	**Weighted Average Interest Rate**	**Fair Value**
2016				$ 81	7.2%	$ 81
2017	$ 107	7.9%	$ 107	36	7.2%	36
2018	713	7.8%	705	1,000	7.0%	701
2019	6	7.6%	6	2	6.5%	2
2020	2,446	6.6%	2,138	2,440	6.6%	1,687
2021	77	7.8%	55	74	8.1%	16
2022 and beyond	190	7.1%	130	194	7.4%	47
	$ 3,539		$ 3,141	$ 3,827		$ 2,570

We do not use derivative financial instruments in our investment portfolios. Our cash equivalent investments and short-term investments are made in instruments that meet the credit quality standards that are established in our investment policies, which also limits the exposure to any one investment. At December 31, 2016 and 2015, we had $7 and $37, respectively, invested at average rates of 9.6% and 5.7%, respectively, primarily in interest-bearing time deposits. Due to the short maturity of our cash equivalents, the carrying value of these investments approximates fair value. Our short-term investments are recorded at cost which approximates fair value. Our interest rate risk is not significant; a 1% increase or decrease in interest rates on invested cash would not have had a material effect on our net income or cash flows for the years ended December 31, 2016 and 2015.

Commodity Risk

We are exposed to price risks on raw material purchases, most significantly with phenol, methanol, urea, acetone, propylene and chlorine. For our commodity raw materials, we have purchase contracts that have periodic price adjustment provisions. Commitments with certain suppliers, including our phenol and urea suppliers, provide up to 100% of our estimated requirements but also provide us with the flexibility to purchase a certain portion of our needs in the spot market, when it is favorable to us. We rely on long-term agreements with key suppliers for most of our raw materials. The loss of a key source of supply or a delay in shipments could have an adverse effect on our business. Should any of our suppliers fail to deliver or should any key long-term supply contracts be cancelled, we would be forced to purchase raw materials in the open market, and no assurances can be given that we would be able to make these purchases or make them at prices that would allow us to remain competitive. Our largest supplier provided approximately 10% of our raw material purchases in 2016, and we could incur significant time and expense if we had to replace this supplier. In addition, several feedstocks at various facilities are transported through a pipeline from one supplier. If we were unable to receive these feedstocks through these pipeline arrangements, we may not be able to obtain them from other suppliers at competitive prices or in a timely manner. See the discussion about the risk factor on raw materials in Item 1A of Part I of this Annual Report on Form 10-K.

Natural gas is essential in our manufacturing processes, and its cost can vary widely and unpredictably. To help control our natural gas costs, we hedge a portion of our natural gas purchases for North America by entering into futures contracts for natural gas. These contracts are settled for cash each month based on the closing market price on the last day that the contract trades on the New York Mercantile Exchange. We also enter into fixed price forward contracts for the purchase of electricity at certain of our manufacturing plants to offset the risk associated with increases in the prices of the underlying commodities.

We recognize gains and losses on these contracts each month as gas and electricity is used. Our future commitments are marked-to-market on a quarterly basis. We have not applied hedge accounting to these contracts.

Our commodity risk is moderated through our selected use of customer contracts with selling price provisions that are indexed to publicly available indices for the relevant commodity raw materials.

ITEM 8 - FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

Index to Consolidated Financial Statements

HEXION INC.
CONSOLIDATED BALANCE SHEETS

(In millions, except share data)	December 31, 2016	December 31, 2015
Assets		
Current assets:		
Cash and cash equivalents (including restricted cash of $17 and $8, respectively)	$ 196	$ 236
Accounts receivable (net of allowance for doubtful accounts of $17 and $15, respectively)	390	450
Inventories:		
Finished and in-process goods	199	218
Raw materials and supplies	88	90
Other current assets	45	53
Total current assets	918	1,047
Investments in unconsolidated entities	18	36
Deferred income taxes (see Note 14)	10	13
Other long-term assets	43	48
Property and equipment:		
Land	79	84
Buildings	273	296
Machinery and equipment	2,353	2,406
	2,705	2,786
Less accumulated depreciation	(1,812)	(1,735)
	893	1,051
Goodwill (see Note 5)	121	122
Other intangible assets, net (see Note 5)	52	65
Total assets	$ 2,055	$ 2,382
Liabilities and Deficit		
Current liabilities:		
Accounts payable	$ 368	$ 386
Debt payable within one year (see Note 7)	107	80
Interest payable	70	82
Income taxes payable (see Note 14)	13	15
Accrued payroll and incentive compensation	55	78
Other current liabilities	159	123
Total current liabilities	772	764
Long-term liabilities:		
Long-term debt (see Note 7)	3,397	3,698
Long-term pension and postretirement benefit obligations (see Note 10)	246	224
Deferred income taxes (see Note 14)	13	12
Other long-term liabilities	166	161
Total liabilities	4,594	4,859
Commitments and contingencies (see Notes 7 and 9)		
Deficit		
Common stock—$0.01 par value; 300,000,000 shares authorized, 170,605,906 issued and 82,556,847 outstanding at December 31, 2016 and 2015	1	1
Paid-in capital	526	526
Treasury stock, at cost—88,049,059 shares	(296)	(296)
Accumulated other comprehensive loss	(39)	(15)
Accumulated deficit	(2,730)	(2,692)
Total Hexion Inc. shareholder’s deficit	(2,538)	(2,476)
Noncontrolling interest	(1)	(1)
Total deficit	(2,539)	(2,477)
Total liabilities and deficit	$ 2,055	$ 2,382

See Notes to Consolidated Financial Statements

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HEXION INC.
CONSOLIDATED STATEMENTS OF OPERATIONS

	Year Ended December 31,		
(In millions)	2016	2015	2014
Net sales	$ 3,438	$ 4,140	$ 5,137
Cost of sales	3,038	3,540	4,576
Gross profit	400	600	561
Selling, general and administrative expense	328	306	399
Gain on dispositions (see Note 12)	(240)	—	—
Asset impairments (see Note 2)	—	6	5
Business realignment costs (see Note 3)	55	16	47
Other operating expense (income), net	13	12	(8)
Operating income	244	260	118
Interest expense, net	310	326	308
Gain on extinguishment of debt	(48)	(41)	—
Other non-operating (income) expense, net	(7)	(3)	32
Loss before income tax and earnings from unconsolidated entities	(11)	(22)	(222)
Income tax expense (see Note 14)	38	34	22
Loss before earnings from unconsolidated entities	(49)	(56)	(244)
Earnings from unconsolidated entities, net of taxes	11	17	20
Net loss	(38)	(39)	(224)
Net (income) loss attributable to noncontrolling interest	—	(1)	1
Net loss attributable to Hexion Inc.	$ (38)	$ (40)	$ (223)

See Notes to Consolidated Financial Statements

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HEXION INC.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS

	Year Ended December 31,		
(In millions)	2016	2015	2014
Net loss	$ (38)	$ (39)	$ (224)
Other comprehensive loss, net of tax:			
Foreign currency translation adjustments	(23)	(88)	(61)
(Loss) gain recognized from pension and postretirement benefits	(1)	—	4
Other comprehensive loss	(24)	(88)	(57)
Comprehensive loss	(62)	(127)	(281)
Comprehensive (income) loss attributable to noncontrolling interest	—	(1)	1
Comprehensive loss attributable to Hexion Inc.	$ (62)	$ (128)	$ (280)

See Notes to Consolidated Financial Statements

HEXION INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS

(In millions)	Year Ended December 31, 2016	2015	2014
Cash flows (used in) provided by operating activities			
Net loss	$ (38)	$ (39)	$ (224)
Adjustments to reconcile net loss to net cash (used in) provided by operating activities:			
Depreciation and amortization	131	137	144
Gain on dispositions (see Note 12)	(240)	—	—
Gain on extinguishment of debt	(48)	(41)	—
Deferred tax expense (benefit)	2	7	(6)
Gain on step acquisition (see Note 13)	—	(5)	—
Accelerated depreciation and non-cash asset impairments	129	8	5
Unrealized foreign currency (gains) losses	(52)	12	46
Unrealized losses (gains) on pension and postretirement benefit plan liabilities	34	(13)	102
Loss (gain) on sale of assets	7	(4)	(16)
Other non-cash adjustments	3	(4)	(5)
Net change in assets and liabilities:			
Accounts receivable	(1)	91	(27)
Inventories	(8)	65	(67)
Accounts payable	27	(21)	(33)
Income taxes payable	17	8	4
Other assets, current and non-current	(22)	24	26
Other liabilities, current and non-current	39	(12)	1
Net cash (used in) provided by operating activities	(20)	213	(50)
Cash flows provided by (used in) investing activities			
Capital expenditures	(140)	(175)	(183)
Capitalized interest	(1)	(4)	—
Purchase of businesses, net of cash acquired	—	(7)	(64)
Proceeds from dispositions, net	281	—	—
Proceeds from buyer’s note	75	—	—
Proceeds from sale of (purchases of) investments, net	—	6	(1)
Change in restricted cash	(9)	8	(3)
Disbursement of affiliated loan	—	—	(50)
Repayment of affiliated loan	—	—	50
Funds remitted to unconsolidated affiliates, net	(1)	—	(2)
Proceeds from sale of assets	5	17	20
Net cash provided by (used in) investing activities	210	(155)	(233)
Cash flows (used in) provided by financing activities			
Net short-term debt (repayments) borrowings	(22)	(3)	21
Borrowings of long-term debt	644	523	391
Repayments of long-term debt	(856)	(485)	(343)
Long-term debt and credit facility financing fees	(1)	(11)	—
Net cash (used in) provided by financing activities	(235)	24	69
Effect of exchange rates on cash and cash equivalents	(4)	(10)	(9)
(Decrease) increase in cash and cash equivalents	(49)	72	(223)
Cash and cash equivalents (unrestricted) at beginning of year	228	156	379
Cash and cash equivalents (unrestricted) at end of year	$ 179	$ 228	$ 156
Supplemental disclosures of cash flow information			
Cash paid for:			
Interest, net	$ 306	$ 312	$ 297
Income taxes, net of cash refunds	24	17	29
Non-cash investing activities:			
Non-cash assumption of debt on step acquisition (see Note 13)	$ —	$ 18	$ —
Acceptance of buyer’s note (see Note 12)	75	—	—

See Notes to Consolidated Financial Statements

HEXION INC.
CONSOLIDATED STATEMENTS OF DEFICIT

(In millions)	Common Stock	Paid-in Capital	Treasury Stock	Accumulated Other Comprehensive Income (Loss)	Accumulated Deficit	Total Hexion Inc. Deficit	Non-controlling Interest	Total
Balance at December 31, 2013	$ 1	$ 522	$ (296)	$ 130	$ (2,429)	$ (2,072)	$ (1)	$ (2,073)
Net loss	—	—	—	—	(223)	(223)	(1)	(224)
Other comprehensive loss	—	—	—	(57)	—	(57)	—	(57)
Stock-based compensation expense (see Note 11)	—	1	—	—	—	1	—	1
Purchase of business from related party under common control (see Note 4)	—	3	—	—	—	3	—	3
Balance at December 31, 2014	1	526	(296)	73	(2,652)	(2,348)	(2)	(2,350)
Net (loss) income	—	—	—	—	(40)	(40)	1	(39)
Other comprehensive loss	—	—	—	(88)	—	(88)	—	(88)
Balance at December 31, 2015	1	526	(296)	(15)	(2,692)	(2,476)	(1)	(2,477)
Net loss	—	—	—	—	(38)	(38)	—	(38)
Other comprehensive loss	—	—	—	(24)	—	(24)	—	(24)
Balance at December 31, 2016	$ 1	$ 526	$ (296)	$ (39)	$ (2,730)	$ (2,538)	$ (1)	$ (2,539)

See Notes to Consolidated Financial Statements

HEXION INC.

Notes to Consolidated Financial Statements
(In millions, except share data)

1. Background and Basis of Presentation

Based in Columbus, Ohio, Hexion Inc. ("Hexion" or the "Company"), serves global industrial markets through a broad range of thermoset technologies, specialty products and technical support for customers in a diverse range of applications and industries. At December 31, 2016, the Company had 55 production and manufacturing facilities, with 23 located in the United States. The Company's business is organized based on the products offered and the markets served. At December 31, 2016, the Company had two reportable segments: Epoxy, Phenolic and Coating Resins and Forest Products Resins.

The Company's direct parent is Hexion LLC, a holding company and wholly owned subsidiary of Hexion Holdings LLC ("Hexion Holdings"), the ultimate parent entity of Hexion. Hexion Holdings is controlled by investment funds managed by affiliates of Apollo Management Holdings, L.P. (together with Apollo Global Management, LLC and its subsidiaries, "Apollo"). Apollo may also be referred to as the Company's owner.

As of December 31, 2016, the Company has elected not to apply push-down accounting of its parent's basis as a result of the prior combination of Hexion and Momentive Performance Materials Inc. ("MPM"), a former subsidiary of Hexion Holdings.

2. Summary of Significant Accounting Policies

Principles of Consolidation—The Consolidated Financial Statements include the accounts of the Company, its majority-owned subsidiaries in which minority shareholders hold no substantive participating rights, and variable interest entities in which the Company is the primary beneficiary. Intercompany accounts and transactions are eliminated in consolidation. The Company's share of the net earnings of 20% to 50% owned companies, for which it has the ability to exercise significance influence over operating and financial policies (but not control), are included in "Earnings from unconsolidated entities, net of taxes" in the Consolidated Statements of Operations. Investments in the other companies are carried at cost.

The Company has recorded a noncontrolling interest for the equity interests in consolidated subsidiaries that are not 100% owned.

The Company's unconsolidated investments accounted for under the equity method of accounting include the following as of December 31, 2016:

- 49.99% interest in Momentive UV Coatings (Shanghai) Co., Ltd, a joint venture that manufactures UV-curable coatings and adhesives in China;
- 50% ownership interest in Hexion Shchekinoazot Holding B.V., a joint venture that manufactures forest products resins in Russia;
- 49% ownership interest in Sanwei Hexion Company Limited, a joint venture that manufactures versatic acid derivatives in China;
- 50% ownership interest in Hexion Australia Pty Ltd, a joint venture which provides urea formaldehyde resins and other products to industrial customers in western Australia; and
- 50% ownership interest in MicroBlend Columbia S.A.S, a joint venture that distributes custom point-of-sale paint mixing systems and paint bases to consumer retail stores in Latin America.

Foreign Currency Translations and Transactions—Assets and liabilities of foreign affiliates are translated at the exchange rates in effect at the balance sheet date. Income, expenses and cash flows are translated at average exchange rates during the year. The Company recognized transaction gains of $10 and losses of $9 and $33 for the years ended December 31, 2016, 2015 and 2014, respectively, which are included as a component of "Net loss." In addition, gains or losses related to the Company's intercompany loans payable and receivable denominated in a foreign currency other than the subsidiary's functional currency that are deemed to be permanently invested are remeasured to cumulative translation and recorded in "Accumulated other comprehensive loss" in the Consolidated Balance Sheets. The effect of translation is included in "Accumulated other comprehensive loss."

Use of Estimates—The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and also the disclosure of contingent assets and liabilities at the date of the financial statements. In addition, it requires management to make estimates and assumptions that affect the reported amounts of revenues and expenses during the reporting period. The most significant estimates that are included in the financial statements are environmental remediation liabilities, legal liabilities, deferred tax assets and liabilities and related valuation allowances, income tax accruals, pension and postretirement assets and liabilities, valuation allowances for accounts receivable and inventories, general insurance liabilities, asset impairments and fair values of assets acquired and liabilities assumed in business acquisitions. Actual results could differ from these estimates.

Cash and Cash Equivalents—The Company considers all highly liquid investments that are purchased with an original maturity of three months or less to be cash equivalents. At December 31, 2016 and 2015, the Company had interest-bearing time deposits and other cash equivalent investments of $7 and $37, respectively. The Company's restricted cash balances consist primarily of amounts on deposit to secure various international lines of credit, as well as amounts deposited to secure certain bank guarantees issued to third parties to guarantee potential obligations of the company primarily related to the completion of tax audits and environmental liabilities. These balances will remain restricted as long as the underlying exposures exist. These amounts are included in the Consolidated Balance Sheets as a component of "Cash and cash equivalents."

Allowance for Doubtful Accounts—The allowance for doubtful accounts is estimated using factors such as customer credit ratings and past collection history. Receivables are charged against the allowance for doubtful accounts when it is probable that the receivable will not be collected.

Inventories—Inventories are stated at lower of cost or market using the first-in, first-out method. Costs include direct material, direct labor and applicable manufacturing overheads, which are based on normal production capacity. Abnormal manufacturing costs are recognized as period costs and fixed manufacturing overheads are allocated based on normal production capacity. An allowance is provided for excess and obsolete inventories based on management's review of inventories on-hand compared to estimated future usage and sales. Inventories in the Consolidated Balance Sheets are presented net of an allowance for excess and obsolete inventory of $9 and $7 at December 31, 2016 and 2015, respectively.

Deferred Expenses—Deferred debt financing costs are included in "Long-term debt" in the Consolidated Balance Sheets, with the exception of deferred financing costs related to revolving line of credit arrangements, which are included in "Other long-term assets" in the Consolidated Balance Sheets. These costs are amortized over the life of the related debt or credit facility using the effective interest method. Upon extinguishment of any debt, the related debt issuance costs are written off. At December 31, 2016 and 2015, the Company's unamortized deferred financing costs included in "Other long-term assets" were $9 and $8, respectively, and unamortized deferred financing costs included in "Long-term debt" were $38 and $51, respectively.

Property and Equipment—Land, buildings and machinery and equipment are stated at cost less accumulated depreciation. Depreciation is recorded on a straight-line basis over the estimated useful lives of properties (the average estimated useful lives for buildings and machinery and equipment are 20 years and 15 years, respectively). Assets under capital leases are amortized over the lesser of their useful life or the lease term. Major renewals and betterments are capitalized. Maintenance, repairs, minor renewals and turnarounds (periodic maintenance and repairs to major units of manufacturing facilities) are expensed as incurred. When property and equipment is retired or disposed of, the asset and related depreciation are removed from the accounts and any gain or loss is reflected in operating income. The Company capitalizes interest costs that are incurred during the construction of property and equipment. Depreciation expense was $119, $124 and $130 for the years ended December 31, 2016, 2015 and 2014, respectively. Additionally, for the year ended December 31, 2016, $129 of accelerated depreciation was recorded as a result of shortening the estimated useful lives of certain long-lived assets related to planned facility rationalizations during the year. Lastly, for the years ended December 31, 2016, 2015 and 2014, "Accounts payable" in the Consolidated Statements of Cash Flows was increased by $4, decreased by $4 and decreased by $7, respectively, to reflect invoiced but unpaid capital expenditures at each respective year-end as a non-cash investing activity.

Capitalized Software—The Company capitalizes certain costs, such as software coding, installation and testing, that are incurred to purchase or create and implement computer software for internal use. Amortization is recorded on the straight-line basis over the estimated useful lives, which range from 1 to 5 years.

Goodwill and Intangibles—The excess of purchase price over net tangible and identifiable intangible assets of businesses acquired is carried as "Goodwill" in the Consolidated Balance Sheets. Separately identifiable intangible assets that are used in the operations of the business (e.g., patents and technology, tradenames, customer lists and contracts) are recorded at cost (fair value at the time of acquisition) and reported as "Other intangible assets, net" in the Consolidated Balance Sheets. Costs to renew or extend the term of identifiable intangible assets are expensed as incurred. The Company does not amortize goodwill. Intangible assets with determinable lives are amortized on a straight-line basis over the shorter of the legal or useful life of the assets, which range from 1 to 30 years (see Note 5).

Impairment—The Company reviews property and equipment and all amortizable intangible assets for impairment whenever events or changes in circumstances indicate that the carrying amount of these assets may not be recoverable. Recoverability is based on estimated undiscounted cash flows or other relevant observable measures. The Company tests goodwill for impairment annually, or when events or changes in circumstances indicate impairment may exist, by comparing the estimated fair value of each reporting unit to its carrying value to determine if there is an indication that a potential impairment may exist.

Long-Lived and Amortizable Intangible Assets

There were no long-lived asset impairments recorded during the year ended December 31, 2016. During the years ended December 31, 2015 and 2014, the Company recorded long-lived asset impairments of $6 and $5, respectively, which are included in "Asset impairments" in the Consolidated Statements of Operations (see Note 6).

Goodwill

The Company performs an annual assessment of qualitative factors to determine whether the existence of any events or circumstances leads to a determination that it is more likely than not that the fair value of a reporting unit is less than the carrying amount of the reporting unit's net assets. If, after assessing all events and circumstances, the Company determines it is more likely than not that the fair value of a reporting unit is less than the carrying amount of the reporting unit's net assets, the Company uses a probability weighted market and income approach to estimate the fair value of the reporting unit. The Company's market approach is a comparable analysis technique commonly used in the investment banking and private equity industries based on the EBITDA (earnings before interest, income taxes, depreciation and amortization) multiple technique. Under this technique, estimated fair value is the result of a market-based EBITDA multiple that is applied to an appropriate historical EBITDA amount, adjusted for the additional fair value that would be assigned by a market participant obtaining control over the reporting unit. The Company's income approach is a discounted cash flow model. When the carrying amount of the reporting unit's goodwill is greater than the estimated fair value of the reporting unit's goodwill, an impairment loss is recognized for the difference.

As of October 1, 2016 and 2015, the estimated fair value of each of the Company's reporting units was deemed to be substantially in excess of the carrying amount of assets (including goodwill) and liabilities assigned to each reporting unit.

General Insurance—The Company is generally insured for losses and liabilities for workers' compensation, physical damage to property, business interruption and comprehensive general, product and vehicle liability under high-deductible insurance policies. The Company records losses when they are probable and reasonably estimable and amortizes insurance premiums over the life of the respective insurance policies.

Legal Claims and Costs—The Company accrues for legal claims and costs in the period in which a claim is made or an event becomes known, if the amounts are probable and reasonably estimable. Each claim is assigned a range of potential liability and the most likely amount is accrued. If there is no amount in the range of potential liability that is most likely, the low end of the range is accrued. The amount accrued includes all costs associated with the claim, including settlements, assessments, judgments and fines. Legal fees are expensed as incurred (see Note 9).

Environmental Matters—Accruals for environmental matters are recorded when it is probable that a liability has been incurred and the amount of the liability can be reasonably estimated. Environmental accruals are reviewed on a quarterly basis and as events and developments warrant (see Note 9).

Asset Retirement Obligations—Asset retirement obligations are initially recorded at their estimated net present values in the period in which the obligation occurs, with a corresponding increase to the related long-lived asset. Over time, the liability is accreted to its settlement value and the capitalized cost is depreciated over the useful life of the related asset. When the liability is settled, a gain or loss is recognized for any difference between the settlement amount and the liability that was recorded.

Revenue Recognition—Revenue for product sales, net of estimated allowances and returns, is recognized as risk and title to the product transfer to the customer, which either occurs at the time shipment is made or upon delivery. In situations where product is delivered by pipeline, risk and title transfers when the product moves across an agreed-upon transfer point, which is typically the customers' property line. Product sales delivered by pipeline are measured based on daily flow meter readings. The Company's standard terms of delivery are included in its contracts of sale or on its invoices.

Shipping and Handling—Freight costs that are billed to customers are included in "Net sales" in the Consolidated Statements of Operations. Shipping costs are incurred to move the Company's products from production and storage facilities to the customer. Handling costs are incurred from the point the product is removed from inventory until it is provided to the shipper and generally include costs to store, move and prepare the products for shipment. Shipping and handling costs are recorded in "Cost of sales" in the Consolidated Statements of Operations.

Research and Development Costs—Funds are committed to research and development activities for technical improvement of products and processes that are expected to contribute to future earnings. All costs associated with research and development are charged to expense as incurred. Research and development and technical service expense was $59, $65 and $72 for the years ended December 31, 2016, 2015 and 2014, respectively, and is included in "Selling, general and administrative expense" in the Consolidated Statements of Operations.

Business Realignment Costs—The Company incurred "Business realignment costs" totaling $55, $16 and $47 for the years ended December 31, 2016, 2015 and 2014, respectively. For the year ended December 31, 2016, these costs primarily included costs related to the rationalization at our Norco, LA manufacturing facility and costs related to certain in-process cost reduction programs. For the year ended December 31, 2015, these costs primarily included expenses related to certain in-process cost reduction programs, as well as costs for environmental remediation at certain formerly owned locations. For the year ended December 31, 2014, these costs primarily included expenses from the Company's newly implemented restructuring and cost optimization programs, as well as costs for environmental remediation at certain formerly owned locations.

Pension and Other Non-Pension Postretirement Benefit Liabilities—Pension and other non-pension postretirement benefit ("OPEB") assumptions are significant inputs to the actuarial models that measure pension and OPEB benefit obligations and related effects on operations. Two assumptions, discount rate and expected return on assets, are important elements of plan expense and asset/liability measurement. The Company evaluates these critical assumptions at least annually on a plan and country-specific basis. The Company periodically evaluates other assumptions involving demographic factors, such as retirement age, mortality and turnover, and updates them to reflect the Company's experience and expectations for the future. Actual results in any given year will often differ from actuarial assumptions because of economic and other factors.

Accumulated and projected benefit obligations are measured as the present value of future cash payments. The Company discounts these cash payments using a split-rate interest approach. This approach uses multiple interest rates from market-observed forward yield curves which correspond to the estimated timing of the related benefit payments. Lower discount rates increase present values and subsequent-year pension expense; higher discount rates decrease present values and subsequent-year pension and OPEB expense.

To determine the expected long-term rate of return on pension plan assets, the Company considers current and expected asset allocations, as well as historical and expected returns on various categories of plan assets. In developing future return expectations for the principal benefit plans' assets, the Company evaluates general market trends as well as key elements of asset class returns such as expected earnings growth, yields and spreads across a number of potential scenarios.

Upon the Company's annual remeasurement of its pension and OPEB liabilities in the fourth quarter, or on an interim basis as triggering events warrant remeasurement, the Company immediately recognizes gains and losses as a mark-to-market ("MTM") gain or loss through earnings. As such, the Company's net periodic pension and OPEB expense consists of i) service cost, interest cost, expected return on plan assets, amortization of prior service cost/credits recognized on a quarterly basis and ii) MTM adjustments recognized annually in the fourth quarter upon remeasurement of pension and OPEB liabilities or when triggering events warrant remeasurement.

Income Taxes—The Company recognizes deferred tax assets and liabilities for the expected future tax consequences of temporary differences between the financial statement carrying amounts and the tax bases of the assets and liabilities.

Deferred tax balances are adjusted to reflect tax rates, based on current tax laws, which will be in effect in the years in which temporary differences are expected to reverse. Deferred tax assets are reduced by a valuation allowance when, in the opinion of management, it is more likely than not that some portion or all of the deferred tax assets will not be realized (see Note 14).

Unrecognized tax benefits are generated when there are differences between tax positions taken in a tax return and amounts recognized in the consolidated financial statements. Tax benefits are recognized in the consolidated financial statements when it is more likely than not that a tax position will be sustained upon examination. Tax benefits are measured as the largest amount of benefit that is greater than 50% likely of being realized upon settlement. The Company classifies interest and penalties as a component of tax expense.

Derivative Financial Instruments—The Company is a party to forward exchange contracts, foreign exchange rate swaps, interest rate swaps, natural gas futures and electricity forward contracts to reduce its cash flow exposure to changes in interest rates and natural gas and electricity prices. The Company does not hold or issue derivative financial instruments for trading purposes. These instruments are not accounted for using hedge accounting, but are measured at fair value and recorded in the balance sheet as an asset or liability, depending upon the Company's underlying rights or obligations. Changes in fair value are recognized in earnings.

Stock-Based Compensation—Stock-based compensation cost is measured at the grant date based on the fair value of the award which is amortized as expense over the requisite service period on a graded-vesting basis (see Note 11).

Transfers of Financial Assets—The Company executes factoring and sales agreements with respect to its trade accounts receivable to support its working capital requirements. The Company accounts for these transactions as either sales-type or financing-type transfers of financial assets based on the terms and conditions of each agreement. For the portion of the sales price that is deferred in a reserve account and subsequently collected, the Company's policy is to classify the cash in-flows as cash flows from operating activities as the predominant source of the cash flows pertains to the Company's trade accounts receivable. When the Company retains the servicing rights on the transfers of accounts receivable, it measures these rights at fair value, if material.

Concentrations of Credit Risk—Financial instruments that potentially subject the Company to concentrations of credit risk are primarily temporary investments and accounts receivable. The Company places its temporary investments with high quality institutions and, by policy, limits the amount of credit exposure to any one institution. Concentrations of credit risk for accounts receivable are limited due to the large number of customers in the Company's customer base and their dispersion across many different industries and geographies. The Company generally does not require collateral or other security to support customer receivables.

Concentrations of Supplier Risk—The Company relies on long-term agreements with key suppliers for most of its raw materials. The loss of a key source of supply or a delay in shipments could have an adverse effect on its business. Should any of the suppliers fail to deliver or should any of the key long-term supply contracts be canceled, the Company would be forced to purchase raw materials at current market prices. The Company's largest supplier provides approximately 10% of raw material purchases. In addition, several of the feedstocks at various facilities are transported through a pipeline from one supplier.

Subsequent Events—The Company has evaluated events and transactions subsequent to December 31, 2016 through the date of issuance of its Consolidated Financial Statements.

Reclassifications—Certain prior period balances have been reclassified to conform with current presentations.

Recently Issued Accounting Standards

Newly Issued Accounting Standards

In May 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Board Update No. 2014-09: *Revenue from Contracts with Customers (Topic 606)* ("ASU 2014-09"). ASU 2014-09 supersedes the existing revenue recognition guidance and most industry-specific guidance applicable to revenue recognition. According to the new guidance, an entity will apply a principles-based five step model to recognize revenue upon the transfer of promised goods or services to customers and in an amount that reflects the consideration for which the entity expects to be entitled in exchange for those goods or services. The revised effective date for ASU 2014-09 is for annual and interim periods beginning on or after December 15, 2017, and early adoption will be permitted for annual and interim periods beginning on or after December 15, 2016. Entities will have the option of using either a full retrospective approach or a modified approach to adopt the guidance in ASU 2014-09. The Company is currently assessing the potential impact of ASU 2014-09 on its financial statements.

In July 2015, the FASB issued Accounting Standards Board Update No. 2015-11: *Simplifying the Measurement of Inventory (Topic 330)* ("ASU 2015-11") as part of the FASB simplification initiative. ASU 2015-11 replaces the existing concept of market value of inventory (where market was defined as replacement cost, with a ceiling of net realizable value and floor of net realizable value less a normal profit margin) with the single measurement of net realizable value. The guidance is effective for annual periods beginning after December 15, 2016, including interim periods within that reporting period. The requirements of ASU 2015-11 are not expected to have a significant impact on the Company's financial statements.

In February 2016, the FASB issued Accounting Standards Board Update No. 2016-02: *Leases (Topic 842)* ("ASU 2016-02"). ASU 2016-02 supersedes the existing lease guidance in Topic 840. According to the new guidance, all leases, with limited scope exceptions, will be recorded on the balance sheet in the form of a liability to make lease payments (lease liability) and a right-of-use asset representing the right to use the underlying asset for the lease term. The guidance is effective for annual and interim periods beginning on or after December 15, 2018, and early adoption is permitted. Entities will be required to adopt ASU 2016-02 using a modified retrospective approach, whereby leases will be recognized and measured at the beginning of the earliest period presented. The Company is currently assessing the potential impact of ASU 2016-02 on its financial statements.

In March 2016, the FASB issued Accounting Standards Board Update No. 2016-07: *Simplifying the Transition to the Equity Method of Accounting (Topic 323)* ("ASU 2016-07") as part of the FASB simplification initiative. ASU 2016-07 eliminates the requirement that when an existing investment qualifies for use of the equity method, an investor adjust the investment, results of operations and retained earnings retroactively as if the equity method has been in effect in all previous periods that the investment had been held. Under the new guidance, the equity method investor is only required to adopt the equity method as of the date the investment qualifies for the equity method, with no retrospective adjustment required. The guidance is effective for annual periods beginning after December 15, 2016, including interim periods within that reporting period, and early adoption is permitted. The requirements of ASU 2016-07 are not expected to have a significant impact on the Company's financial statements.

In March 2016, the FASB issued Accounting Standards Board Update No. 2016-09: *Improvements to Employee Share-Based Payment Accounting (Topic 718)* ("ASU 2016-09") as part of the FASB simplification initiative. ASU 2016-09 simplifies various aspects of share-based payment accounting, including the income tax consequences, classification of equity awards as either equity or liabilities and classification on the statement of cash flows. The guidance is effective for annual periods beginning after December 15, 2016, including interim periods within that reporting period, and early adoption is permitted. The requirements of ASU 2016-09 are not expected to have a significant impact on the Company's financial statements.

In August 2016, the FASB issued Accounting Standards Board Update No. 2016-15: *Statement of Cash Flows (Topic 230)* ("ASU 2016-15") as part of the FASB simplification initiative. ASU 2016-15 provides guidance on treatment in the statement of cash flows for eight specific cash flow topics, with the objective of reducing existing diversity in practice. Of the eight cash flow topics addressed in the new guidance, the topics expected to have an impact on the Company include debt prepayment or debt extinguishment costs, proceeds from the settlement of insurance claims and distributions received from equity method investees. The guidance is effective for annual periods beginning after December 15, 2017, including interim periods within that reporting period, and early adoption is permitted. The Company is currently assessing the potential impact of ASU 2016-15 on its financial statements.

In November 2016, the FASB issued Accounting Standards Board Update No. 2016-18: *Statement of Cash Flows (Topic 230) Restricted Cash* ("ASU 2016-18") as part of the FASB simplification initiative. ASU 2016-18 requires that amounts generally described as restricted cash and restricted cash equivalents should be included with cash and cash equivalents when reconciling the beginning-of-period and end-of period total amounts shown on the statement of cash flows. ASU 2016-18 also requires supplemental disclosure regarding the nature of restrictions on a company's cash and cash equivalents, such as the purpose and terms of the restriction, expected duration of the restriction and the amount of cash subject to restriction. The guidance is effective for annual periods beginning after December 15, 2017, including interim periods within that reporting period, and early adoption is permitted. The Company is currently assessing the potential impact of ASU 2016-18 on its financial statements.

Newly Adopted Accounting Standards

In August 2014, the FASB issued Accounting Standards Board Update No. 2014-15: *Presentation of Financial Statements - Going Concern - Disclosures of Uncertainties about an entity's Ability to Continue as a Going Concern* ("ASU 2014-15"). ASU 2014-15 provides new guidance related to management's responsibility to evaluate whether there is substantial doubt about an entity's ability to continue as a going concern by incorporating and expanding upon certain principles that are currently in U.S. auditing standards and to provide related footnote disclosures. This new guidance is effective for the annual period ending after December 15, 2016, and for annual periods and interim periods thereafter. The Company adopted the requirements of ASU 2014-15 as of December 31, 2016, which did not impact the Company's financial statements or disclosure.

3. Business Realignment Costs

Norco

In the first quarter of 2016, the Company announced a planned rationalization at its Norco, LA manufacturing facility within its Epoxy, Phenolic and Coating Resins segment, and production was ceased at this facility during the second quarter of 2016. The Company has finalized agreements to exit this facility in 2017.

During the year ended December 31, 2016, Company recorded costs of $24 related to the early termination of certain contracts for utilities, site services, raw materials and other items related to this facility rationalization. These costs are included in "Business realignment costs" in the Consolidated Statements of Operations. As of December 31, 2016, $18 of these costs were included in "Other current liabilities" and $3 of these costs were included in "Accounts payable" in the Consolidated Balance Sheets.

As a result of the Norco, LA facility rationalization, the estimated useful lives of certain long-lived assets related to this facility were shortened, and consequently, during the twelve months ended December 31, 2016, the Company incurred $76 of accelerated depreciation related to these assets, which is included in "Cost of sales" in the Consolidated Statements of Operations.

In addition, at June 30, 2016 the Company recorded a conditional asset retirement obligation ("ARO") of $30 related to certain contractually obligated future demolition, decontamination and repair costs associated with this facility rationalization. This resulted in an additional $30 of accelerated depreciation related to this ARO for the year ended December 31, 2016, which is also included in "Cost of sales" in the Consolidated Statements of Operations. In the third quarter of 2016, this ARO liability was reduced by $11 as a result of revised cost estimates, primarily due to a reduction in the scope of expected future demolition. This $11 reduction in costs is included in "Business realignment costs" in the Consolidated Statements of Operations for the year ended December 31 2016. As of December 31, 2016, the outstanding ARO liability of $13 was included in "Other current liabilities" and $2 was included in "Accounts payable" in the Consolidated Balance Sheets.

Lastly, during the year ended December 31, 2016, the Company incurred additional costs of $16 related to abnormal production overhead, severance and other expenses to the facility closure. These costs are included in "Business realignment costs" in the Consolidated Statements of Operations.

Oilfield

In addition, during the third quarter of 2016, the Company indefinitely idled two oilfield manufacturing facilities within its Epoxy, Phenolic and Coating Resins segment, and production was ceased at these facilities. As a result, the estimated useful lives of certain long-lived assets related to these facilities were shortened, and consequently, during the year ended December 31, 2016, the Company incurred $21 of accelerated depreciation related to these assets, which is included in "Cost of sales" in the Consolidated Statements of Operations.

Other

Also included within "Business realignment costs" in the Consolidated Statements of Operations for the year ended December 31, 2016 are miscellaneous severance, environmental and other costs related to certain in-process cost reduction programs.

4. Related Party Transactions

Administrative Service, Management and Consulting Arrangement

The Company is subject to a Management Consulting Agreement with Apollo (the "Management Consulting Agreement") that renews on an annual basis, unless notice to the contrary is given by either party. Under the Management Consulting Agreement, the Company receives certain structuring and advisory services from Apollo and its affiliates. The Management Consulting Agreement provides indemnification to Apollo, its affiliates and their directors, officers and representatives for potential losses arising from these services. Apollo is entitled to an annual fee equal to the greater of $3 or 2% of the Company's Adjusted EBITDA. Apollo elected to waive charges of any portion of the annual management fee due in excess of $3 for the years ended December 31, 2016, 2015 and 2014.

During each of the years ended December 31, 2016, 2015 and 2014, the Company recognized expense under the Management Consulting Agreement of $3. This amount is included in "Other operating expense (income), net" in the Company's Consolidated Statements of Operations.

Transactions with MPM

Shared Services Agreement

On October 1, 2010, the Company entered into a shared services agreement with Momentive Performance Materials Inc. (‘MPM”) (which, from October 1, 2010 through October 24, 2014, was a subsidiary of Hexion Holdings), as amended in October 2014 (the “Shared Services Agreement”). Under this agreement, the Company provides to MPM, and MPM provides to the Company, certain services, including, but not limited to, executive and senior management, administrative support, human resources, information technology support, accounting, finance, technology development, legal and procurement services. The Shared Services Agreement establishes certain criteria upon which the costs of such services are allocated between the Company and MPM. The Shared Services Agreement was renewed for one year starting October 2016 and is subject to termination by either the Company or MPM, without cause, on not less than 30 days’ written notice, and expires in October 2017 (subject to one-year renewals every year thereafter; absent contrary notice from either party).

Pursuant to the Shared Services Agreement, during the years ended December 31, 2016, 2015 and 2014, the Company incurred approximately $63, $70 and $131, respectively, of net costs for shared services and MPM incurred approximately $50, $60 and $99, respectively, of net costs for shared services. Included in the net costs incurred during the years ended December 31, 2016, 2015 and 2014, were net billings from the Company to MPM of $30, $35 and $49, respectively, to bring the percentage of total net incurred costs for shared services under the Shared Services Agreement to the applicable allocation percentage. The allocation percentage for 2016 changed from 2015 from 54% to 56% for the Company and 46% to 44% for MPM. The scope of services and allocation percentages are reviewed by the Steering Committee pursuant to the terms of the Shared Services Agreement. The Company had accounts receivable from MPM of $5 and $7 as of December 31, 2016 and 2015, respectively, and no accounts payable to MPM.

Sales and Purchases of Products and Services with MPM

The Company also sells products to, and purchases products from, MPM. During the years ended December 31, 2016, 2015 and 2014, the Company sold less than $1, $1 and $1, respectively, of products to MPM and purchased $1, $3 and $8, respectively. As both of December 31, 2016 and 2015, the Company had less than $1 of accounts receivable from MPM and less than $1 of accounts payable to MPM related to these agreements.

Other Transactions with MPM

In April 2014, the Company purchased 100% of the interests in MPM’s Canadian subsidiary for a purchase price of approximately $12. As a part of the transaction the Company also entered into a non-exclusive distribution agreement with a subsidiary of MPM, whereby the Company acts as a distributor of certain MPM products in Canada. The agreement has a term of 10 years, and is cancelable by either party with 180 days’ notice. The Company is compensated for acting as distributor at a rate of 2% of the net selling price of the related products sold. During the years ended December 31, 2016 and 2015, the Company purchased approximately $26 and $28, respectively, of products from MPM under this distribution agreement, and earned $1 from MPM as compensation for acting as distributor of the products. As of both December 31, 2016 and 2015, the Company had $2 of accounts payable to MPM related to the distribution agreement.

As both the Company and MPM shared a common ultimate parent at the time of the transaction, this purchase was accounted for as a transaction under common control as defined in the accounting guidance for business combinations, resulting in the Company recording the net assets of the acquired entity at carrying value. Additionally, the gain on the purchase of $3 was accounted for as a capital contribution, and is reflected as an addition to “Paid-in-Capital” in the Consolidated Balance Sheets.

Purchases and Sales of Products and Services with Affiliates Other than MPM

The Company sells products to various Apollo affiliates other than MPM. These sales were $6, $59 and $114 for the years ended December 31, 2016, 2015 and 2014, respectively. Accounts receivable from these affiliates were less than $1 at both December 31, 2016 and 2015. The Company also purchases raw materials and services from various Apollo affiliates other than MPM. These purchases were less than $1, $3 and $5 for the years ended December 31, 2016, 2015 and 2014, respectively. The Company had accounts payable to these affiliates of less than $1 at both December 31, 2016 and 2015.

Participation of Apollo Global Securities in Refinancing Transactions

In April 2015, Apollo Global Securities, LLC (“AGS”), an affiliate of Apollo, acted as one of the initial purchasers and received less than $1 in connection with the sale of the $315 aggregate principal amount of the Company’s 10.00% First-Priority Senior Secured Notes due 2020.

Other Transactions and Arrangements

The Company sells finished goods to, and purchases raw materials from, HA-International, LLC (“HAI”), a former foundry joint venture between the Company and HA-USA Inc. (“HA-USA”). The Company also provides toll-manufacturing and other services to HAI. On May 31, 2016, the Company sold its 50% investment in HAI to HA-USA (see Note 12), and as of June 1, 2016, HAI is no longer a related party. Previous to this sale, the Company’s investment in HAI was recorded under the equity method of accounting, and the related sales and purchases were not eliminated from the Consolidated Financial Statements. However, any profit on these transactions was eliminated in the Consolidated Financial Statements to the extent of the Company’s 50% interest in HAI.

Through the date of the sale of the Company's investment in HAI to HA-USA, sales and services provided to HAI were $26, $72 and $107 for the years ended December 31, 2016, 2015 and 2014, respectively. Accounts receivable from HAI were $1 at December 31, 2015. Purchases from HAI were $4, $16 and $36 for the years ended December 31, 2016, 2015 and 2014, respectively. The Company had accounts payable to HAI of $1 at December 31, 2015. Additionally, HAI declared dividends to the Company of $4 and $19 during the years ended December 31, 2016 and 2015, respectively. No amounts remain outstanding related to these previously declared dividends as of December 31, 2016.

The Company's purchase contracts with HAI represented a significant portion of HAI's total revenue, and this factor resulted in the Company absorbing the majority of the risk from potential losses or the majority of the gains from potential returns. However, the Company did not have the power to direct the activities that most significantly impact HAI, and therefore, did not consolidate HAI. The carrying value of HAI's assets and liabilities were $44 and $14, respectively, at December 31, 2015.

In 2013, the Company and HAI resolved a dispute regarding raw material pricing. As part of the resolution, the Company provided discounts to HAI on future purchases of dry and liquid resins totaling $16 over a period of three years. During the year ended December 31, 2016, the Company issued $1 of discounts to HAI under this agreement. As of December 31, 2016, no amounts remained outstanding under this agreement. As of December 31, 2015, $1 remained outstanding under this agreement, all of which is classified in "Other current liabilities" in the Consolidated Balance Sheets.

The Company sells products and provides services to, and purchases products from, its other joint ventures which are recorded under the equity method of accounting. These sales were $17, $33, and $27 for the years ended December 31, 2016, 2015 and 2014, respectively. Accounts receivable from these joint ventures were $7 and $10 at December 31, 2016 and 2015, respectively. These purchases were $13, $33, and $26 for the years ended December 31, 2016, 2015 and 2014, respectively. The Company had accounts payable to these joint ventures of $1 and $2 at December 31, 2016 and 2015, respectively.

The Company had a loan receivable of $6 and royalties receivable of $2 as of both December 31, 2016 and 2015 from its unconsolidated forest products joint venture in Russia.

In February 2014, the Company made a restricted purpose loan of $50 to Superholdco Finance Corp ("Finco"), a newly formed subsidiary of Hexion Holdings, which was repaid in full during the year ended December 31, 2014. The loan had a maturity date in February 2015, and bore interest at LIBOR plus 3.75% per annum. The loan was fully collateralized by the assets of Finco. On April 7, 2014, Finco entered into an agreement with MPM under which it purchased approximately $51 of accounts receivable from MPM, paying 95% of the proceeds in cash, with the remaining 5% to be paid in cash when the sold receivables were fully collected. The agreement also appointed MPM to act as the servicer of the receivables on behalf of Finco. Interest incurred under the loan agreement was less than $1 for the year ended December 31, 2014.

As of December 31, 2014, Finco was deemed to be a VIE, and the Company's loan to Finco represented a variable interest in Finco. The power to direct the activities that most significantly impact the VIE was shared between the Company and the other related party variable interest entity holder. In July 2015, Finco was dissolved.

5. Goodwill and Intangible Assets

The Company's gross carrying amount and accumulated impairments of goodwill consist of the following as of December 31, 2016 and 2015:

	2016				2015			
	Gross Carrying Amount	**Accumulated Impairments**	**Accumulated Foreign Currency Translation**	**Net Book Value**	**Gross Carrying Amount**	**Accumulated Impairments**	**Accumulated Foreign Currency Translation**	**Net Book Value**
Epoxy, Phenolic and Coating Resins	$ 111	$ (57)	$ —	$ 54	$ 111	$ (57)	$ —	$ 54
Forest Products Resins	81	—	(14)	67	81	—	(13)	68
Total	$ 192	$ (57)	$ (14)	$ 121	$ 192	$ (57)	$ (13)	$ 122

The changes in the net carrying amount of goodwill by segment for the years ended December 31, 2016 and 2015 are as follows:

	Epoxy, Phenolic and Coating Resins	**Forest Products Resins**	**Total**
Goodwill balance at December 31, 2014	$ 46	$ 73	$ 119
Acquisitions	10	—	10
Foreign currency translation	(2)	(5)	(7)
Goodwill balance at December 31, 2015	54	68	122
Foreign currency translation	—	(1)	(1)
Goodwill balance at December 31, 2016	$ 54	$ 67	$ 121

In 2015, the Company acquired the remaining 50% interest in Momentive Union Specialty Chemicals Ltd, a joint venture in China, from its joint venture partner, and the allocation of fair value to the assets acquired and liabilities assumed at the date of acquisition resulted in $10 being allocated to goodwill (see Note 13).

The Company's intangible assets with identifiable useful lives consist of the following as of December 31, 2016 and 2015:

	2016				2015			
	Gross Carrying Amount	Accumulated Impairments	Accumulated Amortization	Net Book Value	Gross Carrying Amount	Accumulated Impairments	Accumulated Amortization	Net Book Value
Patents and technology	$ 112	$ —	$ (91)	$ 21	$ 112	$ —	$ (85)	$ 27
Customer lists and contracts	109	(17)	(75)	17	109	(17)	(69)	23
Other	25	—	(11)	14	25	—	(10)	15
Total	$ 246	$ (17)	$ (177)	$ 52	$ 246	$ (17)	$ (164)	$ 65

The impact of foreign currency translation on intangible assets is included in accumulated amortization.

Total intangible amortization expense for the years ended December 31, 2016, 2015 and 2014 was $12, $13 and $14, respectively.

Estimated annual intangible amortization expense for 2017 through 2021 is as follows:

2017	$ 10
2018	8
2019	8
2020	8
2021	3

6. Fair Value

Fair value is the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. Fair value measurement provisions establish a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. This guidance describes three levels of inputs that may be used to measure fair value:

- **Level 1:** Inputs are quoted prices (unadjusted) for identical assets or liabilities in active markets.
- **Level 2:** Pricing inputs are other than quoted prices in active markets included in Level 1, which are either directly or indirectly observable as of the reported date.
- **Level 3:** Unobservable inputs that are supported by little or no market activity and are developed based on the best information available in the circumstances. For example, inputs derived through extrapolation or interpolation that cannot be corroborated by observable market data.

Recurring Fair Value Measurements

As of December 31, 2016, the Company had derivative liabilities of less than $1, which were measured using Level 2 inputs, and consist of derivative instruments transacted primarily in over-the-counter markets. There were no transfers between Level 1, Level 2 or Level 3 measurements during the years ended December 31, 2016 and 2015.

The Company calculates the fair value of its Level 2 derivative liabilities using standard pricing models with market-based inputs, adjusted for nonperformance risk. When its financial instruments are in a liability position, the Company evaluates its credit risk as a component of fair value. At December 31, 2016 and 2015, no adjustment was made by the Company to reduce its derivative liabilities for nonperformance risk.

When its financial instruments are in an asset position, the Company is exposed to credit loss in the event of nonperformance by other parties to these contracts and evaluates their credit risk as a component of fair value.

Non-recurring Fair Value Measurements

Long-Lived and Amortizable Intangible Assets

Following is a summary of losses as a result of the Company measuring long-lived assets at fair value on a non-recurring basis during the years ended December 31, 2016, 2015 and 2014, all of which were valued using Level 3 inputs.

	Year Ended December 31,		
	2016	2015	2014
Long-lived assets held and used	$ —	$ 4	$ 5
Long-lived assets held for disposal/abandonment	—	2	—
Total	$ —	$ 6	$ 5

In 2015, as a result of the likelihood that certain long-lived assets would be disposed of before the end of their estimated useful lives resulting in lower future cash flows associated with these assets, the Company wrote down long-lived assets with a carrying value of $5 to fair value of $1, resulting in an impairment charge of $4 within its Epoxy, Phenolic and Coating Resins segment.

In 2015, as a result of the Company’s decision to dispose of certain long-lived assets before the end of their estimated useful lives, the Company wrote down long-lived assets with a carrying value of $2 to fair value of $0, resulting in an impairment charge of $2 within its Forest Products Resins segment.

In 2014, as a result of the likelihood that certain long-lived assets would be disposed of before the end of their estimated useful lives resulting in lower future cash flows associated with these assets, the Company wrote down long-lived assets with a carrying value of $5 to fair value of $0, resulting in an impairment charge of $5 within its Epoxy, Phenolic and Coating Resins segment.

Non-derivative Financial Instruments

The following table summarizes the carrying amount and fair value of the Company’s non-derivative financial instruments:

	Carrying Amount[(1)]	Fair Value			
		Level 1	Level 2	Level 3	Total
December 31, 2016					
Debt	$ 3,542	$ —	$ 3,134	$ 9	$ 3,143
December 31, 2015					
Debt	$ 3,829	$ —	$ 2,560	$ 10	$ 2,570

(1) Debt carrying amounts exclude unamortized deferred debt issuance costs.

Fair values of debt classified as Level 2 are determined based on other similar financial instruments, or based upon interest rates that are currently available to the Company for the issuance of debt with similar terms and maturities. Level 3 amounts represent capital leases whose fair value is determined through the use of present value and specific contract terms. The carrying amounts of cash and cash equivalents, short term investments, accounts receivable, accounts payable and other accrued liabilities are considered reasonable estimates of their fair values due to the short-term maturity of these financial instruments.

7. Debt and Lease Obligations

Debt outstanding at December 31, 2016 and 2015 is as follows:

	2016		2015	
	Long-Term	Due Within One Year	Long-Term	Due Within One Year
ABL Facility	$ —	$ —	$ —	$ —
Senior Secured Notes:				
6.625% First-Priority Senior Secured Notes due 2020 (includes $3 and $4 of unamortized debt premium at December 31, 2016 and 2015, respectively)	1,553	—	1,554	—
10.00% First-Priority Senior Secured Notes due 2020	315	—	315	—
8.875% Senior Secured Notes due 2018 (includes $1 and $2 of unamortized discount at December 31, 2016 and 2015, respectively)	706	—	995	—
9.00% Second-Priority Senior Secured Notes due 2020	574	—	574	—
Debentures:				
9.2% debentures due 2021	74	—	74	—
7.875% debentures due 2023	189	—	189	—
Other Borrowings:				
Australia Facility due 2017 at 4.1% and 4.5% at December 31, 2016 and 2015, respectively	—	51	29	3
Brazilian bank loans at 11.2% and 10.9% at December 31, 2016 and 2015, respectively	14	26	5	42
Capital Leases	7	2	9	1
Other at 5.1% and 4.7% at December 31, 2016 and 2015, respectively	3	28	5	34
Unamortized debt issuance costs	(38)	—	(51)	—
Total	$ 3,397	$ 107	$ 3,698	$ 80

2017 Refinancing Transactions

In response to its upcoming 2018 debt maturities, the Company undertook the following actions in early 2017:

- On February 8, 2017, the Company issued $485 aggregate principal amount of 10.375% First-Priority Senior Secured Notes due 2022 (the "New First Lien Notes") and $225 aggregate principal amount of 13.75% Senior Secured Notes due 2022 (the "New Senior Secured Notes"). Upon the closing of these offerings, the Company satisfied and discharged its obligations under the Old Senior Secured Notes by depositing the net proceeds from these offerings, together with cash on its balance sheet, with the trustee for the Old Senior Secured Notes for the purpose of redeeming all of the Company's outstanding Old Senior Secured Notes, which redemption will occur on March 10, 2017.

- The Company also amended and restated its ABL Facility in December 2016 with modifications to, among other things, permit the refinancing of the Old Senior Secured Notes. In connection with the issuance of the new notes in February 2017, certain lenders under the ABL Facility provided extending revolving credit facility commitments in an aggregate principal amount of $350 with a maturity date of December 5, 2021 (subject to certain early maturity triggers), the existing commitments were terminated and the size of the ABL Facility was reduced from $400 to $350.

These transactions are collectively referred to as the "2017 Refinancing Transactions."

2016 Debt Transactions

During 2016, the Company repurchased $290 of its Old Senior Secured Notes on the open market for cash of $240. These transactions resulted in a gain of $48, which represents the difference between the carrying value of the repurchased debt and the cash paid for the repurchases, less the proportionate amount of unamortized deferred financing fees and debt discounts that were written off in conjunction with the repurchases. This amount is recorded in "Gain on debt extinguishment" in the Consolidated Statements of Operations.

2015 Debt Transactions

In April 2015, the Company issued $315 aggregate principal amount of 10.00% First-Priority Senior Secured Notes due 2020 (the "10.00% First Lien Notes"). The Company used the net proceeds to redeem or repay all $40 of its outstanding 8.375% Sinking Fund Debentures due 2016, and to repay all amounts outstanding under its ABL Facility at the closing of the offering.

The 10.00% First Lien Notes are secured by first-priority liens on collateral that generally includes most of the Company and its domestic subsidiaries' assets other than inventory and accounts receivable and related assets and by second-priority liens on the domestic portion of the collateral for the ABL Facility, which generally includes most of the inventory and accounts receivable and related assets of the Company, its domestic subsidiaries and certain of its foreign subsidiaries, in each case subject to certain exceptions and permitted liens.

In July 2015, the Company entered into an amendment to its ABL Facility (see below), which was completed in November 2015, under which certain of the Company's subsidiaries are borrowers, to (i) add one of its German subsidiaries as a borrower and one of its German subsidiaries as a guarantor and (ii) expand its borrowing base to include certain machinery and equipment in certain foreign jurisdictions, subject to customary reserves.

During 2015, the Company repurchased $203 of its Old Senior Secured Notes on the open market for total cash of $160. These transactions resulted in a gain of $41, which represents the difference between the carrying value of the repurchased debt and the cash paid for the repurchases, less the proportionate amount of unamortized deferred financing fees and debt discounts that were written off in conjunction with the repurchases. This amount is recorded in "Gain on debt extinguishment" in the Consolidated Statements of Operations.

ABL Facility

In March 2013, the Company entered into a $400 asset-based revolving loan facility, subject to a borrowing base (the "ABL Facility"). The ABL Facility replaced the Company's senior secured credit facilities, which included a $171 revolving credit facility and the $47 synthetic letter of credit facility at the time of the termination of facilities upon the Company's entry into the ABL Facility.

In December 2016, the Company amended and restated the ABL Facility, with modifications to, among other things, permit the refinancing of the Old Senior Secured Notes with new first-priority senior secured notes, new senior secured notes and/or other secured or unsecured indebtedness. In connection with the issuance of the new notes in February 2017, certain lenders under the ABL Facility provided extended revolving facility commitments in an aggregate principal amount of approximately $350 with a maturity date of December 5, 2021 (subject to the early maturity triggers described below), the existing commitments were terminated and the size of the ABL Facility was reduced from $400 to $350.

As amended, the ABL Facility has a maturity date of December 5, 2021 unless, if 91 days prior to the scheduled maturity of the 6.625% First-Priority Senior Notes due 2020 and the 10.00% First Lien Notes, more than $50 aggregate principal amount of these notes are outstanding, in which case the ABL Facility will mature on such earlier date. Additionally, if 91 days prior to the scheduled maturity of the 9.00% Second-Priority Senior Secured Notes due 2020, more than $50 aggregate principal amount of these notes are outstanding, the ABL Facility will mature on such earlier date.

Availability under the ABL Facility is $350, subject to a borrowing base based on a specified percentage of eligible accounts receivable and inventory. In 2015, the ABL Facility was amended to include up to $80 of certain international property plant and equipment as collateral. The borrowers under the ABL Facility include the Company and Hexion Canada Inc., Hexion B.V., Hexion UK Limited and Borden Chemical UK Limited, each a wholly owned subsidiary of the Company. In 2015, the ABL Facility was also amended to include Hexion Gmbh as a borrower.

The ABL Facility bears interest at a floating rate based on, at the Company's option, an adjusted LIBOR rate plus an initial applicable margin of 2.25% or an alternate base rate plus an initial applicable margin of 1.25%. From and after the date of delivery of the Company's financial statements for the first fiscal quarter ended after the effective date of the ABL Facility, the applicable margin for such borrowings will be adjusted depending on the availability under the ABL Facility. As of December 31, 2016, the applicable margin for LIBOR rate loans was 1.75% and for alternate base rate loans was 0.75%. In addition to paying interest on outstanding principal under the ABL Facility, the Company is required to pay a commitment fee to the lenders in respect of the unutilized commitments at an initial rate equal to 0.50% per annum, subject to adjustment depending on the usage. The ABL Facility does not have any financial maintenance covenants, other than a fixed charge coverage ratio of 1.0 to 1.0 that only applies if availability under the ABL Facility is less than the greater of (a) $35 and (b) 12.5% of the lesser of the borrowing base and the total ABL Facility commitments at such time. The fixed charge coverage ratio under the credit agreement governing the ABL Facility is generally defined as the ratio for the most recent four consecutive fiscal quarters of (a) Adjusted EBITDA minus non-financed capital expenditures and cash taxes to (b) debt service plus cash interest expense plus certain restricted payments, each measured for the four most recent quarters in which financial statements have been delivered. The ABL Facility is secured by, among other things, first-priority liens on most of the inventory and accounts receivable and related assets of the Company, its domestic subsidiaries and certain of its foreign subsidiaries (the "ABL Priority Collateral"), and by second-priority liens on certain collateral that generally includes most of the Company's, its domestic subsidiaries' and certain of its foreign subsidiaries' assets other than the ABL Priority Collateral, in each case subject to certain exceptions and permitted liens. Available borrowings under the ABL Facility were $299 as of December 31, 2016, and there were no outstanding borrowings and $35 of outstanding letters of credit under the ABL Facility as of December 31, 2016.

Senior Secured Notes

First-Priority Senior Secured Notes

In March 2012, the Company issued $450 aggregate principal amount of 6.625% First-Priority Senior Secured Notes due 2020 at an issue price of 100%. In January 2013, the Company issued an additional $1,100 aggregate principal amount of 6.625% First-Priority Senior Secured Notes due 2020 at an issue price of 100.75% (the "First-Priority Senior Secured Notes").

The First-Priority Senior Secured Notes are due on April 15, 2020 and are secured by first-priority liens on collateral that generally includes most of the Company's and its domestic subsidiaries' assets other than inventory and accounts receivable and related assets (the “Notes Priority Collateral”), and by second-priority liens on the domestic portion of the collateral for the ABL Facility (the “ABL Priority Collateral”), which generally includes most of the inventory and accounts receivable and related assets of the Company, its domestic subsidiaries and certain of its foreign subsidiaries, in each case subject to certain exceptions and permitted liens.

10.00% First-Priority Senior Secured Notes

In April 2015, the Company issued $315 aggregate principal amount of 10.00% First-Priority Senior Secured Notes due 2020 (the “10.00% First Lien Notes”). The Company used the net proceeds to redeem or repay all $40 of its outstanding 8.375% Sinking Fund Debentures due 2016, and to repay all amounts outstanding under its ABL facility at the closing of the offering.

The 10.00% First Lien Notes are due April 15, 2020 and are secured by first-priority liens on collateral that generally includes most of the Company and its domestic subsidiaries’ assets other than inventory and accounts receivable and related assets and by second-priority liens on the domestic portion of the collateral for the ABL Facility, which generally includes most of the inventory and accounts receivable and related assets of the Company, its domestic subsidiaries and certain of its foreign subsidiaries, in each case subject to certain exceptions and permitted liens.

8.875% Senior Secured Notes

In January 2010, through the Company’s wholly owned finance subsidiaries, Hexion U.S. Finance Corp. and Hexion Nova Scotia Finance, ULC, the Company issued $1,000 aggregate principal amount of the Old Senior Secured Notes. In January 2013 the Company also issued $200 aggregate principal amount of Old Senior Secured Notes at an issue price of 100%, to lenders in exchange for loans of Hexion LLC, which were retired in full.

The priority of the collateral liens securing the 8.875% Senior Secured Notes is senior to the collateral liens securing the existing Second-Priority Senior Secured Notes, and is junior to the collateral liens securing the Company’s First-Priority Senior Secured Notes.

On February 8, 2017, the Company satisfied and discharged its obligations under the Old Senior Secured Notes by depositing the net proceeds of the offerings of the New First Lien Notes and New Senior Secured Notes, together with cash on its balance sheet, with the trustee for the Old Senior Secured Notes for the purpose of redeeming all of the Company’s outstanding aggregate principal amount of Old Senior Secured Notes, which redemption will occur on March 10, 2017.

Second-Priority Senior Secured Notes

In November 2010, through the Company’s wholly owned finance subsidiaries, Hexion U.S. Finance Corp. and Hexion Nova Scotia Finance, ULC, the Company refinanced its existing 9.75% Second-Priority Senior Secured Notes due 2014 (the “Old Second Lien Notes”) through the issuance of $574 aggregate principal amount of 9.00% Second-Priority Senior Secured Notes due 2020, which mature on November 15, 2020 (the “New Second Lien Notes”). $440 aggregate principal amount was offered through a private placement with unaffiliated investors (the “Offering”). The remaining $134 aggregate principal amount of the New Second Lien Notes was issued in exchange for $127 aggregate principal amount of the Old Second Lien Notes that were held by an affiliate of Apollo Global Management, LLC at the time of the Offering (the “Apollo Exchange”). The exchange ratio was determined based on the consideration offered to holders of the Old Second Lien Notes to redeem the Old Second Lien Notes, which was intended to give Apollo an aggregate value equivalent to that which it would have received if it had received the total consideration upon the Company’s redemption of the Old Second Lien Notes and used the proceeds received to invest in the New Second Lien Notes. The new debt issued to Apollo has the same terms as the notes issued by the Company in the Offering.

Debentures

	Origination Date	Interest Payable	Early Redemption
9.2% debentures due 2021	March 1991	March 15 September 15	None
7.875% debentures due 2023	May 1993	February 15 August 15	None

Other Borrowings

The Company’s Australian Term Loan Facility has a variable interest rate equal to the 90 day Australian or New Zealand Bank Bill Rates plus an applicable margin. The agreement also provides access to a $7 revolving credit facility. There were no outstanding borrowings under the revolving credit facility at December 31, 2016 or 2015.

The Brazilian bank loans represent various bank loans, primarily for working capital purposes and to finance the construction of manufacturing facilities.

The Company’s capital leases are classified as debt on the Consolidated Balance Sheets and range from one to fifteen year terms for equipment, pipeline, land and buildings. The Company’s operating leases consist primarily of vehicles, equipment, tank cars, land and buildings.

General

The Company and certain of its domestic subsidiaries have pledged, to the applicable collateral agents, 100% of non-voting and 65% of voting equity interests in the Company's and such domestic subsidiaries' first-tier foreign subsidiaries, in each case to secure the obligations of the Company and the other domestic obligors under the ABL Facility, the 6.625% First-Priority Senior Secured Notes, the 10.00% First Lien Notes, the New First Lien Notes, the New Senior Secured Notes and the 9.00% Second-Priority Senior Secured Notes.

As of December 31, 2016, the Company was in compliance with all covenants included in the agreements governing its outstanding indebtedness, including the ABL Facility.

As of December 31, 2016, the Company did not satisfy the Adjusted EBITDA to fixed charges incurrence test contained within the indentures that govern our 6.625% First-Priority Senior Secured Notes, 10.00% First Lien Notes, Old Senior Secured Notes and 9.00% Second-Priority Senior Secured Notes. As a result, the Company is subject to restrictions on its ability to incur additional indebtedness or to make investments; however, there are exceptions to these restrictions, including exceptions that permit indebtedness under the ABL Facility (available borrowings of which were $299 at December 31, 2016).

Scheduled Maturities

Aggregate maturities of debt, minimum payments under capital leases and minimum rentals under operating leases at December 31, 2016 for the Company are as follows:

Year	Debt	Minimum Rentals Under Operating Leases	Minimum Payments Under Capital Leases
2017	$ 105	$ 25	$ 3
2018 [(1)]	712	17	2
2019	5	10	2
2020	2,442	6	5
2021	77	5	—
2022 and thereafter [(1)]	189	5	1
Total minimum payments	$ 3,530	$ 68	13
Less: Amount representing interest			(4)
Present value of minimum payments			$ 9

(1) 2018 debt maturities include $706 related to the Old Senior Secured Notes, which will be redeemed in March 2017 as part of the 2017 Refinancing Transactions, and replaced by $710 in new notes which mature in 2022.

The Company's operating leases consist primarily of vehicles, equipment, land and buildings. Rental expense under operating leases amounted to $32, $35, and $36 for each of the years ended December 31, 2016, 2015 and 2014, respectively.

8. Guarantees, Indemnifications and Warranties

Standard Guarantees / Indemnifications

In the ordinary course of business, the Company enters into a number of agreements that contain standard guarantees and indemnities where the Company may indemnify another party for, among other things, breaches of representations and warranties. These guarantees or indemnifications are granted under various agreements, including those governing (i) purchases and sales of assets or businesses, (ii) leases of real property, (iii) licenses of intellectual property, (iv) long-term supply agreements, (v) employee benefits services agreements and (vi) agreements with public authorities on subsidies for designated research and development projects. These guarantees or indemnifications are for the benefit of the (i) buyers in sale agreements and sellers in purchase agreements, (ii) landlords or lessors in lease contracts, (iii) licensors or licensees in license agreements, (iv) vendors or customers in long-term supply agreements, (v) service providers in employee benefits services agreements and (vi) governments or agencies subsidizing research or development. In addition, the Company guarantees some of the payables of its subsidiaries to purchase raw materials in the ordinary course of business.

These parties may also be indemnified against any third party claim resulting from the transaction that is contemplated in the underlying agreement. Additionally, in connection with the sale of assets and the divestiture of businesses, the Company may agree to indemnify the buyer for liabilities related to the pre-closing operations of the assets or businesses sold. Indemnities for pre-closing operations generally include tax liabilities, environmental liabilities and employee benefit liabilities that are not assumed by the buyer in the transaction.

Indemnities related to the pre-closing operations of sold assets normally do not represent additional liabilities to the Company, but simply serve to protect the buyer from potential liability associated with the Company's existing obligations at the time of sale. As with any liability, the Company has accrued for those pre-closing obligations that it considers to be probable and reasonably estimable. The amounts recorded at December 31, 2016 and 2015 are not significant.

While some of these guarantees extend only for the duration of the underlying agreement, many survive the expiration of the term of the agreement or extend into perpetuity (unless they are subject to a legal statute of limitations). There are no specific limitations on the maximum potential amount of future payments that the Company could be required to make under its guarantees, nor is the Company able to estimate the maximum potential amount of future payments to be made under these guarantees because the triggering events are not predictable.

Our corporate charter also requires us to indemnify, to the extent allowed by New Jersey state corporate law, our directors and officers as well as directors and officers of our subsidiaries and other agents against certain liabilities and expenses incurred by them in carrying out their obligations.

Warranties

The Company does not make express warranties on its products, other than that they comply with the Company’s specifications; therefore, the Company does not record a warranty liability. Adjustments for product quality claims are not material and are charged against net sales.

9. Commitments and Contingencies

Environmental Matters

The Company’s operations involve the use, handling, processing, storage, transportation and disposal of hazardous materials. The Company is subject to extensive environmental regulation at the federal, state and local levels as well as foreign laws and regulations, and is therefore exposed to the risk of claims for environmental remediation or restoration. In addition, violations of environmental laws or permits may result in restrictions being imposed on operating activities, substantial fines, penalties, damages or other costs, any of which could have a material adverse effect on the Company’s business, financial condition, results of operations or cash flows.

Environmental Institution of Paraná IAP—On August 10, 2005, the Environmental Institute of Paraná (IAP), an environmental agency in the State of Paraná, provided Hexion Quimica Industria, the Company’s Brazilian subsidiary, with notice of an environmental assessment in the amount of 12 Brazilian reais. The assessment related to alleged environmental damages to the Paranagua Bay caused in November 2004 from an explosion on a shipping vessel carrying methanol purchased by the Company. The investigations performed by the public authorities have not identified any actions of the Company that contributed to or caused the accident. The Company responded to the assessment by filing a request to have it cancelled and by obtaining an injunction precluding execution of the assessment pending adjudication of the issue. In November 2010, the Court denied the Company’s request to cancel the assessment and lifted the injunction that had been issued. The Company responded to the ruling by filing an appeal in the State of Paraná Court of Appeals. In March 2012, the Company was informed that the Court of Appeals had denied the Company’s appeal, and on June 4, 2012 the Company filed appeals to the Superior Court of Justice and the Supreme Court of Brazil. In September 2016, the Superior Court of Justice decided that strict liability does not apply to administrative fines issued by environmental agencies and reversed the decision of the State of Paraná Court of Appeals. The Superior Court of Justice remanded the case back to the Court of Appeals to determine if the IAP met its burden of proving negligence by the Company. The Company continues to believe it has strong defenses against the validity of the assessment, and does not believe that a loss is probable. At December 31, 2016, the amount of the assessment, including tax, penalties, monetary correction and interest, is 52 Brazilian reais, or approximately $16.

The following table summarizes all probable environmental remediation, indemnification and restoration liabilities, including related legal expenses, at December 31, 2016 and 2015:

	Liability		Range of Reasonably Possible Costs as of 12/31/16	
Site Description	**December 31, 2016**	**December 31, 2015**	**Low**	**High**
Geismar, LA	$ 14	$ 15	$ 9	$ 22
Superfund and offsite landfills – allocated share:				
Less than 1%	2	1	1	4
Equal to or greater than 1%	6	7	5	13
Currently-owned	4	5	3	10
Formerly-owned:				
Remediation	30	33	27	44
Monitoring only	1	—	—	1
Total	$ 57	$ 61	$ 45	$ 94

These amounts include estimates for unasserted claims that the Company believes are probable of loss and reasonably estimable. The estimate of the range of reasonably possible costs is less certain than the estimates upon which the liabilities are based. To establish the upper end of a range, assumptions less favorable to the Company among the range of reasonably possible outcomes were used. As with any estimate, if facts or circumstances change, the final outcome could differ materially from these estimates. At both December 31, 2016 and 2015, $13 have been included in “Other current liabilities” in the Consolidated Balance Sheets with the remaining amount included in “Other long-term liabilities.”

Following is a discussion of the Company's environmental liabilities and the related assumptions at December 31, 2016:

Geismar, LA Site—The Company formerly owned a basic chemicals and polyvinyl chloride business that was taken public as Borden Chemicals and Plastics Operating Limited Partnership ("BCPOLP") in 1987. The Company retained a 1% interest, the general partner interest and the liability for certain environmental matters after BCPOLP's formation. Under a Settlement Agreement approved by the United States Bankruptcy Court for the District of Delaware among the Company, BCPOLP, the United States Environmental Protection Agency and the Louisiana Department of Environmental Quality, the Company agreed to perform certain of BCPOLP's obligations for soil and groundwater contamination at BCPOLP's Geismar, Louisiana site. The Company bears the sole responsibility for these obligations because there are no other potentially responsible parties ("PRP") or third parties from whom the Company could seek reimbursement.

A groundwater pump and treat system to remove contaminants is operational, and natural attenuation studies are proceeding. If closure procedures and remediation systems prove to be inadequate, or if additional contamination is discovered, costs that would approach the higher end of the range of possible outcomes could result.

Due to the long-term nature of the project, the reliability of timing and the ability to estimate remediation payments, a portion of this liability was recorded at its net present value, assuming a 3% discount rate and a time period of 21 years. The range of possible outcomes is discounted in a similar manner. The undiscounted liability, which is expected to be paid over the next 21 years, is approximately $18. Over the next five years, the Company expects to make ratable payments totaling $6.

Superfund Sites and Offsite Landfills—The Company is currently involved in environmental remediation activities at a number of sites for which it has been notified that it is, or may be, a PRP under the United States Comprehensive Environmental Response, Compensation and Liability Act or similar state "superfund" laws. The Company anticipates approximately 50% of the estimated liability for these sites will be paid within the next five years, with the remainder over the next twenty-five years. The Company generally does not bear a significant level of responsibility for these sites, and as a result, has little control over the costs and timing of cash flows.

The Company's ultimate liability will depend on many factors including its share of waste volume, the financial viability of other PRPs, the remediation methods and technology used, the amount of time necessary to accomplish remediation and the availability of insurance coverage. The range of possible outcomes takes into account the maturity of each project, resulting in a more narrow range as the project progresses. To estimate both its current reserves for environmental remediation at these sites and the possible range of additional costs, the Company has not assumed that it will bear the entire cost of remediation of every site to the exclusion of other known PRPs who may be jointly and severally liable. The Company has limited information to assess the viability of other PRPs and their probable contribution on a per site basis. The Company's insurance provides very limited, if any, coverage for these environmental matters.

Sites Under Current Ownership—The Company is conducting environmental remediation at a number of locations that it currently owns, of which ten sites are no longer in operation. As the Company is performing a portion of the remediation on a voluntary basis, it has some control over the costs to be incurred and the timing of cash flows. The Company expects to pay approximately $4 of these liabilities within the next five years, with the remainder over the next ten years. The factors influencing the ultimate outcome include the methods of remediation elected, the conclusions and assessment of site studies remaining to be completed, and the time period required to complete the work. No other parties are responsible for remediation at these sites.

Formerly-Owned Sites—The Company is conducting, or has been identified as a PRP in connection with, environmental remediation at a number of locations that it formerly owned and/or operated. Remediation costs at these former sites, such as those associated with our former phosphate mining and processing operations, could be material. The Company has accrued those costs for formerly-owned sites which are currently probable and reasonably estimable. One such site is the Coronet Industries, Inc. Superfund Alternative Site in Plant City, Florida. The current owner of the site alleged that it incurred environmental costs at the site for which it has a contribution claim against the Company, and that additional future costs are likely to be incurred. The Company signed a settlement agreement with the current owner and past owner of the site, which provides the Company will pay $10 over three annual installments in fulfillment of the contribution claim against the Company for past remediation costs. The Company timely paid the first installment. Additionally, the Company accepted a 40% allocable share of specified future remediation costs at this site. The Company estimates its allocable share of future remediation costs to be approximately $11. The final costs to the Company will depend on the method of remediation chosen, the amount of time necessary to accomplish remediation and the ongoing financial viability of the other PRPs. Currently, the Company has insufficient information to estimate the range of reasonably possible costs related to this site.

Monitoring Only Sites—The Company is responsible for a number of sites that require monitoring where no additional remediation is expected. The Company has established reserves for costs related to these sites. Payment of these liabilities is anticipated to occur over the next ten or more years. The ultimate cost to the Company will be influenced by fluctuations in projected monitoring periods or by findings that are different than anticipated.

Indemnifications—In connection with the acquisition of certain of the Company's operating businesses, the Company has been indemnified by the sellers against certain liabilities of the acquired businesses, including liabilities relating to both known and unknown environmental contamination arising prior to the date of the purchase. The indemnifications may be subject to certain exceptions and limitations, deductibles and indemnity caps. While it is reasonably possible that some costs could be incurred, except for those sites identified above, the Company has inadequate information to allow it to estimate a potential range of liability, if any.

Non-Environmental Legal Matters

The Company is involved in various legal proceedings in the ordinary course of business and had reserves of $2 and $4 at December 31, 2016 and 2015, respectively, for all non-environmental legal defense costs incurred and settlement costs that it believes are probable and estimable. At December 31, 2016 and 2015, $1 and $3, respectively, has been included in “Other current liabilities” in the Consolidated Balance Sheets with the remaining amount included in “Other long-term liabilities.”

Following is a discussion of significant non-environmental legal proceedings:

Other Legal Matters—The Company is involved in various other product liability, commercial and employment litigation, personal injury, property damage and other legal proceedings in addition to those described above, including actions that allege harm caused by products the Company has allegedly made or used, containing silica, vinyl chloride monomer and asbestos. The Company believes it has adequate reserves and that it is not reasonably possible that a loss exceeding amounts already reserved would be material. Furthermore, the Company has insurance to cover claims of these types.

Other Commitments and Contingencies

The Company has entered into contractual agreements with third parties for the supply of site services, utilities, materials and facilities and for operation and maintenance services necessary to operate certain of the Company’s facilities on a stand-alone basis. The duration of the contracts range from less than one year to 20 years, depending on the nature of services. These contracts may be terminated by either party under certain conditions as provided for in the respective agreements; generally, 90 days notice is required for short-term contracts and three years notice is required for longer-term contracts (generally those contracts in excess of five years). Contractual pricing generally includes a fixed and variable component.

In addition, the Company has entered into contractual agreements with third parties to purchase feedstocks or other services. The terms of these agreements vary from one to fifteen years and may be extended at the Company’s request and are cancelable by either party as provided for in each agreement. Feedstock prices are based on market prices less negotiated volume discounts or cost input formulas. The Company is required to make minimum annual payments under these contracts as follows:

Year	Minimum Annual Purchase Commitments
2017	$ 218
2018	93
2019	81
2020	81
2021	9
2022 and beyond	74
Total minimum payments	556
Less: Amount representing interest	(40)
Present value of minimum payments	$ 516

10. Pension and Non-Pension Postretirement Benefit Plans

The Company sponsors defined benefit pension plans covering most U.S. associates and certain non-U.S. associates primarily in Netherlands, Germany, Canada, France and Belgium. Benefits under these plans are generally based on eligible compensation and / or years of credited service. Retirement benefits in other foreign locations are primarily structured as defined contribution plans. During 2009 the Company implemented a change in its U.S. retirement benefits to shift to a defined contribution platform. Benefits under the defined benefit U.S. pension plan were frozen and the Company added an annual Company contribution to the U.S. defined contribution plan for eligible participants.

The Company also provides non-pension postretirement benefit plans to certain U.S. associates, to Canadian associates, to Brazilian associates and to certain associates in the Netherlands. The U.S. benefit primarily consists of a life insurance benefit for a grandfathered group of retirees, for which the premiums are paid by the Company. In addition, some US retirees are eligible to participate in the medical plans offered to active associates; however, the retirees’ cost for this coverage depends on the maximum plan benefit and the retiree premium, which is equal to 175% of the active associate premium. The Canadian plans provide retirees and their dependents with medical and life insurance benefits, which are supplemental benefits to the respective provincial healthcare plan in Canada. The Brazilian plan became effective in 2012 as a result of a change in certain regulations, and provides retirees that contributed towards coverage while actively employed, with access to medical benefits, with the retiree being responsible for 100% of the premiums. In 2014, the plan was amended such that 100% of the premiums of active employees are paid by the Company. The Netherlands' plan provides a lump sum payment at retirement for grandfathered associates.

The following table presents the change in benefit obligation, change in plan assets and components of funded status for the Company's defined benefit pension and non-pension postretirement benefit plans for the years ended December 31:

	Pension Benefits				Non-Pension Postretirement Benefits			
	2016		2015		2016		2015	
	U.S. Plans	Non-U.S. Plans	U.S. Plans	Non-U.S. Plans	U.S. Plans	Non-U.S. Plans	U.S. Plans	Non-U.S. Plans
Change in Benefit Obligation								
Benefit obligation at beginning of year	$ 249	$ 492	$ 281	$ 564	$ 7	$ 9	$ 9	$ 11
Service cost	3	14	3	16	—	—	—	—
Interest cost	8	10	10	12	—	1	—	1
Actuarial (gains) losses	5	57	(20)	(31)	—	(1)	—	(1)
Foreign currency exchange rate changes	—	(13)	—	(61)	—	1	—	(2)
Benefits paid	(20)	(10)	(22)	(9)	(1)	—	(1)	—
Reduction due to divestitures	—	(3)	—	—	—	—	—	—
Plan amendments	—	—	—	—	—	—	(1)	—
Expenses paid from assets	—	—	(3)	—	—	—	—	—
Employee contributions	—	1	—	1	—	—	—	—
Other	(3)	—	—	—	—	—	—	—
Benefit obligation at end of year	$ 242	$ 548	$ 249	$ 492	$ 6	$ 10	$ 7	$ 9
Change in Plan Assets								
Fair value of plan assets at beginning of year	$ 210	$ 316	$ 230	$ 351	$ —	$ —	$ —	$ —
Actual return on plan assets	17	33	(4)	(4)	—	—	—	—
Foreign currency exchange rate changes	—	(10)	—	(37)	—	—	—	—
Employer contributions	3	19	9	14	1	—	1	—
Benefits paid	(20)	(10)	(22)	(9)	(1)	—	(1)	—
Expenses paid from assets	—	—	(3)	—	—	—	—	—
Employee contributions	—	1	—	1	—	—	—	—
Other	(3)	—	—	—	—	—	—	—
Fair value of plan assets at end of year	207	349	210	316	—	—	—	—
Funded status of the plan at end of year	$ (35)	$ (199)	$ (39)	$ (176)	$ (6)	$ (10)	$ (7)	$ (9)

	Pension Benefits				Non-Pension Postretirement Benefits			
	2016		2015		2016		2015	
	U.S. Plans	Non-U.S. Plans	U.S. Plans	Non-U.S. Plans	U.S. Plans	Non-U.S. Plans	U.S. Plans	Non-U.S. Plans
Amounts recognized in the Consolidated Balance Sheets at December 31 consist of:								
Other current liabilities	$ —	$ (4)	$ (1)	$ (5)	$ —	$ —	$ (1)	$ —
Long-term pension and post employment benefit obligations	(35)	(195)	(38)	(171)	(6)	(10)	(6)	(9)
Accumulated other comprehensive loss (income)	—	(3)	1	(4)	(2)	2	(3)	2
Net amounts recognized	$ (35)	$ (202)	$ (38)	$ (180)	$ (8)	$ (8)	$ (10)	$ (7)
Amounts recognized in Accumulated other comprehensive income at December 31 consist of:								
Net prior service cost (benefit)	$ 1	$ (4)	$ 1	$ (5)	$ (1)	$ 3	$ (1)	$ 3
Deferred income taxes (benefit) cost	(1)	1	—	1	(1)	(1)	(2)	(1)
Net amounts recognized	$ —	$ (3)	$ 1	$ (4)	$ (2)	$ 2	$ (3)	$ 2
Accumulated benefit obligation	$ 242	$ 504	$ 249	$ 458				
Accumulated benefit obligation for funded plans	241	350	247	308				
Pension plans with underfunded or non-funded accumulated benefit obligations at December 31:								
Aggregate projected benefit obligation	$ 242	$ 173	$ 249	$ 167				
Aggregate accumulated benefit obligation	242	164	249	158				
Aggregate fair value of plan assets	207	9	210	8				
Pension plans with projected benefit obligations in excess of plan assets at December 31:								
Aggregate projected benefit obligation	$ 242	$ 548	$ 249	$ 492				
Aggregate fair value of plan assets	207	349	210	316				

The foreign currency impact reflected in these rollforward tables are primarily for changes in the euro versus the U.S. dollar.

The Pension Protection Act of 2006 (the “2006 PPA”) provides for minimum funding levels on U.S. plans, and plans not meeting the minimum funding requirement may be subject to certain restrictions. During 2012, 2011 and 2010, the Company’s U.S. qualified pension plan was under the minimum funding level as measured under the 2006 PPA, resulting in restrictions on lump sum payments to 50%. On September 30, 2013, the U.S. Plan’s Adjusted Funding Target Attainment Percentage (“AFTAP”) was certified as being above the 80% minimum funding level and as a result the lump sum restrictions were lifted in October 2013.

Following are the components of net pension and postretirement (benefit) expense recognized for the years ended December 31, 2016, 2015 and 2014:

	Pension Benefits					
	U.S. Plans			Non-U.S. Plans		
	2016	2015	2014	2016	2015	2014
Service cost	$ 3	$ 3	$ 3	$ 14	$ 16	$ 14
Interest cost on projected benefit obligation	8	10	11	10	12	17
Expected return on assets	(14)	(15)	(17)	(10)	(13)	(15)
Amortization of prior service cost (benefit)	1	—	—	(1)	—	—
Unrealized actuarial loss (gain)	1	—	29	35	(16)	80
Net (benefit) expense	$ (1)	$ (2)	$ 26	$ 48	$ (1)	$ 96

	Non-Pension Postretirement Benefits					
	U.S. Plans			Non-U.S. Plans		
	2016	2015	2014	2016	2015	2014
Service cost	$ —	$ —	$ —	$ —	$ —	$ —
Interest cost on projected benefit obligation	—	—	1	1	1	1
Amortization of prior service benefit	(1)	—	—	—	—	—
Unrealized actuarial (gain) loss	—	—	(4)	(1)	(1)	2
Net (benefit) expense	$ (1)	$ —	$ (3)	$ —	$ —	$ 3

The following amounts were recognized in "Accumulated other comprehensive loss" during the year ended December 31, 2016:

	Pension Benefits		Non-Pension Postretirement Benefits		Total	
	U.S. Plans	Non-U.S. Plans	U.S. Plans	Non-U.S. Plans	U.S. Plans	Non-U.S. Plans
Amortization of prior service (cost) benefit	$ (1)	$ 1	$ 1	$ —	$ —	$ 1
(Gain) loss recognized in accumulated other comprehensive loss, net of tax	$ (1)	$ 1	$ 1	$ —	$ —	$ 1

The amounts in "Accumulated other comprehensive loss" that are expected to be recognized as components of net periodic benefit cost (benefit) during the next fiscal year are less than $1.

Determination of actuarial assumptions

The Company's actuarial assumptions are determined based on the demographics of the population, target asset allocations for funded plans, regional economic trends, statutory requirements and other factors that could impact the benefit obligation and plan assets. For our European plans, most assumptions are set by country, as the plans within these countries have similar demographics, and are impacted by the same regional economic trends and statutory requirements.

The discount rates selected reflect the rate at which pension obligations could be effectively settled. The Company selects the discount rates based on cash flow models using the yields of high-grade corporate bonds or the local equivalent with maturities consistent with the Company's anticipated cash flow projections. The Company's pension and OPEB liabilities and related service and interest cost are calculated using a split-rate interest discounting methodology, whereby expected future cash flows related to these liabilities are discounted using multiple interest rates on a forward curve that correspond to the timing of the expected cash flows.

The expected rates of future compensation level increases are based on salary and wage trends in the chemical and other similar industries, as well as the Company's specific long-term compensation targets by country. Input is obtained from the Company's internal Human Resources group and from outside actuaries. These rates include components for wage rate inflation and merit increases.

The expected long-term rates of return on plan assets are determined based on the plans' current and projected asset mix. To determine the expected overall long-term rate of return on assets, the Company takes into account the rates on long-term debt investments held within the portfolio, as well as expected trends in the equity markets, for plans including equity securities. Peer data and historical returns are reviewed and the Company consults with its actuaries, as well as the Plan's investment advisors, to confirm that the Company's assumptions are reasonable.

The weighted average rates used to determine the benefit obligations were as follows at December 31, 2016 and 2015:

	Pension Benefits				Non-Pension Postretirement Benefits			
	2016		2015		2016		2015	
	U.S. Plans	Non-U.S. Plans	U.S. Plans	Non-U.S. Plans	U.S. Plans	Non-U.S. Plans	U.S. Plans	Non-U.S. Plans
Discount rate	3.9%	1.9%	4.1%	2.3%	3.5%	6.0%	3.4%	5.5%
Rate of increase in future compensation levels	—	2.4%	—	2.4%	—	—	—	—
The weighted average assumed health care cost trend rates are as follows at December 31:								
Health care cost trend rate assumed for next year	—	—	—	—	6.8%	5.9%	7.0%	6.2%
Rate to which the cost trend rate is assumed to decline (the ultimate trend rate)	—	—	—	—	4.5%	4.5%	4.5%	4.5%
Year that the rate reaches the ultimate trend rate	—	—	—	—	2029	2030	2029	2030

The weighted average rates used to determine net periodic pension expense (benefit) were as follows for the years ended December 31, 2016, 2015 and 2014:

	Pension Benefits					
	U.S. Plans			Non-U.S. Plans		
	2016	2015	2014	2016	2015	2014
Discount rate	4.1%	3.7%	4.4%	2.3%	2.2%	3.6%
Rate of increase in future compensation levels	—	—	—	2.4%	3.0%	3.0%
Expected long-term rate of return on plan assets	6.7%	7.0%	7.3%	3.1%	3.8%	4.8%

	Non-Pension Postretirement Benefits					
	U.S. Plans			Non-U.S. Plans		
	2016	2015	2014	2016	2015	2014
Discount rate	3.4%	3.4%	4.2%	5.5%	6.1%	7.2%

A one-percentage-point change in the assumed health care cost trend rates would change the projected benefit obligation for international non-pension postretirement benefits by $2 and service cost and interest cost by a negligible amount. The impact on U.S. plans is negligible.

Pension Investment Policies and Strategies

The Company’s investment strategy for the assets of its North American defined benefit pension plans is to maximize the long-term return on plan assets using a mix of equities, fixed income and alternative investments with a prudent level of risk. Risk tolerance is established through careful consideration of plan liabilities, plan funded status and expected timing of future cash flow requirements. The investment portfolio contains a diversified blend of equity, fixed-income and alternative investments. For U.S. plans, equity investments are also diversified across U.S. and international stocks, as well as growth, value and small and large capitalization investments, while the Company’s Canadian plan includes a blend of Canadian securities with U.S. and other foreign investments. The alternative investments are allocated in a diversified fund structure with exposure to a variety of hedge fund strategies. Investment risk and performance is measured and monitored on an ongoing basis through periodic investment portfolio reviews, annual liability measurements and periodic asset and liability studies. As plan funded status changes, adjustments to the diversified portfolio may be considered to reduce funded status volatility and better match the duration of plan liabilities.

The Company periodically reviews its target allocation of North American plan assets among the various asset classes. The targeted allocations are based on anticipated asset performance, discussions with investment professionals and on the projected timing of future benefit payments. In 2012 the U.S. Asset Investment Policy was updated to reflect an update in the Company's investment strategy to invest in long-term debt securities that more closely match the projected future cash flows of the Plan.

The Company observes local regulations and customs governing its European pension plans in determining asset allocations, which generally require a blended weight leaning toward more fixed income securities, including government bonds.

	Actual		
	2016	2015	Target 2017
Weighted average allocations of U.S. pension plan assets at December 31:			
Equity securities	32%	32%	36%
Debt securities	53%	55%	54%
Cash, short-term investments and other	15%	13%	10%
Total	100%	100%	100%
Weighted average allocations of non-U.S. pension plan assets at December 31:			
Equity securities	23%	21%	22%
Debt securities	74%	77%	78%
Cash, short-term investments and other	3%	2%	—%
Total	100%	100%	100%

Fair Value of Plan Assets

Fair value is the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. Fair value measurement provisions establish a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. This guidance describes three levels of inputs that may be used to measure fair value:

- **Level 1:** Inputs are quoted prices (unadjusted) for identical assets or liabilities in active markets.
- **Level 2:** Pricing inputs are other than quoted prices in active markets included in Level 1, which are either directly or indirectly observable as of the reported date.
- **Level 3:** Unobservable inputs that are supported by little or no market activity and are developed based on the best information available in the circumstances. For example, inputs derived through extrapolation or interpolation that cannot be corroborated by observable market data.

Certain investments measured at net asset value ("NAV"), as a practical expedient for fair value, have been excluded from the fair value hierarchy.

The following table presents U.S. pension plan investments measured at fair value on a recurring basis as of December 31, 2016 and 2015:

	Fair Value Measurements Using							
	2016				2015			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Unobserv-able Inputs (Level 3)	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Unobserv-able Inputs (Level 3)	Total
Large cap equity funds (1)	$ —	$ 35	$ —	$ 35	$ —	$ 38	$ —	$ 38
Small/mid cap equity funds (1)	—	6	—	6	—	5	—	5
International equity funds (1)	—	25	—	25	—	25	—	25
Fixed income securities (1)	—	110	—	110	—	114	—	114
Cash equivalents (2)	—	4	—	4	—	3	—	3
	$ —	$ 180	$ —	$ 180	$ —	$ 185	$ —	$ 185
Investments measured at fair value using net asset value as a practical expedient:								
Investment receivable (3)				$ 12				$ —
Other funds (4)				15				25
Total				$ 207				$ 210

The following table presents non-U.S. pension plan investments measured at fair value on a recurring basis as of December 31, 2016 and 2015:

	Fair Value Measurements Using							
	2016				2015			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Unobserv-able Inputs (Level 3)	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Unobserv-able Inputs (Level 3)	Total
Pooled insurance products with fixed income guarantee [1]	$ —	$ 9	$ —	$ 9	$ —	$ 8	$ —	$ 8
	$ —	$ 9	$ —	$ 9	$ —	$ 8	$ —	$ 8
Investments measured at fair value using net asset value as a practical expedient:								
Other international equity funds [4]				$ 82				$ 65
Other fixed income securities [4]				258				243
Total				$ 349				$ 316

(1) Level 2 equity and fixed income securities are primarily in pooled asset and mutual funds and are valued based on underlying net asset value multiplied by the number of shares held. The underlying asset values are based on observable inputs and quoted market prices.

(2) Cash equivalents represent investment in a collective short term investment fund, which is a cash sweep for uninvested cash that earns interest monthly. For these investments, book value is assumed to equal fair value due to the short duration of the investment term.

(3) Represents receivables from investments in commingled funds sold in the fourth quarter of 2016, subject to a 90 day liquidation period.

(4) Represents investments in commingled funds with exposure to a variety of hedge fund strategies, which are not publicly traded and have ongoing redemption restrictions. The Company's interest in these investments is measured at net asset value per share as a practical expedient for fair value, which is derived from the underlying asset values in these funds, only some of which represent observable inputs and quoted market prices. In accordance with ASU 2015-07, these investments are excluded from the fair value hierarchy.

Projections of Plan Contributions and Benefit Payments

The Company expects to make contributions totaling $23 to its defined benefit pension plans in 2017.

Estimated future plan benefit payments as of December 31, 2016 are as follows:

	Pension Benefits		Non-Pension Postretirement Benefits	
Year	U.S. Plans	Non-U.S. Plans	U.S. Plans	Non-U.S. Plans
2017	$ 20	$ 11	$ 1	$ —
2018	20	11	1	—
2019	19	11	1	—
2020	18	12	1	—
2021	18	12	1	—
2022-2026	78	80	2	3

Defined Contribution Plans

The Company sponsors a number of defined contribution plans for its associates, primarily in the U.S., Canada, Europe and in the Asia-Pacific region. Full-time associates are generally eligible to participate immediately and may make pre-tax and after-tax contributions subject to plan and statutory limitations. For certain plans, the Company has the option to make contributions above the match provided in the plan based on financial performance.

As previously discussed, U.S retirement income benefits are provided under the Company's defined contribution plan (the "401(k) Plan"). This plan allows eligible associates to make pre-tax contributions from 1% to 15% of eligible earnings for associates who meet the IRS definition of a highly compensated employee and up to 25% for all other associates up to the federal limits for qualified plans. Associates contributing to the 401k are eligible to receive matching contributions from the Company at 100% on contributions of up to 5% of eligible earnings. In the fourth quarter of 2014, the Company added a match true-up feature to the 401k to ensure eligible participants receive the full matching contributions to which they are entitled. An additional matching contribution may be made if the Company achieves specified annual financial targets established at the beginning of each plan year. In addition, the Company makes an annual retirement contribution ranging from 3% to 7% of eligible compensation depending on years of benefit service. All associates who are actively employed on the last day of the year are eligible for the true-up match and annual retirement contribution, unless otherwise determined by collective bargaining agreements.

The Company incurred expense for contributions under its defined contribution plans of $14, $20 and $17 during the years ended December 31, 2016, 2015 and 2014, respectively.

Non-Qualified and Other Retirement Benefit Plans

The Company provides key executives in some locations with non-qualified benefit plans that provide participants with an opportunity to elect to defer compensation or to otherwise provide supplemental retirement benefits in cases where executives cannot fully participate in the defined benefit or defined contribution plans because of plan or local statutory limitations. Most of the Company's supplemental benefit plans are unfunded and benefits are paid from the general assets of the Company. The liabilities related to defined benefit supplemental benefits are included in the previously discussed defined benefit pension disclosures.

In December of 2011, the Company adopted a non-qualified defined contribution plan (the “SERP”) that provides an annual employer credits to eligible U.S. associates of 5% of eligible compensation above the IRS limit for qualified plans. The Company can also make discretionary credits under the SERP; however, no participant contributions are permitted. The account credits are made annually to an unfunded phantom account, in the following calendar year. Certain executives also previously earned benefits under U.S. non-qualified executive supplemental plans that were frozen prior to 2010.

The Company’s liability for these non-qualified benefit plans was $5 and $7 at December 31, 2016 and 2015, and is included in “Other long-term liabilities” in the Consolidated Balance Sheets.

The Company’s German subsidiaries offer a government subsidized early retirement program to eligible associates called Altersteilzeit or ATZ Plans. The German government provides a subsidy in certain cases where the participant is replaced with a qualifying candidate. The Company had liabilities for these arrangements of $1 at both December 31, 2016 and 2015. The Company incurred expense for these plans of less than $1, less than $1 and $1 during the years ended December 31, 2016, 2015 and 2014, respectively.

Also included in the Consolidated Balance Sheets at December 31, 2016 and 2015 are other post-employment benefit obligations relating to long-term disability and for liabilities relating to European jubilee benefit plans of $3 and $4, respectively.

11. Stock Option Plans and Stock Based Compensation

The following is a summary of existing stock based compensation plans and outstanding shares as of December 31, 2016:

Plan Name	Shares Outstanding	Plan Expiration	Vesting Terms/Status	Option Term	Number of Shares Authorized
Resolution Performance 2000 Stock Option Plan		November 2010		8 yrs 30 days	n/a plan expired
Tranche A options	15,955		Fully vested		
Tranche B performance options	31,937		Fully vested		
Resolution Performance 2000 Non-Employee Directors Option Plan	81,132	November 2010	Fully vested	8 yrs 30 days	n/a plan expired
Resolution Specialty Materials 2004 Stock Option Plan		October 2014		8 yrs 30 days	n/a plan expired
Tranche A options	3,804		Fully vested		
Tranche B performance options	7,608		Fully vested		
Director options	42,799		Fully vested		
BHI Acquisition Corp. 2004 Stock Incentive Plan		August 2014		10 years	n/a plan expired
Tranche A options	837,647		Fully vested		
Tranche B performance options	837,647		Fully vested		
Director options	56,282		Director grants vest upon IPO / change in control		
Hexion LLC 2007 Long-Term Incentive Plan		April 2017			1,700,000
Options to purchase units	195,500		Vest upon attainment of performance targets upon change in control	8 years	
Restricted stock units	50,000		Fully vested	N/A	
Momentive Performance Materials Holdings LLC 2011 Equity Incentive Plan		February 2021		10 years	20,800,000
Unit Options and Restricted Deferred Units (“RDUs”):					
2011 Grant					
Tranche A Options and RDUs	Options: 2,177,439		Time-vest ratably over 4 years; Accelerated vesting six months after certain change of control transactions as defined by the 2011 Equity Plan		
Tranche B Options and RDUs	Options: 1,088,715 RDUs: 362,902		Performance-based: Vest upon the earlier of i) the two year anniversary from the date of the achievement of the targeted common unit value following certain corporate transactions or ii) the six month anniversary from the date the targeted common unit value is achieved following certain change of control transactions		
Tranche C Options and RDUs	Options: 1,088,715 RDUs: 362,902		Performance-based: Vest upon the earlier of i) the one year anniversary from the date of the achievement of the targeted common unit value following certain corporate transactions or ii) the six month anniversary from the date the targeted common unit value is achieved following certain change of control transactions		
2013 Grant					
Unit Options	4,056,037		Time-vest ratably over 4 years; Accelerated vesting six months after a change of control event as defined by the 2011 Equity Plan	10 years	
RDUs	3,199,971		Performance-based: Vest upon the earlier of 1) one year from the achievement of the targeted common unit value and a realization event or 2) six months from the achievement of the targeted common unit value and a change in control event, as such terms are defined by the 2011 Equity Plan	N/A	

Summary of Plans

Legacy Plans

Prior to October 2010, the Company's parent, Hexion LLC, maintained six stock-based compensation plans: the Resolution Performance 2000 Stock Option Plan (the "Resolution Performance Plan"), the Resolution Performance 2000 Non-Employee Directors Option Plan (the "Resolution Performance Director Plan"), the Resolution Performance Restricted Unit Plan (the "Resolution Performance Unit Plan"), the Resolution Specialty 2004 Stock Option Plan (the "Resolution Specialty Plan"), the BHI Acquisition 2004 Stock Incentive Plan (the "Borden Chemical Plan") and the 2007 Hexion LLC 2007 Long-Term Incentive Plan. In addition to these plans, the Company's parent maintains a stock-based deferred compensation plan, which is discussed below. The options granted under each of the option plans were to purchase common units in Hexion LLC.

Effective October 1, 2010, in conjunction with the previous combination of Hexion and MPM, stock options to purchase common units in Hexion LLC that were granted to our Directors and those granted under the Resolution Performance 2000 Stock Option Plan, the Resolution Performance 2000 Non-Employee Directors Option Plan, the Resolution Specialty 2004 Stock Option Plan, the BHI Acquisition 2004 Stock Incentive Plan and the Hexion 2007 Long-Term Incentive plan to purchase common units in Hexion LLC were converted on a one-for-one basis to an equivalent number of options to purchase common units in Hexion Holdings. Similarly, the restricted Hexion LLC unit awards granted under the Hexion 2007 Long-Term Incentive Plan, the BHI Acquisition 2004 Deferred Compensation Plan and the Resolution Performance Restricted Unit Plan were converted on a one-for-one basis to common units in Hexion Holdings.

2011 Equity Plan

In 2011, the Compensation Committee of the Board of Managers of Hexion Holdings approved the Momentive Performance Materials Holdings LLC 2011 Equity Incentive Plan (the "2011 Equity Plan"). Under the 2011 Equity Plan, Hexion Holdings can award unit options, unit awards, restricted units, restricted deferred units, and other unit-based awards. The restricted deferred units are non-voting units of measurement which are deemed to be equivalent to one common unit of Hexion Holdings. The unit options are options to purchase common units of Hexion Holdings. The awards contain restrictions on transferability and other typical terms and conditions.

Unit Options

In 2013, the Company granted Unit Options with an aggregate grant date fair value of approximately $2. The fair value was estimated at the grant date using a Monte Carlo valuation method. The Monte Carlo valuation method requires the use of a range of assumptions. The range of risk-free interest rates was 0.11% to 2.06%, expected volatility rates ranged from 28.1% to 35.5% and the dividend rate was 0%. The expected life assumption is not used in the Monte Carlo valuation method, but the output of the model indicated a weighted-average expected life of 6.2 years.

In 2011, the Company granted Tranche A Options with an aggregate grant date fair value of approximately $6. The fair value of each option was estimated at the grant date using a Black-Scholes option pricing model. The assumptions used to estimate the fair value were a 2.17% risk-free interest rate, a 6.25 year expected life, a 37.5% expected volatility rate and a 0% dividend rate.

In 2011, the Company granted Tranche B and Tranche C Options with performance and market conditions, each with an aggregate grant date fair value of approximately $3. The fair value was estimated at the grant date using a Monte Carlo valuation method, which is a commonly accepted valuation model for awards with market and performance conditions. The Monte Carlo valuation method requires the use of a range of assumptions. The range of risk-free interest rates was 0.16% to 3.44%, expected volatility rates ranged from 34.6% to 41.7% and the dividend rate was 0%. The expected life assumption is not used in the Monte Carlo valuation method, but the output of the model indicated a weighted-average expected life of 9.2 years. As of December 31, 2016 it is not probable the related options will vest. Compensation cost will be recognized over the service period once the satisfaction of the performance condition is probable.

Restricted Deferred Units

In 2013, the Company granted RDUs with performance and market conditions with an aggregate grant date fair value of approximately $4. The fair value was estimated at the grant date using the same Monte Carlo valuation method and assumptions used for the Unit Options. The RDUs have an indefinite life, thus the term used in the valuation model was 30 years, which resulted in a weighted-average expected life of 22 years. As of December 31, 2016, it is not probable the related RDUs will vest. Compensation cost will be recognized over the service period once the satisfaction of the performance condition is probable.

In 2011, the Company granted Tranche A RDUs with an aggregate grant date fair value of approximately $4.

In 2011, the Company granted Tranche B and Tranche C RDUs with performance and market conditions, each with an aggregate grant date fair value of approximately $2. The fair value was estimated at the grant date using the same Monte Carlo valuation method and assumptions used for the Tranche B and Tranche C Options. The RDUs have an indefinite life, thus the term used in the valuation model was 30 years, which resulted in a weighted-average expected life of 21.4 years. As of December 31, 2016 it is not probable the related RDUs will vest. Compensation cost will be recognized over the service period once the satisfaction of the performance condition is probable.

Although the 2011 Equity Plan was issued by Hexion Holdings, the underlying compensation cost represents compensation costs paid for by Hexion Holdings on Hexion's behalf, as a result of the employees' service to Hexion. All compensation cost is recorded over the requisite service period on a graded-vesting basis.

Financial Statement Impact

Share-based compensation expense is recognized, net of estimated forfeitures, over the requisite service period on a graded-vesting basis. The Company adjusts compensation expense periodically for forfeitures.

The Company recognized share-based compensation expense of less than $1, less than $1 and $1 for the years ended December 31, 2016, 2015 and 2014, respectively. The amounts are included in “Selling, general and administrative expense” in the Consolidated Statements of Operations. The Company expects additional compensation expense of $17, which will be recognized over the vesting period of the underlying share-based awards. Less than $1 is expected to be recognized ratably over a weighted-average period of 1.0 years, while the remaining $17 will be recognized upon an initial public offering or other future contingent event.

Options Activity

Following is a summary of the Company’s stock option plan activity for the year ended December 31, 2016:

	Hexion Holdings Common Units	Weighted Average Exercise Price
Options outstanding at December 31, 2015	11,796,773	$ 3.99
Options granted	—	$ —
Options forfeited	(436,382)	$ 4.92
Options outstanding at December 31, 2016	11,360,391	$ 3.97
Exercisable at December 31, 2016	8,579,864	$ 3.65
Expected to vest at December 31, 2016	37,021	$ 1.27

At December 31, 2016, exercise prices for options outstanding ranged from $1.21 to $29.42, with a weighted average remaining contractual life of 3.9 years. The weighted average remaining contractual life for options exercisable and options expected to vest was 4.0 and 7.3 years, respectively. At December 31, 2016, the aggregate intrinsic value of both options exercisable and options expected to vest was $0.

The total amount of cash received and total intrinsic value (which is the amount by which the stock price exceeded the exercise price of the options on the date of exercise) of options exercised during the years ended December 31, 2016, 2015 and 2014 was $0.

Restricted Unit Activity

Following is a summary of the Company’s restricted unit plan activity for the year ended December 31, 2016:

	Hexion Holdings Common Units	Weighted Average Grant Date Fair Value
Nonvested at December 31, 2015	4,033,302	$ 1.98
Restricted units granted	—	$ —
Restricted units vested	—	$ —
Restricted units forfeited	(107,527)	$ 4.73
Nonvested at December 31, 2016	3,925,775	$ 1.91

As of December 31, 2016, there are no outstanding unvested time-based vesting restricted units.

Stock-Based Deferred Compensation Plan

In 2004, in connection with the acquisition of Borden Chemical by Apollo, certain key employees of the Company deferred the receipt of compensation and were credited with a number of deferred stock units that were equal in value to the amount of compensation deferred. In total, the Company granted 1,007,944 deferred common stock units under the Hexion LLC 2004 Deferred Compensation Plan (the “2004 DC Plan”), which is an unfunded plan. Each unit gives the grantee the right to one common stock unit of Hexion Holdings. Under the 2004 DC Plan, the deferred common stock units are not distributed to participants until their employment with the Company ends. At December 31, 2016, there were 477,148 undistributed units under the 2004 DC Plan. Under certain limited circumstances this award could be distributed in the form of a cash payment.

12. Dispositions

HAI

On May 31, 2016, the Company sold its 50% interest in HA-International, LLC (“HAI”), a joint venture within the Epoxy, Phenolic and Coating Resins segment serving the North American foundry industry, to its joint venture partner HA-USA, Inc., for a purchase price of $136, which includes $2 representing the Company’s 50% share of HAI’s cash balance at closing. Sale proceeds consisted of $61 in cash and a $75 buyer’s note issued by HA-USA, Inc. to the Company. As of December 31, 2016, the entire $75 of cash has been received on the buyer’s note. The Company recognized a gain on this disposition of $120, which is recorded as a component of “Gain on dispositions” in the Consolidated Statements of Operations.

PAC Business

On June 30, 2016, the Company completed the sale of its Performance Adhesives, Powder Coatings, Additives & Acrylic Coatings and Monomers business (the “PAC Business”) pursuant to the terms of a purchase agreement with Synthomer plc (the “Buyer”) dated March 18, 2016. The PAC Business includes manufacturing sites in Sokolov, Czech Republic; Sant’Albano, Italy; Leuna, Germany; Ribecourt, France; Asua, Spain; Roebuck, South Carolina; and Chonburi, Thailand. The PAC Business produced resins, polymers, monomers and additives that provide enhanced performance for adhesives, sealants, paints, coatings, mortars and cements used primarily in consumer, industrial and building and construction applications. The employment relationships with the employees at these facilities, the PAC management team and other employees affiliated with the PAC Business have been transferred to the Buyer in connection with the sale. Neither the Company nor any of its officers and directors, or associates of such persons, have any material relationship with the Buyer.

The Company received gross cash consideration for the PAC Business in the amount of $226, less approximately $6 relating to liabilities, net of cash and estimated working capital, that transferred to the Buyer as part of the Purchase Agreement. A subsequent post-closing adjustment to the purchase price of less than $1 was made in accordance with the purchase agreement. The Company recorded a gain on this disposition of $120, which is recorded in “Gain on dispositions” in the Consolidated Statements of Operations.

The PAC Business generated annual sales of approximately $370 in 2015, and was reported within the Epoxy, Phenolic and Coating Resins segment. The PAC Business had pre-tax income of $14, $15, and $10 for the years ended December 31, 2016, 2015, and 2014, respectively, which is reported as a component of “Loss before income tax and earnings from unconsolidated entities” in the Consolidated Statements of Operations.

As part of this transaction, the Company is currently providing certain transitional services to the Buyer for an initial period of up to six months pursuant to a Transitional Services Agreement, which may be extended an additional three months by the Buyer, and potentially longer by mutual agreement of the parties. The purpose of these services is to provide short-term assistance to the Buyer in assuming the operations of the PAC Business. These services do not confer to the Company the ability to influence the operating or financial policies of the PAC Business under its new ownership.

13. Acquisitions

In August 2015, the Company acquired the remaining 50% interest in Momentive Union Specialty Chemicals Ltd (“MUSC”), a joint venture that manufactures phenolic specialty resins in China, from its joint venture partner to better position the Company to serve its customers in this region. As a result of the transaction, the Company now owns a 100% interest in MUSC. This transaction was accounted for as a step acquisition and the allocation of the consideration exchanged was based upon a valuation of MUSC’s net identifiable assets and liabilities as of the transaction date. The allocation of fair value to the assets acquired and liabilities assumed at the date of acquisition resulted in cash of $3, a net liability of $4 allocated to working capital, $29 allocated to property and equipment, $4 allocated to debt payable within one year, $14 allocated to long-term debt and $10 allocated to goodwill. Additionally, a gain of $5 was recorded in “Other operating expense (income), net” in the Consolidated Statements of Operations, which represents the difference between the $10 fair value and $5 carrying value of the Company’s previously held 50% non-controlling interest in MUSC on the acquisition date. The fair value of the non-controlling interest was determined using a market approach.

In January 2014, the Company acquired a manufacturing facility in Shreveport, Louisiana, which increased the Company’s capacity to provide resin coated proppants to its customers in this region, which has a high concentration of shale and natural gas wells. The allocation of the consideration exchanged was based upon a valuation of the acquired company’s net identifiable assets and liabilities as of the transaction date. The allocation of fair value to the assets acquired and liabilities assumed at the date of acquisition resulted in $5 allocated to working capital, $18 allocated to property and equipment, $16 allocated to other intangible assets and $13 allocated to goodwill. Other intangible assets primarily consist of customer relationships, which are being amortized on a straight-line basis over their estimated useful life of 10 years.

The pro forma impacts of these acquisitions are not material to the Company’s Consolidated Financial Statements.

14. Income Taxes

During 2016, the Company recognized income tax expense of $38, primarily as a result of income from certain foreign operations. Losses in the United States created a deferred income tax benefit which was completely offset by an increase to the valuation allowance.

During 2015, the Company recognized income tax expense of $34, primarily as a result of income from certain foreign operations. Losses in the United States created a deferred income tax benefit which was completely offset by an increase to the valuation allowance.

During 2014, the Company recognized income tax expense of $22, primarily as a result of income from certain foreign operations. Losses in the United States and certain foreign jurisdictions created deferred income tax benefits which were completely offset by increases to the respective valuation allowances.

Income tax expense detail for the Company for the years ended December 31, 2016, 2015 and 2014 is as follows:

	2016	2015	2014
Current:			
State and local	$ 2	$ 2	$ 2
Foreign	34	25	26
Total current	36	27	28
Deferred:			
Federal	—	—	1
State and local	(1)	—	(1)
Foreign	3	7	(6)
Total deferred	2	7	(6)
Income tax expense	$ 38	$ 34	$ 22

A reconciliation of the Company's combined differences between income taxes computed at the federal statutory tax rate of 35% and provisions for income taxes for the years ended December 31, 2016, 2015 and 2014 is as follows:

	2016	2015	2014
Income tax benefit computed at federal statutory tax rate	$ (4)	$ (8)	$ (78)
State tax provision, net of federal benefits	—	1	1
Foreign tax rate (benefit) expense differential	(18)	(15)	7
Foreign source income subject to U.S. taxation	21	41	20
(Gains) losses and other (income) expenses (excluded) not deductible for tax	(4)	1	1
Increase in the taxes due to changes in valuation allowance	42	17	66
Additional (benefit) tax on foreign unrepatriated earnings	(16)	18	8
Additional (benefit) expense for uncertain tax positions	(3)	3	(3)
Tax recognized in other comprehensive income	—	(1)	—
Changes in enacted tax laws and tax rates	—	(23)	—
Write-off of foreign net operating losses	20	—	—
Income tax expense	$ 38	$ 34	$ 22

In December 2015, the Protecting Americans from Tax Hikes Act of 2015 (the "2015 Act") was signed into law. The 2015 Act extended the controlled foreign corporation look-through rule, which provides for the exclusion of certain foreign earnings from U.S. federal taxation through December 31, 2019. The impact of the 2015 Act has been accounted for in the period of enactment. As a result, the company recognized a tax benefit of $23 during the year ended December 31, 2015.

The domestic and foreign components of the Company's loss before income taxes for the years ended December 31, 2016, 2015 and 2014 is as follows:

	2016	2015	2014
Domestic	$ (115)	$ (242)	$ (191)
Foreign	104	220	(31)
Total	$ (11)	$ (22)	$ (222)

The tax effects of significant temporary differences and net operating loss and credit carryforwards, which comprise the Company's deferred tax assets and liabilities at December 31, 2016 and 2015 is as follows:

	2016	2015
Assets:		
Non-pension post-employment	$ 5	$ 5
Accrued and other expenses	94	107
Property, plant and equipment	2	3
Loss and credit carryforwards	589	599
Intangibles	6	6
Pension and postretirement benefit liabilities	51	45
Gross deferred tax assets	747	765
Valuation allowance	(651)	(611)
Net deferred tax asset	96	154
Liabilities:		
Property, plant and equipment	(71)	(108)
Unrepatriated earnings of foreign subsidiaries	(9)	(25)
Intangible assets	(19)	(20)
Gross deferred tax liabilities	(99)	(153)
Net deferred tax (liability) asset	$ (3)	$ 1

The following table summarizes the presentation of the Company's net deferred tax asset in the Consolidated Balance Sheets at December 31, 2016 and 2015:

	2016	2015
Assets:		
Long-term deferred income taxes	$ 10	$ 13
Liabilities:		
Long-term deferred income taxes	(13)	(12)
Net deferred tax (liability) asset	$ (3)	$ 1

Hexion LLC, the Company's parent, is not a member of the registrant. Hexion LLC and its eligible subsidiaries file a consolidated U.S. Federal income tax return. Therefore, the Company can utilize Hexion LLC's tax attributes or vice versa. Cumulative income at Hexion LLC has reduced the amount of net operating loss carryforwards otherwise available to the Company by $26. However, since the Company accounts for Hexion LLC under the separate return method, the utilization is not reflected in the above gross deferred tax asset - loss and credit carryforwards. Further, the valuation allowance above does not reflect the related $26 offset.

As of December 31, 2016, the Company had a $651 valuation allowance for a portion of its net deferred tax assets that management believes, more likely than not, will not be realized. The Company's deferred tax assets include federal, state and foreign net operating loss carryforwards. The federal net operating loss carryforwards available are $1,059, which is reduced by the cumulative income from Hexion LLC, as described above. The federal net operating loss carryforwards expire beginning in 2026. The Company's deferred assets also include minimum tax credits of $2, which are available indefinitely. A full valuation allowance has been provided against these items. The Company has provided a full valuation allowance against its state deferred tax assets, primarily related to state net operating loss carryforwards of $69. A valuation allowance of $83 has been provided against a portion of foreign net operating loss carryforwards, primarily in Germany and the Netherlands.

The Company is no longer asserting indefinite reinvestment of undistributed earnings of its foreign subsidiaries outside of the United States. Accordingly, a related deferred tax liability of $9 has been established.

The following table summarizes the changes in the valuation allowance for the years ended December 31, 2016, 2015 and 2014:

	Balance at Beginning of Period	Changes in Related Gross Deferred Tax Assets/Liabilities	Charge	Balance at End of Period
Valuation allowance on Deferred tax assets:				
Year ended December 31, 2014	$ 518	$ 4	$ 66	$ 588
Year ended December 31, 2015	588	6	17	611
Year ended December 31, 2016	611	(2)	42	651

Examination of Tax Returns

The Company conducts business globally and, as a result, certain of its subsidiaries file income tax returns in the U.S. federal jurisdiction and various state and foreign jurisdictions. In the normal course of business, the Company is subject to examinations by taxing authorities throughout the world, including major jurisdictions such as the United States, Brazil, Canada, China, Germany, Italy, Netherlands and the United Kingdom.

With minor exceptions, the Company's closed tax years for major jurisdictions are years prior to: 2013 for United States, 2011 for Brazil, 2008 for Canada, 2012 for China, 2014 for Germany, 2007 for Italy, 2010 for Netherlands and 2012 for the United Kingdom.

The Company continuously reviews issues that are raised from ongoing examinations and open tax years to evaluate the adequacy of its liabilities. As the various taxing authorities continue with their audit/examination programs, the Company will adjust its reserves accordingly to reflect these settlements.

Unrecognized Tax Benefits

A reconciliation of the beginning and ending amount of unrecognized tax benefits is as follows:

	2016	2015
Balance at beginning of year	$ 62	$ 66
Additions based on tax positions related to the current year	4	4
Additions for tax positions of prior years	42	2
Reductions for tax positions of prior years	(35)	(3)
Settlements	—	—
Foreign currency translation	—	(7)
Balance at end of year	$ 73	$ 62

During the year ended December 31, 2016, the Company increased the amount of its unrecognized tax benefits, including its accrual for interest and penalties, by $17, primarily as a result of increases in the unrecognized tax benefit for various intercompany transactions, offset by releases of unrecognized tax benefits from negotiations with foreign jurisdictions and lapses of statute of limitations. During the years ended December 31, 2016, 2015 and 2014, the Company recognized approximately $6, $4 and $3, respectively, in interest and penalties. The Company had approximately $43 and $37 accrued for the payment of interest and penalties at December 31, 2016 and 2015, respectively.

$73 of unrecognized tax benefits, if recognized, would affect the effective tax rate; however, a portion of the unrecognized tax benefit would be in the form of a net operating loss carryforward, which would be subject to a full valuation allowance. The Company anticipates recognizing less than $2 of the total amount of unrecognized tax benefits within the next 12 months as a result of negotiations with foreign jurisdictions and completion of audit examinations.

15. Summarized Financial Information of Unconsolidated Affiliates

The Company has included audited financial statements as of December 31, 2016 and 2015 and for the years ended December 31, 2016, 2015 and 2014 of the unconsolidated affiliate Momentive UV Coatings (Shanghai) Co., Ltd as Exhibit 10.77 of this Annual Report on Form 10-K.

Summarized financial information of the unconsolidated affiliate HAI as of December 31, 2015 and for the years ended December 31, 2016, 2015 and 2014 is as follows:

	December 31, 2015
Current assets	$ 24
Non-current assets	21
Current liabilities	13
Non-current liabilities	2

	Year Ended December 31,		
	2016 (1)	2015	2014
Net sales	$ 59	$ 161	$ 211
Gross profit	25	54	52
Pre-tax income	14	31	30
Net income	14	31	30

(1) Amounts for the year ended December 31, 2016 represent activity through May 31, 2016, the date on which the Company sold its 50% interest in HAI (see Note 12).

The Company has included audited financial statements as of and for the years ended December 31, 2015 and 2014 of HAI as Exhibit 10.71 of this Annual Report on Form 10-K.

Summarized financial information of the Company's remaining unconsolidated affiliates, which are listed below, as of December 31, 2016 and 2015 and for the years ended December 31, 2016, 2015 and 2014 is as follows:

- Hexion Shchekinoazot Holding B.V.
- Sanwei Hexion Company Limited
- Hexion Australia Pty Ltd
- MicroBlend Columbia S.A.S

	December 31, 2016	December 31, 2015
Current assets	$ 19	$ 20
Non-current assets	18	20
Current liabilities	15	16
Non-current liabilities	10	10

	Year Ended December 31,		
	2016	2015	2014
Net sales	$ 71	$ 93	$ 102
Gross profit	15	13	16
Pre-tax income (loss)	6	—	(1)
Net income (loss)	4	(1)	(2)

16. Segment and Geographic Information

The Company's business segments are based on the products that the Company offers and the markets that it serves. At December 31, 2016, the Company had two reportable segments: Epoxy, Phenolic and Coating Resins and Forest Products Resins. A summary of the major products of the Company's reportable segments follows:

- **Epoxy, Phenolic and Coating Resins:** epoxy specialty resins, phenolic encapsulated substrates, versatic acids and derivatives, basic epoxy resins and intermediates, phenolic specialty resins and molding compounds, polyester resins, acrylic resins and vinylic resins

- **Forest Products Resins:** forest products resins and formaldehyde applications

Reportable Segments

Following are net sales and Segment EBITDA (earnings before interest, income taxes, depreciation and amortization) by reportable segment. Segment EBITDA is defined as EBITDA adjusted for certain non-cash items and other income and expenses. Segment EBITDA is the primary performance measure used by the Company's senior management, the chief operating decision-maker and the board of directors to evaluate operating results and allocate capital resources among segments. Segment EBITDA is also the profitability measure used to set management and executive incentive compensation goals. Corporate and Other is primarily corporate general and administrative expenses that are not allocated to the segments, such as shared service and administrative functions, foreign exchange gains and losses and legacy company costs not allocated to continuing segments.

Net Sales(1):

	Year Ended December 31,		
	2016	2015	2014
Epoxy, Phenolic and Coating Resins	$ 2,094	$ 2,589	$ 3,277
Forest Products Resins	1,344	1,551	1,860
Total	$ 3,438	$ 4,140	$ 5,137

Segment EBITDA:

	Year Ended December 31,		
	2016	2015	2014
Epoxy, Phenolic and Coating Resins(2)	$ 258	$ 307	$ 290
Forest Products Resins(3)	240	233	255
Corporate and Other	(65)	(74)	(83)
Total	$ 433	$ 466	$ 462

Depreciation and Amortization Expense:

	Year Ended December 31,		
	2016	2015	2014
Epoxy, Phenolic and Coating Resins	$ 87	$ 96	$ 101
Forest Products Resins	40	35	36
Corporate and Other	4	6	7
Total	$ 131	$ 137	$ 144

Total Assets:

	As of December 31,	
	2016	2015
Epoxy, Phenolic and Coating Resins	$ 1,002	$ 1,320
Forest Products Resins	840	807
Corporate and Other	213	255
Total	$ 2,055	$ 2,382

Capital Expenditures[(4)]:

	Year Ended December 31,		
	2016	2015	2014
Epoxy, Phenolic and Coating Resins	$ 72	$ 71	$ 94
Forest Products Resins	67	106	85
Corporate and Other	2	2	4
Total	$ 141	$ 179	$ 183

(1) Intersegment sales are not significant and, as such, are eliminated within the selling segment.

(2) Included in the Epoxy, Phenolic and Coating Resins Segment EBITDA are “Earnings from unconsolidated entities, net of taxes” of $11, $17 and $19 for the years ended December 31, 2016, 2015 and 2014, respectively.

(3) Included in the Forest Products Resins Segment EBITDA are “(Losses) earnings from unconsolidated entities, net of taxes” of less than $(1), less than $(1) and $1 for the years ended December 31, 2016, 2015 and 2014, respectively.

(4) Includes capitalized interest costs that are incurred during the construction of property and equipment.

Reconciliation of Net Loss to Segment EBITDA:

	Year Ended December 31,		
	2016	2015	2014
Net loss	$ (38)	$ (39)	$ (224)
Income tax expense	38	34	22
Interest expense, net	310	326	308
Depreciation and amortization	131	137	144
Accelerated depreciation	129	2	—
EBITDA	$ 570	$ 460	$ 250
Items not included in Segment EBITDA:			
Asset impairments	$ —	$ 6	$ 5
Business realignment costs	55	16	47
Realized and unrealized foreign currency (gains) losses	(11)	10	32
Gain on dispositions	(240)	—	—
Gain on extinguishment of debt	(48)	(41)	—
Unrealized losses (gains) on pension and OPEB plan liabilities	34	(13)	102
Other	73	28	26
Total adjustments	(137)	6	212
Segment EBITDA	$ 433	$ 466	$ 462
Segment EBITDA:			
Epoxy, Phenolic and Coating Resins	$ 258	$ 307	$ 290
Forest Products Resins	240	233	255
Corporate and Other	(65)	(74)	(83)
Total	$ 433	$ 466	$ 462

Items Not Included in Segment EBITDA

Not included in Segment EBITDA are certain non-cash items and other income and expenses. For 2016, these other items primarily included certain professional fees related to strategic projects and expenses from retention programs. For 2015, these other items primarily included expenses from retention programs, certain professional fees related to strategic projects and management fees, partially offset by gains on the disposal of assets and a gain on a step acquisition. For 2014, these items primarily included expenses from retention programs, partially offset by gains on the disposal of assets.

Business realignment costs for 2016 primarily included costs related to the rationalization at our Norco, LA manufacturing facility and costs related to certain in-process cost reduction programs. Business realignment costs for 2015 primarily included costs related to certain in-process cost reduction programs. Business realignment costs for 2014 primarily included expenses from the Company’s newly implemented restructuring and cost optimization programs, as well as costs for environmental remediation at certain formerly owned locations.

Geographic Information

Net Sales[(1)]:

	Year Ended December 31,		
	2016	2015	2014
United States	$ 1,389	$ 1,663	$ 2,189
Netherlands	583	698	856
Canada	302	344	429
China	296	331	245
Germany	180	205	282
Brazil	162	224	258
Other international	526	675	878
Total	$ 3,438	$ 4,140	$ 5,137

(1) Sales are attributed to the country in which the individual business locations reside.

Long-Lived Assets:

	As of December 31,	
	2016	2015
United States	$ 555	$ 673
Netherlands	99	130
Germany	92	88
Brazil	80	64
Canada	58	52
Other international	182	231
Total	$ 1,066	$ 1,238

17. Changes in Accumulated Other Comprehensive Loss

Following is a summary of changes in “Accumulated other comprehensive loss” for the years ended December 31, 2016 and 2015:

	Year Ended December 31, 2016			Year Ended December 31, 2015		
	Defined Benefit Pension and Postretirement Plans	Foreign Currency Translation Adjustments	Total	Defined Benefit Pension and Postretirement Plans	Foreign Currency Translation Adjustments	Total
Beginning balance	$ 4	$ (19)	$ (15)	$ 4	$ 69	$ 73
Other comprehensive loss before reclassifications, net of tax	(1)	(23)	(24)	—	(88)	(88)
Ending balance	$ 3	$ (42)	$ (39)	$ 4	$ (19)	$ (15)

18. Guarantor/Non-Guarantor Subsidiary Financial Information

The Company’s 6.625% First-Priority Senior Secured Notes due 2020, 10.00% First Lien Notes, New First Lien Notes, New Senior Secured Notes and the 9.00% Second-Priority Senior Secured Notes due 2020 are guaranteed by the Company and certain of its U.S. subsidiaries.

The following information contains the condensed consolidating financial information for Hexion Inc. (the parent), the combined subsidiary guarantors (Hexion Investments Inc.; Borden Chemical Foundry, LLC (until its dissolution in October 2016); Lawter International, Inc.; HSC Capital Corporation; Hexion International Inc.; Hexion CI Holding Company (China) LLC; NL COOP Holdings LLC and Oilfield Technology Group, Inc.) and the combined non-guarantor subsidiaries, which includes all of the Company’s foreign subsidiaries.

All of the subsidiary guarantors are 100% owned by Hexion Inc. All guarantees are full and unconditional, and are joint and several. There are no significant restrictions on the ability of the Company to obtain funds from its domestic subsidiaries by dividend or loan. While the Company’s Australian, New Zealand and Brazilian subsidiaries are restricted in the payment of dividends and intercompany loans due to the terms of their credit facilities, there are no material restrictions on the Company’s ability to obtain cash from the remaining non-guarantor subsidiaries.

These financial statements are prepared on the same basis as the consolidated financial statements of the Company except that investments in subsidiaries are accounted for using the equity method for purposes of the consolidating presentation. The principal elimination entries relate to investments in subsidiaries and intercompany balances and transactions.

This information includes allocations of corporate overhead to the combined non-guarantor subsidiaries based on net sales. Income tax expense has been provided on the combined non-guarantor subsidiaries based on actual effective tax rates.

HEXION INC.
CONDENSED CONSOLIDATING BALANCE SHEET
DECEMBER 31, 2016

	Hexion Inc.	Combined Subsidiary Guarantors	Combined Non-Guarantor Subsidiaries	Eliminations	Consolidated
Assets					
Current assets:					
Cash and cash equivalents (including restricted cash of $0 and $17, respectively)	$ 28	$ —	$ 168	$ —	$ 196
Accounts receivable, net	119	1	270	—	390
Intercompany accounts receivable	106	—	60	(166)	—
Intercompany loans receivable	—	—	175	(175)	—
Inventories:					
Finished and in-process goods	82	—	117	—	199
Raw materials and supplies	31	—	57	—	88
Other current assets	26	—	19	—	45
Total current assets	392	1	866	(341)	918
Investments in unconsolidated entities	93	13	18	(106)	18
Deferred income taxes	—	—	10	—	10
Other long-term assets	17	6	20	—	43
Intercompany loans receivable	1,050	—	180	(1,230)	—
Property and equipment, net	448	—	445	—	893
Goodwill	65	—	56	—	121
Other intangible assets, net	41	—	11	—	52
Total assets	$ 2,106	$ 20	$ 1,606	$ (1,677)	$ 2,055
Liabilities and Deficit					
Current liabilities:					
Accounts payable	$ 142	$ —	$ 226	$ —	$ 368
Intercompany accounts payable	60	—	106	(166)	—
Debt payable within one year	6	—	101	—	107
Intercompany loans payable within one year	175	—	—	(175)	—
Interest payable	69	—	1	—	70
Income taxes payable	6	—	7	—	13
Accrued payroll and incentive compensation	28	—	27	—	55
Other current liabilities	110	—	49	—	159
Total current liabilities	596	—	517	(341)	772
Long-term liabilities:					
Long-term debt	3,378	—	19	—	3,397
Intercompany loans payable	180	—	1,050	(1,230)	—
Accumulated losses of unconsolidated subsidiaries in excess of investment	339	106	—	(445)	—
Long-term pension and post employment benefit obligations	42	—	204	—	246
Deferred income taxes	4	—	9	—	13
Other long-term liabilities	105	—	61	—	166
Total liabilities	4,644	106	1,860	(2,016)	4,594
Total Hexion Inc. shareholder’s deficit	(2,538)	(86)	(253)	339	(2,538)
Noncontrolling interest	—	—	(1)	—	(1)
Total deficit	(2,538)	(86)	(254)	339	(2,539)
Total liabilities and deficit	$ 2,106	$ 20	$ 1,606	$ (1,677)	$ 2,055

HEXION INC.
CONDENSED CONSOLIDATING BALANCE SHEET
DECEMBER 31, 2015

	Hexion Inc.	Combined Subsidiary Guarantors	Combined Non-Guarantor Subsidiaries	Eliminations	Consolidated
Assets					
Current assets:					
Cash and cash equivalents (including restricted cash of $0 and $8, respectively)	$ 62	$ —	$ 174	$ —	$ 236
Short-term investments	—	—	—	—	—
Accounts receivable, net	115	1	334	—	450
Intercompany accounts receivable	132	—	154	(286)	—
Intercompany loans receivable	—	—	174	(174)	—
Inventories:					
Finished and in-process goods	97	—	121	—	218
Raw materials and supplies	34	—	56	—	90
Other current assets	29	—	24	—	53
Total current assets	469	1	1,037	(460)	1,047
Investments in unconsolidated entities	117	28	21	(130)	36
Deferred income taxes	—	—	13	—	13
Other long-term assets	21	6	21	—	48
Intercompany loans receivable	1,269	6	108	(1,383)	—
Property and equipment, net	559	—	492	—	1,051
Goodwill	65	—	57	—	122
Other intangible assets, net	49	—	16	—	65
Total assets	$ 2,549	$ 41	$ 1,765	$ (1,973)	$ 2,382
Liabilities and Deficit					
Current liabilities:					
Accounts payable	$ 148	$ —	$ 238	$ —	$ 386
Intercompany accounts payable	154	—	132	(286)	—
Debt payable within one year	6	—	74	—	80
Intercompany loans payable within one year	174	—	—	(174)	—
Interest payable	80	—	2	—	82
Income taxes payable	7	—	8	—	15
Accrued payroll and incentive compensation	43	—	35	—	78
Other current liabilities	73	—	50	—	123
Total current liabilities	685	—	539	(460)	764
Long-term liabilities:					
Long-term debt	3,656	—	42	—	3,698
Intercompany loans payable	93	6	1,284	(1,383)	—
Accumulated losses of unconsolidated subsidiaries in excess of investment	429	130	—	(559)	—
Long-term pension and post employment benefit obligations	45	—	179	—	224
Deferred income taxes	6	—	6	—	12
Other long-term liabilities	111	—	50	—	161
Total liabilities	5,025	136	2,100	(2,402)	4,859
Total Hexion Inc shareholder’s deficit	(2,476)	(95)	(334)	429	(2,476)
Noncontrolling interest	—	—	(1)	—	(1)
Total deficit	(2,476)	(95)	(335)	429	(2,477)
Total liabilities and deficit	$ 2,549	$ 41	$ 1,765	$ (1,973)	$ 2,382

HEXION INC.
CONDENSED CONSOLIDATING STATEMENT OF OPERATIONS
YEAR ENDED DECEMBER 31, 2016

	Hexion Inc.	Combined Subsidiary Guarantors	Combined Non-Guarantor Subsidiaries	Eliminations	Consolidated
Net sales	$ 1,449	$ —	$ 2,171	$ (182)	$ 3,438
Cost of sales	1,370	—	1,850	(182)	3,038
Gross profit	79	—	321	—	400
Selling, general and administrative expense	142	—	186	—	328
Gain on dispositions	(188)	—	(52)	—	(240)
Business realignment costs	39	—	16	—	55
Other operating expense (income), net	18	5	(10)	—	13
Operating income (expense)	68	(5)	181	—	244
Interest expense, net	300	—	10	—	310
Intercompany interest (income) expense, net	(72)	—	72	—	—
Gain on extinguishment of debt	(48)	—	—	—	(48)
Other non-operating expense (income), net	17	—	(24)	—	(7)
(Loss) income before income tax, earnings from unconsolidated entities	(129)	(5)	123	—	(11)
Income tax (benefit) expense	(3)	—	41	—	38
(Loss) income before earnings from unconsolidated entities	(126)	(5)	82	—	(49)
Earnings from unconsolidated entities, net of taxes	88	31	5	(113)	11
Net (loss) income	(38)	26	87	(113)	(38)
Comprehensive (loss) income attributable to Hexion Inc.	$ (62)	$ 25	$ 66	$ (91)	$ (62)

HEXION INC.
CONDENSED CONSOLIDATING STATEMENT OF OPERATIONS
YEAR ENDED DECEMBER 31, 2015

	Hexion Inc.	Combined Subsidiary Guarantors	Combined Non-Guarantor Subsidiaries	Eliminations	Consolidated
Net sales	$ 1,715	$ —	$ 2,603	$ (178)	$ 4,140
Cost of sales	1,528	—	2,190	(178)	3,540
Gross profit	187	—	413	—	600
Selling, general and administrative expense	134	—	172	—	306
Asset impairments	—	—	6	—	6
Business realignment costs	7	—	9	—	16
Other operating expense (income), net	16	—	(4)	—	12
Operating income	30	—	230	—	260
Interest expense, net	317	—	9	—	326
Intercompany interest (income) expense, net	(80)	—	80	—	—
Gain on extinguishment of debt	(41)	—	—	—	(41)
Other non-operating expense (income), net	94	—	(97)	—	(3)
(Loss) income before income tax, earnings from unconsolidated entities	(260)	—	238	—	(22)
Income tax (benefit) expense	(2)	—	36	—	34
(Loss) income before earnings from unconsolidated entities	(258)	—	202	—	(56)
Earnings from unconsolidated entities, net of taxes	218	132	1 1	(334)	17
Net (loss) income	(40)	132	203	(334)	(39)
Net income attributable to noncontrolling interest	— —	—	(1)	—	(1)
Net (loss) income attributable to Hexion Inc.	$ (40)	$ 132	$ 202	$ (334)	$ (40)
Comprehensive (loss) income attributable to Hexion Inc.	$ (128)	$ 133	$ 156	$ (289)	$ (128)

HEXION INC.
CONDENSED CONSOLIDATING STATEMENT OF OPERATIONS
YEAR ENDED DECEMBER 31, 2014

	Hexion Inc.	Combined Subsidiary Guarantors	Combined Non-Guarantor Subsidiaries	Eliminations	Consolidated
Net sales	$ 2,259	$ —	$ 3,109	$ (231)	$ 5,137
Cost of sales	2,001	—	2,806	(231)	4,576
Gross profit	258	—	303	—	561
Selling, general and administrative expense	102	—	297	—	399
Asset impairments	—	—	5	—	5
Business realignment costs	31	—	16	—	47
Other operating (income) expense, net	(11)	(4)	7	—	(8)
Operating income (loss)	136	4	(22)	—	118
Interest expense, net	300	—	8	—	308
Intercompany interest (income) expense, net	(92)	(1)	93	—	—
Other non-operating expense (income), net	101	—	(69)	—	32
(Loss) income before income tax, (losses) earnings from unconsolidated entities	(173)	5	(54)	—	(222)
Income tax (benefit) expense	(6)	—	28	—	22
(Loss) income before (losses) earnings from unconsolidated entities	(167)	5	(82)	—	(244)
(Losses) earnings from unconsolidated entities, net of taxes	(56)	31	5	40	20
Net (loss) income	(223)	36	(77)	40	(224)
Net loss attributable to noncontrolling interest	— —	—	1	—	1
Net (loss) income attributable to Hexion Inc.	$ (223)	$ 36	$ (76)	$ 40	$ (223)
Comprehensive (loss) income attributable to Hexion Inc.	$ (280)	$ 35	$ (81)	$ 46	$ (280)

HEXION INC.
CONDENSED CONSOLIDATING STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2016

	Hexion Inc.	Combined Subsidiary Guarantors	Combined Non-Guarantor Subsidiaries	Eliminations	Consolidated
Cash flows (used in) provided by operating activities	$ (202)	$ 4	$ 182	$ (4)	$ (20)
Cash flows provided by (used in) investing activities					
Capital expenditures	(67)	—	(73)	—	(140)
Capitalized interest	(1)	—	—	—	(1)
Proceeds from dispositions, net	147	—	134	—	281
Cash received on buyer's note	75	—	—	—	75
Proceeds from sale of assets, net	—	—	5	—	5
Change in restricted cash	—	—	(9)	—	(9)
Capital contribution to subsidiary	(13)	(9)	—	22	—
Investment in unconsolidated affiliates, net	(1)	—	—	—	(1)
Return of capital from subsidiary from sales of accounts receivable	95 (a)	—	—	(95)	—
	235	(9)	57	(73)	210
Cash flows (used in) provided by financing activities					
Net short-term debt repayments	(1)	—	(21)	—	(22)
Borrowings of long-term debt	360	—	284	—	644
Repayments of long-term debt	(601)	—	(255)	—	(856)
Net intercompany loan borrowings (repayments)	176	—	(176)	—	—
Capital contribution from parent	—	9	13	(22)	—
Common stock dividends paid	—	(4)	—	4	—
Deferred financing fees paid	(1)	—	—	—	(1)
Return of capital to parent from sales of accounts receivable	—	—	(95) (a)	95	—
	(67)	5	(250)	77	(235)
Effect of exchange rates on cash and cash equivalents	—	—	(4)	—	(4)
Decrease in cash and cash equivalents	(34)	—	(15)	—	(49)
Cash and cash equivalents at beginning of year (including restricted cash of $0 and $8, respectively)	62	—	166	—	228
Cash and cash equivalents at end of year (including restricted cash of $0 and $17, respectively)	$ 28	$ —	$ 151	$ —	$ 179

(a) During the year ended December 31, 2016, Hexion Inc. contributed receivables of $95 to a non-guarantor subsidiary as capital contributions, resulting in a non-cash transaction. During the year ended December 31, 2016, the non-guarantor subsidiary sold the contributed receivables to certain banks under various supplier financing agreements. The cash proceeds were returned to Hexion Inc. by the non-guarantor subsidiary as a return of capital. The sale of receivables has been included within cash flows from operating activities on the Combined non-guarantor subsidiaries. The return of the cash proceeds from the sale of receivables has been included as a financing outflow and an investing inflow on the Combined Non-Guarantor Subsidiaries and Hexion Inc., respectively.

HEXION INC.
CONDENSED CONSOLIDATING STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2015

	Hexion Inc.	Combined Subsidiary Guarantors	Combined Non-Guarantor Subsidiaries	Eliminations	Consolidated
Cash flows (used in) provided by operating activities	$ (295)	$ 19	$ 508	$ (19)	$ 213
Cash flows provided by (used in) investing activities					
Capital expenditures	(91)	—	(84)	—	(175)
Purchase of businesses, net of cash acquired	—	—	(7)	—	(7)
Capitalized interest	(3)	—	(1)	—	(4)
Proceeds from sale of investments, net	—	—	6	—	6
Change in restricted cash	—	—	8	—	8
Proceeds from sale of assets	—	—	17	—	17
Capital contribution to subsidiary	(25)	(17)	—	42	—
Return of capital from subsidiary from sales of accounts receivable	278 (a)	—	—	(278)	—
	159	(17)	(61)	(236)	(155)
Cash flows provided by (used in) financing activities					
Net short-term debt repayments	—	—	(3)	—	(3)
Borrowings of long-term debt	500	—	23	—	523
Repayments of long-term debt	(445)	—	(40)	—	(485)
Net intercompany loan borrowings (repayments)	131	—	(131)	—	—
Capital contribution from parent	—	17	25	(42)	—
Long-term debt and credit facility financing fees	(11)	—	—	—	(11)
Common stock dividends paid	—	(19)	—	19	—
Return of capital to parent from sales of accounts receivable	—	—	(278) (a)	278	—
	175	(2)	(404)	255	24
Effect of exchange rates on cash and cash equivalents	—	—	(10)	—	(10)
Increase in cash and cash equivalents	39	—	33	—	72
Cash and cash equivalents at beginning of year (including restricted cash of $0 and $16, respectively)	23	—	133	—	156
Cash and cash equivalents at end of year (including restricted cash of $0 and $8, respectively)	$ 62	$ —	$ 166	$ —	$ 228

(a) During the year ended December 31, 2015, Hexion Inc. contributed receivables of $278 to a non-guarantor subsidiary as capital contributions, resulting in a non-cash transaction. During the year ended December 31, 2015, the non-guarantor subsidiary sold the contributed receivables to certain banks under various supplier financing agreements. The cash proceeds were returned to Hexion Inc. by the non-guarantor subsidiary as a return of capital. The sale of receivables has been included within cash flows from operating activities on the Combined non-guarantor subsidiaries. The return of the cash proceeds from the sale of receivables has been included as a financing outflow and an investing inflow on the Combined Non-Guarantor Subsidiaries and Hexion Inc., respectively.

HEXION INC.
CONDENSED CONSOLIDATING STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2014

	Hexion Inc.	Combined Subsidiary Guarantors	Combined Non-Guarantor Subsidiaries	Eliminations	Consolidated
Cash flows (used in) provided by operating activities	$ (426)	$ 14	$ 376	$ (14)	$ (50)
Cash flows provided by (used in) investing activities					
Capital expenditures	(89)	—	(94)	—	(183)
Acquisition of businesses	(52)	—	(12)	—	(64)
Purchase of debt securities, net	—	—	(1)	—	(1)
Change in restricted cash	—	—	(3)	—	(3)
Disbursement of affiliated loan	—	—	(50)	—	(50)
Repayment of affiliated loan	—	—	50	—	50
Funds remitted to unconsolidated affiliates, net	—	—	(2)	—	(2)
Proceeds from sale of assets	20	—	—	—	20
Capital contribution to subsidiary	(30)	(20)	—	50	—
Return of capital from subsidiary from sales of accounts receivable	350 (a)	—	—	(350)	—
	199	(20)	(112)	(300)	(233)
Cash flows provided by (used in) financing activities					
Net short-term debt borrowings	7	—	14	—	21
Borrowings of long-term debt	295	—	96	—	391
Repayments of long-term debt	(256)	—	(87)	—	(343)
Net intercompany loan borrowings (repayments)	34	—	(34)	—	—
Capital contribution from parent	—	20	30	(50)	—
Common stock dividends paid	—	(14)	—	14	—
Return of capital to parent from sales of accounts receivable	—	—	(350) (a)	350	—
	80	6	(331)	314	69
Effect of exchange rates on cash and cash equivalents	—	—	(9)	—	(9)
Decrease in cash and cash equivalents	(147)	—	(76)	—	(223)
Cash and cash equivalents at beginning of year (including restricted cash of $0 and $14, respectively)	170	—	209	—	379
Cash and cash equivalents at end of year (including restricted cash of $0 and $16, respectively)	$ 23	$ —	$ 133	$ —	$ 156

(a) During the year ended December 31, 2014, Hexion Inc. contributed receivables of $350 to a non-guarantor subsidiary as capital contributions, resulting in a non-cash transaction. During the year ended December 31, 2014, the non-guarantor subsidiary sold the contributed receivables to certain banks under various supplier financing agreements. The cash proceeds were returned to Hexion Inc. by the non-guarantor subsidiary as a return of capital. The sale of receivables has been included within cash flows from operating activities on the Combined non-guarantor subsidiaries. The return of the cash proceeds from the sale of receivables has been included as a financing outflow and an investing inflow on the Combined Non-Guarantor Subsidiaries and Hexion Inc., respectively.

Report of Independent Registered Public Accounting Firm

To the Board of Directors and Shareholder of
Hexion Inc.

In our opinion, the accompanying consolidated balance sheets and the related consolidated statements of operations, comprehensive loss, deficit, and cash flows present fairly, in all material respects, the financial position of Hexion Inc. and its subsidiaries as of December 31, 2016 and 2015, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2016 in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statement schedule listed in the index appearing under Item 8 presents fairly, in all material respects, the information set forth therein when read in conjunction with the related consolidated financial statements. These financial statements and financial statement schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements and financial statement schedule based on our audits. We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

/s/ PricewaterhouseCoopers LLP
Columbus, Ohio
March 8, 2017

Schedule II – Valuation and Qualifying Accounts

Column A	Column B	Column C		Column D	Column E
		Additions			
Description	Balance at Beginning of Period	Charged to cost and expenses[(1)]	Charged to other accounts	Deductions	Balance at End of Period
Allowance for Doubtful Accounts:					
Year ended December 31, 2016	$ 15	$ 3	$ —	$ (1)	$ 17
Year ended December 31, 2015	14	1	—	—	15
Year ended December 31, 2014	16	(1)	—	(1)	14
Reserve for Obsolete Inventory:					
Year ended December 31, 2016	$ 7	$ 9	$ —	$ (7)	$ 9
Year ended December 31, 2015	8	4	—	(5)	7
Year ended December 31, 2014	8	4	—	(4)	8

(1) Includes the impact of foreign currency translation.

ITEM 9 - CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

ITEM 9A - CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

As of the end of the period covered by this Annual Report on Form 10-K, we, under the supervision and with the participation of our Disclosure Committee and our management, including our President and Chief Executive Officer and our Executive Vice President and Chief Financial Officer, carried out an evaluation of the effectiveness of the design and operation of our disclosure controls and procedures as such term is defined in Exchange Act Rules 13a-15(e) and 15d-15(e). Based on that evaluation, our President and Chief Executive Officer, and Executive Vice President and Chief Financial Officer concluded that our disclosure controls and procedures were effective as of December 31, 2016.

Management's Annual Report on Internal Control Over Financial Reporting

We are responsible for establishing and maintaining adequate internal control over financial reporting. Internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

We have assessed the effectiveness of the Company's internal control over financial reporting as of December 31, 2016. In making this assessment, we used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO") in *Internal Control - Integrated Framework* (2013). Based on our assessment, we have concluded that, as of December 31, 2016, the Company's internal control over financial reporting was effective based on those criteria.

Changes in Internal Control Over Financial Reporting

There have been no changes in the Company's internal control over financial reporting identified in connection with the evaluation described above in "Management's Annual Report on Internal Control Over Financial Reporting" that occurred during the Company's fourth fiscal quarter that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

ITEM 9B - OTHER INFORMATION

None.

PART III

ITEM 10 - DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

Directors, Executive Officers, Promoters and Control Persons

The supervision of our management and the general course of the Company's affairs and business operations is entrusted to the Board of Managers of our indirect parent, Hexion Holdings LLC ("Hexion Holdings").

Set forth below are the names, ages and current positions of our executive officers and the members of the Hexion Holdings Board of Managers as of March 1, 2017.

Name	Age	Position
Craig O. Morrison	61	Director, Chairman, President and Chief Executive Officer
George F. Knight	60	Director, Executive Vice President and Chief Financial Officer
Dr. William H. Joyce	81	Director
Robert Kalsow-Ramos	31	Director
Scott M. Kleinman	44	Director
Geoffrey A. Manna	55	Director
Dr. Jonathan D. Rich	61	Director
Samuel Feinstein	33	Director
Marvin O. Schlanger	68	Director
Joseph P. Bevilaqua	61	Executive Vice President and Chief Operating Officer
John P. Auletto	51	Executive Vice President – Human Resources
Nathan E. Fisher	51	Executive Vice President – Procurement
Douglas A. Johns	59	Executive Vice President and General Counsel
Karen E. Koster	54	Executive Vice President – Environmental, Health & Safety
Kevin W. McGuire	57	Executive Vice President – Business Process and IT

Craig O. Morrison was elected President and Chief Executive Officer and a director of the Company effective March 25, 2002 and was named Chairman of the Board of Directors on June 1, 2005. He has also served as President and CEO and a director of Hexion Holdings since October 1, 2010. Mr. Morrison served as President and Chief Executive Officer and a Director of MPM from October 1, 2010 to October 24, 2014. MPM and certain of its U.S. subsidiaries filed voluntary petitions for reorganization under Chapter 11 of the U.S. Bankruptcy Code in April 2014 and emerged from Chapter 11 on October 24, 2014. Prior to joining our Company, he served as President and General Manager of Alcan Packaging's Pharmaceutical and Cosmetic Packaging business from 1999 to 2002. From 1993 to 1998 he was President and General Manager for Van Leer Containers, Inc. Prior to joining Van Leer Containers, Mr. Morrison served in a number of management positions with General Electric's Plastics division from March 1990 to November 1993, and as a consultant with Bain and Company from 1987 to 1990. He is a member of the Environmental, Health and Safety and Executive Committees of the Board of Managers of Hexion Holdings. Mr. Morrison's position as President and Chief Executive Officer, his extensive management experience, and his skills in business leadership and strategy qualify him to serve as a director of the Company and on the Board of Managers of Hexion Holdings.

George F. Knight was elected Executive Vice President and Chief Financial Officer and a director of the Company and Hexion Holding effective January 1, 2016. He served as Senior Vice President - Finance and Treasurer of the Company from June 1, 2005 to December 31, 2015, having been Vice President, Finance and Treasurer since July 2002. He has also served as Executive Vice President and Chief Financial Officer and a director of Hexion Holdings since January 1, 2016. Mr. Knight also served as Senior Vice President-Finance and Treasurer for MPM and Hexion Holdings from October 1, 2010 and November 1, 2010, respectively, until December 31, 2015. Mr. Knight joined the Company in 1997 and served until 1999 as Director and then Vice President of Mergers and Acquisitions - Finance for Borden, Inc. From 1999-2001 he served as Vice President of Finance for Borden Foods Corporation.

Dr. William H. Joyce has been a member of the Board of Managers of Hexion Holdings since October 1, 2010. Since 2008, Dr. Joyce has been the Chairman and CEO of Advanced Fusion Systems. He is the retired, former chief executive officer and chairman of Nalco Holding Company, positions he held from November 2003 until his retirement in December 2007. Prior to his appointment as chief executive officer and chairman of Nalco Company, Dr. Joyce served as chief executive officer and chairman at Hercules Incorporated and prior to that at Union Carbide. Dr. Joyce holds a B.S. degree in Chemical Engineering from Penn State University, and M.B.A. and Ph.D. degrees from New York University. Dr. Joyce received the National Medal of Technology Award in 1993 from President Clinton, the Plastics Academy's Lifetime Achievement Award in 1997, and the Society of Chemical Industry Perkin Medal Award in 2003. Dr. Joyce also serves as a trustee and Vice Chairman of the Universities Research Association and is a board leadership fellow of the National Association of Corporate Directors. During the past five years, he also served on the board of directors of El Paso Corporation, CVS Caremark Corporation, and Momentive Performance Materials Holdings Inc. He is a Chair of the Environmental, Health and Safety committee of the Hexion Holdings LLC Board of Managers. Dr. Joyce's extensive management experience, and his skills in business leadership and strategy, qualify him to serve on the Board of Managers of Hexion Holdings.

Robert Kalsow-Ramos was elected a member of the Board of Managers of Hexion Holdings on October 27, 2014. Mr. Kalsow-Ramos is a Principal in Apollo Global Management's Private Equity Group, where he has worked since 2010. Prior to joining Apollo, Mr. Kalsow-Ramos was a member of the Transportation Investment Banking Group at Morgan Stanley from 2008 to 2010. He also serves on the Board of Directors of MPM Holdings Inc., which is affiliated with Apollo. Mr. Kalsow-Ramos was previously a director of Noranda Aluminum Holding Corporation. He is Chair of the Hexion Holdings Board of Managers' Compensation Committee, Chair of its Audit Committee and a member of its Executive Committee. In light of our ownership structure and Mr. Kalsow-Ramos' extensive finance and business experience, we believe it is appropriate for Mr. Kalsow-Ramos to serve on the Board of Managers of Hexion Holdings.

Scott M. Kleinman served as a director of the Company from February 12, 2014 to October 27, 2014. He was elected a member of the Board of Managers of Hexion Holdings on October 1, 2010. He is the Lead Partner for Private Equity at Apollo, where he has worked since February 1996. Prior to that time, Mr. Kleinman was employed by Smith Barney Inc. in its Investment Banking division. Mr. Kleinman also serves on the Board of Directors of the following companies affiliated with Apollo: MPM Holdings Inc., CH2M Hill Companies, Ltd., Vectra Corp., and Constellis Holdings, LLC. Mr. Kleinman has previously been a director of Noranda Aluminum Holding Corporation, Realogy Holdings Corp., Lyondell Basell Industries N.V., Taminco Corporation, and Verso Corporation. He is a member of the Compensation Committee and Chair of the Executive Committee of the Board of Managers of Hexion Holdings. In light of our ownership structure and Mr. Kleinman's position with Apollo and his extensive finance and business experience, we believe it is appropriate for Mr. Kleinman to serve on the Board of Managers of Hexion Holdings.

Geoffrey A. Manna was elected a director of the Company on September 30, 2013 and served until October 27, 2014 at which time he resigned and was elected a member of the Board of Managers of Hexion Holdings. Since 2008, he has been an independent consultant principally focused on financial advisory and interim management engagements such as Chief Operating Officer and Chief Financial Officer oriented roles for companies ranging from small middle market to multi-billion market capitalization public companies across several industry sectors, including media, healthcare, building products and energy distribution & logistics. He served in management and operating roles in leveraged finance and investment banking from 1995 to 2008. From June 2006 to June 2008 he served as Managing Director for The Royal Bank of Scotland. From June 2004 to June 2006 he served as Managing Director for BNP Paribas. From July 1999 to June 2004 he served as Chief Operating Officer-Financial Sponsors Group and Director for Credit Suisse First Boston. From July 1995 to July 1999 he served as Vice President for Deutsche Bank and its predecessor companies Bankers Trust Company and BT Securities. Prior to that, from July 1991 to January 1994 he held the position of Director-Finance for US WEST Capital where he directed financial management and merger and acquisition projects. Before that, he was employed at KPMG for eight years as a Senior Manager and managed over 50 audit engagements and special projects for major public and private companies, including General Electric and GE Capital Corporation. Until his resignation, Mr. Manna served as a member of the Company's Audit Committee. He currently serves as a member of the Audit Committee of the Board of Managers of Hexion Holdings. Mr. Manna's extensive experience in finance and business qualifies him to serve on the Board of Managers of Hexion Holdings.

Dr. Jonathan D. Rich has been a member of the Board of Managers of Hexion Holdings since October 1, 2010 where he serves on the Environmental, Health and Safety Committee. Dr. Rich is a director, chief executive officer and Chairman of Berry Plastics Group Inc., holding these positions since October 2010. Beginning in 2002, Dr. Rich was President, North American Tire-Goodyear Tire and Rubber Company, and chairman of the board, Goodyear Dunlop Tires NA. At Goodyear, he had previously served as Director, Chemical R&D and as president of Goodyear Chemical. Dr. Rich began his career at GE in 1982 as a research chemist with Corporate R&D and progressed through a series of management positions to become Manager of Operational Excellence at GE Silicones from 1996 to 1998. He was then promoted to Technical Director, GE Bayer Silicones in Germany from 1998 to 2000. He served as a director of MPM and MPM Holdings, and as president and chief executive officer from June 2007 to October 2010. Dr. Rich's previous officer and director positions, his extensive management experience, and his skills in business leadership and strategy, qualify him to serve on the Board of Managers of Hexion Holdings.

Samuel Feinstein was elected a member of the Board of Managers of Hexion Holdings on November 2, 2016. He has been an investment professional in Apollo's private equity business since 2007 and was previously a member of the Investment Banking Group at Morgan Stanley from September 2005 to May 2007. Mr. Feinstein currently serves on the board of CEVA Holdings LLC, Vectra Co., MPM Holdings, Inc., and Pinnacle Agriculture Holdings, LLC. Within the past five years, he has served on the board of directors of Taminco Corporation. He is a member of the Audit and Compensation Committees of the Board of Managers of Hexion Holdings. In light of our ownership structure and his extensive finance and business experience, we believe it is appropriate for Mr. Feinstein to serve on the Board of Managers of Hexion Holdings.

Marvin O. Schlanger was appointed a member of the Board of Managers of Hexion Holdings on October 1, 2010 and serves on the Board's Environmental, Health and Safety Committee. Since October 1998, Mr. Schlanger has been a principal in the firm of Cherry Hill Chemical Investments, LLC, which provides management services and capital to the chemical and allied industries. Prior to October 1998, he held various positions with ARCO Chemical Company, serving as President and Chief Executive Officer from May 1998 to July 1998 and as Executive Vice President and Chief Operating Officer from 1994 to May 1998. He served as Chairman and Chief Executive Officer of Resolution Performance Products LLC and RPP Capital Corporation from November 2000 and Chairman of Resolution Specialty Materials Company from August 2004 until the formation of Hexion Specialty Chemicals, Inc. in May 2005. Mr. Schlanger is also a director and the Chairman of the Board of CEVA Group Plc, UGI Corporation and UGI Utilities Inc., and a director of Amerigas Partners, LP, Vectra Corporation, and MPM Holdings Inc. Mr. Schlanger was formerly Chairman of the Supervisory Board of Lyondell Basell Industries N.V. and Chairman of Covalence Specialty Materials Corp. Mr. Schlanger's extensive finance and business experience qualifies him to serve on the Board of Managers of Hexion Holdings.

Joseph P. Bevilaqua was appointed Executive Vice President and Chief Operating Officer of the Company effective October 5, 2016. Until this appointment, he served as Executive Vice President and President of the Company's Epoxy, Phenolic and Coating Resins Division. Since August 10, 2008, he has been responsible for the epoxy and phenolic resins businesses and in October 2010, the coatings business was added to his division responsibilities. Prior to that, he was Executive Vice President and President of the Phenolic and Forest Products Division, a position he held from January 2004 to August 2008. Mr. Bevilaqua joined the Company in April 2002 as Vice President-Corporate Strategy and Development. From February 2000 to March 2002, he was the Vice President and General Manager of Alcan's global plastics packaging business. Prior to Alcan, Mr. Bevilaqua served in leadership positions with companies such as General Electric, Woodbridge Foam Corporation and Russell-Stanley Corporation.

John P. Auletto was elected Executive Vice President - Human Resources effective May 15, 2016. Mr. Auletto joined the Company in September 1999 as Director of Human Resources for the Performance Resins Group. Since then he has held various positions with increasing responsibilities in human resources, including most recently, Vice President - Human Resources for the Epoxy, Phenolic and Coating Resins Division from April 2013 to May 15, 2016. Prior to joining the Company, Mr. Auletto served in human resources roles with Associates National Bank, W.L. Gore & Associates, and The Bank of New York.

Nathan E. Fisher was elected Executive Vice President - Procurement of the Company on June 1, 2005. He also serves as Executive Vice President - Procurement of Momentive Performance Materials Inc., having been elected to that position on October 1, 2010. Mr. Fisher joined the Company in March 2003 as Director of Strategic Sourcing and was promoted to Vice President - Global Sourcing in September 2004.

Douglas A. Johns joined the Company on May 9, 2015 but had served as Executive Vice President and General Counsel under the Shared Services Agreement with MPM since October 1, 2010. He also serves as Executive Vice President, General Counsel and Secretary of Hexion Holdings. Mr. Johns was employed by Momentive Performance Materials Inc., serving as its General Counsel and Secretary from its formation on December 4, 2006 until October 24, 2014. Prior to that time, Mr. Johns served as General Counsel for GE Advanced Materials, a division of the General Electric Company from 2004 to December 2006. Mr. Johns began his career as a trial lawyer at the U.S. Department of Justice and was in private practice before joining GE in 1991, where he served as Senior Counsel for global regulatory and environmental matters and Senior Business Counsel at GE Plastics' European headquarters in Bergen Op Zoom, The Netherlands from 2001 to 2004.

Karen E. Koster was elected Executive Vice President-Environmental, Health & Safety of the Company effective August 8, 2011 and the same position for Hexion Holdings on October 27, 2014. Ms. Koster also served in that capacity for Momentive Performance Materials Inc. from August 8, 2011 to December 15, 2014. Prior to joining the Company, Ms. Koster held various environmental services and legal management roles at Cytec Industries where, from August 2002, she served as Vice President, Safety, Health and Environment.

Kevin W. McGuire was reelected Executive Vice President - Business Process and IT effective May 2014. Mr. McGuire joined the Company in 2002 as its Chief Information Officer. He was promoted to Executive Vice President Business Processes and Information Technology for the Company in June 1, 2005 and served in that role until October 2013 when he assumed the role of Executive Vice President Asia Infrastructure and Integration until May 2014. Mr. McGuire also served as Executive Vice President Business Processes and Information Technology for MPM from October 2010 to October 2013 and served as Executive Vice President Asia Infrastructure and Integration for MPM from October of 2013 to May of 2014.

Nominating Committee

Since Hexion is a controlled company, Hexion Holdings has no Nominating Committee nor does it have written procedures by which security holders may recommend nominees to its Board of Managers.

Audit Committee Financial Expert

Since Hexion is not a listed issuer, there are no requirements that Hexion Holdings have an independent Audit Committee. Hexion Holdings' Audit Committee consists of Messrs. Kalsow-Ramos, Feinstein and Manna, each of whom qualifies as an audit committee financial expert, as such term is defined in Item 407(d)(5) of Regulation S-K.

Code of Ethics

We have a Code of Business Ethics that applies to all associates, including our Chief Executive Officer and senior financial officers. These standards are designed to deter wrongdoing and to promote the honest and ethical conduct of all employees. Our Code of Business Ethics is posted on our website: *www.hexion.com* under "Investor Relations – Corporate Governance." Any substantive amendment to, or waiver from, any provision of the Code of Business Ethics with respect to any senior executive or financial officer shall be posted on this website.

ITEM 11 - EXECUTIVE COMPENSATION

COMPENSATION DISCUSSION AND ANALYSIS

In this Compensation Discussion and Analysis, we describe our process of determining the compensation and benefits provided to our "Named Executive Officers" ("NEOs"). Our 2016 NEOs are: Craig O. Morrison, President and Chief Executive Officer (our "CEO"); George F. Knight, Executive Vice President and Chief Financial Officer (our "CFO"); Joseph P. Bevilaqua, Executive Vice President and Chief Operating Officer; Nathan E. Fisher, Executive Vice President, Global Procurement; Douglas A. Johns, Executive Vice President and General Counsel and Judith A. Sonnett, former Executive Vice President - Human Resources.

Messrs. Morrison, Knight, Bevilaqua, Fisher and Johns are currently executive officers of the Company. Ms. Sonnett retired from the Company on July 1, 2016. In addition to his responsibilities for the Company, Mr. Fisher also provides services to MPM under the Shared Services Agreement, as did Ms. Sonnett until her retirement.

Oversight of Executive Compensation

The Board of Managers of the Company's parent holding company, Hexion Holdings, is responsible for governance of the Company, including the responsibility for determining the compensation and benefits of our executive officers. All executive compensation decisions made during 2016 for our NEOs were made by the Compensation Committee of the Hexion Holdings Board of Managers (the "Committee").

The Committee sets the principles and strategies that guide the design of our executive compensation program. The Committee annually evaluates the performance and compensation levels of the NEOs. This annual compensation review process includes an evaluation of key objectives and measurable contributions to ensure that incentives are not only aligned with the Company's strategic goals, but also enable us to attract and retain a highly qualified and effective management team. Based on this evaluation, the Committee approves each executive officer's compensation level, including base salary, annual incentive opportunities and long-term incentive opportunities.

In order to obtain a general understanding of current compensation practices when setting total compensation levels for our NEOs, the Committee considers broad-based competitive market data on total compensation packages provided to executive officers with similar responsibilities at comparable companies. Such companies include those within the chemical industry, as well as those with similar revenues and operational complexity outside the chemical industry. As warranted, the Committee may use data obtained from third-party executive compensation salary surveys such as those published by Willis Towers Watson and AonHewitt when determining appropriate total compensation levels for our NEOs.

Executive Summary

Executive Compensation Objectives and Strategy

Our executive compensation program is designed to set compensation and benefits at a level that is reasonable, internally fair and externally competitive. Specifically, the Committee is guided by the following objectives:

- ***Pay for Performance***. We emphasize pay for performance based on achievement of company operational and financial objectives and the realization of personal goals. We believe that a significant portion of each executive's total compensation should be variable and contingent upon the achievement of specific and measurable financial and operational performance goals.

- ***Align Incentives with Shareholders***. Our executive compensation program is designed to focus our NEOs on our key strategic, financial and operational goals that will translate into long-term value-creation for our shareholders.

- ***Balance Critical Short-Term Objectives and Long-Term Strategy***. We believe that the compensation packages we provide to our NEOs should include a mix of short-term, cash-based incentive awards that encourage the achievement of annual goals, and long-term cash and equity elements that reward long-term value-creation for the business.

- ***Attract, Retain and Motivate Top Talent***. We design our executive compensation program to be externally competitive in order to attract, retain and motivate the most talented executive officers who will drive company objectives.

- ***Pay for Individual Achievement***. We believe that each executive officer's total compensation should correlate to the scope of his or her responsibilities and relative contributions to the Company's performance.

2016 Executive Compensation Highlights

- In October 2016, the Company restructured its operations, created a Chief Operating Officer ("COO") position and eliminated the executive officer "Division President" positions. In connection with this restructuring, Mr. Bevilaqua was named COO and his terms and conditions of employment were evaluated based on external market factors and internal equity considerations.

- The Company continued its focus on (i) motivating our NEOs to deliver improved performance and (ii) retaining key talent during difficult business cycles through the use of the goals set in our annual incentive plan and new long-term time- and performance-based cash awards made under our long-term incentive plan.

- The Committee reviewed the base salaries of our NEOs in the first quarter of the year. After considering the accomplishments of our NEOs, but also considering internal compensation equity and external market factors, the Committee determined to increase the base salary of only one of our NEOs. Consistent with our recent past practice, we delayed annual merit base salary increases until July 2016.

- We adjusted the metrics for the Environmental Health and Safety component of our annual cash incentive plan for 2016, to include a focus on the timely completion of corrective actions, and rates of occupational illness and injury, in addition to tracking severe or high-potential incidents.

- Apollo, as the Company's controlling shareholder, and its representatives continue to be actively involved in making recommendations regarding the structure of our executive compensation program and the amounts payable to our NEOs. The Company is not currently required to hold a shareholder advisory "say-on-pay" vote.

Evaluating Company and Individual Performance

In determining 2016 compensation, the Committee considered the following accomplishments of our NEOs in 2015:

- ***Mr. Morrison, our President and Chief Executive Officer:*** The Committee considered Mr. Morrison's outstanding leadership of the business to achieve significant operating performance in 2015. In addition, Mr. Morrison provided excellent leadership through significant cost-reduction actions and senior-executive succession-planning during 2015.

- ***Mr. Knight, our Executive Vice President and Chief Financial Officer:*** The Committee considered Mr. Knight's leadership in managing our leveraged balance sheet, his exceptional management of the shared services relationship with MPM and the retention of his team during a difficult year. In addition, the Committee considered relevant market data for Chief Financial Officer roles for both general industry and chemical companies.

- ***Mr. Bevilaqua, our Executive Vice President and Chief Operating Officer:*** The Committee recognized Mr. Bevilaqua's significant leadership in handling unanticipated supplier disruptions during the year, his efforts in succession-building within his organization and stepping in as acting general manager in the Oilfield business during a period of significant uncertainty in that business.

- ***Mr. Fisher, our Executive Vice President, Global Procurement:*** The Committee considered Mr. Fisher's significant cost-productivity contributions in 2015 as well as the outstanding job he did in both managing key supplier relationships for MPM and the Company in a very challenging business environment and in directing the procurement organizations of both companies.

- ***Mr. Johns, our Executive Vice President and General Counsel:*** The Committee recognized the outstanding leadership that Mr. Johns provides in the management of major litigation risk areas, the key cross-functional leadership he provides and his cost-effective management of external legal resources.

- ***Ms. Sonnett, our former Executive Vice President, Human Resources:*** The Committee recognized the significant leadership that Ms. Sonnett provided to the organization over her many years of service, as well as her continued leadership in managing the shared services relationship with MPM.

Components of Our Executive Compensation Program

The principal components of our executive compensation program are as follows:

Type	Components
Annual Cash Compensation	Base Salary
	Annual Incentive Awards
	Discretionary Awards
Long-Term Incentives	Equity Awards
	Long-Term Cash Awards
Benefits	Health, Welfare and Retirement Benefits
Other	International Assignment Compensation
	Change-in-Control and Severance Benefits

The following section describes each of these components in further detail.

1. Annual Cash Compensation

Base Salaries

The annual base salaries of our NEOs are designed to be commensurate with professional status, accomplishments, scope of responsibility, overall impact on the organization, and the size and complexity of the business or functional operations managed. The annual base salaries of our NEOs are also intended to be externally competitive with the market.

The Committee reviews our NEOs' base salary levels (i) annually, in conjunction with annual performance reviews, and (ii) in conjunction with new hires, promotions or significant changes in job responsibilities. When approving base salary increases, the Committee considers various factors, such as job performance, total target compensation, impact on value-creation and the external competitive marketplace. The Committee reviews the performance and achievements of the NEOs in determining whether any increases are merited based on the prior year's performance.

The base salary change for each NEO is shown in the table below. Mr. Knight's merit increase occurred in January at the time of his promotion to CFO in recognition of both past accomplishments and increase in responsibilities. Mr. Fisher's merit increase in July took into consideration the accomplishments outlined above, internal equity, and external competitive market considerations. No salary increases were delivered to Mr. Morrison, Mr. Bevilaqua, Mr. Johns or Ms. Sonnett based on unique circumstances such as the changing scope of each NEO's role and relevant market data.

Name	2016 Base Salary	2015 Base Salary	2016 Increase (Decrease)
Mr. Morrison	$ 850,000	$ 850,000	—%
Mr. Knight	475,000	392,646	20.97%
Mr. Bevilaqua	631,108	631,108	—%
Mr. Fisher	392,529	373,837	5.00%
Mr. Johns	517,212	517,212	—%
Ms. Sonnett	454,282	454,282	—%

Annual Incentive Awards

Our annual incentive compensation plan is a short-term performance incentive designed to reward participants for delivering increased value to the organization against specific financial and other critical business objectives. Annual incentive compensation awards are targeted at a level that, when combined with base salaries and other components of our total rewards program, is intended to yield total annual compensation that is competitive in the external marketplace, while performance above the target is intended to yield total annual compensation above the market median.

The performance targets for the applicable components of the annual incentive compensation plan are identical for executives and other eligible, salaried associates. We strive to set annual incentive award targets that are achievable only through strong performance, believing that this motivates our executives and other participants to deliver ongoing value-creation, while allowing the Company to attract and retain highly talented senior executives. Annual incentive award targets are determined in connection with the development of an overall budget for Hexion Holdings and its subsidiaries. Performance measures may be based on a number of factors, such as our prior-year performance, current market trends, anticipated synergies, integration efforts around acquired assets or businesses, potential pricing actions, raw material projections, the realization of planned productivity initiatives, expansion plans, new product development, environmental, health and safety, and other strategic factors that could potentially impact operations.

The 2016 Annual Incentive Compensation Plan

In early 2016, the Committee approved the 2016 annual incentive compensation plan for associates of the Company and its subsidiaries, which we refer to as the "2016 ICP." Under the 2016 ICP, our NEOs and other eligible participants had the opportunity to earn annual cash incentive compensation based upon the achievement of certain financial and environmental health and safety ("EH&S") goals. The design of the 2016 ICP, described below, was substantially similar to the design of the 2015 incentive compensation plan.

The performance goals under the 2016 ICP for our NEOs were based upon the achievement of both corporate and division goals to recognize their significant leadership responsibilities. Our NEOs with corporate functional roles: Messrs. Morrison, Knight and Johns, had 62.5% of their target bonus opportunity based on the achievement of corporate financial and EH&S targets and 37.5% based on the achievement of division financial targets. We believed that as a Division President, Mr. Bevilaqua's incentive compensation should have a strong tie to operating division performance where he has the greatest impact and closest line of sight; and therefore, 80% of his 2016 target bonus opportunity was based on the achievement of division financial and EH&S targets and 20% was based on the achievement of corporate financial targets.

As mentioned above, during 2015 and 2016, Mr. Fisher and Ms. Sonnett continued to provide services to MPM under the Shared Services Agreement. The 2016 ICP included a specific incentive structure for associates providing shared services. Under the shared services incentive design, Mr. Fisher's and Ms. Sonnett's payouts were based 50% on the achievement of Hexion targets (31.25% on the achievement of corporate financial and EH&S targets and 18.75% based on the achievement of division financial targets) and 50% on MPM's achievement of targets under its 2016 incentive compensation plan.

The performance goals were established based on the following measures:

Performance Goal	Description	2016 Target
Segment EBITDA	Segment EBITDA (earnings before interest, taxes, depreciation and amortization, adjusted to exclude certain non-cash and other income and expenses and discontinued operations) was used as the primary profitability measure for determining the level of financial performance for management and executive annual incentive compensation purposes. Segment EBITDA of Hexion Holdings in 2016 ("Hexion Segment EBITDA") corresponds to the sum of our Segment EBITDA as defined herein. See Item 7 of Part II of this Annual Report on Form 10-K for a reconciliation of Hexion Net loss to Segment EBITDA.	The Hexion Segment EBITDA target for 2016 was set based upon factors impacting Hexion Holdings' operating subsidiaries, including, but not limited to, competitive business dynamics in the markets, raw material trends, anticipated business unit growth, anticipated cost synergies and business unit budget projections. For the 2016 ICP, the targeted Hexion Segment EBITDA was initially set at $501 million. Following the divestitures described in Note 12 of Item 8 of Part II of this Annual Report on Form 10-K, the Hexion Segment EBITDA target was adjusted to $471 million.
Cash Flow	Cash flow encompasses Segment EBITDA, net trading capital improvement and/or usage, capital spending and interest paid along with other operating cash flow items such as income taxes paid and pension contributions. The purpose of this component is to increase focus on cost control and cost reduction actions to preserve an adequate amount of liquidity to fund operations and capital expenditures, service debt and ultimately sustain the business through difficult economic cycles.	The cash flow targets were established as a result of budget projections. For the 2016 ICP, the targeted cash flow for Hexion Holdings was a net usage of cash equal to $60 million.
Environmental Health & Safety (EH&S)	As a chemical manufacturer, our operations involve the use of hazardous materials, and are subject to extensive environmental regulation. As a result, EH&S is a core value and a critical focus for all associates.	For the 2016 ICP, we established three metrics as our EH&S targets: (i) corrective actions completed on time, (ii) severe or high-potential incidents ("SIFs") and (iii) occupational illness and injury rate ("OIIR"), and set goals for Hexion Holdings and the Company's divisions. The timely closure of corrective actions on SIFs is a leading indicator of EH&S performance. The target goal for the 2016 ICP was to close 90% of corrective actions on time. SIFs are incidents that have the potential to cause a severe incident or fatality. The Company had 10 SIFs in 2015. The 2016 target goal was to reduce the number of SIFs by 10% compared to 2015. The Company's OIIR in 2015 was 0.60. The target goal for 2016 was to achieve a 10% reduction from 2015.

Each of the 2016 performance goals was measured independently such that a payout for the achievement of one element was not dependent upon the achievement of any other performance measure. This was intended to keep associates focused on driving continuous improvement in EH&S and cash flow, in addition to EBITDA.

Awards under the 2016 ICP were calculated as follows: each participant was designated a target award under the 2016 ICP based on a percentage of his or her base salary, which varies by participant based on the scope of the participant's responsibilities and externally competitive benchmarks. For 2016, the target bonus percentage for our NEOs as a percentage of base salary remained consistent with the prior year, except for Mr. Knight who's target bonus percentage increased when he became the Company's CFO. Fixed payout percentages for our NEOs were established for minimum (50% payout), target (100% payout), upper-mid (125% payout) and maximum (200% payout) levels of performance. Payout of the target award is based on the achievement of the performance goals described above. Payout percentages between the minimum and target, the target and upper-mid and the upper mid and maximum levels of performance follow, in each case, a linear path. Depending upon whether an NEO's bonus opportunity is based on the achievement of corporate or division goals, (i) achievement of Segment EBITDA of approximately 95% of target would be necessary in order for a participant to earn the minimum 50% of the allocated target award for the EBITDA component, and (ii) achievement of Segment EBITDA ranging from approximately 107% of target to 112% of target would be necessary in order for a participant to earn the maximum 200% of his or her target award for the Segment EBITDA goal.

The achievement percentages required for a minimum payout for the EBITDA component were increased from 2015 to ensure that any payout for the EBITDA component was associated with year-over-year EBITDA growth at a whole-Company level. At the same time, the achievement percentages required for the maximum payout were reduced. For example, in 2015, the minimum Segment EBITDA needed to earn a minimum 50% payout was 87 - 95% of target, whereas under the 2016 ICP, achievement of approximately 95% of target is required to earn the same payout. In 2015, the maximum Segment EBITDA needed to earn a maximum 200% payout was 109 - 121% of target, whereas under the 2016 ICP, achievement in a range of 107 -112% of target earns the same payout. The Committee determined to adjust the achievement thresholds rather than the payout targets in order to keep the payout targets relatively consistent from year to year.

The Committee also eliminated the 30% minimum payout guarantee for all participants, which was a feature of the 2015 ICP.

After several consecutive years of lower environmental incidents across the organization, the Company decided to focus the 2016 EH&S performance goals on three (3) safety components. The payment range for achieving the performance goals for EH&S was 100% (target) and 200% (maximum) of the allocated target award for each of the three safety components. The payment range for achieving the performance goals for Cash Flow was 50% (minimum), 100% (target) and 200% (maximum) of the allocated target award for the Cash Flow component.

The following table summarizes the target awards, performance measures, weightings, achievements and payouts for the 2016 ICP awards granted to our NEOs. The 2016 ICP award amounts are reflected in the “Non-Equity Incentive Plan Compensation” column of the Summary Compensation Table. Each NEO’s actual bonus under the 2016 ICP is calculated based on the information provided in the table below. In each case, the “Target Award” amount for each NEO is multiplied by the weighting percentage and performance achieved percentage for each individual component to determine the payout for that component. The total bonus payout is the sum of the five individual component payouts.

Name	Incentive Target (% of Base Salary)	Target Award ($)	Performance Criteria / Weighting %	Performance Achieved (%)	2016 ICP Payout ($)
C. Morrison	100%	850,000	Hexion Segment EBITDA / 27.5%	0%	—
			Division Segment EBITDA / 27.5%	0%	—
			EH&S Goal / 10%	200%	170,000
			Hexion Cash Flow / 25%	0%	—
			Division Cash Flow / 10%	45%	38,505
G. Knight	70%	332,500	Hexion Segment EBITDA / 27.5%	0%	—
			Division Segment EBITDA / 27.5%	0%	—
			EH&S Goal / 10%	200%	66,500
			Hexion Cash Flow / 25%	0%	—
			Division Cash Flow / 10%	45%	15,062
J. Bevilaqua	80%	504,887	Hexion Segment EBITDA / 10%	0%	—
			Division Segment EBITDA / 45%	0%	—
			EH&S Goal / 10%	136%	68,526
			Hexion Cash Flow / 10%	0%	—
			Division Cash Flow / 25%	91%	114,357
N. Fisher	70%	274,771	Hexion Segment EBITDA / 13.75%	0%	—
			Division Segment EBITDA / 13.75%	0%	—
			Hexion EH&S Goal / 5%	200%	27,477
			Hexion Cash Flow / 12.5%	0%	—
			Division Cash Flow / 5%	45%	6,224
			Momentive Segment EBITDA / 30%	140%	115,404
			Momentive EH&S Goal / 5%	102%	13,967
			Momentive Cash Flow / 15%	89%	36,806
D. Johns	70%	362,049	Hexion Segment EBITDA / 27.5%	0%	—
			Division Segment EBITDA / 27.5%	0%	—
			EH&S Goal / 10%	200%	72,410
			Hexion Cash Flow / 25%	0%	—
			Division Cash Flow / 10%	45%	16,401
J. Sonnett	70%	317,998	Hexion Segment EBITDA / 13.75%	0%	—
			Division Segment EBITDA / 13.75%	0%	—
			Hexion EH&S Goal / 5%	200%	15,900
			Hexion Cash Flow / 12.5%	0%	—
			Division Cash Flow / 5%	45%	3,601
			Momentive Segment EBITDA / 30%	140%	66,780
			Momentive EH&S Goal / 5%	102%	8,082
			Momentive Cash Flow / 15%	89%	21,298

Discretionary Awards

The CEO periodically uses discretionary awards to reward exemplary efforts. Often, such efforts are required by atypical business conditions or are related to special projects impacting long-term business results. Discretionary awards are also used for retention purposes or in connection with a new hiring or promotion. Any discretionary award to an executive officer must be approved by the Committee. No discretionary awards were made to our NEOs for services performed in 2016.

2. Long-Term Incentive Awards

Equity Awards

The Committee believes that equity awards play an important role in creating incentives to maximize Company performance, motivating and rewarding long-term value-creation, and further aligning the interests of our executive officers with those of our shareholders. Our NEOs, as well as other members of the leadership team and other eligible associates, participate in equity plans sponsored by Hexion Holdings or Hexion LLC. Awards under these plans are factored into the executive compensation program established by the Committee.

Our long-term strategy includes the use of periodic grants, rather than ongoing annual grants of equity. We believe that periodic grants provide an incentive toward a long-term projected value. Our equity awards contain performance- and service-vesting requirements. Awards that are conditioned service-vesting requirements only function as a retention incentive, while awards that are conditioned on performance- and service-vesting requirements are linked to the attainment of specific long-term objectives.

We have historically used the following types of equity awards: (i) options to purchase common units and (ii) restricted deferred units. Prior to the combination of the Company and MPM in 2010, our NEOs received awards under the following plans administered by Hexion LLC, Hexion or MPM: the 2004 Stock Incentive Plan (the “2004 Stock Plan”), the 2004 Deferred Compensation Plan (the “2004 DC Plan”), the 2007 Long-Term Incentive Plan (the “2007 Long-Term Plan”) and the Momentive Performance Materials Holdings Inc. 2007 Long-Term Incentive Plan (the “MPM 2007 Plan”). At the time of the combination of the Company and MPM in 2010, all outstanding equity awards that included common units of Hexion LLC and shares of MPM Holdings were converted to cover units of Hexion Holdings. In February 2011, the Hexion Holdings Committee approved and granted awards under a new long-term equity incentive plan for key leaders and directors of the Company and MPM (the “2011 Equity Plan”). These equity plans are described in the “Narrative to Outstanding Equity Awards Table” below.

In connection with Ms. Sonnett’s retirement in July 2016, and in recognition of her long service with, and significant contributions to Hexion, the Committee extended the life of certain vested and unvested awards that otherwise would have terminated upon her retirement. At the time of the Committee’s action and at December 31, 2016, none of the awards was in-the-money and no award was extended beyond its original ten-year term. In February 2017, in recognition of his service to the Company, the Committee acted to extend the expiration date of the Tranche A options granted under the 2007 MPM Plan held by Mr. Johns, which would have expired on March 30, 2017, to December 31, 2020. These awards are reflected in the “Outstanding Equity Awards Table - 2016 Fiscal Year-End” below.

Cash Awards

The Committee may, from time to time, approve long-term cash awards or plans for our key associates, including our NEOs. These awards are designed to pay over extended performance periods subject to the achievement of specified, measurable performance goals, and are further conditioned upon continued employment. As such, these awards are useful in providing a defined value for achievement of our financial targets, as well as leadership stability. In addition, long-term cash awards help complement equity awards that are not yet liquid.

Retaining key talent during difficult business cycles has been a critical focus for the Company in recent years. It became apparent to the Committee that the long-term performance goals established under a 2012 plan would likely never be achieved due to the MPM bankruptcy. Therefore, to ensure the continued retention of key talent during a critical period of challenging business conditions, the Committee granted new long-term cash awards to key leaders employed by the Company in November 2014, under the Momentive Performance Materials Holdings LLC Long-Term Cash Incentive Plan (the “LTIP”). The LTIP awards are subject to service-vesting requirements. Acceptance of this award was conditioned upon the participant’s forfeiture of certain earlier awards. Payments were made to Messrs. Morrison, Knight, Bevilaqua, Johns, and Fisher and Ms. Sonnett under the LTIP in April 2016 and are included in the Bonus column of the Summary Compensation Table. In connection with Ms. Sonnett’s retirement in July 2016, and in recognition of her long service with, and significant contributions to Hexion, the Committee provided Ms. Sonnett with the right to payment of the last tranche of the 2014 cash long-term incentive award in April 2017, the amount of which is reflected in the “All Other Compensation” column of the “Summary Compensation Table” below.

In November 2016, new long-term cash awards were made under the LTIP to all of our NEOs other than Ms. Sonnett. These awards vest based upon service and/or performance metrics, depending upon the grantee, and are shown in the table below and, to the extent subject to performance metrics, are shown in the “Grants of Plan-Based Awards Table” below.

	Service-Vesting			Performance-Vesting			
Name	**Payable in 2018**	**Payable in 2019**	**Payable in 2020**	**Hexion EBITDA Achievement ($457mm)**	**Hexion EBITDA Achievement ($502mm)**	**Hexion EBITDA Achievement ($548mm)**	**MPM EBTIDA Achievement**
Craig O. Morrison	$ 1,750,000	$ —	$ —	$ —	$ —	$ —	$ —
George F. Knight	475,000	—	475,000	316,667	316,667	316,667	—
Joseph P. Bevilaqua	583,333	1,166,667	—	—	—	—	—
Nathan E. Fisher	392,529	—	392,529	130,843	130,843	130,843	392,529
Douglas A. Johns	517,212	—	517,212	344,808	344,808	344,808	—

3. **Benefits**

The Company provides a comprehensive group of benefits to eligible associates, including our NEOs. Our benefit programs are designed to provide market-competitive benefits for associates and their covered dependents. Each of our NEOs is covered under a health and welfare program that provides medical, prescription drug, dental, vision, life insurance and disability insurance benefits.

Each of our NEOs also participates in our savings plan, a defined contribution plan (the “401(k) Plan”), which allows eligible U.S. associates to make pre-tax contributions from 1% to 15% of eligible earnings for associates who meet the definition of a highly compensated employee and 25% for all other associates up to the U.S. tax limits for qualified plans. Those associates are also eligible to receive matching contributions from the Company equal to 100% on contributions of up to 5% of eligible earnings. In addition, the Company makes an annual retirement contribution, ranging from 3% to 7% of eligible earnings depending on years of service, to eligible associates actively employed on the last day of the year. An additional company contribution may be made if we achieve specified annual financial goals established at the beginning of each plan year.

Each of our NEOs, other than Mr. Johns, participated in a qualified cash balance pension plan on substantially the same terms as other plan participants (the “Hexion U.S. Pension Plan”). The Hexion U.S. Pension Plan was frozen in 2009, as discussed further in the Narrative to the Pension Benefits table below. In addition, because individuals are subject to U.S. tax limitations on contributions to qualified retirement plans, the Company provided a non-qualified retirement plan intended to provide these associates, including our NEOs, with an incremental benefit on eligible earnings above the U.S. tax limits for the qualified plan (the “Hexion Supplemental Plan”). The benefits in the Hexion Supplemental Plan associated with the Hexion U.S. Pension Plan were also frozen in 2009. Our NEOs participated in the non-qualified plan on the same basis as our other highly compensated salaried associates.

Additionally, because individuals are subject to U.S. tax limitations on contributions to a qualified retirement plan, and following the freezing of the Hexion Supplemental Plan, in 2011 the Company established a non-qualified Supplemental Executive Retirement Plan (“SERP”), which provides a benefit on eligible earnings that exceed the U.S. tax limit applicable to our 401(k) Plan. In 2016, our NEO’s were eligible to receive a 5% contribution on eligible earnings in excess of $265,000, which is the same benefit received by our other highly compensated salaried employees.

There were no significant changes to the Company’s benefit plans in 2016 that would impact our NEOs. There are descriptions of these plans in the Narrative to the Pension Benefits Table and Narrative to the Nonqualified Deferred Compensation Table below.

4. Other

Temporary Assignment / Relocation

The Company may provide certain additional benefits to an executive officer if he or she is on a temporary international or domestic assignment. These benefits are externally competitive and a means to compensate the executive officer for financial expenses that would not exist if the executive remained in his or her home. For example, the Company may provide family travel and housing allowances, other one-time allowances, tax equalization payments, and reimbursements or payments for relocation from the executive officer’s home. In addition, pursuant to the Company’s relocation policy, certain expenses are grossed up to protect the executive from the tax consequences associated with those certain relocation expenses. We believe that, as a global company, it is necessary to offer this compensation to encourage key associates and executives to temporarily relocate for strategic business reasons. Mr. Bevilaqua’s temporary assignment in Houston, Texas to manage the Oilfield business terminated in early 2016, at which time he was relocated back to Columbus, Ohio. Mr. Johns also received relocation assistance for his move to Columbus, Ohio in 2016. Certain payments made in connection with their relocation are reflected in the “All Other Compensation” column of the Summary Compensation Table below.

Change-in-Control and Severance Benefits

Our NEOs are generally entitled to change-in-control and severance protections. We believe that appropriate change-in-control and severance protections accomplish two objectives. First, they create an environment where key executives are able to take actions in the best interest of the Company without incurring undue personal risk. Second, they foster management stability during periods of potential uncertainty. We are also cognizant that excessive pay in the form of change-in-control and severance protection would not be in the best interest of the Company because such pay may encourage undue risk-taking. In an attempt to balance the delicate equation, the Committee has determined to provide these benefits very selectively. The change-in-control and severance benefits payable to our NEOs are discussed in the Narrative to the Summary Compensation Table and in the discussion on Potential Payments Upon Termination of Employment below.

COMPENSATION COMMITTEE REPORT ON EXECUTIVE COMPENSATION(1)

The Committee has reviewed and discussed with management the disclosures contained in the above Compensation Discussion and Analysis. Based upon this review and discussion, the Committee recommended to our Board of Directors that the Compensation Discussion and Analysis section be included in our Annual Report on Form 10-K.

Compensation Committee of the Board of Managers

Robert Kalsow-Ramos (Chairman)
Scott M. Kleinman
Samuel Feinstein

(1) SEC filings sometimes "incorporate information by reference." This means the Company is referring you to information that has previously been filed with the SEC, and that this information should be considered as part of the filing you are reading. Unless the Company specifically states otherwise, this report shall not be deemed to be incorporated by reference and shall not constitute soliciting material or otherwise be considered filed under the Securities Act or the Securities Exchange Act.

SUMMARY COMPENSATION TABLE

The following table provides information about the compensation of our Chief Executive Officer, Chief Financial Officer, our three next most highly compensated executive officers, and one former executive officer at December 31, 2016, whom we collectively refer to as our NEOs.

Name and Principal Position(a)	Year (b)	Salary ($) (c)	Bonus ($) (d) (1)	Stock Awards ($) (e)	Options Awards ($) (f)	Non-Equity Incentive Plan Compensation ($) (g) (2)	Change in Pension Value and Nonqualified Deferred Compensation Earnings ($) (h) (3)	All Other Compensation ($) (i) (4)	Total ($) (j)
Craig O. Morrison President and Chief Executive Officer	2016	850,000	3,803,750	—	—	208,505	18,847	139,874	5,020,976
	2015	976,606	4,775,000	—	—	998,909	4,142	91,967	6,846,624
	2014	1,102,500	—	—	—	525,286	147,243	71,421	1,846,450
George F. Knight Executive Vice President and Chief Financial Officer	2016	475,000	272,267	—	—	81,562	10,839	50,142	889,810
Joseph P. Bevilaqua Executive Vice President and Chief Operating Officer	2016	631,108	743,600	—	—	182,883	9,856	109,745	1,677,192
	2015	624,557	858,000	—	—	794,969	—	134,260	2,411,786
	2014	603,460	—	—	—	252,100	63,510	57,961	977,031
Nathan E. Fisher Executive Vice President, Global Procurement	2016	383,183	596,232	—	—	199,876	5,769	40,006	1,225,066
Douglas A. Johns Executive Vice President and General Counsel	2016	517,212	594,880	—	—	88,811	—	75,331	1,276,234
	2015	509,485	686,400	—	—	425,475	—	36,358	1,657,718
	2014	486,200	—	—	—	165,864	—	41,578	693,642
Judith A. Sonnett Former Executive Vice President, Human Resources	2016	227,141	876,733	—	—	115,661	—	1,893,711	3,113,246

(1) The amounts shown in column (d) for 2016 reflect amounts paid under the LTIP to each NEO.

(2) The amounts shown in column (g) for 2016 reflect the amounts earned under the 2016 ICP, based on performance achieved for 2016. The material terms of the 2016 ICP are described in the Compensation Discussion & Analysis above. Payments under the 2016 ICP will be made in April 2017.

(3) The amounts shown in column (h) reflect the net actuarial increase in the present value of benefits under the Hexion U.S. Pension Plan and the Hexion Supplemental Plan for Messrs. Morrison, Knight, Bevilaqua, Fisher and Ms. Sonnett. Mr. Johns is not a participant in these plans. In addition, the amounts shown for 2016 include above-market earnings in the Hexion Supplemental Plan and the Hexion SERP in the following amounts: $4,443 for Mr. Morrison, $824 for Mr. Knight, $1,915 for Mr. Bevilaqua, $332 for Mr. Fisher, and $420 for Ms. Sonnett. See the Pension Benefits Table below for additional information regarding our pension calculations, including the assumptions used for these calculations.

(4) The amounts shown in the All Other Compensation column for 2016 include: for Mr. Morrison: $139,874 of company contributions made or accrued to the defined contribution plans; for Mr. Knight: $50,142 of company contributions made or accrued to the defined contribution plans; for Mr. Bevilaqua: $97,267 of company contributions made or accrued to the defined contribution plans and tax gross-ups of $12,478; for Mr. Fisher: $40,006 of company contributions made or accrued to the defined contribution plans; for Mr. Johns: $65,072 of company contributions made or accrued to the defined contribution plans and tax gross-ups of $10,259; and for Ms. Sonnett: $16,978 of company contributions made or accrued to the defined contribution plans, and $1,876,733 pursuant to the 2014 award under the LTIP, which will be paid in April 2017.

GRANTS OF PLAN-BASED AWARDS

The following table presents information about grants of awards during the year ended December 31, 2016 under the 2016 ICP and the 2016 LTIP grants that are subject to performance-vesting conditions.

	Estimated Future Payouts Under Non-Equity Incentive Plan Awards		
Name (a)	**Threshold ($) (c)**	**Target ($) (d)**	**Maximum ($) (e)**
Craig O. Morrison			
2016 ICP	21,250	850,000	1,700,000
George F. Knight			
2016 ICP	8,313	332,500	665,000
LTIP	950,000	1,900,000	1,900,000
Joseph P. Bevilaqua			
2016 ICP	12,622	504,887	1,009,773
Nathan E. Fisher			
2016 ICP	6,869	274,771	549,541
LTIP	785,059	1,570,117	1,570,117
Douglas A. Johns			
2016 ICP	9,051	362,049	724,097
LTIP	1,034,425	2,068,850	2,068,850
Judith A. Sonnett			
2016 ICP	7,950	317,998	635,995

Narrative to Summary Compensation Table and Grants of Plan-Based Awards Table

Employment Agreements

The Company has employment agreements or employment letters with each of our NEOs, which provide for their terms of compensation, benefits, severance, and certain restrictive covenants. Details regarding the severance and restrictive covenant provisions are provided below under “Potential Payments upon a Termination or Change in Control.”

Mr. Johns’ Terms of Employment from May 2015 include relocation benefits under the Company’s relocation policy, the extension of the equity awards held by Mr. Johns in Hexion Holdings and agreement that the put/call rights and obligations related to the common units of Hexion Holdings equity purchased by Mr. Johns continue so long as he remains an employee of the Company. Mr. Johns will receive service credit for his prior years of service with MPM and GE for purposes of calculating his retirement benefits.

Pursuant to Ms. Sonnett’s terms of retirement, she received payment for accrued but unused vacation for the period from January 1 - June 30, 2016, the right to receive payment of any incentive bonus earned under the 2016 ICP prorated for the period January 1- June 30, 2016, and the right to receive in April 2017, payment of the remaining portion of the target award granted in 2014 under the LTIP. These payments are reflected in the Summary Compensation Table above. Additional details of her terms of retirement are described below under “Potential Payments upon a Termination or Change in Control.”

2016 Annual Incentive Compensation Plan (2016 ICP)

Information on the 2016 ICP targets, performance components, weightings, and payouts for each of our NEOs can be found in the Compensation Discussion and Analysis section of this Report.

2016 Long-Term Cash Incentive Awards (2016 Awards)

The LTIP awards made to Messrs. Knight, Fisher and Johns vest based upon service and performance metrics. For each of these NEOs, 25% of their target award is payable in July 2018 and another 25% in July 2020. The remaining 50% is payable upon the achievement over any four sequential fiscal quarters, of the EBITDA targets identified in the Compensation Discussion and Analysis above, so long as such EBITDA targets are maintained for one fiscal quarter following the achievement date. The measurement period for the achievement of the EBITDA targets begins July 1, 2016 and continues through year-end 2020. The NEOs must continue to be actively employed by the Company in order to receive any payout of this award.

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OUTSTANDING EQUITY AWARDS AT FISCAL YEAR-END

The following table presents information about outstanding and unexercised options and outstanding stock awards held by our NEOs at December 31, 2016. The securities underlying the awards are common units of Hexion Holdings, and the awards were granted under the 2004 Stock Plan, 2007 Long-Term Plan, the MPM 2007 Plan and the 2011 Equity Plan. See the Narrative to the Outstanding Equity Awards Table below for a discussion of these plans and the vesting conditions applicable to the awards.

	Option Awards					Stock Awards	
Name (a)	**Number of Securities Underlying Unexercised Options (#) Exercisable (b)**	**Number of Securities Underlying Unexer-cised Options (#) Unexercis-able (c)**	**Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Unearned Options (#) (d)**	**Option Exercise Price ($) (e)**	**Option Expiration Date (f)**	**Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights That Have Not Vested (#) (i)**	**Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested ($) (j) (1)**
Craig O. Morrison							
2004 Stock Plan: [2]							
Tranche A Options	301,514	—	—	6.22	12/31/2017	—	—
Tranche B Options	301,514	—	—	6.22	12/31/2017	—	—
2011 Equity Plan:							
2011 Grant:							
Tranche A Options [3]	290,501	—	—	4.85	2/23/2021	—	—
Tranche B Options [4]	—	—	145,250	4.85	2/23/2021	—	—
Tranche C Options [5]	—	—	145,250	4.85	2/23/2021	—	—
Tranche B RDUs [4]	—	—	—	—	—	48,417	21,303
Tranche C RDUs [5]	—	—	—	—	—	48,417	21,303
2013 Grant:							
Unit Options [6]	778,454	—	—	1.42	3/8/2023	—	—
RDUs [7]	—	—	—	—	—	614,691	270,464
George F. Knight							
2004 Stock Plan: [2]							
Tranche A Options	26,816	—	—	6.22	12/31/2017	—	—
Tranche B Options	26,816	—	—	6.22	12/31/2017	—	—
2011 Equity Plan:							
2011 Grant:							
Tranche A Options [3]	32,375	—	—	4.85	2/23/2021	—	—
Tranche B Options [4]	—	—	16,187	4.85	2/23/2021	—	—
Tranche C Options [5]	—	—	16,187	4.85	2/23/2021	—	—
Tranche B RDUs [4]	—	—	—	—	—	5,396	2,374
Tranche C RDUs [5]	—	—	—	—	—	5,396	2,374
2013 Grant:							
Unit Options [6]	35,044	—	—	1.42	3/8/2023	—	—
RDUs [7]	—	—	—	—	—	27,672	12,176
Joseph P. Bevilaqua							
2004 Stock Plan: [2]							
Tranche A Options	100,504	—	—	6.22	12/31/2017	—	—
Tranche B Options	100,504	—	—	6.22	12/31/2017	—	—
2011 Equity Plan:							
2011 Grant:							
Tranche A Options [3]	183,517	—	—	4.85	2/23/2021	—	—
Tranche B Options [4]	—	—	91,758	4.85	2/23/2021	—	—
Tranche C Options [5]	—	—	91,758	4.85	2/23/2021	—	—
Tranche B RDUs [4]	—	—	—	—	—	30,586	13,458
Tranche C RDUs [5]	—	—	—	—	—	30,586	13,458

Name (a)	Option Awards: Number of Securities Underlying Unexercised Options (#) Exercisable (b)	Option Awards: Number of Securities Underlying Unexer-cised Options (#) Unexercis-able (c)	Option Awards: Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Unearned Options (#) (d)	Option Awards: Option Exercise Price ($) (e)	Option Awards: Option Expiration Date (f)	Stock Awards: Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights That Have Not Vested (#) (i)	Stock Awards: Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested ($) (j) (1)
2013 Grant:							
Unit Options [6]	416,189	—	—	1.42	3/8/2023	—	—
RDUs [7]	—	—	—	—	—	328,635	144,599
Nathan E. Fisher							
2004 Stock Plan: [2]							
Tranche A Options	46,929	—	—	6.22	12/31/2017	—	—
Tranche B Options	46,929	—	—	6.22	12/31/2017	—	—
2011 Equity Plan:							
2011 Grant:							
Tranche A Options [3]	118,710	—	—	4.85	2/23/2021	—	—
Tranche B Options [4]	—	—	59,356	4.85	2/23/2021	—	—
Tranche C Options [5]	—	—	59,356	4.85	2/23/2021	—	—
Tranche B RDUs [4]	—	—	—	—	—	19,785	8,705
Tranche C RDUs [5]	—	—	—	—	—	19,785	8,705
2013 Grant:							
Unit Options [6]	244,906	—	—	1.42	3/8/2023	—	—
RDUs [7]	—	—	—	—	—	193,385	85,089
Douglas A. Johns							
2007 MPM Plan:							
Tranche A Options [9]	89,979	—	—	2.59	3/30/2017	—	—
Tranche B Options [10]	—	—	89,941	2.59	3/30/2017	—	—
Tranche C Options [10]	—	—	89,941	2.59	3/30/2017	—	—
2011 Equity Plan:							
2011 Grant:							
Tranche A Options [3]	60,480	—	—	4.85	2/23/2021	—	—
Tranche B Options [4]	—	—	30,240	4.85	2/23/2021	—	—
Tranche C Options [5]	—	—	30,240	4.85	2/23/2021	—	—
Tranche B RDUs [4]	—	—	—	—	—	10,080	4,435
Tranche C RDUs [5]	—	—	—	—	—	10,080	4,435
2013 Grant:							
Unit Options [6]	262,861	—	—	1.42	3/8/2023	—	—
RDUs [7]	—	—	—	—	—	207,563	91,328
Judith A. Sonnett							
2007 Long-Term Plan:							
Options [8]			18,000	10.81	12/31/2017		
2011 Equity Plan:							
2011 Grant:							
Tranche A Options [3]	229,944	—	—	4.85	2/23/2021	—	—
Tranche B Options [4]	—	—	114,971	4.85	2/23/2021	—	—
Tranche C Options [5]	—	—	114,971	4.85	2/23/2021	—	—
Tranche B RDUs [4]	—	—	—	—	—	38,324	16,863
Tranche C RDUs [5]	—	—	—	—	—	38,324	16,863
2013 Grant:							

Name (a)	Option Awards: Number of Securities Underlying Unexercised Options (#) Exercisable (b)	Number of Securities Underlying Unexer-cised Options (#) Unexercis-able (c)	Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Unearned Options (#) (d)	Option Exercise Price ($) (e)	Option Expiration Date (f)	Stock Awards: Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights That Have Not Vested (#) (i)	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested ($) (j) (1)
Unit Options 6	367,276	—	—	1.42	3/8/2023	—	—
RDUs 7	—	—	—	—	—	290,012	127,605

(1) Because equity interests in our ultimate parent, Hexion Holdings, are not publicly traded, there is no closing market price at the completion of the fiscal year. The market values shown in columns (h) and (j) are based on the value of a unit of Hexion Holdings as of December 31, 2016, as determined by Hexion Holdings' Board of Managers for management equity transaction purposes. In light of differences between the companies, including differences in capitalization, the value of a unit in Hexion Holdings does not necessarily equal the value of a share of the Company's common stock.

(2) The "Tranche A" options vested over five years. The "Tranche B" options vested on August 12, 2012, the eighth anniversary of the grant date.

(3) This award vested in four equal annual installments on each December 31st of 2011 through 2014.

(4) This award vests on the earlier to occur of (i) the two-year anniversary of the date that the common unit value is at least $10 following certain corporate transactions and (ii) six months following the date that the common unit value is at least $10 following certain change-in-control transactions.

(5) This award vests on the earlier to occur of (i) the one-year anniversary of the date that the common unit value is at least $15 following certain corporate transactions and (ii) six months following the date that the common unit value is at least $15 following certain change-in-control transactions.

(6) This award vested in four equal annual installments on each December 31st of 2013 through 2016.

(7) This award vests on the earlier to occur of (i) the one-year anniversary of the date that the common unit value is at least $3.50 following certain corporate transactions and (ii) six months following the date that the common unit value is at least $3.50 following certain change-in-control transactions.

(8) This award vests in percentages, from 50% to 100%, depending upon the internal rate of return realized by Apollo on its original investment in Hexion LLC following the occurrence of certain corporate transactions. A minimum return of 15% is required for vesting of 50% of the award, and 100% vesting occurs with the achievement of a return equal to 25%.

(9) This award time-vested over five years.

(10) The unvested Tranche B and C options vest on the earlier of (i) the date that Apollo realizes an internal rate of return of at least 20% and 25%, respectively, on its original investment in MPM Holdings and (ii) the date that Apollo achieves a minimum cash-on-cash return of 1.75 and 2.25 respectively, on its original investment in MPM Holdings.

Narrative to Outstanding Equity Awards Table

2011 Equity Plan

2011 Grant

On February 23, 2011, our NEOs received awards of RDUs and unit options in Hexion Holdings under the 2011 Equity Plan. The RDUs are non-voting units of measurement that are deemed for bookkeeping purposes to be equivalent to one common unit of Hexion Holdings. Of the RDUs and options granted in 2011, approximately 50% are "Tranche A RDUs" and options with time-based vesting (subject to acceleration in the event of certain change-in-control transactions) and approximately 50% are "Tranche B and C RDUs" and options with performance-based vesting.

The vesting terms of the RDUs and options described in footnotes 3-5 to the table above, in each case, are conditioned on the executive's continued employment through the vesting dates mentioned above, subject to certain exceptions. With respect to any RDUs that vest as a result of a corporate or change-in-control transaction, such RDUs will be delivered promptly following the vesting date, or a cash payment will be delivered in settlement thereof, depending on the type of transaction. The RDUs and unit options contain restrictions on transferability and other customary terms and conditions. For information on the vested awards, see the Narrative to the Nonqualified Deferred Compensation Table.

2013 Grant

On March 8, 2013, our NEOs received awards of performance-based RDUs of Hexion Holdings and options to purchase units of Hexion Holdings under the 2011 Equity Plan. The RDUs are non-voting units of measurement which are deemed for bookkeeping purposes to be equivalent to one common unit of Hexion Holdings.

The vesting terms of the unit options and RDUs described in footnotes 6 and 7 to the table above are each conditioned on the NEO's continued employment through the vesting dates specified above, subject to certain exceptions. With respect to any RDUs that vest as a result of a corporate or change-in-control transaction, such RDUs will be delivered promptly following the vesting date, or a cash payment will be delivered in settlement thereof, depending on the type of transaction. The unit options and RDUs contain restrictions on transferability and other customary terms and conditions.

OPTION EXERCISES AND STOCK VESTED

The Option Exercises and Stock Vested table is omitted since there were no such transactions for our NEOs during the year ended December 31, 2016.

PENSION BENEFITS

The following table presents information regarding the benefits payable to each of our NEOs at, following, or in connection with their retirement under the qualified and non-qualified defined benefit pension plans of Hexion as of December 31, 2016. The table does not provide information regarding the Company's qualified or non-qualified defined contribution plans. The amounts shown in the table for each participant represent the present value of the annuitized benefit and do not represent the actual cash value of a participant's account.

Name (a)	Plan Name (b)	Number of Years Credited Service (#) (c) (1)	Present Value of Accumulated Benefit ($) (d)	Payments During Last Fiscal Year ($) (e)
Craig O. Morrison	Hexion U.S. Pension Plan	7.27	125,255	—
	Hexion Supplemental Plan	6.78	543,370	—
George F. Knight	Hexion U.S. Pension Plan	12.23	186,517	—
	Hexion Supplemental Plan	11.74	90,874	—
Joseph P. Bevilaqua	Hexion U.S. Pension Plan	7.25	120,004	—
	Hexion Supplemental Plan	6.76	164,181	—
Nathan E. Fisher	Hexion U.S. Pension Plan	6.33	93,219	—
	Hexion Supplemental Plan	5.84	30,756	—
Douglas A. Johns (2)				
Judith A. Sonnett	Hexion U.S. Pension Plan	10.66	179,167	—
	Hexion Supplemental Plan	10.17	—	90,239

(1) The number of years of credited service set forth in column (c) reflects the number of years between the NEO's hire date and the plan freeze date, and is used to determine benefit accrual under the applicable plan.

(2) Mr. Johns does not participate in the Hexion U.S. Pension Plan or the Hexion Supplemental Plan.

Narrative to Pension Benefits Table

Hexion U.S. Pension Plan and Hexion Supplemental Plan

The benefits associated with the Hexion U.S. Pension Plan and Hexion Supplemental Plan were frozen June 30, 2009, and January 1, 2009, respectively. Although participants will continue to receive interest credits under the plans, no additional benefit credits will be provided. Prior to the freeze, the Hexion U.S. Pension Plan provided benefit credits equal to 3% of earnings to the extent that this credit does not exceed the Social Security wage base for the year plus 6% of eligible earnings in excess of the social security wage base to covered U.S. associates, subject to the IRS-prescribed limit applicable to tax-qualified plans.

The Hexion Supplemental Plan provided non-qualified pension benefits in excess of allowable limits for the qualified pension plans. The benefit formula mirrored the qualified Hexion U.S. Pension Plan but applied only to eligible compensation above the federal limits for qualified plans. The accrued benefits are unfunded and are paid from our general assets upon the participant's termination of employment with the Company.

Under both the Hexion U.S. Pension Plan and Hexion Supplemental Plan, eligible earnings included annual incentive awards that were paid currently, but excluded any long-term incentive awards. Historically, the accrued benefits earned interest credits based on one-year Treasury bill rates until the participant begins to receive benefit payments. Effective January 1, 2012, the plans were amended to provide a minimum interest crediting rate of 300 basis points. The interest rate determined under the plan for fiscal 2016 was 3.0%. Participants vest after the completion of three years of service.

Messrs. Morrison, Knight and Bevilaqua are each currently eligible for early retirement under the Hexion U.S. Pension Plan, each having met the eligibility criteria of having reached age 55 with 10 years of service with the Company.

For a discussion of the assumptions applied in calculating the benefits reported in the table above, please see Note 10 to our Consolidated Financial Statements included in Part II of Item 8 in this Annual Report on Form 10-K.

NONQUALIFIED DEFERRED COMPENSATION

The following table presents information with respect to each defined contribution or other plan that provides for the deferral of compensation on a basis that is not tax-qualified.

Name (a)	Executive Contributions in Last FY ($) (b)	Registrant Contributions in Last FY ($) (c)	Aggregate Earnings (Loss) in Last FY ($) (d)	Aggregate Withdrawals/ Distributions ($) (e)	Aggregate Balance at Last FYE ($) (f)
Craig O. Morrison					
Hexion Supplemental Plan	—	—	28,014	—	955,455
Hexion SERP [1]	—	63,704	8,814	—	335,697
Hexion 2004 DC Plan [2]	—	—	(101,309)	—	106,133
George F. Knight					
Hexion Supplemental Plan	—	—	5,632	—	192,078
Hexion SERP [1]	—	11,258	1,251	—	48,840
Hexion 2004 DC Plan [2]	—	—	(9,010)	—	9,439
Joseph P. Bevilaqua					
Hexion Supplemental Plan	—	—	10,988	—	374,762
Hexion SERP [1]	—	31,647	4,375	—	166,659
Hexion 2004 DC Plan [2]	—	—	(33,769)	—	35,377
Nathan E. Fisher					
Hexion Supplemental Plan	—	—	786	—	26,806
Hexion SERP [1]	—	11,636	1,100	—	43,867
Hexion 2004 DC Plan [2]	—	—	(15,768)	—	16,519
Douglas A. Johns					
Hexion SERP [1]	—	3,525	50	—	3,575
Judith A. Sonnett					
Hexion Supplemental Plan	—	—	1,721	(83,913)	891
Hexion SERP [1]	—	17,913	2,006	—	78,232

(1) The amount shown in column (c) for the Hexion SERP is included in the All Other Compensation column of the Summary Compensation Table for 2014. These amounts were earned in 2015 and credited to the accounts by Hexion in 2016.

(2) The amount shown in column (f) is based on the number of vested units multiplied by the value of a common unit of Hexion Holdings on December 31, 2016, as determined by Hexion Holdings' Board of Managers for management equity purposes.

Narrative to the Nonqualified Deferred Compensation Table

Hexion Supplemental Plan

Effective January 1, 2009, the benefits associated with this plan were frozen. This plan provided supplemental retirement benefits in the form of voluntary associate deferral opportunities and employer match on compensation earned above the IRS limit on qualified plans. The Hexion Supplemental Plan benefits are unfunded and paid from our general assets upon the associate's termination of employment. Effective January 1, 2016, interest credits are made to the participants' accounts at an interest rate determined by the Company, which has been defined as the greater of (i) the rate in the fixed income fund of the 401(k) Plan and (ii) 3%.

Hexion SERP

The Company adopted the Hexion SERP in 2011 to provide certain of its executives and other highly compensated associates, including our NEOs, an annual contribution of 5% of eligible earnings above the maximum limitations set by the IRS for contributions to a qualified defined contribution plan. Under the Hexion SERP, an unfunded non-qualified plan, eligible earnings are limited to base salary and amounts earned under the Company's annual incentive compensation plan. Account credits are made to the plan during the third quarter of each year. Interest credits are provided in participants' SERP accounts at an interest rate determined by the Company. Effective January 1, 2016, the interest rate determined by the Company is the greater of (i) the rate in the fixed income fund of the 401(k) Plan and (ii) 3%. This deferred compensation is paid six months following termination of employment.

Hexion 2004 DC Plan

In 2004, in connection with Apollo's acquisition of the Company, Messrs. Morrison, Knight, Bevilaqua and Fisher deferred the receipt of compensation and were credited with a number of deferred stock units (DCUs) in Hexion LLC equal in value to the amount of compensation deferred. At December 31, 2016, the number of DCUs credited to the NEOs were: Mr. Morrison - 241,211; Mr. Knight - 21,453; Mr. Bevilaqua - 80,403, and Mr. Fisher - 37,543. The 2004 DC Plan is an unfunded plan. Any cash or units distributed pursuant to the 2004 DC Plan are distributable only upon a termination of employment or retirement. Messrs. Morrison, Knight, Bevilaqua and Fisher each has a put right which can be exercised upon his termination of employment to require the Company to pay him the then market value of the DCUs credited to his account. If the put right is not exercised, the NEO will be issued units in Hexion Holdings.

POTENTIAL PAYMENTS UPON TERMINATION OR CHANGE-IN-CONTROL

The Company has employment agreements or letters with Messrs. Morrison, Knight, Bevilaqua, and Johns. In addition, the Company entered into a letter agreement with Ms. Sonnett at the time of her retirement on July 1, 2016. The section below describes the payments that may be made to our Named Executive Officers upon separation, pursuant to these individual agreements, applicable corporate practices, or in connection with a change in control. For payments made upon a retirement, other than in connection with a separation or change in control, also see the discussion in the Pension Benefits and Nonqualified Deferred Compensation tables and related narratives above.

Severance/Termination Payments

The employment agreements with Messrs. Morrison and Bevilaqua provide that if the executive's employment is terminated by the Company without cause or the executive resigns for good reason (as defined in his employment agreement), the Company will provide him with continued base salary for 18 months and a lump sum payment equal to the estimated cost for the executive to continue COBRA coverage for 18 months. In addition, any accrued but unpaid compensation through the termination date (such as accrued but unpaid base salary, earned but unpaid bonus, and accrued and unused vacation) will be paid in a lump-sum payment at the time of termination. The employment agreements also contain an agreement to not disclose non-public information; an agreement not to compete with the Company during the severance period, or, in the case of a termination by the Company for cause or by the executive without good reason, for 12 months following the date he ceases receiving any payments from the Company related to salary, bonus or severance; and a non-solicitation agreement for an additional year beyond the date he ceases receiving any payment from the Company related to salary, bonus or severance.

Under Mr. Knight's terms of employment, he would receive 18 months of continued base salary if his employment is terminated through no fault of his own. In addition to agreeing to not disclose non-public information, pursuant to the Management Investor Rights Agreement under the 2011 Equity Plan Mr. Knight has agreed not to compete with the Company during the period he receives severance payments from the Company and not to solicit Company associates for one year following the date he ceases receiving severance payments from the Company.

Under Mr. Johns' terms of employment, he would receive 18 months of continued base salary if his employment is terminated by the Company without cause. In addition to agreeing to not disclose non-public information, pursuant to the Management Investor Rights Agreement under the 2011 Equity Plan, Mr. Johns has agreed not to compete with the Company during the period he receives severance payments from the Company and not to solicit Company associates for one year following the date he ceases receiving severance payments from the Company. Upon termination by the Company without cause or resignation for good reason, Mr. Johns has a right to require the Company to repurchase his Hexion Holdings units for their original cost, under the MPM 2007 Plan, as shown in the table below.

Under applicable corporate severance guidelines based upon his position and length of service with the Company, Mr. Fisher would be entitled to continued base salary payments for 52 weeks in the event his employment is terminated without cause. Severance payments under such guidelines are conditioned upon compliance with non-competition and non-solicitation covenants. In addition to agreeing to not disclose non-public information, pursuant to the Management Investor Rights Agreement under the 2011 Equity Plan Mr. Fisher has agreed not to compete with the Company during the period he receives severance payments from the Company and not to solicit Company associates for one year following the date he ceases receiving severance payments from the Company.

Retirement Payments

In July 2016, Ms. Sonnett retired from the Company. Pursuant to an agreement at the time of her retirement, Ms. Sonnett received, or is entitled to receive, the following payments and benefits: (i) payment for accrued but unused vacation for the period from January 1 - July 1, 2016, (ii) payment of the incentive bonus earned under the 2016 ICP prorated for the period January 1- July 1, 2016, in the amount of $115,661 (iii) payment of the remaining portion of the target 2014 award under the LTIP in April 2017, in the amount of $1,876,333, and (iii) issuance of 6,000 units of Hexion Holdings granted to Ms. Sonnett under the 2007 Long-Term Plan which were vested but not distributable until the occurrence of a termination of employment or retirement. The Company also waived the termination of Ms. Sonnett's unvested equity awards to allow them to continue to vest through their scheduled vesting dates and waived the expiration of her vested equity awards to allow them to remain exercisable through December 31, 2020, subject to earlier cancellation in accordance with the applicable plan terms.

The following table describes payments our NEOs (other than Ms. Sonnett) would have received had the individual's employment been terminated by the Company without cause, or in the case of Messrs. Morrison and Bevilaqua, by the executive for good reason, as of December 31, 2016.

Name	Cash Severance ($) (1)	Estimated Value of Benefits ($) (2)	2016 ICP ($) (3)	MPM 2007 Plan ($)
Craig O. Morrison	1,275,000	40,631	208,505	—
George F. Knight	712,500	9,565	81,562	—
Joseph P. Bevilaqua	946,662	28,386	182,883	—
Nathan E. Fisher	392,529	14,502	199,876	—
Douglas A. Johns	775,819	15,160	88,811	250,000

(1) This column reflects cash severance payments due under the NEO's employment agreement, or under the applicable severance guidelines of the Company, as described above, based on salary as of December 31, 2016.

(2) This column reflects the estimated value of health care benefits and outplacement services. Under the Company's severance guidelines, each NEO would be entitled to 12 months of executive outplacement services in the event of a termination through no fault of his own. The values are based upon the Company's estimated cost of providing such benefits as of December 31, 2016.

(3) This column reflects the amount earned by each executive under the 2016 ICP, which would be paid if he or she was employed on December 31, 2016, but incurred a termination of employment by the Company without cause (or in the case of Messrs. Morrison and Bevilaqua, by the executive for good reason) prior to payment. The incentive payment would be forfeited if the executive resigns (in the case of Messrs. Morrison and Bevilaqua, without good reason) or incurs a termination of employment by the Company for cause prior to payment.

In addition to these benefits, our NEOs would also generally be entitled to receive the benefits set forth above in the Pension Benefits Table and Nonqualified Deferred Compensation Table following a termination of employment for any reason.

Change-in-Control Payments

As noted above in the Narrative to the Outstanding Equity Awards Table, our NEOs will be entitled to accelerated vesting of their outstanding unvested equity awards under the 2011 Equity Plan in connection with certain corporate transactions or change-in-control transactions. In addition, under the 2016 LTIP Awards, the service components of the awards would be deemed satisfied upon a change-in-control transaction but the performance conditions would not be accelerated. The exercise prices of all of the options held by our NEOs at December 31, 2016, exceeded the year-end unit value as determined by the Hexion Holdings' Board of Managers for management equity purposes.

DIRECTOR COMPENSATION

The following table presents information regarding the compensation earned by or paid to our directors during 2016 (other than our directors who are also NEOs) for service on our Board of Directors or the Board of Managers of Hexion Holdings during the year.

Name (a)	Fees Earned or Paid in Cash ($) (b) (1)	Total ($) (h)
Samuel Feinstein (2)	33,774	33,774
William H. Joyce	87,000	87,000
Robert Kalsow-Ramos	91,000	91,000
Scott M. Kleinman	87,000	87,000
Geoffrey A. Manna	88,000	88,000
Jonathan Rich	86,000	86,000
David B. Sambur (2)	69,250	69,250
Marvin O. Schlanger	89,000	89,000

(1) The amount shown in column (b) reflects the total fees earned or paid.

(2) Mr. Feinstein joined the Board of Managers when Mr. Sambur resigned, on November 2, 2016.

Narrative to the Director Compensation Table

Each of our directors who is not an associate or officer of the Company receives an annual retainer of $75,000 payable quarterly in advance. In addition, each such director receives $2,000 for each meeting of the Board or a committee of the Board that he attends in person and $1,000 for attending teleconference meetings or for participating in regularly scheduled in-person meetings via teleconference.

During 2016, there were no stock or option awards granted to directors, and there are no outstanding, unvested stock awards held by these directors. The aggregate number of unexercised option awards held by our directors at December 31, 2016 is shown in the following table.

Director	Unexercised Option Awards	Vested (#)
Samuel Feinstein	—	—
William H. Joyce	127,103	127,103
Robert Kalsow-Ramos	—	—
Scott M. Kleinman	213,850	185,709
Geoffrey A. Manna	—	—
Jonathan Rich	2,941,385	1,013,795
David B. Sambur	50,000	50,000
Marvin O. Schlanger	405,470	405,470

COMPENSATION COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION

Messrs. Feinstein, Kalsow-Ramos and Kleinman, whose names appear on the Compensation Committee Report above, are employed by Apollo Management, L.P., our indirect controlling shareholder. Neither of these directors is or has been an executive officer of the Company. None of our executive officers served as a director or a member of a compensation committee (or other committee serving an equivalent function) of any other entity, the executive officers of which served as a director or member of our Compensation Committee during the fiscal year ended December 31, 2016.

ITEM 12 - SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

Hexion Holdings is our ultimate parent company and indirectly owns 100% of our capital stock. The following table sets forth information regarding the beneficial ownership of Hexion Holdings common units, as of March 1, 2017, and shows the number of units and percentage owned by:

- each person known to beneficially own more than 5% of the common units of Hexion Holdings;
- each of Hexion's 2016 Named Executive Officers;
- each current member of the Board of Managers of Hexion Holdings; and
- all of the executive officers and current members of the Board of Managers of Hexion Holdings as a group.

As of March 1, 2017, Hexion Holdings had 308,707,298 common units issued and outstanding. The amounts and percentages of common units beneficially owned are reported on the basis of regulations of the SEC governing the determination of beneficial ownership of securities. Under the rules of the SEC, a person is deemed to be a "beneficial owner" of a security if that person has or shares "voting power," which includes the power to vote or to direct the voting of such security, or "investment power," which includes the power to dispose of or to direct the disposition of such security. A person is also deemed to be a beneficial owner of any securities of which that person has a right to acquire beneficial ownership within 60 days. Under these rules, more than one person may be deemed a beneficial owner of the same securities and a person may be deemed a beneficial owner of securities as to which he has no economic interest. Except as otherwise indicated in the footnotes below, each of the beneficial owners has, to our knowledge, sole voting and investment power with respect to the indicated common units, and has not pledged any such units as security.

	Beneficial Ownership of Equity Securities	
Name of Beneficial Owner	**Amount of Beneficial Ownership**	**Percent of Class**
Apollo Funds [1]	278,426,128	86.7%
ASF Radio, L.P. [2]	25,491,297	7.9%
Geoffrey A. Manna [3]	—	*
Scott M. Kleinman [4] [5]	185,709	*
Samuel Feinstein [4] [5]	—	*
William H. Joyce [5] [6]	127,103	*
Robert Kalsow-Ramos [4]	—	*
Jonathan D. Rich [7]	1,495,692	*
Marvin O. Schlanger [8]	1,027,068	*
Craig O. Morrison [9] [12]	1,768,816	*
George F. Knight [10] [12]	131,842	*
Joseph P. Bevilaqua [11] [12]	861,886	*
Nathan E. Fisher [12] [13]	497,045	*
Douglas A. Johns [12] [14]	529,860	*
Judith A. Sonnett [12] [15]	679,867	*
All Managers and Executive Officers as a group [16]	8,091,384	2.5%

* less than 1%

(1) Represents (i) 102,454,557 common units held of record by Apollo Investment Fund VI, L.P. ("AIF VI"); (ii) 94,365,980 common units held of record by AP Momentive Holdings LLC ("AP Momentive Holdings"); (iii) 75,154,788 common units held of record by AIF Hexion Holdings, L.P. ("AIF Hexion Holdings"); and (iv) 6,450,803 common units held of record by AIF Hexion Holdings II, L.P. ("AIF Hexion Holdings II," and together with AIF VI, AP Momentive Holdings and AIF Hexion Holdings, the "Apollo Funds"). The amount reported as beneficially owned does not include common units held or beneficially owned by certain of the directors, executive officers and other members of our management or of Momentive Holdco, for which the Apollo Funds and their affiliates have voting power and the power to cause the sale of such shares under certain circumstances.

Apollo Advisors VI, L.P. ("Advisors VI") is the general partner of AIF VI, and Apollo Capital Management VI, LLC ("ACM VI") is the general partner of Advisors VI. AIF IV Hexion GP, LLC ("AIF IV Hexion GP") and AIF V Hexion GP, LLC ("AIF V Hexion GP") are the general partners of AIF Hexion Holdings. AIF Hexion Holdings II GP, LLC ("Hexion Holdings II GP") is the general partner of AIF Hexion Holdings II. Apollo Investment Fund IV, L.P. and its parallel investment vehicle (collectively, the "AIF IV Funds") are the members of AIF IV Hexion GP. Apollo Advisors IV, L.P. ("Advisors IV") is the general partner or managing general partner of each of the AIF IV Funds, and Apollo Capital Management IV, Inc. ("ACM IV") is the general partner of Advisors IV. Apollo Investment Fund V, L.P. and its parallel investment vehicles (collectively, the "AIF V Funds") are the members of AIF V Hexion GP and of Hexion Holdings II GP. Apollo Advisors V, L.P. ("Advisors V") is the general partner, managing general partner or managing limited partner of each of the AIF V Funds, and Apollo Capital Management V, Inc. ("ACM V") is the general partner of Advisors V. Apollo Principal Holdings I, L.P. ("Principal Holdings I") is the sole stockholder or sole member, as applicable, of each of ACM IV, ACM V and ACM VI. Apollo Principal Holdings I GP, LLC ("Principal Holdings I GP") is the general partner of Principal Holdings I.

Apollo Management VI, L.P. (“Management VI”) is the manager of AP Momentive Holdings, and AIF VI Management, LLC (“AIF VI LLC”) is the general partner of Management VI. Apollo Management IV, L.P. (“Management IV”) is the manager of each of the AIF IV Funds. Apollo Management V, L.P. (“Management V”) is the manager of each of the AIF V Funds, and AIF V Management, LLC (“AIF V LLC”) is the general partner of Management V. Apollo Management, L.P. (“Apollo Management”) is the managing general partner of Management IV and the sole member and manager of AIF V LLC and AIF VI LLC. Apollo Management GP, LLC (“Management GP”) is the general partner of Apollo Management. Apollo Management Holdings, L.P. (“Management Holdings”) is the sole member and manager of Management GP, and Apollo Management Holdings GP, LLC (“Management Holdings GP”) is the general partner of Management Holdings.

Leon Black, Joshua Harris and Marc Rowan are the managers of each of Management Holdings GP and Principal Holdings I GP, as well as executive officers of Management Holdings GP, and as such may be deemed to have voting and dispositive control of the common units held of record by the Apollo Funds. The address of each of the Apollo Funds, AIF IV Hexion GP, AIF V Hexion GP, the AIF IV Funds, Advisors IV, ACM IV, the AIF V Funds, Advisors V, ACM V, Advisors VI, ACM VI, Principal Holdings I and Principal Holdings I GP is One Manhattanville Road, Suite 201, Purchase, New York 10577. The address of each of Management IV, Management V, AIF V LLC, Management VI, AIF VI LLC, Apollo Management, Management GP, Management Holdings, Management Holdings GP, and Messrs. Black, Harris and Rowan, is 9 West 57th Street, 43rd Floor, New York, New York 10019.

(2) Includes 6,003,363 shares issuable upon exercise of a warrant issued on December 4, 2006. Also includes 77,103 common units issuable upon the exercise of an option that is currently exercisable. The address of ASF Radio, L.P. is 1370 Avenue of the Americas, New York, New York 10019.

(3) The address for Mr. Manna is 8400 SW 54th Ave. Miami, FL 33143.

(4) The address for Messrs Kleinman, Sambur and Kalsow-Ramos is c/o Apollo Management L.P., 9 West 57th Street, New York, New York 10019.

(5) Represents common units issuable upon the exercise of options currently exercisable, or exercisable by April 30, 2016.

(6) The address for Dr. Joyce is c/o Advanced Fusion Systems LLC, 11 Edmond Road, Newtown, CT 06470.

(7) Includes 1,013,795 common units issuable upon the exercise of options currently exercisable or exercisable by April 30, 2017. The address for Dr. Rich is c/o Berry Plastics Corporation, 101 Oakley Street, Evansville, IN 47710.

(8) Includes 405,470 common units issuable upon the exercise of options currently exercisable or exercisable by April 30, 2017. The address for Mr. Schlanger is c/o Cherry Hill Chemical Investments, One Greentree Centre, 10000 Lincoln Drive East, Suite 201, Marlton, NJ 08053.

(9) Includes 1,671,983 common units issuable upon the exercise of options currently exercisable or exercisable by April 30, 2017. Does not include 241,211 vested deferred units credited to Mr. Morrison’s account.

(10) Includes 121,051 common units issuable upon the exercise of options currently exercisable or exercisable by April 30, 2017. Does not include 21,453 vested deferred units credited to Mr. Knight’s account.

(11) Includes 800,714 common units issuable upon the exercise of options currently exercisable or exercisable by April 30, 2017. Does not include 80,403 vested deferred units credited to Mr. Bevilaqua’s account.

(12) The address for Messrs. Morrison, Knight, Bevilaqua, Fisher, Johns and Ms. Sonnett is c/o Hexion Inc., 180 E. Broad St., Columbus, Ohio 43215.

(13) Includes 457,474 common units issuable upon the exercise of options currently exercisable or exercisable by April 30, 2017. Does not include 37,543 vested deferred units credited to Mr. Fisher’s account.

(14) Includes 413,320 common units issuable upon the exercise of options currently exercisable or exercisable by April 30, 2017.

(15) Includes 597,220 common units issuable upon the exercise of options currently exercisable or exercisable by April 30, 2017.

(16) Includes 6,507,032 common units issuable upon the exercise of options granted to our directors and executive officers that are currently exercisable or exercisable by April 30, 2017. Does not include 418,153 of vested deferred common stock units.

We have no compensation plans that authorize issuing our common stock to employees or non-employees. In addition, there have been no sales or repurchases of our equity securities during the past fiscal year. However, we and our direct and indirect parent companies have in the past issued and may issue from time to time equity awards to our employees and directors that are denominated in or based upon the common units of our direct or ultimate parent. As the awards were granted in exchange for service to us these awards are included in our consolidated financial statements. For a discussion of these equity plans see Note 11 in Item 8 of Part II and Item 11 of Part III of this Annual Report on Form 10-K.

ITEM 13 - CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

Review, Approval or Ratification of Transactions with Related Persons

We have a written Statement of Policy and Procedures Regarding Related Person Transactions that has been adopted by our Board of Directors.

The policy requires the Company to establish and maintain procedures for identifying potential or existing transactions between the Company and related persons. The policy generally adopts the definitions of “related person” and “transaction” set forth in Regulation S-K Item 404 under the Securities Act of 1933 and the Securities Exchange Act of 1934.

The types of transactions that are covered by our policy include financial and other transactions, arrangements or relationships in which the Company or any of its subsidiaries is a participant and in which a related person has a direct or indirect material interest, where the amount involved exceeds $75,000.

Related persons include directors and director nominees, executive officers, shareholders beneficially owning more than 5% of the Company’s voting stock, and immediate family members of any of the previously described persons. A related person could also be an entity in which a director, executive officer or 5% shareholder is an employee, general partner or 5% shareholder.

Transactions identified by management that are between the Company and a related person that involve amounts exceeding $75,000 will be reviewed by the Board of Directors, the Audit Committee, or another appropriate committee of the Board of Directors. In certain situations, the Board or a committee may delegate authority to an individual Board member to review related person transactions.

Under the policy, the Board of Directors or a committee of the Board of Directors is directed to approve only those related person transactions that are determined by them in good faith to be in, or not inconsistent with, the best interest of the Company and its shareholders. In making this determination, all available, relevant facts and circumstances will be considered, including the benefits to the Company; the impact of the transaction on the related person’s independence; the availability of other sources of comparable products or services; the terms of the transaction; and the terms available to unrelated third parties or to employees in general.

Our policy recognizes that there are situations where related person transactions may be in, or may not be inconsistent with, the best interests of the Company and its shareholders, especially while we are a “controlled company.”

There were no material related person transactions where our policies and procedures did not require review, approval or ratification or where such policies and procedures were not followed.

Related Transactions

Management Consulting Agreement

We are subject to an Amended and Restated Management Consulting Agreement with Apollo (the “Management Consulting Agreement”) that renews on an annual basis, unless notice to the contrary is given by either party. Under the Management Consulting Agreement, we receive certain structuring and advisory services from Apollo and its affiliates. The Management Consulting Agreement provides indemnification to Apollo, its affiliates and their directors, officers and representatives for potential losses arising from these services. Apollo is entitled to an annual fee equal to the greater of $3 million or 2% of our Adjusted EBITDA. Apollo elected to waive charges of any portion of the annual management fee due in excess of $3 million for the year ended December 31, 2016. During the year ended December 31, 2016, we recognized an expense under the Management Consulting Agreement of $3 million. The Management Consulting Agreement also provides for a lump-sum settlement equal to the net present value of the remaining annual management fees payable under the remaining term of the agreement in connection with a sale or initial public offering by us.

Shared Services Agreement and Other Agreements with MPM and its Subsidiaries

On October 1, 2010, we entered into a shared services agreement with MPM, as amended in October 2014 (the “Shared Services Agreement”). Under this agreement, we provide to MPM, and MPM provides to us, certain services, including, but not limited to, executive and senior management, administrative support, human resources, information technology support, accounting, finance, legal and procurement services. The Shared Services Agreement establishes certain criteria upon which the costs of such services are allocated between the parties. Service costs in 2016 were allocated 56% to us and 44% to MPM, except to the extent that 100% of any cost was demonstrably attributable to or for the benefit of either MPM or us, in which case the total cost was allocated 100% to such party. The scope of services and the allocation percentage is reviewed at least annually. The Shared Services Agreement remains in effect until terminated according to its terms. Either party may terminate the agreement for convenience, without cause, by giving written notice not less than 30 days prior to the effective date of termination.

Pursuant to this agreement, during the year ended December 31, 2016, we incurred approximately $63 million of net costs for shared services and MPM incurred approximately $50 million of net costs for shared services. Included in the net costs incurred during the year ended December 31, 2016 were net billings from us to MPM of $30 million. These net billings were made to bring the percentage of total net incurred costs for shared services under the Shared Services Agreement to 56% for us and 44% for MPM, as well as to reflect costs allocated 100% to one party. We had accounts receivable from MPM of $5 million as of December 31, 2016, and no accounts payable to MPM.

We also sell products to, and purchase products from, MPM. We sold less than $1 million of products to MPM during 2016, and we purchased $1 million of products from MPM. As of December 31, 2016, we had less than $1 million of accounts receivable from MPM and less than $1 million of accounts payable to MPM related to these agreements.

Purchases and Sales of Products and Services with Affiliates Other than MPM

We sell products to various Apollo affiliates other than MPM. These sales were $6 million for the year ended December 31, 2016. Accounts receivable from these affiliates were less than $1 million at December 31, 2016. We also purchase raw materials and services from various Apollo affiliates other than MPM. These purchases were $1 million for the year ended December 31, 2016. We had accounts payable to these affiliates of less than $1 million at December 31, 2016.

Other Transactions and Arrangements

We sell finished goods to, and purchase raw materials from, HA-International, LLC ("HAI"), a former foundry joint venture between us and HA-USA Inc. ("HA-USA"). We also provide toll-manufacturing and other services to HAI. On May 31, 2016, we sold our 50% investment in HAI to HA-USA (see Note 12 in Item 8 of Part II of this Annual Report on Form 10-K), and as of June 1, 2016, HAI is no longer a related party. Previous to this sale, our investment in HAI was recorded under the equity method of accounting, and the related sales and purchases were not eliminated from our Consolidated Financial Statements. However, any profit on these transactions was eliminated in our Consolidated Financial Statements to the extent of our 50% interest in HAI.

Sales and services provided to HAI were $26 million for the year ended December 31, 2016. Purchases from HAI were $4 million for the year ended December 31, 2016. Additionally, HAI declared dividends to us of $4 million during the year ended December 31, 2016. No amounts remain outstanding related to previously declared dividends as of December 31, 2016.

In February 2013, we resolved a dispute with HAI regarding the prices HAI paid to us for raw materials used to manufacture dry and liquid resins. As part of the resolution, we will provide discounts to HAI on future purchases of dry and liquid resins totaling $16 million over a period of three years. During the year ended December 31, 2016, we issued $1 million of discounts to HAI under this agreement. As of December 31, 2016, no amounts remained outstanding under this agreement.

We sell products and provide services to, and purchase products from, our other joint ventures which are recorded under the equity method of accounting. These sales were $17 million for the year ended December 31, 2016. Accounts receivable from these joint ventures were $7 million at December 31, 2016. These purchases were $13 million for the year ended December 31, 2016. We had accounts payable to these joint ventures of $1 million at December 31, 2016.

We had a loan receivable of $6 million and royalties receivable of $2 million from our unconsolidated forest products joint venture in Russia as of December 31, 2016.

In April 2014, we purchased 100% of the interests in MPM's Canadian subsidiary for a purchase price of approximately $12 million. As a part of the transaction we also entered into a non-exclusive distribution agreement with a subsidiary of MPM, whereby we will act as a distributor of certain of MPM's products in Canada. The agreement has a term of 10 years, and is cancelable by either party with 180 days' notice. We are compensated for acting as distributor at a rate of 2% of the net selling price of the related products sold. During the year ended December 31, 2016, we purchased approximately $26 million of products from MPM under this distribution agreement, and earned $1 million from MPM as compensation for acting as distributor of the products. As of December 31, 2016, we had $2 million of accounts payable to MPM related to the distribution agreement.

Director Independence

We and Hexion Holdings have no securities listed for trading on a national securities exchange or in an automated inter-dealer quotation system of a national securities association which has requirements that a majority of our Board of Directors or Board of Managers be independent. However, for purposes of complying with the disclosure requirements of the Securities and Exchange Commission, we and Hexion Holdings have adopted the definition of independence used by the New York Stock Exchange. Under the New York Stock Exchange's definition of independence, Messrs. Joyce and Manna are independent.

ITEM 14 - PRINCIPAL ACCOUNTING FEES AND SERVICES

PricewaterhouseCoopers LLP (“PwC”) is the Company’s principal accounting firm. The following table sets forth the fees billed by PwC to the Company in 2016 and 2015 (in millions):

	PwC	
	2016	**2015**
Audit fees [(1)]	$ 4.7	$ 5.4
Audit-related fees [(2)]	2.5	0.2
Tax fees [(3)]	0.4	0.3
Other fees [(4)]	0.8	0.1
Total	$ 8.4	$ 6.0

(1) **Audit Fees:** This category includes fees and expenses billed by PwC for the audits of the Company’s financial statements and for the reviews of the financial statements included in the Company’s Quarterly Reports on Form 10-Q. This category includes audit fees and expenses for engagements performed at U.S. and international locations, including stand-alone audits of Hexion International Holdings Cooperatief U.A. for the fiscal years ended December 31, 2016 and 2015.

(2) **Audit-Related Fees:** This category includes fees and expenses billed by PwC for assurance and related services that are reasonably related to the performance of the audit or review of the Company’s financial statements. This category includes fees for the reviews of SEC registration statements and other SEC reporting services as well as audit fees for other stand-alone financial statements of certain entities of the registrant.

(3) **Tax Fees:** This category includes fees and expenses billed by PwC for domestic and international tax compliance and planning services and tax advice.

(4) **Other Fees:** This category includes other fees billed for non-recurring work, related to transactions, due diligence or other one-time services.

Pre-Approval Policy and Procedures

Under a policy adopted by the Audit Committee, all audit and non-audit services provided by our principal accounting firms must be pre-approved by the Audit Committee or a member designated by the Audit Committee. All services pre-approved by the designated member are reported to the full Audit Committee at its next regularly scheduled meeting. The pre-approval of audit and non-audit services may be made at any time up to a year before the commencement of the specified service. Under the policy, the Company is prohibited from using its principal accounting firms for certain non-audit services, the list of which is based upon the list of prohibited activities in the SEC’s rules and regulations. Pursuant to the pre-approval provisions set forth above, the Audit Committee approved all services related to the Audit Fees described in (1) above.

PART IV

ITEM 15 - EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

(1) Consolidated Financial Statements – The financial statements and related notes of Hexion Inc., and the reports of independent registered public accounting firms are included at Item 8 of this report.

(2) Financial Statement Schedules – Schedule II – Valuation and Qualifying Accounts and Reserves. Also included are the financial statements and related notes of Hexion International Holdings Cooperatief U.A., as its securities collateralize the Company's securities that have been registered, as defined by Rule 3-16 of Regulation S-X under the Securities Act of 1933, and the reports of independent registered public accounting firms. All other schedules are omitted because they are not applicable or not required, or because that required information is shown in either the Consolidated Financial Statements or in the notes thereto.

(3) Exhibits Required by SEC Regulation S-K – The following Exhibits are filed herewith or incorporated herein by reference:

		Incorporated by Reference				
Exhibit Number	Exhibit Description	Form	File Number	Exhibit	Filing Date	Filed Herewith
2.1†	Transaction Agreement dated as of April 22, 2005 among RPP Holdings, Resolution Specialty Materials Holdings LLC, BHI Acquisition Corp., BHI Merger Sub One, BHI Merger Sub Two Inc. and Borden Chemical Inc.	S-1/A	333-124287	2.1	7/15/2005	
2.2†	SOC Resins Master Sale Agreement dated July 10, 2000 among Shell Oil Company, Resin Acquisition, LLC and Shell Epoxy Resins Inc.	S-4	333-57170	2.1	3/16/2001	
2.3†	SPNV Resins Sale Agreement dated as of September 11, 2000 between Shell Petroleum N.V. and Shell Epoxy Resins Inc.	S-4	333-57170	2.2	3/16/2001	
2.4	Assignment and Assumption Agreement dated November 13, 2000 between Shell Epoxy Resins Inc. and Shell Epoxy Resins LLC	S-4	333-57170	2.3	3/16/2001	
2.5	Assignment and Assumption Agreement dated November 14, 2000 between Resin Acquisition, LLC and RPP Holdings LLC	S-4	333-57170	2.4	3/16/2001	
3.1	Restated Certificate of Incorporation of Hexion Inc. dated as of January 15, 2015	10-K	001-00071	3.1	3/10/2015	
3.2	Amended and Restated Bylaws of Hexion Inc.	10-K	001-00071	3.2	3/10/2015	
4.1	Form of Indenture between Borden, Inc. and The Bank of New York, as Trustee, dated as of December 15, 1987, as supplemented by the First Supplemental Indenture dated as of December 15, 1987, the Second Supplemental Indenture dated as of February 1, 1993 and the Third Supplemental Indenture dated as of June 26, 1996, related to the $200,000,000 9.20% Debentures due 2021 and $750,000,000 7.875% Debentures due 2023	S-3	33-45770	4(a) thru 4(d)		
4.2	Indenture, dated as of January 29, 2010, by and among Hexion Finance Escrow LLC, Hexion Escrow Corporation and Wilmington Trust FSB, as trustee, related to the $1,000,000,000 8.875% Senior Secured Notes due 2018	8-K	001-00071	4.1	2/4/2010	
4.3	Supplemental Indenture, dated as of January 29, 2010, by and among Hexion U.S. Finance Corp., Hexion Nova Scotia Finance, ULC, the guarantors party thereto and Wilmington Trust FSB, as trustee, related to the 8.875% Senior Secured Notes due 2018	8-K	001-00071	4.2	2/4/2010	
4.4	Supplemental Indenture, dated as of June 4, 2010, by and among NL COOP Holdings LLC, Hexion U.S. Finance Corp., Hexion Nova Scotia Finance, ULC, the guarantors party thereto and Wilmington Trust Company, as trustee, related to the 8.875 Senior Secured Notes due 2018	8-K	001-00071	4.1	6/9/2010	
4.5	Indenture, dated as of November 5, 2010, among Hexion U.S. Finance Corp., Hexion Nova Scotia Finance, ULC, the Company, the guarantors named therein and Wilmington Trust Company, as trustee, related to the $574,016,000 9.0% Second-Priority Senior Secured Notes due 2020	8-K	001-00071	4.1	11/12/2010	
4.6	Indenture, dated as of March 14, 2012, among Hexion U.S. Finance Corp., Momentive Specialty Chemicals Inc., the guarantors named therein and Wilmington Trust, National Association, as trustee, related to the $450,000,000 First-Priority Senior Secured Notes due 2020	8-K	001-00071	4.1	3/20/2012	
4.7	Second Supplemental Indenture, dated as of January 14, 2013, among Hexion U.S. Finance Corp., Hexion Nova Scotia Finance, ULC, Momentive Specialty Chemicals Inc., the subsidiary guarantors party thereto and Wilmington Trust, National Association, as trustee, related to the additional $200,000,000 8.875% Senior Secured Notes due 2018	8-K	001-00071	4.1	1/18/2013	
4.8	First Supplemental Indenture, dated as of January 31, 2013, among Hexion U.S. Finance Corp., Momentive Specialty Chemicals Inc., the subsidiary guarantors party thereto and Wilmington Trust, National Association, as trustee, related to the additional $1,100,000,000 First-Priority Senior Secured Notes due 2020	8-K	001-00071	4.1	2/6/2013	

Exhibit Number	Exhibit Description	Incorporated by Reference Form	File Number	Exhibit	Filing Date	Filed Herewith
4.9	Second Supplemental Indenture, dated as of March 28, 2013, by and among Hexion U.S. Finance Corp., the guarantors party thereto and Wilmington Trust, National Association, as trustee, related to the 6.625% First-Priority Senior Secured Notes due 2020	8-K	001-00071	4.1	4/3/2013	
4.10	Third Supplemental Indenture, dated as of December 2, 2014, by and among Momentive Specialty Chemicals Inc., the guarantors party thereto and Wilmington Trust, National Association, as trustee, related to the 6.625% First-Priority Senior Secured Notes due 2020	8-K	001-00071	4.1	12/2/2014	
4.11	Third Supplemental Indenture, dated as of December 2, 2014, by and among Momentive Specialty Chemicals Inc., Hexion Nova Scotia Finance ULC, the guarantors party thereto and Wilmington Trust, National Association, as trustee, related to the 8.875% Senior Secured Notes due 2018	8-K	001-00071	4.2	12/2/2014	
4.12	First Supplemental Indenture, dated as of December 2, 2014, by and among Momentive Specialty Chemicals Inc., Hexion Nova Scotia Finance ULC, the guarantors party thereto and Wilmington Trust Company, as trustee, related to the 9.00% Second-Priority Senior Secured Notes due 2020	8-K	001-00071	4.3	12/2/2014	
4.13	Indenture, dated as of April 15, 2015, by and among Hexion Inc., the Guarantors named therein and Wilmington Trust, National Association, as trustee, related to the $315,000,000 10.00% First-Priority Senior Secured Notes due 2020	8-K	001-00071	4.1	4/15/2015	
4.14	Indenture, dated as of February 8, 2017, between Hexion 2 U.S. Finance Corp. and Wilmington Trust, National Association, as trustee, related to the $485,000,000 10.375% First-Priority Senior Secured Notes due 2022.	8-K	001-00071	4.1	2/10/2017	
4.15	Supplemental Indenture, dated as of February 8, 2017, among Hexion Inc., the guarantors party thereto and Wilmington Trust, National Association, as trustee, related to the $485,000,000 10.375% First-Priority Senior Secured Notes due 2022.	8-K	001-00071	4.2	2/10/2017	
4.16	Indenture, dated as of February 8, 2017, among Hexion Inc., the guarantors named therein and Wilmington Trust, National Association, as trustee, related to the $225,000,000 13.75% Senior Secured Notes due 2022.	8-K	001-00071	4.3	2/10/2017	
10.1‡	BHI Acquisition Corp. 2004 Deferred Compensation Plan	10-Q	001-00071	10(iv)	11/15/2004	
10.2‡	BHI Acquisition Corp. 2004 Stock Incentive Plan	10-Q	001-00071	10(v)	11/15/2004	
10.3‡	Resolution Performance Products Inc. 2000 Stock Option Plan	S-4	333-57170	10.26	3/16/2001	
10.4‡	Resolution Performance Products Inc. 2000 Non - Employee Directors Stock Option Plan	S-4	333-57170	10.27	3/16/2001	
10.5‡	Amended and Restated Resolution Performance Products, Inc. Restricted Unit Plan, as amended and restated May 31, 2005	S-1/A	333-124287	10.34	9/19/2005	
10.6‡	Form of Non-Qualified Stock Option Agreement between BHI Acquisition Corp. and certain optionees	S-4	333-122826	10.12	2/14/2005	
10.7‡	Resolution Specialty Materials Inc. 2004 Stock Option Plan	S-1/A	333-124287	10.52	7/15/2005	
10.8‡	Form of Nonqualified Stock Option Agreement for Resolution Specialty Materials Inc. 2004 Stock Option Plan	S-1/A	333-124287	10.53	7/15/2005	
10.9‡	Form of Nonqualified Stock Option Agreement for Resolution Performance Products Inc. 2000 Stock Option Plan	S-1/A	333-124287	10.54	7/15/2005	
10.10‡	Form of Nonqualified Stock Option Agreement for Resolution Performance Products Inc. 2000 Non-Employee Director Stock Option Plan	S-1/A	333-124287	10.55	7/15/2005	
10.11‡	Hexion LLC 2007 Long-Term Incentive Plan dated April 30, 2007	10-Q	001-00071	10.1	8/14/2007	
10.12	Amended and Restated Investor Rights Agreement dated as of May 31, 2005 between Hexion LLC, Hexion Specialty Chemicals, Inc. and the holders that are party thereto	S-1/A	333-124287	10.63	7/15/2005	
10.13	Registration Rights Agreement dated as of May 31, 2005 between Hexion Specialty Chemicals, Inc. and Hexion LLC	S-1/A	333-124287	10.64	7/15/2005	
10.14‡	Amended and Restated Executives' Supplemental Pension Plan for Hexion Specialty Chemicals, Inc., dated as of September 7, 2005	8-K	001-00071	10	9/12/2005	
10.15	Borden, Inc. Advisory Directors Plan dated 7/1/89	10-K	001-00071	10(viii)	7/1/1989	
10.16‡	Amended and Restated Employment Agreement dated as of August 12, 2004 between Hexion Specialty Chemicals, Inc. and Craig O. Morrison	10-Q	001-00071	10(i)	11/15/2004	
10.17‡	Amended and Restated Employment Agreement dated as of August 12, 2004 between Hexion Specialty Chemicals, Inc. and Joseph P. Bevilaqua	10-Q	001-00071	10(ii)	11/15/2004	
10.18‡	Summary of Terms of Employment between Hexion Specialty Chemicals, Inc. and Joseph P. Bevilaqua dated August 10, 2008	10-K	001-00071	10.23	3/9/2010	

Exhibit Number	Exhibit Description	Incorporated by Reference				Filed Herewith
		Form	File Number	Exhibit	Filing Date	
10.19‡	Summary of Terms of Employment between Hexion Specialty Chemicals, Inc. and Judith A. Sonnett dated September 21, 2007	10-K	001-00071	10.29	3/9/2010	
10.20‡	Momentive Specialty Chemicals Inc. Supplemental Executive Retirement Plan, dated as of December 31, 2011	8-K	001-00071	99.1	1/6/2012	
10.21	Master Asset Conveyance and Facility Support Agreement, dated as of December 20, 2002, between Borden Chemical and Borden Chemicals and Plastics Operating Limited Partnership	10-K	001-00071	(10)(xxvi)	3/28/2003	
10.22	Environmental Servitude Agreement, dated as of December 20, 2002, between Borden Chemical and Borden Chemicals and Plastics Operating Limited Partnership	10-K	001-00071	(10)(xxvii)	3/28/2003	
10.23	Intellectual Property Transfer and License Agreement and Contribution Agreement dated as of November 14, 2000 between Shell Oil Company and Shell Epoxy Resins LLC	S-4	333-57170	10.13	3/16/2001	
10.24	Intellectual Property Transfer and License Agreement and Contribution Agreement dated as of November 14, 2000 between Shell Internationale Research Maatschappij B.V. and Shell Epoxy Resins Research B.V	S-4	333-57170	10.14	3/16/2001	
10.25	First Amended and Restated Deer Park Site Services, Utilities, Materials and Facilities Agreement dated November 1, 2000 between Shell Chemical Company, for itself and as agent for Shell Oil Company, and Shell Epoxy Resins LLC	S-4	333-57170	10.19	3/16/2001	
10.26	First Amended and Restated Pernis Site Services, Utilities, Materials and Facilities Agreement dated November 1, 2000 between Resolution Europe B.V. (f/k/a Resolution Nederland B.V., f/k/a Shell Epoxy Resins Nederland B.V.) and Shell Nederland Raffinaderij B.V.	S-4	333-57170	10.21	3/16/2001	
10.27	First Amended and Restated Pernis Site Services, Utilities, Materials and Facilities Agreement dated November 1, 2000 between Resolution Europe B.V. (f/k/a Resolution Nederland B.V., f/k/a Shell Epoxy Resins Nederland B.V.) and Shell Nederland Chemie B.V.	S-4	333-57170	10.22	3/16/2001	
10.28†	Second Amended and Restated Norco Site Services, Utilities, Materials and Facilities Agreement dated November 1, 2004 between Shell Chemical L.P. and Resolution Performance Products LLC.	10-K	001-00071	10.45	3/22/2007	
10.29	Deer Park Ground Lease and Grant of Easements dated as of November 1, 2000 between Shell Oil Company and Shell Epoxy Resins LLC	S-4	333-57170	10.23	3/16/2001	
10.30	Norco Ground Lease and Grant of Servitudes dated as of November 1, 2000 between Shell Oil Company and Shell Epoxy Resins LLC	S-4	333-57170	10.24	3/16/2001	
10.31	Amended and Restated Agreement of Sub-Lease (Pernis) dated as of November 1, 2000 between Resolution Europe B.V. (f/k/a Resolution Nederland B.V., f/k/a Shell Epoxy Resins Nederland B.V.) and Shell Nederland Raffinaderij B.V.	S-4	333-57170	10.25	3/16/2001	
10.32	Amended and Restated Management Consulting Agreement dated as of May 31, 2005 between Borden Chemical, Inc. and Apollo Management V, L.P.	S-1/A	333-124287	10.66	7/15/2005	
10.33	Collateral Agreement dated as of November 3, 2006 among Hexion Specialty Chemicals, Inc. and subsidiary parties thereto, and Wilmington Trust Company, as Collateral Agent	10-K	001-00071	10.57	3/11/2009	
10.34	Credit Agreement with exhibits and schedules dated as of March 3, 2009 among Hexion Specialty Chemicals, Inc., Borden Luxembourg S.a.r.l., Euro V (BC) S.a.r.l., Euro VI (BC) S.a.r.l. and AAA Co-Invest VI (EHS-BC) S.a.r.l.	10-Q	001-00071	10.4	8/13/2009	
10.35	SUPPLEMENT dated as of June 4, 2010, to the Collateral Agreement dated as of November 3, 2006, among HEXION SPECIALTY CHEMICALS, INC., a New Jersey corporation, each Subsidiary Party party thereto and WILMINGTON TRUST COMPANY, as Collateral Agent (in such capacity, the “Collateral Agent”) for the Secured Parties (as defined therein)	8-K	001-00071	10.5	6/9/2010	
10.36	Joinder and Supplement to Collateral Agreement dated November 5, 2010 among the Company and subsidiary parties thereto, and Wilmington Trust Company, as trustee and collateral agent	8-K	001-00071	10.2	11/12/2010	
10.37‡	Form of Restricted Deferred Unit Award Agreement of Momentive Performance Materials Holdings LLC	S-4	333-172943	10.7	3/18/2011	
10.38‡	Form of Unit Option Agreement of Momentive Performance Materials Holdings LLC	S-4	333-172943	10.71	3/18/2011	
10.39‡	Form of Director Unit Option Agreement of Momentive Performance Materials Holdings LLC	S-4	333-172943	10.72	3/18/2011	
10.40‡	Management Investor Rights Agreement, dated as of February 23, 2011 by and among Momentive Performance Materials Holdings LLC and the Holders	S-4	333-172943	10.73	3/18/2011	

Exhibit Number	Exhibit Description	Incorporated by Reference				
		Form	File Number	Exhibit	Filing Date	Filed Herewith
10.41	Master Confidentiality and Joint Development Agreement entered into on March 17, 2011 by and between Momentive Performance Materials Inc. and Momentive Specialty Chemicals Inc.	8-K	001-00071	10.2	3/17/2011	
10.42	Fourth Joinder and Supplement to Intercreditor Agreement, dated as of March 14, 2013, by and among Wilmington Trust, National Association, as trustee, JPMorgan Chase Bank N.A., as intercreditor agent, Wilmington Trust Company, as trustee and collateral agent and as second-priority agent, Momentive Specialty Chemicals Holdings LLC, Momentive Specialty Chemicals Inc. and each subsidiary of Momentive Specialty Chemicals Inc. party thereto.	8-K	001-00071	10.5	3/20/2012	
10.43‡	First Amended Resolution Specialty Materials Inc 2004 Stock Option Plan	10-Q	001-00071	10.1	11/13/2012	
10.44‡	First Amended Hexion LLC 2007 Long-Term Incentive Plan	10-Q	001-00071	10.2	11/13/2012	
10.45	Fifth Joinder and Supplement to Intercreditor Agreement, dated January 14, 2013, by and among Wilmington Trust, National Association, as trustee, JPMorgan Chase Bank N.A., as intercreditor agent, Wilmington Trust, National Association, as trustee and collateral agent and as second-priority agent, Momentive Specialty Chemicals Holdings LLC, Momentive Specialty Chemicals Inc. and each subsidiary of Momentive Specialty Chemicals Inc. party thereto.	8-K	001-00071	10.2	1/18/2013	
10.46	Amended and Restated Intercreditor Agreement, dated as of January 31, 2013, among JPMorgan Chase Bank, N.A., as intercreditor agent, Wilmington Trust Company, as trustee and as collateral agent, Wilmington Trust, National Association (as successor by merger to Wilmington Trust FSB), as senior-priority agent for the holders of the notes issued under the 1.5 Lien Indenture (as defined therein), Wilmington Trust, National Association, as senior-priority agent for the holders of the notes issued under the First Lien Indenture (as defined therein), Momentive Specialty Chemicals Holdings LLC, Momentive Specialty Chemicals Inc. and subsidiaries of Momentive Specialty Chemicals Inc. party thereto.	8-K	001-00071	10.1	2/6/2013	
10.47	Additional Secured Party Consent, dated January 31, 2013, among Wilmington Trust Bank, National Association, as trustee and as authorized representative, JPMorgan Chase Bank, N.A., as applicable first lien representative and collateral agent, Momentive Specialty Chemicals Holdings LLC, Momentive Specialty Chemicals Inc. and subsidiaries of Momentive Specialty Chemicals Inc. party thereto.	8-K	001-00071	10.2	2/6/2013	
10.48	Amendment No. 1 to the Momentive Performance Materials Holdings LLC 2011 Equity Incentive Plan	8-K	001-00071	10.1	3/6/2013	
10.49	Form of Restricted Deferred Unit Agreement of Momentive Performance Materials Holdings LLC	8-K	001-00071	10.2	3/6/2013	
10.50	Form of Unit Option Agreement of Momentive Performance Materials Holdings LLC	8-K	001-00071	10.3	3/6/2013	
10.51‡	Momentive Performance Materials Holdings LLC 2012 Long-Term Cash Incentive Plan	10-K	001-00071	10.92	4/1/2013	
10.52‡	Amended and Restated Momentive Performance Materials Holdings LLC 2011 Equity Incentive Plan	10-K	001-00071	10.93	4/1/2013	
10.53	ABL Intercreditor Agreement, dated as of March 28, 2013, by and among JPMorgan Chase Bank, N.A., as the ABL facility collateral agent, Wilmington Trust, National Association, as applicable first-lien agent and first-lien collateral agent, Momentive Specialty Chemicals Inc. and subsidiaries of Momentive Specialty Chemicals Inc. party thereto.	8-K	001-00071	10.2	4/3/2013	
10.54‡	Collateral Agreement, dated as of March 28, 2013, by and among Momentive Specialty Chemicals Inc., subsidiaries of Momentive Specialty Chemicals Inc. party thereto and JPMorgan Chase Bank, N.A. as collateral agent.	8-K	001-00071	10.3	4/3/2013	
10.55	Collateral Agreement, dated as of March 28, 2013, by and among Momentive Specialty Chemicals Inc., subsidiaries of Momentive Specialty Chemicals Inc. party thereto and Wilmington Trust, National Association, as collateral agent.	8-K	001-00071	10.4	4/3/2013	
10.56	Joinder and Supplement to Second Lien Intercreditor Agreement, dated as of March 28, 2013, among JPMorgan Chase Bank, N.A., as ABL credit agreement agent, former intercreditor agent and new intercreditor agent, Wilmington Trust Company, as second-lien trustee, Wilmington Trust, National Association, as 1.5 lien trustee, Wilmington Trust, National Association, as first lien trustee, Momentive Specialty Chemicals Holdings LLC, Momentive Specialty Chemicals Inc. and subsidiaries of Momentive Specialty Chemicals Inc. party thereto.	8-K	001-00071	10.6	4/3/2013	
10.57‡	Momentive Performance Materials Holdings LLC 2014 Incentive Compensation Plan	10-K	001-00071	10.87	3/31/2014	

Exhibit Number	Exhibit Description	Incorporated by Reference Form	File Number	Exhibit	Filing Date	Filed Herewith
10.58‡	Second Amended and Restated Shared Services Agreement, dated as of October 24, 2014, by and among Momentive Specialty Chemicals Inc., Momentive Performance Materials Inc., and the subsidiaries of the Momentive Performance Materials Inc., party thereto	8-K	001-00071	10.1	10/30/2014	
10.59‡	Momentive Performance Materials Holdings LLC Long-Term Cash Incentive Plan	10-Q	001-00071	10.1	11/10/2014	
10.60‡	Form of 2014 Cash-based Long-Term Incentive Award Agreement	10-Q	001-00071	10.2	11/10/2014	
10.61‡	Summary of Terms of Employment between Momentive Performance Materials Inc. and Douglas Johns dated October 3, 2010	10-K	001-00071	10.82	3/10/2015	
10.62	First Lien Intercreditor Agreement, dated as of April 15, 2015, among Wilmington Trust, National Association, as collateral agent, Wilmington	8-K	001-00071	10.1	4/15/2015	
10.63	Additional Secured Party Consent, dated April 15, 2015, among Wilmington Trust, National Association, as authorized representative for the new secured parties, Wilmington Trust, National Association, as collateral agent, and Hexion Inc.	8-K	001-00071	10.2	4/15/2015	
10.64	Fourth Joinder and Supplement to Intercreditor Agreement, dated as of April 15, 2015, by and among JPMorgan Chase Bank, N.A., as intercreditor agent, JPMorgan Chase Bank, N.A., as senior-priority agent for the ABL secured parties, Wilmington Trust, National Association, as senior-priority agent for the existing first lien notes, Wilmington Trust, National Association, as trustee and senior-priority agent for the new first lien notes, Wilmington Trust, National Association, as trustee and second-priority agent for the existing 1.5 lien notes, Hexion LLC, Hexion Inc. and subsidiaries of Hexion Inc. party thereto.	8-K	001-00071	10.3	4/15/2015	
10.65	Second Joinder and Supplement to Intercreditor Agreement, dated as of April 15, 2015, by and among JPMorgan Chase Bank, N.A., as intercreditor agent, JPMorgan Chase Bank, N.A., as senior-priority agent for the ABL secured parties, Wilmington Trust, National Association, as trustee and senior-priority agent for the existing first lien notes, Wilmington Trust, National Association, as senior-priority agent for the new first lien notes, Wilmington Trust, National Association, as senior-priority agent for the 1.5 lien notes, Wilmington Trust Company, as trustee and second-priority agent for the existing second lien notes, Hexion LLC, Hexion Inc. and subsidiaries of Hexion Inc. party thereto.	8-K	001-00071	10.4	4/15/2015	
10.66	Joinder Agreement to ABL Intercreditor Agreement, dated as of April 15, 2015, by and among JPMorgan Chase Bank, N.A., as ABL facility collateral agent, Wilmington Trust, National Association, as new representative, applicable first-lien agent and first-lien collateral agent, and Hexion Inc.	8-K	001-00071	10.5	4/15/2015	
10.67‡	Hexion Holdings LLC 2015 Incentive Compensation Plan	10-Q	001-00071	10.1	5/13/2015	
10.68‡	Summary of Terms of Employment between Hexion Inc. and Douglas A. Johns dated May 6, 2015	10-Q	001-00071	10.1	8/12/2015	
10.69	Amendment Agreement, dated as of July 27, 2015, among Hexion LLC, Hexion Inc., as U.S. borrower, Hexion Canada Inc., as Canadian borrower, Hexion B.V., as Dutch borrower, Hexion UK Limited and Borden Chemical UK Limited, as U.K. borrowers, Hexion GmbH, as German borrower, the other subsidiaries of Hexion LLC party thereto, as loan parties, the lenders party thereto and JPMorgan Chase Bank, N.A., as administrative agent and collateral agent.	10-Q	001-00071	10.2	8/12/2015	
10.70‡	Summary of Terms of Employment between Hexion Inc. and George F. Knight dated October 22, 2015	10-K	001-00071	10.79	3/14/2016	
10.71	2015 Audited Financial Statements of Unconsolidated Affiliate of Hexion Inc.					X
10.72‡	Hexion Holdings LLC 2016 Incentive Compensation Plan	8-K	001-00071	10.2	5/6/2016	
10.73‡	Form of 2016 Cash-Based Long-Term Incentive Award Agreement	10-Q	001-00071	10.1	11/14/2016	
10.74	Amendment Agreement, dated as of December 21, 2016, among Hexion LLC, certain subsidiaries of Hexion LLC party thereto, the lenders party thereto and JPMorgan Chase Bank, N.A., as administrative agent and collateral agent.	8-K	001-00071	10.1	12/23/2016	
10.75‡	Letter Agreement with Judith A. Sonnett dated June 30, 2016					X
10.76‡	2016 Cash-Based Long-Term Incentive Award Agreement for Nathan E. Fisher dated January 3, 2017					X
10.77	2016 Audited Financial Statements of Unconsolidated Affiliate of Hexion Inc.					X

Exhibit Number	Exhibit Description	Incorporated by Reference Form	File Number	Exhibit	Filing Date	Filed Herewith
10.78	Additional Secured Party Consent, dated as of February 8, 2017, among Wilmington Trust, National Association, as authorized representative for the new secured parties, Wilmington Trust, National Association, as collateral agent, Wilmington Trust, National Association, as authorized representative of the new secured parties, Wilmington Trust, National Association, as authorized representative for the notes obligations, Wilmington Trust, National Association, as authorized representative for the initial other first priority obligations, Hexion Inc. and subsidiaries of Hexion Inc. party thereto.	8-K	001-00071	10.1	2/10/2017	
10.79	Third Joinder and Supplement to Intercreditor Agreement, dated as of February 8, 2017, by and among JPMorgan Chase Bank, N.A., as intercreditor agent, JPMorgan Chase Bank, N.A., as senior-priority agent for the ABL secured parties, Wilmington Trust, National Association, as trustee and senior-priority agent for the existing first lien notes, Wilmington Trust, National Association, as senior-priority agent for the new first lien notes, Wilmington Trust, National Association, as senior-priority agent for the new 1.5 lien notes, Wilmington Trust Company, as trustee and second-priority agent for the existing second lien notes, Hexion LLC, Hexion Inc. and subsidiaries of Hexion Inc. party thereto.	8-K	001-00071	10.2	2/10/2017	
10.80	Second Joinder Agreement to ABL Intercreditor Agreement, dated as of February 8, 2017, among JPMorgan Chase Bank, N.A., as ABL facility collateral agent, Wilmington Trust, National Association, as new representative, applicable first-lien agent and first-lien collateral agent, and Hexion Inc.	8-K	001-00071	10.3	2/10/2017	
10.81	Collateral Agreement, dated as of February 8, 2017, among Wilmington Trust, National Association, as collateral agent, Hexion Inc. and subsidiaries of Hexion Inc. party thereto.	8-K	001-00071	10.4	2/10/2017	
10.82	Amended and Restated Intercreditor Agreement, dated as of February 8, 2017, among JPMorgan Chase Bank, N.A., as intercreditor agent, JPMorgan Chase Bank, N.A., as senior-priority agent for the ABL secured parties, Wilmington Trust, National Association, as senior-priority agent for the existing first lien notes, Wilmington Trust, National Association, as trustee and senior-priority agent for the new first lien notes, Wilmington Trust, National Association, as trustee and second-priority agent for the new 1.5 lien notes, Hexion LLC, Hexion Inc. and subsidiaries of Hexion Inc. party thereto.	8-K	001-00071	10.5	2/10/2017	
10.83	Fourth Joinder and Supplement to Intercreditor Agreement, dated as of February 8, 2017, among JPMorgan Chase Bank, N.A., as intercreditor agent, JPMorgan Chase Bank, N.A., as senior-priority agent for the ABL secured parties, Wilmington Trust, National Association, as trustee and senior-priority agent for the existing first lien notes, Wilmington Trust, National Association, as senior-priority agent for the new first lien notes, Wilmington Trust, National Association, as senior-priority agent for the new 1.5 lien notes, Wilmington Trust Company, as trustee and second-priority agent for the existing second lien notes, Hexion LLC, Hexion Inc. and subsidiaries of Hexion Inc. party thereto.	8-K	001-00071	10.6	2/10/2017	
10.84	Additional Extending Lender Joinder Agreement and Amendment, dated as of January 18, 2017, related to the Amended and Restated Asset-Based Revolving Credit Agreement, dated as of December 21, 2016, among Hexion LLC, Hexion Inc., as U.S. Borrower, Hexion Canada Inc., as Canadian Borrower, Hexion B.V., as Dutch Borrower, Hexion UK Limited and Borden Chemical UK Limited, as UK Borrowers, Hexion GmbH, as German Borrower, each subsidiary loan party party thereto, the lenders party thereto from time to time and JPMorgan Chase Bank, N.A., as administrative agent, collateral agent, swingline lender and initial issuing bank.					X
12.1	Statement regarding Computation of Ratios					X
18.1	Letter from PricewaterhouseCoopers, dated May 13, 2015 regarding preferability of a change in accounting principle	10-Q	001-00071	18.1	5/13/2015	
21.1	List of Subsidiaries of Hexion Inc.					X
31.1	Rule 13a-14 Certifications:					
	(a) Certificate of the Chief Executive Officer					X
	(b) Certificate of the Chief Financial Officer					X
32.1	Section 1350 Certifications					X
101.INS*	XBRL Instance Document					X
101.SCH*	XBRL Schema Document					X
101.CAL*	XBRL Calculation Linkbase Document					X
101.LAB*	XBRL Label Linkbase Document					X
101.PRE*	XBRL Presentation Linkbase Document					X
101.DEF*	XBRL Definition Linkbase Document					X

† The schedules and exhibits to these agreements are omitted pursuant to Item 601(b)(2) of Regulation S-K. The Company agrees to furnish supplementally to the SEC, upon request, a copy of any omitted schedule or exhibit.

‡ Represents a management contract or compensatory plan or arrangement.

* Attached as Exhibit 101 to this report are documents formatted in XBRL (Extensible Business Reporting Language). The financial information in the XBRL-related documents is "unaudited" or "unreviewed."

ITEM 16 - FORM 10-K SUMMARY

None.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

HEXION INC.

By: /s/ George F. Knight

George F. Knight

Executive Vice President and Chief Financial Officer

Date: March 8, 2017

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Name	Title	Signature	Date
Craig O. Morrison	Director, President and Chief Executive Officer (Principal Executive Officer) and Manager, Hexion Holdings LLC	/s/ Craig O. Morrison	March 8, 2017
George F. Knight	Director, Executive Vice President and Chief Financial Officer (Principal Financial Officer) and Manager, Hexion Holdings LLC	/s/ George F. Knight	March 8, 2017
Colette B. Barricks	Senior Vice President and General Controller (Principal Accounting Officer)	/s/ Colette B. Barricks	March 8, 2017
Samuel Feinstein	Manager, Hexion Holdings LLC	/s/ Samuel Feinstein	March 8, 2017
William H. Joyce	Manager, Hexion Holdings LLC	/s/ William H. Joyce	March 8, 2017
Robert Kalsow-Ramos	Manager, Hexion Holdings LLC	/s/ Robert Kalsow-Ramos	March 8, 2017
Scott M. Kleinman	Manager, Hexion Holdings LLC	/s/ Scott M. Kleinman	March 8, 2017
Geoffrey A. Manna	Manager, Hexion Holdings LLC	/s/ Geoffrey A. Manna	March 8, 2017
Jonathan D. Rich	Manager, Hexion Holdings LLC	/s/ Jonathan D. Rich	March 8, 2017
Marvin O. Schlanger	Manager, Hexion Holdings LLC	/s/ Marvin O. Schlanger	March 8, 2017

HEXION INTERNATIONAL HOLDINGS COOPERATIEF U.A.
CONSOLIDATED BALANCE SHEETS

(In millions)	December 31, 2016	December 31, 2015
Assets		
Current assets:		
Cash and cash equivalents (including restricted cash of $17 and $8, respectively) (see Note 2)	$ 113	$ 123
Accounts receivable (net of allowance for doubtful accounts of $11)	208	244
Accounts receivable from affiliates (see Note 3)	87	221
Loans receivable from affiliates (see Note 8)	173	33
Inventories:		
Finished and in-process goods	100	99
Raw materials and supplies	54	51
Other current assets	18	23
Total current assets	753	794
Long-term loans receivable from affiliates (see Note 8)	1	148
Investments in unconsolidated entities	10	10
Other long-term assets	36	36
Property and equipment		
Land	34	44
Buildings	127	157
Machinery and equipment	1,064	1,131
	1,225	1,332
Less accumulated depreciation	(785)	(857)
	440	475
Goodwill (see Note 4)	98	101
Other intangibles assets, net (see Note 4)	27	36
Total assets	$ 1,365	$ 1,600
Liabilities and Deficit		
Current liabilities:		
Accounts payable	$ 192	$ 197
Accounts payable to affiliates (see Note 3)	79	100
Debt payable within one year (see Note 7)	79	66
Affiliated debt payable within one year (see Note 8)	46	13
Income taxes payable	5	3
Accrued payroll and incentive compensation	26	32
Other current liabilities	48	50
Total current liabilities	475	461
Long-term liabilities:		
Long-term debt (see Note 7)	18	36
Affiliated long-term debt (see Note 8)	1,039	1,248
Deferred income taxes (see Note 16)	9	6
Long-term pension and postretirement benefit obligations (see Note 11)	204	179
Other long-term liabilities	68	60
Total liabilities	1,813	1,990
Commitments and contingencies (see Notes 7, 9 and 10)		
Deficit		
Paid-in capital	179	164
Loans receivable from parent	(179)	(86)
Accumulated other comprehensive loss	(86)	(61)
Accumulated deficit	(361)	(406)
Total Hexion International Holdings Cooperatief U.A. shareholder's deficit	(447)	(389)
Noncontrolling interest	(1)	(1)
Total deficit	(448)	(390)
Total liabilities and deficit	$ 1,365	$ 1,600

See Notes to Consolidated Financial Statements

HEXION INTERNATIONAL HOLDINGS COOPERATIEF U.A.
CONSOLIDATED STATEMENTS OF OPERATIONS

	Year ended December 31,		
(In millions)	2016	2015	2014
Net sales	$ 1,948	$ 2,344	$ 2,897
Cost of sales	1,652	1,956	2,598
Gross profit	296	388	299
Selling, general and administrative expense	185	179	302
Asset impairments (see Note 2)	—	6	5
Business realignment costs (see Note 2)	15	9	16
Gain on dispositions (see Note 12)	(28)	—	—
Other operating (income) expense, net	(3)	(7)	2
Operating income (loss)	127	201	(26)
Interest expense, net	10	8	6
Affiliated interest expense, net (see Note 8)	72	79	88
Other non-operating income, net (see Note 3)	(28)	(98)	(100)
Income (loss) before income taxes and earnings from unconsolidated entities	73	212	(20)
Income tax expense (see Note 16)	31	27	13
Income (loss) before earnings from unconsolidated entities	42	185	(33)
Earnings from unconsolidated entities, net of taxes	1	1	1
Net income (loss)	43	186	(32)
Net (income) loss attributable to noncontrolling interest	—	(1)	1
Net income (loss) attributable to Hexion International Holdings Cooperatief U.A.	$ 43	$ 185	$ (31)

See Notes to Consolidated Financial Statements

HEXION INTERNATIONAL HOLDINGS COOPERATIEF U.A.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

	Year Ended December 31,		
(In millions)	2016	2015	2014
Net income (loss)	$ 43	$ 186	$ (32)
Other comprehensive loss, net of tax:			
Foreign currency translation adjustments	(24)	(45)	(56)
(Loss) gain recognized from pension and postretirement benefits	(1)	(1)	3
Other comprehensive loss	(25)	(46)	(53)
Comprehensive income (loss)	18	140	(85)
Comprehensive (income) loss attributable to noncontrolling interest	—	(1)	1
Comprehensive income (loss) attributable to Hexion International Holdings Cooperatief U.A.	$ 18	$ 139	$ (84)

See Notes to Consolidated Financial Statements

HEXION INTERNATIONAL HOLDINGS COOPERATIEF U.A.
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year Ended December 31,		
(In millions)	**2016**	**2015**	**2014**
Cash flows provided by (used in) operating activities			
Net income (loss)	$ 43	$ 186	$ (32)
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:			
Depreciation and amortization	62	63	73
Allocations of corporate overhead, net (see Note 3)	5	6	11
Gain on foreign exchange guarantee agreement with parent (see Note 3)	(18)	(93)	(101)
Loss on cash pooling guarantee agreement with parent (see Note 3)	2	1	4
Gain on disposition (see Note 12)	(28)	—	—
Gain on step acquisition (see Note 13)	—	(5)	—
Deferred tax expense (benefit)	2	8	(5)
Non-cash asset impairments and accelerated depreciation	—	7	5
Unrealized losses (gains) on pension and postretirement benefit plan liabilities	33	(13)	77
Unrealized foreign exchange (gain) loss	(54)	10	8
Other non-cash adjustments	1	(10)	(1)
Net change in assets and liabilities:			
Accounts receivable	29	(11)	(41)
Inventories	(24)	35	(44)
Accounts payable	12	14	(15)
Income taxes payable	18	4	(1)
Other assets, current and non-current	(21)	14	27
Other liabilities, current and non-current	100	8	—
Net cash provided by (used in) operating activities	162	224	(35)
Cash flows provided by (used in) investing activities			
Capital expenditures	(72)	(81)	(93)
Capitalized interest	—	(1)	—
Purchase of businesses, net of cash acquired	—	(7)	(12)
Proceeds from disposition, net	107	—	—
Proceeds from the sale of assets	4	13	—
Change in restricted cash	(9)	(3)	(3)
Proceeds from sale of (purchases of) investments, net	—	6	(1)
Net cash provided by (used in) investing activities	30	(73)	(109)
Cash flows (used in) provided by financing activities			
Net short-term debt borrowings	(36)	9	2
Borrowings of long-term debt	283	21	92
Repayments of long-term debt	(254)	(39)	(87)
Affiliated loan (repayments) borrowings, net	(215)	(127)	22
Capital contribution from parent	13	26	29
Net cash (used in) provided by financing activities	(209)	(110)	58
Effect of exchange rates on cash and cash equivalents	(2)	(9)	(8)
(Decrease) increase in cash and cash equivalents	(19)	32	(94)
Cash and cash equivalents at beginning of year	115	83	177
Cash and cash equivalents at end of year	$ 96	$ 115	$ 83
Supplemental disclosures of cash flow information			
Cash paid for:			
Interest, net	$ 83	$ 85	$ 93
Income taxes, net of cash refunds	15	13	24
Non-cash investing activity:			
Assignment of note receivable from parent (see Note 8)	$ —	$ —	$ 59
Non-cash assumption of debt on step acquisition (see Note 13)	—	18	—
Non-cash financing activity:			
Contribution from parent—settlement of intercompany guarantee agreements (see Note 3)	$ —	$ —	$ 63

See Notes to Consolidated Financial Statements

HEXION INTERNATIONAL HOLDINGS COOPERATIEF U.A.
CONSOLIDATED STATEMENTS OF DEFICIT

(In millions)	Paid-in (Deficit) Capital	Loans Receivable from Parent	Accumulated Other Comprehensive Loss	Accumulated Deficit	Total Hexion International Holdings Cooperatief U.A. Shareholders' Deficit	Noncontrolling Interest	Total
Balance at December 31, 2013	$ 22	$ (140)	$ 38	$ (560)	$ (640)	$ (1)	$ (641)
Net loss	—	—	—	(31)	(31)	(1)	(32)
Other comprehensive loss	—	—	(53)	—	(53)	—	(53)
Net repayments from parent	—	80	—	—	80	—	80
Translation adjustment and other non-cash changes in principal	—	59	—	—	59	—	59
Capital contribution from parent	29	—	—	—	29	—	29
Non-cash capital contribution from parent - settlement of intercompany guarantee agreements (see Note 3)	63	—	—	—	63	—	63
Purchase of business from related party under common control (see Note 3)	3	—	—	—	3	—	3
Allocations of corporate overhead (See Note 3)	11	—	—	—	11	—	11
Balance at December 31, 2014	128	(1)	(15)	(591)	(479)	(2)	(481)
Net income	—	—	—	185	185	1	186
Other comprehensive loss	—	—	(46)	—	(46)	—	(46)
Non-cash changes in principal and translation adjustment	—	(85)	—	—	(85)	—	(85)
Capital contribution from parent	30	—	—	—	30	—	30
Allocations of corporate overhead (see Note 3)	6	—	—	—	6	—	6
Balance at December 31, 2015	164	(86)	(61)	(406)	(389)	(1)	(390)
Net income	—	—	—	43	43	—	43
Other comprehensive loss	—	—	(25)	—	(25)	—	(25)
Non-cash changes in principal and translation adjustment	—	(93)	—	—	(93)	—	(93)
Capital contribution from parent	13	—	—	—	13	—	13
Deconsolidation of subsidiary	(3)			2	(1)		(1)
Allocations of corporate overhead (see Note 3)	5	—	—	—	5	—	5
Balance at December 31, 2016	$ 179	$ (179)	$ (86)	$ (361)	$ (447)	$ (1)	$ (448)

See Notes to Consolidated Financial Statements

HEXION INTERNATIONAL HOLDINGS COOPERATIEF U.A.

Notes to Consolidated Financial Statements
(In millions)

1. Background and Basis of Presentation

Hexion International Holdings Cooperatief U.A. ("CO-OP") (formerly known as Momentive International Holdings Cooperatief U.A.) is a holding company whose primary assets are its investments in Hexion Holding B.V. and Hexion Canada, Inc. ("Hexion Canada"), and their respective subsidiaries. Together, CO-OP, through its investments in Hexion Canada and Hexion Holding B.V. and their respective subsidiaries (collectively referred to as the "Company"), is engaged in the manufacture and marketing of urea, phenolic, epoxy and epoxy specialty resins and coatings applications primarily used in forest and industrial and construction products and other specialty and industrial chemicals worldwide. At December 31, 2016, the Company's operations included 32 manufacturing facilities in Europe, North America, South America, Australia, New Zealand, China and Korea.

The Company is a wholly owned subsidiary of Hexion Inc. ("Hexion"), which, through a series of intermediate holding companies, is controlled by investment funds managed by affiliates of Apollo Management Holdings, L.P. (together with Apollo Global Management, LLC and its subsidiaries, "Apollo"). The Company has significant related party transactions with Hexion, as discussed in Note 3. CO-OP operates as a business under the direction and with support of its parent, Hexion. All entities are under the common control of Hexion.

Hexion serves global industrial markets through a broad range of thermoset technologies, specialty products and technical support for customers in a diverse range of applications and industries.

2. Summary of Significant Accounting Policies

Principles of Consolidation—The Consolidated Financial Statements include the accounts of the Company and its majority-owned subsidiaries, all of which are under the common control and management of Hexion, and for which no substantive participating rights are held by minority shareholders. Intercompany transactions and balances have been eliminated. Noncontrolling interests exist for the equity interests in subsidiaries that are not 100% owned by the Company.

Foreign Currency Translations and Transactions—Assets and liabilities of foreign affiliates are translated at the exchange rates in effect at the balance sheet date. Income, expenses and cash flows are translated at average exchange rates prevailing during the year. The Company recognized transaction gains of $19, losses of $2 and gains of $6 for the years ended December 31, 2016, 2015 and 2014, respectively, which are included as a component of "Net income (loss)." In addition, gains or losses related to the Company's intercompany loans payable and receivable denominated in a foreign currency other than the subsidiary's functional currency that are deemed to be permanently invested are also remeasured to cumulative translation and recorded in "Accumulated other comprehensive loss" in the Consolidated Balance Sheets. The effect of translation is included in "Accumulated other comprehensive loss."

Use of Estimates—The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and also the disclosure of contingent assets and liabilities at the date of the financial statements. In addition, it requires management to make estimates and assumptions that affect the reported amounts of revenues and expenses during the reporting period. The most significant estimates that are included in the financial statements are environmental remediation liabilities, legal liabilities, deferred tax assets and liabilities and related valuation allowances, income tax accruals, pension and postretirement assets and liabilities, valuation allowances for accounts receivable and inventories, general insurance liabilities, asset impairments and fair values of assets acquired and liabilities assumed in business acquisitions. Actual results could differ from these estimates.

Cash and Cash Equivalents—The Company considers all highly liquid investments that are purchased with an original maturity of three months or less to be cash equivalents. At December 31, 2016 and 2015, the Company had interest-bearing time deposits and other cash equivalent investments of $7 and $14, respectively. These amounts are included in the Consolidated Balance Sheets as a component of "Cash and cash equivalents."

Allowance for Doubtful Accounts—The allowance for doubtful accounts is estimated using factors such as customer credit ratings and past collection history. Receivables are charged against the allowance for doubtful accounts when it is probable that the receivable will not be collected.

Inventories—Inventories are stated at lower of cost or market using the first-in, first-out method. Costs include direct material, direct labor and applicable manufacturing overheads, which are based on normal production capacity. Abnormal manufacturing costs are recognized as period costs and fixed manufacturing overheads are allocated based on normal production capacity. An allowance is provided for excess and obsolete inventories based on management's review of inventories on-hand compared to estimated future usage and sales. Inventories in the Consolidated Balance Sheets are presented net of an allowance for excess and obsolete inventory of $3 at both December 31, 2016 and 2015.

Deferred Expenses—Deferred debt financing costs are included in "Long-term debt" in the Consolidated Balance Sheets, with the exception of deferred financing costs related to revolving line of credit arrangements, which are included in "Other long-term assets" in the Consolidated Balance Sheets. These costs are amortized over the life of the related debt or credit facility using the effective interest method. Upon extinguishment of any debt, the related debt issuance costs are written off. At both December 31, 2016 and 2015, the Company's unamortized deferred financing costs were $3 and $1, respectively.

Property and Equipment—Land, buildings and machinery and equipment are stated at cost less accumulated depreciation. Depreciation is recorded on a straight-line basis over the estimated useful lives of properties (the average estimated useful lives for buildings and machinery and equipment are 20 years and 15 years, respectively). Assets under capital leases are amortized over the lesser of their useful life or the lease term. Major renewals and betterments are capitalized. Maintenance, repairs, minor renewals and turnarounds (periodic maintenance and repairs to major units of manufacturing facilities) are expensed as incurred. When property and equipment is retired or disposed of, the asset and related depreciation are removed from the accounts and any gain or loss is reflected in operating income. The Company capitalizes interest costs that are incurred during the construction of property and equipment. Depreciation expense was $54, $54 and $63 for the years ended December 31, 2016, 2015 and 2014, respectively.

Goodwill and Intangibles—The excess of purchase price over net tangible and identifiable intangible assets of businesses acquired is carried as "Goodwill" in the Consolidated Balance Sheets. Separately identifiable intangible assets that are used in the operations of the business (e.g., patents and technology, tradenames, customer lists and contracts) are recorded at cost (fair value at the time of acquisition) and reported as "Other intangible assets, net" in the Consolidated Balance Sheets. Costs to renew or extend the term of identifiable intangible assets are expensed as incurred. The Company does not amortize goodwill. Intangible assets with determinable lives are amortized on a straight-line basis over the shorter of the legal or useful life of the assets, which range from 1 to 30 years (see Note 4).

Impairment—The Company reviews property and equipment and all amortizable intangible assets for impairment whenever events or changes in circumstances indicate that the carrying amount of these assets may not be recoverable. Recoverability is based on estimated undiscounted cash flows or other relevant observable measures. The Company tests goodwill for impairment annually, or when events or changes in circumstances indicate impairment may exist, by comparing the estimated fair value of each reporting unit to its carrying value to determine if there is an indication that a potential impairment may exist.

Long-Lived and Amortizable Intangible Assets

There were no long-lived asset impairments recorded during the year ended December 31, 2016. During the years ended December 31, 2015 and 2014, the Company recorded long-lived asset impairments of $6 and $5, respectively, which are included in "Asset impairments" in the Consolidated Statements of Operations (see Note 5).

Goodwill

The Company performs an annual assessment of qualitative factors to determine whether the existence of any events or circumstances leads to a determination that it is more likely than not that the fair value of a reporting unit is less than the carrying amount of the reporting unit's net assets. If, after assessing all events and circumstances, the Company determines it is more likely than not that the fair value of a reporting unit is less than the carrying amount of the reporting unit's net assets, the Company uses a probability weighted market and income approach to estimate the fair value of the reporting unit. The Company's market approach is a comparable analysis technique commonly used in the investment banking and private equity industries based on the EBITDA (earnings before interest, income taxes, depreciation and amortization) multiple technique. Under this technique, estimated fair value is the result of a market-based EBITDA multiple that is applied to an appropriate historical EBITDA amount, adjusted for the additional fair value that would be assigned by a market participant obtaining control over the reporting unit. The Company's income approach is a discounted cash flow model. When the carrying amount of the reporting unit's goodwill is greater than the estimated fair value of the reporting unit's goodwill, an impairment loss is recognized for the difference.

At October 1, 2016 and 2015, the estimated fair value of the Company's reporting unit was deemed to be substantially in excess of the carrying amount of assets (including goodwill) and liabilities assigned to the reporting unit.

General Insurance—The Company is generally insured for losses and liabilities for workers' compensation, physical damage to property, business interruption and comprehensive general, product and vehicle liability under policies maintained by Hexion, and is allocated a share of the related premiums. The Company records losses when they are probable and reasonably estimable (see Note 3).

Legal Claims and Costs—The Company accrues for legal claims and costs in the period in which a claim is made or an event becomes known, if the amounts are probable and reasonably estimable. Each claim is assigned a range of potential liability and the most likely amount is accrued. If there is no amount in the range of potential liability that is most likely, the low end of the range is accrued. The amount accrued includes all costs associated with the claim, including settlements, assessments, judgments and fines. Legal fees are expensed as incurred (see Note 10).

Environmental Matters— Accruals for environmental matters are recorded when it is probable that a liability has been incurred and the amount of the liability can be reasonably estimated. Environmental accruals are reviewed on a quarterly basis and as events and developments warrant (see Note 10).

Asset Retirement Obligations—Asset retirement obligations are initially recorded at their estimated net present values in the period in which the obligation occurs, with a corresponding increase to the related long-lived asset. Over time, the liability is accreted to its settlement value and the capitalized cost is depreciated over the useful life of the related asset. When the liability is settled, a gain or loss is recognized for any difference between the settlement amount and the liability that was recorded.

Revenue Recognition—Revenue for product sales, net of estimated allowances and returns, is recognized as risk and title to the product transfer to the customer, which either occurs at the time shipment is made or upon delivery. In situations where product is delivered by pipeline, risk and title transfers when the product moves across an agreed-upon transfer point, which is typically the customers' property line. Product sales delivered by pipeline are measured based on daily flow meter readings. The Company's standard terms of delivery are included in its contracts of sale or on its invoices.

Shipping and Handling—Freight costs that are billed to customers are included in "Net sales" in the Consolidated Statements of Operations. Shipping costs are incurred to move the Company's products from production and storage facilities to the customer. Handling costs are incurred from the point the product is removed from inventory until it is provided to the shipper and generally include costs to store, move and prepare the products for shipment. Shipping and handling costs are recorded in "Cost of sales" in the Consolidated Statements of Operations.

Research and Development Costs—Funds are committed to research and development activities for technical improvement of products and processes that are expected to contribute to future earnings. All costs associated with research and development are charged to expense as incurred. Research and development and technical service expense of $29, $32 and $43 for the years ended December 31, 2016, 2015 and 2014, respectively, is included in "Selling, general and administrative expense" in the Consolidated Statements of Operations.

Business Realignment Costs—The Company incurred "Business realignment costs" totaling $15, $9 and $16 for the years ended December 31, 2016, 2015 and 2014, respectively. For the years ended December 31, 2016, 2015 and 2014, these costs primarily included expenses from the Company's restructuring and cost optimization programs, as well as costs for environmental remediation at certain formerly owned locations.

Pension Liabilities—Pension assumptions are significant inputs to the actuarial models that measure pension benefit obligations and related effects on operations. Two assumptions, discount rate and expected return on assets, are important elements of plan expense and asset/liability measurement. The Company evaluates these critical assumptions at least annually on a plan and country-specific basis. The Company periodically evaluates other assumptions involving demographic factors, such as retirement age, mortality and turnover, and updates them to reflect the Company's experience and expectations for the future. Actual results in any given year will often differ from actuarial assumptions because of economic and other factors.

Accumulated and projected benefit obligations are measured as the present value of future cash payments. The Company discounts these cash payments using a split-rate interest approach. This approach uses multiple interest rates from market-observed forward yield curves which correspond to the estimated timing of the related benefit payments. Lower discount rates increase present values and subsequent-year pension expense; higher discount rates decrease present values and subsequent-year pension expense.

To determine the expected long-term rate of return on pension plan assets, the Company considers current and expected asset allocations, as well as historical and expected returns on various categories of plan assets. In developing future return expectations for the principal benefit plans' assets, the Company evaluates general market trends as well as key elements of asset class returns such as expected earnings growth, yields and spreads across a number of potential scenarios.

Income Taxes—The Company recognizes deferred tax assets and liabilities for the expected future tax consequences of temporary differences between the financial statement carrying amounts and the tax bases of the assets and liabilities.

Deferred tax balances are adjusted to reflect tax rates, based on current tax laws that will be in effect in the years in which temporary differences are expected to reverse. Deferred tax assets are reduced by a valuation allowance when, in the opinion of management, it is more likely than not that some portion or all of the deferred tax assets will not be realized. For purposes of these financial statements, the international subsidiaries are treated as foreign subsidiaries of a domestic parent, the Company, for all periods presented. Income tax expense for the Company as well as a rate reconciliation is provided in Note 16.

Unrecognized tax benefits are generated when there are differences between tax positions taken in a tax return and amounts recognized in the Consolidated Financial Statements. Tax benefits are recognized in the Consolidated Financial Statements when it is more likely than not that a tax position will be sustained upon examination. Tax benefits are measured as the largest amount of benefit that is greater than 50% likely of being realized upon settlement. The Company classifies interest and penalties as a component of tax expense.

Derivative Financial Instruments—The Company periodically enters into forward exchange contracts or interest rate swaps to reduce its cash flow exposure to changes in foreign exchange rates or interest rates. The Company does not hold or issue derivative financial instruments for trading purposes. These instruments are not accounted for using hedge accounting, but are measured at fair value and recorded in the balance sheet as an asset or liability, depending upon the Company's underlying rights or obligations. Changes in fair value are recognized in earnings (see Note 6).

Stock-Based Compensation—Stock-based compensation cost is measured at the grant date based on the fair value of the award which is amortized as expense over the requisite service period on a graded-vesting basis. The Company does not maintain any stock-based compensation plans; however, certain of the Company's employees have been granted equity awards denominated in units of Hexion Holdings LLC, Hexion's ultimate parent. The Company is allocated a share of the related compensation expense (see Note 3).

Transfers of Financial Assets—The Company executes factoring and sales agreements with respect to its trade accounts receivable to support its working capital requirements. The Company accounts for these transactions as either sales-type or financing-type transfers of financial assets based on the terms and conditions of each agreement.

Concentrations of Credit Risk—Financial instruments that potentially subject the Company to concentrations of credit risk are primarily temporary investments and accounts receivable. The Company places its temporary investments with high quality institutions and, by policy, limits the amount of credit exposure to any one institution. Concentrations of credit risk for accounts receivable are limited due to the large number of customers in the Company's customer base and their dispersion across many different industries and geographies. The Company generally does not require collateral or other security to support customer receivables.

Corporate Overhead Allocations—In order to properly present the financial results of the Company on a stand-alone basis, corporate controlled expenses incurred by Hexion that are not reimbursed by the Company are allocated to the Company. The amounts are allocated on the basis of "Net sales." Management believes that the amounts allocated in such a manner are reasonable and consistent. However, the amounts are not necessarily indicative of the costs that would have been incurred if the Company had operated independently (see Note 3).

Subsequent Events—The Company has evaluated events and transactions subsequent to December 31, 2016 through the date of issuance of its Consolidated Financial Statements.

Recently Issued Accounting Standards

Newly Issued Accounting Standards

In May 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Board Update No. 2014-09: *Revenue from Contracts with Customers (Topic 606)* ("ASU 2014-09"). ASU 2014-09 supersedes the existing revenue recognition guidance and most industry-specific guidance applicable to revenue recognition. According to the new guidance, an entity will apply a principles-based five step model to recognize revenue upon the transfer of promised goods or services to customers and in an amount that reflects the consideration for which the entity expects to be entitled in exchange for those goods or services. The revised effective date for ASU 2014-09 is for annual and interim periods beginning on or after December 15, 2017, and early adoption will be permitted for annual and interim periods beginning on or after December 15, 2016. Entities will have the option of using either a full retrospective approach or a modified approach to adopt the guidance in ASU 2014-09. The Company is currently assessing the potential impact of ASU 2014-09 on its financial statements.

In July 2015, the FASB issued Accounting Standards Board Update No. 2015-11: *Simplifying the Measurement of Inventory (Topic 330)* ("ASU 2015-11") as part of the FASB simplification initiative. ASU 2015-11 replaces the existing concept of market value of inventory (where market was defined as replacement cost, with a ceiling of net realizable value and floor of net realizable value less a normal profit margin) with the single measurement of net realizable value. The guidance is effective for annual periods beginning after December 15, 2016, including interim periods within that reporting period. The requirements of ASU 2015-11 are not expected to have a significant impact on the Company's financial statements.

In February 2016, the FASB issued Accounting Standards Board Update No. 2016-02: *Leases (Topic 842)* ("ASU 2016-02"). ASU 2016-02 supersedes the existing lease guidance in Topic 840. According to the new guidance, all leases, with limited scope exceptions, will be recorded on the balance sheet in the form of a liability to make lease payments (lease liability) and a right-of-use asset representing the right to use the underlying asset for the lease term. The guidance is effective for annual and interim periods beginning on or after December 15, 2018, and early adoption is permitted. Entities will be required to adopt ASU 2016-02 using a modified retrospective approach, whereby leases will be recognized and measured at the beginning of the earliest period presented. The Company is currently assessing the potential impact of ASU 2016-02 on its financial statements.

In March 2016, the FASB issued Accounting Standards Board Update No. 2016-07: *Simplifying the Transition to the Equity Method of Accounting (Topic 323)* ("ASU 2016-07") as part of the FASB simplification initiative. ASU 2016-07 eliminates the requirement that when an existing investment qualifies for use of the equity method, an investor adjust the investment, results of operations and retained earnings retroactively as if the equity method has been in effect in all previous periods that the investment had been held. Under the new guidance, the equity method investor is only required to adopt the equity method as of the date the investment qualifies for the equity method, with no retrospective adjustment required. The guidance is effective for annual periods beginning after December 15, 2016, including interim periods within that reporting period, and early adoption is permitted. The requirements of ASU 2016-07 are not expected to have a significant impact on the Company's financial statements.

In March 2016, the FASB issued Accounting Standards Board Update No. 2016-09: *Improvements to Employee Share-Based Payment Accounting (Topic 718)* ("ASU 2016-09") as part of the FASB simplification initiative. ASU 2016-09 simplifies various aspects of share-based payment accounting, including the income tax consequences, classification of equity awards as either equity or liabilities and classification on the statement of cash flows. The guidance is effective for annual periods beginning after December 15, 2016, including interim periods within that reporting period, and early adoption is permitted. The requirements of ASU 2016-09 are not expected to have a significant impact on the Company's financial statements.

In August 2016, the FASB issued Accounting Standards Board Update No. 2016-15: *Statement of Cash Flows (Topic 230)* ("ASU 2016-15") as part of the FASB simplification initiative. ASU 2016-15 provides guidance on treatment in the statement of cash flows for eight specific cash flow topics, with the objective of reducing existing diversity in practice. Of the eight cash flow topics addressed in the new guidance, the topics expected to have an impact on the Company include debt prepayment or debt extinguishment costs, proceeds from the settlement of insurance claims and distributions received from equity method investees. The guidance is effective for annual periods beginning after December 15, 2017, including interim periods within that reporting period, and early adoption is permitted. The Company is currently assessing the potential impact of ASU 2016-15 on its financial statements.

Newly Adopted Accounting Standards

In November 2016, the FASB issued Accounting Standards Board Update No. 2016-18: *Statement of Cash Flows (Topic 230) Restricted Cash* ("ASU 2016-18") as part of the FASB simplification initiative. ASU 2016-18 requires that amounts generally described as restricted cash and restricted cash equivalents should be included with cash and cash equivalents when reconciling the beginning-of-period and end-of period total amounts shown on the statement of cash flows. The guidance is effective for annual periods beginning after December 15, 2017, including interim periods within that reporting period, and early adoption is permitted. The Company is currently assessing the potential impact of ASU 2016-18 on its financial statements. The Company elected to early adopt ASU 2016-18 as of December 31, 2016 and have updated its Consolidated Statements of Cash Flows for all periods presented to comply with the requirements of ASU 2016-18.

3. Related Party Transactions

Product Sales and Purchases

The Company sells finished goods and certain raw materials to Hexion and certain of its subsidiaries. Total sales were $220, $233 and $239 for the years ended December 31, 2016, 2015 and 2014, respectively. The Company also purchases raw materials and finished goods from Hexion and certain of its subsidiaries. Total purchases were $62, $63 and $79 for the years ended December 31, 2016, 2015 and 2014, respectively. These transactions are included in "Net sales" and "Cost of sales" in the Consolidated Statements of Operations, accordingly.

The Company sells products to certain Apollo affiliates and other related parties. These sales were $11, $27 and $19 for the years ended December 31, 2016, 2015 and 2014, respectively. Accounts receivable from these affiliates were $3 and $5 at December 31, 2016 and 2015, respectively. The Company also purchases raw materials and services from certain Apollo affiliates and other related parties. These purchases were $1, $4 and $4 for the years ended December 31, 2016, 2015 and 2014, respectively. The Company had accounts payable to these affiliates of less than $1 and less than $1 at December 31, 2016 and 2015, respectively.

Billed Allocated Expenses

Hexion incurs various administrative and operating costs on behalf of the Company that are reimbursed by the Company. These costs include engineering and technical support, purchasing, quality assurance, sales and customer service, information systems, research and development and certain administrative services. These service costs have been allocated to the Company generally based on sales or sales volumes and when determinable, based on the actual usage of resources. These costs were $39, $43 and $40 for the years ended December 31, 2016, 2015 and 2014, respectively, and are primarily included within "Selling, general and administrative expense" in the Consolidated Statements of Operations.

Hexion provides global services related to procurement to the Company. These types of services are a raw materials based charge as a result of the global services being primarily related to procurement. The Company's expense relating to these services totaled $13, $18 and $24 for the years ended December 31, 2016, 2015 and 2014, respectively, and is classified in "Selling, general and administrative expense" in the Consolidated Statements of Operations.

The Company also has various technology and royalty agreements with Hexion. Charges under these agreements are based on revenue or profits generated. The Company's total expense related to these agreements was $11, $20 and $36 for the years ended December 31, 2016, 2015 and 2014, respectively, and is classified in "Selling, general and administrative expense" in the Consolidated Statements of Operations.

In addition, Hexion maintains certain insurance policies that benefit the Company. Expenses related to these policies are allocated to the Company based upon sales, and were $5, $5 and $4 for the years ended December 31, 2016, 2015 and 2014, respectively. These expenses are included in "Selling, general and administrative expense" in the Consolidated Statements of Operations.

Foreign Exchange Gain/Loss Agreement

The Company entered into a foreign exchange gain/loss guarantee agreement in 2011 (which was renewed in each year from 2012 through 2016) with Hexion, whereby Hexion agreed to hold the Company neutral for any foreign exchange gains or losses incurred by the Company for statutory purposes associated with certain of its affiliated loans. The Company recorded unrealized gains of $18, $93 and $101 for the years ended December 31, 2016, 2015 and 2014, respectively, which has been recorded within "Other non-operating income, net" in the Consolidated Statements of Operations.

During the year ended December 31, 2014, Hexion contributed its outstanding receivable of $41 related to the hedge agreement results and remuneration amounts from 2012 and 2013 to the Company as a capital contribution and permanent investment in the Company, which is recorded in “Paid-in-capital” in the Consolidated Balance Sheets. During the year ended December 31, 2015, $85 of the outstanding receivable related to the hedge agreement results from 2014 was converted into an affiliated loan from Hexion to the Company. During the year ended December 31, 2016, $93 of the outstanding receivable related to the hedge agreement results from 2015 was converted into an affiliated loan from Hexion to the Company. At December 31, 2016, the balance of this affiliated loan is recorded in "Loans receivable from parent" within the equity section of the Consolidated Balance Sheets.

Cash Pooling Agreement Guarantee

In March 2012, the Company entered into a guarantee agreement with Hexion whereby Hexion agreed to hold the Company neutral for any interest income or expense exposure incurred by the Company for statutory purposes associated with certain of its affiliated loans that were entered into under an internal cash management agreement. In connection with this agreement, the Company recorded expense of $2, $1 and $4 for the years ended December 31, 2016, 2015 and 2014, respectively, which has been recorded within “Other non-operating (income) expense, net” in the Consolidated Statements of Operations. During the year ended December 31, 2014, Hexion contributed its outstanding receivable of $21 related to the agreement to the Company as a capital contribution and permanent investment in the Company, which is recorded in “Paid-in-capital” in the Consolidated Balance Sheets.

Accounts Receivable Factoring Agreement Guarantee

In December 2013, the Company entered into a guarantee agreement with Hexion whereby Hexion agreed to hold the Company neutral for any foreign exchange or bad debt exposure incurred by the Company for statutory purposes associated with purchases and sales of accounts receivable under an internal accounts receivable purchase and sale agreement. In connection with this agreement, the Company recorded income of less than $1 for the years ended December 31, 2016 and 2015, and expense of $1 for the year ended December 31, 2014, which has been recorded within “Other non-operating income, net” in the Consolidated Statements of Operations. During the year ended December 31, 2014, Hexion contributed its outstanding receivable of $1 related to the agreement to the Company as a capital contribution and permanent investment in the Company, which is recorded in “Paid-in-capital” in the Consolidated Balance Sheets.

Other Allocated Expenses

At December 31, 2016 and 2015, the Company had affiliated receivables of $87 and $221, respectively, and affiliated payables of $79 and $100, respectively, pertaining to all of the billed related party transactions described above.

Unbilled Allocated Corporate Controlled Expenses

In addition to direct charges, Hexion provides certain administrative services that are not reimbursed by the Company. These costs include corporate controlled expenses such as executive management, legal, health and safety, accounting, tax and credit, and have been allocated herein to the Company on the basis of “Net sales.” The charges also include allocated stock-based compensation expense of less than $1 for the years ended December 31, 2016 and 2015 and 2014, which is included in the Finance section of the table below. Management believes that the amounts are allocated in a manner that is reasonable and consistent, and that these allocations are necessary in order to properly depict the financial results of the Company on a stand-alone basis. However, the amounts are not necessarily indicative of the costs that would have been incurred if the Company had operated independently. These charges are included in “Selling, general and administrative expense” in the Consolidated Statements of Operations, with the offsetting credit recorded in “Paid-in capital.” There is no income tax provided on these amounts because they are not deductible for tax purposes.

The following table summarizes the corporate controlled expense allocations for the years ended December 31, 2016, 2015 and 2014:

	2016	2015	2014
Executive group	$ —	$ 3	$ 3
Environmental, health and safety services	1	1	2
Finance	4	2	6
Total	$ 5	$ 6	$ 11

See Note 8 for a description of the Company’s affiliated financing and investing activities.

Other Transactions

In April 2014, the Company purchased 100% of the interests in MPM’s Canadian subsidiary for a purchase price of approximately $12. As a part of the transaction the Company also entered into a non-exclusive distribution agreement with a subsidiary of MPM, whereby the Company will act as a distributor of certain of MPM’s products in Canada. The agreement has a term of 10 years, and is cancelable by either party with 180 days’ notice. The Company is compensated for acting as distributor at a rate of 2% of the net selling price of the related products sold. Additionally, MPM provided transitional services to the Company for a period of 6 months subsequent to the transaction date. During the year ended December 31, 2016 and 2015, the Company purchased approximately $26 and $28, respectively, of products from MPM under this distribution agreement, and earned $1 from MPM as compensation for acting as distributor of the products. As of both December 31, 2016 and 2015, the Company had $2 of accounts payable to MPM related to the distribution agreement.

As both the Company and MPM shared a common ultimate parent at the time of the transaction, this purchase was accounted for as a transaction under common control as defined in the accounting guidance for business combinations, resulting in the Company recording the net assets of the acquired entity at carrying value. Additionally, the gain on the purchase of $3 was accounted for as a capital contribution, and is reflected as an addition to “Paid-in-Capital” in the Consolidated Balance Sheets.

4. Goodwill and Other Intangible Assets

The gross carrying amount and accumulated impairments of goodwill consist of the following as of December 31, 2016 and 2015:

2016				2015			
Gross Carrying Amount	Accumulated Impairments	Accumulated Foreign Currency Translation	Net Book Value	Gross Carrying Amount	Accumulated Impairments	Accumulated Foreign Currency Translation	Net Book Value
$ 116	$ (5)	$ (13)	$ 98	$ 116	$ (5)	$ (10)	$ 101

The changes in the carrying amount of goodwill for the years ended December 31, 2016 and 2015 are as follows:

	Total
Goodwill balance at December 31, 2014	$ 102
Acquisitions	10
Foreign currency translation	(11)
Goodwill balance at December 31, 2015	101
Foreign currency translation	(3)
Goodwill balance at December 31, 2016	$ 98

In 2015, the Company acquired the remaining 50% interest in Momentive Union Specialty Chemicals Ltd, a joint venture in China, from its joint venture partner, and the allocation of fair value to the assets acquired and liabilities assumed at the date of acquisition resulted in $10 being allocated to goodwill (see Note 13).

The Company’s intangible assets with identifiable useful lives consist of the following as of December 31, 2016 and 2015:

	2016				2015			
	Gross Carrying Amount	Accumulated Impairments	Accumulated Amortization	Net Book Value	Gross Carrying Amount	Accumulated Impairments	Accumulated Amortization	Net Book Value
Patents and technology	$ 67	$ —	$ (54)	$ 13	$ 67	$ —	$ (50)	$ 17
Customer lists and contracts	78	(17)	(57)	4	78	(17)	(52)	9
Other	19	—	(9)	10	19	—	(9)	10
Total	$ 164	$ (17)	$ (120)	$ 27	$ 164	$ (17)	$ (111)	$ 36

The impact of foreign currency translation on intangible assets is included in accumulated amortization.

Total intangible amortization expense for the years ended December 31, 2016, 2015 and 2014 was $8, $9 and $10, respectively.

Estimated annual intangible amortization expense for 2017 through 2021 is as follows:

2017	$ 6
2018	4
2019	4
2020	4
2021	4

5. Fair Value

Fair value is the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. Fair value measurement provisions establish a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. This guidance describes three levels of inputs that may be used to measure fair value:

- **Level 1:** Inputs are quoted prices (unadjusted) for identical assets or liabilities in active markets.
- **Level 2:** Pricing inputs are other than quoted prices in active markets included in Level 1, which are either directly or indirectly observable as of the reported date.
- **Level 3:** Unobservable inputs that are supported by little or no market activity and are developed based on the best information available in the circumstances. For example, inputs derived through extrapolation or interpolation that cannot be corroborated by observable market data.

Recurring Fair Value Measurements

Following is a summary of assets and liabilities measured at fair value on a recurring basis as of December 31, 2016 and 2015:

	Fair Value Measurements Using			
	Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)	Total
December 31, 2016				
Derivative assets	$ —	$ 197	$ —	$ 197
December 31, 2015				
Derivative assets	$ —	$ 184	$ —	$ 184

Level 2 derivative liabilities consist of derivative instruments transacted primarily in over-the-counter markets. There were no transfers between Level 1, Level 2 or Level 3 measurements during the years ended December 31, 2016 and 2015.

The Company calculates the fair value of its Level 2 derivative liabilities using standard pricing models with market-based inputs, adjusted for nonperformance risk. When its financial instruments are in a liability position, the Company evaluates its credit risk as a component of fair value. At December 31, 2016 and 2015, no adjustment was made by the Company to reduce its derivative liabilities for nonperformance risk.

When its financial instruments are in an asset position, the Company is exposed to credit loss in the event of nonperformance by other parties to these contracts and evaluates their credit risk as a component of fair value.

Non-recurring Fair Value Measurements

Following is a summary of losses as a result of the Company measuring assets at fair value on a non-recurring basis during the years ended December 31, 2016, 2015 and 2014, all of which were valued using Level 3 inputs.

	Year Ended December 31,		
	2016	2015	2014
Long-lived assets held and used	$ —	$ 4	$ 5
Long-lived assets held for disposal/abandonment	—	2	—
Total	$ —	$ 6	$ 5

In 2015, as a result of the likelihood that certain long-lived assets would be disposed of before the end of their estimated useful lives resulting in lower future cash flows associated with these assets, the Company wrote down long-lived assets with a carrying value of $5 to fair value of $1, resulting in an impairment charge of $4.

In 2015, as a result of the Company's decision to dispose of certain long-lived assets before the end of their estimated useful lives, the Company wrote down long-lived assets with a carrying value of $2 to fair value of $0, resulting in an impairment charge of $2.

In 2014, as a result of the likelihood that certain long-lived assets would be disposed of before the end of their estimated useful lives resulting in lower future cash flows associated with these assets, the Company wrote down long-lived assets with a carrying value of $5, to fair value of $0, resulting in an impairment charge of $5.

Non-derivative Financial Instruments

The following table summarizes the carrying amount and fair value of the Company's non-derivative financial instruments:

	Carrying Amount	Fair Value			
		Level 1	Level 2	Level 3	Total
December 31, 2016					
Non-affiliated debt	$ 97	$ —	$ 95	$ 2	$ 97
December 31, 2015					
Non-affiliated debt	$ 102	$ —	$ 100	$ 2	$ 102

Fair values of debt classified as Level 2 are determined based on other similar financial instruments, or based upon interest rates that are currently available to the Company for the issuance of debt with similar terms and maturities. Level 3 amounts represent capital leases whose fair value is determined through the use of present value and specific contract terms. The carrying amounts of cash and cash equivalents, short term investments, accounts receivable, accounts payable and other accrued liabilities are considered reasonable estimates of their fair values due to the short-term maturity of these financial instruments.

6. Derivative Instruments and Hedging Activities

Derivative Financial Instruments

The Company is exposed to certain risks related to its ongoing business operations. The primary risks managed by using derivative instruments are foreign currency exchange risk and interest rate risk. The Company does not hold or issue derivative financial instruments for trading purposes.

Foreign Exchange Rate Swaps

International operations account for a significant portion of the Company's revenue and operating income. The Company's policy is to reduce foreign currency cash flow exposure from exchange rate fluctuations by hedging anticipated and firmly committed transactions when it is economically feasible. The Company periodically enters into forward contracts to buy and sell foreign currencies to reduce foreign exchange exposure and protect the U.S. dollar value of certain transactions to the extent of the amount under contract. The counter-parties to our forward contracts are financial institutions with investment grade ratings. The Company does not apply hedge accounting to these derivative instruments.

The Company is party to various foreign exchange rate swaps in Brazil in order to reduce the foreign currency risk associated with certain assets and liabilities of its Brazilian subsidiary that are denominated in U.S. dollars. The counter-parties to the foreign exchange rate swap agreements are financial institutions with investment grade ratings. The Company does not apply hedge accounting to these derivative instruments.

Foreign Exchange Gain/Loss Agreement

The Company entered into a foreign exchange gain/loss guarantee agreement in 2011 (which was renewed in each of 2012 through 2016) with Hexion whereby Hexion agreed to hold the Company neutral for any foreign exchange gains or losses incurred by the Company for income tax purposes associated with certain of its affiliated loans. This arrangement qualifies as a derivative and is recorded at fair value in the Consolidated Balance Sheets. The Company does not apply hedge accounting to this derivative instrument.

The following table summarizes the Company’s derivative financial instrument assets and liabilities as of December 31:

Derivatives not designated as hedging instruments	2016 Average Days to Maturity	2016 Average Contract Rate	2016 Notional Amount	2016 Fair Value Asset	2015 Average Days to Maturity	2015 Average Contract Rate	2015 Notional Amount	2015 Fair Value Asset	Location of Derivative Asset (Liability)
Foreign Exchange Gain/Loss Agreement									
Foreign exchange gain/loss agreement with affiliate	365	—	$ 506	$ 197	365	—	$ 823	$ 183	Accounts receivable from affiliates and Loans receivable from parent
Foreign Exchange Rate Swaps									
Brazil foreign exchange rate swaps - asset	—	—	7	—	—	—	15	1	Other current assets
Brazil foreign exchange rate swaps - liability	—	—	4	—	—	—	5	—	Other current liabilities
Total				$ 197				$ 184	

The following table summarizes gains and losses recognized on the Company’s derivative financial instruments, which are recorded in “Other non-operating income, net” in the Consolidated Statements of Operations:

Derivatives not designated as hedging instruments	Amount of Gain (Loss) Recognized in Income for the Year Ended December 31: 2016	2015	2014
Foreign Exchange Gain/Loss Agreement			
Foreign exchange gain/loss agreement with affiliate	$ 18	$ 93	$ 101
Foreign Exchange Rate Swaps			
Brazil foreign exchange rate swaps	—	1	(1)
Total	$ 18	$ 94	$ 100

7. Non-Affiliated Debt and Lease Obligations

Non-affiliated debt outstanding at December 31, 2016 and 2015 is as follows:

	2016 Long-Term	2016 Due Within One Year	2015 Long-Term	2015 Due Within One Year
ABL Facility	$ —	$ —	$ —	$ —
Other Borrowings:				
Australia Facility due 2017 at 4.1% and 4.5% at December 31, 2016 and 2015, respectively	—	51	29	3
Brazilian bank loans at 11.2% and 10.9% at December 31, 2016 and 2015	14	26	5	42
Capital leases and other	4	2	2	21
Total	$ 18	$ 79	$ 36	$ 66

ABL Facility

In March 2013 Hexion entered into a new $400 asset-based revolving loan facility, subject to a borrowing base (the “ABL Facility”). The ABL Facility replaced Hexion's senior secured credit facilities, which included a $171 revolving credit facility and a $47 synthetic letter of credit facility at the time of the termination of such facilities upon Hexion's entry into the ABL Facility. Certain of the Company's subsidiaries (Hexion B.V., Hexion Canada and certain Hexion UK subsidiaries) are eligible to obtain borrowings under the ABL Facility.

In 2015, Hexion entered into an amendment to its ABL Facility, under which certain of the Company’s subsidiaries are borrowers, to (i) add one of its German subsidiaries as a borrower and one of its German subsidiaries as a guarantor and (ii) expand its borrowing base to include certain machinery and equipment in certain foreign jurisdictions, subject to customary reserves.

In December 2016, Hexion amended and restated the ABL Facility, with modifications to, among other things, permit the refinancing of Hexion’s 8.875% Senior Secured Notes due 2018. In connection with the issuance of Hexion’s 10.375% First-Priority Senior Secured Notes due 2022 and 13.75% Senior Secured Notes due 2022 in February 2017, certain lenders under the ABL Facility provided extended revolving facility commitments in an aggregate principal amount of approximately $350 with a maturity date of December 5, 2021 (subject to certain early maturity triggers), the existing commitments were terminated and the size of the ABL Facility was reduced from $400 to $350.

As amended, the ABL Facility has a maturity date of December 5, 2021 unless, if 91 days prior to the scheduled maturity of Hexion’s 6.625% First-Priority Senior Notes due 2020 and Hexion’s 10.00% First-Priority Senior Secured Notes due 2020, more than $50 aggregate principal amount of these notes are outstanding, in which case the ABL Facility will mature on such earlier date. Additionally, if 91 days prior to the scheduled maturity of the Hexion’s 9.00% Second-Priority Senior Secured Notes due 2020, more than $50 aggregate principal amount of these notes are outstanding, the ABL Facility will mature on such earlier date.

Availability under the ABL Facility is $350, subject to a borrowing base based on a specified percentage of eligible accounts receivable and inventory. The ABL Facility bears interest on loans to the Company’s subsidiaries at a floating rate based on, at the Company's option, an adjusted LIBOR rate plus an initial applicable margin of 2.25% or an alternate base rate plus an initial applicable margin of 1.25%. From and after the date of delivery of Hexion's financial statements for the first fiscal quarter ended after the effective date of the ABL Facility, the applicable margin for such borrowings will be adjusted depending on the availability under the ABL Facility. As of December 31, 2016, the applicable margin for LIBOR rate loans was 1.75% and for alternate base rate loans was 0.75%. In addition to paying interest on outstanding principal under the ABL Facility, Hexion is required to pay a commitment fee to the lenders in respect of the unutilized commitments at an initial rate equal to 0.50% per annum, subject to adjustment depending on the usage. The ABL Facility does not have any financial maintenance covenants, other than a fixed charge coverage ratio of 1.0 to 1.0 that only applies if availability under the ABL Facility is less than the greater of (a) $35 and (b) 12.5% of the lesser of the borrowing base and the total ABL Facility commitments at such time. The fixed charge coverage ratio under the credit agreement governing the ABL Facility is generally defined as the ratio of (a) Adjusted EBITDA minus non-financed capital expenditures and cash taxes to (b) debt service plus cash interest expense plus certain restricted payments, each measured for the four most recent quarters for which financial statements have been delivered. The ABL Facility is secured by, among other things, first-priority liens on most of the inventory and accounts receivable and related assets of Hexion, its domestic subsidiaries and certain of its foreign subsidiaries (including the Company and Hexion B.V., Hexion Canada and certain Hexion UK subsidiaries) (the “ABL Priority Collateral”), and by second-priority liens on certain collateral that generally includes most of Hexion’s, its domestic subsidiaries’ and certain of its foreign subsidiaries’ assets other than the ABL Priority Collateral, in each case subject to certain exceptions and permitted liens. Cross collateral guarantees exist whereby Hexion is a guarantor of the Company's borrowings under the ABL Facility, while the Company and certain of its subsidiaries guarantee certain obligations of Hexion and its subsidiaries. Events of default include the failure to pay principal and interest when due, a material breach of representation or warranty, covenant defaults, events of bankruptcy and a change of control. In addition, the ABL Facility of Hexion contains cross-acceleration and cross default provisions. Accordingly, events of default under certain other foreign debt agreements could result in certain of the Company's outstanding debt becoming immediately due and payable.

Available borrowings to the Company’s subsidiaries under the ABL Facility were $184 as of December 31, 2016, and there were no outstanding borrowings under the ABL Facility as of December 31, 2016.

Other Borrowings

The Company’s Australian Term Loan Facility has a variable interest rate equal to the 90 day Australian or New Zealand Bank Bill Rates plus an applicable margin. The agreement also provides access to a $7 revolving credit facility. There were no outstanding balances on the revolving credit facility at either December 31, 2016 or 2015.

The Brazilian bank loans represent various bank loans, primarily for working capital purposes and to finance the construction of manufacturing facilities.

In addition to available borrowings under Hexion’s revolving credit facility, the Company has available borrowings under various international credit facilities. At December 31, 2016, under these international credit facilities the Company had $19 available to fund working capital needs and capital expenditures. While these facilities are primarily unsecured, portions of the lines are collateralized by equipment and cash and short term investments at December 31, 2016.

Hexion Nova Scotia Finance, ULC (a subsidiary of CO-OP, “Hexion NSF”), along with Hexion, are co-issuers and obligors of $574 of 9.00% Second-Priority Senior Secured Notes due 2020, as well as the 8.875% Senior Secured Notes due 2018, which were satisfied and discharged by Hexion on February 8, 2017. These notes are guaranteed by Hexion’s subsidiaries, and are not reflected in the Company's Consolidated Financial Statements.

Aggregate maturities of debt and minimum annual rentals under operating leases at December 31, 2016, for the Company are as follows:

Year	Debt	Minimum Rentals Under Operating Leases	Minimum Payments Under Capital Leases
2017	$ 78	$ 6	$ 1
2018	6	6	—
2019	5	5	—
2020	3	4	—
2021	3	3	—
2022 and beyond	—	1	1
Total minimum payments	$ 95	$ 25	2
Less: Amount representing interest			(1)
Present value of minimum payments			$ 1

The Company's operating leases consist primarily of vehicles, equipment, land and buildings. Rental expense under operating leases amounted to $6, $7 and $8 for the years ended December 31, 2016, 2015 and 2014, respectively.

8. Affiliated Financing

The following table summarizes the Company's outstanding loans payable and loans receivable with affiliates as of December 31, 2016 and 2015, as well as the corresponding interest expense (income) for the years ended December 31, 2016 and 2015:

	2016			2015		
	Long-Term	Due Within One Year	Interest Expense (Income)	Long-Term	Due Within One Year	Interest Expense (Income)
Affiliated debt payable:						
Loan payable to Hexion due 2020 at 9.0% at December 31, 2016 and 2015	$ 268	$ —	$ 25	$ 276	$ —	$ 25
Loan payable to Hexion due 2020 at 10.0% at December 31, 2016 and 2015	125	—	12	110	—	11
Loan payable to Hexion due 2020 at 6.6% at December 31, 2016 and 2015	583	—	38	565	—	37
Loan payable to Hexion due 2017 at 2.6% at December 31, 2016 and 2015	—	—	2	238	—	4
Other loans due to Hexion and affiliates at 4.8% and 5.6% at December 31, 2016 and 2015, respectively	63	46	5	59	13	6
Total affiliated debt payable	$ 1,039	$ 46	$ 82	$ 1,248	$ 13	$ 83
Affiliated debt receivable:						
Loan receivable from Hexion due 2017 at 2.5% at December 31, 2016 and 2015	$ —	$ 145	$ (4)	$ 143	$ —	$ (1)
Other loans due from Hexion and affiliates at 3.3% and 2.3% at December 31, 2016 and 2015, respectively	180	28	(7)	91	33	(3)
Total affiliated debt receivable	$ 180	$ 173	$ (11)	$ 234	$ 33	$ (4)

Affiliated Debt Payable

In conjunction with CO-OP's acquisition of NBC Germany, CO-OP issued a note payable to Hexion Canada of €254, or $340, at December 31, 2010. In turn, Hexion Canada assigned this note to Hexion NSF in partial settlement of its note payable to Hexion NSF. This partial settlement triggered the requirement of Hexion to subscribe to shares in Hexion Canada under the Stock Subscription Agreement, which was subsequently waived by Hexion Canada. As of December 31, 2016 and 2015, $268 and $276, respectively, was outstanding under this loan. Interest expense related to this loan totaled $25 for both the years ended December 31, 2016 and 2015.

In 2010, in conjunction with a tax restructuring that occurred in Canada, CO-OP issued a note payable to Hexion due November 2020. As of December 31, 2016 and 2015, $125 and $110, respectively, was outstanding under this loan. Interest expense related to this loan totaled $12 and $11 for the years ended December 31, 2016 and 2015, respectively.

In 2012, the Company borrowed $98 from Hexion under a new loan that bears interest at 6.625% and matures in 2020. The proceeds of the loan were used to repay existing term loans maturing in May 2013 under Hexion's amended senior secured credit facilities, as part of Hexion's refinancing transactions in 2012. In 2013, the Company borrowed an additional $370 under this loan, the proceeds of which were used to repay existing term loans maturing in May 2015 under Hexion's amended senior secured credit facilities, as part of Hexion's refinancing transactions in 2013. As of December 31, 2016 and 2015, there was $583 and $565 respectively, outstanding under this loan. Interest expense related to this loan was $38 and $37 during the years ended December 31, 2016 and 2015, respectively.

In 2014, for cash management purposes, the Company borrowed $265 from Hexion under a new loan that bears interest at 2.0%. Interest expense related to this loan was $1 during the year ended December 31, 2014. In 2015, the outstanding balance of this loan was rolled into a new loan that bears interest at 2.6% and matures in 2017. As of December 31, 2015 there was an outstanding balance of $238 under this loan. In 2016, this loan was netted against an existing loan receivable and the balance was reduced to zero. Interest expense related to this loan was $2 and $4 during the years ended December 31, 2016 and 2015, respectively.

The total outstanding loans payable balances are included in "Affiliated debt payable within one year" and "Affiliated long-term debt" in the Consolidated Balance Sheets.

Affiliated Debt Receivable

In 2015, for working capital purposes, the company issued a note to Hexion due July 2017. As of December 31, 2016 and 2015, there was $145 and $143, respectively, outstanding under this loan. Interest income related to this loan was $4 and $1 for the years ended December 31, 2016 and 2015, respectively.

Balance Sheet Classification

Of the outstanding loans receivable as of December 31, 2016 and 2015, $179 and $86, respectively, represented amounts receivable from Hexion that are not expected to be repaid for the foreseeable future. These balances relate to the conversion of outstanding receivables related to the FX hedge agreement results into an affiliated loan from Hexion to the Company. As Hexion is the Company's parent, these amounts were recorded as a reduction of equity in the Consolidated Balance Sheets. Although these loans receivable are not expected to be repaid for the foreseeable future, facts and circumstances could change and result in such amounts being repaid or otherwise settled.

The remaining outstanding loans receivable balances are included in "Loans receivable from affiliates" and "Long-term loans receivable from affiliates" in the Consolidated Balance Sheets.

9. Guarantees, Indemnities and Warranties

Standard Guarantees / Indemnifications

In the ordinary course of business, the Company enters into a number of agreements that contain standard guarantees and indemnities where the Company may indemnify another party for, among other things, breaches of representations and warranties. These guarantees or indemnifications are granted under various agreements, including those governing (i) purchases and sales of assets or businesses, (ii) leases of real property, (iii) licenses of intellectual property, (iv) long-term supply agreements, (v) employee benefits services agreements and (vi) agreements with public authorities on subsidies received for designated research and development projects. These guarantees or indemnifications issued are for the benefit of the (i) buyers in sale agreements and sellers in purchase agreements, (ii) landlords or lessors in lease contracts, (iii) licensors or licensees in license agreements, (iv) vendors or customers in long-term supply agreements, (v) service providers in employee benefits services agreements and (vi) governments or agencies subsidizing research or development. In addition, the Company guarantees some of the payables of its subsidiaries to purchase raw materials in the ordinary course of business.

These parties may also be indemnified against any third party claim resulting from the transaction that is contemplated in the underlying agreement. Additionally, in connection with the sale of assets and the divestiture of businesses, the Company may agree to indemnify the buyer with respect to liabilities related to the pre-closing operations of the assets or businesses sold. Indemnities for pre-closing operations generally include tax liabilities, environmental liabilities and employee benefit liabilities that are not assumed by the buyer in the transaction.

Indemnities related to the pre-closing operations of sold assets normally do not represent additional liabilities to the Company, but simply serve to protect the buyer from potential liability associated with the Company's existing obligations at the time of sale. As with any liability, the Company has accrued for those pre-closing obligations that it considers probable and reasonably estimable. The amounts recorded at December 31, 2016 and 2015 are not significant.

While some of these guarantees extend only for the duration of the underlying agreement, many survive the expiration of the term of the agreement or extend into perpetuity (unless they are subject to a legal statute of limitations). There are no specific limitations on the maximum potential amount of future payments to be made under these guarantees because the triggering events are not predictable.

Warranties

The Company does not make express warranties on its products, other than that they comply with the Company's specifications; therefore, the Company does not record a warranty liability. Adjustments for product quality claims are not material and are charged against net sales.

10. Commitments and Contingencies

Environmental Matters

The Company's operations involve the use, handling, processing, storage, transportation and disposal of hazardous materials. The Company is subject to extensive environmental regulation and is therefore exposed to the risk of claims for environmental remediation or restoration. In addition, violations of environmental laws or permits may result in restrictions being imposed on operating activities, substantial fines, penalties, damages or other costs, any of which could have a material adverse effect on the Company's business, financial condition, results of operations or cash flows.

Environmental Institution of Paraná IAP—On August 10, 2005, the Environmental Institute of Paraná (IAP), an environmental agency in the State of Paraná, provided Hexion Quimica Industria, the Company's Brazilian subsidiary, with notice of an environmental assessment in the amount of 12 Brazilian reais. The assessment related to alleged environmental damages to the Paranagua Bay caused in November 2004 from an explosion on a shipping vessel carrying methanol purchased by the Company. The investigations performed by the public authorities have not identified any actions of the Company that contributed to or caused the accident. The Company responded to the assessment by filing a request to have it cancelled and by obtaining an injunction precluding execution of the assessment pending adjudication of the issue. In November 2010, the Court denied the Company's request to cancel the assessment and lifted the injunction that had been issued. The Company responded to the ruling by filing an appeal in the State of Paraná Court of Appeals. In March 2012, the Company was informed that the Court of Appeals had denied the Company's appeal, and on June 4, 2012 the Company filed appeals to the Superior Court of Justice and the Supreme Court of Brazil. In September 2016, the Superior Court of Justice decided that strict liability does not apply to administrative fines issued by environmental agencies and reversed the decision of the State of Paraná Court of Appeals. The Superior Court of Justice remanded the case back to the Court of Appeals to determine if the IAP met its burden of proving negligence by the Company. The Company continues to believe it has strong defenses against the validity of the assessment, and does not believe that a loss is probable. At December 31, 2016, the amount of the assessment, including tax, penalties, monetary correction and interest, is 52 Brazilian reais, or approximately $16.

The following table summarizes all probable environmental remediation, indemnification and restoration liabilities, including related legal expenses, at December 31, 2016 and 2015.

	Liability		2016 Range of Reasonably Possible Costs	
Site Description	**December 31, 2016**	**December 31, 2015**	**Low**	**High**
Currently-owned	$ 2	$ 3	$ 2	$ 7
Formerly-owned:				
Remediation	1	1	1	2
Monitoring only	—	—	—	—
Total	$ 3	$ 4	$ 3	$ 9

These amounts include estimates for unasserted claims that the Company believes are probable of loss and reasonably estimable. The estimate of the range of reasonably possible costs is less certain than the estimates upon which the liabilities are based. To establish the upper end of a range, assumptions less favorable to the Company among the range of reasonably possible outcomes were used. As with any estimate, if facts or circumstances change, the final outcome could differ materially from these estimates. At both December 31, 2016 and 2015, $2 has been included in "Other current liabilities" in the Consolidated Balance Sheets with the remaining amount included in "Other long-term liabilities."

At six of these locations, the Company is conducting environmental remediation and restoration under business realignment programs due to closure of the sites. A portion of this remediation is being performed by the Company on a voluntary basis; therefore, the Company has greater control over the costs to be incurred and the timing of cash flows. The Company anticipates the amounts under these reserves will be paid within the next five years.

Non-Environmental Legal Matters

The Company is involved in various product liability, commercial and employment litigation, personal injury, property damage and other legal proceedings that are considered to be in the ordinary course of business. The Company has reserves of $2 at both December 31, 2016 and 2015, respectively, for all non-environmental legal defense costs incurred and settlement costs that it believes are probable and estimable. At both December 31, 2016 and 2015, $1 has been included in "Other current liabilities" in the Consolidated Balance Sheets with the remaining amount included in "Other long-term liabilities."

Other Commitments and Contingencies

Purchase Commitments

The Company has entered into contractual agreements with third parties for the supply of site services, utilities, materials and facilities and for operation and maintenance services necessary to operate certain of the Company's facilities on a stand-alone basis. The duration of the contracts range from less than one year to 20 years, depending on the nature of services. These contracts may be terminated by either party under certain conditions as provided for in the respective agreements; generally, 90 days notice is required for short-term contracts and three years notice is required for longer-term contracts (generally those contracts in excess of five years). Contractual pricing generally includes a fixed and variable component.

In addition, the Company has entered into contractual agreements with third parties to purchase feedstocks or other services. The terms of these agreements vary from one to ten years and may be extended at the Company's request and are cancelable by either party as provided for in each agreement. Feedstock prices are based on market prices less negotiated volume discounts or cost input formulas. The Company is required to make minimum annual payments under these contracts as follows:

Year	Minimum Annual Purchase Commitments
2017	$ 100
2018	77
2019	66
2020	66
2021	8
2022 and beyond	75
Total minimum payments	392
Less: Amount representing interest	(34)
Present value of minimum payments	$ 358

11. Pension and Non-Pension Postretirement Benefit Plans

Certain of the Company's subsidiaries sponsor defined benefit pension plans covering certain associates primarily in Canada, Netherlands, Germany, Brazil, France, Belgium and Malaysia. Depending on the plan, benefits are based on eligible compensation and/or years of credited service. The Company also sponsors defined contribution plans in some locations. Non-pension postretirement benefit plans are also provided to associates in Canada, Brazil and to certain associates in the Netherlands. The Canadian plan provides retirees and their dependents with medical and life insurance benefits, which are supplemental benefits to the respective provincial healthcare plan in Canada. The Brazilian plan became effective in 2012 as a result of a change in certain regulations, and provides retirees with access to medical benefits, with the retiree being responsible for 100% of the premiums. In 2014, the plan was amended such that 100% of the premiums of active employees are paid by the Company. The Netherlands' plan provides a lump sum payment at retirement.

The following table presents the change in benefit obligation, change in plan assets and components of funded status for the Company's defined benefit pension and non-pension postretirement benefit plans for the years ended December 31:

	Pension Benefits		Postretirement Benefits	
	2016	2015	2016	2015
Change in Benefit Obligation				
Benefit obligation at beginning of year	$ 492	$ 564	$ 9	$ 11
Service cost	14	16	—	—
Interest cost	10	12	1	1
Actuarial (gains) losses	57	(31)	(1)	(1)
Foreign currency exchange rate changes	(13)	(61)	1	(2)
Benefits paid	(10)	(9)	—	—
Reduction due to divestitures	(3)	—	—	—
Plan amendments	—	—	—	—
Plan settlements	—	—	—	—
Expense paid from assets	—	—	—	—
Employee contributions	1	1	—	—
Benefit obligation at end of year	548	492	10	9
Change in Plan Assets				
Fair value of plan assets at beginning of year	316	351	—	—
Actual return on plan assets	33	(4)	—	—
Foreign currency exchange rate changes	(10)	(37)	—	—
Employer contributions	19	14	—	—
Benefits paid	(10)	(9)	—	—
Employee contributions	1	1	—	—
Fair value of plan assets at end of year	349	316	—	—
Funded status of the plan at end of year	$ (199)	$ (176)	$ (10)	$ (9)

The foreign currency impact reflected in these rollforward tables are primarily for changes in the euro and Canadian dollar versus the U.S. dollar.

	Pension Benefits		Postretirement Benefits	
	2016	2015	2016	2015
Amounts recognized in the Consolidated Balance Sheets at December 31 consist of:				
Other current liabilities	$ (4)	$ (5)	$ —	$ —
Long-term pension obligations	(195)	(171)	(10)	(9)
Accumulated other comprehensive loss	(3)	(4)	2	2
Net amounts recognized	$ (202)	$ (180)	$ (8)	$ (7)
Amounts recognized in Accumulated other comprehensive loss at December 31 consist of:				
Net prior service (benefit) cost	$ (4)	$ (5)	$ 3	$ 3
Deferred income taxes	1	1	(1)	(1)
Net amounts recognized	$ (3)	$ (4)	$ 2	$ 2
Accumulated benefit obligation	$ 504	$ 458		
Accumulated benefit obligation for funded plans	350	308		
Pension plans with underfunded or non-funded accumulated benefit obligations at December 31:				
Aggregate projected benefit obligation	$ 173	$ 167		
Aggregate accumulated benefit obligation	164	158		
Aggregate fair value of plan assets	9	8		
Pension plans with projected benefit obligations in excess of plan assets at December 31:				
Aggregate projected benefit obligation	$ 548	$ 492		
Aggregate fair value of plan assets	349	316		

Following are the components of net pension and postretirement (benefit) expense recognized for the years ended December 31:

	Pension Benefits			Postretirement benefits		
	2016	2015	2014	2016	2015	2014
Service cost	$ 14	$ 16	$ 14	$ —	$ —	$ —
Interest cost on projected benefit obligation	10	12	17	1	1	1
Expected return on assets	(10)	(13)	(15)	—	—	—
Amortization of prior service cost	(1)	—	—	—	—	—
Unrealized actuarial (gain) loss	35	(16)	80	(1)	(1)	2
Net (benefit) expense	$ 48	$ (1)	$ 96	$ —	$ —	$ 3

The following amounts were recognized in “Accumulated other comprehensive loss” during the year ended December 31, 2016:

	Pension Benefits	Non-Pension Postretirement Benefits	Total
Amortization of prior service benefit	$ 1	$ —	$ 1
Loss recognized in accumulated other comprehensive loss, net of tax	$ 1	$ —	$ 1

The amounts in “Accumulated other comprehensive loss” that are expected to be recognized as components of net periodic benefit cost (benefit) during the next fiscal year are less than $1.

Determination of actuarial assumptions

The Company’s actuarial assumptions are determined separately for each plan, taking into account the demographics of the population, the target asset allocations for funded plans, regional economic trends, statutory requirements and other factors that could impact the benefit obligation and plan assets. For the European plans, most assumptions are set by country, as the plans within these countries have similar demographics, and are impacted by the same regional economic trends and statutory requirements.

The discount rates selected reflect the rate at which pension obligations could be effectively settled. The Company selects the discount rates based on cash flow models using the yields of high-grade corporate bonds or the local equivalent with maturities consistent with the Company’s anticipated cash flow projections. The Company’s pension and OPEB liabilities and related service and interest cost are calculated using a split-rate interest discounting methodology, whereby expected future cash flows related to these liabilities are discounted using multiple interest rates on a forward curve that correspond to the timing of the expected cash flows.

The expected rates of future compensation level increases are based on salary and wage trends in the chemical and other similar industries, as well as the Company’s specific compensation targets by country. Input is obtained from the Company’s internal Human Resources group and from outside actuaries. These rates include components for wage rate inflation and merit increases.

The expected long-term rate of return on Canadian plan assets is determined based on the plan’s current and projected asset mix. To determine the expected overall long-term rate of return on assets, the Company takes into account the rates on long-term debt investments held within the portfolio, as well as expected trends in the equity markets. Peer data and historical returns are reviewed and the Company consults with its actuaries, as well as investment professionals, to confirm that the Company’s assumptions are reasonable.

The weighted average rates used to determine the benefit obligations were as follows at December 31:

	Pension Benefits		Postretirement Benefits	
	2016	2015	2016	2015
Discount rate	1.9%	2.3%	6.0%	5.5%
Rate of increase in future compensation levels	2.4%	2.4%	—	—
The weighted average assumed health care cost trend rates are as follows at December 31:				
Health care cost trend rate assumed for next year	—	—	5.9%	6.2%
Rate to which the cost trend rate is assumed to decline (the ultimate trend rate)	—	—	4.5%	4.5%
Year that the rate reaches the ultimate trend rate	—	—	2030	2030

The weighted average rates used to determine net periodic pension and postretirement expense were as follows for the years ended December 31:

	Pension Benefits			Postretirement Benefits		
	2016	2015	2014	2016	2015	2014
Discount rate	2.3%	2.2%	3.6%	5.5%	6.1%	7.2%
Rate of increase in future compensation levels	2.4%	3.0%	3.0%	—	—	—
Expected long-term rate of return on plan assets	3.1%	3.8%	4.8%	—	—	—

A one-percentage-point change in the assumed health care cost trend rates would change the projected benefit obligation for non-pension postretirement benefits by $2 and service cost and interest cost by a negligible amount.

Pension Investment Policies and Strategies

The Company’s investment strategy for the assets of its Canadian defined benefit pension plans is to maximize the long-term return on plan assets using a mix of equities and fixed income investments with a prudent level of risk. Risk tolerance is established through careful consideration of plan liabilities, plan funded status and expected timing of future cash flow requirements. The investment portfolio contains a diversified blend of equity and fixed-income investments. Equity investments are also diversified across Canadian and foreign stocks, as well as growth, value and small and large capitalization investments. Investment risk and performance are measured and monitored on an ongoing basis through periodic investment portfolio reviews, annual liability measurements and periodic asset and liability studies.

The Company periodically reviews its target allocation of Canadian plan assets among various asset classes. The targeted allocations are based on anticipated asset performance, discussions with investment professionals and on the projected timing of future benefit payments.

The Company observes local regulations and customs regarding its European pension plans in determining asset allocations, which generally require a blended weight leaning toward more fixed income securities, including government bonds.

	Actual		Target
	2016	2015	2017
Weighted average allocations of pension plan assets at December 31:			
Equity securities	23%	21%	22%
Debt securities	74%	77%	78%
Cash, short-term investments and other	3%	2%	—%
Total	100%	100%	100%

Fair Value of Plan Assets

Fair value is the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. Fair value measurement provisions establish a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. This guidance describes three levels of inputs that may be used to measure fair value:

- **Level 1:** Inputs are quoted prices (unadjusted) for identical assets or liabilities in active markets.
- **Level 2:** Pricing inputs are other than quoted prices in active markets included in Level 1, which are either directly or indirectly observable as of the reported date.
- **Level 3:** Unobservable inputs that are supported by little or no market activity and are developed based on the best information available in the circumstances. For example, inputs derived through extrapolation or interpolation that cannot be corroborated by observable market data.

Certain investments measured at net asset value (“NAV”), as a practical expedient for fair value, have been excluded from the fair value hierarchy.

The following table presents pension plan investments measured at fair value on a recurring basis as of December 31, 2016 and 2015:

	Fair Value Measurements Using							
	2016				2015			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Unobserv-able Inputs (Level 3)	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Unobserv-able Inputs (Level 3)	Total
Pooled insurance products with fixed income guarantee [1]	$ —	$ 9	$ —	$ 9	$ —	$ 8	$ —	$ 8
Total	$ —	$ 9	$ —	$ 9	$ —	$ 8	$ —	$ 8
Investments measured at fair value using net asset value as a practical expedient:								
Other international equity funds [2]				$ 82				$ 65
Other fixed income securities [2]				258				243
Total				$ 349				$ 316

(1) Level 2 equity and fixed income securities are primarily in pooled asset and mutual funds and are valued based on underlying net asset value multiplied by the number of shares held. The underlying asset values are based on observable inputs and quoted market prices.

(2) Represents investments in commingled funds with exposure to a variety of hedge fund strategies, which are not publicly traded and have ongoing redemption restrictions. The Company's interest in these investments is measured at net asset value per share as a practical expedient for fair value, which is derived from the underlying asset values in these funds, only some of which represent observable inputs and quoted market prices. In accordance with ASU 2015-07, these investments are excluded from the fair value hierarchy.

Projections of Plan Contributions and Benefit Payments

The Company expects to make contributions of $23 to its defined benefit pension plans in 2017.

Estimated future plan benefit payments as of December 31, 2016 are as follows:

	Pension Benefits	Postretirement Benefits
2017	$ 11	$ —
2018	11	—
2019	11	—
2020	12	—
2021	12	—
2022-2026	80	3

Defined Contribution and Other Plans

The Company sponsors a number of defined contribution plans for its associates in various countries. For most plans, employee contributions are voluntary, and the Company provides contributions ranging from 2% to 10%. Total charges to operations for matching contributions under these plans were $2, $4 and $2 for the years ended December 31, 2016, 2015 and 2014, respectively.

The Company's German subsidiaries offer a government subsidized early retirement program to eligible associates called an Altersteilzeit Plan. The German government provides a subsidy in certain cases where the participant is replaced with a qualifying candidate. This subsidy was discontinued for associates electing participation in the program after December 31, 2009. The Company had liabilities for these arrangements of $1 both at December 31, 2016 and 2015, respectively. The Company incurred expense for these plans of less than $1, less than 1 and $1 for each of the years ended December 31, 2016, 2015 and 2014.

Also included in the Consolidated Balance Sheets at December 31, 2016 and 2015 are other post-employment benefit obligations primarily relating to liabilities for jubilee benefit plans offered to certain European associates of $2 and $3, respectively.

12. Hexion PAC Business Disposition

On June 30, 2016, Hexion completed the sale of its Performance Adhesives, Powder Coatings, Additives & Acrylic Coatings and Monomers businesses ("Hexion PAC Business") pursuant to the terms of a Purchase Agreement with Synthomer plc (the "Buyer") dated March 18, 2016. Assets included in the transaction are the Company's manufacturing sites in Sokolov, Czech Republic; Sant'Albano, Italy; Leuna, Germany; and Asua, Spain. The Hexion PAC Business produces resins, polymers, monomers and additives that provide enhanced performance for adhesives, sealants, paints, coatings, mortars and cements used primarily in consumer, industrial and building and construction applications. Hexion also agreed to provide certain transitional services to the Buyer for a limited period of time following the closing of the transaction.

Hexion received gross cash consideration for the Hexion PAC business in the amount of $226, less approximately $6 relating to liabilities transferred to the Buyer, net of cash and estimated working capital that transferred to the Buyer as part of the Purchase Agreement. A subsequent post-closing adjustment to the purchase price of less than $1 was made in accordance with the Purchase Agreement. The Company received allocated proceeds from the sale of $107, and recognized a gain on this disposition of $28, which is recorded in "Gain on disposition" in the Consolidated Statements of Operations.

The Hexion PAC Business had pre-tax income of $8, $8, and $6 for the years ended December 31, 2016, 2015, and 2014, respectively, which is reported as a component of "Income before income taxes and earnings from unconsolidated entities" in the Consolidated Statements of Operations.

13. Step Acquisition

In August 2015, the Company acquired the remaining 50% interest in Momentive Union Specialty Chemicals Ltd ("MUSC"), a joint venture that manufactures phenolic specialty resins in China, from its joint venture partner to better position the Company to serve its customers in this region. As a result of the transaction, the Company now owns a 100% interest in MUSC. This transaction was accounted for as a step acquisition and the allocation of the consideration exchanged was based upon a valuation of MUSC's net identifiable assets and liabilities as of the transaction date. The allocation of fair value to the assets acquired and liabilities assumed at the date of acquisition resulted in cash of $3, a net liability of $4 allocated to working capital, $29 allocated to property and equipment, $4 allocated to debt payable within one year, $14 allocated to long-term debt and $10 allocated to goodwill. Additionally, a gain of $5 was recorded in "Other operating (income) expense, net" in the Consolidated Statements of Operations, which represents the difference between the $10 fair value and $5 carrying value of the Company's previously held 50% non-controlling interest in MUSC on the acquisition date. The fair value of the non-controlling interest was determined using a market approach.

The pro forma impacts of this acquisition are not material to the Company's Consolidated Financial Statements.

14. Deficit

Shareholder's deficit reflects the common equity of the Company with all of the common equity of its subsidiaries eliminated as of December 31, 2016 and 2015.

In 2016, $93 of the Company's outstanding receivable related to the results of the foreign exchange gain/loss guarantee agreement with Hexion was converted into an affiliated loan from Hexion to the Company (see Note 3), which is reflected in "Loans receivable from parent" in the Consolidated Balance Sheets.

In 2015, $85 of the Company's outstanding receivable related to the results of the foreign exchange gain/loss guarantee agreement with Hexion was converted into an affiliated loan from Hexion to the Company (see Note 3), which is reflected in "Loans receivable from parent" in the Consolidated Balance Sheets.

In 2014, Hexion contributed its outstanding net receivable of $63 related to the results of various intercompany guarantee agreements as a contribution of capital to the Company (see Note 3), which is reflected as an increase to "Paid-in capital" in the Consolidated Statements of Deficit.

15. Changes in Accumulated Other Comprehensive Loss

Following is a summary of changes in "Accumulated other comprehensive loss" for the years ended December 31, 2016 and 2015:

	Year Ended December 31, 2016			Year Ended December 31, 2015		
	Defined Benefit Pension and Postretirement Plans	Foreign Currency Translation Adjustments	Total	Defined Benefit Pension and Postretirement Plans	Foreign Currency Translation Adjustments	Total
Beginning balance	$ 1	$ (62)	$ (61)	$ 2	$ (17)	$ (15)
Other comprehensive (loss) income before reclassifications, net of tax	(1)	(24)	(25)	(1)	(45)	(46)
Ending balance	$ —	$ (86)	$ (86)	$ 1	$ (62)	$ (61)

16. Income Taxes

Income tax expense (benefit) for the Company for the years ended December 31, 2016, 2015 and 2014 is as follows:

	2016	2015	2014
Current:			
Federal	$ 6	$ —	$ —
Foreign	23	19	18
Total current	29	19	18
Deferred:			
Federal	2	—	—
Foreign	—	8	(5)
Total deferred	2	8	(5)
Income tax expense	$ 31	$ 27	$ 13

A reconciliation of the Company's combined differences between income taxes computed at the Dutch federal statutory tax rate of 25.0% and provisions for income taxes for the years ended December 31, 2016, 2015 and 2014 is as follows:

	2016	2015	2014
Income taxes computed at federal statutory tax rate	$ 18	$ 53	$ (5)
Foreign rate differentials	(5)	11	(10)
Gains and other income excluded for tax	(2)	—	(2)
(Decrease) increase in the taxes due to changes in valuation allowance	(15)	(45)	27
Additional tax expense on foreign unrepatriated earnings	1	3	—
Additional expense for uncertain tax positions	14	5	3
Write-off of foreign net operating losses	20	—	—
Income tax expense	$ 31	$ 27	$ 13

The domestic and foreign components of the Company's income (loss) before income taxes for the years ended December 31, 2016, 2015 and 2014 is as follows:

	2016	2015	2014
Domestic	$ 122	$ 156	$ (47)
Foreign	(49)	56	27
Total	$ 73	$ 212	$ (20)

The tax effects of the Company's significant temporary differences and net operating loss and credit carryforwards which comprise the deferred tax assets and liabilities at December 31, 2016 and 2015, are as follows:

	2016	2015
Assets:		
Non-pension post-employment	$ 3	$ 2
Accrued and other expenses	14	18
Property, plant and equipment	2	4
Intangibles	6	6
Net operating loss and credit carryforwards	82	105
Pension liabilities	37	30
Gross deferred tax assets	144	165
Valuation allowance	(119)	(134)
Net deferred tax asset	25	31
Liabilities:		
Property, plant and equipment	(12)	(14)
Unrepatriated earnings of foreign subsidiaries	(4)	(3)
Intangibles	(6)	(7)
Gross deferred tax liabilities	(22)	(24)
Net deferred tax asset	$ 3	$ 7

The following table summarizes the presentation of the Company's net deferred tax asset in the Consolidated Balance Sheets at December 31, 2016 and 2015:

	2016	2015
Assets:		
Long-term deferred income taxes (Other long-term assets)	12	13
Liabilities:		
Long-term deferred income taxes	(9)	(6)
Net deferred tax asset	$ 3	$ 7

The Company's deferred tax assets primarily include domestic and foreign net operating loss carryforwards and disallowed interest carryforwards. As of December 31, 2016, the domestic net operating loss carryforwards available are $207, which expire beginning in 2019. A valuation allowance of $52 has been provided against a portion of these attributes. The foreign net operating loss carryforwards and disallowed interest carryforwards available are $102. These attributes are related primarily to Germany which have an unlimited carryover and do not expire. A valuation allowance has been provided against these foreign tax attributes.

The Company conducts business globally and, as a result, certain of its subsidiaries file income tax returns in various foreign jurisdictions. In the normal course of business, the Company is subject to examinations by taxing authorities throughout the world, including major jurisdictions such as the Netherlands, Brazil, Canada, Germany, Italy, and the United Kingdom.

With minor exceptions, the Company's closed tax years for major jurisdictions are years prior to: 2010 for Netherlands, 2011 for Brazil, 2008 for Canada, 2014 for Germany, 2007 for Italy, and 2012 for the United Kingdom.

The Company continuously reviews issues that are raised from ongoing examinations and open tax years to evaluate the adequacy of its liabilities. As the various taxing authorities continue with their audit/examination programs, The Company will adjust its reserves accordingly to reflect these settlements.

Unrecognized Tax Benefits

A reconciliation of the beginning and ending amount of unrecognized tax benefits is as follows:

	2016	2015
Balance at beginning of year	$ 44	$ 48
Additions based on tax positions related to the current year	4	4
Additions for tax positions of prior years	41	2
Reductions for tax positions of prior years	(35)	(3)
Lapse of statue of limitations	—	—
Foreign currency translation	—	(7)
Balance at end of year	$ 54	$ 44

During the year ended December 31, 2016, the Company increased the amount of its unrecognized tax benefits, including its accrual for interest and penalties, by $14, primarily as a result of increases in the unrecognized tax benefit for various intercompany transactions, offset by releases of unrecognized tax benefits from negotiations with foreign jurisdictions and lapses of statute of limitations. During the years ended December 31, 2016, 2015 and 2014, the Company recognized approximately $4, $2 and $1, respectively, in interest and penalties. The Company had approximately $11 and $7 accrued for the payment of interest and penalties at December 31, 2016 and 2015, respectively.

$54 of unrecognized tax benefits, if recognized, would affect the effective tax rate; however, a portion of the unrecognized tax benefit would be in the form of a net operating loss carryforward, which would be subject to a full valuation allowance. The Company anticipates recognizing less than $2 of the total amount of the unrecognized tax benefits within the next 12 months as a result of negotiations with foreign jurisdictions and completion of audit examinations.

Report of Independent Registered Public Accounting Firm

To the Management of
Hexion International Holdings Cooperatief U.A.

We have audited the accompanying consolidated financial statements of Hexion International Holdings Cooperatief U.A. and its subsidiaries, which comprise the consolidated balance sheets as of December 31, 2016 and 2015, and the related consolidated statements of operations, deficit, comprehensive income (loss) and cash flows for each of the three years in the period ended December 31, 2016.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on the consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Company's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Hexion International Holdings Cooperatief U.A. and its subsidiaries as of December 31, 2016 and 2015, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2016 in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 4 to the financial statements, the Company has entered into significant transactions with Hexion Inc., a related party. Our opinion is not modified with respect to this matter.

/s/ PricewaterhouseCoopers LLP
Columbus, Ohio
March 8, 2017

Exhibit 10.71

HA-INTERNATIONAL, LLC

FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2015, 2014 AND 2013

TOGETHER WITH AUDITOR’S REPORT

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors and Members of
HA-International, LLC

We have audited the accompanying financial statements of HA-International, LLC (the Company), which comprise the balance sheets as of December 31, 2015 and 2014, and the related statements of income, members' equity and cash flows for the years ended December 31, 2015, 2014 and 2013, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of HA-International, LLC as of December 31, 2015 and 2014, and the results of its operations and its cash flows for the years ended December 31, 2015, 2014 and 2013 in accordance with accounting principles generally accepted in the United States of America.

/s/ DUGAN & LOPATKA

Wheaton, Illinois
February 23, 2016

EXHIBIT 1

HA-INTERNATIONAL, LLC
BALANCE SHEETS
DECEMBER 31, 2015 AND 2014
(in thousands of dollars)

	2015	2014
A S S E T S		
CURRENT ASSETS:		
Cash and cash equivalents	$ 428	$ 262
Accounts receivable (less allowance for doubtful accounts of $82 and $273 as of 2015 and 2014, respectively)	17,556	23,728
Miscellaneous receivables	15	164
Due from Member, HA-USA	34	20
Due from Member, Hexion	1,780	71
Inventories -		
Finished and in-process goods	2,061	2,661
Raw material and supplies	2,353	3,626
Other current assets	904	1,323
Total current assets	25,131	31,855
PROPERTY AND EQUIPMENT:		
Land and land improvements	1,486	1,372
Buildings	3,862	3,831
Machinery and equipment	26,734	26,796
Construction in process	310	208
Total property and equipment	32,392	32,207
Less accumulated depreciation	(21,066)	(19,989)
Property and equipment, net	11,326	12,218
LONG-TERM RECEIVABLE FROM MEMBER, HEXION	1,434	3,195
OTHER NONCURRENT ASSETS	259	46
GOODWILL, NET	5,592	5,592
INTANGIBLES, NET	100	135
Total assets	$ 43,842	$ 53,041
LIABILITIES AND MEMBERS' EQUITY		
CURRENT LIABILITIES:		
Accounts payable	$ 3,895	$ 4,318
Drafts payable	484	391
Other current liabilities	2,020	2,362
Due to affiliate of Member, HA-USA	213	282
Loan payable	4,587	5,920
Total current liabilities	11,199	13,273
OTHER NONCURRENT LIABILITIES	2,014	2,637
COMMITMENTS AND CONTINGENCIES	500	140
MEMBERS' EQUITY	30,129	36,991
Total liabilities and members' equity	$ 43,842	$ 53,041

The accompanying notes are an integral part of these statements.

EXHIBIT 2

HA-INTERNATIONAL, LLC
STATEMENTS OF MEMBERS' EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2015, 2014 AND 2013
(in thousands of dollars)

BALANCE, January 1, 2013	$	32,758
NET INCOME		44,373
DISTRIBUTIONS TO MEMBERS:		
Cash		(42,000)
Tax deposits on behalf of Members, net		(112)
BALANCE, December 31, 2013		35,019
NET INCOME		29,972
DISTRIBUTIONS TO MEMBERS		(28,000)
BALANCE, December 31, 2014		36,991
NET INCOME		31,138
DISTRIBUTIONS TO MEMBERS		(38,000)
BALANCE, December 31, 2015	$	30,129

The accompanying notes are an integral part of these statements.

EXHIBIT 3

HA-INTERNATIONAL,LLC
STATEMENTS OF INCOME
FOR THE YEARS ENDED DECEMBER 31, 2015, 2014 AND 2013
(in thousands of dollars)

	2015	2014	2013
NET TRADE SALES	$ 152,864	$ 182,732	$ 172,913
MEMBER SALES	7,990	28,537	30,398
Net sales	160,854	211,269	203,311
COST OF GOODS SOLD	106,807	158,790	153,712
Gross margin	54,047	52,479	49,599
EXPENSES:			
Distribution expense	6,404	6,278	5,926
Sales and marketing expense	5,890	6,011	5,530
General and administrative expense	8,310	7,247	6,889
Research and development expense	1,817	1,785	1,923
Total expenses	22,421	21,321	20,268
Income before interest, taxes and other expense	31,626	31,158	29,331
INTEREST EXPENSE, NET	85	99	48
INCOME TAX EXPENSE	175	399	297
OTHER OPERATING (INCOME)	—	—	(16,000)
OTHER EXPENSE, NET	228	688	613
Net income	$ 31,138	$ 29,972	$ 44,373

The accompanying notes are an integral part of these statements.

EXHIBIT 4

HA-INTERNATIONAL, LLC
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2015, 2014 AND 2013
(in thousands of dollars)

	2015	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net income	$ 31,138	$ 29,972	$ 44,373
Adjustments to reconcile net income to net cash			
provided by operating activities:			
Depreciation	1,829	1,615	941
Amortization	35	40	40
Gain on sale/disposal of property and equipment	(6)	—	14
Net change in operating assets and liabilities -			
Accounts receivable	6,172	(2,698)	(1,036)
Miscellaneous receivables	149	106	(104)
Due from Member, HA-USA	(14)	7	(27)
Due from Member, Hexion	(1,709)	(71)	0
Inventories	1,873	840	(1,474)
Other assets	206	(732)	84
Long-term receivable from Member, Hexion	1,761	3,472	(6,667)
Accounts payable	(423)	287	260
Drafts payable	93	(757)	(604)
Other liabilities	(604)	2,260	103
Due to affiliate of Member, HA-USA	(69)	141	(147)
Due to Member, Hexion	0	(4,247)	(5,825)
Net cash provided by operating activities	40,431	30,235	29,931
CASH FLOWS FROM INVESTING ACTIVITIES:			
Capital expenditures	(941)	(4,821)	(3,817)
Cash proceeds from sale of equipment	9	—	—
Purchase of intangibles	—	(125)	—
Net cash (used in) investing activities	(932)	(4,946)	(3,817)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Net borrowings from (payments on) line of credit	(1,333)	2,747	3,173
Distributions to Members	(38,000)	(28,000)	(42,000)
Tax deposits on behalf of Members, net	—	—	(112)
Net cash (used in) financing activities	(39,333)	(25,253)	(38,939)
CHANGE IN CASH AND CASH EQUIVALENTS	166	36	(12,825)
NET CASH AND CASH EQUIVALENTS, Beginning of year	262	226	13,051
NET CASH AND CASH EQUIVALENTS, End of year	$ 428	$ 262	$ 226
SUPPLEMENTAL DISCLOSURES OF			
CASH FLOW INFORMATION:			
Cash (paid) during the year for -			
Interest expense	$ (85)	$ (99)	$ (48)
State and local taxes	$ (225)	$ (160)	$ (398)

The accompanying notes are an integral part of these statements.

HA-INTERNATIONAL, LLC
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015, 2014 AND 2013
(in thousands of dollars)

(1) ORGANIZATION AND BASIS OF PRESENTATION:

HA-International, LLC (the Company) was formed on April 2, 2001, between Borden Chemical Foundry LLC (BCF), a wholly-owned subsidiary of Hexion, Inc. (Hexion), and HA-USA, Inc. (HA-USA) for the purpose of combining their foundry businesses in North America.

The Company's capital structure is comprised of Class A interests and Class B interests, each of which are owned 50% by each member. Class A interests represent the members' voting rights in accordance with the provisions of the Limited Liability Company Agreement (the LLC Agreement). Class B interests represent the members' share of the profits and losses of the Company and the members' rights to receive distributions of the Company's assets in accordance with the LLC Agreement.

(2) NATURE OF OPERATIONS:

The Company produces and sells resin-coated sands for use in metal castings at its Oregon, Illinois facility. The Company produces and sells refractory coatings (a material used to enhance the surface finish of a casting and reduce defects) at its Toledo, Ohio facility. Products are sold primarily in North America. The Company purchases certain dry and liquid resins under Toll Processing Agreements (Tolling Agreements) with Hexion. The Company also sells resin-coated sands and ceramics, produced at its Oregon, Illinois facility, to Hexion under Tolling Agreements for Hexion's oilfield operations business.

The Company had contracted with Hexion to receive certain administrative services including information technology, regulatory compliance, purchasing, human resources, and other operational services under an Administrative Services Agreement (the Admin Agreement) through April 1, 2014 (Note 5). As of April 2014, these administrative services are performed by the Company.

(3) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The financial statements were available to be issued on February 23, 2016, with subsequent events being evaluated through this date.

A summary of HA-International, LLC's significant accounting policies follows:

Use of Estimates in Preparing Financial Statements -

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. The most significant estimates reflected in the accompanying financial statements are the allowance for doubtful accounts, inventory valuation reserve, and incentive compensation reserve. Actual results could differ from those estimates.

Revenue Recognition -

Sales, net of estimated returns, allowances, and discounts, are recognized when products are shipped and title transfers to customers, assuming collectability is reasonably assured.

(3) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Allowance for Doubtful Accounts -

The Company has a policy for credit insurance on selected accounts. The allowance for doubtful accounts is estimated using factors such as customer credit ratings, past collection history and experience with our credit insurance provider. Receivables are charged against the allowance for doubtful accounts when it is probable that the receivable will not be recovered.

Cash and Cash Equivalents -

The Company considers all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents.

Concentrations of Credit Risk -

Financial instruments, which potentially subject the Company to concentrations of credit risk, consist principally of cash and accounts receivable. Cash is held in one bank, a quality financial institution; however, deposits may exceed federally insured limits. Concentrations of credit risk with respect to accounts receivable are limited, due to the large number of customers comprising the Company's customer base and their dispersion across many different industries and geographies. The Company does not require collateral or other security to support customer receivables.

Inventories -

Inventories are stated at the lower of cost or market using the first-in, first-out method of accounting.

Property and Equipment -

Property and equipment are recorded at cost. Depreciation is recorded on a straight-line basis over the estimated useful lives ranging from 3 to 18 years. Major renewals and betterments of property are capitalized. Repairs, maintenance, and minor renewals are expensed as incurred.

Goodwill -

The Company accounts for its goodwill in conformity with Accounting Standards Codification (ASC) for *Goodwill and Other Intangible Assets*. This statement requires that goodwill not be amortized, but instead be tested for impairment at least annually. The Company determined that there was no impairment in the value of its goodwill during 2015, 2014 or 2013 by utilization of a discounted cash flow analysis.

Intangibles -

Intangibles represent customer lists and patents and are amortized on a straight-line basis over five years. Intangible assets are also reviewed for impairment when events or changes in circumstances indicate that the carrying value of the intangible assets might not be fully recoverable.

(3) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Drafts Payable -

The Company's cash management system provides for the reimbursement of all major bank disbursement accounts daily. Checks issued, but not presented for payment to the bank, are reflected as drafts payable, and are included in current liabilities in the accompanying financial statements.

Shipping and Handling -

Shipping costs are incurred to move the Company's products from the production or storage facility to the customer. Handling costs are incurred from the point the products are removed from inventory until they are provided to the shipper and generally include costs to store, move, and prepare products for shipment. Due to the nature of the Company's operations, handling costs incurred prior to shipment are not significant and are included in cost of goods sold. The Company incurred shipping costs of $6,404, $6,278 and $5,926 for fiscal 2015, 2014 and 2013, respectively. Shipping costs are classified as distribution expense in the statements of income. The Company recognized freight revenue of $6,404, $7,442 and $6,522 for fiscal 2015, 2014 and 2013, respectively. These amounts are recognized as revenue at the time of product shipment and are included in net trade sales in the statements of income.

Research and Development Costs -

Funds are committed to research and development for technical improvement of products that are expected to contribute to operating profits in future years. All costs associated with research and development are expensed as incurred.

Group and General Insurance -

General insurance premiums are site and activity specific. Premiums are recorded as prepaid insurance when paid and amortized as an expense based on the term of the policies. The Company has policies for group insurance, such as medical, dental, and vision.

Royalty Agreements -

The Company has entered into licensing arrangements for the manufacture and sale of designated products in specified geographical areas outside the United States of America. The licensees pay, and the Company recognizes, royalties at the time the applicable products are sold. During 2015, 2014 and 2013, the Company recognized royalty income of $83, $75 and $64, respectively.

Taxes -

The Company is a partnership for federal income tax purposes; thus, taxable income and losses flow to the individual members. No provision for federal income taxes is reflected in these financial statements; however, the Company does incur certain state income and franchise taxes. These amounts are included in income tax expense on the statements of income.

With few exceptions, the Company is no longer subject to U.S. federal and state income tax examinations for years before 2012. The Company does not expect a material net change in unrecognized tax benefits in the next twelve months.

(3) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Major Customer -

Approximately 23%, 17% and 18% of the Company's net sales were derived from one trade customer for the years ended December 31, 2015, 2014 and 2013, respectively.

Reclassifications -

Certain prior year balances have been reclassified in order to conform with the current year's presentation.

(4) DEBT OBLIGATIONS:

Loan Payable -

The Company maintains a bank loan and security agreement (the Agreement) that provides for borrowings of up to $15,000, including letters of credit. The loan is secured by the assets of the Company. The Agreement has been extended to expire during December, 2016. At December 31, 2015 and 2014, outstanding borrowings under this Agreement were $4,587 and $5,920, respectively.

Under the terms of the Agreement, the Company has the ability to borrow funds at either the prime rate plus an applicable margin or at LIBOR plus an applicable margin. The Company must designate which option it chooses at the time of the borrowing. For letters of credit issued under the Agreement, the Company pays a per annum fee equal to the LIBOR applicable margin, which varies based upon our debt coverage schedule. In addition, the Company pays a 0.35% per annum fee on the amount of the average daily unused portion of the commitment.

The Company has certain financial covenants within its loan agreements. The covenants were met at December 31, 2015, 2014 and 2013.

In 2015, the Company entered into a security agreement granting a lien on certain assets in order to secure a letter of credit totaling $1,152. In February, 2016, the letter of credit was reduced to $230. The letter of credit remains in effect until it is cancelled or is substituted with cash collateral of no less than 105% of the letter of credit liability, and may survive the expiration of the Agreement.

(5) RELATED PARTIES:

Hexion -

The Company is engaged in various transactions with Hexion in the ordinary course of business. Through April 1, 2014, the Company contracted with Hexion for certain services such as information technology and corporate administration (Note 1). Hexion charged a fee in accordance with the Admin Agreement. The charges for these services under this agreement were $-0-, $368 and $1,472 for the years ended December 31, 2015, 2014 and 2013, respectively.

(5) RELATED PARTIES: (Continued)

The Company sells resin-coated proppants to Hexion and purchases resins from Hexion at agreed upon costs under the Tolling Agreements. The amounts recorded on the statements of income related to Hexion for the years ended December 31 are as follows:

	2015	2014	2013
Member sales	$ 7,990	$ 28,537	$ 30,298
Cost of goods sold	70,417	105,872	101,944

Additionally, in accordance with the Tolling Agreements, the Company is reimbursed for the cost of assets built for the benefit of Hexion. The amounts due to/from Hexion resulting from these transactions, and related balance sheet impacts, including a receivable for raw material trade credits used towards purchases of dry and liquid resins, for the years ended December 31 are as follows:

	2015	2014
Due from Member, Hexion -		
Raw material credits receivable	$ 1,334	$ 5,333
Equipment receivable	509	621
Proppant sales receivable	1,193	2,757
Resin purchases payable	(1,256)	(8,640)
	$ 1,780	$ 71
Long-Term receivable from Member, Hexion -		
Raw material credits receivable	$ —	$ 1,334
Equipment receivable	1,434	1,861
	$ 1,434	$ 3,195
Other non-current liabilities -		
Deferred costs related to equipment investment	$ 1,948	$ 2,554

Management believes the charges and allocations of costs and fees paid are reasonable based upon the circumstances; however, the amounts are not necessarily indicative of costs that would have been incurred if the Company operated independently.

(5) RELATED PARTIES: (Continued)

HA-USA -

During 2015, 2014 and 2013, the Company performed accounting services and paid bank fees and other reimbursable expenses on HA-USA's behalf. The balance due from HA-USA for these activities was $34 and $20 at December 31, 2015 and 2014, respectively.

Affiliate of Member, HA-USA -

The Company makes payments to affiliates of HA-USA under royalty agreements and for supply purchases. During 2015, 2014 and 2013, the Company incurred costs of $1,481, $973 and $1,483, respectively. The amounts due to affiliates of HA-USA were $264 and $323 for the years ended December 31, 2015 and 2014, respectively.

The Company also sells product to HA-USA's affiliates. During 2015, 2014 and 2013, the Company sold $164, $152 and $228, respectively. The balance due from affiliates of HA-USA for these sales was $51 and $41 for the years ended December 31, 2015 and 2014, respectively.

(6) INTANGIBLE ASSETS:

Intangible assets, including customer lists and patents, which are being amortized, consist of the following as of December 31:

	2015		2014	
	Gross Carrying Amount	Accumulated Amortization	Gross Carrying Amount	Accumulated Amortization
Intangible assets -	$ 5,590	$ 5,490	$ 5,590	$ 5,455

Intangible amortization expense was $35, $40 and $40 for the years ended December 31, 2015, 2014 and 2013, respectively.

Estimated future amortization expense is as follows:

Year ending December 31,	
2016	$ 25
2017	25
2018	25
2019	25
2020	—
	$ 100

(7) RETIREMENT BENEFITS:

The Company makes discretionary contributions into a defined contribution retirement savings plan. These contributions are equal to 2.5% of annual gross wages up to the maximum FICA social security wage base and 5% thereafter to a maximum of $265. For wages over $265, the Company will contribute 5% into a non-qualified deferred compensation plan up to the eligible employee compensation (Note 8). In addition, eligible employees may make contributions to the savings plan subject to certain Internal Revenue Service limitations. Employee contributions are matched by the Company up to a maximum of 5% of base annual compensation. The Company recorded $792, $791 and $684 in related expense for 2015, 2014 and 2013, respectively.

During 2014, the plan sponsor was changed from Hexion to the Company.

(8) LEASES/COMMITMENTS:

Lease Agreements -

The Company leases office and lab space under a long-term arrangement. The Company also leases equipment used in its operations under various long-term operating lease agreements. Total lease expense amounted to $643, $399 and $384 for 2015, 2014 and 2013, respectively.

Future minimum lease payments under operating leases at December 31, 2015, are as follows:

Year ending December 31,		
2016	$	651
2017		597
2018		546
2019		479
2020		—
	$	2,273

Hosting Agreement -

In 2014, the Company entered into a seven-year agreement with a third party to host software and other IT programs on servers at an off-site location. Total software hosting expense amounted to $969 and $706 for 2015 and 2014, respectively.

Future minimum payments under this agreement at December 31, 2015 are as follows:

Year ending December 31,		
2016	$	1,007
2017		1,047
2018		1,088
2019		1,131
2020		1,175
Thereafter		297
	$	5,745

(8) LEASES/COMMITMENTS: (Continued)

Deferred Compensation Plan -

During 2014, the Company adopted a non-qualified deferred compensation plan. The plan is unsecured and participation is limited to a select group of the Company's management employees. Under the terms of the plan, a participant may elect to defer base salary and/or bonus, pursuant to such rules as may be established by the Company, up to the maximum percentages for each deferral election as described in the plan. The deferred compensation liability under this plan was $500 and $140 as of December 31, 2015 and 2014, respectively, and is included in commitments and contingencies. The Company is not required to fund the plan liability, however, has decided to internally set funds aside by contributing employee deferrals into a rabbi trust, which includes a money market account and investments held in life insurance policies. The cash surrender value of the life insurance policies was $237 and $25 as of December 31, 2015 and 2014, respectively, and is included in other noncurrent assets. The funds held in the designated money market account were $261 and $115 as of December 31, 2015 and 2014, respectively, and are included in cash and cash equivalents. Due to the change in market value of the investments held in the life insurance policies, the Company recorded an unrealized gain of $9 and $-0- as of December 31, 2015 and 2014, respectively.

(9) MEMBERS' EQUITY:

The Company paid distributions of $38,000, $28,000 and $42,000 during 2015, 2014 and 2013, respectively. BCF and HA-USA each received 50% of the total distributions in accordance with their Class B ownership percentages at the date of declaration.

In the event the Company would be dissolved, proceeds to the owners would be based on their relative value of Class B shares at the dissolution date. Each member has the right of first refusal on any sale transaction of the other member's interest.

EXHIBIT 10.75

June 30, 2016

Judith A. Sonnett
c/o Hexion Inc.
180 East Broad Street
Columbus, Ohio 43215-3799

Dear Judy:

This letter agreement (this "Agreement") sets forth certain terms and conditions relating to your retirement from Hexion Inc., a New Jersey corporation (the "Company").

For valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and intending to be legally bound hereby, the Company and you hereby agree as follows:

1. Retirement.

(a) You shall remain continuously employed in active service through and including July 1, 2016 (the "Retirement Date"). Effective as of the Retirement Date and without further action by any person, your employment with the Company shall end and you shall be deemed to have relinquished any and all titles, positions and appointments with the Company, Hexion Holdings LLC ("Parent") or any of their respective subsidiaries or affiliates (collectively, the "Company Group"), whether as an officer, director, employee, consultant, agent, trustee or otherwise. You agree to execute such documents promptly as may be requested by the Company to evidence your separation from employment and cessation of service on the Retirement Date. The parties agree that the cessation of your employment is due to your voluntary resignation upon retirement.

(b) You shall be entitled to receive the following, provided that your receipt of the payments and benefits referenced in Sections 1(b)(iv) and (v) below are subject to your satisfaction of the conditions in Section 1(d) hereof:

(i) continued payments of your annual base salary through the Retirement Date;

(ii) prompt payment in respect of any accrued but unused vacation for the period beginning on January 1, 2016 and ending on the Retirement Date;

(iii) prompt reimbursement of expenses incurred in the course of and for the purposes of your employment that have been submitted prior to, and are unpaid as of, the Retirement Date, or have been properly submitted within 30 days following the Retirement Date;

(iv) payment of incentive bonus under Parent's 2016 Incentive Compensation Plan, prorated for the period January 1, 2016 through your Retirement Date, as if you had remained employed through the payment date and subject to achievement of the applicable performance targets and other terms and conditions of the plan, such incentive bonus to be payable in 2017 in a lump sum at the same time bonuses are generally paid to other incentive plan participants;

(v) payment of the remaining portion of your "Target Award" under Section 3(c) of the 2014 Cash-Based Long-Term Incentive Award Agreement between the Company and you, granted under Parent's Long-Term Cash Incentive Plan, in April 2017 or such later date in the event the April 2017 payment is delayed for other plan participants, as if you had remained employed through the payment date and subject to the other terms and conditions of the plan and your award agreement;

(vi) the Health & Welfare Benefits and Retirement Benefits as set forth in the *Total Rewards Information* document prepared for and provided to you;

(vii) issuance of your 6,000 vested deferred restricted units granted under the 2007 LTIP (defined below), in accordance with the terms thereof.

(c) You have received equity awards under the Hexion LLC 2007 Long-Term Incentive Plan (the "2007 LTIP") and the Momentive Performance Materials Holdings LLC 2011 Equity Incentive Plan (the "2011 Plan"), which are set forth in the *Total Rewards Information* document prepared for and provided to you. With respect to those awards, we agree, subject to your satisfaction of the conditions in Section 1(d) hereof, that:

(i) with respect to your option granted pursuant to your February 23, 2011 award agreement under the 2011 Plan, notwithstanding anything in such award agreement to the contrary:

(A) the unvested Tranche B and Tranche C portions of your option with respect to 229,942 Common Units in Parent granted pursuant thereto shall continue to be eligible to vest on the terms and conditions set forth in such award agreement, as if you had remained employed through the earlier of (i) the applicable vesting date and (ii) December 31. 2020; and

(B) the vested Tranche A portion of your option with respect to 229,944 Common Units in Parent granted pursuant thereto, as well as any unvested Tranche B and Tranche C portions of your option which may become vested, shall remain exercisable and shall expire on December 31, 2020, subject to earlier cancellation under the 2011 Equity Plan;

(ii) with respect to your option granted pursuant to your March 8, 2013 award agreement under the 2011 Plan, notwithstanding anything in such award agreement to the contrary:

(A) the unvested portion of your option with respect to 91,819 Common Units in Parent granted pursuant thereto shall continue to be eligible to vest on December 31, 2016 in accordance with the terms and conditions set forth in such award agreement, as if you had remained employed through such date; and

(B) the vested portion of your option with respect to 275,457 Common Units in Parent granted pursuant thereto, as well as the unvested portion of your option which becomes vested on December 31, 2016, shall remain exercisable and shall expire on December 31, 2020, subject to earlier cancellation under the 2011 Equity Plan; and

(iii) your 76,648 unvested Tranche B and Tranche C restricted deferred units granted pursuant to your February 23, 2011 award agreement under the 2011 Plan, as well as your 290,012 unvested Tranche A restricted deferred units granted pursuant to your March 8, 2013 award agreement under the 2011 Plan, shall continue to be eligible to vest on the terms and conditions set forth in the respective award agreements, as if you had remained employed, through the earlier of (i) the applicable vesting date and (ii) December 31, 2020.

(iv) your 18,000 unvested options granted pursuant to the 2007 LTIP shall continue to be eligible to vest on the terms and conditions set forth in the award agreement and the plan, as if you had remained employed, through the earlier of (i) the applicable vesting date and (ii) December 31, 2017.

You currently hold 76,647 Common Units in Parent acquired from previously settled restricted deferred units, which shall remain unaffected by your separation from employment.

For the avoidance of doubt, the parties intend that the extended term of your options as described above shall be compliant with Section 409A of the U.S. Internal Revenue Code, as amended, and in no event shall such term be extended beyond the original expiration date of such option.

(d) Notwithstanding anything to the contrary herein, in order to receive the payments and benefits referenced in Sections 1(b)(iv), 1(b)(v) and 1(c), you must:

(i) enter into this Agreement on July 1, 2016 and not revoke the Release (as defined in Section 4(a) hereof) prior to the expiration of the applicable Revocation Period (as defined in Section 4(f) hereof), such that the Release shall be effective and irrevocable no later than July 9, 2016; and

(ii) continue compliance with the terms and conditions set forth herein (including, without limitation, Section 2 hereof).

(e) You acknowledge and agree that, except as otherwise set forth in this Agreement, no member of the Company Group owes you any additional payments, compensation, remuneration, bonuses, incentive payments, benefits, profits interests, stock options, warrants, restricted stock units, other equity or equity-based awards, severance, reimbursement of expenses or commissions of any kind whatsoever, whether under contract or arising under applicable law or regulations.

(f) You acknowledge and agree that the continued payment of any and all payments and benefits to which you are entitled under this Agreement are conditional upon and subject to your compliance with the restrictive covenants set forth in the Nondisclosure, Fair Competition and Inventions Agreement for 2010 and Beyond dated May 25, 2010 (the "Restrictive Covenants"). In the event of your breach of any of the Restrictive Covenants, in addition to any other remedy which may be available at law or in equity, unless otherwise expressly provided by applicable law, the Company's obligation to make further payments under this Agreement shall cease upon the date of such breach.

2. Agreements and Acknowledgements. As an inducement to the willingness of the Company to enter into this Agreement, and as a condition to the Company's agreements under Section 1 above, you hereby agree as follows:

(a) Communications. The Company and you shall cooperate with respect to communications you may have with employees, clients, trade associations, the press, media, analysts, or current or potential debt or equity investors in any member of the Company Group with respect to the confidential business of the Company Group, and your employment with (and separation from) the Company, including, without limitation, communications with respect to the terms, conditions and circumstances of this Agreement.

(b) Authority. Effective as of the date hereof, you shall have no authority to act on behalf of any member of the Company Group, and shall not hold yourself out as having such authority, enter into any agreement or incur any obligations on behalf of any member of the Company Group, commit any member of the Company Group in any manner or otherwise act in an executive or other decision-making capacity with respect to any member of the Company Group.

(c) Return of Property. As of the Retirement Date, you shall have delivered to the Company and retained no copies of any notes, memoranda, specifications, devices, formulas, records, files, lists, drawings, documents, models, equipment, property, computer, software or intellectual property relating to the businesses of the Company Group, in whatever form (including electronic), and all copies thereof, that were received or created by you while an employee of the Company Group (including, without limitation, Confidential Information and Inventions). You agree that all such material is and shall remain the property of the Company Group. You may nonetheless retain copies of documents relating to your compensation or your personal entitlements and obligations.

(d) Confidentiality. You agree that the terms of this Agreement are confidential and you agree not to disclose any information contained in this Agreement to anyone, other than to your lawyer, financial advisor or immediate family members (all of whom shall agree to keep the terms of this Agreement confidential), to enforce this Agreement, to respond to a valid subpoena or other legal process or as required by law; provided, that, to the extent permitted by law, you will notify the Company prior to any such disclosure.

3. No Effect on Other Rights and Obligations.

Except as otherwise specifically provided in this Agreement, nothing in this Agreement is intended to modify any rights to which you may be entitled under the by-laws and other constituent documents of any member of the Company Group.

4. Release of Claims.

(a) You, on your own behalf and on behalf of your descendants, dependents, heirs, executors and administrators and permitted assigns, past and present (the "Releasors"), in consideration for the amounts payable and benefits to be provided to you hereunder, hereby unconditionally and irrevocably (subject to Section 4(f)) covenant not to sue or pursue any litigation against, and waive, release and discharge the Company, its direct and indirect parent, assigns, subsidiaries, affiliates (including, without limitation, Parent), predecessors and successors, and the past and present shareholders, partners, employees, officers, directors, members, representatives and agents of any of them (collectively, the "Releasees"), from any and all claims, demands, rights, judgments, defenses, actions, charges or causes of action whatsoever, of any and every kind and description, whether known or unknown, accrued or not accrued, that you ever had, now have or shall or may have or assert in the future, by reason of facts or omissions which have occurred on or prior to the date you sign this Agreement, against the Releasees (collectively, "Claims"), including, without limiting the generality of the foregoing, (x) any and all Claims relating to your employment with the Company Group or the separation therefrom or your service as an officer or director of any member of the Company Group or the separation from such service, including, without limiting the generality of the foregoing, any claims, demands, rights, judgments, defenses, actions, charges or causes of action related to employment or separation from employment or that arise out of or relate in any way to the Age Discrimination in Employment Act of 1967 ("ADEA," a law that prohibits discrimination on the basis of age), the National Labor Relations Act, the Civil Rights Act of 1991, the Americans With Disabilities Act of 1990, Title VII of the Civil Rights Act of 1964, the Employee Retirement Income Security Act of 1974, the Family and Medical Leave Act of 1993, the Fair Labor Standards Act of 1938, the Sarbanes-Oxley Act of 2002, all as amended, and other Federal, state and local laws relating to discrimination on the basis of age, sex or other protected class, all claims under Federal, state or local laws for express or implied breach of contract, wrongful discharge, defamation, intentional infliction of emotional distress, whistleblowing, and any related claims for attorneys' fees and costs and (y) any and all Claims with respect to any equity, equity-based or other incentive compensation, other than any vested equity and other rights retained by you pursuant to Section 1(c) hereof (the "Release"); provided, however, that nothing herein shall release the Company from any of its obligations to you under this Agreement (including, without limitation, its obligation to pay the amounts and provide the benefits upon which this Release is conditioned), any rights you may have as a holder of Common Units in Parent under Parent's Limited Liability Agreement, any rights you may have under the Company's 401(k) plan, any rights you may have to indemnification under any insurance coverage or other benefits under any directors and officers insurance or similar policies, or any rights which may not be released as a matter of law.

(b) You further agree that this Section 4 may be pleaded as a full defense to any action, suit or other proceeding for Claims that is or may be initiated, prosecuted or maintained by you or your heirs or assigns. You understand and confirm that you are executing this Agreement voluntarily and knowingly, but that this Section 4 does not affect your right to claim otherwise under ADEA. In addition, you shall not be precluded by this Section 4 from filing a charge with any relevant Federal, state or local administrative agency, but you agree to waive your rights with respect to any monetary or other financial relief arising from any such administrative proceeding.

(c) In furtherance of the agreements set forth above, you hereby expressly waive and relinquish any and all rights under any applicable statute, doctrine or principle of law restricting the right of any person to release claims that such person does not know or suspect to exist at the time of executing a release, which claims, if known, may have materially affected such person's decision to give such a release. In connection with such waiver and relinquishment, you acknowledge that you are aware that you may hereafter discover claims presently unknown or unsuspected, or facts in addition to or different from those that you now know or believe to be true, with respect to the matters released herein. Nevertheless, it is your intention to fully, finally and forever release all such matters, and all claims relating thereto, that now exist, may exist or theretofore have existed, as specifically provided herein. The parties hereto acknowledge and agree that this waiver shall be an essential and material term of the release contained above. Nothing in this paragraph is intended to expand the scope of the release as specified herein.

(d) You represent and acknowledge that none of the Releasors have filed any complaint, charge, claim or proceeding, against any of the Releasees before any local, state or federal agency, court or other body (each individually, an "Action"). You represent that you are not aware of any basis on which such an Action could reasonably be instituted. You further acknowledge and agree that (i) you will not initiate or cause to be initiated on your behalf any Action and will not participate in any Action, in each case, except as required by law, and (ii) you waive any right you may have to benefit in any manner from any relief (whether monetary or otherwise) arising out of any Action, including, without limitation, any Action conducted by the Equal Employment Opportunity Commission. Further, you understand that, by executing this Release, you will be limiting the availability of certain remedies that you may have against the Releasees and also limiting your ability to pursue certain claims against the Releasees.

(e) The Company's offer to you of this Agreement and the payments and benefits set forth herein are not intended as, and shall not be construed as, any admission of liability, wrongdoing or improper conduct by the Company. You represent and acknowledge that you have not filed or caused to be filed any charges, complaints, claims, actions, proceedings or demands for arbitration of any kind in any forum against any Releasee.

(f) You acknowledge that you have been offered and have waived a period of time of at least 21 days to consider whether to sign this Agreement, and the Company agrees that you may cancel the Release and this Section 4 at any time during the seven days following the date on which this Agreement has been signed by all parties to this Agreement (the "Revocation Period"). In order to cancel or revoke the Release and this Section 4, you must deliver to the Company's General Counsel written notice stating that you are canceling or revoking the Release and this Section 4 during the Revocation Period. If the Release and this Section 4 are timely cancelled or revoked, none of the provisions of this Section 4 shall be effective or enforceable, and the Company shall not be obligated to make the payments to you or to provide you with the benefits identified in Sections 1(b)(iv), 1(b)(v) and 1(c). You acknowledge that, even if the Release and this Section 4 are cancelled or revoked by you, the provisions of Section 1(a) hereof shall remain in full force and effect.

(g) You acknowledge and agree that you have entered into this Agreement knowingly and willingly and have had ample opportunity to consider the terms and provisions of this Agreement, including this Section 4.

5. Miscellaneous.

(a) Amendment; No Waiver. (i) No provisions of this Agreement may be amended, modified, waived or discharged except by a written document signed by you and a duly authorized officer of the Company (other than you). (ii) The failure of a party to insist upon strict adherence to any term of this Agreement on any occasion shall not be considered a waiver of such party's rights or deprive such party of the right thereafter to insist upon strict adherence to that term or any other term of this Agreement. No failure or delay by either party in exercising any right or power hereunder will operate as a waiver thereof, nor will any single or partial exercise of any such right or power, or any abandonment of any steps to enforce such a right or power, preclude any other or further exercise thereof or the exercise of any other right or power. No provisions of this Agreement may be modified, waived or discharged unless such waiver, modification or discharge is agreed to in writing and signed by you and such officer of the Company as may be specifically designated by the Company's board of directors. The failure of any party to require the performance of any term or obligation of this Agreement, or the waiver by any party of any breach of this Agreement, shall not prevent any subsequent enforcement of such term or obligation or be deemed a waiver of any subsequent breach.

(b) Section 409A of the Code. The parties intend that any amounts payable hereunder comply with or are exempt from Section 409A of the Code ("Section 409A") (including under Treasury Regulation §§ 1.409A-1(b)(4) ("short-term deferrals") and (b)(9) ("separation pay plans," including the exceptions under subparagraph (iii) and subparagraph (v)(D)) and other applicable provisions of Treasury Regulation §§ 1.409A-1 through A-6). For purposes of Section 409A, each of the payments that may be made under this Agreement shall be deemed to be a separate payment for purposes of Section 409A. This Agreement shall be administered, interpreted and construed in a manner that does not result in the imposition of additional taxes, penalties or interest under Section 409A. The Company and you agree to negotiate in good faith to make amendments to the Agreement, as the parties mutually agree are necessary or desirable to avoid the imposition of taxes, penalties or interest under Section 409A. Notwithstanding the foregoing, the Company does not guarantee any particular tax effect, and you shall be solely responsible and liable for the satisfaction of all taxes, penalties and interest that may be imposed on or for the account of you in connection with the Agreement, as amended by this Amendment, (including any taxes, penalties and interest under Section 409A), and no member of the Company Group shall have any obligation to indemnify or otherwise hold you (or any beneficiary) harmless from any or all of such taxes, penalties or interest. With respect to the time of payments of any amounts under the Agreement that are "deferred compensation" subject to Section 409A, references in the Agreement to "separation from employment" (and substantially similar phrases) shall mean "separation from service" within the meaning of Section 409A. For the avoidance of doubt, it is intended that any expense reimbursement made to you hereunder shall be exempt from Section 409A. Notwithstanding the foregoing, if any expense reimbursement made hereunder shall be determined to be “deferred compensation” within the meaning of Section 409A, then (i) the amount of the indemnification payment or expense reimbursement during one taxable year shall not affect the amount of the expense reimbursement during any other taxable year, (ii) the expense reimbursement shall be made on or before the last day of your taxable year following the year in which the expense was incurred and (iii) the right to expense reimbursement hereunder shall not be subject to liquidation or exchange for another benefit. In addition, any reimbursements for COBRA coverage premiums described in this Agreement shall be paid to you as promptly as practicable, and in all events on or before the last day of the third taxable year of you following the taxable year of the Company in which your employment terminated.

(c) Withholding; Taxes. The Company may deduct and withhold from any amounts payable under this Agreement such Federal, state, local, or other taxes as are required or permitted to be withheld pursuant to any applicable law or regulation, as applicable.

(d) Assignment. (i) This Agreement is personal to you and without the prior written consent of the Company shall not be assignable by you, except for (A) the assignment by will or the laws of descent and distribution of any accrued pecuniary interest held by you, and (B) any assignment or transfer that may be permitted under the express terms of the applicable benefit plan or agreement. Any assignment in violation of this Agreement shall be void. (ii) This Agreement shall be binding on, and shall inure to the benefit of, the parties to it and their respective heirs, legal representatives, successors and permitted assigns (including, without limitation, in the event of your death, your estate and heirs in the case of any payments due to you hereunder). (iii) You acknowledge and agree that all of your covenants and obligations to the Company, as well as the rights of the Company hereunder, shall run in favor of and shall be enforceable by the Company and any successor or assign to all or substantially all of the Company’s business or assets.

(e) Notices. All notices or other communications required or permitted to be given hereunder shall be in writing and shall be delivered by hand or sent by facsimile or sent, postage prepaid, by registered, certified or express mail or overnight courier service and shall be deemed given when so delivered by hand or facsimile, or if mailed, three days after mailing (one business day in the case of express mail or overnight courier service) to the parties at the following addresses or facsimiles (or at such other address for a party as shall be specified by like notice):

If to the Company:

Hexion Inc.
180 East Broad Street
Columbus, Ohio 43215-3799
Attention: General Counsel

If to you: To the most recent address listed on the Company’s books and records.

(f) Severability. If any term or provision of this Agreement is invalid, illegal or incapable of being enforced by any applicable law or public policy, all other conditions and provisions of this Agreement shall nonetheless remain in full force and effect so long as the economic and legal substance of the transactions contemplated by this Agreement is not affected in any manner materially adverse to any party. Any such determination pertaining to the Restrictive Covenants shall be addressed as per the severability provisions of the applicable documents. Upon such determination that any other term or other provision is invalid, illegal or incapable of being enforced, the parties hereto shall negotiate in good faith to modify this Agreement so as to effect the original intent of the parties as closely as possible in a mutually acceptable manner in order that the transactions contemplated hereby be consummated as originally contemplated to the fullest extent possible.

(g) Entire Agreement. This Agreement constitutes the entire agreement and understanding between the Company and you with respect to the subject matter hereof and supersedes all prior agreements and understandings (whether written or oral), between you and the Company, relating to such subject matter. None of the parties shall be liable or bound to any other party in any manner by any representations and warranties or covenants relating to such subject matter except as specifically set forth herein.

(h) Governing Law; No Construction against Drafter. This Agreement shall be deemed to be made in the State of Ohio, and the validity, interpretation, construction, and performance of this Agreement in all respects shall be governed by the laws of the State of Ohio, without regard to its principles of conflicts of law. No provision of this Agreement or any related document will be construed against or interpreted to the disadvantage of any party hereto by any court or other governmental or judicial authority by reason of such party having or being deemed to have structured or drafted such provision.

(i) Headings and References. The headings of this Agreement are inserted for convenience only and neither constitute a part of this Agreement nor affect in any way the meaning or interpretation of this Agreement. When a reference in this Agreement is made to a Section, such reference shall be to a Section of this Agreement unless otherwise indicated.

(j) Counterparts. This Agreement may be executed in one or more counterparts (including via facsimile and electronic image scan (pdf)), each of which shall be deemed to be an original, but all of which together shall constitute one and the same instrument and shall become effective when one or more counterparts have been signed by each of the parties and delivered to the other parties.

Please indicate your understanding and acceptance of this Agreement by executing below on both copies, and retaining one fully executed original for your files and returning one fully executed original to me.

Judy, thank you for your years of dedicated service and best wishes.

Very truly yours,

HEXION INC.

By: /s/ Craig O. Morrison
Craig O. Morrison
President and Chief Executive Officer

I hereby accept the terms of this Agreement and agree to abide by the provisions hereof:

/s/ Judith A. Sonnett
Judith A. Sonnett

Date: July 17, 2016

EXHIBIT 10.76

FORM OF 2016 CASH-BASED LONG-TERM INCENTIVE AWARD AGREEMENT

THIS AGREEMENT (the "Agreement") is between **HEXION INC.**, a New Jersey corporation (the "Company"), and the Participant set forth on the signature page to this Agreement (the "Participant").

WHEREAS, the Company's indirect parent, Hexion Holdings LLC, ("Parent") maintains the Momentive Performance Materials Holdings LLC Long-Term Cash Incentive Plan adopted November 25, 2013 and Amended November 4, 2014 (the "Plan") for the benefit of employees of its subsidiaries, including the Company; and

WHEREAS, Participant, in his or her role with the Company, also provides services to MPM Holdings Inc., a Delaware Company ("Momentive") and its subsidiaries under a Second Amended and Restated Shared Services Agreement dated as of October 24, 2014; and

WHEREAS, the Company has agreed to grant to the Participant, a cash-based long-term incentive award (the "Award") pursuant to the Plan on the terms and subject to the conditions set forth in this Agreement and the Plan;

NOW, THEREFORE, in consideration of the promises and of the mutual agreements contained in this Agreement, the parties hereto hereby agree as follows:

Section 1. The Plan.

The terms and provisions of the Plan are hereby incorporated into this Agreement as if set forth herein in their entirety. In the event of a conflict between any provision of this Agreement and the Plan, the provisions of this Agreement shall control. A copy of the Plan may be obtained from the Company by the Participant upon request. Capitalized terms used herein and not otherwise defined herein shall have the respective meanings ascribed thereto in the Plan.

Section 2. Defined Terms

(a) *Target Award* means the amount and currency set forth on the signature page hereto.

(b) *EBITDA (sometimes also referred to as Segment EBITDA)*, with respect to a company, stands for earnings before interest, taxes, depreciation and amortization, adjusted to exclude certain non-cash, certain other income and expenses and discontinued operations for the relevant period as reported on such company's financial statements.

(c) *EBITDA Trigger* means, with respect to a company, the applicable targeted level of EBITDA, as set forth in Section 4(b) below.

(d) An *EBITDA Trigger Achievement* hereunder has occurred with respect to a company if such company achieves an EBITDA Trigger during any four sequential fiscal quarters (the "Measurement Period") and maintains such EBITDA through the one consecutive fiscal quarter thereafter (the "Maintenance Period").

Section 3. Grant of Cash-Based Award.

Subject to the conditions of the Plan and this Agreement, the Company hereby grants to the Participant a cash-based long-term incentive award in the amount of the Target Award, payable based upon the Participant's continued employment with the Company or one of the Company's subsidiaries.

Section 4. Conditions to Earning and Payment of Award.

Participant's right to any payment of the award is subject to the requirements described below. Subject to Participant not having a Termination of Relationship prior to the payment date:

(a) Service-Vested Award

(i) 392,529 of the Target Award will be payable on July 2018; and

(ii) 392,529 of the Target Award will be payable on July 2020.

(b) Performance-Vested Award

(i) Upon the occurrence of any EBITDA Trigger Achievement as set forth in the following table, the percentage of the Target Award indicated in such table shall be payable in accordance with this Section 4(b).

Hexion EBITDA Triggers		Momentive EBITDA Triggers	
Targeted EBITDA	Percentage of Target Award Payable	Targeted EBITDA	Percentage of Target Award Payable
Tranche 1: $457mm	130,843	Tranche 1: $235mm	130,843
Tranche 2: $502mm	130,843	Tranche 2: $282mm	130,843
Tranche 3: $548mm	130,843	Tranche 3: $317mm	130,843

(ii) Upon a given Hexion EBITDA Trigger Achievement, the corresponding (i.e., Tranche 1, Tranche 2, or Tranche 3) Momentive EBITDA Trigger Achievement shall be deemed to have occurred for the same Measurement Period and Maintenance Period. The applicable percentage payout upon a given EBITDA Trigger Achievement (or deemed EBITDA Trigger Achievement) shall be payable only once hereunder, regardless of whether such EBITDA Trigger Achievement occurs (or is deemed to occur) again at a later date. In the event that more than one EBITDA Trigger Achievement (i.e., Tranche 1, Tranche 2, and Tranche 3) first occurs (or is deemed to occur) during the same Measurement Period and Maintenance Period, Participant shall be paid the sum of all payout percentages relating to such EBITDA Trigger Achievements.

(iii) The measurement period for the achievement of the EBITDA Triggers begins July 1, 2016, and runs through fiscal year end 2020. This Agreement will terminate, and any unearned portions of the Target Award shall not be paid, if the applicable EBITDA Triggers have not been achieved (or deemed achieved) by fiscal year-end 2020.

(iv) In order to be eligible to receive any payment of an award under this Agreement, Participant must be actively employed with the Company or one of the Company's subsidiaries on the date that payment occurs.

(v) Any portion of the Target Award earned under Section 4(b)(i) above will be paid as soon as reasonably practicable, generally within 90 days, following the end of the applicable Maintenance Period, or if later, in July 2018. Prior to any payout under this Section 4(b), achievement of the EBITDA Trigger must be approved by the Audit Committee of either Parent or Momentive, as applicable. All payments under the Plan must be approved in advance by Parent's Compensation Committee.

(vi) In no event shall Participant receive aggregate payments under this Section 4(b) exceeding 50% of the Target Award.

All payments made under the Plan will be subject to any and all applicable income, employment and other tax withholding requirements.

Section 5. Construction.

It is intended that any amounts payable under this Agreement and the Company's and the Participant's exercise of authority or discretion hereunder shall comply with and avoid the imputation of any tax, penalty or interest under Section 409A of the Code. This Agreement shall be construed and interpreted consistent with that intent.

Section 6. Change of Control.

Notwithstanding Section 4(a) and Section 4(b) above, if a Complete Change in Control (as defined in the Company's 2011 Equity Incentive Plan) occurs prior to July 2020, the service component of the award (but not the EBITDA performance requirement) will be deemed satisfied upon completion of the Complete Change in Control. For purposes of clarity, if the Complete Change in Control occurs before the EBITDA target is achieved, the performance condition of the award will not be accelerated.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the first date specified below.

THE COMPANY:

HEXION INC.

By: /s/ Craig O. Morrison

Name: Craig O. Morrison

Title: President & CEO

Date: January 03, 2017

By signing below, you acknowledge having received the Plan document and you further agree to be bound by the terms and conditions of the Plan and this Agreement.

Your participation is contingent upon your acknowledgement and agreement to the provisions of this Plan and Agreement, as indicated by your signing below and returning the signed Agreement by email to equityadmin@hexion.com by the close of business on February 03, 2017.

THE PARTICIPANT:

By: /s/ Nathan E. Fisher

Name: Nathan E. Fisher

Title: EVP, Global Procurement

Date: January 3, 2017

Last address on the records of the Company:

7780 Cromwell End
New Albany, Ohio 43054

Target Award: 1,570,117 USD

Momentive Performance Materials Holdings LLC
Long-Term Cash Incentive Plan (the “Plan”)

I. Purpose of the Plan

To provide key associates employed by subsidiaries of Momentive Performance Materials Holdings LLC (the “Company”) with a performance-based incentive program to drive the achievement of long-term business success.

II. Definition of Terms

Capitalized terms not otherwise defined herein shall have the meaning ascribed to such terms in the Company’s 2011 Equity Incentive Plan.

III. Eligibility to Participate

Awards under the Plan may be granted only to employees of the Company’s subsidiaries. Each person to whom an award is granted under the Plan is referred to as a “Participant”. Participants are selected based on the scope of their responsibility and contribution in building value for the total enterprise. Participants are nominated by their employer and approved by the employer’s Board of Directors or Compensation Committee (the “Committee”).

IV. Individual Awards

Awards may be granted under the Plan at any time and from time to time on or prior to the termination of the Plan. The award agreement for each participant will set forth the Participant’s target award and the conditions for payment of such award.

I. No Right to Award or Grant

The Plan is strictly a voluntary undertaking on the part of the Company and is subject to modification and termination by the Committee at any time, with or without notification to participants. All determinations made by the Company in respect of the Plan will be conclusive and binding on all participants, and shall be given the maximum deference permitted by law.

All payments are subject to applicable restrictions contained in the Company’s and its subsidiaries’ debt and equity financing agreements. If any such restrictions prohibit or otherwise delay payments due to participants in the Plan, then the employer shall have the option to make such payments within thirty (30) days of the date that it is first permitted to make such payments.

Participants and their beneficiaries or heirs shall have no legal or equitable rights, claims or interest in any specific property or assets of the Company. The payment obligations under the Plan shall constitute merely an unfunded and unsecured promise of the Company’s subsidiaries to pay compensation in the future to those Participants to whom there is an obligation under the Plan in accordance with its terms. The rights of the Participants and any beneficiaries or heirs shall be no greater than those of the Company’s and its subsidiaries’ unsecured general creditors.

The Company values its reputation for integrity and honesty. Achieving business results at the expense of violation of the law, regulations, or business ethics or allowing individuals under one’s supervision to behave in this manner is never in the best interest of the Company or its subsidiaries. Accordingly, if ethical or honesty standards of behavior are violated or if any such behavior of personnel under a Participant’s supervision is knowingly condoned, any award to a Participant under the Plan is subject to forfeiture.

II. No Evidence or Right of Employment or Service

Nothing contained in the Plan or any other document related to the Plan constitutes an employment or service commitment by the Company or its subsidiaries; affects the employment status of the Participant who is subject to termination without cause; confers upon the Participant any right to remain employed by or in the service of the Company or its subsidiaries; interferes in any way with the right of the Company or its subsidiaries to terminate the Participant’s employment; or to change the Participant’s compensation or other terms of employment at any time.

III. Termination

The Plan will terminate on December 31, 2020, unless earlier terminated (the “Termination Date”). No awards may be granted after the Termination Date. Any awards outstanding on the Termination Date shall remain in effect until such award terminates as provided in the applicable award agreement.

IV. Code Section 409A Compliance

If any payment of an award pursuant to this Plan or an award agreement would subject the Participant to tax under Section 409A of the Code, the Plan or award agreement shall be modified in the least restrictive manner necessary in order to comply with the provisions of Section 409A, other applicable provisions(s) of the Code and/or any rules, regulations or other regulatory guidance issued under such statutory provisions and, in each case, without any material diminution in the value of the payments to an affected Participant.

Adopted: November 25, 2013
Amended: November 6, 2014

Exhibit 10.77

MOMENTIVE UV COATINGS (SHANGHAI) CO., LTD.

FINANCIAL STATEMENTS AND
REPORT OF THE AUDITORS
FOR THE YEAR ENDED 31 DECEMBER 2016

Audit Report

SAAF (2017) AR.NO.071

TO THE BOARD OF DIRECTORS OF
MOMENTIVE UV COATINGS (SHANGHAI) CO., LTD.

We have audited the accompanying financial statements of Momentive UV Coatings (Shanghai) Co., Ltd. (hereinafter referred to as "the Company"),including the balance sheet as of 31 December 2016 and the income statement, cash flow statement for the year then ended as well as notes to the financial statements.

1. Responsibility of the Company's management on these financial statements

Management is responsible for the preparation of these financial statements. This responsibility includes: (1) these financial statements are prepared in accordance with Accounting Standards for Business Enterprises and the Accounting System for Business Enterprises, and present fairly. (2) designing, implementing and maintaining internal control relevant to the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

2. Responsibility of certified public accountants

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in United States of America. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider the internal control relevant to the preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

3. Auditor’s opinion

In our opinion, the financial statements of Momentive UV Coatings (Shanghai) Co., Ltd. have been prepared in accordance with U.S. Generally accepted accounting principles, and present fairly, in all material respects, the financial position of the Company as of 31 December 2016, and the results of its operations and cash flows for the year then ended.

/s/ Shanghai Asahi Accounting Firm Chinese CPA : Li Can

Chinese CPA : Zhu Jun

Shanghai P. R. China February 10, 2017

BALANCE SHEET (to be continued)

AS AT 31 DECEMBER 2016

(All amounts in Rmb Yuan unless otherwise stated)

ASSETS	Notes	31 December 2016	31 December 2015
Current assets			
Cash at bank and in hand	4.1	11,677,321.79	31,484,429.58
Notes receivable	4.2	26,576,197.31	38,771,101.63
Accounts receivable	2.6, 4.3	89,902,219.94	99,798,425.81
Other receivables	2.6	2,400.00	2,400.00
Inventories	2.7, 4.4	18,707,271.67	20,865,869.40
Prepaid expenses		4,512.95	4,192.00
Total current assets		**146,869,923.66**	**190,926,418.42**
Fixed assets			
Fixed assets - cost	2.8, 4.5	6,628,202.01	6,709,359.28
Less: Accumulated depreciation	2.8, 4.5	5,881,545.21	5,811,740.84
Fixed assets - net		746,656.80	897,618.44
Less: Provision for impairment of fixed assets		—	—
Fixed assets - net book value		746,656.80	897,618.44
Other assets			
Long-term prepaid expenses	2.9	142,500.00	232,500.00
Deferred tax - debit		240,760.17	38,844.43
TOTAL ASSETS		**147,999,840.63**	**192,095,381.29**

The accompanying notes form an integral part of these financial statements.

BALANCE SHEET (continued)

AS AT 31 DECEMBER 2016

(All amounts in Rmb Yuan unless otherwise stated)

LIABILITIES AND OWNERS' EQUITY	Notes	31 DECEMBER 2016	31 DECEMBER 2015
Current liabilities			
Notes payable		—	—
Accounts payable	4.6	47,965,757.51	58,816,829.79
Salary payable		980,000.00	400,000.00
Tax payable	4.7	7,834,795.03	16,175,954.28
Other surcharges		10,543.40	22,836.06
Dividend payable		22,461,693.80	13,145,723.63
Other payable	4.8	1,887,909.46	738,393.44
Total current liabilities		**81,140,699.20**	**89,299,737.20**
Total liabilities		**81,140,699.20**	**89,299,737.20**
Owners' equity			
Paid-in capital	4.9	4,138,525.00	4,138,525.00
Surplus reserve	4.10	2,100,000.00	2,100,000.00
Undistributed profits	4.11	60,620,616.43	96,557,119.09
Total owners' equity		**66,859,141.43**	**102,795,644.09**
TOTAL LIABILITIES AND OWNERS' EQUITY		**147,999,840.63**	**192,095,381.29**

The accompanying notes form an integral part of these financial statements.

INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2016
(All amounts in Rmb Yuan unless otherwise stated)

	Notes	Year 2016	Year 2015	Year 2014
Revenues from main operations	2.10 4.12	**334,219,891.26**	**342,012,867.83**	**283,502,034.63**
Less: Costs main operations	4.12	233,818,221.10	261,367,286.76	212,942,441.80
Surcharges for main operations		979,176.41	786,737.38	617,583.18
Profit from main operations		**99,422,493.75**	**79,858,843.69**	**69,942,009.65**
Less: Selling and distribution expenses	4.13	4,128,783.69	4,820,806.92	7,388,847.12
Other operation income		388.89	47,638.49	233,254.72
General and administrative expenses	4.14	17,416,177.10	11,657,992.28	5,537,479.87
Finance (income) expenses - net	4.15	(2,695,350.25)	(1,092,332.51)	(13,182.60)
Operating profit		**80,573,272.10**	**64,520,015.49**	**57,262,119.98**
Non-operating income	4.16	191,919.03	87,342.07	137,199.22
Non-operating expense	4.16	2,046.15	—	—
Total profit		**80,763,144.98**	**64,607,357.56**	**57,399,319.20**
Less: Income taxes	2.11	20,237,953.84	16,196,870.02	14,368,981.92
Net profit		**60,525,191.14**	**48,410,487.54**	**43,030,337.28**

The accompanying notes form an integral part of these financial statements.

CASHFLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2016
(All amounts in Rmb Yuan unless otherwise stated)

1. Cash flows from operating activities	**Year 2016**	**Year 2015**	**Year 2014**
Cash received from sales of goods or rendering of services	406,222,940.09	382,507,558.14	334,543,657.23
Cash received relating to other operating activities	191,919.03	87,342.07	137,199.22
Sub-total of cash inflows	**406,414,859.12**	**382,594,900.21**	**334,680,856.45**
Cash paid for goods and services	(277,618,516.29)	(287,000,379.42)	(241,215,872.34)
Cash paid to and on behalf of employees	(7,989,408.44)	(7,633,928.62)	(6,523,856.43)
Payments of taxes and levies	(47,133,802.28)	(21,917,429.15)	(27,568,272.06)
Cash paid relating to other operating activities	(5,730,450.09)	(6,870,003.19)	(2,931,652.51)
Sub-total of cash outflows	**(338,472,177.1)**	**(323,421,740.38)**	**(278,239,653.34)**
Net cash flows from operating activities	**67,942,682.02**	**59,173,159.83**	**56,441,203.11**
2. Cash flows from investing activities			
intangible assets and other long-term assets	23,398.06	—	—
Sub-total of cash inflows	**23,398.06**	**—**	**—**
Cash paid to acquire fixed assets, intangible assets and other long-term assets	(212,142.73)	(356,027.35)	(35,987.65)
Sub-total of cash outflows	**(212,142.73)**	**(356,027.35)**	**(35,987.65)**
Net cash flows used in investing activities	**(188,744.67)**	**(356,027.35)**	**(35,987.65)**
3. Cash flows from financing activities			
Sub-total of cash inflows			
Cash payments for distribution of dividends or profits	(87,145,723.63)	(57,000,000)	(46,479,576)
Sub-total of cash outflows	**(87,145,723.63)**	**(57,000,000.00)**	**(46,479,576.00)**
Net cash flows used in financing activities	**(87,145,723.63)**	**(57,000,000.00)**	**(46,479,576.00)**
4. Effect of foreign exchange rate changes on cash and cash equivalents	**(415,321.51)**	**(458,617.00)**	**(11,975.86)**
5. Net increase (used) in cash and cash equivalents	**(19,807,107.79)**	**1,358,515.48**	**9,913,663.60**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED 31 DECEMBER 2016

(Amounts expressed in Renminbi (“RMB”) unless otherwise stated)

1. COMPANY BACKGROUND AND PRINCIPAL ACTIVITIES

Momentive UV Coatings (Shanghai) Co., Ltd., formally known as Borden UV (Shanghai) Co., Ltd.□□”the Company”□©is a Sino-foreign equity joint venture enterprise between Borden UV Coatings Holdings (Shanghai) Limited and Prime Union Limited. The Company was established on 18 March 2004 with the approval of the Shanghai Municipal Government in Shangwaihuhuiduzizi[2004]0768 and the business license number is 913101157595925826 with the operation period of 30 years. The Company’s registered capital is USD$500,000.00.

The approved Company’s business operation scope includes manufacture and sale of various kinds of UV coatings and provision of related technical consulting services (Comment: extracted from Articles of Associations of the Company.)

In 2007, the Company’s prior shareholder Borden UV Coating Holding (Shanghai) Limited was renamed Hexion Specialty UV Coating (Shanghai) Limited and transferred 0.01% of its shares to Prime Union Limited, and the Company was renamed Hexion UV Coatings (Shanghai) Co., Ltd.. In 2013, based on the approvals of the Company’s Board of Directors and the Pudong District of Shanghai Municipal government, the Company was renamed Momentive UV Coatings (Shanghai) Co., Ltd., and one of the Company’s investors, Hexion Specialty UV Coatings (Shanghai) Ltd., was renamed Momentive Specialty UV Coatings (Shanghai) Limited (subsequently renamed again to Hexion UV Coatings (Shanghai) Limited in 2015).

2. PRINCIPAL ACCOUNTING POLICIES

2.1 Accounting standards

The Company adopts accounting principles generally accepted in the United States of America.

2.2 Accounting period

The Company’s accounting year starts on 1 January and ends on 31 December.

2.3 Basis of accounting and measurement bases

The Company follows the accrual method of accounting. Assets are initially recorded at their actual costs and are subsequently adjusted for impairment, if any, as events and circumstances warrant.

2.4 Reporting currency

The recording currency of the Company is RMB Yuan.

2.5 Foreign currency translation

Except for the accounting treatment for paid-in capital, foreign currency transactions are translated into RMB at the exchange rates stipulated by the People’s Bank of China on the first day of the month in which the transactions took place. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated into RMB at the stipulated exchange rates by the People’s Bank of China at the balance sheet date. Exchange differences arising from these translations are expensed, except for those which occurred in the pre-operation period, which are recorded as long-term deferred expenses, and those attributable to foreign currency borrowings that have been taken out specifically for the construction of fixed assets, which are capitalized as part of the fixed asset costs.

2.6 Provision for Bad Debt

Full provisions are applied to receivables where events or changes in circumstances indicate that the balances cannot be collected (the debtor is deregistered, bankrupt and the Company can not take back the accounts receivable according to the bankruptcy procedure in law; the debtor is dead, has no heritage to pay or has no haeres; has solid evidence that the accounts receivable aged over three years and can not be taken back). When the bad debt occurs, it is written off through the bad debt provision with the approvals according to the authorized level.

2.7 Inventories

2.7.1 Inventories include materials in transit, raw materials, work in progress, finished goods, low cost consumables and packaging materials.

2.7.2 Inventories are stated at the lower of cost or market.

2.7.3 The inventory issuance cost was determined using the weighted average method.

2.7.4 Low cost consumables are fully amortized when issued for use.

2.8 Fixed assets and depreciation

2.8.1 Fixed assets include buildings, machinery and equipment used in production or rendering of services, or held for management purposes, which have useful lives of more than one year.

2.8.2 Fixed assets purchased or constructed by the Company are recorded at actual cost.

2.8.3 Fixed assets are depreciated using the straight-line method to write off the cost of the assets to their residual values of 0% which represents their estimated salvage value over their estimated useful lives. Their estimated useful lives are as follows:

Category:	useful lives (years) :	Annual depreciation rate (%):
Machinery	10	10
Electronic equipment	10	10
Motor vehicle	10	10

2.9 Long-term prepaid expenses

Long-term prepaid expenses was recorded in actual cost and are amortized on the straight-line basis over the expected beneficial periods and are presented at cost net of accumulated amortization.

2.10 Sales of goods

Revenue from the sale of goods is recognized when significant risks and rewards of ownership of the goods are transferred to the buyer, the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold, and it is probable that the economic benefit associated with the transaction will flow to the Company and the relevant revenue and costs can be measured reliably.

2.11 Enterprise income tax (“EIT”)

EIT is recognized under the liability method (balance sheet approach).

3. Taxations

The Company’s applicable major taxations and rate are as follows:

Category:	Tax base:	Statutory Tax %:
Value added tax	Valuation amount	17
EIT	Taxable income	25

The actual EIT rate applicable for 2016 was 25%.

4. NOTES TO MAJOR ACCOUNTS IN THE FINANCIAL STATEMENTS

4.1 Cash at bank and in hand

Item:	31 December 2016			31 December 2015		
	Original currency	Exchange rate	RMB equivalent	Original currency	Exchange rate	RMB equivalent
Cash in hand			**42,907.15**			**26,344.66**
RMB			42,907.15			26,344.66
Cash at bank			**11,634,414.64**			**31,458,084.92**
RMB			7,973,653.18			24,765,927.71
USD	527,715.36	6.9370	3,660,761.46	1,030,577.37	6.4936	6,692,157.21
Total			**11,677,321.79**			**31,484,429.58**

4.2 Notes Receivable

Category:	31 December 2016	31 December 2015
Bank Note	26,576,197.31	38,771,101.63

The top major debtors are as follows:

No.	Debtor Name:	Note Quantity:	31 December 2016
1	Zhong Tian Technology Optical Fiber Co., Ltd.	3	14,335,673.48
2	Changfei Optical Fiber Co., Ltd.	7	7,746,600.00
3	Nanjing Fiberhome Fujikura Optical Communication Ltd.	3	3,800,000.00
4	Zhongzhu Optic fiber Co., Ltd	4	693,923.83
	Total		26,576,197.31

No.	Debtor Name:	Note Quantity:	31 December 2015
1	Changfei Optical Fiber Co., Ltd.	7	30,256,585.63
2	Zhong Tian Technology Optical Fiber Co., Ltd.	1	3,000,000.00
3	Nanjing Fiberhome Fujikura Optical Communication Ltd.	1	2,000,000.00
4	Chengdu Zhongzhu Optical Fiber Co., Ltd.	10	1,470,000.00
5	Xi’an Xigu Optical Communication Ltd.	3	1,234,588.00
	Total		37,961,173.63

4.3 Accounts Receivable

31 December 2016	31 December 2015
89,902,219.94	99,798,425.81

The top 5 major debtors are as follows:

Debtor Name:	Nature:	31 December 2016	%
Furukawa Japan	Goods sold	31,223,312.13	35%
Zhong Tian Technology Optical Fiber Co., Ltd.	Goods sold	4,675,285.68	5%
Changfei Optical Fiber Co., Ltd.	Goods sold	22,233,000.03	25%
OFSLLC	Goods sold	10,062,426.5	11%
BIRLA FURUKAWA	Goods sold	5,833,739.52	6%
Total		74,027,763.86	82%

There was no receivable from related parties as of 31 December 2016.

Aging:	31 December 2016	%	31 December 2015	%
Within 1 year	89,901,173.79	99.999	99,797,379.66	99.999
1 to 2 years	1,046.15	0.001	1,046.15	0.001
Total	89,902,219.94	100	99,798,425.81	100

4.4 Inventory

Item:	31 December 2016		31 December 2015	
	Amount	Reserve	Amount	Reserve
Raw materials	9,093,245.46	—	11,236,148.21	—
Packing material	121,466.70	—	98,697.32	—
Low valued consumables	513,825.99	—	55,113.98	—
Finished goods	8,978,733.52	—	9,475,909.89	—
Total	18,707,271.67	—	20,865,869.4	—

4.5 Fixed Assets and Accumulated Depreciation

Original Cost

Category:	31 December 2016	Additions	Deductions	31 December 2015
Machinery	3,014,713.91	—	—	3,014,713.91
Electronic equipment	939,132.83	—	—	939,132.83
Motor Vehicle	413,071.79	168,552.99	293,300.00	537,818.80
Other equipment	2,261,283.48	43,589.74	—	2,217,693.74
Total	6,628,202.01	212,142.73	293,300.00	6,709,359.28

Accumulated depreciation

Category:	31 December 2016	Addition	Deductions	31 December 2015
Machinery	2,712,898.96	117,990.93	—	2,594,908.03
Electronic equipment	833,221.69	48,697.89	—	784,523.80
Motor Vehicle	225,792.25	52,997.34	293,300.00	466,094.91
Other equipment	2,109,632.31	143,418.21	—	1,966,214.10
Total	5,881,545.21	363,104.37	293,300.00	5,811,740.84

4.6 Accounts Payable

31 December 2016	31 December 2015
47,965,757.51	58,816,829.79

The top 5 major Creditors are as follows:

Creditor Name:	Nature:	31 December 2016
MIWON	Goods Purchased	15,236,204.82
Sartomer Logistics (Shanghai) Co., Ltd.	Goods Purchased	14,174,942.96
Shuangjian	Goods Purchased	6,354,397.84
Linjia Machine	Goods Purchased	2,040,680.00
□□ (□□)	Goods Purchased	1,634,068.80
Total		39,440,294.42

Creditor Name:	Nature:	31 December 2015
MIWON	Goods Purchased	28,094,430.53
Sartomer Logistics (Shanghai) Co., Ltd.	Goods Purchased	13,979,690.94
Shuangjian	Goods Purchased	3,001,376.84
Linjia Machine	Goods Purchased	2,468,520
Dai Quan	Goods Purchased	1,717,868.64
Total		49,261,886.95

4.7 Taxes Payable

Item:	31 December 2016	31 December 2015
VAT payable	637,109.93	2,283,606.21
EIT payable	6,858,152.38	13,490,360.42
Individual income tax payable	276,272.32	264,971.28
City construction tax	10,543.4	22,836.06
Extra charges of education funds	52,717.00	114,180.31
Total	7,834,795.03	16,175,954.28

4.8 Other Payables

31 December 2016	31 December 2015
1,887,909.46	738,393.44

The top 3 major Creditors are as follows:

Creditor Name:	Nature:	31 December 2016
Fishand Richardson PC	Lawyer fee	1,478,573.62
Caribou Specialty Materials	Technology service charge	288,416.74
Momentive Chemical	Overseas market promotion	152,614.00

Creditor Name:	Nature:	31 December 2015
Momentive Chemical	Overseas market promotion	389,616.00
Caribou Specialty Materials	Technology service charge	200,645.81
Fishand Richardson PC	Lawyer fee	141,065.28

4.9 Paid-in Capital

Investor Name:	31 December 2016、2015、2014		
	In USD$	RMB equivalent	(%)
Momentive Specialty UV coatings (Shanghai) Limited(Renamed to Hexion UV Coating (Shanghai) Limited in 2015)	249,950.00	2,068,848.65	49.99%
Prime Union Limited	250,050.00	2,069,676.35	50.01%
Total	500,000.00	4,138,525.00	100.00%

4.10 Surplus Reserve

Item:	31 December 2016、2015、2014
Reserve fund	2,100,000.00
Total	2,100,000.00

4.11 Retained Earnings

Item:	2016	2015	2014
Retained earning, beginning	96,557,119.09	118,292,355.18	92,862,017.90
Add: current year profit	60,525,191.14	48,410,487.54	43,030,337.28
Less: Profit distribution to equity owners	96,461,693.80	70,145,723.63	17,600,000.00
Retained earning, ending	60,620,616.43	96,557,119.09	118,292,355.18

4.12 Operation Income / Operation Cost

Operation Income for Year 2016		Operation Income for year 2015		Operation Income for year 2014	
Sales	Other Operation Income	Sales	Other Operation Income	Sales	Other Operation Income
334,219,891.26	388.89	342,012,867.83	47,638.49	283,502,034.63	233,254.72

Operation Cost for year 2016		Operation Cost for year 2015		Operation Cost for year 2014	
Cost of sales	Other Operation Cost	Cost of sales	Other Operation Cost	Cost of sales	Other Operation Cost
233,818,221.10	—	261,367,286.76	—	212,942,441.80	—

4.13 Selling and distribution expenses

Year 2016	Year 2015	Year 2014
4,128,783.69	4,820,806.92	7,338,847.12

The major 2016 items include:

Item:	Year 2016	Year 2015	Year 2014
Transportation	2,709,713.24	2,918,723.12	1,568,240.22
Market promotion	1,042,392.38	369,000.00	2,369,079.74
Gas and parking	111,927.71	126,631.67	194,696.27
Custom inspection	50,334.64	74,999.99	108,773.62
Office expense	33,284.66	45,743.30	155,417.18

4.14 G&A Expenses

Year 2016	Year 2015	Year 2014
17,416,177.10	11,657,992.28	5,537,479.87

The major 2016 items include:

Item	Year 2016	Year 2015	Year 2014
Consultant fees	7,425,998.20	—	—
Payroll	4,010,501.34	3,829,369.58	3,724,309.67
Overseas R & D fee	3,466,126.79	3,384,203.73	—
Statutory social insurance	458,919.92	453,578.50	379,421.50
Entertainment expenses	453,334.71	416,872.58	366,407.02
Office expense	399,906.96	407,177.19	241,014.06
Taxes	310,493.10	190,366.33	232,799.40
Lawyer fees	—	1,928,804.70	—

4.15 Financial Expenses

Item:	Year 2016	Year 2015	Year 2014
Interest expense	455,052.04	45,584.94	—
Interest income	(162,426.65)	(82,315.96)	(68,511.36)
Foreign exchange loss (gain)	(3,049,485.53)	(1,133,604.97)	(18,666.07)
Bank charges	61,509.89	78,003.48	73,994.83
Total	(2,695,350.25)	(1,092,332.51)	(13,182.60)

4.16 Non-operation Income / Non-operation (Expense)

Item	Year 2016	Year 2015	Year 2014
Net non-operation result	**189,872.88**	**87,342.07**	**137,199.22**
Total non-operation income	**191,919.03**	**87,342.07**	**137,199.22**

1. tax return	122,322.16	18,000.00	0
2. service charge return for tax payment	16,423.10	45,966.07	115,511.22
3. sponsor	9,000.00	22,376.00	21,688.00
4. other	44,173.77	1,000.00	—
Total non-operation expense	**2,046.15**	—	**—**

4.17 Cash Flow Information

Supplemental Information	Year 2016	Year 2015	Year 2014
Reconciliation of net profit to cash flows from operating activities			
Net profit	60,525,191.14	48,410,487.54	43,030,337.28
Adjust for:Provision for asset impairment	—	—	—
Depreciation of tangible assets	363,104.37	570,797	604,108.77
Amortization of long-term prepaid expenses	90,000.00	37,500.00	2,436.40
Amortization of prepaid expense	(320.95)	(4,192.00)	—
Losses on disposal of fixed assets, intangible assets and other long-term assets	(23,398.06)	—	—
Finance expenses	415,321.51	458,617.00	11,975.86
Decrease in deferred tax debit	(201,915.74)	479,683.42	163,844.03
Decrease in inventories	2,158,597.73	1,589,183.75	1,687,661.03
(Increase) Decrease in operating receivables	22,091,110.19	(16,040,544.12)	3,872,228.53
Increase in operating payables	(17,475,008.17)	23,671,627.24	7,068,611.21
Others	—	—	—
Net cash flows from operating activities	67,942,682.02	59,173,159.83	56,441,203.11

5. Related party relationships and transactions

5.1 Related party relationships

Name:	Related party relationships
Momentive Specialty UV coatings (Shanghai) Limited (Renamed to Hexion UV Coating (Shanghai) Limited in 2015)	Investor
Prime Union Limited	Investor

5.2 Transactions

There were no material related party transactions in 2016.

6. Subsequent event

January 8, 2015 - Momentive UV Coatings (Shanghai) Co., Ltd. sued by DSM Desotech, Inc. for patent infringement in Southern District of Ohio. The case is currently pending, and the Company is unable to assess the potential outcome and any resulting financial impact at this time.

EXHIBIT 10.84

AMENDED AND RESTATED ASSET-BASED REVOLVING CREDIT AGREEMENT

Dated as of December 21, 2016,

among

Hexion LLC,
as Holdings,

Hexion Inc.,

as U.S. Borrower,

Hexion Canada Inc.,

as Canadian Borrower,

Hexion B.V.,

as Dutch Borrower,

Hexion UK Limited

and

BORDEN CHEMICAL UK LIMITED,
as U.K. Borrowers,

Hexion GmbH,
as German Borrower,

THE LENDERS PARTY HERETO,

JPMORGAN CHASE BANK, N.A.,

as Administrative Agent, Collateral Agent, Swingline Lender and initial Issuing Bank,

JPMORGAN CHASE BANK, N.A., GOLDMAN SACHS BANK USA, DEUTSCHE
BANK SECURITIES INC., CITIGROUP GLOBAL MARKETS INC., and WELLS FARGO BANK, NATIONAL ASSOCIATION,
as Syndication Agents

and

BANK OF AMERICA, N.A. and CREDIT SUISSE SECURITIES (USA) LLC,
as Documentation Agents

JPMORGAN CHASE BANK, N.A., GOLDMAN SACHS BANK USA, DEUTSCHE

BANK SECURITIES INC., CREDIT SUISSE SECURITIES (USA) LLC, BANK OF AMERICA, N.A., CITIGROUP GLOBAL MARKETS INC., and WELLS FARGO BANK, NATIONAL ASSOCIATION
as Joint Lead Arrangers

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This AMENDED AND RESTATED ASSET-BASED REVOLVING CREDIT AGREEMENT, dated as of December 21, 2016 (as amended, supplemented, restated or otherwise modified from time to time, this "Agreement"), among HEXION LLC (f/k/a MOMENTIVE SPECIALTY CHEMICALS HOLDINGS LLC), a Delaware limited liability company ("Holdings"), HEXION INC. (F/K/A MOMENTIVE SPECIALTY CHEMICALS INC.), a New Jersey corporation (the "U.S. Borrower"), HEXION CANADA INC. (f/k/a MOMENTIVE SPECIALTY CHEMICALS CANADA INC.), a Canadian corporation (the "Canadian Borrower"), HEXION B.V. (f/k/a MOMENTIVE SPECIALTY CHEMICALS B.V.), a *besloten vennootschap met beperkte aansprakelijkheid* under the laws of The Netherlands having its statutory seat in Rotterdam, The Netherlands and registered with the Dutch Trade Register under number 24294676 (the "Dutch Borrower"), HEXION UK LIMITED (f/k/a MOMENTIVE SPECIALTY CHEMICALS UK LIMITED), a company incorporated under the laws of England and Wales, and BORDEN CHEMICAL UK LIMITED, a company incorporated under the laws of England and Wales (together, the "U.K. Borrowers"), and HEXION GMBH, a limited liability company (*GmbH*) organized under the laws of Germany, registered with the commercial register (*Handelsregister*) of the local court (*Amtsgericht*) of Iserlohn with registration number 5860 (the "German Borrower" and, together with the U.S. Borrower, the Canadian Borrower, the Dutch Borrower and the U.K. Borrowers, the "Borrowers"), the LENDERS party hereto from time to time, JPMORGAN CHASE BANK, N.A. ("JPMCB"), as Administrative Agent, Collateral Agent, Swingline Lender and initial Issuing Bank, JPMORGAN CHASE BANK, N.A., CITIGROUP GLOBAL MARKETS INC., DEUTSCHE BANK SECURITIES INC., GOLDMAN SACHS BANK USA and WELLS FARGO BANK, NATIONAL ASSOCIATION, as Syndication Agents, and BANK OF AMERICA, N.A. and CREDIT SUISSE SECURITIES (USA) LLC, as Documentation Agents.

WHEREAS, Holdings and the Borrowers desire, and each of the Existing Lenders (as defined in the Amendment Agreement), collectively constituting the Required Lenders under the 2015 Credit Agreement, has agreed to (i) amend the 2015 Credit Agreement to permit a refinancing of the 1-1/2 Lien Notes and (ii) make certain other changes set forth herein and in the Amendment Agreement, in each case, subject to the conditions set forth in the Amendment Agreement; and

WHEREAS, Holdings and the Borrowers desire to obtain, and each of the Extending Lenders (as defined in the Amendment Agreement) has agreed to provide, the 2016 Extended Revolving Facility Commitments on the terms set forth herein (which 2016 Extended Revolving Facility Commitments shall automatically replace the Revolving Facility Commitments in effect hereunder immediately prior to the Stage 2 Amendment Effective Date, unless the 2016 Extended Revolving Facility Commitment of an Extending Lender (as defined in the Amendment Agreement) is structured as an extension of its Revolving Facility Commitments in effect immediately prior to the Stage 2 Amendment Effective Date, in which case the specified Revolving Facility Commitments of such Extending Lender (as defined in the Amendment Agreement) in effect immediately prior to the Stage 2 Amendment Effective Date shall, on the Stage 2 Amendment Effective Date, be extended as 2016 Extended Revolving Facility Commitments and, if applicable, reduced to be the amount of such Lender's 2016 Extended Revolving Facility Commitment set forth on Annex II hereto (subject to further reduction pursuant to Section 2.01(a)), subject to the conditions set forth in the Amendment Agreement; and

WHEREAS, the Obligations of the Borrowers under the Loan Documents will continue to be guaranteed and continue to be secured, in each case as set forth in the Loan Documents, as amended, restated, supplemented or otherwise modified from time to time; and

NOW, THEREFORE, on the Amendment Effective Date, the 2015 Credit Agreement shall be amended and restated as provided herein.

ARTICLE I

DEFINITIONS

Section 1.01 Defined Terms. As used in this Agreement, the following terms shall have the meanings specified below:

"1-1/2 Lien Intercreditor Agreement" shall (a) mean the Intercreditor Agreement, dated as of January 29, 2010, among JPMCB, as intercreditor agent and senior-priority agent for the ABL Secured Parties (as defined in that certain Third Joinder and Supplement to Intercreditor Agreement, dated as of March 28, 2013), Wilmington Trust FSB (currently known as Wilmington Trust, National Association), as trustee and collateral agent for the holders of the 1-1/2 Lien Notes, Wilmington Trust, National Association, as senior-priority agent for the holders of the First Lien Notes, Holdings, the U.S. Borrower and the Domestic Subsidiaries party thereto, as the same may be amended, supplemented, restated or otherwise modified from time to time in accordance with the terms thereof, and (b) any replacement thereof that contains terms not materially less favorable to the Lenders than the terms contained in the Intercreditor Agreement referred to in clause (a) above.

"1-1/2 Lien Notes" shall mean the $1.2 billion aggregate original principal amount of Hexion Finance Escrow LLC and Hexion Escrow Corporation and assumed by the U.S. Borrower (as successor to Hexion U.S. Finance Corp.) and Hexion Nova Scotia Finance ULC 8.875% Senior Secured Notes due 2018.

"1-1/2 Lien Notes Documents" shall mean the indentures under which the 1-1/2 Lien Notes are issued and all other instruments, agreements and other documents evidencing or governing the 1-1/2 Lien Notes or providing for any security, guarantee or other right in respect thereof.

"2013 Credit Agreement" shall mean the Asset-Based Revolving Credit Agreement, dated as of the Closing Date, as amended, restated, supplemented or otherwise modified from time to time prior to the 2015 Amendment Effective Date, among Holdings, the U.S. Borrower, the Canadian Borrower, the Dutch Borrower, the U.K. Borrowers, the lenders party thereto and the Administrative Agent.

"2015 Amendment Agreement" shall mean the Amendment Agreement, dated as of the 2015 Amendment Effective Date, among Holdings, the Borrowers, the Subsidiary Loan Parties, the Lenders party thereto and the Administrative Agent, as amended, restated, supplemented or otherwise modified from time to time prior to the Amendment Effective Date.

"2015 Amendment Effective Date" shall mean July 27, 2015.

"2015 Credit Agreement" shall mean the Amended and Restated Asset-Based Revolving Credit Agreement, dated as of the 2015 Amendment Effective Date, as amended, restated, supplemented or otherwise modified from time to time prior to the Amendment Effective Date, among Holdings, the Borrowers, the Lenders party thereto and the Administrative Agent.

"2015 Transactions" shall mean, collectively, (a) the execution and delivery by the Loan Parties of the 2015 Amendment Agreement and the Loan Documents executed and delivered in connection with the 2015 Amendment Agreement to which they are a party, (b) the issuance of First Lien Notes on April 15, 2015 and the transactions consummated in connection therewith (including the use of proceeds thereof) and (c) the payment of related fees and expenses in connection therewith.

"2016 Extended Revolving Facility Commitments" shall mean the Extended Revolving Facility Commitments (as defined in the Amendment Agreement), any Additional Extending Lender Commitment and, for the avoidance of doubt, any Revolving Facility Commitments in effect hereunder immediately prior to the Stage 2 Amendment Effective Date that a Lender or Additional Extending Lender elects to extend as 2016 Extended Revolving Facility Commitments of such Lender or Additional Extending Lender pursuant to Section 2.01(a) (including the Revolving Facility Commitments extended pursuant to Additional Extending Lender Agreement No. 1), as applicable.

"ABL Intercreditor Agreement" shall mean (a) the ABL Intercreditor Agreement, dated as of the Closing Date, among the Collateral Agent, Wilmington Trust, National Association, as Applicable First-Lien Agent and First-Lien Collateral Agent (each as defined therein), the U.S. Borrower and the Domestic Subsidiaries party thereto, as the same may be amended, supplemented, restated or otherwise modified from time to time in accordance with the terms thereof, and (b) any replacement thereof that contains terms not materially less favorable to the Lenders than the terms contained in the ABL Intercreditor Agreement referred to in clause (a) above.

"ABL Priority Collateral" shall have the meaning assigned to such term in the ABL Intercreditor Agreement.

"ABR" shall mean, for any day, a fluctuating rate per annum equal to the highest of (a) the U.S. Prime Rate in effect on such day, (b) the NYFRB Rate in effect on such day plus ½ of 1.0% and (c) the LIBO Rate for a one-month Interest Period for a deposit in U.S. Dollars on such day (or if such day is not a Business Day, the immediately preceding Business Day) plus 1.0%, provided that, for the purpose of this definition, the LIBO Rate for any day shall be based on the Screen Rate (or if the Screen Rate is not available for such one month Interest Period, the Interpolated Rate) at approximately 11:00 a.m. London time on such day. Any change in the ABR due to a change in the U.S. Prime Rate, the NYFRB Rate or the LIBO Rate shall be effective from and including the effective date of such change in the U.S. Prime Rate, the NYFRB Rate or the LIBO Rate, respectively.

"ABR Borrowing" shall mean a Borrowing comprised of ABR Loans.

"ABR Loan" shall mean any ABR Revolving Loan or any Swingline Loan to the U.S. Borrower.

"ABR Revolving Borrowing" shall mean a Borrowing comprised of ABR Revolving Loans.

"ABR Revolving Loan" shall mean any Revolving Facility Loan denominated in U.S. Dollars and bearing interest at a rate determined by reference to the ABR in accordance with the provisions of Article II.

"Acceptable Appraiser" shall mean (a) any person listed on Schedule 1.01(a) to the 2015 Credit Agreement or (b) any other experienced and reputable appraiser reasonably acceptable to the U.S. Borrower and the Administrative Agent.

"Acceptable Auditor" shall mean (a) Cardno, (b) Ramboll Environ or (c) any other experienced and reputable environmental auditor reasonably acceptable to the U.S. Borrower and the Administrative Agent.

"Account" shall mean, with respect to a person, any of such person's now owned and hereafter acquired or arising accounts receivable, including any rights to payment for the sale or lease of goods or rendition of services, whether or not they have been earned by performance.

"Account Control Agreement" shall have the meaning assigned to such term in Section 5.12(a).

"Account Debtor" shall mean, with respect to any Account, each person obligated on such Account.

"Additional Collection Account" shall mean any Collection Account of a Domestic Loan Party or a Canadian Loan Party other than a Primary Concentration Account.

"Additional Extending Lender" shall mean any financial institution (including any existing Lender) identified by the Borrower and reasonably satisfactory to the Administrative Agent that shall agree to provide (or agree to extend its Revolving Facility Commitments in effect immediately prior to the Stage 2 Amendment Effective Date as) 2016 Extended Revolving Facility Commitments hereunder.

"Additional Extending Lender Agreement No. 1" shall mean that certain Additional Extending Lender Joinder Agreement and Amendment, dated as of January 18, 2017, by and among Holdings, the Borrowers, the Lenders party thereto and the Administrative Agent, as amended, restated, supplemented or otherwise modified from time to time.

"Additional Extending Lender Commitment" shall mean the 2016 Extended Revolving Facility Commitment of any Additional Extending Lender on any Additional Extending Lender Effective Date.

“Additional Extending Lender Effective Date” shall mean any date on which an Additional Extending Lender shall provide (or agree to extend its Revolving Facility Commitments in effect immediately prior to the Stage 2 Amendment Effective Date as) a 2016 Extended Revolving Facility Commitment hereunder pursuant to the last paragraph of Section 2.01(a).

“Additional Letter of Credit Facility” shall mean any facility or arrangement (other than Letters of Credit issued pursuant to Section 2.05) established by Holdings, the U.S. Borrower or any Subsidiary pursuant to which letters of credit may be issued by financial institutions for the account of Holdings, the U.S. Borrower or any Subsidiary, which, for the avoidance of doubt, such facility or arrangement may include, without limitation, any revolving credit facility, any cash-collateralized letter of credit facility, any “synthetic” letter of credit facility, or any similar or other arrangement or combination thereof.

“Additional Mortgage” shall have the meaning assigned to such term in Section 5.10(c).

“Adjusted Eurocurrency Rate” shall mean, with respect to any Eurocurrency Revolving Borrowing for any Interest Period, an interest rate per annum (rounded upwards, if necessary, to the next 1/16 of 1.0%) equal to (a) (i) for any Eurocurrency Revolving Borrowing denominated in U.S. Dollars or Sterling, the LIBO Rate, or (ii) for any Eurocurrency Revolving Borrowing denominated in euros, the EURO LIBO Rate, in each case in effect for the relevant currency for such Interest Period divided by (b) one minus the Statutory Reserves applicable to such Eurocurrency Revolving Borrowing, if any.

“Adjustment Date” shall have the meaning assigned to such term in the definition of the term “Pricing Grid”.

“Administrative Agent” shall mean JPMCB, in its capacity as administrative agent for the Lenders hereunder, or, as applicable, such Affiliates thereof as it shall from time to time designate for the purpose of performing its obligations hereunder in such capacity, including initially (a) with respect to a Loan or Borrowing made to the Dutch Borrower, the German Borrower or a U.K. Borrower, J.P. Morgan Europe Limited, and (b) with respect to a Loan or Borrowing made to, or a B/A Drawing drawn by, the Canadian Borrower, JPMorgan Chase Bank, N.A., Toronto Branch. References to the “Administrative Agent” shall also include J.P. Morgan Europe Limited or any other Affiliate of JPMCB or any other person designated by JPMCB, in each case acting in its capacity as “Security Trustee”, “Trustee”, “Collateral Agent” or “Agent” under any Security Document relating to collateral provided under the laws of any jurisdiction. Notwithstanding the foregoing, for purposes of Section 9.20, the term “Administrative Agent” shall mean JPMCB and any successor agent appointed pursuant to Section 8.09.

“Administrative Agent Fee Letter” shall mean the Administrative Agent Fee Letter, dated as of January 11, 2013, between the U.S. Borrower and the Administrative Agent, as amended, restated, supplemented or otherwise modified from time to time.

"Administrative Agent Fees" shall have the meaning assigned to such term in Section 2.13(d).

"Administrative Questionnaire" shall mean an administrative questionnaire in the form supplied by the Administrative Agent.

"Affiliate" shall mean, when used with respect to a specified person, another person that directly, or indirectly through one or more intermediaries, Controls or is Controlled by or is under common Control with the person specified.

"Agent Parties" shall have the meaning assigned to such term in Section 9.18(c).

"Agents" shall mean the Administrative Agent and the Collateral Agent.

"Agreement" shall have the meaning assigned to such term in the preamble hereto.

"Agreement Currency" shall have the meaning assigned to such term in Section 9.10(b).

"All-in Yield" shall mean, as to any Loans, the yield thereon payable to all Lenders providing such Loans in the primary syndication thereof, as reasonably determined by the Administrative Agent, whether in the form of interest rate, margin, original issue discount, up-front fees, rate floors or otherwise; provided that original issue discount and up-front fees shall be equated to interest rate assuming a 4-year life to maturity (or, if less, the life of such Loans); and provided further that "All-in Yield" shall not include arrangement, commitment, underwriting, structuring or similar fees paid to arrangers for such Loans and customary consent fees for an amendment paid generally to consenting Lenders.

"Alternative Currency" shall mean Sterling, euros, Canadian Dollars, Japanese Yen or any other foreign currency reasonably acceptable to the applicable Issuing Bank that is freely available, freely transferable and freely convertible into U.S. Dollars, provided that the aggregate amount of Revolving L/C Exposure in all such foreign currencies (other than Sterling, Kronor, euros, Japanese Yen and Canadian Dollars) shall not exceed $25,000,000.

"Alternative Currency Letter of Credit" shall mean a Letter of Credit denominated in an Alternative Currency.

"Alternative Currency Revolving L/C Exposure" shall mean Revolving L/C Exposure related to Alternative Currency Letters of Credit.

"Amendment Agreement" shall mean the Amendment Agreement, dated as of December 21, 2016, among Holdings, the Borrowers, the Subsidiary Loan Parties, the Lenders party thereto and the Administrative Agent, as amended, restated, supplemented or otherwise modified from time to time.

"Amendment Effective Date" shall mean December 21, 2016 (the "Stage 1 Amendment Effective Date" (as defined in the Amendment Agreement)).

"AML Legislation" shall have the meaning assigned to such term in Section 9.23(a).

"Ancillary Agreement" shall mean any Secured Cash Management Agreement, any Secured Hedge Agreement or the Overdraft Line.

"Anti-Terrorism Laws" shall have the meaning assigned to such term in Section 3.26(a).

"Applicable Agent" shall mean (i) the Applicable Senior Collateral Agent (or other analogous term) under the ABL Intercreditor Agreement or (ii) if at any time there is no ABL Intercreditor Agreement then in effect, the Administrative Agent.

"Applicable Commitment Fee" shall mean for any day, 0.50% per annum; provided that, on and after the date of delivery of the financial statements and certificates required by Section 5.04 for the first full fiscal quarter of the U.S. Borrower after the Closing Date, the Applicable Commitment Fee will be (a) 0.375% per annum for each fiscal quarter of the U.S. Borrower during which the Average Utilization is greater than 50.0% and (b) 0.50% per annum for each fiscal quarter of the U.S. Borrower during which the Average Utilization is equal to or less than 50.0%. Changes in the Applicable Commitment Fee resulting from changes in Average Utilization shall become effective on the date of delivery of the relevant quarterly financial statements required by Section 5.04, beginning with the date of delivery pursuant to Section 5.04 of financial statements covering the first full fiscal quarter of the U.S. Borrower after the Closing Date, and shall remain in effect until the next change to be effected pursuant to this sentence.

"Applicable Creditor" shall have the meaning assigned to such term in Section 9.10(b).

"Applicable Margin" shall mean, for any day, 2.25% per annum in the case of any Eurocurrency Revolving Loan and Overnight LIBO Borrowing and 1.25% per annum in the case of any ABR Loan and any Base Rate Loan; provided that, on and after the first Adjustment Date occurring after delivery of the first Borrowing Base Certificate required by Section 5.04(f), the Applicable Margin with respect to such Revolving Facility Loans will be determined based on Average Availability for such period pursuant to the Pricing Grid.

"Appraised Fair Market Value" shall mean, at any time, with respect to any applicable Eligible Real Property, the fair market value of such Real Property, as determined by reference to the most recent third-party appraisal of such Real Property received by the Administrative Agent in accordance with the terms hereof.

"ARPA" shall mean the Account Receivables Purchase Agreement, among Hexion Holding B.V. (f/k/a Momentive Specialty Chemicals Holding B.V.), Hexion GmbH (f/k/a Momentive Specialty Chemicals GmbH), Momentive Specialty Chemicals S.r.l., Momentive Specialty Chemicals Italia S.p.A., Momentive Specialty Chemicals, a.s. and Hexion B.V. (f/k/a Momentive Specialty Chemicals B.V.), entered into on the Closing Date, as amended, restated, supplemented or otherwise modified from time to time, in each case the terms of which shall be reasonably satisfactory to the Administrative Agent.

“Approved Fund” shall have the meaning assigned to such term in Section 9.04(b).

“Assignee” shall have the meaning assigned to such term in Section 9.04(b).

“Assignment and Acceptance” shall mean an assignment and acceptance entered into by a Lender and an Assignee, and accepted by the Administrative Agent and, if required by Section 9.04, by the U.S. Borrower, the Swingline Lender and the then Issuing Bank, in the form of Exhibit A to the 2013 Credit Agreement or, with respect to the 2016 Extended Revolving Facility Commitments, a revised form of Exhibit A to the 2013 Credit Agreement reasonably acceptable to the Administrative Agent and the U.S. Borrower, or, in each case, such other form as shall be approved by the Administrative Agent.

“Attorney” shall have the meaning assigned to such term in Section 8.14.

“Audit Trigger Event” shall occur at any time that Excess Availability is less than the greater of (a) 15.0% of the lesser of (i) the Total Revolving Facility Commitments at such time and (ii) the Global Borrowing Base at such time and (b) $50.0 million (or, after the Stage 2 Amendment Effective Date, $43.75 million).

“Availability Period” shall mean the period from and including the Closing Date to but excluding the earlier of the Maturity Date and the Termination Date.

“Availability Trigger Event” shall occur at any time that (a) Excess Availability is less than the greater of (i) 12.5% of the lesser of (A) the Total Revolving Facility Commitments at such time and (B) the Global Borrowing Base at such time and (ii) $40.0 million (or, after the Stage 2 Amendment Effective Date, $35.0 million) or (b) an Event of Default shall have occurred. Once occurred, an Availability Trigger Event shall be deemed to be continuing until such time as, in the case of clause (a) above, the Excess Availability is equal to or greater than the greater of (i) 12.5% of the lesser of (A) the Total Revolving Facility Commitments at such time and (B) the Global Borrowing Base at such time and (ii) $40.0 million (or, after the Stage 2 Amendment Effective Date, $35.0 million) for fifteen (15) consecutive days, and, in the case of clause (b) above, such Event of Default is no longer continuing.

“Available Unused Commitment” shall mean, with respect to a Lender at any time, an amount equal to the amount by which (a) the aggregate amount of the Revolving Facility Commitment of such Lender at such time exceeds (b) the Revolving Facility Exposure of such Lender at such time.

“Average Availability” shall mean, for any period, an amount, expressed as a percentage, equal to (a) the daily average Excess Availability for such period divided by (b) the lesser of (i) the daily average Global Borrowing Base for such period and (ii) the daily average Total Revolving Facility Commitments for such period.

“Average Utilization” shall mean, for any period, an amount, expressed as a percentage, equal to (a) the daily average Total Revolving Facility Exposure for such period divided by (b) the daily average Total Revolving Facility Commitments for such period.

"B/A" shall mean a bill of exchange governed by the Bills of Exchange Act (Canada) or a depository bill issued in accordance with the Depository Bills and Notes Act (Canada), denominated in Canadian Dollars, drawn by the Canadian Borrower and accepted by a Lender in accordance with the terms of this Agreement.

"B/A Drawing" shall mean B/As accepted and purchased on the same date and as to which a single Contract Period is in effect, including any B/A Equivalent Loans made on the same date and as to which a single Contract Period is in effect. For greater certainty, all provisions of this Agreement that are applicable to B/As are also applicable, *mutatis mutandis*, to B/A Equivalent Loans.

"B/A Equivalent Loan" has the meaning assigned to such term in Section 2.06(j).

"Bail-In Action" shall mean the exercise of any Write-Down and Conversion Powers by the applicable EEA Resolution Authority in respect of any liability of an EEA Financial Institution.

"Bail-In Legislation" shall mean, with respect to any EEA Member Country implementing Article 55 of Directive 2014/59/EU of the European Parliament and of the Council of the European Union, the implementing law for such EEA Member Country from time to time which is described in the EU Bail-In Legislation Schedule.

"Basel III" shall mean:

(a) the agreements on capital requirements, a leverage ratio and liquidity standards contained in "Basel III": A global regulatory framework for more resilient banks and banking systems", "Basel III": International framework for liquidity risk measurement, standards and monitoring" and "Guidance for national authorities operating the countercyclical capital buffer" published by the Basel Committee on Banking Supervision in December 2010, each as amended, supplemented or restated;

(b) the rules for global systemically important banks contained in "Global systemically important banks: assessment methodology and the additional loss absorbency requirement - Rules text" published by the Basel Committee on Banking Supervision in November 2011, as amended, supplemented or restated; and

(c) any further guidance or standards published by the Basel Committee on Banking Supervision relating to "Basel III".

"Base Rate" shall mean (a) with respect to Revolving Facility Loans denominated in Sterling or euros, and Revolving Facility Loans denominated in U.S. Dollars and made to the Dutch Borrower, the German Borrower or a U.K. Borrower, the rate of interest per annum quoted by the Administrative Agent as its base rate for loans made by it in U.S. Dollars, Sterling or euros, as applicable, whether or not such rate is the lowest rate charged by the Administrative Agent to its most preferred borrowers, and, if such base rate is discontinued by the Administrative Agent as a standard, a comparable reference rate designated by the Administrative Agent as a substitute therefor shall be the Base Rate with respect to such Revolving Facility Loans, (b) with respect to Revolving Facility Loans denominated in U.S. Dollars made to the Canadian Borrower, the U.S

Base Rate and (c) with respect to Revolving Facility Loans denominated in Canadian Dollars made to the Canadian Borrower, the Canadian Base Rate.

"Base Rate Borrowing" shall mean a Borrowing consisting of Base Rate Loans.

"Base Rate Loan" shall mean any Base Rate Revolving Loan to the Dutch Borrower, the German Borrower, a U.K. Borrower or the Canadian Borrower.

"Base Rate Revolving Borrowing" shall mean a Borrowing comprised of Base Rate Revolving Loans.

"Base Rate Revolving Loan" shall mean any Revolving Facility Loan bearing interest at a rate determined by reference to the Base Rate in accordance with the provisions of Article II.

"Board" shall mean the Board of Governors of the Federal Reserve System of the United States of America or any successor thereto.

"Board of Directors" shall mean, as to any person, the board of directors or managers, as applicable, of such person (or, if such person is a partnership, the board of directors or other governing body of the general partner of such person) or any duly authorized committee thereof.

"Borrowers" shall have the meaning assigned to such term in the preamble hereto.

"Borrowing" shall mean a group of Loans of a single Type, Class and currency and made on a single date to a single Borrower and, in the case of Eurocurrency Revolving Loans, as to which a single Interest Period is in effect. The term "Borrowing" shall include a B/A Drawing.

"Borrowing Base" shall mean the U.S. Borrowing Base, the Canadian Borrowing Base, the Dutch Borrowing Base, the German Borrowing Base or the U.K. Borrowing Base, as the case may be.

"Borrowing Base Acquisition Adjustment Principles" shall mean, in connection with the consummation of any acquisition of a business, equipment or other assets, the U.S. Borrower may submit a calculation of the applicable Borrowing Bases on a Pro Forma Basis with adjustments to reflect such acquisition and such Borrowing Bases, and availability hereunder shall be increased accordingly so long as, in the event that resulting Excess Availability would increase by more than $40.0 million in the aggregate for all assets acquired in such acquisition, the Administrative Agent shall have completed its review of such acquired assets, including a Collateral Audit or receipt of new (or, if agreed to by the Administrative Agent, recently completed) appraisals or updates of appraisals from one or more Acceptable Appraisers as the Administrative Agent shall require in its Reasonable Credit Judgment with respect to any such acquired assets prior to the inclusion of such acquired assets in excess of $40.0 million in the Global Borrowing Base; it being understood that (i) Net Orderly Liquidation Value and/or Net Orderly Liquidation Value In-Place and/or Appraised Fair Market Value with respect to any assets so acquired shall be based on new appraisals or updates of appraisals from one or more Acceptable Appraisers, if required by the Administrative Agent or if not required, the appraisals or updates thereof then existing with respect to the applicable class of eligible assets, (ii) subject to the limitations set forth in Section 2.01(a), the Borrowers shall, for the avoidance of doubt, be allowed to utilize any increase in any Borrowing Base resulting from such adjustment for the purpose of funding the purchase of such acquired assets, and (iii) if such additional assets are of a different type of collateral than the existing assets included in any Borrowing Base, such additional assets may be subject to different advance rates or eligibility criteria or may require the imposition of additional Reserves with respect thereto as the Administrative Agent shall in its Reasonable Credit Judgment require; provided that such advance rates applicable to a different type of collateral shall not be higher than the then highest advance rates set forth in the definition of the term "Borrowing Base" or any component definition thereof without the consent of the Super Majority Lenders. Any adjustments made to any such acquired assets shall be subject to the same adjustments and Reserves as set forth in the definitions of Eligible Receivables, Eligible Inventory, Eligible Machinery and Equipment and Eligible Real Property.

"Borrowing Base Certificate" shall mean a certificate by a Responsible Officer of the U.S. Borrower, substantially in the form of Exhibit E to the 2015 Credit Agreement (or another form reasonably acceptable to the Administrative Agent and the Borrowers) setting forth the calculation of the Global Borrowing Base, including a calculation of each component thereof (including, to the extent the Borrowers have received notice of any such Reserve from the Administrative Agent, any of the Reserves included in such calculation), all in such detail as shall be reasonably satisfactory to the Administrative Agent and accompanied by supporting documentation and supplemental reporting reasonably requested by the Administrative Agent. All calculations of the Global Borrowing Base in connection with the preparation of any Borrowing Base Certificate shall be made by the U.S. Borrower and certified to the Administrative Agent.

"Borrowing Base Jurisdiction" shall mean the United States of America, Canada, Germany, The Netherlands and England and Wales.

"Borrowing Minimum" shall mean (a) in the case of a Borrowing denominated in U.S. Dollars, $5.0 million, (b) in the case of a Borrowing denominated in euro, €1.0 million, (c) in the case of a Borrowing denominated in Sterling, £1.0 million and (d) in the case of a Borrowing denominated in Canadian Dollars, C$1.0 million.

"Borrowing Multiple" shall mean (a) in the case of a Borrowing denominated in U.S. Dollars, $1.0 million, (b) in the case of a Borrowing denominated in euro, €1.0 million, (c) in the case of a Borrowing denominated in Sterling, £1.0 million and (d) in the case of a Borrowing denominated in Canadian Dollars, C$1.0 million.

"Borrowing Request" shall mean a request by a Borrower in accordance with the terms of Section 2.03 and 2.06, as applicable, and substantially in the form of Exhibit C-1.

"Business Day" shall mean any day that is not a Saturday, Sunday or other day on which commercial banks in New York City are authorized or required by law to remain closed; provided that (a) when used in connection with a Eurocurrency Revolving Loan, the term "Business Day" shall also exclude any day on which banks are not open for dealings in deposits in the applicable currency in the London interbank market, (b) when used in connection with a Loan denominated in euro, the term "Business Day" shall also exclude any day on which the Trans-

European Automated Real Time Gross Settlement Express Transfer (TARGET2) payment system is not open for the settlement of payments in euro, (c) when used in connection with any Loan to the Canadian Borrower or B/A, the term "Business Day" shall also (i) exclude any day on which banks are not open for dealings in deposits in Toronto, Ontario but (ii) include, with respect to any Loan denominated in Canadian Dollars or any B/A, any day on which banks are open for dealings in deposits in Toronto, Ontario and (d) when used in connection with any Loan to the Dutch Borrower, the German Borrower or a U.K. Borrower, the term "Business Day" shall also include any day on which banks are open for dealings in deposits in euro, Sterling and U.S. Dollars in London and, with respect to any Loan to the Dutch Borrower, any day on which banks are open for dealings in deposits in euro in Amsterdam and, with respect to any Loan to the German Borrower, any day on which banks are open for dealings in deposits in euro in Frankfurt.

"CAM" shall mean the mechanism for the allocation and exchange of interests in Loans, participations in Letters of Credit and Swingline Loans and other extensions of credit and collections thereunder established under Article X.

"CAM Exchange" shall mean the exchange of the Lender's interests provided for in Section 10.01.

"CAM Exchange Date" shall mean the first date on which there shall occur (a) any event referred to in paragraph (h) or (i) of Section 7.01 in respect of any Borrower or (b) an acceleration of Loans pursuant to Section 7.01.

"CAM Percentage" shall mean, as to each Lender, a fraction, expressed as a decimal, of which (a) the numerator shall be the aggregate U.S. Dollar Equivalent (determined on the basis of Exchange Rates prevailing on the CAM Exchange Date) of the sum, without duplication, of (i) the Obligations owed to such Lender (whether or not at the time due and payable), (ii) the Revolving L/C Exposure of such Lender and (iii) the Swingline Exposure of such Lender, in each case immediately prior to the occurrence of the CAM Exchange Date, and (b) the denominator shall be the aggregate U.S. Dollar Equivalent (as so determined) of the sum, without duplication, of (A) the Obligations owed to all the Lenders (whether or not at the time due and payable), (B) the Revolving L/C Exposure and (iii) the Swingline Exposure, in each case immediately prior to the occurrence of the CAM Exchange Date; provided that, for purposes of clause (a) above, the Obligations owed to the Swingline Lender will be deemed not to include any Swingline Loans except to the extent provided in clause (a)(iii) above.

"Canadian Benefit Plans" shall mean any plan, fund, program, or policy, whether oral or written, formal or informal, funded or unfunded, insured or uninsured, providing employee benefits, including medical, hospital care, dental, sickness, accident, disability, life insurance, pension, retirement or savings benefits, under which any Canadian Loan Party or any Subsidiary of any Canadian Loan Party has any liability with respect to any employee or former employee, but excluding any Canadian Pension Plans.

"Canadian Base Rate" shall mean, for any day, the rate of interest per annum equal to the higher of (a) the interest rate per annum publicly announced from time to time by the Administrative Agent as its prime rate in effect on such day at its principal office in Toronto for determining interest rates applicable to commercial loans denominated in Canadian Dollars in

Canada (each change in such reference rate being effective from and including the date such change is publicly announced as being effective) and (b) the interest rate per annum equal to the sum of (i) the CDOR Rate applicable to bankers' acceptances with a term of 30 days on such day and (ii) 0.50% per annum.

"Canadian Base Rate Borrowing" shall mean a Borrowing consisting of Canadian Base Rate Loans.

"Canadian Base Rate Loan" shall mean any Revolving Facility Loan bearing interest at a rate determined by reference to the Canadian Base Rate in accordance with the provisions of Article II.

"Canadian Borrower" shall have the meaning assigned to such term in the preamble hereto.

"Canadian Borrowing Base" shall mean, with respect to the Canadian Loan Parties at any time, subject to the Eligibility Adjustment Principles and Borrowing Base Acquisition Adjustment Principles, the amount (expressed as a U.S. Dollar Equivalent amount) equal to:

(a) the sum of:

(i) in the case of Eligible Receivables, the product of (A) 85.0% multiplied by (B) the difference of (x) the amount in U.S. Dollars of all Eligible Receivables of such Canadian Loan Parties minus (y) the Dilution Reserve with respect to such Eligible Receivables (calculated net of all finance charges, late fees and other fees that are unearned, sales, excise or similar taxes, and credits or allowances granted at such time); and

(ii) in the case of Eligible Inventory, the lesser of (A) 70.0% of the value of Eligible Inventory of such Canadian Loan Parties (valued, for each class of such Eligible Inventory, at the lower of cost and market on a first in, first out basis) consisting of each class of such Eligible Inventory at such time and (B) 85.0% of Net Orderly Liquidation Value of such Eligible Inventory of such Canadian Loan Parties constituting each class of Eligible Inventory at such time; and

(iii) in the case of Eligible Machinery and Equipment, 80.0% of the Net Orderly Liquidation Value In-Place of the Eligible Machinery and Equipment of such Canadian Loan Parties; and

(iv) in the case of Eligible Real Property, 75.0% of the Appraised Fair Market Value of Eligible Real Property of such Canadian Loan Party;

minus

(b) any applicable Reserve then in effect to the extent applicable to such Canadian Loan Parties or such Eligible Receivables, Eligible Inventory, Eligible Machinery and Equipment and Eligible Real Property.

The specified percentages set forth in this definition will not be reduced without the consent of the U.S. Borrower and the Canadian Borrower.

“Canadian Dollars” or “C$” shall mean the lawful money of Canada.

“Canadian Lending Office” shall mean, as to any Lender, the applicable branch, office or Affiliate of such Lender designated by such Lender to make Loans to the Canadian Borrower and to accept and purchase or arrange for the purchase of B/As.

“Canadian Loan Parties” shall mean the Canadian Borrower and any Subsidiary of the U.S. Borrower organized under the laws of Canada, or a province or territory thereof, that is or hereafter becomes a party to the Foreign Guarantee Agreement.

“Canadian Pension Plans” shall mean each pension plan required to be registered under Canadian federal or provincial law that is maintained or contributed to by, or to which there is or may be an obligation to contribute by, a Canadian Loan Party in respect of its employees or former employees in Canada; provided that the term “Canadian Pension Plans” shall not include the Canada Pension Plan or the Quebec Pension Plan as maintained by the Government of Canada or the Province of Quebec, respectively.

“Canadian Security Documents” shall mean all security agreements delivered pursuant to this Agreement and granted by any Canadian Loan Party and all confirmations and acknowledgements thereof, including (a) general security agreements and (b) the Quebec Documents, in each case relating to the grant to the Collateral Agent of a security interest in the ABL Priority Collateral owned by such Canadian Loan Party.

“Capital Expenditures” shall mean, for any person in respect of any period, the aggregate of all expenditures incurred by such person during such period that, in accordance with GAAP, are or should be included in “additions to property, plant or equipment” or similar items reflected in the statement of cash flows of such person; provided, however, that Capital Expenditures for the U.S. Borrower and the Subsidiaries shall not include:

(a) expenditures to the extent made with proceeds of the issuance of Equity Interests of any Parent Entity or the U.S. Borrower;

(b) expenditures of proceeds of insurance settlements, condemnation awards and other settlements in respect of lost, destroyed, damaged or condemned assets, equipment or other property to the extent such expenditures are made to replace or repair such lost, destroyed, damaged or condemned assets, equipment or other property or otherwise to acquire, maintain, develop, construct, improve, upgrade or repair assets or properties useful in the business of the U.S. Borrower and the Subsidiaries within 15 months of receipt of such proceeds or, if not made within such period of 15 months, are committed to be made during such period;

(c) interest capitalized during such period;

(d) expenditures that are accounted for as capital expenditures of such person and that actually are paid for by a third party (excluding Holdings (prior to a Qualified IPO), the U.S. Borrower or any Subsidiary) and for which none of Holdings (prior to a Qualified IPO), the U.S. Borrower or any Subsidiary has provided or is required to provide or incur, directly or indirectly, any consideration or obligation to such third party or any other person (whether before, during or after such period);

(e) the book value of any asset owned by such person prior to or during such period to the extent that such book value is included as a capital expenditure during such period as a result of such person reusing or beginning to reuse such asset during such period without a corresponding expenditure actually having been made in such period; provided that (i) any expenditure necessary in order to permit such asset to be reused shall be included as a Capital Expenditure during the period that such expenditure actually is made and (ii) such book value shall have been included in Capital Expenditures when such asset was originally acquired;

(f) the purchase price of equipment purchased during such period to the extent that the consideration therefor consists of any combination of (i) used or surplus equipment traded in at the time of such purchase and (ii) the proceeds of a concurrent sale of used or surplus equipment, in each case, in the ordinary course of business;

(g) Investments in respect of a Permitted Business Acquisition;

(h) the Transactions, the 2015 Transactions or the Note Transactions; or

(i) the purchase of property, plant or equipment made within 15 months of the sale of any asset (other than Inventory) to the extent purchased with the proceeds of such sale (or, if not made within such 15 months, to the extent committed to be made during such period and actually made within a three-year period from such sale).

"Capital Lease Obligations" of any person shall mean the obligations of such person to pay rent or other amounts under any lease of (or other arrangement conveying the right to use) real or personal property, or a combination thereof, which obligations are required to be classified and accounted for as capital leases on a balance sheet of such person under GAAP and, for purposes hereof, the amount of such obligations at any time shall be the capitalized amount thereof at such time determined in accordance with GAAP; provided that any obligations that would not be accounted for as Capital Lease Obligations under GAAP as of the Closing Date shall not be included in Capital Lease Obligations after the Closing Date due to any changes in GAAP or interpretations thereunder or otherwise.

"Cash Collateralize" shall mean to pledge and deposit with or deliver to the Collateral Agent, for the benefit of one or more of the Issuing Banks or Lenders, as collateral for Revolving L/C Exposure or obligations of the Lenders to fund participations in respect of Revolving L/C Exposure, cash or deposit account balances or, if the Collateral Agent and each applicable Issuing Bank shall agree in their sole discretion, other credit support, in each case pursuant to documentation in form and substance reasonably satisfactory to the Collateral Agent and each applicable Issuing Bank. "Cash Collateral" and "Cash Collateralization" shall have a meaning correlative to the foregoing and shall include the proceeds of such cash collateral and other credit support.

"Cash Interest Expense" shall mean, with respect to the U.S. Borrower and the Subsidiaries on a consolidated basis for any period, Interest Expense for such period, less the sum of, without duplication, (a) pay-in-kind Interest Expense or other non-cash Interest Expense (including as a result of the effects of purchase accounting), (b) to the extent included in Interest Expense, the amortization of any financing fees paid by (or on behalf of Holdings (prior to a Qualified IPO)) the U.S. Borrower or any Subsidiary, including such fees paid in connection with the Note Transactions, the 2015 Transactions, the Transactions or upon entering into a Permitted Receivables Financing, (c) the amortization of debt discounts, if any, or fees in respect of Swap Agreements and (d) cash interest income of the U.S. Borrower and the Subsidiaries for such period; provided that Cash Interest Expense shall exclude any one-time financing fees paid in connection with the Note Transactions, the 2015 Transactions, the Transactions or upon entering into a Permitted Receivables Financing or any amendment of this Agreement.

"Cash Management Agreement" shall mean any agreement to provide to any Borrower or any Subsidiary cash management services for collections, treasury management services (including controlled disbursement, overdraft, automated clearing house fund transfer services, return items and interstate depository network services), any demand deposit, payroll, trust or operating account relationships, commercial credit cards, merchant card, purchase or debit cards, non-card e-payables services, and other cash management services, including electronic funds transfer services, lockbox services, stop payment services and wire transfer services.

"Cash Management Bank" shall mean any person that, at the time it enters into a Cash Management Agreement (or on the Closing Date), is an Agent, a Joint Lead Arranger, a Lender or an Affiliate of any such person, in each case, in its capacity as a party to such Cash Management Agreement.

"CDOR Rate" shall mean, on any date, an interest rate per annum equal to the average discount rate applicable to bankers' acceptances denominated in Canadian Dollars with a term equal to the Contract Period of the relevant B/As (for purposes of the definition of "Discount B/A Rate") appearing on the Reuters Screen CDOR Page ("Screen") (or on any successor or substitute page of such Screen, or any successor to or substitute for such Screen, providing rate quotations comparable to those currently provided on such page of such Screen, as determined by the Administrative Agent from time to time) at approximately 10:00 a.m., Toronto time, on such date (or, if such date is not a Business Day, on the next preceding Business Day) or, if such rate is not so reported, the average of the rate quotes for bankers' acceptances denominated in Canadian Dollars with a term of 30 days received by the Administrative Agent at approximately 10:00 a.m., Toronto time, on such day (or, if such day is not a Business Day, on the next preceding Business Day) from one or more banks of recognized standing selected by it; provided, that if the CDOR Rate shall be less than zero, such rate shall be deemed to be zero for purposes of this Agreement.

"CFC" shall mean a "controlled foreign corporation" within the meaning of Section 957 of the Code.

"Change in Control" shall be deemed to occur if:

(a) at any time, (i) a majority of the seats (other than vacant seats) on the Board of Directors of the U.S. Borrower shall at any time be occupied by persons who were neither (A) nominated by the Board of Directors of the U.S. Borrower or a Permitted Holder, (B) appointed by directors so nominated nor (C) appointed by a Permitted Holder, (ii) a "Change in Control" (or similar event) shall occur under (x) the Second Lien Notes, the 1-1/2 Lien Notes or the First Lien Notes, (y) any Material Indebtedness secured by a Second-Priority Lien or (z) any Permitted Refinancing Indebtedness in respect of any of the foregoing or in respect of Indebtedness created hereunder or under the other Loan Documents (in each case to the extent constituting Material Indebtedness) or (iii) a Borrower (other than the U.S. Borrower) shall cease to be, directly or indirectly, a Subsidiary of the U.S. Borrower;

(b) at any time prior to a Qualified IPO, any combination of Permitted Holders shall fail to own beneficially (within the meaning of Rule 13d-5 of the Exchange Act, as in effect on the Closing Date), directly or indirectly, in the aggregate Equity Interests representing at least a majority of the aggregate ordinary voting power represented by the issued and outstanding Equity Interests of the U.S. Borrower; or

(c) at any time after a Qualified IPO, any Person or "group" (within the meaning of Rules 13d-3 and 13d-5 under the Exchange Act, as in effect on the Closing Date), other than any combination of the Permitted Holders, shall have acquired beneficial ownership of 35% or more of the voting interest in the U.S. Borrower's capital stock and the Permitted Holders shall own, directly or indirectly, less than such Person or "group" of the voting interest in the U.S. Borrower's capital stock.

"Change in Law" shall mean (a) the adoption of any law, rule or regulation after the Closing Date, (b) any change in law, rule or regulation or in the interpretation or application thereof by any Governmental Authority after the Closing Date or (c) compliance by any Lender or Issuing Bank (or, for purposes of Section 2.16(a)(i), by any Lending Office of such Lender or by such Lender's or Issuing Bank's holding company, if any) with any written request, guideline or directive (whether or not having the force of law) of any Governmental Authority made or issued after the Closing Date; provided, however, that, notwithstanding anything herein to the contrary, (x) all requests, rules, guidelines or directives under or issued in connection with the Dodd-Frank Wall Street Reform and Consumer Protection Act or any equivalent European regulation, all interpretations and applications thereof and any compliance by a Lender or Issuing Bank with any request or directive relating thereto and (y) all requests, rules, guidelines or directives promulgated under or in connection with, all interpretations and applications of, and any compliance by a Lender or Issuing Bank with any request or directive relating to International Settlements, the Basel Committee on Banking Supervision (or any successor or similar authority) or the United States of America or foreign regulatory authorities, in each case pursuant to Basel III, shall in each case be deemed to be a "Change in Law" but a Lender shall only request payments from the Borrowers under Section 2.16 herein as a result thereof to the extent such Lender makes the same request under comparable credit agreements with other borrowers similarly situated to the Borrowers.

"Charges" shall have the meaning assigned to such term in Section 9.09.

"Class" shall mean, (a) when used in respect of any Loan or Borrowing, whether such Loan or the Loans comprising such Borrowing are Revolving Facility Loans, Swingline Loans or Other Revolving Facility Loans, if any; and (b) when used in respect of any Commitment, whether such Commitment is in respect of a Revolving Facility Commitment, the Swingline Commitment or an Other Revolving Facility Commitment, if any. Other Revolving Facility Loans that have different terms and conditions (together with the Commitments in respect thereof) shall be construed to be in different Classes.

"Closing Date" shall mean March 28, 2013.

"Code" shall mean the Internal Revenue Code of 1986, as amended from time to time and the regulations promulgated and rulings issued thereunder.

"Collateral" shall mean all the "Collateral" (or equivalent term) as defined in any Security Document and shall also include the Mortgaged Properties.

"Collateral Access Agreement" shall mean any landlord waivers, mortgagee waivers, bailee letters or any similar acknowledgment agreements of any landlord, lessor, warehouseman or processor (other than a Loan Party) in possession of Inventory or Equipment, substantially in the form of Exhibit D to the 2013 Credit Agreement or another form reasonably acceptable to the Administrative Agent or as modified to reflect applicable local law requirements.

"Collateral Agent" shall mean the party acting as collateral agent (or equivalent capacity) for the Secured Parties under the Security Documents. On the Amendment Effective Date, the Collateral Agent is the same person as the Administrative Agent. Unless the context otherwise requires or a particular Section herein differentiates the capacities of the Administrative Agent and the Collateral Agent, the term "Administrative Agent" as used herein shall include the Collateral Agent, notwithstanding various specific references to the Collateral Agent herein.

"Collateral Agreement" shall mean the Collateral Agreement, dated as of the Closing Date, among the U.S. Borrower, each Domestic Subsidiary Loan Party party thereto and the Collateral Agent, as amended, supplemented or otherwise modified from time to time.

"Collateral and Guarantee Requirement" shall mean, at any time, the requirement that (in each case subject to Section 5.10(f)):

(a) on the Closing Date, the Administrative Agent shall have received (i) from the U.S. Borrower and each Domestic Subsidiary Loan Party, a counterpart of the Collateral Agreement, duly executed and delivered on behalf of each such person, (ii) from Holdings, the U.S. Borrower and each Domestic Subsidiary Loan Party, a counterpart of the U.S. Guarantee Agreement duly executed and delivered on behalf of each such person, and (iii) counterparts of the Foreign Pledge Agreement duly executed and delivered by the parties thereto;

(b) on the Closing Date, the Administrative Agent shall have received (i) from each Foreign Subsidiary Loan Party, a counterpart of the Foreign Guarantee Agreement, duly executed and delivered on behalf of such person, and (ii) from each Foreign Subsidiary Loan Party, a counterpart of each Foreign Security Document that the Administrative Agent determines, based on the advice of counsel, to be necessary or advisable in connection with the pledge of, or granting of security interests in, the ABL Priority Collateral owned by such Foreign Subsidiary Loan Party, duly executed and delivered by such person;

(c) on the Closing Date, (i) the Administrative Agent shall have received, pursuant to the Collateral Agreement, a pledge of all the issued and outstanding Equity Interests of each Wholly Owned Subsidiary owned on the Closing Date directly by the U.S. Borrower or any Domestic Subsidiary Loan Party and listed on Schedule 1.01(b) to the 2013 Credit Agreement (it being understood that no more than 65% of the outstanding voting Equity Interests of any “first tier” Foreign Subsidiary owned by a Domestic Loan Party or any “first tier” Qualified CFC Holding Company owned by a Domestic Loan Party and none of the outstanding Equity Interests of a Foreign Subsidiary that is not a “first tier” Foreign Subsidiary of a Domestic Loan Party or a Qualified CFC Holding Company that is not a “first tier” Qualified CFC Holding Company of a Domestic Loan Party shall be pledged to secure the Obligations) and (ii) in the case of certificated Equity Interests required to be pledged pursuant to clause (i) above, the Applicable Agent shall have received all certificates or other instruments (if any) representing such Equity Interests, together with stock powers or other instruments of transfer with respect thereto endorsed in blank;

(d) subject to Section 5.10(f), all Indebtedness of the U.S. Borrower and each Subsidiary (other than intercompany Indebtedness incurred in the ordinary course of business in connection with the cash management operations and intercompany sales of the U.S. Borrower and such Subsidiary) that is owing to the U.S. Borrower and each Domestic Subsidiary Loan Party shall be evidenced by a promissory note or an instrument in form satisfactory to the Administrative Agent and shall have been pledged pursuant to the Collateral Agreement (or other applicable Security Document), and the Applicable Agent shall have received all such promissory notes or instruments, together with note powers or other instruments of transfer with respect thereto endorsed in blank (other than with respect to any such intercompany debt the perfection of the pledge of which does not require delivery to the Applicable Agent);

(e) except as otherwise contemplated by any Security Document, all documents and instruments, including Uniform Commercial Code financing statements, filings with the United States Copyright Office and the United States Patent and Trademark Office and PPSA financing statements (and similar documents), required by law or reasonably requested by the Administrative Agent to be filed, registered or recorded to create the Liens intended to be created by the Security Documents (in each case, including any supplements thereto) and perfect such Liens to the extent required by, and with the priority required by, the Security Documents, shall have been filed, registered or recorded or delivered to the Administrative Agent for filing, registration or the recording concurrently with, or promptly following, the execution and delivery of each such Security Document;

(f) all documents and particulars, including those required to be filed with the Registrar of Companies in England and Wales under Section 860 of the UK Companies Act 2006, required by law or reasonably requested by the Administrative Agent to be filed, registered or recorded to create the Liens intended to be created by the U.K. Security Documents and perfect such Liens to the extent required by, and with the priority required by, the U.K. Security Documents, shall within 21 days of the execution of any applicable U.K. Security Documents have been filed, registered or recorded;

(g) except as set forth pursuant to any Security Document, each Loan Party shall have obtained all consents and approvals required to be obtained by it in connection with (i) the execution and delivery of all Security Documents (or supplements thereto) to which it is a party and the granting by it of the Liens thereunder and (ii) the performance of its obligations thereunder;

(h) subject to Section 5.10(f), in the case of any person that (i) becomes a Domestic Subsidiary Loan Party (other than any Domestic Subsidiary Loan Party that is a Subsidiary of a Foreign Subsidiary) after the Closing Date, the Administrative Agent shall have received from such Domestic Subsidiary Loan Party (A) a supplement to the Collateral Agreement, in the form specified therein, duly executed and delivered on behalf of such person (it being understood that no more than 65% of the outstanding voting Equity Interests of any "first tier" Foreign Subsidiary owned by such Domestic Subsidiary Loan Party or any "first tier" Qualified CFC Holding Company directly owned by any Domestic Subsidiary Loan Party and none of the outstanding Equity Interests of a Foreign Subsidiary that is not a "first tier" Foreign Subsidiary of such Domestic Subsidiary Loan Party or any Qualified CFC Holding Company that is not a "first tier" Qualified CFC Holding Company of such Domestic Subsidiary Loan Party shall be pledged to secure the Obligations) and (B) a supplement to the U.S. Guarantee Agreement, in the form specified therein, duly executed and delivered on behalf of such person, or (ii) becomes a Foreign Subsidiary Loan Party after the Closing Date, the Administrative Agent shall have received from such Foreign Subsidiary Loan Party a counterpart of (x) the Foreign Guarantee Agreement, duly executed and delivered by such person, and (y) all Foreign Security Documents that the Administrative Agent determines, based on the advice of counsel, to be necessary or advisable in connection with the pledge of the ABL Priority Collateral owned by such Foreign Subsidiary Loan Party, duly executed and delivered by such person; and

(i) the Administrative Agent shall have received evidence of the insurance required by the terms hereof;

<u>provided</u> that, notwithstanding the foregoing, the Collateral and Guarantee Requirement with respect to (i) any assets constituting Equipment and Real Property of any Foreign Subsidiary Loan Party and (ii) any assets of, or Equity Interests in, the German Loan Parties need not be satisfied until the later of the 2015 Amendment Effective Date and the date on which such assets are included in the calculation of the applicable Borrowing Base.

"<u>Collateral Audit</u>" shall mean a collateral examination of the accounts receivable, accounts payable, books and records and the accounting systems, policies and procedures of the U.S. Borrower and the Subsidiary Loan Parties by the Administrative Agent or by a third-party consultant reasonably satisfactory to the Administrative Agent and the U.S. Borrower, the results of which shall be in a form and prepared on a basis reasonably satisfactory to the Administrative Agent.

"<u>Collection Account</u>" shall mean a deposit account or a securities account used for the collection of proceeds of Accounts of a Loan Party organized in a Borrowing Base Jurisdiction.

"Commitment Fee" shall have the meaning assigned to such term in Section 2.13(a).

"Commitments" shall mean (a) with respect to any Lender, such Lender's Revolving Facility Commitment and any Incremental Revolving Facility Commitment and (b) with respect to the Swingline Lender, its Swingline Commitment.

"Commodity Exchange Act" shall mean the Commodity Exchange Act (7 U.S.C. § 1 et seq.), as amended from time to time, and any successor statute.

"Communications" shall have the meaning assigned to such term in Section 9.18(a).

"Consolidated Debt" at any date shall mean the sum of (without duplication) all Indebtedness (other than letters of credit to the extent undrawn) consisting of Capital Lease Obligations, bankers' acceptances, Indebtedness for borrowed money, Disqualified Stock and Indebtedness in respect of the deferred purchase price of property or services of the U.S. Borrower and the Subsidiaries determined on a consolidated basis on such date.

"Consolidated Net Income" shall mean, with respect to any person for any period, the aggregate of the Net Income of such person and its subsidiaries for such period, on a consolidated basis; provided, however, that, without duplication,

(a) any net after-tax extraordinary, nonrecurring or unusual gains or losses or income or expense or charge (including all fees and expenses relating thereto) including any (i) severance, relocation or other restructuring expenses, any expenses related to any reconstruction, decommissioning or reconfiguration of fixed assets for alternative uses and fees, expenses or charges relating to new product lines, plant shutdown costs or acquisition integration costs, (ii) fees, expenses or charges related to any offering of Equity Interests of the U.S. Borrower or any of its Parent Entities, any Investment, acquisition or incurrence, refinancing, amendment or modification of Indebtedness permitted to be incurred or so refinanced, amended or modified, as the case may be, hereunder (in each case, whether or not successful), including any such fees, expenses, charges or change in control payments related to the Note Transactions, the 2015 Transactions or the Transactions, in each case, shall be excluded;

(b) any net after-tax gain or loss (less all fees and expenses or charges relating thereto) from abandoned, closed or discontinued operations and any net after-tax gain or loss (less all fees and expenses or charges relating thereto) on disposal of abandoned, closed or discontinued operations shall be excluded;

(c) any net after-tax gain or loss (less all fees and expenses or charges relating thereto) or any subsequent charges or expenses incurred during such period attributable to business dispositions or asset dispositions other than in the ordinary course of business (as determined in good faith by the Board of Directors of the U.S. Borrower) shall be excluded;

(d) any net after-tax income or loss (less all fees and expenses or charges relating thereto) attributable to the early extinguishment of indebtedness shall be excluded;

(e) (i) the Net Income for such period of any person that is not a subsidiary of such person, or that is an Unrestricted Subsidiary, or that is accounted for by the equity method of accounting, shall be included only to the extent of the amount of dividends or distributions or other payments actually paid in cash (or to the extent converted into cash) to the referent person or a subsidiary thereof in respect of such period and (ii) the Net Income for such period shall include any ordinary course dividend, distribution or other payment in cash received from any person in excess of the amounts included in clause (i);

(f) any non-cash impairment charges or non-cash charges resulting from the amortization of intangibles, in each case arising pursuant to the application of GAAP, shall be excluded;

(g) Consolidated Net Income for such period shall not include the cumulative effect of a change in accounting principles during such period;

(h) any increase in amortization or depreciation or any non-cash charges (such as purchased in-process research and development or capitalized manufacturing profit in inventory) or other increase or reduction in Consolidated Net Income, in each case resulting from purchase accounting shall be excluded;

(i) unrealized gains and losses relating to hedging transactions and mark-to-market of Indebtedness denominated in foreign currencies resulting from the application of Financial Accounting Standard 52 shall be excluded;

(j) any non-cash impairment charges resulting from the application of Statement of Financial Accounting Standards No. 142 and 144, and the amortization of intangibles arising pursuant to No. 141, shall be excluded;

(k) any non-cash expense realized or resulting from any deferred stock compensation plan or grants of stock appreciation or similar rights, stock options, restricted stock grants or other rights to officers, directors and employees of such person or any of its subsidiaries shall be excluded;

(l) the Net Income of any person and its subsidiaries shall be calculated without deducting the income attributable to, or adding the losses attributable to, the minority equity interests of third parties in any non-Wholly Owned Subsidiary except to the extent of dividends declared or paid by such person or its subsidiaries in respect of such period on the shares of capital stock of such subsidiary held by such third parties;

(m) non-cash gains, losses, income and expenses resulting from fair value accounting required by Statement of Financial Accounting Standards No. 133 shall be excluded;

(n) non-cash charges for deferred tax asset valuation allowances shall be excluded;

(o) any (i) costs or expenses realized in connection with, resulting from or in anticipation of the Note Transactions, the 2015 Transactions or the Transactions or (ii) costs or expenses realized in connection with or resulting from stock appreciation or similar rights, stock options or other rights existing on the Closing Date of officers, directors and employees, in each case of the U.S. Borrower or any of the Subsidiaries, shall be excluded; and

(p) (i) to the extent covered by insurance and actually reimbursed, or, so long as such person has made a determination that there exists reasonable evidence that such amount will in fact be reimbursed by the insurer and only to the extent that such amount is (A) not denied by the applicable carrier in writing within 180 days and (B) in fact reimbursed within 365 days of the date of such evidence (with a deduction for any amount so added back to the extent not so reimbursed within 365 days), expenses with respect to liability or casualty events or business interruption shall be excluded and (ii) amounts estimated in good faith to be received from insurance (determined after consultation with the Administrative Agent) in respect of lost revenues or earnings relating to liability or casualty events or business interruption shall be included (with a deduction (x) for amounts actually received up to such estimated amount to the extent included in Net Income in a future period and (y) for amounts so added back to the extent not so received within 365 days.

"Consolidated Taxes" shall mean, with respect to any person for any period, provision for Taxes based on income, profits or capital of such person and its subsidiaries for such period, including state, franchise and similar taxes, and, without duplication, any Tax Distributions taken into account in calculating Consolidated Net Income.

"Consolidated Total Assets" shall mean, as of any date, the total assets of the U.S. Borrower and the Subsidiaries, determined on a consolidated basis in accordance with GAAP, as set forth on the consolidated balance sheet of the U.S. Borrower as of such date and calculated on a Pro Forma Basis for any asset acquisition or disposition by the U.S. Borrower or a Subsidiary.

"Constructive Distributions" shall mean constructive distributions made in cash or otherwise (a) to Holdings relating to reimbursements of certain pension costs and (b) to Shell Oil Company relating to reimbursements of certain pension costs in accordance with the Master Sales Agreement, dated July 10, 2000, as amended as of November 14, 2000, and related ancillary agreements.

"Continuing Letter of Credit" shall have the meaning assigned to such term in Section 2.05(k).

"Contract Period" shall mean, with respect to any B/A, the period commencing on the date such B/A is issued and accepted and ending on the date 30, 60, 90 or 180 days thereafter, as the Canadian Borrower may elect (in each case subject to availability and provided that there remains a minimum of 30, 60, 90 or 180 days (depending on the Contract Period selected by the Canadian Borrower) prior to the applicable Maturity Date), or any other number of days from 1 to 180 with the consent of each applicable Lender; provided that, if such Contract Period would end on a day other than a Business Day, such Contract Period shall be extended to the next succeeding Business Day.

"Control" shall mean the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of a person, whether through the ownership of voting securities, by contract or otherwise, and "Controlling" and "Controlled" shall have meanings correlative thereto.

"Controlled Account" shall have the meaning assigned to such term in Section 5.12(a).

"Credit Event" shall have the meaning assigned to such term in Section 4.01.

"CRR" shall mean the Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No 648/2012.

"Cure Amount" shall have the meaning assigned to such term in Section 7.03(a).

"Cure Right" shall have the meaning assigned to such term in Section 7.03(a).

"Custodian" shall have the meaning assigned to such term in Section 8.14.

"Debenture Indenture" shall mean the Indenture of the U.S. Borrower, dated as of December 15, 1987, governing the Debentures due 2021 and 2023, as amended, modified or supplemented from time to time.

"Debentures" shall mean the 9.200% Debentures of the U.S. Borrower due 2021 and the 7.875% Debentures of the U.S. Borrower due 2023.

"Debtor Relief Laws" shall mean the U.S. Bankruptcy Code, the United Kingdom's Insolvency Act 1986, the Council of the European Union Regulation 1346/2000/EC on insolvency proceedings, the Bankruptcy and Insolvency Act (Canada), the Companies' Creditors Arrangement Act (Canada), the Winding-Up and Restructuring Act (Canada), the German insolvency code (*Insolvenzordnung*) and all other liquidation, conservatorship, bankruptcy, assignment for the benefit of creditors, moratorium, rearrangement, receivership, insolvency, reorganization or similar debtor relief laws of the United States of America or other applicable jurisdictions from time to time in effect, in each case as amended, including any corporate law of any jurisdiction which may be used by a debtor to obtain a stay or a compromise of the claims of its creditors against it and including any rules and regulations pursuant thereto (but, in each case, shall exclude any part of such laws, rules or regulations which relate solely to any solvent reorganization or solvent restructuring process).

"Default" shall mean any event or condition that upon notice, lapse of time or both would constitute an Event of Default.

"Defaulting Lender" shall mean, subject to Section 2.23, any Lender that (a) has failed to (i) fund all or any portion of its Loans within two Business Days of the date such Loans were required to be funded hereunder, or (ii) pay to the Administrative Agent, any Issuing Bank, the Swingline Lender or any other Lender any other amount required to be paid by it hereunder (including in respect of its participation in Letters of Credit or Swingline Loans) within two Business Days of the date when due, (b) has notified the U.S. Borrower, the Administrative Agent, the Swingline Lender or any Issuing Bank in writing, or has made a public statement to the effect, that it does not intend to comply with its funding obligations hereunder, (c) has failed, within three Business Days after written request by the Administrative Agent or the U.S. Borrower, acting in good faith, to confirm in writing to the Administrative Agent and the U.S. Borrower that it will comply with its prospective funding obligations and is financially able to meet such obligations hereunder (provided that such Lender shall cease to be a Defaulting Lender pursuant to this clause (c) upon receipt of such written confirmation by the Administrative Agent and the U.S. Borrower) or (d) has, or has a direct or indirect parent company that has, (i) become the subject of a proceeding under any Debtor Relief Law, (ii) had appointed for it a receiver, provisional liquidator, custodian, conservator, trustee, administrator, assignee for the benefit of creditors or similar person charged with reorganization or liquidation of its business or assets, including the Federal Deposit Insurance Corporation or any other state, provincial or federal regulatory authority acting in such a capacity in the applicable jurisdiction, (iii) in the good faith determination of the Administrative Agent, has taken any action in furtherance of, or indicating its consent to, approval of, or acquiescence in, any such proceeding or appointment or (iv) become the subject of a Bail-In Action; provided that a Lender shall not be a Defaulting Lender solely by virtue of the ownership or acquisition of any equity interest in that Lender or any direct or indirect parent company thereof by a Governmental Authority so long as such ownership interest does not result in or provide such Lender with immunity from the jurisdiction of courts within the United States of America or from the enforcement of judgments or writs of attachment on its assets or permit such Lender (or such Governmental Authority) to reject, repudiate, disavow or disaffirm any contracts or agreements made with such Lender. Any determination by the Administrative Agent that a Lender is a Defaulting Lender under any one or more of clauses (a) through (d) above shall be conclusive and binding absent manifest error, and such Lender shall be deemed to be a Defaulting Lender (subject to Section 2.23) upon delivery of written notice of such determination to the U.S. Borrower, each Issuing Bank, the Swingline Lender and each Lender.

"Designated Foreign Subsidiary" shall mean each Wholly Owned Subsidiary which is a Foreign Subsidiary and is organized or incorporated in a Borrowing Base Jurisdiction.

"Designated Non-Cash Consideration" shall mean the fair market value (as determined in good faith by the U.S. Borrower) of non-cash consideration received by the U.S. Borrower or one of the Subsidiaries in connection with an asset disposition that is so designated as Designated Non-Cash Consideration pursuant to a certificate of a Responsible Officer, setting forth the basis of such valuation, less the amount of cash or cash equivalents received in connection with a subsequent sale of such Designated Non-Cash Consideration.

"Designated Secured Cash Management Agreement" shall have the meaning assigned to such term in the Collateral Agreement and Obligations under which are of equal priority with the Loans in the payment waterfall under the Security Documents.

"Designated Secured Hedge Agreement" shall have the meaning assigned to such term in the Collateral Agreement and Obligations under which are of equal priority with the Loans in the payment waterfall under the Security Documents.

"Dilution Factors" shall mean, without duplication, for any period, the aggregate amount of all deductions, credit memos, returns, adjustments, allowances, bad debt write-offs and other non-cash credits recorded to reduce accounts receivable by the applicable Loan Parties in a manner consistent with current accounting practices of such Loan Parties.

"Dilution Ratio" shall mean, on any date, (a) the ratio (expressed as a percentage) equal to (i) the aggregate amount of the applicable Dilution Factors for the Test Period divided by (ii) total gross invoiced amount of Eligible Receivables for the Test Period minus (b) 5.0%; provided that if, on any date, the Dilution Ratio is less than 0%, the Dilution Reserve on such date shall be deemed to be zero.

"Dilution Reserve" shall mean, on any date, the applicable Dilution Ratio multiplied by the Eligible Receivables of the applicable Borrowing Base on such date.

"Discount B/A Rate" shall mean, with respect to a B/A being accepted and purchased on any day, (a) for a Lender that is a Schedule I Lender, (i) the CDOR Rate applicable to such B/A or (ii) if the discount rate for a particular Contract Period is not quoted on the Reuters Screen CDOR Page, the arithmetic average (as determined by the Administrative Agent) of the percentage discount rates (expressed as a decimal and rounded upward, if necessary, to the nearest 1/100 of 1.0%) quoted to the Administrative Agent by the Schedule I Reference Lenders as the percentage discount rate at which each such bank would, in accordance with its normal practices, at approximately 10:00 a.m., Toronto time, on such day, be prepared to purchase bankers' acceptances accepted by such bank having a face amount and term comparable to the face amount and Contract Period of such B/A, and (b) for a Lender that is not a Schedule I Lender, the lesser of (i) the CDOR Rate applicable to such B/A plus 0.10% per annum and (ii) the arithmetic average (as determined by the Administrative Agent) of the percentage discount rates (expressed as a decimal and rounded upward, if necessary, to the nearest 1/100 of 1.0%) quoted to the Administrative Agent by the Schedule II/III Reference Lenders as the percentage discount rate at which such bank would, in accordance with its normal practices, at approximately 10:00 a.m., Toronto time, on such day, be prepared to purchase bankers' acceptances accepted by such bank having a face amount and term comparable to the face amount and Contract Period of such B/A.

"Discount Proceeds" shall mean, with respect to any B/A, an amount (rounded upward, if necessary, to the nearest C$.01) calculated by multiplying (a) the face amount of such B/A by (b) the quotient obtained by dividing (i) one by (ii) the sum of (A) one and (B) the product of (x) the Discount B/A Rate (expressed as a decimal) applicable to such B/A and (y) a fraction of which the numerator is the Contract Period applicable to such B/A and the denominator is 365, with such quotient being rounded upward or downward to the fifth decimal place and .000005 being rounded upward.

"Disqualified Stock" shall mean, with respect to any person, any Equity Interests of such person that, by their terms (or by the terms of any security into which such Equity Interests are convertible or for which such Equity Interests are redeemable or exchangeable), or upon the happening of any event or condition, (i) mature or are mandatorily redeemable, pursuant to a sinking fund obligation or otherwise (other than as a result of a change of control or asset sale so long as any rights of the holders thereof upon the occurrence of a change of control or asset sale event shall be subject to the prior repayment in full of the Loans and all other Obligations that are accrued and payable and the termination of the Commitments), (ii) are convertible or exchangeable for Indebtedness or Disqualified Stock, (iii) provides for the scheduled payments of dividends in cash or (iv) are redeemable at the option of the holder thereof, in whole or in part, in each case prior to 91 days after the latest Maturity Date then in effect at the time of issuance of such Equity Interests (without regard to the proviso to clause (a) of the definition of the term "Maturity Date" or the proviso to the definition of the term "Extended Maturity Date" or any similar qualification to the maturity date of any Other Revolving Facility Loan); provided, however, that only the portion of the Equity Interests that so mature or are mandatorily redeemable, are so convertible or exchangeable or are so redeemable at the option of the holder thereof prior to such date shall be deemed to be Disqualified Stock; provided further, however, that if such Equity Interests are issued to any employee or to any plan for the benefit of employees of the U.S. Borrower or the Subsidiaries or by any such plan to such employees, such Equity Interests shall not constitute Disqualified Stock solely because they may be required to be repurchased by the U.S. Borrower in order to satisfy applicable statutory or regulatory obligations or as a result of such employee's termination, death or disability; provided further, however, that any class of Equity Interests of such person that by its terms authorizes such person to satisfy its obligations thereunder by delivery of Equity Interests that are not Disqualified Stock shall not be deemed to be Disqualified Stock.

"Dividends" shall have the meaning assigned to such term in Section 6.06.

"Documentation Agent" shall mean collectively, Bank of America, N.A. and Credit Suisse Securities (USA) LLC.

"Domestic Loan Party" shall mean the U.S. Borrower and any Domestic Subsidiary Loan Party.

"Domestic Subsidiary" shall mean any Subsidiary that is not a Foreign Subsidiary.

"Domestic Subsidiary Loan Party" shall mean each Wholly Owned Domestic Subsidiary other than (a) Unrestricted Subsidiaries, (b) Indenture Restricted Subsidiaries, (c) Qualified CFC Holding Companies and (d) any such Wholly Owned Domestic Subsidiary that is owned by a Foreign Subsidiary.

"Dominion Account" shall have the meaning assigned to such term in Section 5.12(b).

"DTTP Scheme" shall have the meaning assigned to such term in Section 2.18(f).

"Dutch Borrower" shall have the meaning assigned to such term in the preamble hereto.

"Dutch Borrowing Base" shall mean, with respect to the Dutch Loan Parties at any time, subject to the Eligibility Adjustment Principles and Borrowing Base Acquisition Adjustment Principles, the amount (expressed as a U.S. Dollar Equivalent amount) equal to:

(a) the sum of:

(i) in the case of Eligible Receivables, the product of (A) 85.0% multiplied by (B) the difference of (x) the amount in U.S. Dollars of all Eligible

Receivables of such Dutch Loan Parties minus (y) the Dilution Reserve with respect to such Eligible Receivables (calculated net of all finance charges, late fees and other fees that are unearned, sales, excise or similar taxes, and credits or allowances granted at such time); and

(ii) in the case of Eligible Inventory, the lesser of (A) 70.0% of the value of Eligible Inventory of such Dutch Loan Parties (valued, for each class of such Eligible Inventory, at the lower of cost and market on a first in, first out basis) consisting of each class of such Eligible Inventory at such time and (B) 85.0% of Net Orderly Liquidation Value of such Eligible Inventory of such Dutch Loan Parties constituting each class of Eligible Inventory at such time; and

(iii) in the case of Eligible Machinery and Equipment, 80.0% of the Net Orderly Liquidation Value In-Place of the Eligible Machinery and Equipment of such Dutch Loan Parties; and

(iv) in the case of Eligible Real Property, 75.0% of the Appraised Fair Market Value of Eligible Real Property of such Dutch Loan Parties;

minus

(b) any applicable Reserve then in effect to the extent applicable to such Dutch Loan Parties or such Eligible Receivables, Eligible Inventory, Eligible Machinery and Equipment and Eligible Real Property;

provided, however, that (i) the Dutch Borrowing Base (together with the German Borrowing Base and the U.K. Borrowing Base) shall not constitute more than the greater of (A) 50.0% of the Total Revolving Facility Commitments and (B) 50.0% of the Global Borrowing Base (calculated prior to giving effect to such limitation) and (ii) the PP&E Component of the Dutch Borrowing Base shall not exceed 50% of the total PP&E Component of the Global Borrowing Base (calculated after giving effect to the proviso to the definition of "PP&E Component").

The specified percentages set forth in this definition will not be reduced without the consent of the U.S. Borrower and the Dutch Borrower.

"Dutch Leaseholds" shall have the meaning assigned to such term in the definition of Eligible Machinery and Equipment.

"Dutch Loan Parties" shall mean the Dutch Borrower and any Subsidiary of the U.S. Borrower organized under the laws of The Netherlands that is or hereafter becomes a party to the Foreign Guarantee Agreement.

"Dutch Payable Audit" shall mean an audit performed by the Administrative Agent with respect to accounts payable of the Dutch Borrower and any related Retention of Title Reserves.

"Dutch Review Trigger Event" shall occur at any time that Excess Availability is less than the greater of (a) 25.0% of the lesser of (i) the Total Revolving Facility Commitments at such time and (ii) the Global Borrowing Base at such time and (b) $80.0 million (or, after the Stage 2 Amendment Effective Date, $70.0 million). Once occurred, a Dutch Review Trigger Event shall be deemed to be continuing until such time as the Excess Availability is equal to or greater than the greater of (a) 25.0% of the lesser of (i) the Total Revolving Facility Commitments at such time and (ii) the Global Borrowing Base at such time and (b) $80.0 million (or, after the Stage 2 Amendment Effective Date, $70.0 million) for fifteen (15) consecutive days.

"Dutch Security Documents" shall mean (a) the Foreign Pledge Agreement and (b) all other security agreements delivered pursuant to this Agreement and granted by any Dutch Loan Party and all confirmations and acknowledgements thereof, in each case relating to the grant to the Collateral Agent of a security interest in the ABL Priority Collateral owned by such Dutch Loan Party.

"Dutch SPV" shall have the meaning assigned to such term in the definition of Eligible Machinery and Equipment.

"EEA Financial Institution" shall mean (a) any institution established in any EEA Member Country which is subject to the supervision of an EEA Resolution Authority, (b) any entity established in an EEA Member Country which is a parent of an institution described in clause (a) of this definition, or (c) any institution established in an EEA Member Country which is a subsidiary of an institution described in clauses (a) or (b) of this definition and is subject to consolidated supervision with its parent.

"EEA Member Country" shall mean any of the member states of the European Union, Iceland, Liechtenstein, and Norway.

"EEA Resolution Authority" shall mean any public administrative authority or any person entrusted with public administrative authority of any EEA Member Country (including any delegee) having responsibility for the resolution of any EEA Financial Institution.

"EBITDA" shall mean, with respect to the U.S. Borrower and the Subsidiaries on a consolidated basis for any period, the Consolidated Net Income of the U.S. Borrower and the Subsidiaries for such period plus (a) the sum of (without duplication and to the extent the same was deducted in calculating Consolidated Net Income for such period):

(i) Consolidated Taxes of the U.S. Borrower and the Subsidiaries for such period;

(ii) Interest Expense (and to the extent not included in Interest Expense, any realized losses on hedging obligations or other derivative instruments entered into for the purpose of hedging interest rate risk and costs of surety bonds in connection with financing activities) of the U.S. Borrower and the Subsidiaries for such period (net of interest income of the U.S. Borrower and the Subsidiaries for such period);

(iii) depreciation and amortization expenses of the U.S. Borrower and the Subsidiaries for such period;

(iv) plant closure, severance and other restructuring costs and charges;

(v) business optimization expenses (which, for the avoidance of doubt, shall include, without limitation, the effect of inventory optimization programs, retention, systems establishment costs and excess pension charges); provided that with respect to each business optimization expense, the U.S. Borrower shall have delivered to the Administrative Agent an officers' certificate specifying and quantifying such expense;

(vi) impairment charges, including the write-down of investments;

(vii) non-operating expenses;

(viii) any other non-cash charges; provided that, for purposes of this subclause (viii) of this clause (a), any non-cash charges or losses shall be treated as cash charges or losses in any subsequent period during which cash disbursements attributable thereto are made;

(ix) the amount of management, monitoring, consulting, transaction and advisory fees and related expenses paid to the Fund or any Fund Affiliate (or any accruals relating to such fees and related expenses) during such period in compliance with Section 6.07(b)(xix); plus

(x) the cost (or amortization of prior service cost) of subsidizing coverage for persons affected by amendments to medical benefit plans implemented prior to the Closing Date; provided, however, that such amount will be included in EBITDA notwithstanding that such amount was not deducted in calculating Consolidated Net Income;

minus (b) the sum of (without duplication and to the extent the amounts described in this clause (b) increased such Consolidated Net Income for the respective period for which EBITDA is being determined) (x) non-cash items increasing Consolidated Net Income of the U.S. Borrower and the Subsidiaries for such period (but excluding any such items (A) in respect of which cash was received in a prior period or will be received in a future period or (B) that represent the reversal of any accrual of, or cash reserve for, anticipated cash charges in any prior period, including the amortization of employee benefit plan prior service costs) and (y) to the extent not included in Interest Expense, any realized gains on hedging obligations or other derivative instruments entered into for the purpose of hedging interest rate risk and costs of surety bonds in connection with financing activities of the U.S. Borrower and the Subsidiaries for such period.

"Eligibility Adjustment Principles" shall mean, if any Account, Inventory, Equipment or Real Property at any time ceases to be an Eligible Receivable, Eligible Inventory, Eligible Machinery and Equipment or Eligible Real Property, as applicable, then such Account, Inventory, Equipment or Real Property shall promptly be excluded from the calculation of any Borrowing Base; provided, however, that, if any Account, Inventory, Equipment or Real Property ceases to be an Eligible Receivable, Eligible Inventory, Eligible Machinery and Equipment or

Eligible Real Property, as applicable, because of the adjustment of or imposition of new exclusionary criteria pursuant to the succeeding paragraph, the Administrative Agent will not require exclusion of such Account, Inventory, Equipment or Real Property from the applicable Borrowing Base until five (5) Business Days following the date on which the Administrative Agent gives notice to the U.S. Borrower of such ineligibility.

The Administrative Agent reserves the right, at any time and from time to time after the Closing Date, to adjust any of the exclusionary criteria set forth in the definitions of Eligible Receivables, Eligible Inventory, Eligible Machinery and Equipment and Eligible Real Property and to establish new criteria, in each case in its Reasonable Credit Judgment (based on an analysis of material facts or events first occurring, or first discovered by the Administrative Agent, after the Closing Date or, in the case of Eligible Machinery and Equipment or Eligible Real Property, after the 2015 Amendment Effective Date), subject to the approval of Special Majority Lenders in the case of adjustments or new criteria which have the effect of making more credit available than would have been available based upon the criteria in effect on the Closing Date or the 2015 Amendment Effective Date, as applicable. The Administrative Agent acknowledges that, as of the 2015 Amendment Effective Date, it does not know of any circumstance or condition with respect to the Accounts, Inventory, Equipment or Real Property that would require the adjustment of any (or imposition of any new) exclusionary criteria set forth in the definitions of Eligible Receivables, Eligible Inventory, Eligible Machinery and Equipment and Eligible Real Property.

Any determination by the Administrative Agent in respect of any Borrowing Base shall be based on the Administrative Agent's Reasonable Credit Judgment. The parties understand that the exclusionary criteria in the definitions of Eligible Receivables, Eligible Inventory, Eligible Machinery and Equipment, Eligible Real Property and Reserves that may be imposed as provided herein, any deductions or other adjustments to determine "lower of cost and market value", factors considered in the calculation of Net Orderly Liquidation Value, Net Orderly Liquidation Value In-Place, Appraised Fair Market Value, any Dilution Factors and the calculation of the Dilution Reserve all have the effect of reducing the applicable Borrowing Bases, and, accordingly, whether or not any provisions hereof so state, all of the foregoing shall be determined without duplication so as not to result in multiple reductions in any Borrowing Base for the same facts or circumstances.

"Eligible Intercompany Account" shall mean any Accounts arising out of a sale made or services rendered by any of the Sellers and sold or otherwise transferred to MSC Holding B.V. pursuant to the terms of the ARPA; provided that such Eligible Intercompany Accounts in the aggregate shall not exceed an amount equal to the lesser of (x) 15.0% of the lesser of (A) the Total Revolving Facility Commitments at such time and (B) the Global Borrowing Base at such time and (y) $60.0 million; provided further that an Account shall not be an "Eligible Intercompany Account" if any of the following shall be true with respect to such Account:

(a) the ARPA has not been duly authorized, executed or delivered by any of the parties thereto or does not constitute a legal, valid and binding obligation of any of the parties thereto enforceable against each such party in accordance with its terms; or

(b) such Account has not been originated by a Seller and validly sold by such Seller to MSC Holding B.V. pursuant to (and in accordance with) the ARPA, with the result that MSC Holding B.V. does not have good and marketable title thereto free and clear of all Liens other than permitted Liens described in Section 6.02; or

(c) either (i) the assignment of such Account under the ARPA to MSC Holding B.V. or (ii) the grant of Lien to the Administrative Agent, on behalf of the Secured Parties, pursuant to the Security Documents, in respect of such Account , in either case violates, conflicts with or contravenes in any material respect any applicable laws or any contractual or other restriction, limitation or encumbrance (including any restriction or limitation under the related contract) and requires the consent of the applicable Account Debtor or any other person, other than such consents which have been obtained; or

(d) the ARPA under which such Account was sold is not in full force and effect; or

(e) such Account has been transferred back to a Seller under the terms of the ARPA.

"Eligible Inventory" shall mean all Inventory of the Loan Parties that constitutes Collateral in which the Collateral Agent has a Perfected Security Interest; provided, however, that Inventory shall not be "Eligible Inventory" if any of the following shall be true with respect to such Inventory:

(a) such Inventory is not raw materials, work in process or finished goods; provided that there shall be no duplication with regard to any raw materials that have been moved into work in process or finished good category but not removed from raw materials on record; or

(b) such Inventory is not in good, useable and saleable condition; or

(c) such Inventory is slow-moving, obsolete, defective or unmerchantable; or

(d) with respect to Inventory constituting finished goods, such Inventory is not of a type held for sale by the applicable Loan Party in the ordinary course of business; or

(e) such Inventory is held on consignment; or

(f) such Inventory for which the standard cost is higher than its recent purchase price (but only with respect to such purchase price variance); or

(g) such Inventory with respect to which such Loan Party's selling price of such Inventory to third parties is less than such Loan Party's actual costs to manufacture such Inventory (but only with respect to such difference); or

(h) such Inventory is manufactured, assembled or otherwise produced in violation of the Fair Labor Standards Act where applicable and subject to the "hot goods" provisions contained in Title 25 U.S.C. 215(a)(i); or

(i) such Inventory is not covered by casualty insurance required by this Agreement; or

(j) a customer has taken possession of such Inventory (except title with respect to such Inventory has not passed to the customer and the customer has been invoiced for such Inventory); or

(k) such Inventory does not meet in all material respects all applicable standards imposed by any relevant Governmental Authority; or

(l) such Inventory does not conform in all material respects to any covenants, warranties and representations set forth in this Agreement; or

(m) such Inventory is located in a public warehouse or tolling facilities, in possession of a bailee or in a facility leased by a Loan Party; provided that such Inventory will be Eligible Inventory if the Collateral Agent has received a Collateral Access Agreement or such other documentation reasonably satisfactory to the Administrative Agent with respect to the location of such Inventory (and, if no such Collateral Access Agreement or such other documentation has been received with respect to such location, such Inventory will nevertheless be Eligible Inventory but the Administrative Agent may impose Reserves related to rent, tolling or other processing services payable by a Loan Party with respect to such Inventory); or

(n) such Inventory is located outside of an Inventory Jurisdiction (other than Inventory which is in transit between Inventory Jurisdictions and, if reasonably requested by the Administrative Agent, subject to the possession by the Administrative Agent of applicable bills of lading or other documents in form and substance reasonably acceptable to the Administrative Agent with respect to such Inventory in transit); or

(o) such Inventory constitutes operating supplies, packaging or shipping materials, cartons, repair parts, labels, mandrels, tooling item or miscellaneous spare parts or other such materials not considered for sale in the ordinary course of business; or

(p) such Inventory is subject to the Intellectual Property Rights of a third party; provided that such Inventory will be Eligible Inventory to the extent the Administrative Agent determines, in its Reasonable Credit Judgment, that, upon an Event of Default, such Inventory could be liquidated without assistance or interference from, or the payment of money to, such third party; or

(q) such Inventory is commingled with the Inventory of a third party; or

(r) such Inventory is reserved against by such Loan Party related to shrink; or

(s) such Inventory is sold from the U.S. Borrower or any Subsidiary to U.S. Borrower or any other Subsidiary, but only to the extent of the profit recorded in relation to such sale or

(t) with respect to Inventory owned by a U.K. Loan Party, if such U.K. Loan Party is an employer (for the purposes of Section 38 to 51 of the United Kingdom's Pension Act 2004) of an occupational pension scheme which is not a money purchase scheme (both terms as defined in the United Kingdom's Pension Schemes Act 1993) or "connected" with or an "associate" of (as those terms are used in Sections 38 or 43 of the United Kingdom's Pensions Act 2004) such an employer; or

(u) (i) with respect to Inventory owned by a U.K. Loan Party, such U.K. Loan Party has a moratorium of any Indebtedness of such U.K. Loan Party in effect and (ii) with respect to Inventory owned by a Dutch Loan Party, such Dutch Loan Party has a moratorium of any Indebtedness of such Dutch Loan Party in effect.

"Eligible Machinery and Equipment" shall mean all Equipment of any applicable Loan Parties that constitutes Collateral in which the Collateral Agent has a Perfected Security Interest; provided, however, that Equipment shall not be "Eligible Machinery and Equipment" if any of the following shall be true with respect to such Equipment:

(a) such Loan Party does not have good, valid and marketable title to such Equipment; or

(b) such Equipment is located outside an Eligible PP&E Jurisdiction; or

(c) (i) for any Loan Party other than a Dutch Loan Party, such Equipment is not located on Real Property owned by a Loan Party or (ii) for any Equipment owned by a Dutch Loan Party that is not located on Real Property owned by a Loan Party (the "Dutch Leaseholds"), the Administrative Agent has not completed reasonably satisfactory due diligence with respect to such Dutch Leaseholds (it being understood that such diligence has been completed as of the 2015 Amendment Effective Date with respect to Dutch Leaseholds in effect on the 2015 Amendment Effective Date); or

(d) such Equipment is obsolete, unmerchantable or is not in good working condition; or

(e) such Equipment is damaged or defective and is not repairable; or

(f) such Equipment does not conform in all material respects to any covenants, warranties and representations set forth in this Agreement; or

(g) such Equipment does not meet in all material respects all applicable standards imposed by any relevant Governmental Authority; or

(h) such Equipment is not covered by casualty insurance required by this Agreement; or

(i) such Equipment is subject to a commitment of a Loan Party to sell such Equipment; or

(j) such Equipment is owned by a Loan Party organized in England and Wales and events set forth in Section 7.01(h), (i) or (j) with respect to such Loan Party have occurred; provided that the reference to 45 days in Section 7.01(j) shall be deemed to be a reference to 28 days for the purpose of this definition; or

(k) such Equipment is owned by a U.K. Loan Party and such Loan Party is an employer (for the purposes of Section 38 to 51 of the United Kingdom's Pensions Act 2004) of an occupational pension scheme which is not a money purchase scheme (both terms as defined in the United Kingdom's Pension Schemes Act 1993) or "connected" with or an "associate" of (as those terms are used in Sections 38 or 43 of the United Kingdom's Pensions Act 2004) such an employer; or

(l) for any Equipment (that is characterized as immovable by any Acceptable Appraiser) owned by a Dutch Loan Party and is located on Dutch Leaseholds, either (1)(i) such Equipment is not owned by a bankruptcy-remote, special purpose vehicle that is a Loan Party and a direct Wholly Owned Subsidiary of another Loan Party (a "Dutch SPV"), (ii) the Collateral Agent does not have a Perfected Security Interest over the shares of such Dutch SPV or (iii) such Dutch SPV fails to satisfy any requirements (reasonably satisfactory to the Administrative Agent) set forth in the applicable Loan Documents to qualify such Equipment as Eligible Machinery and Equipment or (2) the Collateral Agent does not have a Perfected Security Interest in such Equipment pursuant to arrangements reasonably satisfactory to the Administrative Agent.

"Eligible PP&E Jurisdiction" shall mean Canada, England and Wales, Germany and The Netherlands.

"Eligible Real Property" shall mean all Real Property of any applicable Loan Parties that constitutes Collateral in which the Collateral Agent has a Perfected Security Interest, provided that:

(i) such Real Property is owned Real Property of the applicable Loan Party (and not leased Real Property);

(ii) such Real Property is located in an Eligible PP&E Jurisdiction;

(iii) such Real Property is covered by all insurance required by this Agreement (including, to the extent applicable, title insurance and flood insurance);

(iv) the fair market value of such Real Property has been set forth in an appraisal performed by an Acceptable Appraiser and delivered to the Administrative Agent in form, scope and substance reasonably satisfactory to the Administrative Agent;

(v) an environmental report, a real property report (survey) and title diligence on such Real Property has been prepared and delivered to the Administrative Agent in form, scope and substance reasonably satisfactory to the Administrative Agent; and

(vi) such Real Property is not subject to a commitment of a Loan Party to sell such Real Property.

"Eligible Receivables" shall mean the gross outstanding balance of each Account of the Loan Parties (including, without limitation, any Eligible Intercompany Account) that constitutes Collateral in which the Collateral Agent has a Perfected Security Interest; provided, however, that an Account shall not be an "Eligible Receivable" if any of the following shall be true with respect to such Account:

(a) such Account arises out of a sale made or services rendered by the applicable Loan Party to a direct or indirect parent or Subsidiary of such Loan Party (it being understood that Momentive Performance Materials Holdings Inc. and its subsidiaries are not a direct or indirect parent or Subsidiary of a Loan Party to the extent the sale to which such Account related was undertaken on arm's length commercial terms); or

(b) (i) such Account remains unpaid for more than 60 days after the original due date shown on the invoice, (ii) such Account remains unpaid for more than 120 days after the original invoice date or (iii) such Account has been written off the books of the applicable Loan Party or has otherwise been designated as uncollectible; provided that in determining the aggregate amount from the same Account Debtor that is unpaid hereunder such amount shall be the gross amount due in respect of the applicable Accounts without giving effect to any net credit balances; or

(c) 50.0% or more of the outstanding Accounts owing from the Account Debtor have become, in accordance with the provisions of clause (b) above, ineligible; or

(d) any covenant, representation or warranty contained in this Agreement with respect to such Account has been breached in any material respect; or

(e) the Account Debtor on such Account or any of its Affiliates is also a supplier to or creditor of any applicable Loan Party (but only to the extent that such Affiliate has contractual rights of offset and to the extent of such applicable offset) unless such Account Debtor has executed a no-offset letter in a form reasonably satisfactory to the Collateral Agent; or

(f) excluding Accounts subject to clause (e) hereof, such Account is subject to any deduction, offset, counterclaim, deposit, discount, allowance, rebate, credit, return privilege, exchange rate adjustment, other adjustments or other conditions other than volume sales discounts given in the ordinary course of business of the applicable Loan Party; provided, however, that such Account shall be ineligible pursuant to this clause (f) only to the extent of such deduction, offset, counterclaim, deposit, discount, allowance, rebate, credit, return privilege, exchange rate adjustment, other adjustment, or other condition; or

(g) such Account Debtor on such Account has then currently (i) commenced a voluntary case under any Debtor Relief Law or has taken any action, legal proceeding or other step in relation to its winding-up, dissolution, administration or reorganization, (ii) made an assignment, composition or arrangement for the benefit of its creditors generally, (iii) had filed against it any petition or other application for relief under any Debtor Relief Law, or (iv) has failed, suspended business, or consented to or suffered a receiver, trustee, liquidator, custodian, administrator receiver or manager, administrative receiver, interim receiver, sheriff, monitor, sequestrator or similar officer or fiduciary to be appointed for it or for all or a significant portion of its assets or affairs, unless (A) such Account Debtor (x) is a debtor-in-possession in a case then pending under Title 11 of the United States Code (or under any other Debtor Relief Laws), (y) has received "debtor in possession" financing reasonably satisfactory to the Administrative Agent and (z) otherwise satisfies each of the requirements set forth in the definition of "Eligible Receivables" or (B) such Accounts are fully covered by credit insurance, letters of credit or other sufficient third party credit support reasonably acceptable to the Administrative Agent, or are otherwise deemed by the Administrative Agent not to pose an unreasonable risk of non-collectability; or

(h) such Account arises from a sale made or services rendered to an Account Debtor that is headquartered or organized in a jurisdiction that is not an Eligible Receivables Jurisdiction which (along with other similar Accounts) exceeds $25.0 million after the application of the applicable advance rate (which $25.0 million shall be allocated, <u>first</u>, to the U.S. Borrowing Base and, <u>second</u>, to all other Borrowing Bases on a pro rata basis) in the aggregate for all such Account Debtors (but only in the amount of such excess), unless backed by a letter of credit, credit insurance, guaranty, acceptance or similar terms acceptable to the Administrative Agent in its Reasonable Credit Judgment; or

(i) (i) such Account arises from a sale to the Account Debtor on a bill-and-hold, guaranteed sale, sale-or-return, sale-on-approval, consignment, or any other repurchase or return basis; or (ii) such Account is subject to a reserve established by the applicable Loan Party for potential returns or refunds, to the extent of such reserve; or

(j) such Account is reissued in respect of partial payment, including, without limitation, debit memos and charge backs (it being understood that this clause (j) shall only apply with respect to, and to the extent of, such partial payment); or

(k) with respect to such Account an invoice has not been sent to the applicable Account Debtor; or

(l) to the extent constituting the obligation of an Account Debtor in respect of commissions, interest, service or similar charges or fees; or

(m) the Account Debtor is the United States of America, any State or any political subdivision or department, agency or instrumentality thereof, unless the applicable Loan Party assigns its right to payment of such Account to the Collateral Agent, in a manner satisfactory to the Administrative Agent, in its Reasonable Credit Judgment, so as to comply with the Assignment of Claims Act of 1940 (31 U.S.C. §3727, 41 U.S.C. §15 <u>et</u> <u>seq</u>., as amended), or complies with any similar applicable state or local law as the Administrative Agent may require; or

(n) the goods giving rise to such Account have not been delivered to (or delivered but title has not passed) or accepted by the Account Debtor or the services giving rise to such Account have not been performed by the applicable Loan Party and accepted by the Account Debtor or such Account otherwise does not represent a final sale by the applicable Borrower or the applicable Subsidiary in the ordinary course of business; or

(o) such Account is evidenced by chattel paper, note payable or an instrument of any kind, or has been reduced to judgment; or

(p) the Account is owing by any governmental, inter-governmental or super-national body, agency, crown, department or regulatory, self-regulatory or other similar authority or organization (in each case, other than with respect to the government of the United States of America or any state or local government of the United States of America or Canada or any province or territory thereof); or

(q) such Account is owing by an Account Debtor to the extent that the total Accounts of such Account Debtor to the applicable Loan Parties represent more than 15.0% (or in the case of an Account Debtor with a rating of Baa3 (or higher) according to Moody's and BBB- (or higher) according to S&P, 20.0%) of the Eligible Receivables included in the Global Borrowing Base at such time, but only to the extent of such excess; or

(r) such Account is not in material compliance with all applicable laws and regulations; or

(s) as to which the contract or agreement underlying such Account is governed by (or, if no law is expressed therein, is deemed to be governed by) the laws of any jurisdiction other than any Eligible Receivables Jurisdiction (unless such Account is otherwise an Eligible Receivable pursuant to (and up to the $25.0 million threshold specified in) clause (h) above); or

(t) such Account (i) is subject to a Permitted Receivables Financing or other third party financing (other than TRE Receivables), (ii) has not been sold, conveyed or otherwise transferred to a Special Purpose Receivables Subsidiary and (iii) exceeds $10.0 million in the aggregate for all such Accounts after the application of the applicable advance rates (but only to the extent of such excess); or

(u) the Account Debtor is the government of Canada or any province or territory thereof unless such Account has been assigned to the Collateral Agent on behalf of the Secured Parties in accordance with all applicable laws and all steps required by the Administrative Agent in connection therewith, including notice to any such Governmental Authority, have been duly taken; or

(v) such Account (i) has not been originated by a Loan Party or (ii) is not an Eligible Intercompany Account; or

(w) if such Account is owed in any currency other than U.S. Dollars and a Loan Party has recorded a foreign exchange revaluation accrual with respect to such Accounts, then an amount equal to such foreign exchange revaluation accrual; or

(x) with respect to Accounts owned by a U.K. Loan Party, if such U.K. Loan Party is an employer (for the purposes of Section 38 to 51 of the United Kingdom's Pension Act 2004) of an occupational pension scheme which is not a money purchase scheme (both terms as defined in the United Kingdom's Pension Schemes Act 1993) or "connected" with or an "associate" of (as those terms are used in Sections 38 or 43 of the United Kingdom's Pensions Act 2004) such an employer; or

(y) (i) with respect to Accounts owned by a U.K. Loan Party, such U.K. Loan Party has a moratorium of any Indebtedness of such U.K. Loan Party in effect and (ii) with respect to Accounts owned by a Dutch Loan Party, such Dutch Loan Party has a moratorium of any Indebtedness of such Dutch Loan Party in effect.

"Eligible Receivables Jurisdiction" shall mean any of Austria, Belgium, Canada, Denmark, England and Wales, Finland, France, Germany, Ireland, Italy, Luxembourg, The Netherlands, Norway, Portugal, Spain, Sweden, Switzerland and the United States of America.

"EMU Legislation" shall mean the legislative measures of the European Union relating to Economic and Monetary Union.

"environment" shall mean ambient and indoor air, surface water and groundwater (including potable water, navigable water and wetlands), the land surface or subsurface strata, natural resources such as flora and fauna, the workplace or as otherwise defined in any Environmental Law.

"Environmental Laws" shall mean all applicable laws (including common law), rules, regulations, codes, ordinances, orders in council, orders, decrees, treaties, directives, judgments, injunctions, notices or legally binding agreements issued, promulgated or entered into by or with any Governmental Authority, relating in any way to the environment, preservation or reclamation of natural resources, the generation, management, Release or threatened Release of, or exposure to, any Hazardous Material or to health and safety matters (to the extent relating to the environment or Hazardous Materials).

"Equipment" shall mean all machinery, apparatus, equipment, fittings, furniture, motor vehicles, and other fixed assets owned by any Loan Party and used or held for sale by such Loan Party in the ordinary course of its business, whether now owned or hereafter acquired by a Loan Party and wherever located, and all parts, accessories and special tools and all increases and accessions thereto and substitutions and replacements therefore.

"Equity Interests" of any person shall mean any and all shares, interests, rights to purchase or otherwise acquire, warrants, options, participations or other equivalents of or interests in (however designated) equity or ownership of such person, including any preferred stock, any limited or general partnership interest and any limited liability company membership interest, and any securities or other rights or interests convertible into or exchangeable for any of the foregoing, but excluding convertible debt securities.

"ERISA" shall mean the Employee Retirement Income Security Act of 1974, as the same may be amended from time to time and any final regulations promulgated thereunder.

"ERISA Affiliate" shall mean any trade or business (whether or not incorporated) that, together with Holdings (prior to a Qualified IPO), the U.S. Borrower or any Subsidiary, is treated as a single employer under Section 414(b) or (c) of the Code, or, solely for purposes of

Section 302 of ERISA and Section 412 of the Code, is treated as a single employer under Section 414 of the Code.

"ERISA Event" shall mean (a) any Reportable Event or the requirements of Section 4043(b) of ERISA apply with respect to a Plan; (b) any failure by any Plan to satisfy the minimum funding standards (within the meaning of Section 412 of the Code or Section 302 of ERISA) applicable to such Plan, whether or not waived, or, prior to the effectiveness of the Pension Act, the existence with respect to any Plan of an "accumulated funding deficiency" (as defined in Section 412 of the Code or Section 302 of ERISA as in effect prior to the effectiveness of the Pension Act); (c) the filing pursuant to Section 412(c) of the Code or Section 302(c) of ERISA of an application for a waiver of the minimum funding standard with respect to any Plan, the failure to make by its due date a required installment under Section 430(j) of the Code with respect to any Plan or the failure to make any required contribution to a Multiemployer Plan; (d) the incurrence by Holdings (prior to a Qualified IPO), the U.S. Borrower, any Subsidiary or any ERISA Affiliate of any liability under Title IV of ERISA with respect to the termination of any Plan or Multiemployer Plan; (e) a determination that any Plan is, or is expected to be, in "at-risk" status (within the meaning of Section 303 of ERISA or Section 430 of the Code); (f) the receipt by Holdings (prior to a Qualified IPO), the U.S. Borrower, any Subsidiary or any ERISA Affiliate from the PBGC or a plan administrator of any notice relating to an intention to terminate any Plan or to appoint a trustee to administer any Plan under Section 4042 of ERISA; (g) the incurrence by Holdings (prior to a Qualified IPO), the U.S. Borrower, any Subsidiary or any ERISA Affiliate of any liability with respect to the withdrawal or partial withdrawal from any Plan or Multiemployer Plan; (h) the receipt by Holdings (prior to a Qualified IPO), the U.S. Borrower, any Subsidiary or any ERISA Affiliate of any notice, or the receipt by any Multiemployer Plan from Holdings (prior to a Qualified IPO), the U.S. Borrower, any Subsidiary or any ERISA Affiliate of any notice, concerning the impending imposition of Withdrawal Liability or a determination that a Multiemployer Plan is, or is expected to be, "insolvent" (within the meaning of Section 4245 of ERISA), in "reorganization" (within the meaning of Section 4241 of ERISA), or in "endangered" or "critical status " (within the meaning of Section 305 of ERISA or Section 432 of the Code); or (i) the conditions for imposition of a lien under Section 303(k) of ERISA shall have been met with respect to any Plan.

"EU Bail-In Legislation Schedule" shall mean the EU Bail-In Legislation Schedule published by the Loan Market Association (or any successor person), as in effect from time to time.

"euro" or "€" shall mean the single currency of the Participating Member States introduced in accordance with the EMU Legislation.

"Euro Lending Office" shall mean, as to any Lender, the applicable branch, office or Affiliate of such Lender designated by such Lender to make Loans to the Dutch Borrower, the German Borrower and the U.K. Borrowers.

"EURO LIBO Rate" shall mean, with respect to any Eurocurrency Revolving Borrowing denominated in euro, for any Interest Period, the offered rate for deposits in euros in the European interbank market for the relevant Interest Period that is determined by the Banking Federation of the European Union (or any other person which takes over the administration of that rate), and displayed on page EURIBOR01 of the Reuters screen (or any replacement Reuters page which displays that rate), at or about 11:00 am (Brussels time) on the relevant quotation date for the delivery of euros on the first day of the relevant Interest Period; provided that, to the extent that an interest rate is not ascertainable pursuant to the foregoing provisions of this definition, the "EURO LIBO Rate" shall be the interest rate per annum determined by the Administrative Agent to be the average of the rates per annum at which deposits in euro are offered for a maturity comparable to such relevant Interest Period to major banks in the London interbank market in London, England by the Administrative Agent at approximately 11:00 a.m. (London time) on the date that is two Business Days prior to the beginning of such Interest Period; provided, further, that if the EURO LIBO Rate shall be less than zero, such rate shall be deemed to be zero for purposes of this Agreement.

"Eurocurrency Revolving Borrowing" shall mean a Borrowing comprised of Eurocurrency Revolving Loans.

"Eurocurrency Revolving Loan" shall mean any Revolving Facility Loan bearing interest at a rate determined by reference to the Adjusted Eurocurrency Rate in accordance with the provisions of Article II.

"Event of Default" shall have the meaning assigned to such term in Section 7.01.

"Excess Availability" shall mean, at any time, an amount equal to the lesser of (a) the Total Revolving Facility Commitments at such time minus the Total Revolving Facility Exposure at such time and (b) the Global Borrowing Base at such time minus the Total Revolving Facility Exposure at such time. If the Total Revolving Facility Exposure is equal to or greater than the Total Revolving Facility Commitments or the Global Borrowing Base (or the Total Revolving Facility Commitments have been terminated), Excess Availability is zero.

"Exchange Act" shall mean the Securities Exchange Act of 1934, as amended, and the rules and regulations of the SEC promulgated thereunder.

"Exchange Rate" shall mean, on any day, for purposes of determining the U.S. Dollar Equivalent of any other currency, the rate at which such other currency may be exchanged into U.S. Dollars at the time of determination on such day on the Reuters WRLD Page for such currency. In the event that such rate does not appear on any Reuters WRLD Page, the Exchange Rate shall be determined by reference to such other publicly available service for displaying exchange rates as may be agreed upon by the Administrative Agent and the U.S. Borrower, or, in the absence of such an agreement, such Exchange Rate shall instead be the arithmetic average of the spot rates of exchange of the Administrative Agent in the market where its foreign currency exchange operations in respect of such currency are then being conducted, at or about such time as the Administrative Agent shall elect after determining that such rates shall be the basis for determining the Exchange Rate, on such date for the purchase of U.S. Dollars for delivery two Business Days later; provided that, if at the time of any such determination, for any reason, no such spot rate is being quoted, the Administrative Agent may use any reasonable method it deems appropriate to determine such rate, and such determination shall be conclusive absent manifest error.

"Excluded Accounts" shall have the meaning assigned to such term in Section 5.12(a).

"Excluded Extending Lender" shall mean (i) each of the Lenders set forth on Annex I hereto and (ii) any Prior Extending Lender that elects pursuant to a written notice to the Administrative Agent to not have its 2016 Extended Revolving Facility Commitment reduced pursuant to the last paragraph of Section 2.01(a) on any Additional Extending Lender Effective Date.

"Excluded Property" shall have the meaning assigned to such term in Section 5.10(f).

"Excluded Swap Obligation" shall mean (as such definition may be modified from time to time as agreed by the U.S. Borrower and the Administrative Agent), with respect to any Guarantor, any Swap Obligation, if, and to the extent that, all or a portion of the Guarantee of such Guarantor of, or the grant by such Guarantor of a security interest to secure, as applicable, such Swap Obligation (or any Guarantee thereof) is or becomes illegal under the Commodity Exchange Act or any rule, regulation or order thereunder (or the application or official interpretation of any thereof) by virtue of such Guarantor's failure for any reason to constitute an "eligible contract participant" as defined in the Commodity Exchange Act and the regulations thereunder, at the time the Guarantee of (or grant of such security interest by, as applicable) such Guarantor becomes or would become effective with respect to such Swap Obligation. If a Swap Obligation arises under a master agreement governing more than one Swap, such exclusion shall apply only to the portion of such Swap Obligation that is attributable to Swaps for which such Guarantee or security interest is or becomes illegal.

"Excluded Taxes" shall mean, with respect to the Administrative Agent, any Lender, any Issuing Bank or any other recipient of any payment to be made by or on account of any obligation of any Borrower hereunder, the following Taxes:

(a) income Taxes imposed on (or measured by) its net income or franchise Taxes imposed on (or measured by) its gross or net income by the country in which the applicable recipient is legally organized or any political subdivision thereof, or by the jurisdiction under the laws of which such recipient is organized or in which its principal office is located or, in the case of any Lender, in which its applicable Lending Office is located, in each case including any political subdivision thereof (provided that no Foreign Lender shall be deemed to be located in any country solely as a result of taking any action under this Agreement),

(b) (i) any branch profits Taxes imposed by the United States of America or any similar Tax imposed by any other jurisdiction described in clause (a) above and any Taxes imposed by the Federal Republic of Germany on a Lender on the basis of sec. 50a para. 7 German Income Tax Act by way of deduction at the source of the relevant income if such withholding Tax assessment is caused by the Lender's failure to comply with its Tax obligations (in particular, its obligation to file a tax return in Germany unless an exemption from the latter obligation was granted by the competent German Tax authorities to the Lender) in Germany (such Lender being obliged to declare in good faith and on the basis of reasonable inquiries if it has complied with its Tax obligations); and (ii) in the case of a Lender making a Loan to any Borrower, any withholding Tax that would be payable on the basis of the Loans being secured by German real estate (for the avoidance of doubt, including such Taxes imposed on the basis of Section 50a para 7 German Income Tax Act), notwithstanding whether or not any Loans are secured by German real estate at the time such Lender becomes a party to such Loan,

(c) any withholding Tax that is attributable to a Lender’s failure to comply with Section 2.18(f) or (g),

(d) in the case of a Lender (other than an assignee pursuant to a request by the U.S. Borrower under Section 2.20(b) or by operation of the CAM), any withholding Tax imposed by the country in which the applicable Borrower (or the Administrative Agent) is legally organized or any political subdivision thereof that is in effect and would apply to amounts payable by such Borrower (or the Administrative Agent) from an office within such jurisdiction to the applicable Lending Office of such Lender at the time such Lender becomes a party to this Agreement (or designates a new Lending Office) provided that, if a Lender is required to complete an application for a reduced withholding tax rate under an applicable income tax treaty with the United Kingdom in order to receive the benefit of such reduced withholding tax rate and such Lender completes such application as soon as practicable following the Closing Date, the rate of withholding in effect on the date on which such application is approved shall be deemed to be the rate in effect on the date on which such Lender becomes a party to this Agreement,

(e) any U.S. federal withholding Tax imposed under FATCA,

except, in the case of clause (d) above, to the extent that (i) such Lender (or its assignor, if any) was entitled, at the time of designation of a new Lending Office (or assignment), to receive additional amounts from a Loan Party with respect to any withholding Tax pursuant to Section 2.18(a) or (ii) such withholding Tax shall have resulted from the making of any payment to a location other than the office designated by the Administrative Agent or such Lender for the receipt of payments of the applicable type.

“Executive Order” shall have the meaning assigned to such term in Section 3.26(a).

“Existing Credit Agreement” shall mean the Third Amended and Restated Credit Agreement, dated as of January 29, 2010, among Holdings, the Borrowers, the lenders party thereto, and JPMCB, as administrative agent, as amended, supplemented, restated or otherwise modified from time to time prior to the Closing Date.

“Extended Early 1-1/2 Lien Maturity Test Date” shall have the meaning assigned to such term in the definition of the term “Extended Maturity Date”.

“Extended Early First Lien Maturity Test Date” shall have the meaning assigned to such term in the definition of the term “Extended Maturity Date”.

"Extended Early Second Lien Maturity Test Date" shall have the meaning assigned to such term in the definition of the term "Extended Maturity Date".

"Extended Maturity Date" shall mean December 5, 2021; provided, that (x) if, on the date that is 91 days prior to the maturity date of the 1-1/2 Lien Notes (the "Extended Early 1-1/2 Lien Maturity Test Date"), the aggregate principal amount of the 1-1/2 Lien Notes outstanding exceeds $50.0 million, the Extended Maturity Date shall be the Extended Early 1-1/2 Lien Maturity Test Date, (y) if, on the date that is 91 days prior to the maturity date of the First Lien Notes (the "Extended Early First Lien Maturity Test Date"), the aggregate principal amount of the First Lien Notes outstanding exceeds $50.0 million, the Extended Maturity Date shall be the Extended Early First Lien Maturity Test Date and (z) if, on the date that is 91 days prior to the maturity date of the Second Lien Notes (the "Extended Early Second Lien Maturity Test Date"), the aggregate principal amount of the Second Lien Notes outstanding exceeds $50.0 million, the Extended Maturity Date shall be the Extended Early Second Lien Maturity Test Date.

"Extended Maturity Test Date" shall have the meaning assigned to such term in the definition of the term "Permitted Refinancing Indebtedness".

"Extended Revolving Facility Commitment" shall have the meaning assigned to such term in Section 2.21(e).

"Extending Lender" shall have the meaning assigned to such term in Section 2.21(e).

"Extension" shall have the meaning assigned to such term in Section 2.21(e).

"Facility Termination Event" shall have the meaning assigned to such term in Section 2.05(k).

"FATCA" shall mean Sections 1471 through 1474 of the Code, as of the date of this Agreement (or any amended or successor version that is substantively comparable and not materially more onerous to comply with), any current or future regulations or official interpretations thereof, and any agreements entered into pursuant to Section 1471(b)(1) of the Code or any fiscal or regulatory legislation, rules or practices adopted pursuant to any intergovernmental agreement entered into in connection with the implementation of such Sections of the Code.

"Federal Funds Effective Rate" shall mean, for any day, the rate calculated by the NYFRB based on such day's federal funds transactions by depositary institutions (as determined in such manner as the NYFRB shall set forth on its public website from time to time) and published on the next succeeding Business Day by the NYFRB as the federal funds effective rate; provided that, if the Federal Funds Effective Rate shall be less than zero, such rate shall be deemed to be zero for purposes of this Agreement.

"Fees" shall mean the Commitment Fees, the L/C Participation Fees, the Issuing Bank Fees and the Administrative Agent Fees.

"Financial Officer" of any person shall mean the Chief Financial Officer, principal accounting officer, Treasurer, Assistant Treasurer or Controller of such person (and, in the case of a Foreign Subsidiary Loan Party, shall also mean each person performing similar duties as the foregoing (including any director of a Foreign Subsidiary Loan Party)).

"Financial Performance Covenant" shall mean the covenant of the U.S. Borrower set forth in Section 6.10.

"First Lien Notes" shall mean (i) the $1.550 billion aggregate original principal amount of the U.S. Borrower's (as successor of Hexion U.S. Finance Corp.), 6.625% First-Priority Senior Secured Notes due 2020 and (ii) the $315 million aggregate principal amount of the U.S. Borrower's 10.00% First-Priority Senior Secured Notes due 2020.

"First Lien Notes Documents" shall mean the indentures under which the First Lien Notes are issued and all other instruments, agreements and other documents evidencing or governing the First Lien Notes or providing for any security, guarantee or other right in respect thereof.

"Fixed Charge Coverage Ratio" shall mean on any date the ratio of (a)(i) EBITDA for the most recent period of four consecutive fiscal quarters of the U.S. Borrower for which financial statements are available minus (ii) non-financed Capital Expenditures of the U.S. Borrower and the Subsidiaries during such period (for the avoidance of doubt, any Capital Expenditures financed by proceeds of the Loans shall be considered non-financed Capital Expenditures) minus (iii) cash taxes paid by the U.S. Borrower and the Subsidiaries during such period to (b) the sum of (i) scheduled principal payments required to be made during such period in respect of Indebtedness for borrowed money or Indebtedness consisting of Capital Lease Obligations of the U.S. Borrower and the Subsidiaries plus (ii) the Cash Interest Expense of the U.S. Borrower and the Subsidiaries for such period plus (iii) Dividends pursuant to Sections 6.06(e) or (f), in each case to the extent paid by the U.S. Borrower in cash during such period, all determined for the U.S. Borrower and the Subsidiaries on a consolidated basis in accordance with GAAP; provided that the Fixed Charge Coverage Ratio shall be determined for the relevant Test Period on a Pro Forma Basis.

"Flow Through Entity" shall mean an entity that is treated as a partnership not taxable as a corporation, a grantor trust or a disregarded entity for U.S. federal income tax purposes or subject to treatment on a comparable basis for purposes of state, local or foreign tax law.

"Foreign Borrowers" shall mean the Canadian Borrower, the Dutch Borrower, the German Borrower and the U.K. Borrowers.

"Foreign Guarantee Agreement" shall mean the Foreign Guarantee Agreement, dated as of the Closing Date, among the Foreign Subsidiary Loan Parties party thereto and the Administrative Agent, as amended, supplemented or otherwise modified from time to time.

"Foreign Lender" shall mean any Lender (a)(i) that is not disregarded for U.S. federal income tax purposes and (ii) that is organized under the laws of any jurisdiction other than the United States of America, any State thereof or the District of Columbia or (b)(i) that is disregarded for U.S. federal income tax purposes and (ii) whose owner for U.S. federal income tax purposes is organized under the laws of a jurisdiction other than the United States of America, any State thereof or the District of Columbia.

"Foreign Official" shall mean an officer or employee of a government or any department, agency, or instrumentality thereof, or of a public international organization, or any person acting in an official capacity for or on behalf of any such government or department, agency, or instrumentality, or for or on behalf of any such public international organization, or any political party, party official, or candidate thereof. Foreign Official also includes officers, employees, representatives, or agents of any entity owned or controlled directly or indirectly by a government, including through ownership by a sovereign wealth fund.

"Foreign Pledge Agreement" shall mean a pledge or charge agreement with respect to the Equity Interests of Momentive International Holdings Coöperatief U.A. owned by NL Coop Holdings LLC, in favor of the Administrative Agent, for the benefit of the Secured Parties, in form and substance reasonably satisfactory to the Administrative Agent.

"Foreign Security Documents" shall mean the Foreign Pledge Agreement and one or more other security agreements, charges, mortgages or pledges with respect to the ABL Priority Collateral owned by a Foreign Subsidiary Loan Party, in each case entered pursuant to the Collateral and Guarantee Requirement, including but not limited to the Canadian Security Documents, the U.K. Security Documents, the Dutch Security Documents and the German Security Documents, each in form and substance reasonably satisfactory to the Administrative Agent, that secure the Obligations of such Foreign Subsidiary Loan Party.

"Foreign Subsidiary" shall mean any Subsidiary that is incorporated, organized, constituted or amalgamated under the laws of any jurisdiction other than the United States of America, any State thereof or the District of Columbia.

"Foreign Subsidiary Loan Party" shall mean (a) each Foreign Borrower, (b) each Foreign Subsidiary that is set forth on Schedule 1.01(g) to the 2013 Credit Agreement, (c) the New German Subsidiary Guarantors (as defined in the 2015 Amendment Agreement) and (d) each Designated Foreign Subsidiary that is formed or acquired after the Closing Date.

"Fund" shall mean Apollo Investment Fund IV, L.P., Apollo Investment Fund V, L.P., Apollo Investment Fund VI, L.P., Apollo Investment Fund VII, L.P. and Apollo Overseas Partners IV, L.P.

"Fund Affiliate" shall mean (a) each Affiliate of the Fund that is neither a "portfolio company" (which means a company actively engaged in providing goods or services to unaffiliated customers) nor a company controlled by a "portfolio company" and (b) any individual who is a partner or employee of Apollo Management, L.P., Apollo Management IV, L.P. or Apollo Management V, L.P.

"GAAP" shall mean generally accepted accounting principles in effect from time to time in the United States of America, applied on a consistent basis, subject to the provisions of

Section 1.02; provided that any reference to the application of GAAP in Section 3.13(a), 3.13(b), 3.20, 5.03, 5.07 and 6.02(e) to a Foreign Subsidiary (and not as a consolidated Subsidiary of the U.S. Borrower) shall mean generally accepted accounting principles in effect from time to time in the jurisdiction of organization of such Foreign Subsidiary.

"German Borrower" shall have the meaning assigned to such term in the preamble hereto.

"German Borrowing Base" shall mean, with respect to the German Loan Parties at any time, subject to the Eligibility Adjustment Principles and Borrowing Base Acquisition Adjustment Principles, the amount (expressed as a U.S. Dollar Equivalent amount) equal to:

(a) the sum of:

(i) in the case of Eligible Machinery and Equipment, 80.0% of the Net Orderly Liquidation Value In-Place of the Eligible Machinery and Equipment of such German Loan Parties; and

(ii) in the case of Eligible Real Property, 75.0% of the Appraised Fair Market Value of Eligible Real Property of such German Loan Parties;

minus

(b) any applicable Reserve then in effect to the extent applicable to such German Loan Parties or such Eligible Machinery and Equipment and Eligible Real Property;

provided, however, that the German Borrowing Base (together with the Dutch Borrowing Base and the U.K. Borrowing Base) shall not constitute more than the greater of (i) 50.0% of the Total Revolving Facility Commitments and (ii) 50.0% of the Global Borrowing Base (calculated prior to giving effect to such limitation).

The specified percentages set forth in this definition will not be reduced without the consent of the U.S. Borrower and the German Borrower.

"German Loan Parties" shall mean the German Borrower and any Subsidiary of the U.S. Borrower organized under the laws of Germany that is or hereafter becomes a party to the Foreign Guarantee Agreement.

"German Revolving Facility Exposure" shall mean, at any time, with respect to the German Borrower, that portion of the Revolving Facility Exposure comprising (a) Revolving Facility Loans borrowed by the German Borrower, (b) Swingline Exposure to the German Borrower and (c) Revolving L/C Exposure to the German Borrower.

"German Security Document" shall mean, individually and collectively as the context may require, each pledge agreement, security agreement, guarantee or other agreement that is entered into in favor of the Collateral Agent and/or the Secured Parties, and any other pledge agreement, security agreement or other agreement entered into pursuant to the terms of the Loan Documents that is governed by the laws of Germany, securing the Obligations, in each case in form and substance reasonably satisfactory to the Administrative Agent and entered into pursuant to the terms of this Agreement or any other Loan Document, as the same may be amended, restated or otherwise modified from time to time.

"Global Borrowing Base" shall mean the sum of the Canadian Borrowing Base, the Dutch Borrowing Base, the German Borrowing Base, the U.S. Borrowing Base and the U.K. Borrowing Base (calculated giving effect to the proviso in the definition of "PP&E Component").

"Governmental Authority" shall mean any federal, state, local or foreign court or governmental agency, authority, instrumentality or regulatory or legislative body (which shall include, without limitation, the European Central Bank and the Council of Ministers of the European Union).

"Guarantee" of or by any person (the "guarantor") shall mean (a) any obligation, contingent or otherwise, of the guarantor guaranteeing or having the economic effect of guaranteeing any Indebtedness or other obligation of any other person (the "primary obligor") in any manner, whether directly or indirectly, and including any obligation of the guarantor, direct or indirect, (i) to purchase or pay (or advance or supply funds for the purchase or payment of) such Indebtedness or other obligation (whether arising by virtue of partnership arrangements, by agreement to keep well, to purchase assets, goods, securities or services, to take-or- pay or otherwise) or to purchase (or to advance or supply funds for the purchase of) any security for the payment of such Indebtedness or other obligation, (ii) to purchase or lease property, securities or services for the purpose of assuring the owner of such Indebtedness or other obligation of the payment thereof, (iii) to maintain working capital, equity capital or any other financial statement condition or liquidity of the primary obligor so as to enable the primary obligor to pay such Indebtedness or other obligation, (iv) entered into for the purpose of assuring in any other manner the holders of such Indebtedness or other obligation of the payment thereof or to protect such holders against loss in respect thereof (in whole or in part) or (v) as an account party in respect of any letter of credit or letter of guaranty issued to support such Indebtedness or other obligation, or (b) any Lien on any assets of the guarantor (other than the Lien permitted pursuant to Section 6.02(hh)) securing any Indebtedness or other obligation (or any existing right, contingent or otherwise, of the holder of Indebtedness or other obligation to be secured by such a Lien) of any other person, whether or not such Indebtedness or other obligation is assumed by the guarantor; provided, however, that the term "Guarantee" shall not include endorsements for collection or deposit, in either case in the ordinary course of business, or customary and reasonable indemnity obligations in effect on the Closing Date or entered into in connection with any acquisition or disposition of assets permitted under this Agreement. The amount of any Guarantee shall be deemed to be an amount equal to the stated or determinable amount of the Indebtedness in respect of which such Guarantee is made or, if not stated or determinable, the maximum reasonably anticipated liability in respect thereof as determined by such person in good faith.

"Guarantor" shall mean any Loan Party party to the U.S. Guarantee Agreement or the Foreign Guarantee Agreement.

"Hazardous Materials" shall mean all pollutants, contaminants, wastes, chemicals, materials, substances and constituents, including explosive or radioactive substances or petroleum or petroleum distillates, asbestos or asbestos containing materials, polychlorinated biphenyls or radon gas, of any nature subject to regulation or which can give rise to liability under any Environmental Law.

"Hedge Bank" shall mean any person that, at the time it enters into a Secured Hedge Agreement (or on the Closing Date), is an Agent, Syndication Agent, Documentation Agent, a Joint Lead Arranger, a Lender or an Affiliate of any such person, in each case in its capacity as a party to such Secured Hedge Agreement.

"Hexion Nova Scotia Finance ULC" shall mean a collective reference to Hexion Nova Scotia Finance, ULC, Hexion 2 Nova Scotia Finance, ULC and any successor entity or entities formed as a result of the merger, amalgamation or other combination of such entities.

"Holdings" shall have the meaning assigned to such term in the preamble hereto.

"Immaterial Subsidiary" shall mean any Subsidiary (other than any Subsidiary Loan Party or, for so long as such entity is party to the ARPA, any Seller) (a) identified on Schedule 1.01(e) to the 2013 Credit Agreement or (b) designated by the U.S. Borrower as an Immaterial Subsidiary hereunder after the Closing Date by prior written notice to the Administrative Agent; provided that a Subsidiary shall only be permitted to be an Immaterial Subsidiary so long as (x) as of the last day of the fiscal quarter of U.S. Borrower most recently ended, (i) such Immaterial Subsidiary did not have assets with a value in excess of 5.0% of the Consolidated Total Assets and revenues representing in excess of 5.0% of total revenues of U.S. Borrower and the Subsidiaries on a consolidated basis as of such date and (ii) when taken together with all other Immaterial Subsidiaries as of such date, such Immaterial Subsidiaries did not have assets with a value in excess of 10.0% of the Consolidated Total Assets and revenues representing in excess of 10.0% of total revenues of U.S. Borrower and the Subsidiaries on a consolidated basis as of such date and (y) the U.S. Borrower shall have delivered to the Administrative Agent an officer's certificate executed by a Responsible Officer of the U.S. Borrower, certifying to the best of such officer's knowledge, compliance with the requirements of clause (x). Any Immaterial Subsidiary may be designated to be a Material Subsidiary for the purposes of this Agreement by written notice to the Administrative Agent.

"Impacted Interest Period" shall have the meaning assigned to such term in the definition of "LIBO Rate".

"Increased Amount" of any Indebtedness shall mean any increase in the amount of such Indebtedness in connection with any accrual of interest, the accretion of accreted value, the amortization of original issue discount, the payment of interest in the form of additional Indebtedness with the same terms or in the form of common stock of the U.S. Borrower or any Parent Entity and the accretion of original issue discount or liquidation preference.

"Incremental Amount" shall mean, at any time, the excess, if any, of (a) the greater of (i) $50.0 million and (ii) the excess (if any) of the Global Borrowing Base at such time over the amount of the then-effective Total Revolving Facility Commitments at such time over (b) the aggregate amount of all Incremental Revolving Facility Commitments established prior to such time pursuant to Section 2.21 (other than Incremental Revolving Facility Commitments in respect of Extended Revolving Facility Commitments).

"Incremental Assumption Agreement" shall mean an Incremental Assumption Agreement in form and substance reasonably satisfactory to the Administrative Agent, among the applicable Borrower, the Administrative Agent and one or more Incremental Revolving Facility Lenders.

"Incremental Revolving Facility Commitment" shall mean the commitment of any Lender, established pursuant to Section 2.21, to make Incremental Revolving Facility Loans to a Borrower.

"Incremental Revolving Facility Lender" shall mean a Lender with an Incremental Revolving Facility Commitment or an outstanding Incremental Revolving Facility Loan.

"Incremental Revolving Facility Loans" shall mean Revolving Facility Loans made by one or more Lenders to a Borrower pursuant to Section 2.01(d). Incremental Revolving Facility Loans may be made in the form of additional Revolving Facility Loans or, to the extent permitted by Section 2.21 and provided for in the relevant Incremental Assumption Agreement, Other Revolving Facility Loans.

"Indebtedness" of any person shall mean, without duplication (a) all obligations of such person for borrowed money, (b) all obligations of such person evidenced by bonds, debentures, notes or similar instruments, (c) all obligations of such person under conditional sale or other title retention agreements relating to property or assets purchased by such person, (d) all obligations of such person issued or assumed as the deferred purchase price of property or services (other than current trade liabilities and current intercompany liabilities (but not any refinancings, extensions, renewals or replacements thereof) incurred in the ordinary course of business and maturing within 365 days after the incurrence thereof), (e) all Guarantees by such person of Indebtedness described in the other clauses of this definition of others, (f) all Capital Lease Obligations of such person, (g) all net payments that such person would have to make in the event of an early termination, on the date Indebtedness of such person is being determined, in respect of outstanding Swap Agreements, (h) the principal component of all obligations, contingent or otherwise, of such person as an account party in respect of letters of credit, (i) the principal component of all obligations of such person in respect of bankers' acceptances and (j) the amount of all obligations of such person with respect to the redemption, repayment or other repurchase of any Disqualified Stock (excluding accrued dividends that have not increased the liquidation preference of such Disqualified Stock); provided that Indebtedness shall not include (A) trade payables, accrued expenses and intercompany liabilities arising in the ordinary course of business (other than, in the case of such intercompany liabilities, for purposes of clause (d) of the definition of the term "Collateral and Guarantee Requirement"), (B) prepaid or deferred revenue arising in the ordinary course of business, (C) purchase price holdbacks arising in the ordinary course of business in respect of a portion of the purchase price of an asset to satisfy unperformed obligations of the seller of such asset or (D) earn-out obligations until such obligations become a liability on the balance sheet of such person in accordance with GAAP. The Indebtedness of any person shall include the Indebtedness of any partnership in which such person is a general partner, other than to the extent that the instrument or agreement evidencing such Indebtedness expressly limits the liability of such person in respect thereof.

"Indemnified Taxes" shall mean all Taxes (other than Excluded Taxes and Other Taxes) imposed on or with respect to any payment made by or on account of any obligation of any Loan Party under any Loan Document.

"Indemnitee" shall have the meaning assigned to such term in Section 9.05(b).

"Indenture Restricted Subsidiary" shall mean a "Restricted Subsidiary" under and as defined in the Debenture Indenture.

"Industrial Revenue Bonds" shall mean the Parish of Ascension, Louisiana, Industrial Revenue Bonds guaranteed by the U.S. Borrower outstanding on the Closing Date.

"Ineligible Institution" shall mean the persons identified in writing to the Administrative Agent by the U.S. Borrower on the Closing Date, and as may be identified in writing to the Administrative Agent by the U.S. Borrower from time to time thereafter, with the written consent of the Administrative Agent, by delivery of a notice thereof to the Administrative Agent setting forth such person or persons (or the person or persons previously identified to Administrative Agent that are to be no longer considered "Ineligible Institutions").

"Information" shall have the meaning assigned to such term in Section 3.14(a).

"Information Memorandum" shall mean the lender presentation delivered to the Lenders prior to the Closing Date by any Loan Party (or by any Joint Lead Arranger on behalf of such Loan Party) in connection with the syndication of the facilities hereunder.

"Initial Revolving Facility Loans" shall have the meaning assigned to such term in Section 2.21(a).

"Intellectual Property Rights" shall have the meaning assigned to such term in Section 3.22.

"Intercreditor Agreements" shall mean (a) the ABL Intercreditor Agreement, (b) the 1-1/2 Lien Intercreditor Agreement, (c) the Second Lien Intercreditor Agreement and (d) any additional or replacement intercreditor agreement entered into by the Agents pursuant to Section 8.11, each as amended, modified or supplemented from time to time in accordance with this Agreement.

"Interest Election Request" shall mean a request by the applicable Borrower to convert or continue a Revolving Borrowing in accordance with Section 2.08.

"Interest Expense" shall mean, with respect to any person for any period, the sum of, without duplication, (a) gross interest expense of such person for such period on a consolidated basis, including (i) the amortization of debt discounts, (ii) the amortization of all fees (including fees with respect to Swap Agreements) payable in connection with the incurrence of Indebtedness to the extent included in interest expense, (iii) the portion of any payments or accruals with respect to Capital Lease Obligations allocable to interest expense and (iv) net payments and receipts (if any) pursuant to interest rate hedging obligations, and excluding amortization of deferred financing fees and expensing of any bridge or other financing fees, (b) capitalized interest of such person, whether paid or accrued, and (c) commissions, discounts, yield and other fees and charges incurred for such period in connection with any Permitted Receivables Financing that are payable to persons other than Holdings (prior to a Qualified IPO), the U.S. Borrower and the Subsidiaries. For purposes of the foregoing, gross interest expense shall be determined after giving effect to any net payments made or received and costs incurred by the U.S. Borrower and the Subsidiaries with respect to Swap Agreements.

"Interest Payment Date" shall mean, (a) with respect to any Eurocurrency Revolving Loan, the last day of the Interest Period applicable to the Borrowing of which such Loan is a part and, in the case of a Eurocurrency Revolving Borrowing with an Interest Period of more than three months' duration each day that would have been an Interest Payment Date had successive Interest Periods of three months' duration been applicable to such Borrowing and, in addition, the date of any refinancing or conversion of such Borrowing with or to a Borrowing of a different Type, (b) with respect to any ABR Loan (other than a Swingline Loan) or Base Rate Loan, the first day of each calendar quarter (being the first day of January, April, July and October of each year) and (c) with respect to any Swingline Loan, the day that such Swingline Loan is required to be repaid pursuant to Section 2.10(a).

"Interest Period" shall mean (a) as to any Eurocurrency Revolving Borrowing, the period commencing on the date of such Borrowing or on the last day of the immediately preceding Interest Period applicable to such Borrowing, as applicable, and ending on the numerically corresponding day (or, if there is no numerically corresponding day, on the last day) in the calendar month that is 1, 2, 3 or 6 months thereafter (or 9 or 12 months, if at the time of the relevant Borrowing, all Lenders make interest periods of such length available, or any shorter period approved by the Administrative Agent), as the applicable Borrower may elect, or the date any Eurocurrency Revolving Borrowing is converted to an ABR Borrowing in accordance with Section 2.08 or repaid or prepaid in accordance with Section 2.10, 2.11 or 2.12 and (b) as to any Swingline Borrowing made by the Dutch Borrower, the German Borrower or the U.K. Borrower, the period commencing on the date of such Borrowing and ending on the day that is designated in the notice delivered pursuant to Section 2.04 with respect to such Swingline Borrowing, which shall not be later than the first date after such Swingline Loan is to be made that is the 15th or last day of a calendar month and is at least five Business Days after such Swingline Loan is made; provided that, in the case of each of clause (a) and clause (b), if any Interest Period would end on a day other than a Business Day, such Interest Period shall be extended to the next succeeding Business Day unless such next succeeding Business Day would fall in the next calendar month, in which case such Interest Period shall end on the next preceding Business Day. Interest shall accrue from and including the first day of an Interest Period to but excluding the last day of such Interest Period.

"Interpolated Rate" shall mean, at any time, the rate per annum (rounded to the same number of decimal places as the Screen Rate) determined by the Administrative Agent (which determination shall be conclusive and binding absent manifest error) to be equal to the rate that results from interpolating on a linear basis between: (a) the Screen Rate (for the longest period for which that Screen Rate is available in Dollars or Sterling, as applicable) that is shorter than the Impacted Interest Period and (b) the Screen Rate (for the shortest period for which that Screen Rate is available for Dollars or Sterling, as applicable) that exceeds the Impacted Interest Period, in each case, as of the Specified Time on the Quotation Day for such Interest Period. When determining the rate for a period which is less than the shortest period for which the Screen Rate is available, the Screen Rate for purposes of clause (a) above shall be deemed to be the overnight rate for Dollars determined by the Administrative Agent from such service as the Administrative Agent may select.

"Inventory" shall mean, with respect to a person, all of such person's now owned and hereafter acquired inventory, goods and merchandise, wherever located, in each case to be furnished under any contract of service or held for sale or lease, all returned goods, raw materials, work-in-process, finished goods (including embedded software), other materials, and supplies of any kind, nature, or description which are used or consumed in such person's business or used in connection with the packing, shipping, advertising, selling, or finishing of such goods, merchandise, and other property, and all documents of title or other documents representing them.

"Inventory Jurisdiction" shall mean the United States of America, Canada, England and Wales, Germany and The Netherlands.

"Investment" shall have the meaning set forth in Section 6.04.

"Issuing Bank" shall mean (a) with respect to each Letter of Credit issued pursuant to Section 2.05 of this Agreement, JPMCB and each other Lender designated pursuant to Section 2.05(i) or (l), in each case in its capacity as an issuer of Letters of Credit hereunder, and its successors in such capacity as provided in Section 2.05(i), and (b) with respect to each Original Letter of Credit, the person that issued such Original Letter of Credit and any successor to such person. An Issuing Bank may, in its discretion, arrange for one or more Letters of Credit to be issued by Affiliates of such Issuing Bank, in which case the term "Issuing Bank" shall include any such Affiliate with respect to Letters of Credit issued by such Affiliate.

"Issuing Bank Fees" shall have the meaning assigned to such term in Section 2.13(b).

"ITA" shall mean the Income Tax Act (Canada), as amended.

"Joint Lead Arrangers" shall mean J.P. Morgan Securities Inc., Citigroup Global Markets Inc., Credit Suisse Securities (USA) LLC, Deutsche Bank Securities Inc., Goldman Sachs Bank USA, Merrill Lynch, Pierce, Fenner & Smith Incorporated, and Wells Fargo Bank, National Association, and up to one additional person appointed pursuant to Section 2.01(a).

"JPMCB" shall have the meaning assigned to such term in the preamble hereto.

"Judgment Currency" shall have the meaning assigned to such term in Section 9.10(b).

"Junior Financing" shall have the meaning assigned to such term in Section 6.09(b).

"L/C Disbursement" shall mean a payment or disbursement made by an Issuing Bank pursuant to a Letter of Credit. The amount of any L/C Disbursement made by an Issuing

Bank in an Alternative Currency and not reimbursed by the applicable Borrower shall be determined as set forth in paragraph (e) or (n) of Section 2.05, as applicable.

"L/C Participation Fee" shall have the meaning assigned such term in Section 2.13(b).

"Lender" shall mean, at any time, each financial institution listed on Schedule 2.01 to the 2013 Credit Agreement having a Revolving Facility Commitment (or Revolving L/C Exposure), each financial institution listed on Annex II hereto having a 2016 Extended Revolving Facility Commitment (or Revolving L/C Exposure with respect thereto), as well as any person that becomes a "Lender" hereunder pursuant to Section 9.04, Section 2.01(a) or Section 2.21. For the avoidance of doubt, the term "Lender" shall include the Swingline Lender.

"Lending Office" shall mean, as to any Lender, such Lender's U.S. Lending Office, Canadian Lending Office or Euro Lending Office.

"Letter of Credit" shall mean any letter of credit issued pursuant to Section 2.05 of this Agreement, including each Alternative Currency Letter of Credit and each Original Letter of Credit.

"Letter of Credit Sublimit" shall mean $150.0 million.

"LIBO Rate" shall mean, with respect to any Eurocurrency Revolving Borrowing denominated in U.S. Dollars or Sterling for any Interest Period, the Screen Rate at approximately 11:00 a.m., London, England time, two Business Day preceding the first day of such Interest Period (and, with respect to Eurocurrency Borrowings in Sterling, on the first day of such Interest Period); provided, however, that if the Screen Rate shall not be available at such time for such Interest Period (an "Impacted Interest Period") with respect to the applicable currency, then the LIBO Rate shall be the Interpolated Rate.

"Lien" shall mean, with respect to any asset, (a) any mortgage, deed of trust, lien, hypothecation, pledge, encumbrance, charge, assignment by way of security or security interest in or on such asset, (b) the interest of a vendor or a lessor under any conditional sale agreement, capital lease or title retention agreement (or any financing lease having substantially the same economic effect as any of the foregoing) relating to such asset and (c) in the case of securities (other than securities representing an interest in a joint venture that is not a Subsidiary), any purchase option, call or similar right of a third party with respect to such securities; provided that in no event shall an operating lease or an agreement to sell be deemed to constitute a Lien.

"Loan Document Obligations" shall mean (a) the due and punctual payment by each Borrower of (i) the principal of and interest (including interest accruing during the pendency of any bankruptcy, insolvency, receivership or other similar proceeding, regardless of whether allowed or allowable in such proceeding) on the Loans and B/As, when and as due, whether at maturity, by acceleration, upon one or more dates set for prepayment or otherwise, (ii) each payment required to be made by each Borrower hereunder in respect of any Letter of Credit or B/A, when and as due, including payments in respect of reimbursement of disbursements, interest thereon and obligations to provide Cash Collateral, and (iii) all other monetary obligations of each

Borrower to any of the Secured Parties hereunder and each of the other Loan Documents, including obligations to pay fees, expense reimbursement obligations and indemnification obligations, whether primary, secondary, direct, contingent, fixed or otherwise (including monetary obligations incurred during the pendency of any bankruptcy, insolvency, receivership or other similar proceeding, regardless of whether allowed or allowable in such proceeding), (b) the due and punctual performance of all other obligations of each Borrower hereunder or pursuant to other Loan Documents and (c) the due and punctual payment and performance of all the obligations of each other Loan Party under or pursuant to each Loan Document.

"Loan Documents" shall mean this Agreement, the 2015 Amendment Agreement, the Amendment Agreement, the Letters of Credit, the Security Documents, any Promissory Notes issued under Section 2.10(e), Additional Extending Lender Agreement No. 1, and solely for purposes of Section 7.01 hereof, the Administrative Agent Fee Letter.

"Loan Parties" shall mean Holdings (prior to a Qualified IPO), the U.S. Borrower and the Subsidiary Loan Parties.

"Loans" shall mean the Revolving Facility Loans and the Swingline Loans (and shall include any loans under the Incremental Revolving Facility Commitments, including any Other Revolving Facility Loans and any B/A Drawings) (each a "Loan" and, together, the "Loans").

"Local Time" shall mean (a) with respect to a Loan or Borrowing made to the U.S. Borrower, New York City time, (b) with respect to a Loan or Borrowing made to the Dutch Borrower, the German Borrower or a U.K. Borrower, London time, and (c) with respect to a Loan or Borrowing made to the Canadian Borrower or a B/A, Toronto time.

"Management Group" shall mean the group consisting of the directors, executive officers and other management personnel of the U.S. Borrower and any Parent Entity, as the case may be, on the Closing Date, together with (a) any new directors of the U.S. Borrower or any Parent Entity whose election by such Boards of Directors or whose nomination for election by the shareholders of the U.S. Borrower or such Parent Entity, as the case may be, was approved by a vote of a majority of the directors of the U.S. Borrower or such Parent Entity, as the case may be, then still in office who were either directors on the Closing Date or whose election or nomination was previously so approved and (b) executive officers and other management personnel of the U.S. Borrower or any Parent Entity, as the case may be, hired at a time when the directors on the Closing Date together with the directors so approved constituted a majority of the directors of the U.S. Borrower or such Parent Entity, as the case may be.

"Margin Stock" shall have the meaning assigned to such term in Regulation U.

"Material Adverse Effect" shall mean a material adverse effect on (a) the business, property, operations or condition of the U.S. Borrower and the Subsidiaries, taken as a whole, or (b) the validity or enforceability of any material Loan Document or the rights and remedies of the Administrative Agent and the Lenders thereunder.

“Material Indebtedness” shall mean Indebtedness (other than Loans and Letters of Credit) of any one or more of the U.S. Borrower or any Subsidiary in an aggregate principal amount exceeding $50.0 million.

“Material Subsidiary” shall mean any Subsidiary other than Immaterial Subsidiaries.

“Maturity Date” shall mean (a)(i) with respect to the Commitments in effect on the Amendment Effective Date and prior to the Stage 2 Amendment Effective Date, March 28, 2018; provided that if, on the date that is 91 days prior to the maturity date of the 1-1/2 Lien Notes (the “Early Maturity Test Date”), the aggregate principal amount of the 1-1/2 Lien Notes outstanding exceeds $50.0 million, the Maturity Date for such Commitments will be the Early Maturity Test Date and (ii) with respect to the 2016 Extended Revolving Facility Commitments in effect on and after the Stage 2 Amendment Effective Date, the “Extended Maturity Date” and (b) with respect to any other Class of Loans or Commitments, the maturity date specified therefor in the applicable Incremental Assumption Agreement.

“Maximum Rate” shall have the meaning assigned to such term in Section 9.09(a).

“Minimum L/C Collateral Amount” shall mean, at any time, in connection with any Letter of Credit, (a) with respect to Cash Collateral consisting of cash or deposit account balances, an amount equal to 105.0% of the Revolving L/C Exposure with respect to such Letter of Credit at such time and (b) otherwise, an amount sufficient to provide credit support with respect to such Revolving L/C Exposure as determined by the Administrative Agent and the Issuing Banks in their reasonable discretion.

“Moody’s” shall mean Moody’s Investors Service, Inc. or any successor thereto.

“Mortgaged Properties” shall mean (i) the owned real properties of the Domestic Loan Parties set forth on Schedule 1.01(c) to the 2013 Credit Agreement, (ii) the owned real properties of the Foreign Subsidiary Loan Parties set forth on Schedule 1.01(c)(A) to the 2015 Credit Agreement as of the 2015 Amendment Effective Date and (iii) each additional real property encumbered by a Mortgage pursuant to Section 5.10.

“Mortgages” shall mean the mortgages, debentures, hypothecs, deeds of trust, deeds to secure debt, assignments of leases and rents, and other security documents delivered pursuant to Section 5.10, as amended, supplemented or otherwise modified from time to time, with respect to Mortgaged Properties, each in form and substance reasonably satisfactory to the Administrative Agent.

“MSC Holding B.V.” shall mean Hexion Holding B.V. (formerly known as Momentive Specialty Chemicals Holding B.V.).

"Multiemployer Plan" shall mean a multiemployer plan as defined in Section 4001(a)(3) of ERISA to which Holdings (prior to a Qualified IPO), the U.S. Borrower, any Subsidiary or any ERISA Affiliate is making or accruing an obligation to make contributions, or has within any of the preceding six plan years made or accrued an obligation to make contributions.

"Net Income" shall mean, with respect to any person, the net income (loss) of such person, determined in accordance with GAAP and before any reduction in respect of preferred stock dividends.

"Net Orderly Liquidation Value" shall mean, on any date, the applicable Net Orderly Liquidation Value Percentage multiplied by the Eligible Inventory of the applicable Borrowing Base on such date.

"Net Orderly Liquidation Value In-Place" shall mean, at any time, with respect to any applicable Eligible Machinery and Equipment, the net orderly liquidation value in-place of such Equipment, as determined by reference to the most recent third-party appraisal of such Equipment received by the Administrative Agent in accordance with the terms hereof.

"Net Orderly Liquidation Value Percentage" shall mean the orderly liquidation value (net of costs and expenses incurred in connection with liquidation) of Eligible Inventory as a percentage of the lower of cost and market of such Inventory, which percentage shall be determined on a first-in, first-out basis by reference to the most recent third-party appraisal of such Inventory received by the Administrative Agent in accordance with the terms hereof. The Net Orderly Liquidation Value Percentage applicable as of the 2015 Amendment Effective Date shall be 68.4% for the U.S. Borrowing Base, 76.0% for the Canadian Borrowing Base, 75.2% for the Dutch Borrowing Base and 35.6% for the U.K. Borrowing Base.

"New Collection Account" shall have the meaning assigned to such term in Section 5.12(b)(iv).

"Non-Consenting Lender" shall have the meaning assigned to such term in Section 2.20(c).

"Non-Public Lender" shall mean:

(i) until the publication of an interpretation of "public" as referred to in the CRR by the competent authority/ies: an entity which (x) assumes existing rights and/or obligations vis-à-vis a Dutch Borrower, the value of which is at least EUR 100,000 (or its equivalent in another currency), (y) provides repayable funds for an initial amount of at least EUR 100,000 (or its equivalent in another currency) or (z) otherwise qualifies as not forming part of the public; and

(ii) as soon as the interpretation of the term "public" as referred to in the CRR has been published by the relevant authority/ies: an entity which is not considered to form part of the public on the basis of such interpretation.

"Note Transactions" shall mean, collectively, (a) the execution and delivery by the Loan Parties of the Amendment Agreement and the Loan Documents executed and delivered in connection with the Amendment Agreement to which they are a party, (b) the purchase, redemption and/or exchange of 1-1/2 Lien Notes by the U.S. Borrower, including for or with the proceeds of Indebtedness permitted hereunder, and (c) the payment of related fees and expenses in connection therewith.

"Notes" shall mean, collectively, the First Lien Notes, the 1-1/2 Lien Notes and the Second Lien Notes.

"Notes Issuer" shall mean any subsidiary of the U.S. Borrower that is, in each case, an issuer or co-issuer of any of any of the First Lien Notes, the 1-1/2 Lien Notes or the Second Lien Notes.

"Notes Priority Collateral" shall have the meaning assigned to such term in the ABL Intercreditor Agreement.

"Notes-Priority Lien" shall mean any Lien that (i) is senior to the Liens securing the Obligations in respect of the Notes Priority Collateral and (ii) is subordinated to the Liens securing the Obligations in respect of the ABL Priority Collateral, in each case pursuant to, and otherwise subject to the terms of, the ABL Intercreditor Agreement or any other intercreditor agreement reasonably satisfactory to the Administrative Agent.

"NYFRB" shall mean the Federal Reserve Bank of New York.

"NYFRB Rate" shall mean, for any day, the greater of (a) the Federal Funds Effective Rate in effect on such day and (b) the Overnight Bank Funding Rate in effect on such day(or for any day that is not a Banking Day, for the immediately preceding Banking Day); provided that if none of such rates are published for any day that is a Business Day, the term "NYFRB Rate" means the rate for a federal funds transaction quoted at 11:00 a.m. on such day received to the Administrative Agent from a federal funds broker of recognized standing selected by it; provided, further, that if any of the aforesaid rates shall be less than zero, such rate shall be deemed to be zero for purposes of this Agreement.

"Obligations" means (a) the Loan Document Obligations, (b) the due and punctual payment and performance of all obligations of each Loan Party under (i) each Secured Hedge Agreement and (ii) each Secured Cash Management Agreement; provided that holders of Obligations in respect of the Designated Secured Hedge Agreements and the Designated Secured Cash Management Agreements shall not be entitled to a claim in excess of $50.0 million that will be equal in priority with the Loans in the payment waterfall pursuant to Section 4.02 of the Collateral Agreement, and (c) the due and punctual payment and performance of all obligations in respect of the Overdraft Line; provided that in no event shall the holders of the obligations referred to in this clause (c) have the right to receive proceeds in respect of a claim in excess of $40.0 million in the aggregate (plus (i) any accrued and unpaid interest in respect of Indebtedness incurred by the U.S. Borrower and the Subsidiaries under the Overdraft Line and (ii) any accrued and unpaid fees and expenses owing by the U.S. Borrower and the Subsidiaries under the Overdraft Line) from the enforcement of any remedies available to the Secured Parties under all of the Loan Documents. Notwithstanding the foregoing, “Obligations”, with respect to any Guarantor, shall not include any Excluded Swap Obligations of such Guarantor.

“OFAC” shall mean the Office of Foreign Assets Control of the United States Department of the Treasury.

“OFAC Lists” shall mean, collectively, the List of Specially Designated Nationals and Blocked Persons maintained by OFAC, as amended from time to time, or any similar lists issued by OFAC.

“Original Letters of Credit” shall mean each letter of credit set forth on Schedule 1.01(h) to the 2013 Credit Agreement that was previously issued for the account of, or guaranteed by, the Borrowers or a Subsidiary pursuant to the Existing Credit Agreement and that is outstanding on the Closing Date.

“Other Revolving Facility Commitments” shall have the meaning assigned to such term in Section 2.21(a).

“Other Revolving Facility Loans” shall have the meaning assigned to such term in Section 2.21(a).

“Other Taxes” shall mean any and all present or future stamp or documentary taxes or any other excise or property taxes, charges or similar taxes, charges or levies arising from any payment made hereunder or from the execution, delivery or enforcement of, or otherwise with respect to, the Loan Documents, and any and all interest and penalties related thereto (for the avoidance of doubt, excluding taxes on amounts payable to Lenders hereunder that would be imposed on Lenders as a result of the provision of German Real Property as Collateral).

“Overadvance” shall have the meaning assigned to such term in Section 2.01(b).

“Overdraft Line” shall have the meaning assigned to such term in Section 6.01(v).

“Overnight Bank Funding Rate” shall mean, for any day, the rate comprised of both overnight federal funds and overnight eurodollar borrowings by U.S.-managed banking offices of depository institutions (as such composite rate shall be determined by the NYFRB as set forth on its public website from time to time) and published on the next succeeding Business Day by the NYFRB as an overnight bank funding rate (from and after such date as the NYFRB shall commence to publish such composite rate).

“Overnight LIBO Borrowing” shall mean any Swingline Borrowing to the Dutch Borrower, the German Borrower or a U.K. Borrower bearing interest by reference to the Overnight LIBO Rate.

“Overnight LIBO Rate” shall mean, with respect to any Overnight LIBO Borrowing, the rate of interest per annum (rounded upwards, if necessary, to the next 1/16 of 1.0%) at which overnight deposits in Sterling, euros or Dollars in an amount approximately equal to the amount with respect to which such rate is being determined, would be offered for such day by a branch or Affiliate of the Administrative Agent (in the case of euros) in the European interbank market and (in the case of Sterling or Dollars) in the London interbank market for such currency to major banks in the European interbank market or (as the case may be) London interbank market.

"Parallel Debts" shall have the meaning assigned to such term in Section 9.20.

"Parent Entity" shall mean any direct or indirect parent of the U.S. Borrower.

"Participant" shall have the meaning assigned to such term in Section 9.04(c).

"Participant Register" shall have the meaning assigned to such term in Section 9.04(c).

"Participating Member States" shall mean any member state of the European Union that has the euro as its lawful currency in accordance with the legislation of the European Union relating to Economic and Monetary Union.

"Payment Conditions" shall mean that (a) prior to and after giving effect to the relevant action as to which the satisfaction of the Payment Conditions is being determined, no Default or Event of Default shall have occurred and be continuing and (b) on a Pro Forma Basis, after giving effect to the relevant action as to which the satisfaction of the Payment Conditions is being determined, (i) Pro Forma Availability on the date of such action and as of the last day of each of the two consecutive succeeding months ending after such date (as projected by the U.S. Borrower in good faith) shall be equal to or greater than the greater of (x) 20.0% of the lesser of (A) the Total Revolving Facility Commitments then in effect and (B) the Global Borrowing Base then in effect and (y) $55.0 million (or, after the Stage 2 Amendment Effective Date, $48.125 million) (the "Non-Fixed Charge Threshold") or (ii) if Pro Forma Availability on the date of such action and as of the last day of each of the two consecutive succeeding months ending after such date (as projected by the U.S. Borrower in good faith) is less than the Non-Fixed Charge Threshold, (1) such Pro Forma Availability shall be equal to or greater than the greater of (x) 15.0% of the lesser of (A) the Total Revolving Facility Commitments then in effect and (B) the Global Borrowing Base then in effect and (y) $50.0 million (or, after the Stage 2 Amendment Effective Date, $43.75 million), and (2) the Fixed Charge Coverage Ratio for the Test Period most recently ended, determined on a Pro Forma Basis, shall be no less than 1.0 to 1.0.

"PBGC" shall mean the Pension Benefit Guaranty Corporation referred to and defined in ERISA and any successor entity performing similar functions.

"Pension Act" shall mean the Pension Protection Act of 2006, as amended.

"Perfected Security Interest" shall mean, with respect to any Lien purported to be created in any Collateral pursuant to any Security Document, that (a) such Lien is governed by the law of the jurisdiction in which such Collateral is located or to which such Collateral is subject, (b) such Lien is the only Lien to which such Collateral is subject, other than any Liens permitted by Section 6.02 (which Lien is junior in priority to the Collateral Agent's Lien on such Collateral, is arising by operation of law as described in Section 6.02(d), (e), (k) or (t) or is subject to a Reserve or, in the case of Liens on Eligible Real Property, such Liens are covered by any applicable title insurance, to the extent available in such jurisdiction), (c) in the case of Eligible

Real Property located in the England and Wales, such Eligible Real Property is covered by a legal mortgage, (d) in the case of Eligible Real Property located in Germany, such Eligible Real Property is encumbered by a first ranking land charge in favor of the Collateral Agent and the land charge is registered in all relevant local registers) and (e) all applicable perfection requirements required by the Loan Documents have been completed.

"Perfection Certificate" shall mean the Perfection Certificate with respect to each Borrower and the other Loan Parties in a form reasonably satisfactory to the Administrative Agent.

"Permitted Business Acquisition" shall mean any acquisition, directly or indirectly (including in one transaction or a series of related transactions), of all or substantially all the assets of, or all the Equity Interests (other than directors' qualifying shares) in, or merger or consolidation or amalgamation with, a person or division or line of business of a person (or any subsequent investment made in a person, division or line of business previously acquired in a Permitted Business Acquisition), if immediately after giving effect thereto: (a) no Default or Event of Default shall have occurred and be continuing or would result therefrom; (b) all transactions related thereto shall be consummated in accordance with applicable laws; (c) except for acquisitions and/or investments made after the Closing Date with an aggregate fair market value (as determined by the U.S. Borrower in good faith) of less than $50.0 million (cumulatively for all such acquisitions and/or investments made after the Closing Date when the Payment Conditions are not satisfied), the Payment Conditions are satisfied after giving effect to such Permitted Business Acquisition on a Pro Forma Basis; (d) any acquired or newly formed Subsidiary shall not be liable for any Indebtedness except for Indebtedness permitted by Section 6.01; (e) any person acquired in such acquisition, if acquired by a Borrower or a Subsidiary Loan Party by merger or amalgamation, shall be merged or amalgamated into a Borrower or a Subsidiary Loan Party or, if required by Section 5.10, become upon consummation of such acquisition a Subsidiary Loan Party (and shall fulfill the Collateral and Guarantee Requirement to the extent required by Section 5.10), and (f) any such acquisitions and investments in assets that are not (or do not become) owned by the Borrowers or Subsidiary Loan Parties or in Equity Interests in persons that are not Subsidiary Loan Parties or persons that do not become Subsidiary Loan Parties upon consummation of such acquisition shall only be permitted if the Payment Conditions are satisfied after giving effect to such Permitted Business Acquisition on a Pro Forma Basis.

"Permitted Cure Security" shall mean an equity security of the U.S. Borrower or a Parent Entity other than Disqualified Stock.

"Permitted Holder" shall mean any of (a) the Fund and the Fund Affiliates, (b) the Management Group and any family member of or family trust established by a member of the Management Group and (c) any person that has no material assets other than the capital stock of the U.S. Borrower or a Parent Entity and that, directly or indirectly, holds or acquires beneficial ownership of 100% on a fully diluted basis of the voting Equity Interests of the U.S. Borrower, and of which no other person or "group" (within the meaning of Rules 13d-3 and 13d-5 under the Exchange Act as in effect on the Closing Date), other than any of the other Permitted Holders specified in clauses (a) and (b) above, beneficially owns more than 50% (or, following a Qualified IPO, the greater of 35% and the percentage beneficially owned by the Permitted Holders specified in such clauses (a) and (b)) on a fully diluted basis of the voting Equity Interests thereof, and (iv) any "group" (within the meaning of Rules 13d-3 and 13d-5 under the Exchange Act as in effect on the Closing Date) the members of which include any of the other Permitted Holders specified in such clauses (a) and (b) and that, directly or indirectly, hold or acquire beneficial ownership of the voting Equity Interests of the U.S. Borrower (a "Permitted Holder Group"), so long as (x) each member of the Permitted Holder Group has voting rights proportional to the percentage of ownership interests held or acquired by such member and (y) no person or other "group" (other than the other Permitted Holders specified in clauses (a) and (b) above) beneficially owns more than 50% (or, following a Qualified IPO, the greater of 35% and the percentage beneficially owned by the Permitted Holders specified in such clauses (a) and (b)) on a fully diluted basis of the voting Equity Interests held by the Permitted Holder Group.

"Permitted Investments" shall mean:

(1) U.S. Dollars, Sterling, euros, or, in the case of any Foreign Subsidiary, such local currencies held by it from time to time in the ordinary course of business;

(2) securities issued or directly and fully guaranteed or insured by the government of, or any agency or instrumentality thereof, the United States of America, Australia, Great Britain, Canada, The Netherlands or any other member state of the European Union, in each case with maturities not exceeding two years (or, in the case of any such U.S. securities held by Brazilian subsidiaries, five years) after the date of acquisition;

(3) in the case of any Foreign Subsidiary, securities issued or directly and fully guaranteed or insured by the government of, or any agency or instrumentality thereof, Malaysia or Brazil, in each case with maturities not exceeding 270 days after the date of acquisition and held by it from time to time in the ordinary course of business;

(4) certificates of deposit, time deposits and eurodollar time deposits with maturities of one year or less from the date of acquisition, bankers' acceptances, in each case with maturities not exceeding one year and overnight bank deposits and demand deposits (in their respective local currencies), in each case with any commercial bank having capital and surplus in excess of $500.0 million or the foreign currency equivalent thereof and whose long-term debt is rated "A" or the equivalent thereof by Moody's or S&P (or, in the case of an obligor domiciled outside of the United States of America, reasonably equivalent ratings of another internationally recognized credit rating agency);

(5) repurchase obligations for underlying securities of the types described in clauses (2) and (4) above entered into with any financial institution meeting the qualifications specified in clause (4) above;

(6) commercial paper issued by a corporation (other than an Affiliate of U.S. Borrower) rated at least "A-1" or the equivalent thereof by Moody's or S&P (or, in the case of an obligor domiciled outside of the United States of America, reasonably equivalent

ratings of another internationally recognized credit rating agency) and in each case maturing within one year after the date of acquisition;

(7) readily marketable direct obligations issued by any state of the United States of America or any political subdivision thereof having one of the two highest rating categories obtainable from either Moody's or S&P in each case with maturities not exceeding two years from the date of acquisition;

(8) Indebtedness issued by persons (other than the Fund or any of its Affiliates) with a rating of "A" or higher from S&P or "A-2" or higher from Moody's (or, in the case of an obligor domiciled outside of the United States of America, reasonably equivalent ratings of another internationally recognized credit rating agency) in each case with maturities not exceeding two years from the date of acquisition; and

(9) investment funds investing at least 95% of their assets in securities of the types described in clauses (1) through (8) above.

"Permitted Receivables Documents" shall mean all documents and agreements evidencing, relating to or otherwise governing a Permitted Receivables Financing.

"Permitted Receivables Financing" shall mean one or more transactions by the U.S. Borrower or a Subsidiary pursuant to which the U.S. Borrower or such Subsidiary may sell, convey or otherwise transfer to one or more Special Purpose Receivables Subsidiaries or to any other person, or may grant a security interest in, any Receivables Assets (whether now existing or arising in the future) of the U.S. Subsidiary or such Subsidiary, and any assets related thereto including all contracts and all guarantees or other obligations in respect of such Receivables Assets, the proceeds of such Receivables Assets and other assets which are customarily transferred, or in respect of which security interests are customarily granted, in connection with sales, factoring or securitizations involving Receivables Assets; provided that (a) recourse to the U.S. Borrower or any Subsidiary (other than the Special Purpose Receivables Subsidiaries) in connection with such transactions shall be limited to the extent customary for similar transactions in the applicable jurisdictions (including, to the extent applicable, in a manner consistent with the delivery of a "true sale"/"absolute transfer" opinion with respect to any transfer by the U.S. Borrower or any Subsidiary (other than a Special Purpose Receivables Subsidiary)), and (b) the aggregate Receivables Net Investment outstanding at any time shall not exceed $50.0 million. It is understood and agreed that the TRE Program constitutes a Permitted Receivables Financing hereunder.

"Permitted Refinancing Indebtedness" shall mean any Indebtedness issued in exchange for, or the net proceeds of which are used to extend, refinance, renew, replace, defease or refund (collectively, to "Refinance"), the Indebtedness being Refinanced (or previous refinancings thereof constituting Permitted Refinancing Indebtedness); provided that (a) the principal amount (or accreted value, if applicable) of such Permitted Refinancing Indebtedness does not exceed the principal amount (or accreted value, if applicable) of the Indebtedness so Refinanced (plus unpaid accrued interest and premium thereon and underwriting discounts, fees, commissions and expenses), (b) except with respect to Section 6.01(i), (i) the weighted average life to maturity of such Permitted Refinancing Indebtedness is not shorter than that of the Indebtedness being Refinanced and (ii) the maturity of such Permitted Refinancing Indebtedness is not earlier than 90 days after the latest Maturity Date then in effect (or, if earlier, the stated maturity of the Indebtedness being Refinanced), (c) if the Indebtedness being Refinanced is subordinated in right of payment to the Obligations under this Agreement or any Guarantees thereof, such Permitted Refinancing Indebtedness shall be subordinated in right of payment to such Obligations or such Guarantees on terms at least as favorable to the Lenders as those contained in the documentation governing the Indebtedness being Refinanced, (d) no Permitted Refinancing Indebtedness shall have different obligors, or greater guarantees or security than, the Indebtedness being Refinanced (provided that (i) Indebtedness (A) of any Loan Party may be Refinanced to add or substitute as an obligor another Loan Party and (B) of any Subsidiary that is not a Loan Party may be Refinanced to add or substitute as an obligor another Subsidiary that is not a Loan Party, in each case to the extent then permitted under Article VI, and (ii) other guarantees and security may be added to the extent then permitted under Article VI) and (e) if the Indebtedness being Refinanced is secured by any collateral (whether equally and ratably with, or junior to, the Secured Parties or otherwise), such Permitted Refinancing Indebtedness may be secured by such collateral (including any collateral pursuant to after-acquired property clauses to the extent any such collateral would have secured the Indebtedness being Refinanced) on terms not materially less favorable to the Secured Parties than those contained in the documentation (including any intercreditor agreement) governing the Indebtedness being Refinanced, or on terms otherwise then permitted under Section 6.02; provided that, for the avoidance of doubt, the Second Lien Notes or any Permitted Refinancing Indebtedness in respect thereof (or any portion thereof) may be Refinanced with Indebtedness that is secured by Liens that are senior in priority to the Liens securing the Second Lien Notes on the Closing Date (or any remaining portion thereof), so long as (i) the Liens securing such Indebtedness are subject to intercreditor terms that, vis-à-vis the Loans, are no less favorable to the Lenders than those set forth in the Second Lien Intercreditor Agreement or (ii) in the case of Liens securing such Indebtedness that will be *pari passu* with the Liens securing the First Lien Notes, such Liens are permitted under Section 6.02(v).

Notwithstanding the foregoing, the 1-1/2 Lien Notes may be Refinanced with (i) new first-priority senior secured notes that are secured by Liens that are *pari passu* with the First Lien Notes, (ii) new senior secured notes that are secured by Liens that are *pari passu* with the 1-1/2 Lien Notes and/or (iii) other Indebtedness (whether secured or unsecured); provided that, in each case, (a) such Indebtedness shall not be secured by a first-priority lien in the ABL Priority Collateral securing the Revolving Facility Loans, (b) such Indebtedness shall have a final stated maturity date that is no earlier than the date that is 91 days after the Extended Maturity Date; provided, further, that such Indebtedness may have "springing" maturity triggers so long as such triggers do not cause such Indebtedness to become due prior to the date that is 91 days after the Extended Early 1-1/2 Lien Maturity Test Date, the Extended Early First Lien Maturity Test Date or the Extended Early Second Lien Maturity Test Date (each, an "Extended Maturity Test Date"), as applicable (or, if such Indebtedness would otherwise have a "springing" maturity trigger that would cause such Indebtedness to become due prior to the date that is 91 days after any applicable Extended Maturity Test Date, such Extended Maturity Test Date may be shortened to the extent required such that such "springing" maturity trigger with respect to such Indebtedness does not cause such Indebtedness to become due prior to the date that is 91 days after any such modified

Extended Maturity Test Date), (c) such Indebtedness shall not include any financial “maintenance” covenant that is more favorable (as reasonably determined by the U.S. Borrower) to the lenders or holders providing such Indebtedness than the Financial Performance Covenant (except to the extent (x) the Financial Performance Covenant is conformed to such financial maintenance covenant or such financial maintenance covenant is added to this Agreement for the benefit of the Lenders or (y) such financial maintenance covenant is applicable solely to periods after the Extended Maturity Date) and (d) to the extent any such Indebtedness is secured by a Lien on property or assets of a Foreign Subsidiary Loan Party not constituting Collateral for the Revolving Facility Loans, (x) such portion of such Indebtedness so secured by such Liens shall not exceed an aggregate principal amount of $150.0 million and (y) such Liens on property or assets of a Foreign Subsidiary Loan Party not constituting Collateral for the Revolving Facility Loans securing such portion of such Indebtedness shall be limited to property or assets of Hexion International Holdings Coöperatief U.A. and/or Hexion Holding B.V. that are incurred under Section 6.02(l)(A). Notwithstanding anything to the contrary set forth in this Agreement, this Agreement may be amended by the U.S. Borrower and the Administrative Agent (without the consent of any other Person) to the extent (but only to the extent) required to (i) modify the definition of “Extended Maturity Date” to shorten any Extended Maturity Test Date to reflect the provisions of clause (b) of the preceding sentence and/or (ii) to modify the Financial Performance Covenant or add a new financial maintenance covenant to reflect the provisions of clause (c) of the preceding sentence.

“person” shall mean any natural person, corporation, business trust, joint venture, association, company, partnership, limited liability company or government, individual or family trusts, or any agency or political subdivision thereof.

“Plan” shall mean any employee pension benefit plan, as such term is defined in Section 3(2) of ERISA (other than a Multiemployer Plan), (i) subject to the provisions of Title IV of ERISA, Section 412 of the Code or Section 302 of ERISA, (ii) sponsored or maintained (at the time of determination or at any time within the five years prior thereto) by Holdings (prior to a Qualified IPO), the U.S. Borrower, any Subsidiary or any Affiliate, or (iii) in respect of which Holdings (prior to a Qualified IPO), the U.S. Borrower, any Subsidiary or any ERISA Affiliate is (or, if such plan were terminated, would under Section 4069 of ERISA be deemed to be) an “employer” as defined in Section 3(5) of ERISA.

“Platform” shall have the meaning assigned to such term in Section 9.18(b).

“Pledged Collateral” shall have the meaning assigned to such term in the Collateral Agreement or the Foreign Pledge Agreement, as applicable.

“PP&E Component” shall mean the aggregate amount of the Canadian Borrowing Base, the Dutch Borrowing Base, the German Borrowing Base and the U.K. Borrowing Base that is attributable to Eligible Machinery and Equipment and Eligible Real Property; provided, however, that the PP&E Component of the Global Borrowing Base shall not constitute more than the lesser of (x) 20.0% of the Total Revolving Facility Commitments and (y) 20.0% of the Global Borrowing Base (calculated prior to giving effect to such limitation).

"PPSA" shall mean the *Personal Property Security Act* (Ontario), including the regulations thereto, provided that, if perfection or the effect of perfection or non-perfection or the priority of any Lien created hereunder on the Collateral is governed by the personal property security legislation or other applicable legislation with respect to personal property security in effect in a jurisdiction other than Ontario, "PPSA" means the *Personal Property Security Act* or such other applicable legislation in effect from time to time in such other jurisdiction (including without limitation the Quebec *Civil Code*) for purposes of the provisions hereof relating to such perfection, effect of perfection or non-perfection or priority.

"Presumed Tax Rate" shall mean the highest effective marginal statutory combined U.S. federal, state and local income tax rate prescribed for an individual residing in New York City (taking into account (a) the deductibility of state and local income taxes for U.S. federal income tax purposes, assuming the limitation of Section 68(a)(2) of the Code applies and taking into account any impact of Section 68(f) of the Code, and (b) the character (long-term or short-term capital gain, dividend income or other ordinary income) of the applicable income).

"Pricing Grid" shall mean the table set forth below:

Average Availability	**Applicable Margin for ABR Loans**	**Applicable Margin for Eurocurrency Revolving Loans**
Equal to or greater than 66.6%	0.75%	1.75%
Less than 66.6% but equal to or greater than 33.3%	1.00%	2.00%
Less than 33.3%	1.25%	2.25%

For the purposes of the Pricing Grid, changes in the Applicable Margin resulting from changes in Average Availability shall become effective on the date (the "Adjustment Date") that is three (3) Business Days after the date on which the Borrowing Base Certificate is delivered to the Lenders pursuant to Section 5.04(f) (provided that in no event shall the Applicable Margin be adjusted more than once in any calendar month) and shall remain in effect until the next change to be effected pursuant to this paragraph. If any Borrowing Base Certificate referred to above is not delivered within the time periods specified in Section 5.04(f), then, at the option of the Administrative Agent or the Required Lenders, until the date that is three (3) Business Days after the date on which such Borrowing Base Certificate is delivered, the pricing level that is one pricing level higher than the pricing level theretofore in effect shall apply as of the first Business Day after the date on which such Borrowing Base Certificate was to have been delivered but was not delivered.

"Primary Concentration Account" shall mean a Collection Account that is used by a Domestic Loan Party or a Canadian Loan Party as a primary concentration account for proceeds of Accounts of such Loan Party. Primary Concentration Accounts as of the Closing Date are listed on Schedule 1.01(f) to the 2013 Credit Agreement.

"Principal Property" shall have the meaning assigned to such term in the Debenture Indenture.

"Prior Extending Lender" shall mean any Lender with a 2016 Extended Revolving Facility Commitment hereunder in effect immediately prior to giving effect to an Additional Extending Lender Effective Date.

"Priority Payables Reserve" shall mean reserves for amounts (a) secured by any Liens, choate or inchoate, which rank or are capable of ranking in priority to the Liens granted to the Administrative Agent to secure the Obligations, including without limitation, (i) any amounts due and not paid for wages, or vacation pay, amounts due and not paid under any legislation relating to workers' compensation or to employment insurance, all amounts deducted or withheld and not paid and remitted when due under the ITA, amounts currently or past due and not paid for realty, municipal or similar taxes (to the extent impacting personal or moveable property) and (ii) all amounts due and not yet contributed, remitted or paid to or under any Canadian Pension Plan or under the Canada Pension Plan, the Pension Benefits Act (Ontario) or any similar legislation (in either case other than amounts included in the Wage Earner Protection Act), including, all amounts on account of any unfunded liability, solvency deficiency or wind-up deficiency with respect to a Canadian Pension Plan, each to the extent that such amounts rank or are capable of ranking, in the Reasonable Credit Judgment of the Administrative Agent, in priority to the Liens granted to the Administrative Agent to secure the Obligations or (b) of any other claims (not referred to in (a)) preferred by law which rank or are capable of ranking senior to the Obligations in the Reasonable Credit Judgment of the Administrative Agent.

"Proceeds of Crime Act" shall mean the Proceeds of Crime (Money Laundering) and Terrorist Financing Act (Canada), as amended from time to time, and including all regulations thereto.

"Pro Forma Availability" shall mean, as of any date of determination, an amount equal to the Excess Availability as of such date projected by the management of the U.S. Borrower in good faith, after giving effect on a Pro Forma Basis to the relevant transaction (with such calculation to include the amount of the Global Borrowing Base as of such date as projected by the management of the U.S. Borrower in good faith after giving effect on a Pro Forma Basis to the relevant transactions and the amount of the Total Revolving Facility Commitments as of such date as projected by the management of the U.S. Borrower in good faith); provided that, for purposes of such calculation, the Global Borrowing Base shall be deemed to include any assets acquired pursuant to any relevant transaction.

"Pro Forma Basis" shall mean, as to any person, for any events as described below that occur subsequent to the commencement of a period for which the financial effect of such events is being calculated, and giving effect to the events for which such calculation is being made, such calculation as will give pro forma effect to such events as if such events occurred on the first day of the four consecutive fiscal quarter period ended on or before the occurrence of such event (the "Reference Period"): (i) in making any determination of EBITDA, effect shall be given to any asset disposition, any acquisition (or any similar transaction or transactions not otherwise permitted under Section 6.04 or 6.05 that require a waiver or consent of the Required Lenders and such waiver or consent has been obtained), any dividend, distribution or other similar payment, any designation of any Subsidiary as an Unrestricted Subsidiary and any Subsidiary Redesignation, any mergers and consolidations, and any restructurings of the business of the U.S. Borrower or any of the Subsidiaries that are expected to have a continuing impact and are factually supportable, which would include cost savings resulting from head count reduction, closure of facilities and similar operational and other cost savings, which adjustments the U.S. Borrower determines are reasonable as set forth in a certificate of a Financial Officer of the U.S. Borrower (the foregoing, together with any transactions related thereto or in connection therewith, the "relevant transactions" or "relevant pro forma event"), in each case that the U.S. Borrower made during the Reference Period (or, in the case of determinations made other than pursuant to Section 6.10, occurring during the Reference Period or thereafter and through and including the date upon which the relevant pro forma event is consummated), (ii) in making any determination on a Pro Forma Basis, (x) all Indebtedness (including Indebtedness issued, incurred or assumed as a result of, or to finance, any relevant transactions and for which the financial effect is being calculated, whether incurred under this Agreement or otherwise, but excluding normal fluctuations in revolving Indebtedness incurred for working capital purposes and not to finance any acquisition) issued, incurred, assumed or permanently repaid during the Reference Period (or, in the case of determinations made other than pursuant to Section 6.10, occurring during the Reference Period or thereafter and through and including the date upon which the relevant pro forma event is consummated) shall be deemed to have been issued, incurred, assumed or permanently repaid at the beginning of such period and (y) Interest Expense of such person attributable to interest on any Indebtedness, for which pro forma effect is being given as provided in preceding clause (x), bearing floating interest rates shall be computed on a pro forma basis as if the rates that would have been in effect during the period for which pro forma effect is being given had been actually in effect during such periods and (iii) with respect to (A) any Subsidiary Redesignation then being designated, effect shall be given to such Subsidiary Redesignation and all other Subsidiary Redesignations after the first day of the relevant Reference Period and on or prior to the date of the respective Subsidiary Redesignation then being designated, collectively, and (B) any designation of a Subsidiary as an Unrestricted Subsidiary, effect shall be given to such designation and all other designations of Subsidiaries as Unrestricted Subsidiaries after the first day of the relevant Reference Period and on or prior to the date of the then applicable designation of a Subsidiary as an Unrestricted Subsidiary, collectively.

Pro forma calculations made pursuant to the definition of the term "Pro Forma Basis" shall be determined in good faith by a Responsible Officer of the U.S. Borrower. Notwithstanding anything to the contrary in the first paragraph of this definition, any such pro forma calculation, for any fiscal period ending on or prior to the 24-month anniversary of the end of the fiscal quarter in which such relevant pro forma event occurs, may include adjustments appropriate, in the reasonable good faith determination of the U.S. Borrower, to reflect (1) operating expense reductions and other operating improvements or synergies reasonably expected to result from the relevant pro forma event (including, to the extent applicable, from the Note Transactions, the 2015 Transactions or the Transactions) and (2) all adjustments of the type used in connection with the calculation of "LTM Adjusted EBITDA" as set forth in the "Summary Historical Consolidated Financial Data" portion of the "Offering Circular Summary" in the Offering Memorandum with respect to the First Lien Notes to the extent reasonably expected to result from the relevant pro forma event, in each case in the 24-month period following the end of the Reference Period in which the applicable pro forma event occurred. The U.S. Borrower shall deliver to the Administrative Agent a certificate of a Financial Officer of the U.S. Borrower setting forth such demonstrable or additional operating expense reductions, other operating improvements or synergies and adjustments and information and calculations supporting them in reasonable detail.

"Prohibited Person" shall mean any Person with whom citizens or permanent residents of the United States, Persons (other than individuals) organized under the laws of the United States or any jurisdiction thereof and all branches and Subsidiaries thereof, Persons physically located within the United States or Persons otherwise subject to the jurisdiction of the United States are restricted from doing business under regulations of OFAC (including any Persons subject to country-specific or activity-specific sanctions administered by OFAC and any Persons named on any OFAC List) or pursuant to any other law, rules, regulations or other official acts of the United States. As of the date hereof, certain information regarding Prohibited Persons issued by the United States can be found on the website of the United States Department of Treasury at www.treas.gov/ofac/. Prohibited Person also includes persons on the UN sanction list and the EU consolidated list available at http://eeas.europa.eu/cfsp/sanctions/consol-list_en.htm and http://www.hm-treasury.gov.uk/fin_sanctions_index.htm.

"Projections" shall mean the projections of the U.S. Borrower and the Subsidiaries included in the Information Memorandum and any other projections and any forward-looking statements (including statements with respect to booked business) of such entities furnished to the Lenders or the Administrative Agent by or on behalf of Holdings, the U.S. Borrower or any of the Subsidiaries in connection with the Transactions prior to the Closing Date.

"Promissory Note" shall have the meaning assigned to such term in Section 2.10(e).

"Pro Rata Extension Offers" shall have the meaning assigned to such term in Section 2.21(e).

"Protective Advance" shall have the meaning assigned to such term in Section 2.01(c).

"Public Lender" shall have the meaning assigned to such term in Section 9.18(b).

"Qualified CFC Holding Company" shall mean a person (a) that is a Wholly Owned Subsidiary of a Domestic Loan Party and (b) who has no material assets other than Equity Interests in Foreign Subsidiaries that are CFCs or other Qualified CFC Holding Companies.

"Qualified IPO" shall mean an underwritten public offering of the Equity Interests of the U.S. Borrower or any Parent Entity that generates gross cash proceeds of at least $50.0 million.

"Quebec Documents" shall mean (a) a Deed of Hypothec given by the Canadian Borrower in favor of the Administrative Agent, as the person holding the power of attorney (*fondé de pouvoir*) of the Lenders, (b) a Bond in the principal amount of C$1,200,000,000 issued by the Canadian Borrower in favor of the Administrative Agent, as agent, custodian and depository, and (c) the Pledge of Bond Agreement entered into by the Canadian Borrower in favor of the Administrative Agent for the benefit of the Creditors (as defined therein) in respect of such Bond.

"Quotation Day" shall mean, with respect to any Eurocurrency Revolving Loan for any Interest Period, two Business Days prior to the commencement of such Interest Period.

"Real Property" shall mean, collectively, all right, title and interest in and to any and all parcels of or interests in real property owned by any Foreign Subsidiary Loan Party, including with respect to any Dutch Loan Party, any building right (*opstalrecht*), together with, in each case, all easements, hereditaments and appurtenances relating thereto, and all improvements and appurtenant fixtures incidental to the ownership thereof.

"Reasonable Credit Judgment" shall mean reasonable credit judgment in accordance with customary business practices for comparable asset-based lending transactions and, as it relates to the establishment or increase of Reserves or the adjustment or imposition of exclusionary criteria or the implementation of Eligibility Adjustment Principles, shall require that (a) (i) with respect to Eligible Inventory and Eligible Receivables, such establishment, increase, adjustment, imposition or implementation after the Closing Date be based on the analysis of facts or events first occurring or first discovered by the Administrative Agent after the Closing Date or that are materially different from facts or events occurring or known to the Administrative Agent on the Closing Date, and (ii) with respect to Eligible Machinery and Equipment and Eligible Real Property, such establishment, increase, adjustment, imposition or implementation after the 2015 Amendment Effective Date be based on the analysis of facts or events first occurring or first discovered by the Administrative Agent after the 2015 Amendment Effective Date or that are materially different from facts or events occurring or known to the Administrative Agent on the 2015 Amendment Effective Date, (b) the contributing factors to the imposition or increase of any Reserve shall not duplicate (i) the exclusionary criteria set forth in the definitions of "Eligible Inventory", "Eligible Machinery and Equipment", "Eligible Real Property" and "Eligible Receivables", as applicable (and vice versa), or (ii) any reserves deducted or other factors considered in computing book value, "lower of cost and market value", Net Orderly Liquidation Value, Net Orderly Liquidation Value In-Place or Appraised Fair Market Value, the Dilution Factors or the computation of the Dilution Reserve and (c) the amount of any such Reserve so established or the effect of any adjustment or imposition of exclusionary criteria or implementation of Eligibility Adjustment Principles be a reasonable quantification of the incremental dilution of any Borrowing Base attributable to such contributing factors.

"Receivables Assets" shall mean accounts receivable (including any bills of exchange) and related assets and property from time to time originated, acquired or otherwise owned by the U.S. Borrower or any Subsidiary.

"Receivables Net Investment" shall mean the aggregate cash amount paid by the lenders or purchasers under any Permitted Receivables Financing in connection with their purchase of, or the making of loans secured by, Receivables Assets or interests therein, as the same may be reduced from time to time by collections with respect to such Receivables Assets or otherwise in accordance with the terms of the Permitted Receivables Documents (but excluding any such collections used to make payments of items included in clause (c) of the definition of Interest Expense); provided, however, that, if all or any part of such Receivables Net Investment shall have been reduced by application of any distribution and thereafter such distribution is rescinded or must otherwise be returned for any reason, such Receivables Net Investment shall be increased by the amount of such distribution, all as though such distribution had not been made.

"Reference Bank Rate" shall mean the arithmetic mean of the Submitted Reference Bank Rates.

"Reference Banks" shall mean such banks as may be appointed by the Administrative Agent in consultation with the U.S. Borrower.

"Refinance" shall have the meaning assigned to such term in the definition of the term "Permitted Refinancing Indebtedness", and "Refinanced" shall have a meaning correlative thereto.

"Register" shall have the meaning assigned to such term in Section 9.04(b).

"Regulation U" shall mean Regulation U of the Board as from time to time in effect and all official rulings and interpretations thereunder or thereof.

"Regulation X" shall mean Regulation X of the Board as from time to time in effect and all official rulings and interpretations thereunder or thereof.

"Related Parties" shall mean, with respect to any specified person, such person's Affiliates and the respective directors, trustees, officers, employees, agents and advisors of such person and such person's Affiliates.

"Related Sections" shall have the meaning assigned to such term in Section 6.04.

"Release" shall mean any spilling, leaking, seepage, pumping, pouring, emitting, emptying, discharging, injecting, escaping, leaching, dumping, disposing, depositing, emanating or migrating in, into, onto or through the environment.

"Remaining Present Value" shall mean, as of any date with respect to any lease, the present value as of such date of the scheduled future lease payments with respect to such lease, determined with a discount rate equal to a market rate of interest for such lease reasonably determined at the time such lease was entered into.

"Rent Reserve" shall mean, a reserve established by the Administrative Agent in an amount up to the latest 60 days rent payments, made by any Loan Party for each location at which Inventory or Equipment of such Loan Party is located that is not subject to a Collateral Access Agreement or other documentation reasonably satisfactory to the Administrative Agent; provided that, for any Dutch Leasehold, such reserve shall not apply.

"Reportable Event" shall mean any reportable event as defined in Section 4043(c) of ERISA or the regulations issued thereunder, other than those events as to which the 30-day notice period referred to in Section 4043(c) of ERISA has been waived, with respect to a Plan (other than a Plan maintained by an ERISA Affiliate that is considered an ERISA Affiliate only pursuant to subsection (m) or (o) of Section 414 of the Code).

"Required Lenders" shall mean, at any time, Lenders having Loans (other than Swingline Loans) or B/As outstanding, Revolving L/C Exposure, Swingline Exposure and Available Unused Commitments that, taken together, represent more than 50.0% of the sum of all Loans (other than Swingline Loans) and B/As outstanding, Revolving L/C Exposure, Swingline Exposure and the total Available Unused Commitments at such time. The Loans, B/As, Revolving L/C Exposure, Swingline Exposure and Available Unused Commitment of any Defaulting Lender shall be disregarded in determining Required Lenders at any time.

"Reserve Account" shall have the meaning assigned to such term in Section 10.02(a).

"Reserves" shall mean, without duplication, such reserves against any Borrowing Base that the Administrative Agent has, in the exercise of its Reasonable Credit Judgment, established on the Closing Date or from time to time thereafter upon at least five (5) Business Days' notice to the U.S. Borrower, including (a) Rent Reserves, (b) Priority Payables Reserves, (c) reserves for VAT and taxes relating to land, (d) Retention of Title Reserves, (e) reserves for fees payable to an insolvency administrator pursuant to Section 171 of the German Insolvency Code (or relevant successor provision), (f) reserves for the prescribed part of an U.K. Loan Party's net property that would be made available for the satisfaction of its unsecured liabilities pursuant to Section 176A of the United Kingdom's Insolvency Act 1986, as amended, (g) reserves with respect to liabilities of an U.K. Loan Party which constitute preferential debts pursuant to Section 386 of the United Kingdom's Insolvency Act 1986, as amended, (h) reserves for customer deposits, Secured Cash Management Agreements, Secured Hedge Agreements, payroll, licenses and permits, (i) reserves against Eligible Intercompany Accounts of a Seller for any priority claims under Debtor Relief Laws in the jurisdiction in which such Seller who sells such Accounts to MSC Holding B.V. is organized but only to the extent the proceeds of any such Accounts of such Seller have been paid into a Collection Account in the name of that Seller rather than into a Collection Account in the name of MSC Holding B.V., (j) reserves relating to environmental matters affecting any Eligible Real Property and Eligible Machinery and Equipment and (k) reserves for extended or extendible retention of title over Accounts. With respect to any Secured Cash Management Agreement and any Secured Hedge Agreement, Reserves will only be taken to the extent Obligations thereunder are in respect of a Designated Secured Cash Management Agreement or a Designated Secured Hedge Agreement and such aggregate Obligations in respect of Designated Secured Cash Management Agreements and Designated Secured Hedge Agreements shall not exceed $50.0 million at any one time. It is understood and agreed that, as of the 2015 Amendment Effective Date, other than as agreed on or prior to the 2015 Amendment Effective Date between the Administrative Agent and the U.S. Borrower and set forth in the Borrowing Base Certificate delivered in connection with the Amendment Agreement, the Administrative Agent does not know of any other circumstance or condition with respect to the Accounts, Inventory, Equipment, Real Property or any Borrowing Base that would require the imposition of a Reserve which has not been imposed as of the 2015 Amendment Effective Date.

For the avoidance of doubt, it is understood and agreed that Accounts and Inventory of the Loan Parties that are or may be subject to retention of title claims or extended retention of title claims and that are otherwise Eligible Receivables or Eligible Inventory shall not be deemed ineligible as a result thereof; provided that the Administrative Agent may establish Retention of Title Reserves against the Borrowing Base in the exercise of its Reasonable Credit Judgment as a result of such claims as set forth in Exhibit F to the 2013 Credit Agreement.

"Responsible Officer" of any person shall mean any executive officer or Financial Officer of such person (and, in respect of a Foreign Subsidiary Loan Party, any director of such Foreign Subsidiary Loan Party acting in such capacity) and any other officer or similar official thereof responsible for the administration of the obligations of such person in respect of this Agreement.

"Retention of Title Reserve" shall mean reserves in respect of Inventory (a) for which any contract, supplemental document, purchase order or invoice relating to such Inventory expressly includes retention of title rights in favor of the vendor or supplier thereof or (b) where the relevant laws permit, a vendor or supplier to unilaterally impose retention of title rights; provided that Inventory of any Loan Party which may be subject to any rights of retention of title shall not be subject to a Retention of Title Reserve in the event that (i) the Administrative Agent shall have received evidence satisfactory to it that the full purchase price of such Inventory has, or will have, been paid prior, or upon the delivery of, such Inventory to the relevant Loan Party or (ii) a Letter of Credit has been issued under and in accordance with the terms of this Agreement for the purchase of such Inventory. The Retention of Title Reserve shall be calculated as provided in Exhibit F to the 2013 Credit Agreement.

"Reuters Screen CDOR Page" shall mean the display designated as page CDOR on the Reuters Monitor Money Rates Service or such other page as may, from time to time, replace that page on that service for the purpose of displaying bid quotations for bankers' acceptances accepted by leading Canadian banks.

"Revolving Borrowing" shall mean a Borrowing comprised of Revolving Facility Loans.

"Revolving Facility Commitment" shall mean, with respect to any Lender, at any time, the commitment of such Lender to make Revolving Facility Loans pursuant to Section 2.01, expressed as an amount representing the maximum aggregate permitted amount of such Lender's Revolving Facility Exposure hereunder, as such commitment may be (a) reduced from time to time pursuant to Section 2.09, (b) reduced or increased from time to time pursuant to assignments by or to such Lender under Section 9.04 and (c) increased as provided under Section 2.21. The initial amount of each Lender's Revolving Facility Commitment as of the Closing Date is set forth on Schedule 2.01 to the 2013 Credit Agreement or in the Assignment and Acceptance or Incremental Assumption Agreement pursuant to which such Lender shall have assumed its Revolving Facility Commitment (or Incremental Revolving Facility Commitment), as applicable. From and after the Stage 2 Amendment Effective Date, the amount of each Lender's Revolving Facility Commitment is set forth on Annex II hereto or in the Assignment and Acceptance, applicable joinder documentation (in the case of an Additional Extending Lender) or Incremental Assumption Agreement pursuant to which such Lender shall have assumed its Revolving Facility Commitment (or Incremental Revolving Facility Commitment), as applicable. For the avoidance of doubt (i) such Revolving Facility Commitment in effect from and after the Stage 2 Amendment Effective Date represents each Lender’s 2016 Extended Revolving Facility Commitment, (ii) if the 2016 Extended Revolving Facility Commitment of a Lender is structured as an extension of its Revolving Facility Commitments in effect hereunder immediately prior to the Stage 2 Amendment Effective Date, the specified Revolving Facility Commitments of such Lender in effect immediately prior to the Stage 2 Amendment Effective Date shall, on the Stage 2 Amendment Effective Date, be extended as 2016 Extended Revolving Facility Commitments and, if applicable, reduced to be the amount of such Lender’s 2016 Extended Revolving Facility Commitment set forth on Annex II hereto (subject to further reduction pursuant to Section 2.01(a)), which extended Revolving Facility Commitments shall constitute and be treated as 2016 Extended Revolving Facility Commitments for all purposes hereunder and (iii) other than in the case of Revolving Facility Commitments described in clause (ii) of this paragraph, none of the Revolving Facility Commitments in effect immediately prior to the Stage 2 Amendment Effective Date shall remain outstanding after the effectiveness of the Stage 2 Amendment Effective Date.

“Revolving Facility Exposure” shall mean, at any time, the sum of (a) the U.S. Dollar Equivalent of the aggregate principal amount of the Revolving Facility Loans outstanding at such time, (b) the Swingline Exposure at such time and (c) the Revolving L/C Exposure at such time, minus, for the purpose of Section 2.09(b), the amount of Revolving L/C Exposure that has been Cash Collateralized in accordance with Section 2.05(j) or (k) at such time. The Revolving Facility Exposure of any Lender at any time shall be the product of (i) such Lender’s Revolving Facility Percentage with respect to the Commitments and (ii) the Total Revolving Facility Exposure at such time.

“Revolving Facility Loans” shall have the meaning assigned to such term in Section 2.01(a).

“Revolving Facility Percentage” shall mean, at any time, with respect to any Lender, the percentage of the Revolving Facility Commitments of all Lenders of a Class represented by such Lender’s Revolving Facility Commitment of such Class. If the Revolving Facility Commitments of any Class have terminated or expired, the Revolving Facility Percentage of such Class shall be determined based upon the Revolving Facility Commitments most recently in effect, giving effect to any assignments pursuant to Section 9.04. Notwithstanding the foregoing, in the case of Section 2.23, when a Defaulting Lender shall exist, Revolving Facility Percentage shall be determined without regard to any Defaulting Lender’s Revolving Facility Commitment.

“Revolving L/C Exposure” shall mean, at any time, the sum of (a) the U.S. Dollar Equivalent of the aggregate undrawn amount of all Letters of Credit at such time and (b) the U.S. Dollar Equivalent of the aggregate principal amount of all L/C Disbursements that have not yet been reimbursed at such time. The Revolving L/C Exposure of any Lender at any time shall be the product of (x) such Lender’s Revolving Facility Percentage and (y) the aggregate Revolving L/C

Exposure of all Lenders, collectively, at such time. For all purposes of this Agreement, if on any date of determination a Letter of Credit has expired by its terms but any amount may still be drawn thereunder by reason of the operation of Rule 3.14 of the International Standby Practices (ISP98), such Letter of Credit shall be deemed to be "outstanding" in the amount so remaining available to be drawn. Unless otherwise specified herein, the amount of a Letter of Credit at any time shall be deemed to be the stated amount of such Letter of Credit in effect at such time; provided that, with respect to any Letter of Credit that, by its terms or the terms of any document related thereto, provides for one or more automatic increases in the stated amount thereof, the amount of such Letter of Credit shall be deemed to be the maximum stated amount of such Letter of Credit after giving effect to all such increases, whether or not such maximum stated amount is in effect at such time.

"S&P" shall mean Standard & Poor's Ratings Group, Inc. or any successor thereto.

"Sale and Lease-Back Transaction" shall have the meaning assigned to such term in Section 6.03.

"Schedule I Lender" shall mean any Lender named on Schedule I to the Bank Act (Canada).

"Schedule I Reference Lenders" shall mean any Schedule I Lender as may be agreed by the Canadian Borrower and the Administrative Agent from time to time.

"Schedule II/III Reference Lenders" shall mean JPMorgan Chase Bank, Toronto Branch, Credit Suisse Toronto Branch and Citibank Canada Branch.

"Screen Rate" shall mean, for any day and time, with respect to any Eurocurrency Revolving Borrowing denominated in U.S. Dollars or Sterling, for any Interest Period, the London interbank offered rate as administered by ICE Benchmark Administration (or any other Person that takes over the administration of such rate for U.S. Dollars or Sterling, as applicable, for a period equal in length to such Interest Period as displayed on such day and time on pages LIBOR01 or LIBOR02 of the Reuters screen that displays such rate (or, in the event such rate does not appear on a Reuters page or screen, on any successor or substitute page on such screen that displays such rate, or on the appropriate page of such other information service that publishes such rate from time to time as selected by the Administrative Agent in its reasonable discretion); provided that if the Screen Rate shall be less than zero, such rate shall be deemed to zero for the purposes of this Agreement.

"SEC" shall mean the Securities and Exchange Commission or any successor thereto.

"Second Lien Intercreditor Agreement" shall mean (a) the Amended and Restated Intercreditor Agreement, dated as of January 31, 2013, among JPMCB, as intercreditor agent and senior-priority agent for the ABL Secured Parties (as defined in that certain Joinder and Supplement to Intercreditor Agreement, dated as of March 28, 2013), Wilmington Trust Company, as trustee and collateral agent for the holders of the Second Lien Notes, Wilmington Trust, National Association, as senior-priority agent for the holders of the 1-1/2 Lien Notes, Wilmington

Trust, National Association, as senior-priority agent for the holders of the First Lien Notes, Holdings, the U.S. Borrower and the Domestic Subsidiaries party thereto, as the same may be amended, supplemented, restated or otherwise modified from time to time in accordance with the terms thereof, and (b) any replacement thereof that contains terms not materially less favorable to the Lenders than the terms contained in the Amended and Restated Intercreditor Agreement referred to in clause (a) above.

"Second Lien Notes" shall mean $574.0 million aggregate original principal amount of Hexion U.S. Finance Corp. and Hexion Nova Scotia Finance ULC 9.0% Second-Priority Senior Secured Notes due 2020 issued under the Second Lien Notes Documents.

"Second Lien Notes Documents" shall mean the indentures under which the Second Lien Notes are issued and all other instruments, agreements and other documents evidencing or governing the Second Lien Notes or providing for any security, guarantee or other right in respect thereof.

"Second-Priority Lien" shall mean (a) Liens that are "Second-Priority Liens" (as defined in the Second Lien Intercreditor Agreement) under the agreements that are subject to the terms of the Second Lien Intercreditor Agreement, (b) Liens that are "Second-Priority Liens" (as defined in the 1-1/2 Lien Intercreditor Agreement) under the agreements that are subject to the terms of the 1-1/2 Lien Intercreditor Agreement, and (c) other Liens (other than Liens securing the Obligations) that are subordinated to the Liens securing the Obligations pursuant to, and otherwise subject to the terms of, any other Intercreditor Agreement (it being understood that such Liens may be senior in priority to, or *pari passu* with, or junior in priority to, the Liens securing the 1-1/2 Lien Notes or the Second Lien Notes).

"Secured Cash Management Agreement" shall mean any Cash Management Agreement that is entered into by and between any Loan Party and any Cash Management Bank, except to the extent that such Cash Management Agreement is designated in writing by the U.S. Borrower to the Administrative Agent not to be included as a Secured Cash Management Agreement; provided that, if a Cash Management Agreement constitutes a Secured Cash Management Agreement hereunder, such Secured Cash Management Agreement shall not thereafter be designated by the U.S. Borrower to no longer constitute a Secured Cash Management Agreement unless the relevant Cash Management Bank acknowledges such designation.

"Secured Hedge Agreement" shall mean any Swap Agreement that is entered into by and between any Loan Party and any Hedge Bank, except to the extent that such Swap Agreement is designated in writing by the U.S. Borrower to the Administrative Agent not to be included as a Secured Hedge Agreement; provided that, if a Swap Agreement constitutes a Secured Hedge Agreement hereunder, such Secured Hedge Agreement shall not thereafter be designated by the U.S. Borrower to no longer constitute a Secured Hedge Agreement unless the relevant Hedge Bank acknowledges such designation.

"Secured Parties" shall mean (a) the Lenders and the Agents, (b) each Issuing Bank, (c) each counterparty to any Ancillary Agreement (to the extent the obligations thereunder constitute Obligations), (d) the beneficiaries of each indemnification obligation undertaken by any

Loan Party under any Loan Document, and (e) the successors and permitted assigns of each of the foregoing.

"Security Documents" shall mean the Mortgages, the Collateral Agreement, the U.S. Guarantee Agreement, the Foreign Guarantee Agreement, the Foreign Security Documents, any Intercreditor Agreement and each of the security agreements, mortgages and other instruments and documents executed and delivered pursuant to any of the foregoing or pursuant to Section 5.10.

"Sellers" shall have the meaning given to it in the ARPA.

"Senior Secured Bank Debt" at any date shall mean (a) the aggregate principal amount of Consolidated Debt outstanding at such date that consists of, without duplication, Indebtedness secured by a first-priority Lien on any portion of the Collateral (other than letters of credit to the extent undrawn and not supporting Indebtedness of the type included in Consolidated Debt) minus (b) Unrestricted Cash and Permitted Investments of the U.S. Borrower and the Subsidiaries on such date.

"Senior Secured Bank Leverage Ratio" shall mean, on any date, the ratio of (a) Senior Secured Bank Debt as of such date to (b) EBITDA for the period of four consecutive fiscal quarters of the U.S. Borrower most recently ended as of such date, all determined on a consolidated basis in accordance with GAAP; provided that the Senior Secured Bank Leverage Ratio shall be determined for the relevant Test Period on a Pro Forma Basis.

"Settlement" shall have the meaning assigned to such term in Section 2.04(c).

"Settlement Date" shall have the meaning assigned to such term in Section 2.04(c).

"Special Majority Lenders" shall mean, at any time, Lenders having Revolving Facility Exposure and Available Unused Commitments, that, taken together, represent more than 66⅔% of the sum of (a) the Total Revolving Facility Exposure and (b) the aggregate Available Unused Commitments of all Lenders at such time. The Revolving Facility Exposure and Available Unused Commitment of any Defaulting Lender shall be disregarded in determining the Special Majority Lenders at any time.

"Special Purpose Receivables Subsidiary" shall mean a Subsidiary of the U.S. Borrower established in connection with a Permitted Receivables Financing for the acquisition of Receivables Assets or interests therein, and which is organized in a manner intended to reduce the likelihood that it would be substantively consolidated with the U.S. Borrower or any of the Subsidiaries (other than Special Purpose Receivables Subsidiaries) in the event the U.S. Borrower or any such Subsidiary becomes subject to a proceeding under any Debtor Relief Law.

"Specified Sublimit" shall have the meaning assigned to such term in Section 2.01(a).

"Specified Time" means 11:00 a.m. London time.

"Stage 2 Amendment Effective Date" means the "Stage 2 Amendment Effective Date" (as defined in the Amendment Agreement).

"Statutory Reserves" shall mean, with respect to any currency, the aggregate of the maximum reserve, liquid asset, fees or similar requirements (including any marginal, special, emergency or supplemental reserves or other requirements) established by any central bank, monetary authority, the Board, the Financial Services Authority, the European Central Bank or other Governmental Authority for any category of deposits or liabilities customarily used to fund loans in such currency, expressed in the case of each such requirement as a decimal. Such reserve percentages shall, in the case of U.S. Dollar denominated Loans, include those imposed pursuant to Regulation D of the Board. Eurocurrency Revolving Loans shall be deemed to be subject to such reserve, liquid asset or similar requirements without benefit of or credit for proration, exemptions or offsets that may be available from time to time to any Lender under any applicable law, rule or regulation, including Regulation D. Statutory Reserves shall be adjusted automatically on and as of the effective date of any change in any reserve, liquid asset or similar requirement.

"Sterling" or "£" shall mean the lawful currency of the United Kingdom.

"Subagent" shall have the meaning assigned to such term in Section 8.02.

"Submitted Reference Bank Rate" means, as to any Reference Bank, the rate (rounded upward to four decimal places) supplied to the Administrative Agent at its request by such Reference Banks as of the Specified Time on the Quotation Day for Loans in Dollars or Sterling, as applicable, and the applicable Interest Period as the rate at which such Reference Bank could borrow funds in the London interbank market in Dollars or Sterling, as applicable, and for the relevant period, were it to do so by asking for and then accepting interbank offers in reasonable market size in that currency and for that period; provided that upon supplying such Submitted Reference Bank Rate to the Administrative Agent, such Reference Bank shall certify that it has not submitted or shared such Submitted Reference Bank Rate with any individual who is formally designated as being involved in the ICE LIBOR submission process.

"Subsidiary" shall mean, unless the context otherwise requires, a subsidiary of the U.S. Borrower, other than any Unrestricted Subsidiary.

"subsidiary" shall mean, with respect to any person (herein referred to as the "parent"), any corporation, partnership, association or other business entity (a) of which securities or other ownership interests representing more than 50.0% of the equity or more than 50.0% of the ordinary voting power or more than 50.0% of the general partnership interests are, at the time any determination is being made, directly or indirectly, owned, Controlled or held, or (b) that is, at the time any determination is made, otherwise Controlled, by the parent or one or more subsidiaries of the parent or by the parent and one or more subsidiaries of the parent.

"Subsidiary Loan Party" shall mean each Subsidiary that is (a) a Domestic Subsidiary Loan Party or (b) a Foreign Subsidiary Loan Party.

"Subsidiary Redesignation" shall have the meaning provided in the definition of "Unrestricted Subsidiary" contained in this Section 1.01.

"Super Majority Lenders" shall mean, at any time, Lenders having Revolving Facility Exposure and Available Unused Commitments, that, taken together, represent more than 80.0% of the sum of (a) the Total Revolving Facility Exposure and (b) the aggregate Available Unused Commitments of all Lenders at such time. The Revolving Facility Exposure and Available Unused Commitment of any Defaulting Lender shall be disregarded in determining the Super Majority Lenders at any time.

"Swap" shall mean any agreement, contract, or transaction that constitutes a "swap" within the meaning of Section 1a(47) of the Commodity Exchange Act.

"Swap Agreement" shall mean any agreement with respect to any swap, forward, future or derivative transaction or option or similar agreement involving, or settled by reference to, one or more rates, currencies, commodities, equity or debt instruments or securities, or economic, financial or pricing indices or measures of economic, financial or pricing risk or value or any similar transaction or any combination of these transactions; provided that no phantom stock or similar plan providing for payments only on account of services provided by current or former directors, officers, employees or consultants of Holdings, the U.S. Borrower or any of the Subsidiaries shall be a Swap Agreement.

"Swingline Borrowing" shall mean a Borrowing comprised of Swingline Loans.

"Swingline Borrowing Request" shall mean a request by a Borrower substantially in the form of Exhibit C-2.

"Swingline Commitment" shall mean the commitment of the Swingline Lender to make Swingline Loans to the U.S. Borrower, the Dutch Borrower, the German Borrower and the U.K. Borrowers pursuant to Section 2.04, expressed as an amount representing the maximum aggregate permitted amount of Swingline Loans to the U.S. Borrower, the Dutch Borrower, the German Borrower and the U.K. Borrowers. The aggregate U.S. Dollar Equivalent amount of the Swingline Commitment on the Amendment Effective Date is $30.0 million.

"Swingline Exposure" shall mean, at any time, the aggregate U.S. Dollar Equivalent principal amount of all outstanding Swingline Borrowings by the U.S. Borrower, the Dutch Borrower, the German Borrower and the U.K. Borrowers at such time. The Swingline Exposure of any Lender at any time shall be the product of (a) such Lender's Revolving Facility Percentage and (y) the aggregate Swingline Exposure of all Lenders at such time.

"Swingline Lender" shall mean JPMCB, in its capacity as a Lender of Swingline Loans.

"Swingline Loans" shall mean the swingline loans made to the U.S. Borrower, the Dutch Borrower, the German Borrower and the U.K. Borrowers pursuant to Section 2.04.

"Syndication Agent" shall mean, collectively, JPMCB, Citigroup Global Markets Inc., Deutsche Bank Securities Inc., Goldman Sachs Bank USA and Wells Fargo Bank, National Association.

“Tax Distributions” shall mean (A) with respect to each tax year or portion thereof that any Parent Entity qualifies as a Flow Through Entity, the distribution by the U.S. Borrower to the holders of Equity Interests of such Parent Entity of an amount equal to the product of (i) the amount of aggregate net taxable income of the U.S. Borrower allocated to the holders of Equity Interests of the U.S. Borrower for such period and (ii) the Presumed Tax Rate for such period; and (B) with respect to any tax year or portion thereof that any Parent Entity does not qualify as a Flow Through Entity, the payment of dividends or other distributions to such Parent Entity that files a consolidated U.S. federal tax return that includes the U.S. Borrower and the Subsidiaries in an amount not to exceed the amount that the U.S. Borrower and the Subsidiaries would have been required to pay in respect of federal, state or local taxes (as the case may be) in respect of such year if the U.S. Borrower and the Subsidiaries paid such taxes directly as a stand-alone taxpayer (or stand-alone group).

“Taxes” shall mean any and all present or future taxes, levies, imposts, duties (including stamp duties), deductions, charges (including ad valorem charges) or withholdings imposed by any Governmental Authority and any and all interest and penalties related thereto.

“Termination Date” shall mean the date on which (a) the Commitments shall have been terminated, (b) the principal of and interest on each Loan, all Fees and all other expenses or amounts payable under any Loan Document (other than in respect of contingent indemnification and expense reimbursement claims not then due) shall have been paid in full and (c) all Letters of Credit (other than those that have been Cash Collateralized in accordance with Section 2.05(j) or (k)) have been cancelled or have expired and all amounts drawn or paid thereunder have been reimbursed in full.

“Test Period” shall mean, on any date of determination, the period of four consecutive fiscal quarters of the U.S. Borrower then most recently ended for which financial statements are available (taken as one accounting period).

“Total Revolving Facility Commitments” shall mean, on any day, the aggregate of the Revolving Facility Commitments of all Lenders. The Total Revolving Facility Commitments as of the Amendment Effective Date are $400.0 million. The Total Revolving Facility Commitments as of the Stage 2 Amendment Effective Date are $350 million, which may be adjusted in accordance with the last paragraph of Section 2.01(a).

“Total Revolving Facility Exposure” shall mean, at any time, the sum of the Revolving Facility Exposures of all Lenders at such time.

“Transactions” shall mean the “Transactions” as defined in the 2013 Credit Agreement.

“TRE Program” shall mean a Permitted Receivables Financing program that is operated by The Receivables Exchange, LLC.

“TRE Receivables” shall mean the Accounts of the U.S. Borrower and its Subsidiaries subject to the TRE Program.

“Treaty” shall have the meaning given to such term in the definition of “Treaty State”.

“Treaty Lender” shall mean a Lender or Issuing Bank which is beneficially entitled to interest payable to it in respect of any Loan or otherwise under any Loan Document and (a) is treated as a resident of a Treaty State for the purposes of the Treaty, and (b) does not carry on a business in the U.K. through a permanent establishment with which its participation in the Loan, Letter of Credit other Commitment is effectively connected.

“Treaty State” shall mean a jurisdiction having a double taxation agreement (a “Treaty”) with the United Kingdom which makes provision for full exemption from tax imposed by the United Kingdom on interest.

“Type” shall mean, when used in respect of any Loan or Borrowing, the Rate by reference to which interest on such Loan or on the Loans comprising such Borrowing is determined. For purposes hereof, the term “Rate” shall include the Adjusted Eurocurrency Rate, ABR, any Base Rate and the Discount B/A Rate.

“Unfunded Pension Liability” shall mean the excess of a Plan’s benefit liabilities under Section 4001(a)(16) of ERISA, over the current value of that Plan’s assets, determined in accordance with the assumptions used for funding the Plan pursuant to Section 412 of the Code for the applicable plan year.

“U.K. Borrowers” shall have the meaning assigned to such term in the preamble hereto.

“U.K. Borrowing Base” shall mean, with respect to the U.K. Loan Parties at any time, subject to the Eligibility Adjustment Principles and Borrowing Base Acquisition Adjustment Principles, the amount (expressed as a U.S. Dollar Equivalent amount) equal to:

(a) the sum of:

(i) in the case of Eligible Receivables, the product of (A) 85.0% multiplied by (B) the difference of (x) the amount in U.S. Dollars of all Eligible Receivables of such U.K. Loan Parties minus (y) the Dilution Reserve with respect to such Eligible Receivables (calculated net of all finance charges, late fees and other fees that are unearned, sales, excise or similar taxes, and credits or allowances granted at such time); and

(ii) in the case of Eligible Inventory, the lesser of (A) 70.0% of the value of Eligible Inventory of such U.K. Loan Parties (valued, for each class of such Eligible Inventory, at the lower of cost and market on a first in, first out basis) consisting of each class of such Eligible Inventory at such time and (B) 85.0% of Net Orderly Liquidation Value of such Eligible Inventory of such U.K. Loan Parties constituting each class of Eligible Inventory at such time; and

(iii) in the case of Eligible Machinery and Equipment, 80.0% of the Net Orderly Liquidation Value In-Place of the Eligible Machinery and Equipment of such U.K. Loan Parties; and

(iv) in the case of Eligible Real Property, 75.0% of the Appraised Fair Market Value of Eligible Real Property of such U.K. Loan Party;

minus

(b) any applicable Reserve then in effect to the extent applicable to such U.K. Loan Parties or such Eligible Receivables, Eligible Inventory, Eligible Machinery and Equipment and Eligible Real Property;

provided, however, that the U.K. Borrowing Base (together with the Dutch Borrowing Base and the German Borrowing Base) shall not constitute more than the greater of (i) 50.0% of the Total Revolving Facility Commitments and (ii) 50.0% of the Global Borrowing Base (calculated prior to giving effect to such limitation).

The specified percentages set forth in this definition will not be reduced without the consent of the U.S. Borrower.

“U.K. Loan Parties” shall mean the U.K. Borrowers and any Subsidiary of the U.S. Borrower incorporated or organized under the laws of England and Wales that is or hereafter becomes a party to the Foreign Guarantee Agreement.

“U.K. Security Documents” shall mean all English law security agreements delivered pursuant to this Agreement and granted by any Loan Party and all confirmations and acknowledgements thereof, in each case relating to the grant to the Collateral Agent of a security interest in the ABL Priority Collateral owned by such Loan Party.

“Uniform Commercial Code” shall mean the Uniform Commercial Code as the same may from time to time be in effect in the State of New York or the Uniform Commercial Code (or similar code or statute) of another jurisdiction, to the extent it may be required to apply to any item or items of Collateral.

“Unrestricted Cash” shall mean cash or cash equivalents of the U.S. Borrower or any Subsidiary that would not appear as “restricted” on a consolidated balance sheet of the U.S. Borrower or any Subsidiary.

“Unrestricted Subsidiary” shall mean (a) any subsidiary of the U.S. Borrower identified on Schedule 1.01(d) to the 2013 Credit Agreement, (b) any additional subsidiary of the U.S. Borrower that is designated by the U.S. Borrower as an Unrestricted Subsidiary hereunder by written notice to the Administrative Agent; provided that the U.S. Borrower shall only be permitted to so designate a new Unrestricted Subsidiary so long as (i) no Default or Event of Default has occurred and is continuing or would result therefrom, (ii) such Unrestricted Subsidiary shall be capitalized (to the extent capitalized by the U.S. Borrower or any of its Subsidiaries) through Investments as permitted by, and in compliance with, Section 6.04, and any prior or concurrent Investments in such Subsidiary by the U.S. Borrower or any Subsidiaries shall be deemed to have been made under Section 6.04, (iii) without duplication of clause (ii), any assets owned by such Unrestricted Subsidiary at the time of the initial designation thereof shall be treated as Investments pursuant to Section 6.04, and (iv) such Subsidiary shall have been designated an "unrestricted subsidiary" (or otherwise not be subject to the covenants and defaults) under the Notes and, to the extent any Disqualified Stock or Permitted Refinancing Indebtedness in respect of the Notes has terms and conditions consistent with the Notes, all such Disqualified Stock or such Permitted Refinancing Indebtedness, and (c) any subsidiary of an Unrestricted Subsidiary. The U.S. Borrower may designate any Unrestricted Subsidiary to be a Subsidiary for purposes of this Agreement (each, a "Subsidiary Redesignation"); provided that (i) such Unrestricted Subsidiary, both before and after giving effect to such designation, shall be a Wholly Owned Subsidiary of the U.S. Borrower, (ii) no Default or Event of Default has occurred and is continuing or would result therefrom, (iii) all representations and warranties contained herein and in the other Loan Documents shall be true and correct in all material respects with the same effect as though such representations and warranties had been made on and as of the date of such Subsidiary Redesignation (both before and after giving effect thereto), unless stated to relate to a specific earlier date, in which case such representations and warranties shall be true and correct in all material respects as of such earlier date, and (iv) the U.S. Borrower shall have delivered to the Administrative Agent an officer's certificate executed by a Responsible Officer of the U.S. Borrower, certifying to the best of such officer's knowledge, compliance with the requirements of preceding clauses (i) through (iii), inclusive.

"U.S.A. Patriot Act" shall mean the U.S.A. Patriot Act, Title III of Pub.L. No. 107-56 (signed into law October 26, 2001), as amended.

"U.S. Base Rate" shall mean, for any day, the rate of interest per annum equal to the higher of (a) the interest rate per annum publicly announced from time to time by the Administrative Agent as its reference rate in effect on such day at its principal office in Toronto for determining interest rates applicable to commercial loans denominated in U.S. Dollars in Canada (each change in such reference rate being effective from and including the date such change is publicly announced as being effective) and (b) the Federal Funds Effective Rate in effect on such day plus 1/2 of 1.0%.

"U.S. Base Rate Borrowing" shall mean a Borrowing consisting of U.S. Base Rate Loans.

"U.S. Base Rate Loan" shall mean any Revolving Facility Loan bearing interest at a rate determined by reference to the U.S. Base Rate in accordance with the provisions of Article II.

"U.S. Borrower" shall have the meaning assigned to such term in the preamble hereto.

"U.S. Borrowing Base" shall mean, with respect to the Domestic Loan Parties at any time, subject to the Eligibility Adjustment Principles and Borrowing Base Acquisition Adjustment Principles, the amount (expressed as a U.S. Dollar Equivalent amount) equal to:

(a) the sum of:

(i) in the case of Eligible Receivables, the product of (A) 85.0% multiplied by (B) the difference of (x) the amount in U.S. Dollars of all Eligible Receivables of such Domestic Loan Parties minus (y) the Dilution Reserve with respect to such Eligible Receivables (calculated net of all finance charges, late fees and other fees that are unearned, sales, excise or similar taxes, and credits or allowances granted at such time); and

(ii) in the case of Eligible Inventory, the lesser of (A) 70.0% of the value of Eligible Inventory of such Domestic Loan Parties (valued, for each class of such Eligible Inventory, at the lower of cost and market on a first in, first out basis) consisting of each class of such Eligible Inventory at such time and (B) 85.0% of Net Orderly Liquidation Value of such Eligible Inventory of such Domestic Loan Parties constituting each class of Eligible Inventory at such time;

minus

(b) any applicable Reserve then in effect to the extent applicable to such Domestic Loan Parties or such Eligible Receivables and Eligible Inventory.

The specified percentages set forth in this definition will not be reduced without the consent of the U.S. Borrower.

"U.S. Dollar Equivalent" shall mean, on any date of determination, (a) with respect to any amount in U.S. Dollars, such amount, and (b) with respect to any amount in any other currency, the equivalent in U.S. Dollars of such amount, determined by the Administrative Agent pursuant to Section 1.04 using the Exchange Rate with respect to such currency at the time in effect under the provisions of such Section.

"U.S. Dollars" or "$" shall mean lawful money of the United States of America.

"U.S. Guarantee Agreement" shall mean the U.S. Guarantee Agreement, dated as of the Closing Date, among Holdings, the U.S. Borrower, each Domestic Subsidiary Loan Party party thereto and the Administrative Agent, as amended, supplemented or otherwise modified from time to time.

"U.S. Lending Office" shall mean, as to any Lender, the applicable branch, office or Affiliate of such Lender designated by such Lender to make Loans to the applicable U.S. Borrower.

"U.S. Prime Rate" shall mean the rate of interest per annum publicly announced from time to time by the Administrative Agent as its prime rate at its offices at 270 Park Avenue, New York City; each change in the U.S. Prime Rate shall be effective from and including the date such change is publicly announced as being effective.

"U.S. Revolving Facility Exposure" shall mean, at any time, that portion of the Total Revolving Facility Exposure comprising (a) aggregate Revolving Facility Loans borrowed by the U.S. Borrower, (b) Swingline Exposure to the U.S. Borrower and (c) Revolving L/C Exposure to the U.S. Borrower.

"U.S. Sublimit" shall have the meaning assigned to such term in Section 2.01(a).

"VAT" shall mean any tax imposed by EC Directive 2006/112/EC on the Common System of value added tax, and any national legislation implementing that directive (including the United Kingdom's Value Added Tax Act 1994), together with any legislation supplemental thereto, and any other tax of a similar nature and all penalties, costs and interest related thereto.

"Wholly Owned Subsidiary" of any person shall mean a subsidiary of such person, all of the Equity Interests of which (other than directors' qualifying shares or nominee or other similar shares required pursuant to applicable law) are owned by such person or another Wholly Owned Subsidiary of such person.

"Withdrawal Liability" shall mean liability to a Multiemployer Plan as a result of a complete or partial withdrawal from such Multiemployer Plan, as such terms are defined in Part I of Subtitle E of Title IV of ERISA.

"Write-Down and Conversion Powers" shall mean, with respect to any EEA Resolution Authority, the write-down and conversion powers of such EEA Resolution Authority from time to time under the Bail-In Legislation for the applicable EEA Member Country, which write-down and conversion powers are described in the EU Bail-In Legislation Schedule.

"Yield Differential" shall have the meaning assigned to such term in Section 2.21(b).

Section 1.02 Terms Generally.

(a) As used herein and in the other Loan Documents, and any certificate or other document made or delivered pursuant hereto or thereto, (i) the definitions set forth or referred to in Section 1.01 shall apply equally to both the singular and plural forms of the terms defined, (ii) whenever the context may require, any pronoun shall include the corresponding masculine, feminine and neuter forms, (iii) the words "include", "includes" and "including" shall be deemed to be followed by the phrase "without limitation", (iv) the word "incur" shall be construed to mean incur, create, issue, assume or become liable in respect of (and the words "incurred" and "incurrence" shall have correlative meanings), (v) the words "asset" and "property" shall be construed to have the same meaning and effect and to refer to any and all tangible and intangible assets and properties, including cash, capital stock, securities, revenues, accounts, leasehold interests and contract rights, (vi) references to agreements or other contractual obligations shall, unless otherwise specified, be deemed to refer to such agreements or contractual obligations as amended, supplemented, restated or otherwise modified from time to time, (vii) all references herein to Articles, Sections, Exhibits and Schedules shall be deemed references to Articles and Sections of, and Exhibits and Schedules to, this Agreement unless the context shall otherwise require and (viii) except as otherwise expressly provided herein, any reference in this Agreement to any Loan Document shall mean such document as amended, restated, supplemented or otherwise modified from time to time in accordance with the requirements hereof and thereof.

(b) Except as otherwise expressly provided herein, all terms of an accounting or financial nature shall be construed in accordance with GAAP, as in effect from time to time; provided that all terms of an accounting or financial nature used herein shall be construed, and all computations of amounts and ratios referred to herein shall be made, without giving effect to (i) any election under Accounting Standards Codification 825-10-25 (previously referred to as Statement of Financial Accounting Standards 159) (or any other Accounting Standards Codification or Financial Accounting Standard having a similar result or effect) to value any Indebtedness or other liabilities of the Borrower or any Subsidiary at “fair value”, as defined therein and (ii) any treatment of Indebtedness in respect of convertible debt instruments under Accounting Standards Codification 470-20 (or any other Accounting Standards Codification or Financial Accounting Standard having a similar result or effect) to value any such Indebtedness in a reduced or bifurcated manner as described therein, and such Indebtedness shall at all times be valued at the full stated principal amount thereof; provided further, that if any Borrower notifies the Administrative Agent that such Borrower requests an amendment to any provision hereof to eliminate the effect of any change occurring after the Closing Date in GAAP or in the application thereof on the operation of such provision (or if the Administrative Agent notifies any Borrower that the Required Lenders request an amendment to any provision hereof for such purpose), regardless of whether any such notice is given before or after such change in GAAP or in the application thereof, then such provision shall be interpreted on the basis of GAAP as in effect and applied immediately before such change shall have become effective until such notice shall have been withdrawn or such provision amended in accordance herewith.

(c) In this Agreement, where it relates to the German Borrower, a reference to (i) a necessary action to authorize, where applicable, includes without limitation, obtaining an unconditional positive advice from the competent works council(s), (ii) a security interest includes any mortgage (*Grundschuld*, *Hypothek*), pledge (*Pfandrecht*), retention of title arrangement (*Eigentumsvorbehalt*), right of retention (*Zurückbehaltungsrecht*), right to reclaim goods (*Herausgabeansprüche*) and any other right *in rem* created for the purpose of granting security, (iii) a winding-up or dissolution includes a German entity being dissolved (*aufgelöst*) and administration includes a German entity being declared bankrupt (*insolvent*), (iv) any step or procedure taken in connection with insolvency proceedings includes a German entity having applied for bankruptcy (*Insolvenzantrag*) or the opening of bankruptcy proceedings (*Insolvenzeröffnung*) and (v) an administrator includes an “*Insolvenzverwalter*”.

Section 1.03 Effectuation of Transactions. Each of the representations and warranties of Holdings and the Borrowers contained in this Agreement (and all corresponding definitions) are made after giving effect to the Transactions (or such portion thereof as shall be consummated as of the date of the applicable representation or warranty), unless the context otherwise requires.

Section 1.04 Currency Translation.

(a) For purposes of determining compliance as of any date with Section 6.01, 6.02, 6.03, 6.04, 6.05, 6.06, 6.07 or 6.10 (other than for purposes of calculating the Senior Secured Bank Leverage Ratio, as used in any such Section, which shall be calculated in accordance with the definition thereof), amounts incurred or outstanding in currencies other than U.S. Dollars shall be translated into U.S. Dollars at the Exchange Rate in effect on the first Business Day of the fiscal quarter in which such determination occurs or in respect of which such determination is being made. No Default or Event of Default shall arise as a result of any limitation or threshold set forth in U.S. Dollars in Section 6.01, 6.02, 6.03, 6.04, 6.05, 6.06, 6.07 or 6.10 or paragraph (f) or (j) of Section 7.01 being exceeded solely as a result of changes in currency exchange rates from those rates applicable on the first day of the fiscal quarter in which such determination occurs or in respect of which such determination is being made.

(b) (i) The Administrative Agent shall determine the U.S. Dollar Equivalent of any Letter of Credit denominated in any Alternative Currency as of each date (with such date to be reasonably determined by the Administrative Agent) that is on or about the date of each request for the issuance, amendment, renewal or extension of such Alternative Currency Letter of Credit, using the Exchange Rate for the applicable currency in relation to U.S. Dollars in effect on the date of determination, and each such amount shall be the U.S. Dollar Equivalent of such Letter of Credit until the next required calculation thereof pursuant to this Section 1.04(b)(i). The Administrative Agent shall in addition determine the U.S. Dollar Equivalent of any Letter of Credit denominated in any Alternative Currency as of the CAM Exchange Date as set forth in Section 10.02.

(ii) The Administrative Agent shall determine the U.S. Dollar Equivalent of any Borrowing denominated in any Alternative Currency or any B/A accepted and purchased under Section 2.06 as of each date (with such date to be reasonably determined by the Administrative Agent) that is on or about the date of a Borrowing Request, Interest Election Request or request for an acceptance and purchase of B/As with respect to such Borrowing or B/A, in each case using the Exchange Rate for the applicable currency in relation to U.S. Dollars in effect on the date of determination, and each such amount shall be the U.S. Dollar Equivalent of such Borrowing or B/A until the next required calculation thereof pursuant to this Section 1.04(b)(ii). The Administrative Agent shall in addition determine the U.S. Dollar Equivalent of any Borrowing denominated in any Alternative Currency or any B/A accepted and purchased under Section 2.06 as of the CAM Exchange Date as set forth in Section 10.01.

(iii) The U.S. Dollar Equivalent of any L/C Disbursement made by any Issuing Bank in any Alternative Currency and not reimbursed by the applicable Borrower shall be determined as set forth in paragraphs (e) or (n) of Section 2.05, as applicable. In addition, the U.S. Dollar Equivalent of the Revolving L/C Exposure shall be determined as set forth in paragraph (j) of Section 2.05, at the time and in the circumstances specified therein.

(iv) The Administrative Agent shall notify the Borrowers, the applicable Lenders and the applicable Issuing Bank of each calculation of the U.S. Dollar Equivalent of each Letter of Credit, Borrowing, B/A accepted and purchased hereunder and L/C Disbursement.

ARTICLE II

THE CREDITS

Section 2.01 Commitments. Subject to the terms and conditions set forth herein:

(a) Revolving Facility Loans. Each Lender severally agrees to make a loan or loans from time to time during the Availability Period (each, a "Revolving Facility Loan") (i) in U.S. Dollars or euro to the U.S. Borrower from such Lender's U.S. Lending Office or Euro Lending Office (or any other Lending Office of such Lender, as such Lender may designate), (ii) in Canadian Dollars or U.S. Dollars to the Canadian Borrower from its Canadian Lending Office or U.S. Lending Office (or any other Lending Office of such Lender, as such Lender may designate) and/or to cause its Canadian Lending Office (or any other Lending Office of such Lender, as such Lender may designate) to accept and purchase or arrange for the acceptance and purchase of drafts drawn by the Canadian Borrower in Canadian Dollars as B/As, (iii) in U.S. Dollars or euro to each of the Dutch Borrower and the German Borrower from such Lender's U.S. Lending Office or Euro Lending Office (or any other Lending Office of such Lender, as such Lender may designate), and (iv) in euro, U.S. Dollars or Sterling to each U.K. Borrower from such Lender's Euro Lending Office or U.S. Lending Office (or any other Lending Office of such Lender, as such Lender may designate), in each case after giving effect thereto and to the application of proceeds thereof, in an aggregate principal amount that will not result in (I) such Lender's Revolving Facility Loans exceeding the Revolving Facility Commitment of such Lender, (II) such Lender's Revolving Facility Exposure exceeding the Revolving Facility Commitment of such Lender, (III) the Total Revolving Facility Exposure exceeding the lesser of (x) the Total Revolving Facility Commitments and (y) the Global Borrowing Base, (IV) the aggregate U.S. Revolving Facility Exposure exceeding the U.S. Borrowing Base (the "U.S. Sublimit") or (V) (x) the Total Revolving Facility Exposure less the German Revolving Facility Exposure exceeding (y) the Global Borrowing Base less the German Borrowing Base (the "Specified Sublimit"). Notwithstanding anything herein to the contrary, on the Stage 2 Amendment Effective Date, (i) the 2016 Extended Revolving Facility Commitments shall automatically replace the Revolving Facility Commitments in effect hereunder immediately prior to the Stage 2 Amendment Effective Date, unless the 2016 Extended Revolving Facility Commitment of a Lender is structured as an extension of its Revolving Facility Commitments in effect immediately prior to the Stage 2 Amendment Effective Date, in which case the specified Revolving Facility Commitments of such Lender in effect immediately prior to the Stage 2 Amendment Effective Date shall, on the Stage 2 Amendment Effective Date, be extended as 2016 Extended Revolving Facility Commitments and, if applicable, reduced to be the amount of such Lender's 2016 Extended Revolving Facility Commitment set forth on Annex II hereto (subject to further reduction pursuant to Section 2.01(a)) and (ii) the Revolving Facility Exposure under this Agreement immediately prior to the Stage 2 Amendment Effective Date shall remain outstanding hereunder and shall be deemed to be extensions of credit under the 2016 Extended Revolving Facility Commitments. Each of the parties hereto hereby agrees that the Administrative Agent may take any and all action as may be reasonably necessary to ensure that all Revolving Facility Loans and each Borrowing outstanding immediately prior to the Stage 2 Amendment

Effective Date shall remain outstanding after giving effect to the Stage 2 Amendment Effective Date, but shall be held by each Lender with a 2016 Extended Revolving Facility Commitment on a pro rata basis based on the amount of its 2016 Extended Revolving Facility Commitment, including without limitation processing any deemed assignments of Revolving Facility Loans between the Lenders to reflect such pro rata holdings (with (1) any Lenders with a 2016 Extended Revolving Facility Commitment that is greater than its Revolving Facility Commitment in effect immediately prior to the Stage 2 Amendment Effective Date agreeing to be an Assignee and purchase any such Revolving Facility Loans to the extent required to effect the foregoing and (2) any Lenders with a 2016 Extended Revolving Facility Commitment that is less than its Revolving Facility Commitment in effect prior to the Stage 2 Amendment Effective Date agreeing to be an assignor with respect to any such assignment to the extent required to effect the foregoing). To the extent requested by any Lender on or prior to the Stage 2 Amendment Effective Date, the 2016 Extended Revolving Facility Commitment of such Lender may be structured as an extension of its Revolving Facility Commitments in effect hereunder immediately prior to the Stage 2 Amendment Effective Date; provided that, for the avoidance of doubt, such extended Revolving Facility Commitments shall constitute and be treated as 2016 Extended Revolving Facility Commitments for all purposes hereunder. For the avoidance of doubt, notwithstanding anything in this Agreement to the contrary, in no event shall a Lender's Revolving Facility Loans exceed the Revolving Facility Commitment of such Lender on the Stage 2 Amendment Effective Date.

In addition, notwithstanding anything herein to the contrary, any Additional Extending Lender may become a Lender hereunder and agree to provide Revolving Facility Commitments hereunder that will be included as 2016 Extended Revolving Facility Commitments hereunder pursuant to joinder documentation reasonably acceptable to the Administrative Agent and the U.S. Borrower. The 2016 Extended Revolving Facility Commitments of Additional Extending Lenders will be in addition to the 2016 Extended Revolving Facility Commitments in effect immediately prior to any Additional Extending Lender Effective Date; provided that, to the extent the total aggregate principal amount of the 2016 Extended Revolving Facility Commitments would otherwise exceed $350,000,000 after giving effect to any Additional Extending Lender Commitment, the 2016 Extended Revolving Facility Commitments of the Prior Extending Lenders (other than those provided by the Excluded Extending Lenders) shall be reduced pro rata by the aggregate amount of such excess automatically upon the execution by such Additional Extending Lender of such joinder documentation. Each of the parties hereto hereby agrees that the Administrative Agent may take any and all action as may be reasonably necessary to ensure that all Revolving Facility Loans and each Borrowing outstanding immediately prior to an Additional Extending Lender Effective Date shall remain outstanding after giving effect to the Additional Extending Lender Effective Date, but shall be held by each Lender with a 2016 Extended Revolving Facility Commitment on a pro rata basis based on the amount of its 2016 Extended Revolving Facility Commitment after giving effect to the Additional Extending Lender Effective Date, including without limitation processing any deemed assignments of Revolving Facility Loans between the Lenders to reflect such pro rata holdings. The U.S. Borrower may, with the consent of the Administrative Agent in the Administrative Agent's sole discretion, appoint up to one Additional Extending Lender as a Joint Lead Arranger and grant such entity additional titles as agreed by the U.S. Borrower and Administrative Agent under this Agreement. On the Additional Extending Lender Effective Date, this Agreement shall be amended to the extent (but only to the extent) necessary to reflect the existence of the Additional Extending Lender Commitment of each

Additional Extending Lender and the granting of any title pursuant to this Section 2.01(a). Any such amendment may be memorialized in writing by the Administrative Agent and the Borrowers and furnished to the other parties hereto. For the avoidance of doubt, in no event shall the 2016 Extended Revolving Facility Commitments exceed $350,000,000 (other than pursuant to an Incremental Revolving Facility Commitment pursuant to Section 2.21).

(b) Overadvances. Insofar as the Borrowers may request and the Administrative Agent or Required Lenders may be willing in their sole and absolute discretion to make (x) any Revolving Facility Loans to any Borrower at a time when (A) the Total Revolving Facility Exposure exceeds, or would exceed with the making of any such Revolving Facility Loan, the Global Borrowing Base or (B) the Total Revolving Facility Exposure less the German Revolving Facility Exposure exceeds, or would exceed with the making of any such Revolving Facility Loan, the Specified Sublimit or (y) any Revolving Facility Loans to the U.S. Borrower at a time when the U.S. Revolving Facility Exposure exceeds, or would exceed with the making of any such Revolving Facility Loan, the U.S. Sublimit (any such Loan or Loans made under clauses (x) or (y) above being herein referred to individually as an "Overadvance"), the Administrative Agent or Required Lenders shall make, or require the Lenders to make, such Overadvances available to the applicable Borrower. All Overadvances shall be secured by the Collateral in accordance with the terms hereof and of the Security Documents and shall bear interest as provided in this Agreement for the Revolving Facility Loans generally. Any Overadvance made pursuant to the terms hereof shall be made by the Lenders ratably in accordance with their Revolving Facility Percentages. The foregoing notwithstanding, in no event (i) unless otherwise consented to by the Required Lenders, shall Overadvances, together with the Protective Advances then outstanding, in the aggregate exceed 5.0% of the then applicable Global Borrowing Base, (ii) shall any Overadvances be outstanding for more than 45 consecutive days, (iii) unless otherwise consented to by the Required Lenders, after all outstanding Overadvances have been repaid, shall the Administrative Agent or the Lenders make any additional Overadvances unless 30 days or more have expired since the last date on which any Overadvances were outstanding or (iv) unless otherwise consented to by each affected Lender, shall the Administrative Agent make any Revolving Facility Loans on behalf of the applicable Lenders under this Section 2.01(b) to the extent such Revolving Facility Loans would cause such Lender's share of the Revolving Facility Exposure to exceed such Lender's aggregate Revolving Facility Commitment. The Required Lenders may at any time revoke the Administrative Agent's authorization to make future Overadvances (provided that existing Overadvances shall not be subject to such revocation and any such revocation must be in writing and shall become effective prospectively upon the Administrative Agent's receipt thereof). If Overadvances are made in accordance with this Section 2.01(b), then (A) the Global Borrowing Base, U.S. Sublimit and Specified Sublimit, as applicable, shall thereafter be deemed ratably increased by the amount of such permitted Overadvances, but only for so long as the Administrative Agent allows such Overadvances to be outstanding and (B) all Lenders shall be bound to make, or permit to remain outstanding, such Overadvances based upon their applicable Revolving Facility Percentages in accordance with the terms of this Agreement.

(c) Protective Advances. Upon the occurrence and during the continuance of an Event of Default or upon the inability of the Borrowers to satisfy the conditions to borrowing set forth in Section 4.01(b) after the Closing Date, the Administrative Agent, in its sole discretion, may make Revolving Facility Loans to any Borrower on behalf of the Lenders, so long as the aggregate amount of such Revolving Facility Loans shall not, together with the aggregate amount of all Overadvances then outstanding, exceed 5.0% of the then applicable Global Borrowing Base, if the Administrative Agent, in its Reasonable Credit Judgment, deems that such Revolving Facility Loans are necessary or desirable (i) to protect all or any portion of the Collateral, (ii) to enhance the likelihood, or maximize the amount of, repayment of the Loans and the other Obligations, or (iii) to pay any other amount chargeable to the Borrowers pursuant to this Agreement (such Revolving Facility Loans, hereinafter, each a "Protective Advance" and, together, "Protective Advances"); provided that (x) in no event shall the Total Revolving Facility Exposure exceed the Total Revolving Facility Commitments, (y) the Required Lenders may at any time revoke the Administrative Agent's authorization to make future Protective Advances (provided that existing Protective Advances shall not be subject to such revocation and any such revocation must be in writing and shall become effective prospectively upon the Administrative Agent's receipt thereof) and (z) unless otherwise consented to by each affected Lender, the Administrative Agent may not make Revolving Facility Loans on behalf of the applicable Lenders under this Section 2.01(c) to the extent such Revolving Facility Loans would cause a Lender's share of the Revolving Facility Exposure to exceed such Lender's Revolving Facility Commitment. Any Protective Advance made pursuant to the terms hereof shall be made by the Lenders ratably in accordance with their Revolving Facility Percentages. If Protective Advances are made in accordance with this Section 2.01(c), then (A) each Borrowing Base shall thereafter be deemed ratably increased by the amount of such permitted Protective Advances, but only for so long as the Administrative Agent allows such Protective Advances to be outstanding and (B) all Lenders shall be bound to make, or permit to remain outstanding, such Protective Advances based upon their applicable Revolving Facility Percentages in accordance with the terms of this Agreement.

(d) Incremental Revolving Facility Commitments. Each Lender having an Incremental Revolving Facility Commitment agrees, subject to the terms and conditions set forth in the applicable Incremental Assumption Agreement, to make Incremental Revolving Facility Loans to any Borrower, in a U.S. Dollar Equivalent aggregate principal amount not to exceed its Incremental Revolving Facility Commitment.

(e) Prepayment; Reborrowing. Within the foregoing limits and subject to the terms and conditions set forth herein, the Borrowers may borrow, prepay and reborrow Revolving Facility Loans.

Section 2.02 Loans and Borrowings.

(a) Each Loan shall be made as part of a Borrowing consisting of Loans in the same currency and of the same Class and Type made by the Lenders ratably in accordance with their respective Commitments (or, in the case of Swingline Loans, by the Swingline Lender in accordance with its Swingline Commitment). The failure of any Lender to make any Loan required to be made by it shall not relieve any other Lender of its obligations hereunder; provided that the Commitments of the Lenders are several and no Lender shall be responsible for any other Lender's failure to make Loans as required.

(b) Subject to Section 2.15, (i) in the case of the U.S. Borrower, each Borrowing shall be comprised entirely of ABR Loans or Eurocurrency Revolving Loans as the U.S. Borrower may request in accordance herewith; (ii) in the case of the Canadian Borrower, each Borrowing (A) denominated in U.S. Dollars shall be comprised entirely of U.S. Base Rate Loans or Eurocurrency Revolving Loans as the Canadian Borrower may request in accordance herewith and (B) denominated in Canadian Dollars shall be comprised entirely of Canadian Base Rate Loans or B/A Drawings; and (iii) in the case of the Dutch Borrower, the German Borrower and the U.K. Borrowers, each Borrowing shall be comprised entirely of Base Rate Loans or Eurocurrency Revolving Loans as the applicable Borrower may request in accordance herewith. Each Swingline Borrowing made by the U.S. Borrower shall be an ABR Borrowing. Each Swingline Borrowing made by the Dutch Borrower, the German Borrower or a U.K. Borrower shall be an Overnight LIBO Borrowing. Each Lender at its option may make any ABR Loan, Base Rate Loan or Eurocurrency Revolving Loan by causing any domestic or foreign branch or Affiliate of such Lender to make such Loan; provided that any exercise of such option shall not affect the obligation of any Borrower to repay such Loan in accordance with the terms of this Agreement and such Lender shall not be entitled to any amounts payable under Section 2.16 or 2.18 solely in respect of increased costs or taxes resulting from such exercise and existing at the time of such exercise.

(c) At the commencement of each Interest Period for any Eurocurrency Revolving Borrowing, such Borrowing shall be in an aggregate amount that is an integral multiple of the Borrowing Multiple and not less than the Borrowing Minimum. At the time that (i) each ABR Revolving Borrowing or Base Rate Revolving Borrowing is made, such Borrowing shall be in an aggregate amount that is an integral multiple of the Borrowing Multiple and not less than the Borrowing Minimum; provided that an ABR Revolving Borrowing or Base Rate Revolving Borrowing may be in an aggregate amount that is equal to the entire unused balance of the Revolving Facility Commitments or that is required to finance the reimbursement of an L/C Disbursement as contemplated by Section 2.05(e). Borrowings of more than one Type and Class may be outstanding at the same time; provided that there shall not at any time be more than a total of ten Eurocurrency Revolving Borrowings outstanding.

(d) Notwithstanding any other provision of this Agreement, no Borrower shall be entitled to request, or to elect to convert or continue, any Borrowing or B/A Drawing if the Interest Period or Contract Period requested with respect thereto would end after the Maturity Date of any Class.

(e) Any Loan to the Dutch Borrower or, to the extent provided before any Loan, any issuance of a Letter of Credit under section 2.05(b) at the request of the Dutch Borrower shall at all times be provided by a Lender and Issuing Bank that is a Non-Public Lender.

Section 2.03 Requests for Borrowings. To request a Revolving Borrowing, the applicable Borrower shall notify the Administrative Agent of such request (as provided in Section 9.01) by telephone (provided that Borrowings by a U.K. Borrower, the Dutch Borrower or the German Borrower cannot be made by telephone and must be made in writing) (a) in the case of a Eurocurrency Revolving Borrowing, not later than 11:00 a.m., Local Time, three Business Days before the date of the proposed Borrowing, (b) in the case of a Base Rate Borrowing in Sterling or euros, not later than 12:00 p.m., Local Time, two Business Days before the date of the proposed Borrowing or (c) in the case of an ABR Borrowing or Base Rate Borrowing in U.S. Dollars or Canadian Dollars, not later than 12:00 p.m., Local Time, one Business Day before the date of the proposed Borrowing; provided that any such notice of an ABR Revolving Borrowing or a Base Rate Borrowing to finance the reimbursement of an L/C Disbursement as contemplated by Section 2.05(e) may be given not later than 11:00 a.m., Local Time, on the date of the proposed Borrowing. Each such Borrowing Request shall be irrevocable and shall (in the case of a telephone request) be confirmed promptly by hand delivery or electronic means to the Administrative Agent of a written Borrowing Request in a form approved by the Administrative Agent and signed by the applicable Borrower. Each such telephonic and written Borrowing Request shall specify the following information in compliance with Section 2.02:

(i) the Borrower requesting such Borrowing;

(ii) the Class of such Borrowing;

(iii) the currency and aggregate amount of the requested Borrowing, which amount shall not result in (A) the Total Revolving Facility Exposure exceeding the lesser of (x) the Total Revolving Facility Commitments and (y) the Global Borrowing Base, (B) the aggregate U.S. Revolving Facility Exposure exceeding the U.S. Sublimit or (C) the Total Revolving Facility Exposure less the German Revolving Facility Exposure exceeding the Specified Sublimit;

(iv) the date of such Borrowing, which shall be a Business Day;

(v) whether such Borrowing is to be an ABR Borrowing, a Base Rate Borrowing or a Eurocurrency Revolving Borrowing;

(vi) in the case of a Eurocurrency Revolving Borrowing, the initial Interest Period to be applicable thereto, which shall be a period contemplated by the definition of the term “Interest Period”; and

(vii) the location and number of the applicable Borrower’s account to which funds are to be disbursed.

If no election as to the Type of Revolving Borrowing is specified, then the requested Revolving Borrowing shall be (i) in the case of a Revolving Borrowing by the U.S. Borrower, an ABR Borrowing and (ii) in the case of any other Revolving Borrowing, a Base Rate Borrowing. If no Interest Period is specified with respect to any requested Eurocurrency Revolving Borrowing, then the applicable Borrower shall be deemed to have selected an Interest Period of one month’s duration. Promptly following receipt of a Borrowing Request in accordance with this Section, the Administrative Agent shall advise each Lender of the details thereof and of the amount of such Lender’s Loan to be made as part of the requested Borrowing.

Each Borrower hereby irrevocably authorizes the Administrative Agent to disburse the proceeds of each Loan requested pursuant to this Section 2.03. The proceeds of each Loan requested under this Section 2.03 shall be disbursed by the Administrative Agent in the applicable currency in immediately available funds, by wire transfer to such bank account as may be agreed upon by the applicable Borrower and the Administrative Agent from time to time or elsewhere if pursuant to a written direction from such Borrower. If at any time any Loan is funded in excess of the amount requested by the applicable Borrower, such Borrower agrees to repay the excess to the Administrative Agent promptly upon the earlier to occur of (x) such Borrower's discovery of the error and (y) notice thereof to such Borrower from the Administrative Agent or any applicable Lender. For the avoidance of doubt, each of the Revolving Facility Loans outstanding immediately prior to the Stage 2 Amendment Effective Date, if any, shall remain outstanding hereunder after giving effect to the Stage 2 Amendment Effective Date as Revolving Facility Loans incurred under the 2016 Extended Revolving Facility Commitments.

Section 2.04 Swingline Loans.

(a) Subject to the terms and conditions set forth herein, the Swingline Lender agrees to make Swingline Loans in U.S. Dollars to the U.S. Borrower, in euro to the Dutch Borrower and the German Borrower, and in euro, U.S. Dollars and Sterling to the U.K. Borrowers, from time to time during the applicable Availability Period, in the U.S. Dollar Equivalent of an aggregate principal amount at any time outstanding that will not result in (i) the Swingline Exposure exceeding the Swingline Commitment, (ii) the aggregate U.S. Revolving Facility Exposure exceeding the U.S. Sublimit, (iii) the Total Revolving Facility Exposure exceeding the lesser of (A) the Total Revolving Facility Commitments and (B) the Global Borrowing Base or (iv) the Total Revolving Facility Exposure less the German Revolving Facility Exposure exceeding the Specified Sublimit; provided that the Swingline Lender shall not be required to make a Swingline Loan to refinance an outstanding Swingline Borrowing. Each Swingline Borrowing shall be in an amount that is an integral multiple of $100,000, €100,000 or £100,000, as the case may be, and not less than $1,000,000, €1,000,000 or £1,000,000, as the case may be. Within the foregoing limits and subject to the terms and conditions set forth herein, the U.S. Borrower, the Dutch Borrower, the German Borrower and the U.K. Borrowers may borrow, prepay and reborrow Swingline Loans.

(b) To request a Swingline Borrowing, the applicable Borrower shall notify the Administrative Agent and the Swingline Lender of such request by telephone (confirmed by a Swingline Borrowing Request by electronic means) (provided that Swingline Borrowings by a U.K. Borrower, the Dutch Borrower or the German Borrower cannot be made by telephone and must be made in writing), not later than 12:00 p.m., Local Time, on the day of a proposed Swingline Borrowing. Each such notice and Swingline Borrowing Request shall be irrevocable and shall specify (i) the Borrower requesting such Swingline Borrowing, (ii) the requested date (which shall be a Business Day), (iii) the currency and amount of the requested Swingline Borrowing and (iv) in the case of a Swingline Borrowing to be made by the Dutch Borrower, the German Borrower or a U.K. Borrower, the Interest Period to be applicable thereto, which shall be a period contemplated by clause (b) of the definition of "Interest Period". The Swingline Lender shall consult with the Administrative Agent as to whether the making of the Swingline Loan is in accordance with the terms of this Agreement prior to the Swingline Lender funding such Swingline Loan. The Swingline Lender shall make each Swingline Loan to be made by it hereunder in accordance with Section 2.02(a) on the proposed date thereof by wire transfer of immediately available funds by 3:00 p.m., Local Time, to the account of the applicable Borrower (or, in the case of a Swingline Borrowing made to finance the reimbursement of an L/C Disbursement as provided in Section 2.05(e), by remittance to the applicable Issuing Bank).

(c) The Swingline Lender may (but is not obligated to) require Lenders to acquire participations in all or a portion of the outstanding Swingline Loans made by it ("Settlement") on a weekly basis by written notice to the Administrative Agent not later than 12:00 p.m., Local Time, on the date of such requested Settlement (the "Settlement Date") with regards to Swingline Loans which are ABR Loans or two Business Days prior to the Settlement Date with regards to Overnight LIBO Borrowings. Such notice shall specify the aggregate amount and currency of such Swingline Loans in which the Lenders will participate. Promptly upon receipt of such notice, the Administrative Agent will give notice thereof to each such Lender, specifying in such notice such Lender's Revolving Facility Percentage of such Swingline Loan or Loans. Each Lender hereby absolutely and unconditionally agrees, upon receipt of notice as provided above, to pay to the Administrative Agent for the account of the Swingline Lender, such Lender's Revolving Facility Percentage of such Swingline Loan or Loans. Each Lender acknowledges and agrees that its respective obligation to acquire participations in Swingline Loans pursuant to this paragraph is absolute and unconditional and shall not be affected by any circumstance whatsoever, including the occurrence and continuance of a Default or reduction or termination of the Commitments, and that each such payment shall be made without any offset, abatement, withholding or reduction whatsoever. Each Lender shall comply with its obligation under this paragraph by wire transfer of immediately available funds, in the same manner as provided in Section 2.07 with respect to Loans made by such Lender (and Section 2.07 shall apply, *mutatis mutandis*, to the payment obligations of the Lenders), and the Administrative Agent shall promptly pay to the Swingline Lender the amounts so received by it from the Lenders. The Administrative Agent shall notify the U.S. Borrower of any participations in any Swingline Loan acquired pursuant to this paragraph (c), and thereafter payments in respect of such Swingline Loan shall be made to the Administrative Agent and not to the Swingline Lender. Any amounts received by the Swingline Lender from any Borrower (or other party on behalf of such Borrower) in respect of a Swingline Loan after receipt by the Swingline Lender of the proceeds of a sale of participations therein shall be promptly remitted to the Administrative Agent; any such amounts received by the Administrative Agent shall be promptly remitted by the Administrative Agent to the Lenders that shall have made their payments pursuant to this paragraph and to the Swingline Lender, as their interests may appear; provided that any such payment so remitted shall be repaid to the Swingline Lender or to the Administrative Agent, as applicable, if and to the extent such payment is required to be refunded to the applicable Borrower for any reason. The purchase of participations in a Swingline Loan pursuant to this paragraph shall not relieve any Borrower of any default in the payment thereof. For the avoidance of doubt, each of the Swingline Loans outstanding immediately prior to the Stage 2 Amendment Effective Date, if any, shall remain outstanding hereunder after giving effect to the Stage 2 Amendment Effective Date as Swingline Loans incurred under the 2016 Extended Revolving Facility Commitments.

Section 2.05 Letters of Credit

(a) General. Subject to the terms and conditions set forth herein, each of the Borrowers may request the issuance of Letters of Credit denominated in U.S. Dollars or Alternative Currencies, in each case for its own account (or for the account of a Subsidiary, so long as such Borrower and such Subsidiary are co-applicants) in a form reasonably acceptable to the applicable Issuing Bank, at any time and from time to time during the Availability Period prior to the date that is five (5) Business Days prior to the Maturity Date. In the event of any inconsistency between the terms and conditions of this Agreement and the terms and conditions of any form of letter of credit application or other agreement submitted by a Borrower to, or entered into by a Borrower with, an Issuing Bank relating to any Letter of Credit, the terms and conditions of this Agreement shall control.

(b) Notice of Issuance, Amendment, Renewal, Extension: Certain Conditions. To request the issuance of a Letter of Credit (or the amendment, renewal (other than an automatic renewal in accordance with paragraph (c) of this Section) or extension of an outstanding Letter of Credit), the applicable Borrower shall hand deliver or telecopy (or transmit by electronic communication, if arrangements for doing so have been approved by the applicable Issuing Bank) to the applicable Issuing Bank and the Administrative Agent (three Business Days in advance of the requested date of issuance, amendment, renewal or extension, or such lesser time as acceptable to the U.S. Borrower and the relevant Issuing Bank) a notice requesting the issuance of a Letter of Credit, or identifying the Letter of Credit to be amended, renewed or extended, attaching the Letter of Credit which must be in an agreed form (between the U.S. Borrower and the relevant Issuing Bank) and specifying the date of issuance, amendment, renewal or extension (which shall be a Business Day), the date on which such Letter of Credit is to expire (which shall comply with paragraph (c) of this Section), the amount of such Letter of Credit, the currency in which such Letter of Credit is to be denominated (which may be U.S. Dollars or any Alternative Currency), the name and address of the beneficiary thereof and such other information as shall be necessary to issue, amend, renew or extend such Letter of Credit. If requested by the applicable Issuing Bank, the applicable Borrower also shall submit a letter of credit application on such Issuing Bank's standard form in connection with any request for a Letter of Credit. A Letter of Credit shall be issued, amended, renewed or extended only if (and upon issuance, amendment, renewal or extension of each Letter of Credit the applicable Borrower shall be deemed to represent and warrant that), after giving effect to such issuance, amendment, renewal or extension, as the case may be, (i) the Revolving L/C Exposure will not exceed the Letter of Credit Sublimit, (ii) Total Revolving Facility Exposure will not exceed the lesser of (A) the Total Revolving Facility Commitments and (B) the Global Borrowing Base, (iii) the aggregate U.S. Revolving Facility Exposure will not exceed the U.S. Sublimit, (iv) the Total Revolving Facility Exposure less the German Revolving Facility Exposure will not exceed the Specified Sublimit and (v) all conditions precedent in Section 4.01 have been satisfied or waived.

(c) Expiration Date. Each Letter of Credit shall expire at or prior to the close of business on the earlier of (i) the date one year (unless otherwise agreed upon by the U.S. Borrower, the Administrative Agent and the applicable Issuing Bank in their sole discretion) after the date of the issuance of such Letter of Credit (or, in the case of any renewal or extension thereof, one year (unless otherwise agreed upon by the U.S. Borrower, the Administrative Agent and the applicable Issuing Bank) after such renewal or extension) and (ii) the date that is five Business Days prior to the Maturity Date; provided that any Letter of Credit with a one-year tenor may provide for the automatic renewal thereof for additional one-year periods (which, in no event, shall extend beyond the applicable date referred to in clause (ii) of this paragraph (c)) so long as such Letter of Credit permits the applicable Issuing Bank to prevent any such extension at least once in such twelve-month period (commencing with the date of issuance of such Letter of Credit) by giving prior notice to the beneficiary thereof within a time period during such twelve-month period to be agreed upon at the time such Letter of Credit is issued; provided further that, if the Administrative

Agent and the applicable Issuing Bank each consents, in their sole discretion, the expiration date on any Letter of Credit may extend beyond the date referred to in clause (ii) above (so long as, if any such Letter of Credit is outstanding or the expiration date is extended to a date after the date that is five (5) Business Days prior to the Maturity Date, the applicable Borrower shall Cash Collateralize each such Letter of Credit in an amount equal to the Minimum L/C Collateral Amount on or prior to the date that is five (5) Business Days prior to the Maturity Date or, if later, such date of issuance).

(d) Participations. By the issuance of a Letter of Credit (or an amendment to a Letter of Credit increasing the amount thereof) and without any further action on the part of the applicable Issuing Bank or the Lenders, such Issuing Bank hereby grants to each such Lender, and each such Lender hereby acquires from such Issuing Bank, a participation in such Letter of Credit equal to such Lender's Revolving Facility Percentage of the aggregate amount available to be drawn under such Letter of Credit. In consideration and in furtherance of the foregoing, each Lender hereby absolutely and unconditionally agrees to pay to the Administrative Agent in U.S. Dollars, for the account of the applicable Issuing Bank, such Lender's Revolving Facility Percentage of (i) each L/C Disbursement made by such Issuing Bank in U.S. Dollars and (ii) the U.S. Dollar Equivalent, using the Exchange Rates in effect on the date such payment is required, of each L/C Disbursement made by such Issuing Bank in an Alternative Currency and, in each case, not reimbursed by the applicable Borrower on the date due as provided in paragraph (e) of this Section, or of any reimbursement payment required to be refunded to such Borrower for any reason (or if such L/C Disbursement or reimbursement payment was refunded in an Alternative Currency, the U.S. Dollar Equivalent thereof using the Exchange Rate in effect on the date of such refund). Each Lender acknowledges and agrees that its obligation to acquire participations pursuant to this paragraph in respect of Letters of Credit is absolute and unconditional and shall not be affected by any circumstance whatsoever, including any amendment, renewal or extension of any Letter of Credit or the occurrence and continuance of a Default or Event of Default or reduction or termination of the Revolving Facility Commitments, and that each such payment shall be made without any offset, abatement, withholding or reduction whatsoever.

(e) Reimbursement. (i) If the applicable Issuing Bank shall make any L/C Disbursement in respect of a Letter of Credit, the applicable Borrower shall reimburse such L/C Disbursement by paying to the Administrative Agent an amount equal to such L/C Disbursement, in the currency in which such L/C Disbursement is made together with accrued interest (based on ABR Loan or the applicable Base Rate Loan of such Borrower, as applicable) thereon from the date of such L/C Disbursement, not later than 2:00 p.m., Local Time, on the second Business Day after the applicable Borrower receives notice under paragraph (g) of this Section of such L/C Disbursement; provided that the applicable Borrower may, subject to the conditions to borrowing set forth herein, request in accordance with Section 2.03 or 2.04 that such payment be financed with an ABR Revolving Borrowing, a Base Rate Revolving Borrowing or a Swingline Borrowing, as applicable, in an equivalent amount and, to the extent so financed, such Borrower's obligation to make such payment shall be discharged and replaced by the resulting ABR Revolving Borrowing, Base Rate Borrowing or Swingline Borrowing.

(ii) If a Borrower fails to reimburse any L/C Disbursement when due, then (A) if such payment relates to an Alternative Currency Letter of Credit, automatically and with no further action required, such Borrower's obligation to reimburse the applicable

L/C Disbursement shall be permanently converted into an obligation to reimburse the U.S. Dollar Equivalent, calculated using the Exchange Rates on the date when such payment was due, of such L/C Disbursement and (B) in the case of each L/C Disbursement, the Administrative Agent shall promptly notify the applicable Issuing Bank and each Lender of the applicable L/C Disbursement, the payment then due from the applicable Borrower in respect thereof and such Lender's Revolving Facility Percentage thereof. Promptly following receipt of such notice, each Lender shall pay to the Administrative Agent its Revolving Facility Percentage in U.S. Dollars of the payment then due from such Borrower in the same manner as provided in Section 2.07 with respect to Loans made by such Lender (and Section 2.07 shall apply, *mutatis mutandis*, to the payment obligations of the Lenders), and the Administrative Agent shall promptly pay to the applicable Issuing Bank the amounts so received by it from such Lenders. Promptly following receipt by the Administrative Agent of any payment from a Borrower pursuant to this paragraph, the Administrative Agent shall distribute such payment to the applicable Issuing Bank or, to the extent that Lenders have made payments pursuant to this paragraph to reimburse such Issuing Bank, then to such Lenders and such Issuing Bank as their interests may appear. Any payment made by a Lender pursuant to this paragraph to reimburse an Issuing Bank for any L/C Disbursement (other than the funding of an ABR Revolving Borrowing, Base Rate Revolving Borrowing or a Swingline Borrowing as contemplated above) shall not constitute a Loan and shall not relieve the applicable Borrower of its obligation to reimburse such L/C Disbursement. If the applicable Borrower's reimbursement of, or obligation to reimburse, any amounts in any Alternative Currency would subject the Administrative Agent, the applicable Issuing Bank or any Lender to any stamp duty, ad valorem charge or similar tax that would not be payable if such reimbursement were made or required to be made in U.S. Dollars, such Borrower shall, at its option, either (x) pay the amount of any such tax requested by the Administrative Agent, the relevant Issuing Bank or Lender or (y) reimburse each L/C Disbursement made in such Alternative Currency in U.S. Dollars, in an amount equal to the U.S. Dollar Equivalent, calculated using the applicable Exchange Rate on the date such L/C Disbursement is made, of such L/C Disbursement.

(f) Obligations Absolute. The obligation of each Borrower to reimburse L/C Disbursements as provided in paragraph (e) of this Section shall be absolute, unconditional and irrevocable, and shall be performed strictly in accordance with the terms of this Agreement under any and all circumstances whatsoever and irrespective of (i) any lack of validity or enforceability of any Letter of Credit or this Agreement, or any term or provision therein, (ii) any draft or other document presented under a Letter of Credit proving to be forged, fraudulent or invalid in any respect or any statement therein being untrue or inaccurate in any respect, (iii) payment by the applicable Issuing Bank under a Letter of Credit against presentation of a draft or other document that does not comply with the terms of such Letter of Credit or (iv) any other event or circumstance whatsoever, whether or not similar to any of the foregoing, that might, but for the provisions of this Section, constitute a legal or equitable discharge of, or provide a right of setoff against, the applicable Borrower's obligations hereunder. Neither the Administrative Agent, the Lenders nor any Issuing Bank, nor any of their Related Parties, shall have any liability or responsibility by reason of or in connection with the issuance or transfer of any Letter of Credit or any payment or failure to make any payment thereunder (irrespective of any of the circumstances referred to in the preceding sentence), or any error, omission, interruption, loss or delay in transmission or delivery of any draft, notice or other communication under or relating to any Letter of Credit (including any document required to make a drawing thereunder), any error in interpretation of technical terms or any consequence arising from causes beyond the control of such Issuing Bank, or any of the circumstances referred to in clauses (i), (ii) or (iii) of the first sentence; provided that the foregoing shall not be construed to excuse the applicable Issuing Bank from liability to the applicable Borrower to the extent of any direct damages (as opposed to consequential damages, claims in respect of which are hereby waived by the applicable Borrower to the extent permitted by applicable law) suffered by such Borrower that are determined by a final and binding decision of a court of competent jurisdiction to have been caused by such Issuing Bank's failure to exercise care when determining whether drafts and other documents presented under a Letter of Credit comply with the terms thereof. The parties hereto expressly agree that, in the absence of gross negligence or willful misconduct (found by a final and nonappealable decision of a court of competent jurisdiction) on the part of the applicable Issuing Bank, such Issuing Bank shall be deemed to have exercised care in each such determination. In furtherance of the foregoing and without limiting the generality thereof, the parties agree that, with respect to documents presented that appear on their face to be in substantial compliance with the terms of a Letter of Credit, the applicable Issuing Bank may, in its sole discretion, either accept and make payment upon such documents without responsibility for further investigation, regardless of any notice or information to the contrary, or refuse to accept and make payment upon such documents if such documents are not in strict compliance with the terms of such Letter of Credit.

(g) Disbursement Procedures. The applicable Issuing Bank shall, promptly following its receipt thereof, examine all documents purporting to represent a demand for payment under a Letter of Credit. Such Issuing Bank shall promptly notify the Administrative Agent and the applicable Borrower by telephone (confirmed by telecopy) of such demand for payment and whether such Issuing Bank has made or will make a L/C Disbursement thereunder; provided that any failure to give or delay in giving such notice shall not relieve the applicable Borrower of its obligation to reimburse such Issuing Bank and the Lenders with respect to any such L/C Disbursement.

(h) Interim Interest. If an Issuing Bank shall make any L/C Disbursement, then, unless the applicable Borrower shall reimburse such L/C Disbursement in full on the date such L/C Disbursement is made, the unpaid amount thereof shall bear interest, for each day from and including the date such L/C Disbursement is made to but excluding the date that such Borrower reimburses such L/C Disbursement, (i) if such L/C Disbursement is a L/C Disbursement made in U.S. Dollars, and at all times following the conversion to U.S. Dollars of a L/C Disbursement made in an Alternative Currency pursuant to paragraph (e) above, at the rate per annum then applicable to ABR Revolving Loans (in the case of the U.S. Borrower) or Base Rate Loans (in the case of other Borrowers) and (ii) if such L/C Disbursement is a L/C Disbursement made in an Alternative Currency, at all times prior to its conversion to U.S. Dollars pursuant to paragraph (e) above, at the applicable Base Rate plus the Applicable Margin applicable to Eurocurrency Revolving Loans at such time (or, in the case of a L/C Disbursement made in Canadian Dollars, at the Canadian Base Rate plus the Applicable Margin applicable to Canadian Base Rate Loans at such time); provided that, in each case, if such L/C Disbursement is not reimbursed by the applicable Borrower when due pursuant to paragraph (e) of this Section, then Section 2.14(c) shall apply. Interest accrued pursuant to this paragraph shall be for the account of the applicable Issuing

Bank, except that interest accrued on and after the date of payment by any Lender pursuant to paragraph (e) of this Section to reimburse such Issuing Bank shall be for the account of such Lender to the extent of such payment.

(i) Replacement of an Issuing Bank. An Issuing Bank may be replaced at any time by written agreement among the U.S. Borrower, the Administrative Agent, the replaced Issuing Bank and the successor Issuing Bank. The Administrative Agent shall notify the Lenders of any such replacement of an Issuing Bank. At the time any such replacement shall become effective, the Borrowers shall pay all unpaid fees accrued for the account of the replaced Issuing Bank pursuant to Section 2.13(b). From and after the effective date of any such replacement, (i) the successor Issuing Bank shall have all the rights and obligations of the replaced Issuing Bank under this Agreement with respect to Letters of Credit to be issued thereafter and (ii) references herein to the term "Issuing Bank" shall be deemed to refer to such successor or to any previous Issuing Bank, or to such successor and all previous Issuing Banks, as the context shall require. After the replacement of an Issuing Bank hereunder, the replaced Issuing Bank shall remain a party hereto and shall continue to have all the rights and obligations of such Issuing Bank under this Agreement with respect to Letters of Credit issued by it prior to such replacement but shall not be required to issue additional Letters of Credit.

(j) Cash Collateralization Following Certain Events. If and when a Borrower is required to Cash Collateralize any Revolving L/C Exposure relating to any outstanding Letters of Credit pursuant to any of Sections 2.05(c), 2.12(b), 2.12(c), 2.23(c) or 7.01, such Borrower shall promptly deposit (but not later than on the same Business Day in the case of an Event of Default described in Section 7.01(h) or (i) or on the third Business Day following the date on which the U.S. Borrower receives notice from the Administrative Agent in the case of any other Event of Default, demanding the deposit of Cash Collateral pursuant to this paragraph) in an account with or at the direction of the Collateral Agent, in the name of the Collateral Agent and for the benefit of the Lenders, an amount in cash in U.S. Dollars or the applicable Alternative Currency equal to the Revolving L/C Exposure as of such date (or, in the case of Sections 2.05(c), 2.12(b), 2.12(c) or 2.23(c), the portion thereof required by such sections) plus any accrued or unpaid interest thereon. For the purposes of this paragraph, the Alternative Currency Revolving L/C Exposure shall be calculated using the Exchange Rates on the date notice demanding Cash Collateralization is delivered to a Borrower (or the date of the Event of Default under Section 7.01(h) or (i), if applicable). Each deposit of Cash Collateral (i) made pursuant to this paragraph, (ii) made by the Administrative Agent during the continuation of an Event of Default or (iii) made by the Administrative Agent pursuant to Sections 2.12(d), 2.19(b) or 2.23(f) shall in each case be held by the Collateral Agent as collateral for the payment and performance of the obligations of the Borrowers under this Agreement. The Collateral Agent shall have exclusive dominion and control, including the exclusive right of withdrawal, over such account. Other than any interest earned on the investment of such deposits, which investments shall be made at the option and sole discretion of (A) for so long as an Event of Default shall be continuing, the Collateral Agent and (B) at any other time, the applicable Borrower, in each case, in Permitted Investments and at the risk and expense of the Borrowers, such deposits shall not bear interest. Interest or profits, if any, on such investments shall accumulate in such account. Moneys in such account shall be applied by the Collateral Agent to reimburse each Issuing Bank for L/C Disbursements for which such Issuing Bank has not been reimbursed and, to the extent not so applied, shall be held for the satisfaction of the reimbursement obligations of the Borrowers for the Revolving L/C Exposure at such time or, if the maturity of the Loans has been accelerated (but subject to the consent of Lenders with Revolving L/C Exposure representing greater than 50.0% of the total Revolving L/C Exposure), be applied to satisfy other obligations of the Borrowers under this Agreement. If a Borrower is required to provide an amount of Cash Collateral hereunder as a result of the occurrence of an Event of Default, the existence of a Defaulting Lender or the occurrence of a limit under Section 2.12(b) or 2.12(c) being exceeded, such amount (to the extent not applied as aforesaid) shall be returned to such Borrower within three (3) Business Days after all Events of Default have been cured or waived, the termination of the Defaulting Lender status or the limits under Sections 2.12(b) and 2.12(c) no longer being exceeded, as applicable.

(k) Cash Collateralization Following Termination and Prepayment of the Facility. Notwithstanding anything to the contrary herein, in the event of the prepayment in full of all outstanding Revolving Facility Loans and the termination of all Revolving Facility Commitments by the Borrowers pursuant to Section 2.09(b) (a "Facility Termination Event") in connection with which any Borrower notifies any one or more Issuing Banks that it intends to maintain one or more Letters of Credit initially issued under this Agreement in effect after the date of such Facility Termination Event (each, a "Continuing Letter of Credit"), then the security interest of the Collateral Agent in the Collateral under the Security Documents may be terminated in accordance with Section 9.19 if each such Continuing Letter of Credit is Cash Collateralized in an amount equal to the Minimum L/C Collateral Amount, which shall be deposited with or at the direction of each such Issuing Bank.

(l) Additional Issuing Banks. From time to time, the U.S. Borrower may by notice to the Administrative Agent designate additional Lenders (in addition to JPMCB), who may agree (in its or their sole discretion) to act in such capacity and who is reasonably satisfactory to the Administrative Agent as an Issuing Bank. Each such additional Issuing Bank shall execute a counterpart of this Agreement upon the approval of the Administrative Agent (which approval shall not be unreasonably withheld) and shall thereafter be an Issuing Bank hereunder for all purposes.

(m) Issuing Bank Agreements. Unless otherwise requested by the Administrative Agent, each Issuing Bank shall report in writing to the Administrative Agent (i) on the first Business Day of each week, the daily activity (set forth by day) in respect of Letters of Credit during the immediately preceding week, including all issuances, extensions, amendments and renewals, all expirations and cancellations and all disbursements and reimbursements, (ii) on or prior to each Business Day on which such Issuing Bank expects to issue, amend, renew or extend any Letter of Credit, the date of such issuance, amendment, renewal or extension, and the aggregate face amount of the Letters of Credit to be issued, amended, renewed or extended by it and outstanding hereunder after giving effect to such issuance, amendment, renewal or extension occurred (and whether the amount thereof changed), it being understood that such Issuing Bank shall not permit any issuance, renewal, extension or amendment resulting in an increase in the amount of any Letter of Credit to occur without first obtaining written (or, with respect to any Issuing Bank, if the Administrative Agent so agrees with respect to such Issuing Bank, telephonic) confirmation from the Administrative Agent that it is then permitted under this Agreement, (iii) on each Business Day on which such Issuing Bank makes any L/C Disbursement in respect of any Letter of Credit issued hereunder, the date of such L/C Disbursement and the amount of such L/C

Disbursement, (iv) on any Business Day on which a Borrower fails to reimburse an L/C Disbursement required to be reimbursed to such Issuing Bank on such day, the date of such failure, the applicable Borrower and the amount and currency of such L/C Disbursement and (v) on any other Business Day, such other information as the Administrative Agent shall reasonably request.

(n) Conversion. In the event that the Loans become immediately due and payable on any date pursuant to Section 7.01, all amounts (i) that a Borrower is at the time or thereafter becomes required to reimburse or otherwise pay to the Administrative Agent in respect of L/C Disbursements made under any Alternative Currency Letter of Credit (other than amounts in respect of which such Borrower has deposited Cash Collateral pursuant to paragraph (j) or (k) above, if such Cash Collateral was deposited in the applicable Alternative Currency to the extent so deposited or applied), (ii) that the Lenders are at the time or thereafter become required to pay to the Administrative Agent and the Administrative Agent is at the time or thereafter becomes required to distribute to the applicable Issuing Bank pursuant to paragraph (e) of this Section in respect of unreimbursed L/C Disbursements made under any Alternative Currency Letter of Credit and (iii) of each Lender's participation in any Alternative Currency Letter of Credit under which an L/C Disbursement has been made shall, automatically and with no further action required, be converted into the U.S. Dollar Equivalent, calculated using the Exchange Rates on such date (or in the case of any L/C Disbursement made after such date, on the date such L/C Disbursement is made), of such amounts. On and after such conversion, all amounts accruing and owed to the Administrative Agent, the applicable Issuing Bank or any Lender in respect of the obligations described in this paragraph shall accrue and be payable in U.S. Dollars at the rates otherwise applicable hereunder.

(o) Original Letters of Credit. All Original Letters of Credit shall remain outstanding as Letters of Credit issued hereunder on the terms set forth herein. In addition, for the avoidance of doubt, each Letter of Credit outstanding immediately prior to the Stage 2 Amendment Effective Date shall remain outstanding hereunder after giving effect to the Stage 2 Amendment Effective Date as Letters of Credit issued under the 2016 Extended Revolving Facility Commitments.

Section 2.06 Canadian Bankers' Acceptances.

(a) Each acceptance and purchase of B/As of a single Contract Period pursuant to Section 2.01(b) or Section 2.08 shall be made ratably by the Lenders in accordance with the amounts of their Revolving Facility Commitments. The failure of any Lender to accept any B/A required to be accepted by it shall not relieve any other Lender of its obligations hereunder; provided that the Revolving Facility Commitments are several and no Lender shall be responsible for any other Lender's failure to accept B/As as required hereunder.

(b) The B/As of a single Contract Period accepted and purchased on any date shall be in an aggregate amount that is an integral multiple of C$1,000,000 and not less than C$1,000,000. The face amount of each B/A shall be C$100,000 or any whole multiple thereof. If any Lender's ratable share of the B/As of any Contract Period to be accepted on any date would not be an integral multiple of C$100,000, the face amount of the B/As accepted by such Lender may be increased or reduced to the nearest integral multiple of C$100,000 by the Administrative Agent in its sole discretion. B/As of more than one Contract Period may be outstanding at the same time; provided that there shall not at any time be more than a total of five B/A Drawings outstanding.

(c) To request an acceptance and purchase of B/As, the Canadian Borrower shall notify the Administrative Agent of such request by telephone or by facsimile not later than 10:00 a.m., Local Time, one Business Day before the date of such acceptance and purchase. Each such request shall be irrevocable and, if telephonic, shall be confirmed promptly by hand delivery or facsimile to the Administrative Agent of a Borrowing Request signed by the Canadian Borrower. Each such telephonic request and Borrowing Request shall specify the following information:

(i) the aggregate face amount of the B/As to be accepted and purchased;

(ii) the date of such acceptance and purchase, which shall be a Business Day;

(iii) the Contract Period to be applicable thereto, which shall be a period contemplated by the definition of the term "Contract Period" (and which shall in no event end after the Maturity Date); and

(iv) the location and number of the Canadian Borrower's account to which any funds are to be disbursed, which shall comply with the requirements of Section 2.07. If no Contract Period is specified with respect to any requested acceptance and purchase of B/As, then the Canadian Borrower shall be deemed to have selected a Contract Period of 30 days' duration.

Promptly following receipt of a request in accordance with this paragraph, the Administrative Agent shall advise each Lender of the details thereof and of the amount of B/As to be accepted and purchased by such Lender.

(d) The Canadian Borrower hereby appoints each Lender as its attorney to sign and endorse on its behalf, manually or by facsimile or mechanical signature, as and when deemed necessary by such Lender, blank forms of B/As. It shall be the responsibility of each Lender to maintain an adequate supply of blank forms of B/As for acceptance under this Agreement. The Canadian Borrower recognizes and agrees that all B/As signed and/or endorsed on its behalf by any Lender shall bind the Canadian Borrower as fully and effectually as if manually signed and duly issued by authorized officers of the Canadian Borrower. Each Lender is hereby authorized to issue such B/As endorsed in blank in such face amounts as may be determined by such Lender to comply with any request of the Canadian Borrower hereunder; provided that the aggregate face amount thereof is equal to the aggregate face amount of B/As required to be accepted by such Lender. No Lender shall be liable for any damage, loss or claim arising by reason of any loss or improper use of any such instrument unless such loss or improper use results from the gross negligence or willful misconduct of such Lender. Each Lender shall maintain a record with respect to B/As (i) received by it from the Administrative Agent in blank hereunder, (ii) voided by it for any reason, (iii) accepted and purchased by it hereunder and (iv) canceled at their respective maturities. Upon request by the Canadian Borrower, a Lender shall cancel all forms of B/A that have been pre-signed or pre-endorsed on behalf of the Canadian Borrower and that are held by such Lender and are not required to be issued pursuant to this Agreement.

(e) Drafts of the Canadian Borrower to be accepted as B/As hereunder shall be signed as set forth in paragraph (d) above. Notwithstanding that any person whose signature appears on any B/A may no longer be an authorized signatory for any of the Lenders or the Canadian Borrower at the date of issuance of such B/A, such signature shall nevertheless be valid and sufficient for all purposes as if such authority had remained in force at the time of such issuance and any such B/A so signed shall be binding on the Canadian Borrower.

(f) Upon acceptance of a B/A by a Lender, such Lender shall purchase, or arrange the purchase of, such B/A from the Canadian Borrower at the Discount B/A Rate for such Lender applicable to such B/A accepted by it and provide to the Administrative Agent the Discount Proceeds (net of applicable acceptance fees) for the account of the Canadian Borrower as provided in Section 2.07. The acceptance fee payable by the Canadian Borrower to a Lender under Section 2.13(c) in respect of each B/A accepted by such Lender shall be set off against the Discount Proceeds payable by such Lender under this paragraph. Notwithstanding the foregoing, in the case of any B/A Drawing resulting from the conversion or continuation of a B/A Drawing or Revolving Facility Loan pursuant to Section 2.08, the net amount that would otherwise be payable to the Canadian Borrower by each Lender pursuant to this paragraph will be applied as provided in Section 2.08(f).

(g) Each Lender may at any time and from time to time hold, sell, rediscount or otherwise dispose of any or all B/A's accepted and purchased by it hereunder.

(h) Each B/A accepted and purchased hereunder shall mature at the end of the Contract Period applicable thereto.

(i) The Canadian Borrower waives presentment for payment and any other defense to payment of any amounts due to a Lender in respect of a B/A accepted and purchased by it pursuant to this Agreement that might exist solely by reason of such B/A being held, at the maturity thereof, by such Lender in its own right and the Canadian Borrower agrees not to claim any days of grace if such Lender as holder sues the Canadian Borrower on the B/A for payment of the amounts payable by the Canadian Borrower thereunder. On the specified maturity date of a B/A, or such earlier date as may be required pursuant to the provisions of this Agreement, the Canadian Borrower shall pay the Lender that has accepted and purchased such B/A the full face amount of such B/A, and after such payment the Canadian Borrower shall have no further liability in respect of such B/A and such Lender shall be entitled to all benefits of, and be responsible for all payments due to third parties under, such B/A.

(j) At the option of the Canadian Borrower and any Lender, B/As under this Agreement to be accepted by that Lender may be issued in the form of depository bills for deposit with The Canadian Depository for Securities Limited pursuant to the Depository Bills and Notes Act (Canada) or bills of exchange pursuant to the Bills of Exchange Act. All depository bills so issued and all bills of exchange shall be governed by the provisions of this Section 2.06. If a Lender is not a bank or authorized foreign bank under the Bank Act (Canada) or if a Lender notifies the Administrative Agent in writing that it is otherwise unable to accept B/As, such Lender will, instead of accepting and purchasing B/As, make a Loan (a "B/A Equivalent Loan") to the Canadian Borrower in the amount and for the same term as the draft that such Lender would otherwise have been required to accept and purchase hereunder. Each such Lender will provide to the Administrative Agent the Discount Proceeds of such B/A Equivalent Loan for the account of the Canadian Borrower in the same manner as such Lender would have provided the Discount Proceeds in respect of the draft that such Lender would otherwise have been required to accept and purchase hereunder. Each such B/A Equivalent Loan will bear interest at the same rate that would result if such Lender had accepted (and been paid an acceptance fee) and purchased (on a discounted basis) a B/A for the relevant Contract Period (it being the intention of the parties that each such B/A Equivalent Loan shall have the same economic consequences for the Lenders and the Canadian Borrower as the B/A that such B/A Equivalent Loan replaces). All such interest shall be paid in advance on the date such B/A Equivalent Loan is made, and will be deducted from the principal amount of such B/A Equivalent Loan in the same amount and manner in which the deduction based on the Discount B/A Rate and the applicable acceptance fee of a B/A would be deducted from the face amount of the B/A. Subject to the repayment requirements of this Agreement, on the last day of the relevant Contract Period for such B/A Equivalent Loan, the Canadian Borrower shall be entitled to convert each such B/A Equivalent Loan into another type of Loan, or to roll over each such B/A Equivalent Loan into another B/A Equivalent Loan, all in accordance with the applicable provisions of this Agreement.

(k) For the avoidance of doubt, each B/A or B/A Equivalent Loan outstanding immediately prior to the Stage 2 Amendment Effective Date, if any, shall remain outstanding hereunder after giving effect to the Stage 2 Amendment Effective Date as a B/A or B/A Equivalent Loan incurred under the 2016 Extended Revolving Facility Commitments.

Section 2.07 Funding of Borrowings.

(a) Each Lender shall make each Loan to be made by it and disburse the Discount Proceeds (net of applicable acceptance fees) of each B/A to be accepted and purchased by it hereunder on the proposed date thereof by wire transfer of immediately available funds by 12:00 noon, Local Time, to the account of the Administrative Agent most recently designated by it for such purpose by notice to the Lenders; provided that Swingline Loans shall be made as provided in Section 2.04. The Administrative Agent will make such Loans or Discount Proceeds (net of applicable acceptance fees) available to the applicable Borrower by promptly crediting the amounts so received, in like funds, to an account of such Borrower designated by such Borrower in the applicable Borrowing Request; provided further that ABR Revolving Loans, Base Rate Revolving Borrowings and Swingline Borrowings made to finance the reimbursement of an L/C Disbursement and reimbursements as provided in Section 2.05(e) shall be remitted by the Administrative Agent to the applicable Issuing Bank.

(b) Unless the Administrative Agent shall have received notice from a Lender prior to the proposed date of any Borrowing or acceptance and purchase of B/As that such Lender will not make available to the Administrative Agent such Lender's share of such Borrowing or the applicable Discount Proceeds (net of applicable acceptance fees), the Administrative Agent may assume that such Lender has made such share available on such date in accordance with paragraph

(a) of this Section and may, in reliance upon such assumption, make available to the applicable Borrower a corresponding amount. In such event, if a Lender has not in fact made its share of the applicable Borrowing or the applicable Discount Proceeds (net of applicable acceptance fees) available to the Administrative Agent, then the applicable Lender and the applicable Borrower severally agree to pay to the Administrative Agent forthwith on demand (without duplication) such corresponding amount with interest thereon, for each day from and including the date such amount is made available to such Borrower to but excluding the date of payment to the Administrative Agent, at (i) in the case of a payment to be made by such Lender, the greater of (A) (1) in the case of a Borrowing by the U.S. Borrower, the Federal Funds Effective Rate, and (2) in the case of any other amount, the rate reasonably determined by the Administrative Agent to be the cost to it of funding such amount, and (B) a rate determined by the Administrative Agent in accordance with banking industry rules on interbank compensation, (ii) in the case of a payment to be made by a Borrower, (1) if such amount is a Borrowing made to the U.S. Borrower, the interest rate applicable to ABR Loans at such time, (2) if such amount is a Borrowing made in U.S. Dollars to the Canadian Borrower, the interest rate applicable to U.S. Base Rate Loans at such time, (3) if such amount is a B/A Drawing or a Canadian Dollar-denominated Borrowing made to the Canadian Borrower, the interest rate applicable to Canadian Base Rate Loans at such time and (4) if such amount is a Borrowing made to the Dutch Borrower, the German Borrower or a U.K. Borrower, the interest rate applicable to the applicable Base Rate Loans. If such Lender pays such amount to the Administrative Agent, then such amount shall constitute such Lender's Loan included in such Borrowing or such Lender's purchase of B/As. If such Borrower pays such amount to the Administrative Agent, then such amount (exclusive of any interest thereon) shall constitute a reduction of such Borrowing or of the face amount of such B/As.

Section 2.08 Interest Elections.

(a) Each Borrowing initially shall be of the Type specified in the applicable Borrowing Request and, in the case of a Eurocurrency Revolving Borrowing, shall have an initial Interest Period as specified in such Borrowing Request. Each B/A Drawing shall have a Contract Period as specified in the applicable request therefor. Thereafter, the applicable Borrower may (subject to the restrictions set forth in this Agreement) elect to convert such Borrowing or B/A Drawing to a different Type or to continue such Borrowing or B/A Drawing and, in the case of a Eurocurrency Revolving Borrowing, may elect Interest Periods therefor, all as provided in this Section, it being understood that no B/A Drawing may be converted or continued other than at the end of the Contract Period applicable thereto. The applicable Borrower may elect different options with respect to different portions of the affected Borrowing or B/A Drawing, in which case each such portion shall be allocated ratably among the Lenders holding the Loans comprising such Borrowing or accepting B/As comprising such B/A Drawing, as the case may be, and the Loans or B/As resulting from an election made with respect to any such portion shall be considered a separate Borrowing or B/A Drawing. This Section shall not apply to Swingline Borrowings, which may not be converted or continued.

(b) To make an election pursuant to this Section, a Borrower shall notify the Administrative Agent of such election by telephone (provided that elections by a U.K. Borrower, the Dutch Borrower or the German Borrower cannot be made by telephone and must be made in writing) (i) in the case of an election that would result in a Borrowing, by the time that a

Borrowing Request would be required under Section 2.03 if such Borrower were requesting a Borrowing of the Type resulting from such election to be made on the effective date of such election and (ii) in the case of an election that would result in a B/A Drawing or the continuation of a B/A Drawing, by the time that a request would be required under Section 2.06 if such Borrower were requesting an acceptance and purchase of B/As to be made on the effective date of such election. Each such telephonic Interest Election Request shall be irrevocable and shall be confirmed promptly by hand delivery or telecopy to the Administrative Agent of a written Interest Election Request in a form approved by the Administrative Agent and signed by the applicable Borrower. Notwithstanding any other provision of this Section, no Borrower shall be permitted to elect an Interest Period for Eurocurrency Revolving Loans that does not comply with Section 2.02(d) or Contract Period for B/As that does not comply with 2.06(c)(iii).

(c) Each telephonic and written Interest Election Request shall be irrevocable and shall specify the following information in compliance with Section 2.02:

(i) the Borrowing or B/A Drawing to which such Interest Election Request applies and, if different options are being elected with respect to different portions thereof, the portions thereof to be allocated to each resulting Borrowing or B/A Drawing (in which case the information to be specified pursuant to clauses (iii) and (iv) below shall be specified for each resulting Borrowing or B/A Drawing);

(ii) the effective date of the election made pursuant to such Interest Election Request, which shall be a Business Day;

(iii) whether the resulting outstanding credit extension is to be an ABR Borrowing, a Eurocurrency Revolving Borrowing, a Base Rate Borrowing or a B/A Drawing; and

(iv) if the resulting Borrowing is a Eurocurrency Revolving Borrowing, the Interest Period to be applicable thereto after giving effect to such election, which shall be a period contemplated by the definition of the term “Interest Period”, and in the case of an election of a B/A Drawing, the Contract Period to be applicable thereto, which shall be a period contemplated by the definition of the term “Contract Period”.

If any such Interest Election Request requests a Eurocurrency Revolving Borrowing or a B/A Drawing but does not specify an Interest Period or a Contract Period, then the applicable Borrower shall be deemed to have selected an Interest Period or Contract Period, as applicable, of one month’s or 30 days’ duration, as applicable.

(d) Promptly following receipt of an Interest Election Request, the Administrative Agent shall advise each Lender to which such Interest Election Request relates of the details thereof and of such Lender’s portion of each resulting Borrowing or B/A Drawing.

(e) If a Borrower fails to deliver a timely Interest Election Request with respect to a Eurocurrency Revolving Borrowing or a B/A Drawing prior to the end of the Interest Period or Contract Period applicable thereto, then, unless such Borrowing or B/A Drawing is repaid as provided herein, at the end of such Interest Period such Borrowing or B/A Drawing shall (i) in the case of a Borrowing denominated in U.S. Dollars by the U.S. Borrower, be converted to an ABR Borrowing, (ii) in the case of a Borrowing by the Dutch Borrower, the German Borrower or a U.K. Borrower, be continued as a Base Rate Borrowing, (iii) in the case of a Borrowing denominated in U.S. Dollars by the Canadian Borrower, be converted to a U.S. Base Rate Borrowing, and (iv) in the case of a Borrowing or B/A Drawing denominated in Canadian Dollars, be converted to a Canadian Base Rate Borrowing. Notwithstanding any contrary provision hereof, if an Event of Default has occurred and is continuing and the Administrative Agent, at the written request (including a request through electronic means) of the Required Lenders, so notifies the U.S. Borrower, then, so long as an Event of Default is continuing (i) no outstanding Borrowing may be converted to or continued as a Eurocurrency Revolving Borrowing and (ii) unless repaid, each Eurocurrency Revolving Borrowing shall (A) in the case of such a Borrowing by the U.S. Borrower, be converted to an ABR Borrowing at the end of the Interest Period applicable thereto, (B) in the case of such a Borrowing by the Canadian Borrower, be converted to a U.S. Base Rate Borrowing at the end of the Interest Period applicable thereto or (C) in the case of such a Borrowing by the Dutch Borrower, the German Borrower or a U.K. Borrower, be continued as a Base Rate Borrowing.

(f) Upon the conversion of any Revolving Borrowing (or portion thereof), or the continuation of any B/A Drawing (or portion thereof), to or as a B/A Drawing, the net amount that would otherwise be payable to the Canadian Borrower by each Lender pursuant to Section 2.06(f) in respect of such new B/A Drawing shall be applied against the principal of the Revolving Facility Loan made by such Lender as part of such Revolving Borrowing (in the case of a conversion), or the reimbursement obligation owed to such Lender under Section 2.06(i) in respect of the B/As accepted by such Lender as part of such maturing B/A Drawing (in the case of a continuation), and the Canadian Borrower shall pay to such Lender an amount equal to the difference between the principal amount of such Revolving Facility Loan or the aggregate face amount of such maturing B/As, as the case may be, and such net amount.

Section 2.09 Termination and Reduction of Commitments.

(a) Unless previously terminated, the Commitments of each Class shall terminate on the Maturity Date for such Class. For the avoidance of doubt, on the Stage 2 Amendment Effective Date, the Revolving Facility Commitments in effect immediately prior to the effectiveness of the Stage 2 Amendment Effective Date shall be replaced with the 2016 Extended Revolving Facility Commitments and shall not remain outstanding after giving effect to the effectiveness of the Stage 2 Amendment Effective Date, unless the 2016 Extended Revolving Facility Commitment of a Lender is structured as an extension of its Revolving Facility Commitments in effect immediately prior to the Stage 2 Amendment Effective Date, in which case the specified Revolving Facility Commitments of such Lender in effect immediately prior to the Stage 2 Amendment Effective Date shall, on the Stage 2 Amendment Effective Date, be extended as 2016 Extended Revolving Facility Commitments and, if applicable, reduced to be the amount of such Lender’s 2016 Extended Revolving Facility Commitment set forth on Annex II hereto (subject to further reduction pursuant to Section 2.01(a)).

(b) Any Borrower may at any time terminate, or from time to time reduce, any Class of the Commitments; provided that (i) each reduction of any Class of the Commitments shall be in an amount that is an integral multiple of $1.0 million and not less than $5.0 million (or, if less, the remaining amount of such Class of the Commitments) and (ii) the Borrowers shall not terminate or reduce any Commitment if, after giving effect to such termination or reduction and any concurrent prepayment of the Revolving Facility Loans in accordance with Section 2.12 and any Cash Collateralization of Letters of Credit in accordance with Section 2.05(j) or (k), (A) the Total Revolving Facility Exposure would exceed the lesser of (x) the Total Revolving Facility Commitments and (y) the Global Borrowing Base, (B) the aggregate U.S. Revolving Facility Exposure would exceed the U.S. Sublimit or (C) the Total Revolving Facility Exposure less the German Revolving Facility Exposure would exceed the Specified Sublimit.

(c) The applicable Borrower shall notify the Administrative Agent of any election to terminate or reduce any Class of the Commitments under paragraph (b) of this Section at least three Business Days prior to the effective date of such termination or reduction, specifying such election and the effective date thereof. Promptly following receipt of any notice, the Administrative Agent shall advise the applicable Lenders of the contents thereof. Each notice delivered by a Borrower pursuant to this Section shall be irrevocable; provided that a notice of termination of any Commitment delivered by a Borrower may state that such notice is conditioned upon the effectiveness of other credit facilities, indentures or similar financing agreements, in which case such notice may be revoked by such Borrower (by notice to the Administrative Agent on or prior to the specified effective date) if such condition is not satisfied. Any termination or reduction of the Commitments of any Class pursuant to this Section 2.09 shall be permanent. Each reduction of the Commitments of any Class shall be made ratably among the Lenders in accordance with their respective Commitments of such Class, except to the extent otherwise permitted by Section 2.21(b)(iii).

Section 2.10 Repayment of Loans and B/As; Evidence of Debt.

(a) Each Borrower hereby unconditionally promises to pay (i) to the Administrative Agent for the account of each Lender the then unpaid principal amount of each Revolving Facility Loan, Overadvance and Protective Advance of such Lender to such Borrower on the Maturity Date (provided that any Other Revolving Facility Loans shall be due and payable as set forth in the relevant Incremental Assumption Agreement), (ii) in the case of the Canadian Borrower, to the Administrative Agent for the account of each Lender the face amount of each B/A, if any, accepted by such Lender from the Canadian Borrower as provided in Section 2.06(i), and (iii) to the Swingline Lender the then unpaid principal amount of each Swingline Loan to such Borrower on the earlier of (x) the Maturity Date, (y) the first date after such Swingline Loan is made that is the 15th or last day of a calendar month and is at least five Business Days after such Swingline Loan is made and (z) in the case of a Swingline Loan to the Dutch Borrower, the German Borrower or a U.K. Borrower, the last day of the Interest Period applicable to such Swingline Loan; provided that on each date that a Revolving Borrowing is made by the U.S. Borrower, the U.S. Borrower shall repay all Swingline Loans then outstanding.

(b) Each Lender shall maintain in accordance with its usual practice an account or accounts evidencing the indebtedness of each Borrower to such Lender resulting from each

Loan made or B/A accepted by such Lender, including the amounts and currencies of principal and interest payable and paid to such Lender from time to time hereunder.

(c) The Administrative Agent shall maintain accounts in which it shall record (i) the amount of each Loan made hereunder, the currency thereof, the Class and Type thereof and the Interest Period (if any) applicable thereto, and the amount of each B/A and the Contract Period applicable thereto, (ii) the amount of any principal or interest, or other amount in respect of any B/A, due and payable or to become due and payable from each Borrower to each Lender hereunder and (iii) any amount received by the Administrative Agent hereunder for the account of the Lenders and each Lender's share thereof.

(d) The entries made in the accounts maintained pursuant to paragraph (b) or (c) of this Section shall be prima facie evidence of the existence, currencies and amounts of the obligations recorded therein; provided that the failure of any Lender or the Administrative Agent to maintain such accounts or any error therein shall not in any manner affect the obligation of any Borrower to repay the Loans in accordance with the terms of this Agreement.

(e) Any Lender may request that Loans of any Class made by it be evidenced by a promissory note (a "Promissory Note"). In such event, each Borrower under such Class shall prepare, execute and deliver to such Lender a Promissory Note payable to the order of such Lender (or, if requested by such Lender, to such Lender and its registered assigns) and in a form approved by the Administrative Agent and reasonably acceptable to the applicable Borrower. Thereafter, the Loans evidenced by such Promissory Note and interest thereon shall at all times (including after assignment pursuant to Section 9.04) be represented by one or more Promissory Notes in such form payable to the order of the payee named therein (or, if such Promissory Note is a registered note, to such payee and its registered assigns).

Section 2.11 Notice of Prepayment; Etc.

(a) Prior to any repayment or prepayment of any Borrowing or amounts owing in respect of outstanding B/A Drawings hereunder, the applicable Borrower shall select the Borrowing or Borrowings and B/A Drawing or B/A Drawings to be repaid and shall notify the Administrative Agent by telephone (confirmed by electronic means) (provided that repayments or prepayments by a U.K. Borrower, the Dutch Borrower or the German Borrower cannot be notified by telephone and must be made in writing) of such selection (i) in the case of an ABR Borrowing, a Base Rate Borrowing or a B/A Drawing, not later than 12:00 p.m., Local Time, one Business Day before the scheduled date of such repayment or prepayment and (ii) in the case of a Eurocurrency Revolving Borrowing, not later than 11:00 a.m., Local Time, three Business Days before the scheduled date of such repayment or prepayment; provided that a notice of repayment or prepayment delivered by a Borrower may state that such notice is conditioned upon the effectiveness of other credit facilities, indentures or similar financing agreements, in which case such notice may be revoked by such Borrower (by notice to the Administrative Agent on or prior to the specified effective date) if such condition is not satisfied. In the case of prepayments under Section 2.12(a), the Borrowers may in their sole discretion select the Borrowing or Borrowings to be prepaid. Each repayment or prepayment of a Borrowing or amounts owing in respect of outstanding B/A Drawings shall be applied ratably to the Loans included in the repaid Borrowing or the B/As included in such B/A Drawing, except to the extent otherwise permitted by Section 2.21(b)(iii). Notwithstanding anything to the contrary in the immediately preceding sentence, prior to any repayment of a Swingline Borrowing hereunder, the U.S. Borrower shall select the Borrowing or Borrowings to be repaid and shall notify the Administrative Agent by telephone (confirmed by telecopy) of such selection not later than 12:00 p.m., Local Time, on the scheduled date of such repayment. Repayments and prepayments of Borrowings shall be accompanied by accrued interest on the amount repaid.

(b) For the avoidance of doubt, and notwithstanding anything to the contrary set forth in this Section 2.11, if the original Maturity Date with respect to the Revolving Facility Commitment shall be changed to an earlier date pursuant to the definition of the term "Maturity Date" or the proviso to the definition of the term "Extended Maturity Date", then, to the extent not previously paid, outstanding Revolving Facility Loans, Overadvances, Protective Advances, B/As and Swingline Loans shall be due and payable on such earlier date; provided that any Other Revolving Facility Loans shall be due and payable as set forth in the relevant Incremental Assumption Agreement.

(c) Amounts to be applied pursuant to this Section or Section 7.01 to prepay or repay amounts to become due with respect to outstanding B/As shall be deposited in the Prepayment Account (as defined below). On the last day of the Contract Period of each B/A to be prepaid or repaid, the Administrative Agent shall apply any cash on deposit in the Prepayment Account to amounts due in respect of the relevant B/As until all amounts due in respect of the relevant outstanding B/As have been satisfied (with any remaining funds being returned to the Canadian Borrower) or until all the allocable cash on deposit has been exhausted. For purposes of this Agreement, the term "Prepayment Account" shall mean an account established by the Canadian Borrower with the Administrative Agent and over which the Administrative Agent shall have exclusive dominion and control, including the exclusive right of withdrawal for application in accordance with this paragraph (c). The Administrative Agent will, at the request of the Canadian Borrower, use commercially reasonable efforts to invest amounts on deposit in the Prepayment Account in short-term, cash equivalent investments selected by the Administrative Agent in consultation with the Canadian Borrower that mature prior to the last day of the applicable Contract Periods of the B/As to be prepaid; provided that the Administrative Agent shall have no obligation to invest amounts on deposit in the Prepayment Account if a Default or Event of Default shall have occurred and be continuing. The Canadian Borrower shall indemnify the Administrative Agent for any losses relating to the investments made at the request or direction of the Canadian Borrower so that the amount available to prepay amounts due in respect of B/As on the last day of the applicable Contract Period is not less than the amount that would have been available had no investments been made pursuant thereto. Other than any interest earned on such investments (which shall be for the account of the Canadian Borrower, to the extent not necessary for the prepayment of B/As in accordance with this Section), the Prepayment Account shall not bear interest. Interest or profits, if any, on such investments shall be deposited in the Prepayment Account and reinvested and disbursed as specified above. If the maturity of the Loans and all amounts due hereunder has been accelerated pursuant to Section 7.01, the Administrative Agent may, in its sole discretion, apply all amounts on deposit in the Prepayment Account to satisfy any of the Obligations of the Canadian Borrower in respect of Revolving Facility Loans and B/As (and the Canadian Borrower hereby grants to the Administrative Agent a security interest in the Prepayment Account to secure such Obligations).

Section 2.12 Prepayment of Loans.

(a) The Borrowers shall have the right at any time and from time to time to prepay any Borrowing in whole or in part, without premium or penalty (but subject to Section 2.17), in an aggregate principal amount that is an integral multiple of the Borrowing Multiple and not less than the Borrowing Minimum or, if less, the amount outstanding, subject to prior notice in accordance with Section 2.11(a).

(b) Subject to Sections 2.01(b) and (c) and Section 2.19(b), in the event that (i) the Total Revolving Facility Exposure exceeds the lesser of (x) the Total Revolving Facility Commitments and (y) the Global Borrowing Base, (ii) the aggregate U.S. Revolving Facility Exposure exceeds the U.S. Sublimit or (iii) the Total Revolving Facility Exposure less the German Revolving Facility Exposure exceeds the Specified Sublimit, then the applicable Borrower(s) shall promptly repay outstanding Revolving Facility Loans and/or Cash Collateralize Revolving L/C Exposure in accordance with Section 2.05(j) in an aggregate amount equal to such excess; provided that, in each case, if such excess arises solely as a result of currency rate fluctuations, such repayment or Cash Collateralization, as the case may be, shall not be required to be made until the third Business Day after the Administrative Agent shall have delivered to the Borrowers written notice of such required prepayment or deposit.

(c) In the event and on such occasion as the Revolving L/C Exposure exceeds the Letter of Credit Sublimit, at the request of the Administrative Agent, the applicable Borrower shall deposit Cash Collateral in an account with the Collateral Agent pursuant to Section 2.05(j) in an amount equal to such excess.

(d) During the continuance of an Availability Trigger Event, subject to Section 2.23, on each Business Day, the Administrative Agent shall apply, or cause to be applied, all funds credited to the Controlled Accounts on such Business Day, first to prepay Protective Advances and Overadvances that may be outstanding; second to prepay Swingline Loans that may be outstanding; third to any prepayment of Revolving Facility Loans; fourth to pay any other Loan Document Obligation owing by any Borrower then due and payable, and fifth, if any Event of Default is outstanding at such time, to Cash Collateralize outstanding Revolving L/C Exposure and Overadvances, to the extent required hereunder. Any such application of funds shall be made (i) from Controlled Accounts of the Domestic Loan Parties first in respect of Loan Document Obligations of the Domestic Loan Parties and second in respect of Loan Document Obligations of the Foreign Subsidiary Loan Parties and (ii) from Controlled Accounts of the Foreign Subsidiary Loan Parties shall be made solely in respect of Loan Document Obligations of the Foreign Subsidiary Loan Parties.

(e) Subject to Sections 2.01(b) and (c) and 2.19(b), in the event that any net cash proceeds are received by the U.S. Borrower or any Subsidiary pursuant to Section 6.05(l), the Borrowers shall promptly apply such net cash proceeds to repay outstanding Revolving Facility Loans, if any (without reduction of any Revolving Facility Commitments).

Section 2.13 Fees.

(a) The U.S. Borrower agrees to pay to each Lender (other than any Defaulting Lender), through the Administrative Agent, three Business Days after the last day of March, June, September and December in each year, and three Business Days after the date on which the Commitments of all the Lenders shall be terminated as provided herein, a commitment fee (a "Commitment Fee") on the average daily amount of the Available Unused Commitment of such Lender during the preceding quarter (or other period ending with the date on which the last of the Commitments of such Lender shall be terminated) at a rate equal to the Applicable Commitment Fee. All Commitment Fees shall be payable in U.S. Dollars and computed on the basis of the actual number of days elapsed in a year of 360 days. For the purpose of calculating any Lender's Commitment Fee, the outstanding Swingline Loans during the period for which such Lender's Commitment Fee is calculated shall be deemed to be zero. The Commitment Fee due to each Lender shall commence to accrue on the Closing Date and shall cease to accrue on the date on which the last of the Commitments of such Lender shall be terminated as provided herein. For purposes of computing the average daily amount of any Revolving L/C Exposure for any period under this Section 2.13(a) and under Section 2.13(b), the average daily amount of Alternative Currency Revolving L/C Exposure for such period shall be calculated by multiplying (i) the average daily balance of each Alternative Currency Letter of Credit (expressed in the currency in which such Alternative Currency Letter of Credit is denominated) by (ii) the Exchange Rate for the Alternative Currency in which such Letter of Credit is denominated in effect on the last Business Day of such period or by such other reasonable method that the Administrative Agent deems appropriate.

(b) The U.S. Borrower from time to time agrees to pay (i) to each Lender (other than any Defaulting Lender), through the Administrative Agent, three Business Days after the last day of March, June, September and December of each year and three Business Days after the date on which the Commitments of all the Lenders shall be terminated as provided herein, a fee (an "L/C Participation Fee") on such Lender's Revolving Facility Percentage of the daily aggregate Revolving L/C Exposure (excluding the portion thereof attributable to unreimbursed L/C Disbursements), during the preceding quarter (or shorter period ending with the applicable Maturity Date or the date on which the Revolving Facility Commitments shall be terminated) at the rate per annum equal to the Applicable Margin for Eurocurrency Revolving Borrowings effective for each day in such period and (ii) to each Issuing Bank, for its own account, (x) three Business Days after the last day of March, June, September and December of each year and three Business Days after the date on which the Revolving Facility Commitments of all the Lenders shall be terminated as provided herein, a fronting fee in respect of each Letter of Credit issued by such Issuing Bank for the period from and including the date of issuance of such Letter of Credit to and including the termination of such Letter of Credit, computed at a rate equal to the U.S. Dollar Equivalent of 0.125% per annum of the daily average stated amount of such Letter of Credit (or as otherwise agreed with such Issuing Bank), plus (y) in connection with the issuance, amendment or transfer of any such Letter of Credit or any L/C Disbursement thereunder, such Issuing Bank's customary documentary and processing fees and charges (collectively, "Issuing Bank Fees"). All L/C Participation Fees and Issuing Bank Fees are payable in U.S. Dollars and shall be computed on the basis of the actual number of days elapsed in a year of 360 days.

(c) The Canadian Borrower agrees to pay to the Administrative Agent, for the account of each Lender, on each date on which B/As drawn by the Canadian Borrower are accepted hereunder, in Canadian Dollars, an acceptance fee computed by multiplying the face amount of each such B/A by the product of (i) the Applicable Margin for B/A Drawings on such date and (ii) a fraction, the numerator of which is the number of days in the Contract Period applicable to such B/A and the denominator of which is 365.

(d) The U.S. Borrower agrees to pay to the Administrative Agent, for the account of the Administrative Agent, the fees set forth in the Administrative Agent Fee Letter, at the times specified therein (the "Administrative Agent Fees").

(e) All Fees shall be paid on the dates due, in immediately available funds, to the Administrative Agent for distribution, if and as appropriate, among the Lenders, except that Issuing Bank Fees shall be paid directly to the applicable Issuing Banks. Once paid, none of the Fees shall be refundable under any circumstances.

Section 2.14 Interest.

(a) The Loans comprising each ABR Borrowing (including each Swingline Loan to the U.S. Borrower) shall bear interest at the ABR plus the Applicable Margin, the Loans comprising each U.S. Base Rate Borrowing shall bear interest at the U.S. Base Rate plus the Applicable Margin, the Loans comprising each Canadian Base Rate Borrowing shall bear interest at the Canadian Base Rate plus the Applicable Margin, the Loans comprising each other Base Rate Borrowing shall bear interest at the applicable Base Rate plus the Applicable Margin and the Loans comprising each Overnight LIBO Borrowing shall bear interest at the Overnight LIBO Rate plus the Applicable Margin.

(b) The Loans comprising each Eurocurrency Revolving Borrowing shall bear interest at the Adjusted Eurocurrency Rate for the Interest Period in effect for such Borrowing plus the Applicable Margin.

(c) Notwithstanding the foregoing, if any principal of or interest on any Loan or any Fees or other amount payable by the applicable Borrower hereunder is not paid when due, whether at stated maturity, upon acceleration or otherwise, such overdue amount shall bear interest, after as well as before judgment, at a rate per annum equal to (i) in the case of overdue principal of any Loan, 2.0% plus the interest rate otherwise applicable to such Loan as provided in the preceding paragraphs of this Section or (ii) in the case of any other amount, 2.0% plus the interest rate that would have applied had such amount, during the period of non-payment, constituted (A) in the case of an amount owed by the U.S. Borrower, an ABR Loan or (B) in the case of any other amount, a Base Rate Loan to the applicable Borrower that owes such amount in the currency of the overdue amount; provided that this paragraph (c) shall not apply to any Event of Default that has been waived by the Lenders pursuant to Section 9.08.

(d) Accrued interest on each Loan shall be payable in arrears (i) on each Interest Payment Date for such Loan and (ii) in the case of Loans in respect of any Class, upon termination of the Commitments in respect of such Class; provided that (x) interest accrued pursuant to paragraph (c) of this Section shall be payable on demand, (y) in the event of any repayment or prepayment of any Loan (other than a prepayment of an ABR Revolving Loan, Base Rate Revolving Loan or a Swingline Loan prior to the end of the Availability Period), accrued interest on the principal amount repaid or prepaid shall be payable on the date of such repayment or prepayment and (z) in the event of any conversion of any Eurocurrency Revolving Loan prior to the end of the current Interest Period therefor, accrued interest on such Loan shall be payable on the effective date of such conversion.

(e) All interest hereunder shall be computed on the basis of a year of 360 days, except that interest computed by reference to (A) the ABR at times when the ABR is based on the U.S. Prime Rate, (B) the U.S. Base Rate at times when the U.S. Base Rate is based on the rate described in clause (a) of the definition thereof, (C) Loans denominated in Sterling or (D) the Canadian Base Rate, in each case shall be computed on the basis of a year of 365 days or 366 days in a leap year, and in each case shall be payable for the actual number of days elapsed (including the first day but excluding the last day). The applicable ABR, Adjusted Eurocurrency Rate or Base Rate shall be determined by the Administrative Agent, and such determination shall be conclusive absent manifest error.

(f) For the purposes of the Interest Act (Canada) and disclosure thereunder, whenever any interest or any fee to be paid hereunder or in connection herewith is to be calculated on the basis of a 360-day or 365-day year, the yearly rate of interest to which the rate used in such calculation is equivalent is the rate so used multiplied by the actual number of days in the calendar year in which the same is to be ascertained and divided by 360 or 365, as the case may be. The rates of interest under this Agreement are nominal rates, and not effective rates or yields. The principle of deemed reinvestment of interest does not apply to any interest calculation under this Agreement.

Section 2.15 Market Disruption; Alternate Rate of Interest.

(a) If at the time that the Administrative Agent shall seek to determine the Screen Rate on the Quotation Day for any Interest Period for a Eurocurrency Revolving Loan, the Screen Rate shall not be available for such Interest Period for any reason and the Administrative Agent shall determine that it is not possible to determine the Interpolated Rate (which conclusion shall be conclusive and binding absent manifest error), then the Reference Bank Rate shall be the LIBO Rate for such Interest Period for such Eurocurrency Revolving Loan; provided that if any Reference Bank Rate shall be less than zero, such rate shall be deemed to be zero for purposes of this Agreement; provided, further, that if, as of the Specified Time on the Quotation Day for such Interest Period, less than two Reference Banks shall have supplied a Submitted Reference Bank Rate to the Administrative Agent for purposes of determining the LIBO Rate for such Eurocurrency Revolving Loan, the Administrative Agent shall be deemed to have determined that adequate and reasonable means do not exist for ascertaining the LIBO Rate for such Eurocurrency Revolving Loan and Section 2.15(b)(i) shall apply.

(b) If prior to the commencement of any Interest Period for a Eurocurrency Revolving Borrowing denominated in any currency:

(i) the Administrative Agent determines (which determination shall be conclusive absent manifest error) that adequate and reasonable means do not exist for ascertaining the Adjusted Eurocurrency Rate, the LIBO Rate or the EURO LIBO Rate, as applicable, for such currency for such Interest Period; or

(ii) the Administrative Agent is advised by the Required Lenders that the Adjusted Eurocurrency Rate, the LIBO Rate or the EURO LIBO Rate, as applicable, for such currency for such Interest Period, will not adequately and fairly reflect the cost to such Lenders of making or maintaining their Loans included in such Borrowing for such Interest Period;

then the Administrative Agent shall give notice thereof to the applicable Borrower and the Lenders by telephone or telecopy as promptly as practicable thereafter and, until the Administrative Agent notifies the applicable Borrower and the Lenders that the circumstances giving rise to such notice no longer exist, (i) any Interest Election Request that requests the conversion of any Borrowing to, or continuation of any Borrowing as, a Eurocurrency Revolving Borrowing denominated in such currency shall be ineffective and such Borrowing shall be converted to or continued as on the last day of the Interest Period applicable thereto (A) if such Borrowing is a Borrowing by the U.S. Borrower, an ABR Borrowing, and (B) if such Borrowing is a Borrowing by the Dutch Borrower, the German Borrower or a U.K. Borrower, or a Borrowing denominated in U.S. Dollars, a Base Rate Borrowing and (ii) if any Borrowing Request requests a Eurocurrency Revolving Borrowing in such currency, (A) if such Borrowing is a Borrowing by the U.S. Borrower, such Borrowing shall be made as an ABR Borrowing, and (B) if such Borrowing is a Borrowing by the Dutch Borrower, the German Borrower or a U.K. Borrower, or a Borrowing denominated in U.S. Dollars, a Base Rate Borrowing.

Section 2.16 Increased Costs.

(a) If any Change in Law shall:

(i) impose, modify or deem applicable any reserve, special deposit or similar requirement against assets of, deposits with or for the account of, or credit extended by, any Lender (except any such reserve requirement reflected in the Adjusted Eurocurrency Rate) or Issuing Bank;

(ii) subject the Administrative Agent, any Lender or any Issuing Bank to any Taxes (other than Indemnified Taxes, Excluded Taxes and Other Taxes) on its loans, loan principal, letter of credit, commitments or other obligations, or its deposits, reserves, other liabilities or capital attributed thereto; or

(iii) impose on any Lender or Issuing Bank or the London interbank market any other condition affecting this Agreement or Eurocurrency Revolving Loans or B/A Drawings made by such Lender or any Letter of Credit or participation therein;

and the result of any of the foregoing shall be to increase the cost to such Lender of making or maintaining any Loan or obtaining funds for the purchase of B/As (or of maintaining its obligation to make any such Loan or to accept and purchase B/As) or to increase the cost to such Lender or

Issuing Bank of participating in, issuing or maintaining any Letter of Credit or to reduce the amount of any sum received or receivable by such Lender or Issuing Bank hereunder (whether of principal, interest or otherwise), then the Borrowers will pay to such Lender or Issuing Bank, as applicable, such additional amount or amounts as will compensate such Lender or Issuing Bank, as applicable, for such additional costs incurred or reduction suffered. If any Lender, the Administrative Agent, the Issuing Bank, and the Swingline Lender becomes entitled to claim any additional amounts pursuant to this paragraph, it shall promptly notify the Borrower (with a copy to the Administrative Agent) of the event by reason of which it has become so entitled.

(b) If any Lender or Issuing Bank determines that any Change in Law regarding capital or liquidity requirements has or would have the effect of reducing the rate of return on such Lender's or Issuing Bank's capital or on the capital of such Lender's or Issuing Bank's holding company, if any, as a consequence of this Agreement or the Loans made by, or participations in Letters of Credit or Swingline Loans held by such Lender, or the Letters of Credit issued by such Issuing Bank, to a level below that which such Lender or such Issuing Bank or such Lender's or such Issuing Bank's holding company could have achieved but for such Change in Law (taking into consideration such Lender's or such Issuing Bank's policies and the policies of such Lender's or such Issuing Bank's holding company with respect to capital adequacy or liquidity), then from time to time, after submission by such Lender or Issuing Bank to the applicable Borrower (with a copy to the Administrative Agent) of a written request therefor, the Borrowers shall pay to such Lender or such Issuing Bank, as applicable, such additional amount or amounts as will compensate such Lender or such Issuing Bank or such Lender's or such Issuing Bank's holding company for any such reduction suffered.

(c) A certificate of a Lender or an Issuing Bank setting forth the amount or amounts necessary to compensate such Lender or Issuing Bank or its holding company, as applicable, as specified in paragraph (a) or (b) of this Section shall be delivered to the U.S. Borrower and shall be conclusive absent manifest error. The Borrowers shall pay such Lender or Issuing Bank, as applicable, the amount shown as due on any such certificate within 10 days after receipt thereof.

(d) Promptly after any Lender or any Issuing Bank has determined that it will make a request for increased compensation pursuant to this Section 2.16, such Lender or Issuing Bank shall notify the U.S. Borrower thereof. Failure or delay on the part of any Lender or Issuing Bank to demand compensation pursuant to this Section shall not constitute a waiver of such Lender's or Issuing Bank's right to demand such compensation; provided that the Borrowers shall not be required to compensate a Lender or an Issuing Bank pursuant to this Section for any increased costs or reductions incurred more than 180 days prior to the date that such Lender or Issuing Bank, as applicable, notifies the U.S. Borrower of the Change in Law giving rise to such increased costs or reductions and of such Lender's or Issuing Bank's intention to claim compensation therefor; provided further that, if the Change in Law giving rise to such increased costs or reductions is retroactive, then the 180-day period referred to above shall be extended to include the period of retroactive effect thereof.

Section 2.17 Break Funding Payments. In the event of (a) the payment of any principal of any Eurocurrency Revolving Loan other than on the last day of an Interest Period applicable thereto (including as a result of an Event of Default), (b) the conversion of any Eurocurrency Revolving Loan other than on the last day of the Interest Period applicable thereto (including as a result of Section 2.21), (c) the failure to borrow, convert, continue or prepay any Eurocurrency Revolving Loan on the date specified in any notice delivered pursuant hereto or (d) the assignment of any Eurocurrency Revolving Loan other than on the last day of the Interest Period applicable thereto as a result of a request by a Borrower pursuant to Section 2.20 or the CAM Exchange, then, in any such event, the Borrowers shall compensate each Lender for the loss, cost and expense attributable to such event. In the case of a Eurocurrency Revolving Loan, such loss, cost or expense to any Lender shall be deemed to be the amount determined by such Lender to be the excess, if any, of (i) the amount of interest that would have accrued on the principal amount of such Loan had such event not occurred, at the Adjusted Eurocurrency Rate that would have been applicable to such Loan, for the period from the date of such event to the last day of the then current Interest Period therefor (or, in the case of a failure to borrow, convert or continue a Eurocurrency Revolving Loan, for the period that would have been the Interest Period for such Loan), over (ii) the amount of interest that would accrue on such principal amount for such period at the interest rate that such Lender would bid were it to bid, at the commencement of such period, for deposits in the applicable currency of a comparable amount and period from other banks in the Eurocurrency market. A certificate of any Lender setting forth any amount or amounts that such Lender is entitled to receive pursuant to this Section shall be delivered to such Borrower and shall be conclusive absent manifest error. Such Borrower shall pay such Lender the amount shown as due on any such certificate within 10 days after receipt thereof.

Section 2.18 Taxes.

(a) Any and all payments by or on account of any obligation of any Loan Party under the Loan Documents shall be made free and clear of and without deduction for any Taxes, except as required by applicable law. If any applicable law (as determined in good faith judgment of an applicable withholding agent) requires the deduction or withholding of any Taxes from such payments by a withholding agent, then the applicable withholding agent shall be entitled to make such deduction or withholding and shall timely pay the full amount deducted to the relevant Governmental Authority in accordance with applicable law and, if such Tax is an Indemnified Tax or Other Tax, the sum payable shall be increased as necessary so that after making all required deductions (including deductions applicable to additional sums payable under this Section 2.18) the Administrative Agent, any Lender or any Issuing Bank, as applicable, receives an amount equal to the sum it would have received had no such deductions been made.

(b) In addition, the Loan Parties shall pay on a timely basis any Other Taxes to the relevant Governmental Authority in accordance with applicable law, or at the option of the Administrative Agent, timely reimburse it for such Other Taxes.

(c) The Loan Parties shall jointly and severally indemnify the Administrative Agent, each Lender and each Issuing Bank, within ten days after written demand therefor, for the full amount of any Indemnified Taxes or Other Taxes (including Indemnified Taxes or Other Taxes imposed or asserted on or attributable to amounts payable under this Section 2.18) paid by the Administrative Agent, such Lender or Issuing Bank, as applicable, or required to be withheld or deducted from a payment to such person and any reasonable expenses arising therefrom or with respect thereto, whether or not such Indemnified Taxes or Other Taxes were correctly or legally imposed or asserted by the relevant Governmental Authority. A certificate as to the amount of such payment or liability delivered to such Loan Party by a Lender or an Issuing Bank, or by the Administrative Agent on its own behalf, on behalf of another Agent or on behalf of a Lender or an Issuing Bank, shall be conclusive absent manifest error.

(d) Each Lender shall severally indemnify the Administrative Agent, within ten days after written demand therefor, for (i) any Taxes attributable to such Lender (but only to the extent that any Loan Party has not already indemnified the Administrative Agent for such Taxes and without limiting the obligation of the Loan Parties to do so) and (ii) any Taxes attributable to such Lender's failure to comply with the provisions of Section 9.04(c)(i) relating to the maintenance of a Participant Register, in either case, that are payable or paid by the Administrative Agent in connection with any Loan Document, and any reasonable expenses arising therefrom or with respect thereto, whether or not such Taxes were correctly or legally imposed or asserted by the relevant Governmental Authority. A certificate as to the amount of such payment or liability delivered to any Lender by the Administrative Agent shall be conclusive absent manifest error. Each Lender hereby authorizes the Administrative Agent to set off and apply any and all amounts at any time owing to such Lender under any Loan Document or otherwise payable by the Administrative Agent to the Lender from any other source against any amount due to the Administrative Agent under this paragraph (d).

(e) As soon as practicable after any payment of Taxes by a Loan Party to a Governmental Authority pursuant to this Section 2.18, such Loan Party shall deliver to the Administrative Agent the original or a certified copy of a receipt issued by such Governmental Authority evidencing such payment, a copy of the return reporting such payment or other evidence of such payment reasonably satisfactory to the Administrative Agent.

(f) (i) Any Lender that is entitled to an exemption from or reduction of withholding Tax under the law of the jurisdiction in which any Loan Party is located, or any treaty to which such jurisdiction is a party, with respect to payments under this Agreement shall deliver to such Loan Party (with a copy to the Administrative Agent), to the extent such Lender is legally entitled to do so, at the time or times prescribed by applicable law, such properly completed and executed documentation prescribed by applicable law as may reasonably be requested by such Loan Party to permit such payments to be made without such withholding tax or at a reduced rate; provided that no Lender shall have any obligation under this paragraph (f)(i) with respect to any withholding Tax imposed by any jurisdiction other than the United States of America, Canada or the Federal Republic of Germany if in the reasonable judgment of such Lender such compliance would subject such Lender to any material unreimbursed cost or expense or would otherwise be disadvantageous to such Lender in any material respect.

(ii) In the event that the relevant Loan Party is a U.K. Borrower and a Lender is a Treaty Lender that holds a valid passport under the United Kingdom HM Revenue & Customs Double Taxation Treaty Passport scheme (the "DTTP Scheme") and that Treaty Lender wishes that scheme to apply to this Agreement and has determined in accordance with the terms of its passport that all conditions for treaty relief have been met, that Lender shall confirm its scheme reference number and its jurisdiction of tax residence in writing to the relevant U.K. Borrower and the Administrative Agent as soon as possible and in any event fifteen (15) days before the date by which the U.K. Borrowers are required to file form DTTP2 (or such alternative form as may be specified by HM Revenue & Customs from time to time) in accordance with this clause 2.18(f)(ii). Following receipt of such notification, the relevant U.K. Borrower shall, in respect of each Treaty Lender that has provided it with a DTTP Scheme reference number and its jurisdiction of tax residence, submit a duly completed form DTTP2 (or such alternative form as may be specified by HM Revenue & Customs from time to time) to HM Revenue & Customs within 30 days of the date of this Agreement, or where the relevant Treaty Lender becomes a Lender after the date of this Agreement, within 30 days of the date of the relevant Assignment and Acceptance executed by that Lender, or where the relevant U.K. Borrower becomes a Borrower after the date of this Agreement, within 30 days of the date on which that Borrower becomes a Borrower, and the relevant U.K. Borrower shall promptly in each case provide the relevant Treaty Lender and the Administrative Agent with a copy of that filing. Nothing in this clause 2.18(f)(ii) shall require any Treaty Lender to (x) register under the DTTP Scheme, (y) apply the DTTP Scheme to any Loan or Letter of Credit if it has registered under the DTTP Scheme; or (z) file Treaty forms or take any other action pursuant to this Section 2.18(f) with respect to a relevant U.K. Borrower if it has given notification to the relevant U.K. Borrower and the Administrative Agent to the effect that it wishes the DTTP Scheme to apply to this Agreement in accordance with this Section 2.18(f)(ii), except where (i) the relevant U.K. Borrower has submitted a duly completed form DTTP2 (or such alternative form as may be specified by HM Revenue & Customs from time to time) to HM Revenue & Customs within the required time period but it has been rejected by HM Revenue & Customs; (ii) the relevant Treaty Lender ceases to hold a valid passport under the DTTP Scheme; or (iii) the DTTP Scheme has been withdrawn.

(iii) If a payment made to a Lender under any Loan Document would be subject to U.S. federal withholding Tax imposed by FATCA if such Lender were to fail to comply with the applicable reporting requirements of FATCA (including those contained in Section 1471(b) or 1472(b) of the Code, as applicable), such Lender shall deliver to the applicable Borrower and the Administrative Agent at the time or times prescribed by law and at such time or times reasonably requested by such Borrower or the Administrative Agent such documentation prescribed by applicable law (including as prescribed by Section 1471(b)(3)(C)(i) of the Code) and such additional documentation reasonably requested by such Borrower or the Administrative Agent as may be necessary for such Borrower and the Administrative Agent to comply with their obligations under FATCA and to determine that such Lender has complied with such Lender’s obligations under FATCA or to determine the amount to deduct and withhold from such payment. Solely for purposes of this Section 2.18(f)(iii), “FATCA” shall include any amendments made to FATCA after the date of this Agreement. For purposes of determining withholding Taxes imposed under FATCA, from and after the 2015 Amendment Effective Date, the Borrowers and the Administrative Agent shall treat (and the Lenders hereby authorize the Administrative Agent to treat) this Agreement as not qualifying as a “grandfathered obligation” within the meaning of Treasury Regulation Section 1.1471-2(b)(2)(i).

(g) (i) The Administrative Agent shall deliver to the Borrowers (in such number of copies as shall be requested by a Borrower) on or prior to the date on which the

Administrative Agent becomes the Administrative Agent under this Agreement and from time to time thereafter (A) promptly upon the obsolescence, expiration or invalidity of any form previously delivered to the Administrative Agent and (B) upon the reasonable request of a Borrower, a properly completed and duly executed Internal Revenue Service Form W-9 or W-8IMY (or any other form prescribed by Requirement of Law reasonably requested by a Borrower), which, in the event a Borrower is resident for tax purposes in the United States of America, certifies that payments by such Borrower to the Administrative Agent (solely in its capacity as payee of such payments and not as the beneficial owner of such payments) are exempt from withholding under the Code.

(ii) If the Administrative Agent is a U.S. branch described in Section 1.1441-1(b)(2)(iv)(A) of the Treasury Regulations and delivers to the Borrowers a properly completed and duly executed Internal Revenue Service Form W-8IMY pursuant to Section 2.18(f)(i) certifying that the Administrative Agent is a U.S. branch and intends to be treated as a U.S. person for purposes of withholding under Chapter 3 of the Code, then the Borrowers and the Administrative Agent shall treat the Administrative Agent as a U.S. person for purposes of withholding under Chapter 3 of the Code, pursuant to Section 1.1441-1(b)(2)(iv) of the Treasury Regulations.

(iii) In the event a Borrower is resident for tax purposes in the United States of America,

(A) each Foreign Lender shall deliver to such Borrower and the Administrative Agent on the date on which such Foreign Lender becomes a Lender under this Agreement (and from time to time thereafter upon the reasonable request of such Borrower or the Administrative Agent), two original copies of whichever of the following is applicable: (i) duly completed copies of Internal Revenue Service Form W-8BEN or Internal Revenue Service Form W-8BEN-E, as applicable (or any subsequent versions thereof or successors thereto), claiming eligibility for benefits of an income tax treaty to which the United States of America is a party, (ii) duly completed copies of Internal Revenue Service Form W-8ECI (or any subsequent versions thereof or successors thereto), (iii) in the case of a Foreign Lender claiming the benefits of the exemption for portfolio interest under Section 871(h) or 881(c) of the Code, (x) a certificate to the effect that such Foreign Lender is not (A) a “bank” within the meaning of Section 881(c)(3)(A) of the Code, (B) a “10 percent shareholder” of the Borrower within the meaning of Section 871(h)(3) or 881(c)(3)(B) of the Code, or (C) a “controlled foreign corporation” described in Section 881(c)(3)(C) of the Code and (y) duly completed copies of Internal Revenue Service Form W-8BEN or Internal Revenue Service Form W-8BEN-E, as applicable (or any subsequent versions thereof or successors thereto) and (iv) duly completed copies of Internal Revenue Service Form W-8IMY, together with forms and certificates described in clauses (i) through (iii) above (and additional Form W-8IMYs) as may be required; and

(B) each Lender that is not a Foreign Lender shall deliver to the Borrowers and the Administrative Agent two copies of Internal Revenue Service

Form W-9 (or any subsequent versions thereof or successors thereto) on or before the date such Lender becomes a party and upon the expiration of any form previously delivered by such Lender, certifying that payments to such Lender are exempt from withholding under the Code.

(iv) Each Foreign Lender shall, to the extent it is legally entitled to do so, deliver to the Borrower and the Administrative Agent on the date on which such Foreign Lender becomes a Lender under this Agreement (and from time to time thereafter upon the reasonable request of such Borrower or the Administrative Agent), any other form prescribed by applicable law as a basis for claiming exemption from or a reduction in United States of America federal withholding tax duly completed together with such supplementary documentation as may be prescribed by applicable law to permit the Borrower to determine the withholding or deduction required to be made. In addition, in each of the foregoing circumstances, each Foreign Lender shall deliver such forms, if legally entitled to deliver such forms, promptly upon the obsolescence, expiration or invalidity of any form previously delivered by such Foreign Lender. Each Lender shall promptly notify a Borrower at any time it determines that it is no longer in a position to provide any previously delivered certificate to such Borrower (or any other form of certification adopted by the United States of America or other taxing authorities for such purpose). Notwithstanding any other provision of this clause, a Foreign Lender (for the avoidance of doubt, acting solely in its capacity as a Lender) shall not be required to deliver any form pursuant to this clause that such Foreign Lender is not legally able to deliver.

(h) If any party determines, in good faith and in its sole discretion, that it has received a refund of any Taxes as to which it has been indemnified or with respect to which such indemnifying party has paid additional amounts pursuant to this Section 2.18, it shall pay over such refund to such indemnifying party (but only to the extent of indemnity payments made, or additional amounts paid under this Section 2.18 with respect to the Taxes giving rise to such refund), net of all reasonable out-of-pocket expenses (including any Taxes imposed with respect to such refund) of such indemnified party, and without interest (other than any interest paid by the relevant Governmental Authority with respect to such refund); provided that such indemnifying party, upon the request of such indemnified party, agrees to repay as soon as reasonably practicable the amount paid over pursuant to this paragraph (h) (plus any penalties, interest or other charges imposed by the relevant Governmental Authority) in the event that such indemnified party is required to repay such refund to such Governmental Authority. Notwithstanding anything to the contrary in this paragraph (h), in no event will the indemnified party be required to pay any amount to an indemnifying party pursuant to this paragraph (h) the payment of which would place the indemnified party in a less favorable net after-Tax position than the indemnified party would have been in if the Tax subject to indemnification and giving rise to such refund had not been deducted, withheld or otherwise imposed and the indemnification payments or additional amounts with respect to such Tax had never been paid. This paragraph (h) shall not be construed to require any indemnified party to make available its Tax returns (or any other information relating to its Taxes which it deems, in good faith and in its sole discretion, to be confidential) to the indemnifying party or any other person.

Section 2.19 Payments Generally; Pro Rata Treatment; Sharing of Set-offs.

(a) Unless otherwise specified, each Borrower shall make each payment required to be made by it hereunder (whether of principal, face amount of B/As, interest, fees or reimbursement of L/C Disbursements, or of amounts payable under Section 2.16, 2.17 or 2.18, or otherwise) prior to 2:00 p.m., Local Time, on the date when due, in immediately available funds, without condition or deduction for any defense, recoupment, set-off or counterclaim. Any amounts received after such time on any date may, in the discretion of the Administrative Agent, be deemed to have been received on the next succeeding Business Day for purposes of calculating interest thereon. All such payments shall be made to the Administrative Agent to the applicable account designated to such Borrower by the Administrative Agent, except payments to be made directly to the applicable Issuing Bank or the Swingline Lender as expressly provided herein and except that payments pursuant to Sections 2.16, 2.17, 2.18 and 9.05 shall be made directly to the persons entitled thereto. The Administrative Agent shall distribute any such payments received by it for the account of any other person to the appropriate recipient promptly following receipt thereof. If any payment hereunder shall be due on a day that is not a Business Day, the date for payment shall be extended to the next succeeding Business Day, and, in the case of any payment accruing interest, interest thereon shall be payable for the period of such extension. All payments under each Loan Document of (i) principal or interest in respect of any Loan or amounts owing in respect of any B/A Drawing (or of any breakage indemnity in respect of any Loan or B/A Drawing) shall be made in the currency of such Loan or B/A Drawing and (ii) all other payments hereunder and under each other Loan Document shall be made in U.S. Dollars, except as otherwise expressly provided herein. Any payment required to be made by the Administrative Agent hereunder shall be deemed to have been made by the time required if the Administrative Agent shall, at or before such time, have taken the necessary steps to make such payment in accordance with the regulations or operating procedures of the clearing or settlement system used by the Administrative Agent to make such payment.

(b) If at any time insufficient funds are received by and available to the Administrative Agent from any Borrower to pay fully all amounts of principal, face amount of B/As, unreimbursed L/C Disbursements, interest and fees then due from such Borrower hereunder, such funds or proceeds of Collateral shall be applied, subject to the Security Documents, the ABL Intercreditor Agreement and any other applicable intercreditor agreement: first, ratably, to pay any fees, indemnities, or expense reimbursements then due to the Administrative Agent, the Collateral Agent or any Issuing Bank from such Borrower; second, ratably, to pay interest due and payable in respect of, Protective Advances and Overadvances; third, ratably, to pay the outstanding principal of Protective Advances and Overadvances; fourth, ratably, to pay the outstanding principal of any Swingline Loans; fifth, ratably, to pay any fees or expense reimbursements then due to the Lenders from such Borrower; sixth, ratably, to pay interest due and payable in respect of any unreimbursed L/C Disbursements, Revolving Facility Loans and outstanding B/A Drawings; seventh, ratably, to pay the outstanding principal of the Revolving Facility Loans (other than Protective Advances and Overadvances), unreimbursed L/C Disbursements and face amount of B/As then due from such Borrower hereunder; eighth, ratably, to Cash Collateralize Revolving L/C Exposure in accordance with the procedures set forth in Section 2.05(j); ninth, ratably, to the payment of any amounts due and owing in respect of applicable Secured Cash Management Agreements and Secured Hedge Agreements; and tenth, ratably, to pay all other applicable Obligations due to the Agents, Issuing

Banks or any Lender by such Borrower. Notwithstanding anything to the contrary contained herein, (i) subject to Section 6.02(jj), the amounts payable under any Designated Secured Cash Management Agreements and Designated Secured Hedge Agreements shall be repaid ratably with the seventh item in this waterfall, (ii) proceeds of Collateral of Foreign Subsidiary Loan Parties shall be applied only to the repayment of Obligations of the Foreign Subsidiary Loan Parties and (iii) no proceeds of Collateral of Domestic Loan Parties shall be applied to the Obligations of the Foreign Subsidiary Loan Parties until the Obligations of the Domestic Loan Parties shall have been paid in full or Cash Collateralized in accordance with the terms of this Agreement. For the avoidance of doubt, no amount received from any Guarantor, or from the proceeds of Collateral pledged by such Guarantor, shall be applied to any Excluded Swap Obligation of such Guarantor.

(c) If any Lender shall, by exercising any right of set-off or counterclaim or otherwise, obtain payment in respect of any principal of or interest on any of its Revolving Facility Loans, amounts owing in respect of B/A Drawings or participations in L/C Disbursements or Swingline Loans resulting in such Lender receiving payment of a greater proportion of the aggregate amount of its Revolving Facility Loans, amounts owing in respect of B/A Drawings and participations in L/C Disbursements and Swingline Loans and accrued interest thereon hereunder than the proportion received by any other Lender entitled thereto, then the Lender receiving such greater proportion shall purchase participations in the Revolving Facility Loans, amounts owing in respect of B/A Drawings and participations in L/C Disbursements and Swingline Loans of other Lenders to the extent necessary so that the benefit of all such payments shall be shared by the Lenders entitled thereto ratably in accordance with the aggregate amount of principal of and accrued interest on their respective Revolving Facility Loans, amounts owing in respect of B/A Drawings and participations in L/C Disbursements and Swingline Loans; provided that (i) if any such participations are purchased and all or any portion of the payment giving rise thereto is recovered, such participations shall be rescinded and the purchase price restored to the extent of such recovery, without interest, and (ii) the provisions of this paragraph (c) shall not be construed to apply to any payment made by a Borrower pursuant to and in accordance with the terms of this Agreement or any payment obtained by a Lender as consideration for the assignment of or sale of a participation in any of its Loans or participations in L/C Disbursements to any Assignee or Participant. Each Borrower consents to the foregoing and agrees, to the extent it may effectively do so under applicable law, that any Lender acquiring a participation pursuant to the foregoing arrangements may exercise against such Borrower rights of set-off and counterclaim with respect to such participation as fully as if such Lender were a direct creditor of such Borrower in the amount of such participation.

(d) Unless the Administrative Agent shall have received notice from a Borrower prior to the date on which any payment is due to the Administrative Agent for the account of the Lenders or the applicable Issuing Bank hereunder that such Borrower will not make such payment, the Administrative Agent may assume that such Borrower has made such payment on such date in accordance herewith and may, in reliance upon such assumption, distribute to the Lenders or the applicable Issuing Bank, as applicable, the amount due. In such event, if such Borrower has not in fact made such payment, then each of the Lenders or the applicable Issuing Bank, as applicable, severally agrees to repay to the Administrative Agent forthwith on demand the amount so distributed to such Lender or Issuing Bank with interest thereon, for each day from and including the date such amount is distributed to it to but excluding the date of payment to the Administrative

Agent, at the greater of (A) (1) in the case of Loans to the U.S. Borrower, the Federal Funds Effective Rate, (2) in the case of any other Loans or amounts owing in respect of B/A Drawings, the rate reasonably determined by the Administrative Agent to be the cost to it of funding such amount, (3) in the case of any other amounts denominated in U.S. Dollars, the Federal Funds Effective Rate, and (4) in the case of any other amount denominated in a currency other than U.S. Dollars, the rate reasonably determined by the Administrative Agent to be the cost to it of funding such amount, and (B) a rate determined by the Administrative Agent in accordance with banking industry rules on interbank compensation.

(e) If any Lender shall fail to make any payment required to be made by it pursuant to Section 2.04(c), 2.05(d) or (e), 2.07(b), 2.19(d) or 2.23, then the Administrative Agent may, in its discretion (notwithstanding any contrary provision hereof), apply any amounts thereafter received by the Administrative Agent for the account of such Lender to satisfy such Lender's obligations under such Sections until all such unsatisfied obligations are fully paid.

Section 2.20 Mitigation Obligations; Replacement of Lenders.

(a) If any Lender requests compensation under Section 2.16, or if any Borrower is required to pay any additional amount to any Lender or any Governmental Authority for the account of any Lender pursuant to Section 2.18, then such Lender shall use reasonable efforts to designate a different Lending Office for funding or booking its Loans hereunder or to assign its rights and obligations hereunder to another of its offices, branches or Affiliates, if, in the reasonable judgment of such Lender, such designation or assignment (i) would eliminate or reduce amounts payable pursuant to Section 2.16 or 2.18, as applicable, in the future and (ii) would not subject such Lender to any material unreimbursed cost or expense and would not otherwise be disadvantageous to such Lender in any material respect. The applicable Borrower hereby agrees to pay all reasonable costs and expenses incurred by any Lender in connection with any such designation or assignment.

(b) If any Lender requests compensation under Section 2.16, or if any Borrower is required to pay any additional amount to any Lender or any Governmental Authority for the account of any Lender pursuant to Section 2.18, or is a Defaulting Lender, then the U.S. Borrower may, at its sole expense and effort, upon notice to such Lender and the Administrative Agent, require such Lender to assign and delegate, without recourse (in accordance with and subject to the restrictions contained in Section 9.04), all its interests, rights and obligations under this Agreement to an Assignee that shall assume such obligations (which Assignee may be another Lender, if a Lender accepts such assignment); provided that (i) the U.S. Borrower shall have received the prior written consent of the Administrative Agent, which consent shall not unreasonably be withheld, (ii) such Lender shall have received payment of an amount equal to the outstanding principal of its Loans, amounts owing in respect of B/A Drawings and participations in L/C Disbursements and Swingline Loans, accrued interest thereon, accrued fees and all other amounts payable to it hereunder, from the Assignee (to the extent of such outstanding principal, amounts owing in respect of B/A Drawings and accrued interest and fees) or the applicable Borrower (in the case of all other amounts) and (iii) in the case of any such assignment resulting from a claim for compensation under Section 2.16 or payments required to be made pursuant to Section 2.18, such assignment will result in a reduction in such compensation or payments. Nothing in this

Section 2.20 shall be deemed to prejudice any rights that a Borrower may have against any Lender that is a Defaulting Lender. No action by or consent of the removed Lender shall be necessary in connection with such assignment, which shall be immediately and automatically effective upon payment of such purchase price. In connection with any such assignment the applicable Borrower, the Administrative Agent, such removed Lender and the replacement Lender shall otherwise comply with Section 9.04; provided that, if such removed Lender does not comply with this Section 2.20 within three (3) Business Days after such Borrower's request, compliance with this Section 2.20 shall not be required to effect such assignment.

(c) If any Lender has failed to consent to a proposed amendment, waiver, discharge or termination that pursuant to the terms of Section 9.08 requires the consent of all the Lenders affected and with respect to which the Required Lenders shall have granted their consent (any such Lender, a "Non-Consenting Lender"), then, provided no Event of Default then exists, the U.S. Borrower shall have the right (unless such Non-Consenting Lender grants such consent) at its sole expense (including with respect to the processing and recordation fee referred to in Section 9.04(b)(ii)(B)) to replace such Non-Consenting Lender by requiring such Non-Consenting Lender to assign its Loans and Commitments hereunder to one or more Assignees reasonably acceptable to the Administrative Agent, the Swingline Lender and the Issuing Banks ; provided that: (a) all Loan Document Obligations of the Borrowers owing to such Non-Consenting Lender being replaced shall be paid in full to such Non-Consenting Lender concurrently with such assignment, and (b) the replacement Lender shall purchase the foregoing by paying to such Non-Consenting Lender a price equal to the principal amount thereof plus accrued and unpaid interest thereon. No action by or consent of the Non-Consenting Lender shall be necessary in connection with such assignment, which shall be immediately and automatically be effective upon payment of such purchase price. In connection with any such assignment the Borrowers, the Administrative Agent, such Non-Consenting Lender and the replacement Lender shall otherwise comply with Section 9.04; provided that if such Non-Consenting Lender does not comply with Section 9.04 within 3 Business Days after the U.S. Borrower's request, compliance with Section 9.04 shall not be required to effect such assignment.

Section 2.21 Incremental Revolving Facility Commitments.

(a) Any Borrower may, by written notice to the Administrative Agent from time to time, request Incremental Revolving Facility Commitments in an amount not to exceed the Incremental Amount (unless constituting an Extension in accordance with clauses (e) through (i) of this Section 2.21) at the time of such request from one or more Incremental Revolving Facility Lenders (which may include any existing Lender) willing to provide such Incremental Revolving Facility Commitments in their own discretion; provided that each Incremental Revolving Facility Lender shall be subject to the approval of the Administrative Agent (which approval shall not be unreasonably withheld) unless such Incremental Revolving Facility Lender is a Lender, an Affiliate of a Lender or an Approved Fund. Such notice shall set forth (i) the amount of the Incremental Revolving Facility Commitments being requested (which shall be in minimum increments of $2.5 million and a minimum amount of $10.0 million or equal to the remaining Incremental Amount or such lesser amount acceptable to the Administrative Agent), (ii) the date on which such Incremental Revolving Facility Commitments are requested to become effective, and (iii) whether such Incremental Revolving Facility Commitments are to be (A) commitments to make additional

Revolving Facility Loans on the same terms as such Revolving Facility Loans in effect on the Amendment Effective Date and/or under the 2016 Extended Revolving Facility Commitments (the "Initial Revolving Facility Loans") or (B) commitments to make revolving loans with pricing terms, final maturity date and/or upfront or similar fees or other terms different from the Initial Revolving Facility Loans (such commitments, the "Other Revolving Facility Commitments", and such revolving loans, the "Other Revolving Facility Loans").

(b) The applicable Borrowers and each Incremental Revolving Facility Lender shall execute and deliver to the Administrative Agent an Incremental Assumption Agreement and such other documentation as the Administrative Agent shall reasonably specify to evidence the Incremental Revolving Facility Commitment of such Incremental Revolving Facility Lender. Each Incremental Assumption Agreement shall specify the terms of the applicable Incremental Revolving Facility Commitments; provided that:

(i) the Other Revolving Facility Loans shall rank *pari passu* or junior in right of payment and of security with the Initial Revolving Facility Loans and, except as to pricing, final maturity date, participation in prepayments or commitment reductions and/or upfront or similar fees, shall have (x) the same terms as the Initial Revolving Facility Loans or (y) such other terms as shall be reasonably satisfactory to the Administrative Agent,

(ii) the final maturity date of any Other Revolving Facility Loans shall be no earlier than the Maturity Date then in effect for the Initial Revolving Facility Loans,

(iii) the Other Revolving Facility Loans may participate on a pro rata basis or a less than pro rata basis (but not greater than a pro rata basis) in comparison to the Initial Revolving Facility Loans in any voluntary or mandatory prepayment or commitment reduction hereunder, and

(iv) the All-in Yield shall be the same as that applicable to the Initial Revolving Facility Loans, except that the All-in Yield in respect of any such Other Revolving Facility Loan may exceed the All-in Yield in respect of any Initial Revolving Facility Loans by not more than 0.50% or, in each case, if such Other Revolving Facility Loans do so exceed such All-in Yield (such difference, the "Yield Differential") then the Applicable Margin applicable to all Initial Revolving Facility Loans shall be increased such that after giving effect to such increase, the Yield Differential shall not exceed 0.50%. Each of the parties hereto hereby agrees that, upon the effectiveness of any Incremental Assumption Agreement, this Agreement shall be amended to the extent (but only to the extent) necessary to reflect the existence and terms of the Incremental Revolving Facility Commitments evidenced thereby as provided for in Section 9.08(e). Any amendment to this Agreement or any other Loan Document that is necessary to effect the provisions of this Section 2.21 and any such collateral and other documentation shall be deemed "Loan Documents" hereunder and may be memorialized in writing by the Administrative Agent and the Borrowers and furnished to the other parties hereto.

(c) Notwithstanding the foregoing, no Incremental Revolving Facility Commitment shall become effective under this Section 2.21 unless (i) on the date of such effectiveness, to the extent required by the relevant Incremental Assumption Agreement, the conditions set forth in clauses (b) and (c) of Section 4.01 shall be satisfied and the Administrative Agent shall have received a certificate to that effect dated such date and executed by a Responsible Officer of the U.S. Borrower, (ii) the Administrative Agent shall have received customary legal opinions, board resolutions and other customary closing certificates and documentation to the extent required by the relevant Incremental Assumption Agreement and, to the extent required by the Administrative Agent, consistent with those delivered on the Closing Date and such additional customary documents and filings (including amendments to the Mortgages and other Security Documents and title endorsement bringdowns) as the Administrative Agent may reasonably request to assure that the additional Revolving Facility Loans and/or the Other Revolving Facility Loans in respect of the Incremental Revolving Facility Commitments are secured by the Collateral ratably with (or, to the extent contemplated by the Incremental Assumption Agreement, junior to) the then existing Revolving Facility Loans and (iii) after giving effect to such Incremental Revolving Facility Commitment, the U.S. Borrower and the Subsidiaries shall be in compliance with the Financial Performance Covenant on a Pro Forma Basis.

(d) Each of the parties hereto hereby agrees that the Administrative Agent may take any and all action as may be reasonably necessary to ensure that all additional Revolving Facility Loans in respect of Incremental Revolving Facility Commitments (other than Other Revolving Facility Loans), when originally made, are included in each Borrowing of outstanding Revolving Facility Loans on a pro rata basis. The Borrowers agree that Section 2.17 shall apply to any conversion of Eurocurrency Revolving Loans to ABR Rate Loans or Base Rate Loans, as applicable, as reasonably required by the Administrative Agent to effect the foregoing.

(e) Notwithstanding anything to the contrary in this Agreement, pursuant to one or more offers made from time to time by a Borrower to all Lenders of any Class of Commitments, on a pro rata basis (based on the aggregate outstanding Commitments under such Class) and on the same terms ("Pro Rata Extension Offers"), such Borrower is hereby permitted to consummate transactions with individual Lenders from time to time to extend the maturity date of such Lender's Commitments of such Class and to otherwise modify the terms of such Lender's Commitments of such Class pursuant to the terms of the relevant Pro Rata Extension Offer (including without limitation increasing the interest rate or fees payable in respect of such Lender's Commitments of such Class). For the avoidance of doubt, the reference to "on the same terms" in the preceding sentence shall mean, in the case of an offer to the Lenders under any Class of Revolving Facility Commitments, that all of the Revolving Facility Commitments of such Class are offered to be extended for the same amount of time and that the interest rate changes and fees payable with respect to such extension of such Class are the same. Any such extension (an "Extension") agreed to between such Borrower and any such Lender (an "Extending Lender") will be established under this Agreement by implementing an Incremental Revolving Facility Commitment for such Lender (such extended Revolving Facility Commitment, an "Extended Revolving Facility Commitment").

(f) The applicable Borrower and each Extending Lender shall execute and deliver to the Administrative Agent an Incremental Assumption Agreement and such other documentation as the Administrative Agent shall reasonably specify to evidence the Extended Revolving Facility Commitments of such Extending Lender. Each Incremental Assumption

Agreement shall specify the terms of the applicable Extended Revolving Facility Commitments; provided that (i) except as to pricing, final maturity date, participation in prepayments or commitment reductions and/or upfront or similar fees (which shall be determined by such Borrower and set forth in the Pro Rata Extension Offer), any Extended Revolving Facility Commitment shall have (A) the same terms as an existing Class of Revolving Facility Commitments or (B) have such other terms as shall be reasonably satisfactory to the Administrative Agent and (ii) any Extended Revolving Facility Commitments may participate on a pro rata basis or a less than pro rata basis (but not greater than a pro rata basis) in any voluntary or mandatory repayments or prepayments or commitment reductions hereunder. Upon the effectiveness of any Incremental Assumption Agreement, this Agreement shall be amended to the extent (but only to the extent) necessary to reflect the existence and terms of the Extended Revolving Facility Commitments evidenced thereby as provided for in Section 9.08(e). Any such deemed amendment may be memorialized in writing by the Administrative Agent and the Borrowers and furnished to the other parties hereto. If provided in any Incremental Assumption Agreement with respect to any Extended Revolving Facility Commitments, and with the consent of each Swingline Lender and Issuing Bank, participations in Swingline Loans and Letters of Credit shall be reallocated to Lenders holding such Extended Revolving Facility Commitments in the manner specified in such Incremental Assumption Agreement, including upon effectiveness of such Extended Revolving Facility Commitment or upon or prior to the maturity date for any Class of Revolving Facility Commitment.

(g) Upon the effectiveness of any such Extension, the applicable Extending Lender's Revolving Facility Commitment will be automatically designated an Extended Revolving Facility Commitment. For purposes of this Agreement and the other Loan Documents, such Extending Lender will be deemed to have an Incremental Revolving Facility Commitment having the terms of such Extended Revolving Facility Commitment.

(h) Notwithstanding anything to the contrary set forth in this Agreement or any other Loan Document (including, without limitation, this Section 2.21), (i) the aggregate amount of Extended Revolving Facility Commitments will not be included in the calculation of the Incremental Amount or be subject to availability under the Incremental Amount, (ii) no Extended Revolving Facility Commitment is required to be in any minimum amount or any minimum increment, (iii) any Extending Lender may extend all or any portion of its Revolving Facility Commitment pursuant to one or more Pro Rata Extension Offers (subject to applicable proration in the case of over participation) (including the extension of any Extended Revolving Facility Commitment), (iv) there shall be no condition to any Extension of any Commitment at any time or from time to time other than notice to the Administrative Agent of such Extension and the terms of the Extended Revolving Facility Commitment implemented thereby, (v) no consent of any Lender or Agent shall be required to effectuate any Extension, other than the consent of each Lender agreeing to such Extension with respect to one or more of its Loans and/or Commitments (or a portion thereof), (vi) all Extended Revolving Facility Commitments and all obligations in respect thereof shall be Obligations of the relevant Loan Parties under this Agreement and the other Loan Documents that are secured by the Collateral on a pari passu basis with all other Obligations of the relevant Loan Parties under this Agreement and the other Loan Documents and (vii) no Issuing Bank or Swingline Lender shall be obligated to provide Swingline Loans or issue Letters of Credit under such Extended Revolving Facility Commitments beyond the applicable maturity date of the applicable Commitments that were extended by such Extended Revolving Facility Commitments unless it shall have consented thereto.

(i) Each Extension shall be consummated pursuant to procedures set forth in the corresponding Pro Rata Extension Offer; provided that the applicable Borrower shall cooperate with the Administrative Agent prior to making any Pro Rata Extension Offer to establish reasonable procedures with respect to mechanical provisions relating to such Extension, including, without limitation, timing, rounding and other adjustments.

Section 2.22 Illegality. If any Lender reasonably determines that any change in law has made it unlawful, or that any Governmental Authority has asserted after the Closing Date that it is unlawful, for any Lender or its applicable Lending Office to make or maintain any Eurocurrency Revolving Loans, then, on notice thereof by such Lender to the Borrowers through the Administrative Agent, any obligations of such Lender to make or continue Eurocurrency Revolving Loans or to convert ABR Borrowings or Base Rate Borrowings to Eurocurrency Revolving Borrowings shall be suspended until such Lender notifies the Administrative Agent and the Borrowers that the circumstances giving rise to such determination no longer exist. Upon receipt of such notice, the Borrowers shall upon demand from such Lender (with a copy to the Administrative Agent), either convert all Eurocurrency Revolving Borrowings of such Lender to ABR Borrowings or Base Rate Borrowings, either on the last day of the Interest Period therefor, if such Lender may lawfully continue to maintain such Eurocurrency Revolving Borrowings to such day, or immediately, if such Lender may not lawfully continue to maintain such Loans. Upon any such prepayment or conversion, the Borrowers shall also pay accrued interest on the amount so prepaid or converted.

Section 2.23 Defaulting Lender. Notwithstanding any provision of this Agreement to the contrary, if any Lender becomes a Defaulting Lender, then the following provisions shall apply for so long as such Lender is a Defaulting Lender:

(a) Commitment Fees shall cease to accrue on the unfunded portion of the Available Unused Commitment of such Defaulting Lender;

(b) Any Revolving Facility Commitment or any Revolving Facility Loan of such Defaulting Lender shall not be included in determining whether the Required Lenders, Special Majority Lenders or Super Majority Lenders have taken or may take any action hereunder (including any consent to any amendment, waiver or other modification pursuant to Section 9.08); provided that this clause (b) shall not apply to the vote of a Defaulting Lender in the case of an amendment, waiver or other modification requiring the consent of such Lender under Section 9.04(a)(i) or subclauses (i), (ii) and (iii) of the first proviso to Section 9.08(b);

(c) If any Swingline Exposure or Revolving L/C Exposure exists at the time such Lender becomes a Defaulting Lender, then:

(i) all or any part of the Swingline Exposure and Revolving L/C Exposure of such Defaulting Lender shall be reallocated among the non-Defaulting Lenders in accordance with their respective Revolving Facility Percentages, but only to the extent the sum of all non-Defaulting Lenders' Revolving Facility Exposure plus such Defaulting Lender's Swingline Exposure and Revolving L/C Exposure does not exceed the total of all non-Defaulting Lenders' Revolving Facility Commitments;

(ii) if the reallocation described in clause (i) above cannot, or can only partially, be effected, the applicable Borrower shall, within one (1) Business Day following notice by the Administrative Agent, (x) first, prepay such Swingline Exposure and (y) second, Cash Collateralize for the benefit of the applicable Issuing Bank only such Borrower's obligations corresponding to such Defaulting Lender's Revolving L/C Exposure (after giving effect to any partial reallocation pursuant to clause (i) above) in accordance with the procedures set forth in Section 2.05(j) for so long as such Revolving L/C Exposure is outstanding;

(iii) if any Borrower Cash Collateralizes any portion of such Defaulting Lender's Revolving L/C Exposure pursuant to subclause (ii) above, such Borrower shall not be required to pay any fees to such Defaulting Lender pursuant to Section 2.13 with respect to such Defaulting Lender's Revolving L/C Exposure during the period such Defaulting Lender's Revolving L/C Exposure is Cash Collateralized;

(iv) if the Revolving L/C Exposure of the non-Defaulting Lenders is reallocated pursuant to subclause (i) above, then the fees payable to the Lenders pursuant to Section 2.13 shall be adjusted in accordance with such non-Defaulting Lenders' Revolving Facility Percentages; and

(v) if all or any portion of such Defaulting Lender's Revolving L/C Exposure is neither reallocated nor Cash Collateralized pursuant to subclause (i) or (ii) above, then, without prejudice to any rights or remedies of any Issuing Bank or any other Lender hereunder, all fees payable under Section 2.13 with respect to such Defaulting Lender's Revolving L/C Exposure shall be payable to such Issuing Bank until and to the extent that such Revolving L/C Exposure is reallocated and/or Cash Collateralized; and

(d) So long as such Lender is a Defaulting Lender, the Swingline Lender shall not be required to fund any Swingline Loan and no Issuing Bank shall be required to issue, amend or increase any Letter of Credit, unless it is satisfied that the related exposure and the Defaulting Lender's then outstanding Revolving L/C Exposure will be 100% covered by the Revolving Facility Commitments of the non-Defaulting Lenders and/or Cash Collateral will be provided by the Borrower in accordance with Section 2.23(c), and participating interests in any newly made Swingline Loan or any newly issued or increased Letter of Credit shall be allocated among non-Defaulting Lenders in a manner consistent with Section 2.23(c)(i) (and such Defaulting Lender shall not participate therein).

(e) In the event that the Administrative Agent, the Borrowers, the Swingline Lender and the Issuing Banks each agrees (such agreement not to be unreasonably withheld or delayed) that a Defaulting Lender has adequately remedied all matters that caused such Lender to be a Defaulting Lender, then the Swingline Exposure and Revolving L/C Exposure of the Lenders shall be readjusted to reflect the inclusion of such Lender's Revolving Facility Commitment and on such date such Lender shall purchase at par such of the Loans of the other Lenders (other than Swingline Loans) as the Administrative Agent shall determine may be necessary in order for such Lender to hold such Loans in accordance with its Revolving Facility Percentage.

(f) Any payment of principal, interest, fees or other amounts received by the Administrative Agent for the account of such Defaulting Lender (whether voluntary or mandatory, at maturity, following an Event of Default or otherwise) or received by the Administrative Agent from a Defaulting Lender pursuant to Section 9.06 shall be applied at such time or times as may be determined by the Administrative Agent as follows: first, to the payment of any amounts owing by such Defaulting Lender to the Administrative Agent hereunder; second, to the payment on a pro rata basis of any amounts owing by such Defaulting Lender to any Issuing Bank or the Swingline Lender hereunder; third, to Cash Collateralize the Revolving L/C Exposure of such Defaulting Lender in accordance with Section 2.05(j); fourth, to the funding of any Loan in respect of which such Defaulting Lender has failed to fund its portion thereof as required by this Agreement, as determined by the Administrative Agent; fifth, to be held in a deposit account and released pro rata in order to (x) satisfy such Defaulting Lender's potential future funding obligations with respect to Loans under this Agreement, and (y) Cash Collateralize the future Revolving L/C Exposure of such Defaulting Lender with respect to future Letters of Credit issued under this Agreement, in accordance with Section 2.05(j); sixth, to the payment of any amounts owing to the Lenders, the Issuing Banks or the Swingline Lender as a result of any judgment of a court of competent jurisdiction obtained by any Lender, the Issuing Banks or the Swingline Lender against such Defaulting Lender as a result of such Defaulting Lender's breach of its obligations under this Agreement; seventh, so long as no Default or Event of Default exists, to the payment of any amounts owing to the applicable Borrower as a result of any judgment of a court of competent jurisdiction obtained by the Borrower against such Defaulting Lender as a result of such Defaulting Lender's breach of its obligations under this Agreement; and eighth, to such Defaulting Lender or as otherwise directed by a court of competent jurisdiction. Any payments, prepayments or other amounts paid or payable to a Defaulting Lender that are applied (or held) to pay amounts owed by a Defaulting Lender or to post Cash Collateral pursuant to this Section 2.23 shall be deemed paid to and redirected by such Defaulting Lender, and each Lender irrevocably consents hereto.

ARTICLE III

REPRESENTATIONS AND WARRANTIES

On the date of each Credit Event and on the Amendment Effective Date, each Borrower represents and warrants to each of the Lenders that:

Section 3.01 Organization; Powers. Except as set forth on Schedule 3.01 to the 2013 Credit Agreement, each of Holdings (prior to a Qualified IPO), the U.S. Borrower and the Material Subsidiaries (a) is a limited liability company, unlimited company, corporation or partnership duly organized, validly existing and in good standing (or, if applicable in a foreign jurisdiction, enjoys the equivalent status under the laws of any jurisdiction of organization outside the United States of America) under the laws of the jurisdiction of its organization, (b) has all requisite power and authority to own its property and assets and to carry on its business as now conducted, (c) is qualified to do business in each jurisdiction where such qualification is required, except where the failure so to qualify could not reasonably be expected to have a Material Adverse Effect, and (d) has the power and authority to execute, deliver and perform its obligations under each of the Loan Documents and each other agreement or instrument contemplated thereby to which it is or will be a party and, in the case of each Borrower, to borrow and otherwise obtain credit hereunder.

Section 3.02 Authorization. The execution, delivery and performance by Holdings (prior to a Qualified IPO), the U.S. Borrower, each of the Subsidiary Loan Parties of each of the Loan Documents to which it is a party, and the Borrowings hereunder and the transactions forming a part of the Transactions, the 2015 Transactions or the Note Transactions (a) have been duly authorized by all corporate, stockholder or limited liability company or partnership action required to be obtained by Holdings, the U.S. Borrower and such Subsidiary Loan Parties and (b) will not (i) violate (A) any provision of law, statute, rule or regulation, or of the certificate or articles of incorporation or other constitutive documents or by-laws of Holdings, the U.S. Borrower or any such Subsidiary Loan Parties, (B) any applicable order of any court or any rule, regulation or order of any Governmental Authority or (C) any provision of any indenture, certificate of designation for preferred stock, agreement or other instrument to which Holdings, the U.S. Borrower or any such Subsidiary Loan Party is a party or by which any of them or any of their property is or may be bound, (ii) be in conflict with, result in a breach of or constitute (alone or with notice or lapse of time or both) a default under, give rise to a right of or result in any cancellation or acceleration of any right or obligation (including any payment) or to a loss of a material benefit under any such indenture, certificate of designation for preferred stock, agreement or other instrument, where any such conflict, violation, breach or default referred to in clause (i) or (ii) of this Section 3.02(b), could reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect, or (iii) result in the creation or imposition of any Lien upon or with respect to any property or assets now owned or hereafter acquired by Holdings (prior to a Qualified IPO), the U.S. Borrower or any such Subsidiary Loan Parties, other than the Liens created by the Loan Documents and Liens permitted by Section 6.02.

Section 3.03 Enforceability. This Agreement has been duly executed and delivered by Holdings and each Borrower and constitutes, and each other Loan Document when executed and delivered by each Loan Party that is party thereto will constitute, a legal, valid and binding obligation of such Loan Party, enforceable against each such Loan Party in accordance with its terms, subject to (a) the effects of bankruptcy, insolvency, moratorium, reorganization, fraudulent conveyance or other similar laws affecting creditors' rights generally, (b) general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law), and (c) implied covenants of good faith and fair dealing.

Section 3.04 Governmental Approvals. No action, consent or approval of, registration or filing with or any other action by any Governmental Authority or third party is or will be required in connection with the Transactions, the 2015 Transactions or the Note Transactions, the perfection or maintenance of the Liens created under the Security Documents or the exercise by any Agent or any Lender of its rights under the Loan Documents or the remedies in respect of the Collateral, except for (a) the filing of Uniform Commercial Code financing statements, filings under the U.K. Companies Act 2006 and equivalent filings or other notifications in other foreign jurisdictions, (b) filings with the United States Patent and Trademark Office and the United States Copyright Office and comparable offices in foreign jurisdictions and equivalent filings in foreign jurisdictions, (c) recordation of the Mortgages, (d) such as have been made or obtained and are in full force and effect, (e) such other actions, consents and approvals with respect to which the failure to be obtained or made could not reasonably be expected to have a Material Adverse Effect and (f) filings or other actions listed on Schedule 3.04 to the 2013 Credit Agreement.

Section 3.05 Financial Statements. The audited consolidated balance sheet and related statements of operations and cash flows of Holdings for the three fiscal years ended December 31, 2012 (which consolidated balance sheets and related statements of operations and cash flows have been audited by independent public accountants of recognized national standing and are accompanied by an opinion of such accountants (which opinion is not qualified as to scope of audit or as to the status of Holdings, the U.S. Borrower or any Material Subsidiary as a going concern) to the effect that such consolidated financial statements fairly present, in all material respects, the financial position and results of operations of Holdings on a consolidated basis in accordance with GAAP), in each case present fairly in all material respects the consolidated financial position of Holdings as at such date and the consolidated results of operations of Holdings for the periods then ended.

Section 3.06 No Material Adverse Change or Material Adverse Effect. Since December 31, 2012, there has been no event, development or circumstance that has had or would reasonably be expected to have a Material Adverse Effect.

Section 3.07 Title to Properties; Possession Under Leases.

(a) Each of the U.S. Borrower and the Subsidiaries has valid fee simple title to, or valid leasehold interests in, or easements or other limited property interests in, all its properties and assets (including all Mortgaged Properties), except for minor defects in title that do not materially interfere with its ability to conduct its business as currently conducted or to utilize such properties and assets for their intended purposes and except where the failure to have such title, interests or easements could not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect. All such properties and assets held in fee simple are free and clear of Liens, other than Liens expressly permitted by Section 6.02 or arising by operation of law.

(b) None of the U.S. Borrower or the Subsidiaries have defaulted under any leases to which it is a party, except for such defaults as would not reasonably be expected to have a Material Adverse Effect, and all such leases are in full force and effect, except leases in respect of which the failure to be in full force and effect could not reasonably be expected to have a Material Adverse Effect. Except as set forth on Schedule 3.07(b) to the 2013 Credit Agreement, each of the U.S. Borrower and each of the Subsidiaries enjoys peaceful and undisturbed possession under all such leases, other than leases in respect of which the failure to enjoy peaceful and undisturbed possession could not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect.

(c) Except as set forth on Schedule 3.07(c) to the 2013 Credit Agreement, each of the U.S. Borrower and the Subsidiaries owns or possesses, or has rights under, or could obtain ownership or possession of or rights under, on terms not materially adverse to it, all patents, trademarks, service marks, trade names, copyrights, licenses and rights with respect thereto necessary for the present conduct of its business, without any conflict (of which the U.S. Borrower has been notified in writing) with the rights of others, and free from any burdensome restrictions on the present conduct of the their businesses, except where such conflicts and restrictions could not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect.

(d) As of the Amendment Effective Date, none of the U.S. Borrower or the Subsidiaries has received any written notice of any pending or contemplated condemnation proceeding affecting any material portion of the Mortgaged Properties or any sale or disposition thereof in lieu of condemnation that remains unresolved as of the Amendment Effective Date.

(e) None of the U.S. Borrower or the Subsidiaries is obligated, as of the Amendment Effective Date, under any right of first refusal, option or other contractual right to sell, assign or otherwise dispose of any Mortgaged Property or any interest therein, except as permitted under Section 6.03 or 6.05.

Section 3.08 Subsidiaries.

(a) Schedule 3.08(a) to the 2013 Credit Agreement sets forth as of the Closing Date the name and jurisdiction of incorporation, formation or organization of each subsidiary of Holdings and, as to each such subsidiary, the percentage of each class of Equity Interests owned by Holdings or by any such subsidiary.

(b) As of the Closing Date, there are no outstanding subscriptions, options, warrants, calls, rights or other agreements or commitments (other than stock options granted to employees or directors and directors' qualifying shares) of any nature relating to any Equity Interests of Holdings, any Borrower or any of the Subsidiaries, except rights of employees to purchase Equity Interests of Holdings or as set forth on Schedule 3.08(b) to the 2013 Credit Agreement.

(c) As of the Closing Date, no direct or indirect subsidiary of the U.S. Borrower is an Indenture Restricted Subsidiary.

Section 3.09 Litigation; Compliance with Laws.

(a) As of the Closing Date, except as set forth on Schedule 3.09 to the 2013 Credit Agreement, there are no actions, suits or proceedings at law or in equity or, to the knowledge of any Borrower, investigations by or on behalf of any Governmental Authority or in arbitration now pending, or, to the knowledge of any Borrower, threatened in writing against or affecting Holdings (prior to a Qualified IPO) or any Borrower or any of its Subsidiaries or any business, property or rights of any such person (i) that involve any Loan Document or the Transactions or (ii) as to which an adverse determination is reasonably probable and which, if adversely determined, could reasonably be expected to have, individually or in the aggregate, a

Material Adverse Effect or materially adversely affect the Transactions. There are no actions, suits or proceedings at law or in equity or, to the knowledge of any Borrower, investigations by or on behalf of any Governmental Authority or in arbitration now pending, or, to the knowledge of any Borrower, threatened in writing against or affecting Holdings (prior to a Qualified IPO) or any Borrower or any of its subsidiaries or any business, property or rights of any such person as to which an adverse determination is reasonably probable and which, if adversely determined, could reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect.

(b) None of Holdings (prior to a Qualified IPO), the U.S. Borrower, the Subsidiaries or their respective properties or assets is in violation of (nor will the continued operation of their material properties and assets as currently conducted violate) any law, rule or regulation (including any zoning, building, ordinance, code or approval or any building permit, but excluding any Environmental Laws, which are covered by Section 3.16) or any restriction of record or agreement affecting any Mortgaged Property, or is in default with respect to any judgment, writ, injunction or decree of any Governmental Authority, where such violation or default could reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect.

Section 3.10 Federal Reserve Regulations.

(a) None of Holdings (prior to a Qualified IPO), the U.S. Borrower or the Domestic Subsidiaries is engaged principally, or as one of its important activities, in the business of extending credit for the purpose of purchasing or carrying Margin Stock.

(b) No part of the proceeds of any Loan will be used, whether directly or indirectly, and whether immediately, incidentally or ultimately, (i) to purchase or carry Margin Stock or to extend credit to others for the purpose of purchasing or carrying Margin Stock or to refund indebtedness originally incurred for such purpose, or (ii) for any purpose that entails a violation of, or that is inconsistent with, the provisions of the Regulations of the Board, including Regulation U or Regulation X.

Section 3.11 Investment Company Act. None of Holdings (prior to a Qualified IPO), the U.S. Borrower or the Subsidiaries is an "investment company" as defined in, or subject to regulation under, the Investment Company Act of 1940, as amended, and no Subsidiary incorporated in England and Wales carries on any business which requires it to be authorized by the United Kingdom Financial Services Authority.

Section 3.12 Use of Proceeds. The proceeds of the Loans will be used (a) (i) on the Closing Date, to refinance amounts outstanding under the Existing Credit Agreement and (ii) on the Amendment Effective Date, to refinance amounts outstanding under the 2015 Credit Agreement, (b) to provide for working capital and (c) for general corporate purposes (including, without limitation, for Permitted Business Acquisitions) and will not be used to finance the purchase of Accounts pursuant to the ARPA.

Section 3.13 Tax Returns. Except as would not reasonably be expected to have a Material Adverse Effect and except as set forth on Schedule 3.13 to the 2013 Credit Agreement:

(a) Each of Holdings (prior to a Qualified IPO), the U.S. Borrower and the Subsidiaries (i) has timely filed or caused to be timely filed all federal, state, local and non-U.S. Tax returns required to have been filed by it that are material to such companies taken as a whole and each such Tax return is true and correct in all material respects and (ii) has timely paid or caused to be timely paid all Taxes shown thereon to be due and payable by it and all other material Taxes or assessments, except Taxes or assessments that are being contested in good faith by appropriate proceedings in accordance with Section 5.03 and for which Holdings (prior to a Qualified IPO), the U.S. Borrower or any of the Subsidiaries (as the case may be) has set aside on its books adequate reserves in accordance with GAAP;

(b) Each of Holdings (prior to a Qualified IPO), the U.S. Borrower and the Subsidiaries has paid in full or made adequate provision (in accordance with GAAP) for the payment of all Taxes due with respect to all periods or portions thereof ending on or before December 31, 2012 (except Taxes or assessments that are being contested in good faith by appropriate proceedings in accordance with Section 5.03 and for which Holdings, the U.S. Borrower or any of the Subsidiaries (as the case may be) has set aside on its books adequate reserves in accordance with GAAP); and

(c) As of the Closing Date, with respect to each of Holdings, the U.S. Borrower and the Subsidiaries, (i) there are no claims being asserted in writing with respect to any Taxes, (ii) no presently effective waivers or extensions of statutes of limitations with respect to Taxes have been given or requested and (iii) no Tax returns are being examined by, and no written notification of intention to examine has been received from, the Internal Revenue Service or any other Governmental Authority.

Section 3.14 No Material Misstatements.

(a) All written information (other than the Projections, estimates and information of a general economic nature or general industry nature) (the "Information") concerning Holdings, the U.S. Borrower, the Subsidiaries, the Transactions and any other transactions contemplated hereby included in the Information Memorandum or otherwise prepared by or on behalf of the foregoing or their representatives and made available to any Lenders or the Administrative Agent in connection with the Transactions or the other transactions contemplated hereby, when taken as a whole, was true and correct in all material respects, as of the date such Information was furnished to the Lenders and as of the Closing Date and did not, taken as a whole, contain any untrue statement of a material fact as of any such date or omit to state a material fact necessary in order to make the statements contained therein, taken as a whole, not materially misleading in light of the circumstances under which such statements were made.

(b) Any Projections and estimates and information of a general economic nature prepared by or on behalf of the U.S. Borrower, any Subsidiaries or any of their representatives and that have been made available to any Lenders or the Administrative Agent in connection with the Transactions or the other transactions contemplated hereby (i) have been prepared in good faith based upon assumptions believed by the U.S. Borrower to be reasonable as of the date thereof (it being understood that actual results may vary materially from the Projections), as of the date such Projections and estimates were furnished to the Initial Lenders and as of the Closing Date, and (ii) as of the Closing Date, have not been modified in any material respect by the U.S. Borrower or any Subsidiary.

Section 3.15 Employee Benefit Plans.

(a) Except as would not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect: (i) each Plan and Multiemployer Plan is in compliance in all material respects with the applicable provisions of ERISA and the Code; (ii) no Reportable Event has occurred during the past five years as to which Holdings (prior to a Qualified IPO), the U.S. Borrower, any of its Subsidiaries or any ERISA Affiliate was required to file a report with the PBGC, other than reports that have been filed; (iii) no Plan has any Unfunded Pension Liability in excess of $35.0 million; (iv) no ERISA Event has occurred or is reasonably expected to occur; and (v) none of Holdings (prior to a Qualified IPO), the U.S. Borrower, any of its Subsidiaries or any ERISA Affiliate has engaged in a "prohibited transaction" (as defined in Section 406 of ERISA and Code Section 4975) in connection with any employee pension benefit plan (as defined in Section 3(2) of ERISA) that would subject Holdings (prior to a Qualified IPO), the U.S. Borrower or any of its Subsidiaries to tax; and (vi) none of Holdings (prior to a Qualified IPO), the U.S. Borrower, any of its Subsidiaries or any ERISA Affiliate has incurred or is reasonably expected to incur any Withdrawal Liability to any Multiemployer Plan.

(b) Each of Holdings (prior to a Qualified IPO), the U.S. Borrower, its Subsidiaries and any ERISA Affiliate is in compliance (i) with all applicable provisions of law and all applicable regulations and published interpretations thereunder with respect to any employee pension benefit plan or other employee benefit plan governed by the laws of a jurisdiction other than the United States of America and (ii) with the terms of any such plan, except, in each case, for such noncompliance that would not reasonably be expected to have a Material Adverse Effect.

(c) Except as would not reasonably be expected to result in a Material Adverse Effect, there are no pending, or to the knowledge of Holdings (prior to a Qualified IPO), the U.S. Borrower or any of its Subsidiaries, threatened claims (other than claims for benefits in the normal course), sanctions, actions or lawsuits, asserted or instituted against any Plan or any person as fiduciary or sponsor of any Plan, that would reasonably be expected to result in liability to Holdings (prior to a Qualified IPO), the U.S. Borrower, any of its Subsidiaries or any ERISA Affiliate.

(d) Within the last five years, no Plan of Holdings (prior to a Qualified IPO), the U.S. Borrower, any of its Subsidiaries or any ERISA Affiliate has been terminated, whether or not in a "standard termination" as that term is used in Section 4041(b)(1) of ERISA, that would reasonably be expected to result in liability to Holdings (prior to a Qualified IPO), the U.S. Borrower, any of its Subsidiaries or any ERISA Affiliate in excess of $35.0 million, nor has any Plan of Holdings (prior to a Qualified IPO), the U.S. Borrower, any of its Subsidiaries or any ERISA Affiliate (determined at any time within the past five years) with Unfunded Pension Liabilities been transferred outside of the "controlled group" (with the meaning of Section 4001(a)

(14) of ERISA) which in each case has or would reasonably be expected to result in a Material Adverse Effect.

(e) On the Closing Date, the Canadian Loan Parties maintain Canadian Benefit Plans and Canadian Pension Plans set forth on Schedule 3.15 to the 2013 Credit Agreement. There is no solvency or other deficiency or any unfunded liability with respect to any Canadian Pension Plan that has or would reasonably be expected to result in a Material Adverse Effect.

(f) On the Closing Date, no Loan Party nor any of their Subsidiaries is or has at any time been (i) an employer (for the purposes of Sections 38 to 51 of the United Kingdom's Pensions Act 2004) of an occupational pension scheme which is not a money purchase scheme (both terms as defined in the United Kingdom's Pensions Schemes Act 1993) or (ii) "connected" with or an "associate" (as those terms are used in Sections 38 and 43 of the United Kingdom's Pensions Act 2004) of such an employer, other than any such scheme, connection or association.

Section 3.16 Environmental Matters. Except as disclosed on Schedule 3.16 to the 2013 Credit Agreement and except as to matters that could not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect, (a) no written notice, request for information, order, complaint or penalty has been received by the U.S. Borrower or any of the Subsidiaries, and there are no judicial, administrative or other actions, suits or proceedings pending or, to the knowledge of Holdings (prior to a Qualified IPO), the U.S. Borrower or any of the Subsidiaries, threatened, that allege a violation of or liability under any Environmental Laws, in each case relating to the U.S. Borrower or any of the Subsidiaries, (ii) each of the U.S. Borrower and the Subsidiary Loan Parties has obtained and maintained all permits, licenses and other approvals necessary for its operations to comply with all Environmental Laws and is, and during the term of all applicable statutes of limitation, has been, in substantial compliance with the terms of such permits, licenses and other approvals and with all other Environmental Laws, (iii) there has been no material written environmental assessment or audit conducted since December 31, 2012, by the U.S. Borrower or any of the Subsidiaries of any property currently owned or leased by the U.S. Borrower or any of the Subsidiaries that has not been made available to the Administrative Agent prior to the date hereof, (iv) to the knowledge of Holdings (prior to a Qualified IPO), the U.S. Borrower or any of the Subsidiaries, no Hazardous Material is located at, on or under any property currently or, to the knowledge of any Borrower, formerly owned, operated or leased by the U.S. Borrower or any of Subsidiaries that would reasonably be expected to give rise to any cost, liability or obligation of the U.S. Borrower or any of the Subsidiaries under any Environmental Laws, and no Hazardous Material has been generated, owned, treated, stored, handled or controlled by the U.S. Borrower or any of the Subsidiaries and transported to or Released at any location in a manner that would reasonably be expected to give rise to any cost, liability or obligation of the U.S. Borrower or any of the Subsidiaries under any Environmental Laws, and (v) there are no written agreements in which the U.S. Borrower or any of the Subsidiaries has expressly assumed or undertaken responsibility, and such assumption or undertaking of responsibility has not expired or otherwise terminated, for any known or reasonably likely liability or obligation of any other person arising under or relating to Environmental Laws, which in any such case has not been made available to the Administrative Agent prior to the date hereof.

Section 3.17 Security Documents.

(a) The Collateral Agreement is effective to create in favor of the Administrative Agent (for the benefit of the Secured Parties) a legal, valid and enforceable security interest in the Collateral described therein and proceeds thereof to the extent intended to be created thereby. In the case of the Pledged Collateral described in the Collateral Agreement, when certificates or promissory notes, as applicable, representing such Pledged Collateral (to the extent such Pledged Collateral constitutes "securities" under Article 8 of the Uniform Commercial Code) are delivered to the Applicable Agent pursuant to the terms of the ABL Intercreditor Agreement, and, in the case of the other Collateral described in the Collateral Agreement (other than the Intellectual Property (as defined in the Collateral Agreement)), when all necessary financing statements and other filings are filed in appropriate form with the offices specified in the Perfection Certificate, the Administrative Agent (for the benefit of the Secured Parties) shall have a fully perfected Lien on, and security interest in (to the extent required thereby), all right, title and interest of the Domestic Loan Parties in such Collateral and, subject to Section 9-315 of the Uniform Commercial Code, the proceeds thereof, as security for the Obligations to the extent perfection can be obtained by filing of Uniform Commercial Code financing statements, in each case prior and superior in right to any other person (except Liens permitted by Section 6.02 and Liens having priority by operation of law, and except as provided for in the ABL Intercreditor Agreement).

(b) When the Collateral Agreement or a summary thereof is properly filed in the United States Patent and Trademark Office and the United States Copyright Office, and, with respect to Collateral in which a security interest cannot be perfected by such filings, upon the proper filing of the financing statements referred to in paragraph (a) above, the Administrative Agent (for the benefit of the Secured Parties) shall have a fully perfected Lien on, and security interest in, all right, title and interest of the Domestic Loan Parties thereunder in the domestic Intellectual Property (to the extent intended to be created thereby), in each case prior and superior in right to any other person (it being understood that subsequent recordings in the United States Patent and Trademark Office and the United States Copyright Office may be necessary to perfect a lien on registered trademarks and patents, trademark and patent applications and registered copyrights acquired by the grantors thereunder after the Closing Date), except Liens permitted by Section 6.02 and Liens having priority by operation of Law, and except as provided for in the ABL Intercreditor Agreement.

(c) Each of the Foreign Pledge Agreement and the other Foreign Security Documents is effective to create in favor of the Administrative Agent, for the benefit of the Secured Parties, a legal, valid and enforceable security interest in the Collateral described therein and proceeds thereof to the fullest extent permissible under applicable law. In the case of the Collateral described in the Foreign Pledge Agreement and such Foreign Security Document, when filings are made or notices given to third parties, as applicable, as requested in each relevant jurisdiction, the Administrative Agent (for the benefit of the Secured Parties) shall have a fully perfected Lien on, and security interest in, all right, title and interest of the Loan Parties party to the Foreign Pledge Agreement and Foreign Security Document in such Collateral and the proceeds thereof, as security for the applicable Obligations, to the extent perfection can be obtained by such filings or notices, in each case prior and superior in right to any other person (subject to Liens permitted by Section 6.02, Liens having priority by operation of Law and the terms of the ABL Intercreditor Agreement), subject to (i) registration of undisclosed pledges and, where applicable, pledges of tangible assets with governmental tax authorities, (ii) recordation of notarial share pledges in the relevant shareholders registers, (iii) notification of debtors of certain receivables and (iv) any other exceptions set forth in the Foreign Pledge Agreement and such Foreign Security Document (it being explicitly understood the terms of the Foreign Pledge Agreement or such Foreign Security Document may explicitly provide that some or all of such actions need not be undertaken).

(d) The Mortgages executed and delivered on the Closing Date are, and the Mortgages executed and delivered after the Closing Date pursuant to Section 5.10 shall be, effective to create in favor of the Administrative Agent (for the benefit of the Secured Parties) a legal, valid and enforceable Lien on all of the Loan Parties' right, title and interest in and to the Mortgaged Property thereunder and the proceeds thereof, and when such Mortgages are filed or recorded in the proper real estate filing or recording offices, the Administrative Agent (for the benefit of the Secured Parties) shall have a fully perfected Lien on, and security interest in, all right, title and interest of the Loan Parties in such Mortgaged Property and, to the extent applicable, subject to Section 9-315 of the Uniform Commercial Code, the proceeds thereof, in each case prior and superior in right to any other person, other than with respect to the rights of a person pursuant to Liens permitted by Section 6.02 and Liens having priority by operation of law, and except as provided for in the ABL Intercreditor Agreement.

(e) Notwithstanding anything herein (including this Section 3.17) or in any other Loan Document to the contrary, other than to the extent set forth in the Foreign Pledge Agreement and the applicable Foreign Security Documents, no Borrower or any other Loan Party makes any representation or warranty as to the effects of perfection or non-perfection or as to the rights and remedies of the Agents or any Lender with respect thereto, under foreign law.

Section 3.18 Location of Real Property. The schedules to the Perfection Certificate list completely and correctly as of the Closing Date all material real property owned by the U.S. Borrower and the Domestic Subsidiary Loan Parties and the addresses thereof. As of the Closing Date, the U.S. Borrower and the Domestic Subsidiary Loan Parties own in fee all the real property set forth as being owned by them on such schedules to the Perfection Certificate.

Section 3.19 Solvency.

(a) On the 2015 Amendment Effective Date, immediately after giving effect to the 2015 Transactions occurring on such date, (i) the fair value of the assets of Holdings, the U.S. Borrower and the Subsidiaries on a consolidated basis, at a fair valuation, will exceed the debts and liabilities, direct, subordinated, contingent or otherwise, of the U.S. Borrower and the Subsidiaries on a consolidated basis; (ii) the present fair saleable value of the property of Holdings, the U.S. Borrower and the Subsidiaries on a consolidated basis will be greater than the amount that will be required to pay the probable liability of Holdings, the U.S. Borrower and the Subsidiaries on a consolidated basis, on their debts and other liabilities, direct, subordinated, contingent or otherwise, as such debts and other liabilities become absolute and matured; (iii) Holdings, the U.S. Borrower and the Subsidiaries on a consolidated basis will be able to pay their debts and liabilities, direct, subordinated, contingent or otherwise, as such debts and liabilities become absolute and matured; and (iv) Holdings, the U.S. Borrower and the Subsidiaries on a consolidated basis will not have unreasonably small capital with which to conduct the businesses in which they are engaged as such businesses are now conducted and are proposed to be conducted following the 2015 Amendment Effective Date.

(b) On the 2015 Amendment Effective Date, none of Holdings or any Borrower intends to, or believes that it or any Subsidiary will, incur debts beyond its ability to pay such debts as they mature, taking into account the timing and amounts of cash to be received by it or any such Subsidiary and the timing and amounts of cash to be payable on or in respect of its Indebtedness or the Indebtedness of any such Subsidiary.

Section 3.20 Labor Matters. Except as, individually or in the aggregate, could not reasonably be expected to have a Material Adverse Effect: (a) there are no strikes or other labor disputes pending or threatened against Holdings (prior to a Qualified IPO), the U.S. Borrower or any of the Subsidiaries; (b) the hours worked and payments made to employees of Holdings (prior to a Qualified IPO), the U.S. Borrower and the Subsidiaries have not been in violation of the Fair Labor Standards Act or any other applicable law dealing with such matters; (c) all payments due from Holdings (prior to a Qualified IPO), the U.S. Borrower or any of the Subsidiaries or for which any claim may be made against Holdings (prior to a Qualified IPO), the U.S. Borrower or any of the Subsidiaries, on account of wages and employee health and welfare insurance and other benefits have been paid or accrued as a liability on the books of Holdings (prior to a Qualified IPO), the U.S. Borrower or such Subsidiary to the extent required by GAAP; and (d) Holdings (prior to a Qualified IPO), the U.S. Borrower and the Subsidiaries are in compliance with all applicable laws, agreements, policies, plans and programs relating to employment and employment practices. Except as would not reasonably be expected to have a Material Adverse Effect and except as set forth on Schedule 3.20 to the 2013 Credit Agreement, the consummation of the Transactions will not give rise to a right of termination or right of renegotiation on the part of any union under any collective bargaining agreement to which Holdings (prior to a Qualified IPO), the U.S. Borrower or any of the Subsidiaries (or any predecessor) is a party or by which Holdings (prior to a Qualified IPO), the U.S. Borrower or any of the Subsidiaries (or any predecessor) is bound.

Section 3.21 No Default. No Default or Event of Default has occurred and is continuing or would result from the consummation of the transactions contemplated by this Agreement, any other Loan Document or the ARPA.

Section 3.22 Intellectual Property; Licenses, Etc. Except as would not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect, (a) each of the U.S. Borrower and the Subsidiaries owns, or possesses the right to use, all of the patents, patent rights, trademarks, service marks, trade names, copyrights, mask works, domain names, and any and all applications or registrations for any of the foregoing (collectively, "Intellectual Property Rights") that are reasonably necessary for the operation of their respective businesses, without conflict with the rights of any other person, (b) to the best knowledge of the U.S. Borrower, none of the U.S. Borrower or the Subsidiaries nor any Intellectual Property Right necessary for their respective businesses is interfering with, infringing upon, misappropriating or otherwise violating any Intellectual Property Rights of any person, and (c) no claim or litigation regarding any of the foregoing is pending or, to the knowledge of the U.S. Borrower and each Borrower, threatened.

Section 3.23 Insurance. Schedule 3.23 to the 2013 Credit Agreement sets forth a true, complete and correct description of all material insurance maintained by or on behalf of Holdings, the U.S. Borrower or the Subsidiaries as of the Closing Date. As of such date, such insurance is in full force and effect.

Section 3.24 Senior Debt. The Loan Document Obligations and the Parallel Debts constitute "Senior Debt" (or the equivalent thereof) and "Designated Senior Debt" (or the equivalent thereof, if any) under the documentation governing any subordinated Indebtedness permitted to be incurred hereunder or any Permitted Refinancing Indebtedness in respect thereof constituting subordinated Indebtedness.

Section 3.25 Financial Assistance. The application of each Borrowing shall comply in all respects with Sections 678 to 679 of the United Kingdom's Companies Act 2006, including in relation to the execution of the Foreign Guarantee Agreement and the Foreign Security Documents and payments of amounts due under this Agreement.

Section 3.26 Anti-Terrorism Laws.

(a) No Loan Party or, to its knowledge, any of its Affiliates is in violation of any Applicable Law relating to sanctions, terrorism or money laundering ("Anti-Terrorism Laws"), including Executive Order No. 13224 on Terrorist Financing, effective September 24, 2001 (the "Executive Order"), the U.S. A. Patriot Act, the laws and regulations administered by OFAC, the Trading with the Enemy Act (12 U.S.C. §95), and the International Emergency Economic Powers Act (50 U.S.C. §1701-1707).

(b) No Loan Party or, to its knowledge, any of its Affiliates is any of the following:

(i) a Prohibited Person or a Person owned or controlled by, or acting for or on behalf of, any Person that is a Prohibited Person; or

(ii) a Person who commits, threatens or conspires to commit or supports "terrorism" as defined in the Executive Order.

Section 3.27 Foreign Corrupt Practices Act. No Loan Party or, to its knowledge, any of its Affiliates, officers, directors, employees, or agents, acting on behalf of a Loan Party, has paid, offered, promised to pay, or authorized the payment of, directly or indirectly, any money or anything of value to any Foreign Official for the purpose of influencing any act or decision of such Foreign Official or of such Foreign Official's Governmental Authority or to secure any improper advantage, for the purpose of obtaining or retaining business for or with, or directing business to, any Person, in each case in violation of any applicable law.

Section 3.28 Centre of Main Interest. For the purposes of the Council of the European Union Regulation No. 1346/2000 on Insolvency Proceedings, as amended, each Loan

Party incorporated or organized under the laws of the country that is a member of the European Union has its centre of main interests (as that term is used in Article 3(1) therein) situated in its jurisdiction of incorporation and it has no "establishment" (as that term is used in Article 2(h) therein) in any other jurisdiction.

ARTICLE IV

CONDITIONS OF LENDING

Section 4.01 All Credit Events. The obligations of (x) the Lenders (including the Swingline Lender) to make Loans and accept and purchase or arrange for the acceptance and purchase of B/As and (y) any Issuing Bank to issue, amend, extend or renew Letters of Credit or increase the stated amounts of Letters of Credit hereunder (other than in the case of an amendment, extension or renewal of a Letter of Credit without (A) any increase in the stated amount of such Letter of Credit and (B) extension of the expiration of such Letter of Credit) (in the case of each of (x) and (y) above, a "Credit Event") are subject to the satisfaction of the following conditions on the date of any such Borrowing or B/A Drawing or on the date of any such issuance, amendment, extension or renewal of a Letter of Credit, as the case may be:

(a) The Administrative Agent shall have received, in the case of a Borrowing, a Borrowing Request as required by Section 2.03 (or a Borrowing Request shall have been deemed given in accordance with the penultimate paragraph of Section 2.03) or, in the case of a B/A, a request therefor as required by Section 2.06(c) or, in the case of the issuance, amendment, extension or renewal of a Letter of Credit, the applicable Issuing Bank and the Administrative Agent shall have received a notice requesting the issuance, amendment, extension or renewal of such Letter of Credit as required by Section 2.05(b).

(b) The representations and warranties set forth in the Loan Documents shall be true and correct in all material respects, in each case on and as of the date of each Credit Event, except to the extent such representations and warranties expressly relate to an earlier date (in which case such representations and warranties shall be true and correct in all material respects, as of such earlier date).

(c) At the time of and immediately after such Credit Event, no Event of Default or Default shall have occurred and be continuing.

(d) After giving effect to such Credit Event, (i) the Total Revolving Facility Exposure shall not exceed the lesser of (x) the Total Revolving Facility Commitments and (y) the Global Borrowing Base, (ii) the aggregate U.S. Revolving Facility Exposure shall not exceed the U.S. Sublimit and (iii) the Total Revolving Facility Exposure less the German Revolving Facility Exposure shall not exceed the Specified Sublimit.

Each Credit Event shall be deemed to constitute a representation and warranty by each of the Borrowers on the date of such Credit Event as to the matters specified in paragraphs (b), (c) and (d) of Section 4.01.

Section 4.02 [Reserved].

ARTICLE V

AFFIRMATIVE COVENANTS

Each Borrower covenants and agrees with each Lender that, until the Termination Date, unless the Required Lenders shall otherwise consent in writing, each Borrower will, and will cause each of the Material Subsidiaries to:

Section 5.01 Existence; Businesses and Properties.

(a) Do or cause to be done all things necessary to preserve, renew and keep in full force and effect its legal existence, (i) except as otherwise expressly permitted under Section 6.05, (ii) except for the liquidation or dissolution of Subsidiaries if the assets of such Subsidiaries to the extent they exceed estimated liabilities are acquired by the U.S. Borrower or a Wholly Owned Subsidiary of the U.S. Borrower in such liquidation or dissolution; provided that Subsidiaries that are Loan Parties may not be liquidated into Subsidiaries that are not Loan Parties, and (iii) except (other than with respect to Holdings (prior to a Qualified IPO) and the Borrowers) where the failure to do so would not reasonably be expected to have a Material Adverse Effect.

(b) Except where the failure to do so would not reasonably be expected to have a Material Adverse Effect, do or cause to be done all things necessary to (i) obtain, preserve, renew, extend and keep in full force and effect the permits, franchises, authorizations, patents, trademarks, service marks, trade names, copyrights, licenses and rights with respect thereto necessary to the normal conduct of its business (other than the abandonment of intellectual property that is no longer material to its business), (ii) comply in all material respects with all material applicable laws, rules, regulations (including any zoning, building, ordinance, code or approval or any building permits or any restrictions of record or agreements affecting the Mortgaged Properties) and judgments, writs, injunctions, decrees and orders of any Governmental Authority, whether now in effect or hereafter enacted, and (iii) at all times maintain and preserve all material property necessary to the normal conduct of its business and keep such property in good repair, working order and condition and from time to time make, or cause to be made, all needful and proper repairs, renewals, additions, improvements and replacements thereto necessary in order that the business carried on in connection therewith, if any, may be properly conducted at all times (in each case except as expressly permitted by this Agreement).

Section 5.02 Insurance.

(a) Maintain, with financially sound and reputable insurance companies, insurance in such amounts and against such risks as are customarily maintained by similarly situated companies engaged in the same or similar businesses operating in the same or similar locations and, with respect to the Collateral of the Domestic Loan Parties (and, with respect to the Collateral of the Foreign Subsidiary Loan Parties, only to the extent such concept or a concept comparable thereto exists in the relevant jurisdiction of any Foreign Subsidiary Loan Party), cause all such property and property casualty insurance policies to be endorsed or otherwise amended to include a "standard" or "New York" lender's loss payable endorsement (or comparable provision applicable in the relevant foreign jurisdiction), in form and substance reasonably satisfactory to the Administrative Agent.

(b) In connection with the covenants set forth in this Section 5.02, it is understood and agreed that:

(i) none of the Administrative Agent, the Lenders, any Issuing Bank and their respective agents or employees shall be liable for any loss or damage insured by the insurance policies required to be maintained under this Section 5.02, it being understood that (A) the Loan Parties shall look solely to their insurance companies or any other parties other than the aforesaid parties for the recovery of such loss or damage and (B) such insurance companies shall have no rights of subrogation against the Administrative Agent, the Lenders, any Issuing Bank or their agents or employees. If, however, the insurance policies do not provide waiver of subrogation rights against such parties, as required above, then each Borrower hereby agrees, to the extent permitted by law, to waive, and to cause each of their Subsidiaries to waive, its right of recovery, if any, against the Administrative Agent, the Lenders, any Issuing Bank and their agents and employees; and

(ii) the designation of any form, type or amount of insurance coverage by the Administrative Agent under this Section 5.02 shall in no event be deemed a representation, warranty or advice by the Administrative Agent or the Lenders that such insurance is adequate for the purposes of the business of Holdings (prior to a Qualified IPO), the U.S. Borrower and the Subsidiaries or the protection of their properties.

Section 5.03 Taxes. Pay and discharge promptly when due all material Taxes imposed upon it or upon its income or profits or in respect of its property, before the same shall become delinquent or in default, as well as all lawful claims that, if unpaid, might give rise to a Lien (other than any Lien permitted under Section 6.02) upon such properties or any part thereof; provided, however, that such payment and discharge shall not be required with respect to any such Tax so long as the validity or amount thereof shall be contested in good faith by appropriate proceedings, and the U.S. Borrower or the affected Subsidiary, as applicable, shall have set aside on its books adequate reserves in accordance with GAAP with respect thereto.

Section 5.04 Financial Statements, Reports, etc. Furnish to the Administrative Agent (which will promptly furnish such information to the Lenders):

(a) within 90 days (or, if applicable, such shorter period as the SEC shall specify for the filing of Annual Reports on Form 10-K or, if applicable, such longer period permitted under Rule 12b-25 under the Exchange Act) after the end of each fiscal year, (i) a consolidated balance sheet and related statements of operations, cash flows and owners' equity showing the financial position of the U.S. Borrower and its Subsidiaries as of the close of such fiscal year and the consolidated results of their operations during such year and setting forth in comparative form the corresponding figures for the prior fiscal year and (ii) management's discussion and analysis of significant operational and financial developments during such fiscal year, which consolidated balance sheet and related statements of operations, cash flows and owners' equity shall be audited by independent public accountants of recognized national standing and accompanied by an opinion of such accountants (which opinion shall not be qualified as to scope of audit or as to the status of the U.S. Borrower or any Material Subsidiary as a going concern (other than, in the case of any such opinion accompanying the financial statements for the fiscal year ending December 31, 2016, with respect to, or resulting from (i) an upcoming maturity date under any series of Indebtedness, including the 1-1/2 Lien Notes and/or the Revolving Facility Loans (including as a result of any "early maturity springer" with respect thereto), occurring within one year from the time such opinion is delivered or (ii) any potential inability to satisfy a financial maintenance covenant on a future date or in a future period)) to the effect that such consolidated financial statements fairly present, in all material respects, the financial position and results of operations of the U.S. Borrower and its Subsidiaries on a consolidated basis in accordance with GAAP (it being understood that the delivery by the U.S. Borrower of Annual Reports on Form 10-K of the U.S. Borrower and its consolidated Subsidiaries shall satisfy the requirements of this Section 5.04(a) to the extent such Annual Reports include the information specified herein);

(b) within 45 days (or, if applicable, such shorter period as the SEC shall specify for the filing of Quarterly Reports on Form 10-Q or, if applicable, such longer period permitted under Rule 12b-25 under the Exchange Act) after the end of each of the first three fiscal quarters of each fiscal year, (i) a consolidated balance sheet and related statements of operations and cash flows showing the financial position of the U.S. Borrower and its Subsidiaries as of the close of such fiscal quarter and the consolidated results of their operations during such fiscal quarter and the then-elapsed portion of the fiscal year and setting forth in comparative form the corresponding figures for the corresponding periods of the prior fiscal year and (ii) management's discussion and analysis of significant operational and financial developments during such quarterly period, all of which shall be in reasonable detail and which consolidated balance sheet and related statements of operations and cash flows shall be certified by a Financial Officer of the U.S. Borrower on behalf of the U.S. Borrower as fairly presenting, in all material respects, the financial position and results of operations of the U.S. Borrower and its Subsidiaries on a consolidated basis in accordance with GAAP (subject to normal year-end audit adjustments and the absence of footnotes) (it being understood that the delivery by the U.S. Borrower of Quarterly Reports on Form 10-Q of the U.S. Borrower and its consolidated Subsidiaries shall satisfy the requirements of this Section 5.04(b) to the extent such quarterly reports include the information specified herein);

(c) (x) concurrently with any delivery of financial statements under paragraph (a) or (b) above, a certificate of a Financial Officer of the U.S. Borrower (i) certifying that no Event of Default or Default has occurred or, if such an Event of Default or Default has occurred, specifying the nature and extent thereof and any corrective action taken or proposed to be taken with respect thereto, (ii) setting forth computations in reasonable detail demonstrating calculations of the Financial Performance Covenant (irrespective of the occurrence of the Availability Trigger Event), (iii) certifying a list of the names of all Unrestricted Subsidiaries and that each Subsidiary set forth on such list qualifies as an Unrestricted Subsidiary and (iv) setting forth the calculation of

Excess Availability, each as of the end of the applicable fiscal period, and (y) concurrently with any delivery of financial statements under paragraph (a) above, if the accounting firm agrees to provide such report after the U.S. Borrower's commercially reasonable efforts to obtain such report, a report of the accounting firm opining on or certifying such statements stating whether they obtained knowledge during the course of their examination of such statements of any Default or Event of Default resulting from non-compliance with the Financial Performance Covenant (which certificate may be limited to accounting matters and disclaims responsibility for legal interpretations);

(d) promptly after the same become publicly available, copies of all periodic and other publicly available reports, proxy statements and, to the extent requested by the Administrative Agent, other materials filed by Holdings (prior to a Qualified IPO), the U.S. Borrower or any of its subsidiaries with the SEC, or after an initial public offering, distributed to its stockholders generally, as applicable; provided, however, that such reports, proxy statements, filings and other materials required to be delivered pursuant to this clause (d) shall be deemed delivered for purposes of this Agreement when posted to the website of the U.S. Borrower or publicly available through the EDGAR system;

(e) within 90 days after the beginning of each fiscal year, a reasonably detailed consolidated annual budget for such fiscal year, including a description of underlying assumptions with respect thereto, which budget shall in each case be accompanied by the statement of a Financial Officer of the U.S. Borrower to the effect that such budget is based on assumptions believed by such Financial Officer to be reasonable as of the date of delivery thereof;

(f) (i) on or before the twentieth (20^{th}) day following the end of each month, a Borrowing Base Certificate from the U.S. Borrower (on behalf of each Borrower) as of the last day of such immediately preceding month and (ii) in connection with any sale, transfer, lease or other disposition of any Eligible Machinery and Equipment or Eligible Real Property, or a Loan Party entering into any commitment to sell, transfer, lease, or otherwise dispose of any Eligible Machinery and Equipment or Eligible Real Property, if the Global Borrowing Base decreases by 10.0% or more (after giving effect thereto), a pro forma Borrowing Base Certificate from the U.S. Borrower (on behalf of the applicable Borrower) on or prior to the date thereof. Notwithstanding the foregoing, after the occurrence and during the continuance of an Availability Trigger Event, the U.S. Borrower shall, if requested by the Administrative Agent, execute and deliver to the Administrative Agent Borrowing Base Certificates weekly. The U.S. Borrower may, at its option, deliver Borrowing Base Certificates more frequently than required by the foregoing provisions of this Section 5.04(f);

(g) upon the reasonable request of the Administrative Agent (not more than once annually), deliver an updated Perfection Certificate (or, to the extent such request relates to specified information contained in the Perfection Certificate, such information) reflecting all changes since the date of the information most recently received pursuant to this paragraph (g) or Section 5.10(e);

(h) promptly, from time to time, such other information regarding the operations, business affairs and financial condition of Holdings (prior to a Qualified IPO), the U.S.

Borrower or any of its Subsidiaries, or compliance with the terms of any Loan Document, as in each case the Administrative Agent may reasonably request (for itself or on behalf of any Lender);

(i) promptly upon request by the Administrative Agent, copies of: (i) each Schedule B (Actuarial Information) to the most recent annual report (Form 5500 Series) filed with the Internal Revenue Service with respect to a Plan; (ii) the most recent actuarial valuation report for any Plan; (iii) all notices received from a Multiemployer Plan sponsor, a plan administrator or any governmental agency, or provided to any Multiemployer Plan by Holdings (prior to a Qualified IPO), the U.S. Borrower, any Subsidiary or any ERISA Affiliate, concerning an ERISA Event; and (iv) such other documents or governmental reports or filings relating to any Plan or Multiemployer Plan as the Administrative Agent shall reasonably request and, with respect to any employee pension benefit plan or other employee benefit plan governed by the laws of a jurisdiction other than the United States of America, any available annual reports, actuarial valuation reports or notices from plan sponsors or any governmental entity with respect to such plans;

(j) (i) promptly following receipt thereof, copies of (i) any documents described in Section 101(k) of ERISA that Holdings, any Subsidiary or any ERISA Affiliate may request with respect to any Multiemployer Plan and (ii) any notices described in Section 101(l) of ERISA that Holdings (prior to a Qualified IPO), the U.S. Borrower, any Subsidiary or any ERISA Affiliate may request with respect to any Plan or Multiemployer Plan; and

(k) (i) if requested by the Administrative Agent, copies of each annual and other return, report or valuation with respect to each Canadian Pension Plan as filed with any applicable Governmental Authority; (ii) promptly after receipt thereof, a copy of any material direction, order, notice, ruling or opinion that any Loan Party may receive from any applicable Governmental Authority with respect to any Canadian Pension Plan; (iii) notification within 30 days of any increases having a cost to one or more of the Loan Parties in excess of $1,000,000 per annum in the aggregate, in the benefits of any existing Canadian Pension Plan or Canadian Benefit Plan, or the establishment of any new Canadian Pension Plan or Canadian Benefit Plan, or the commencement of contributions to any such plan to which any Loan Party was not previously contributing; and (iv) notification within 30 days of any voluntary or involuntary termination of, or participation in, a Canadian Pension Plan or a Canadian Benefit Plan, which could, in each case, reasonably be expected to (x) have a Material Adverse Effect or (y) result in a deficiency or any unfunded liability with respect to such Canadian Pension Plan.

Section 5.05 Litigation and Other Notices. Furnish to the Administrative Agent (which will promptly thereafter furnish to the Lenders) written notice of the following promptly after any Responsible Officer of Holdings (prior to a Qualified IPO) or any Borrower obtains actual knowledge thereof:

(a) any Event of Default or Default, specifying the nature and extent thereof and the corrective action (if any) proposed to be taken with respect thereto;

(b) the filing or commencement of, or any written threat or notice of intention of any person to file or commence, any action, suit or proceeding, whether at law or in equity or by or before any Governmental Authority or in arbitration, against Holdings (prior to a Qualified

IPO), the U.S. Borrower or any Subsidiary Loan Party as to which an adverse determination is reasonably probable and that, if adversely determined, would reasonably be expected to have a Material Adverse Effect;

(c) any other development specific to Holdings (prior to a Qualified IPO), the U.S. Borrower or any Subsidiary Loan Party that is not a matter of general public knowledge and that has had, or would reasonably be expected to have, a Material Adverse Effect; and

(d) the development of any ERISA Event that, together with all other ERISA Events that have developed or occurred, could reasonably be expected to have a Material Adverse Effect and any action Holdings (prior to a Qualified IPO), U.S. Borrower or other Subsidiary intends to take regarding such development.

Section 5.06 Compliance with Laws. Comply with all laws, rules, regulations and orders of any Governmental Authority applicable to it or its property, except where the failure to do so could not reasonably be expected to result in a Material Adverse Effect; provided that this Section 5.06 shall not apply to Environmental Laws, which are the subject of Section 5.09, or to laws related to Taxes, which are the subject of Section 5.03.

Section 5.07 Maintaining Records; Access to Properties and Inspections.

(a) Maintain all financial records in accordance with GAAP and, upon five (5) Business Days' notice (or, if an Event of Default or Availability Trigger Event has occurred and is continuing, one (1) Business Day's notice), permit any persons designated by the Administrative Agent to visit, audit and inspect the financial records and the properties of the U.S. Borrower or any of the Subsidiaries at reasonable times, upon reasonable prior notice, and as often as reasonably requested, and to make extracts from and copies of such financial records, and permit any persons designated by the Administrative Agent, upon reasonable prior notice, to discuss the affairs, finances and condition of the U.S. Borrower or such Subsidiary with the officers thereof and independent accountants therefor (in each case set forth in this Section 5.07, subject to reasonable requirements of confidentiality, including requirements imposed by law or by contract). If an Event of Default has occurred and is continuing, representatives of each Lender (at such Lender's expense) will be permitted to accompany representatives of the Administrative Agent during each visit, inspection and discussion conducted during the existence of such Event of Default. The Administrative Agent may (either by itself or by a third-party consultant reasonably satisfactory to the Administrative Agent and the U.S. Borrower) conduct up to one Collateral Audit during any twelve-month period; provided that, if an Audit Trigger Event has occurred within such twelve month-period or if an Event of Default has occurred and is continuing, the Administrative Agent (either by itself or by a third-party consultant reasonably satisfactory to the Administrative Agent and the U.S. Borrower) may conduct up to two Collateral Audits during such twelve-month period (not to exceed one Collateral Audit per any three-month period); provided further that if a Dutch Review Trigger Event has occurred and is continuing, the Administrative Agent shall be entitled to commence Dutch Payable Audits in the exercise of its Reasonable Credit Judgment. The U.S. Borrower agrees to reimburse the Administrative Agent for its actual out-of-pocket costs reasonably incurred in connection with the Collateral Audits and Dutch Payable Audits referred to in the preceding sentence.

(b) The U.S. Borrower shall provide to the Administrative Agent, upon request of the Administrative Agent and at the expense of the U.S. Borrower, in any twelve-month period, one appraisal or update thereof of any or all of the Collateral (except with respect to Real Property) included in any Borrowing Base from one or more Acceptable Appraisers (as selected by the U.S. Borrower), and prepared in a form and on a basis reasonably satisfactory to the Administrative Agent, such appraisal and/or update to include, without limitation, information required by applicable law and by the internal policies of the Administrative Agent; provided that, if an Audit Trigger Event has occurred within such twelve-month period or if an Event of Default has occurred and is continuing, the Administrative Agent shall be entitled to receive up to two such appraisals in any twelve-month period (not to exceed one appraisal per any three-month period), and all such appraisals or updates shall, at the election of the Administrative Agent, be physical on-site appraisals or updates. With respect to Eligible Real Property that constitutes a PP&E Component of the Borrowing Base, the U.S. Borrower shall provide to the Administrative Agent, upon request of the Administrative Agent and at the expense of the U.S. Borrower, (i) in any twelve-month period (which may be extended at the reasonable discretion of the Administrative Agent), one appraisal or update thereof of any or all of such Eligible Real Property from one or more Acceptable Appraisers (as selected by the U.S. Borrower), and prepared in a form and on a basis reasonably satisfactory to the Administrative Agent, such appraisal and/or update to include, without limitation, information required by applicable law and by the internal policies of the Administrative Agent and (ii) in any twelve-month period (which may be extended at the reasonable discretion of the Administrative Agent), one environmental audit or update thereof of any or all of such Eligible Real Property from one or more Acceptable Auditors, and prepared in a form and on a basis reasonably satisfactory to the Administrative Agent, such audit and/or update to include, without limitation, information required by applicable law and by the internal policies of the Administrative Agent; provided that, if an Audit Trigger Event has occurred within any twelve-month period or if an Event of Default has occurred and is continuing, the Administrative Agent shall be entitled to receive appraisals or updates with respect to such Real Property at least twice during such twelve-month period. In addition, the Loan Parties shall have the right (but not the obligation), at their expense, at any time and from time to time (but not more than twice per year) to provide the Administrative Agent with additional appraisals or updates thereof of any or all of the Collateral (including Real Property) from one or more Acceptable Appraisers (as selected by the U.S. Borrower), and prepared in a form and on a basis reasonably satisfactory to the Administrative Agent, in which case such appraisals or updates shall be used in connection with the determination of the Net Orderly Liquidation Value, the Net Orderly Liquidation Value In-Place, the Appraised Fair Market Value and the calculation of any Borrowing Base hereunder. In connection with any appraisal requested by the Administrative Agent pursuant to this Section 5.07, the Loan Parties shall be given twenty (20) days following such request by the Administrative Agent to choose and engage the Acceptable Appraiser prior to the commencement of such appraisal. With respect to each appraisal made pursuant to this Section 5.07 after the Closing Date, (i) the Administrative Agent and the Loan Parties shall each be given a reasonable amount of time to review and comment on a draft form of the appraisal prior to its finalization and (ii) any adjustments to the Net Orderly Liquidation Value, the Net Orderly Liquidation Value In-Place, the Appraised Fair Market Value or any Borrowing Base hereunder as a result of such appraisal shall become effective twenty (20) days following the finalization of such appraisal.

Section 5.08 Use of Proceeds

Use the proceeds of the Loans in the manner set forth in Section 3.12.

Section 5.09 Compliance with Environmental Laws. Comply with all Environmental Laws applicable to its operations and properties; and comply with and obtain and renew all material permits, licenses and other approvals required pursuant to Environmental Law for its operations and properties, except, in each case with respect to this Section 5.09, to the extent the failure to do so could not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect.

Section 5.10 Further Assurances; Additional Mortgages.

(a) Execute any and all further documents, financing statements, agreements and instruments, and take all such further actions (including the filing and recording of financing statements, fixture filings, Mortgages and other documents and recordings of Liens in stock registries), that may be required under any applicable law, or that the Administrative Agent may reasonably request, to satisfy the Collateral and Guarantee Requirements and to cause the Collateral and Guarantee Requirement to be and remain satisfied, all at the expense of the Loan Parties, and provide to the Administrative Agent, from time to time upon reasonable request, evidence reasonably satisfactory to the Administrative Agent as to the perfection and priority of the Liens created or intended to be created by the Security Documents.

(b) If (i) any asset of the type or types constituting the ABL Priority Collateral is acquired by any Foreign Subsidiary Loan Party after the Closing Date or owned by an entity at the time it becomes a Foreign Subsidiary Loan Party or (ii) any asset (other than real property, which is covered by Section 5.10(c) below) that has an individual fair market value in an amount greater than $15.0 million is acquired by any Domestic Loan Party after the Closing Date or owned by an entity at the time it becomes a Domestic Loan Party (with respect to each of clauses (i) and (ii) above, other than assets (A) constituting Collateral under a Security Document that become subject to the Lien of such Security Document upon acquisition thereof, (B) that are subject to secured financing arrangements containing restrictions permitted by Section 6.09(c) pursuant to which a Lien on such assets securing the Obligations is not permitted or (C) that are not required to become subject to the Liens of the Administrative Agent pursuant to Section 5.10(f) or the Security Documents), cause such asset to be subjected to a Lien securing the Obligations and take, and cause the Subsidiary Loan Parties to take, such actions as shall be necessary or reasonably requested by the Administrative Agent to grant and perfect such Liens, including actions described in paragraph (a) of this Section, all at the expense of the Loan Parties, and all subject to paragraph (g) below.

(c) (i) Promptly notify the Administrative Agent of the acquisition of, and, upon the written request of the Administrative Agent, grant and cause each of the Domestic Loan Parties to grant to the Administrative Agent security interests and mortgages in, such real property of such Domestic Loan Party as is not covered by the original Mortgages (other than assets that (A) are subject to permitted secured financing arrangements containing restrictions permitted by Section 6.09(c) pursuant to which a Lien on such assets securing the Obligations is not permitted or (B) are not required to become subject to the Liens of the Administrative Agent pursuant to Section 5.10(f) or the Security Documents), to the extent acquired after the Closing Date and having a value at the time of acquisition in excess of $15.0 million, and (ii) promptly notify the Administrative Agent of the acquisition of, and grant and cause each of the Foreign Subsidiary Loan Parties to grant to the Administrative Agent security interests and mortgages in, such Real Property of the Foreign Subsidiary Loan Party located in Eligible PP&E Jurisdictions that such Loan Parties have determined to include in the PP&E Component of the Borrowing Base and be included as Eligible Real Property hereunder, in each case pursuant to documentation in such form as is reasonably satisfactory to the Administrative Agent (each, an "Additional Mortgage") and constituting valid and enforceable perfected Liens superior to and prior to the rights of all third persons and subject to no other Liens, except as are permitted by Section 6.02 or arising by operation of law and subject to the terms of the ABL Intercreditor Agreement, at the time of perfection thereof, record or file, and cause each such Subsidiary to record or file, the Additional Mortgage or instruments related thereto in such manner and in such places as is required by law to establish, perfect, preserve and protect the Liens in favor of the Administrative Agent required to be granted pursuant to the Additional Mortgages and pay, and cause each such Loan Parties to pay, in full, all Taxes, fees and other charges payable in connection therewith, in each case subject to paragraph (g) below. Unless otherwise waived by the Administrative Agent or, in the case of Foreign Subsidiary Loan Parties, not customary in such Loan Party's jurisdiction, with respect to each such Additional Mortgage, the U.S. Borrower shall deliver to the Administrative Agent contemporaneously therewith a title insurance policy and a survey meeting the requirements of subsection (g) of the definition of the term "Collateral and Guarantee Requirement".

(d) If any newly formed or acquired or any existing direct or indirect Subsidiary of the U.S. Borrower (with any Subsidiary Redesignation resulting in an Unrestricted Subsidiary becoming a Subsidiary being deemed to constitute the acquisition of a Subsidiary) becomes a Subsidiary Loan Party, within fifteen Business Days after the date such Subsidiary becomes a Subsidiary Loan Party, notify the Administrative Agent thereof and, within 30 Business Days after the date such Subsidiary becomes a Subsidiary Loan Party or such longer period as the Administrative Agent shall agree, cause the Collateral and Guarantee Requirement to be satisfied with respect to such Subsidiary and with respect to any Equity Interest in or Indebtedness of such Subsidiary owned by or on behalf of any Domestic Loan Party, subject to Section 5.10(f).

(e) (i) Furnish to the Administrative Agent prompt written notice of any change (A) in any Loan Party's corporate or organization name, (B) in any Loan Party's identity or organizational structure or (C) in any Loan Party's organizational identification number; provided that the U.S. Borrower shall not effect or permit any such change unless all filings have been made, or will have been made within any statutory period, under the Uniform Commercial Code or otherwise that are required in order for the Administrative Agent to continue at all times following such change to have a valid and perfected security interest in all the Collateral for the benefit of the applicable Secured Parties (to the extent intended to be created by the Security Documents) and (ii) promptly notify the Administrative Agent if any material portion of the Collateral is damaged or destroyed.

(f) Notwithstanding anything to the contrary set forth in this Agreement or any Security Document, the Collateral and Guarantee Requirement and the other provisions of this Section 5.10 and the other provisions of the Loan Documents with respect to Collateral need not be satisfied with respect to any of the following (collectively, the "Excluded Property"): (i) any

property held by Holdings or by a Subsidiary that is not a Subsidiary Loan Party; (ii) any real property held by the U.S. Borrower or any Subsidiary Loan Party as a lessee under a lease; (iii) any real property held by the U.S. Borrower or any Subsidiary Loan Party outside the United States of America (other than any Real Property of a Foreign Subsidiary Loan Party included in the PP&E Component of the Borrowing Base); (iv) any vehicle; (v) certain cash, deposit accounts and securities accounts to be mutually agreed between the U.S. Borrower and the Administrative Agent; (vi) any Equity Interests if, and to the extent that, and for so long as (A) doing so would violate applicable law or a contractual obligation binding on such Equity Interests and (B) with respect to contractual obligations, such Equity Interests are not in a Wholly Owned Subsidiary and such obligation existed on the Closing Date or at the time of the acquisition thereof and was not created or made binding on such Equity Interests in contemplation of or in connection with the acquisition of such Equity Interests; (vii) any assets owned on or acquired after the Closing Date, to the extent that, and for so long as, taking such actions would violate any applicable law or a contractual obligation binding on such assets that existed at the time of the acquisition thereof and was not created or made binding on such assets in contemplation or in connection with the acquisition of such assets (except in the case of assets owned on the Closing Date or acquired with Indebtedness of the type permitted pursuant to Section 6.01(i) or (j) or that is secured by a Lien of the type permitted pursuant to Section 6.02(i) or (j)); (viii) any Principal Property; (ix) any Equity Interests or evidences of Indebtedness of Indenture Restricted Subsidiaries owned by the U.S. Borrower or any Indenture Restricted Subsidiary; (x) any Equity Interests in excess of 65% of the outstanding voting Equity Interests of any "first tier" Foreign Subsidiary owned by a Domestic Loan Party or any "first tier" Qualified CFC Holding Company owned by a Domestic Loan Party and all of the outstanding Equity Interests of a Foreign Subsidiary that is not a "first tier" Foreign Subsidiary of a Domestic Loan Party; (xi) (A) all assets that would constitute Notes Priority Collateral at any time that are not pledged to secure Notes Obligations (as defined in the ABL Intercreditor Agreement) at such time or (B) all assets of the Foreign Subsidiary Loan Parties that would constitute Notes Priority Collateral if such Foreign Subsidiary Loan Parties were Domestic Loan Parties (other than Equipment of the Foreign Subsidiary Loan Parties located in an Eligible PP&E Jurisdiction and Real Property of the Foreign Subsidiary Loan Party included in the PP&E Component of the Borrowing Base); (xii) any Subsidiary, asset or action with respect to which the Administrative Agent after consultation with the U.S. Borrower reasonably determines that the cost or other consequence of the satisfaction of the Collateral and Guarantee Requirement or the provisions of this Section 5.10 or of any Security Document with respect thereto is excessive in relation to the value of the security afforded thereby (in each case taking into account the costs and legal and practical difficulties of obtaining such guarantees and security from Foreign Subsidiaries, including (x) the costs of obtaining such guarantee or security interest, or perfecting such security interest, in relation to the value of the credit support to be afforded thereby, (y) general statutory limitations, financial assistance, corporate benefit, fraudulent preference, thin capitalization, retention of title claims and similar principles and (z) the fiduciary duties of directors, contravention of legal prohibitions or risk of personal or criminal liability on the part of any officer);
(xiii) perfection of any security interest in Collateral to the extent such perfection (or the steps required to provide such perfection) would have a material adverse effect on the ability of the relevant Loan Party to conduct its operations and business in the ordinary course as permitted by the Loan Documents; or (xiv) other than with respect to Section 5.12(b)(v), perfection of any security interest in receivables or other Collateral to the extent such perfection would require

notice to customers of the U.S. Borrower and the Subsidiaries prior to the time that an Event of Default has occurred and is continuing.

(g) Within ninety (90) days after the Closing Date (or such longer time period as the Administrative Agent may agree), deliver each Security Document set forth on Schedule 5.10 to the 2013 Credit Agreement.

Notwithstanding anything to the contrary in this Agreement, the Collateral Agreement or any other Loan Document, (x) the Administrative Agent may grant extensions of time for, or waive the requirements to obtain, the creation or perfection of security interests in, or the obtaining of title insurance and surveys with respect to, particular assets (including extensions beyond the Closing Date for the perfection of security interests in the assets of the Loan Parties on such date) where it determines, in consultation with the U.S. Borrower, that perfection or obtaining of such items cannot be accomplished without undue effort or expense by the time or times at which it would otherwise be required by this Agreement or the other Loan Documents and (y) Liens required to be granted from time to time pursuant to the Collateral and Guarantee Requirement and the Security Documents shall be subject to exceptions and limitations set forth in the Security Documents and, to the extent appropriate in the applicable jurisdictions, as otherwise agreed between the Administrative Agent and the U.S. Borrower.

Section 5.11 Fiscal Year; Accounting. In the case of the U.S. Borrower, cause its fiscal year to end on December 31 (or such other fiscal year end as is specified in a written notice delivered to the Administrative Agent by the U.S. Borrower; provided that such other fiscal year end is reasonably acceptable to the Administrative Agent).

Section 5.12 Cash Management Systems; Application of Proceeds of Accounts.

(a) (i) The U.S. Borrower and each Subsidiary Loan Party (A) shall enter into a customary account control agreement or equivalent arrangement, in a form reasonably satisfactory to the Administrative Agent and the relevant account bank (each, an "Account Control Agreement") with the Collateral Agent and any bank or other financial institution with respect to accounts specified in Sections 5.12(c) and (d)(i), as applicable, and (B) may, at its option, enter into an Account Control Agreement with the Collateral Agent and any bank or other financial institution with which the U.S. Borrower or such Subsidiary Loan Party maintains any other account (each such account subject to an Account Control Agreement in subclauses (A) and (B) above, a "Controlled Account"), in each case, covering such account.

(ii) Notwithstanding paragraph (i) above, the U.S. Borrower and each Subsidiary Loan Party may maintain separate payroll, disbursement and other fiduciary accounts ("Excluded Accounts") so long as (A) the U.S. Borrower and such Subsidiary Loan Party shall use commercially reasonable efforts to ensure that such Excluded Accounts receive no deposits from Account Debtors in respect of an Account, (B) the U.S. Borrower and such Subsidiary Loan Party shall promptly upon becoming aware of any deposit in such accounts from Account Debtors in respect of an Account cause such deposits to be transferred to a Controlled Account, and (C) the U.S. Borrower and such Subsidiary Loan Party shall use commercially reasonable efforts to ensure that such accounts shall only receive deposits in amounts reasonably expected to be required to satisfy the payroll, disbursement or other fiduciary obligations to be made from such accounts from time to time. Notwithstanding the preceding sentence, the U.S. Borrower and the Subsidiary Loan Parties shall not be required to comply with the foregoing with respect to accounts specified in Schedule 5.12(a) to the 2013 Credit Agreement until 90 days after the Closing Date (or such longer time permitted by the Administrative Agent).

(iii) The U.S. Borrower and each Subsidiary Loan Party shall ensure that, with respect to any Eligible Intercompany Account transferred by a Seller to MSC Holding B.V., the relevant Account Debtors are, on the date of the notice to such Account Debtor of the transfer of the Account to MSC Holding B.V., instructed to pay such Accounts into a Collection Account of MSC Holding B.V. (or other accounts approved by the Administrative Agent in its sole discretion). If any such Account Debtor deposits amounts into an account other than an account owned by MSC Holding B.V., then the U.S. Borrower and each Subsidiary Loan Party shall ensure that an amount equal to such deposit is promptly (and in any event within two Business Days of the receipt thereof) transferred to a Collection Account of MSC Holding B.V.

(iv) The U.S. Borrower and each Subsidiary Loan Party shall, promptly upon the applicable Collection Account becoming subject to an Account Control Agreement, (A) instruct each Account Debtor to make payment, or to continue to make payment, to a Controlled Account or an Additional Collection Account and (B) deposit in a Controlled Account or an Additional Collection Account (or, to the extent permitted pursuant to paragraph (ii) above, an Excluded Account) promptly all proceeds of such Accounts received by the U.S. Borrower and such Subsidiary Loan Party.

(v) If the Account Debtor in respect of any Account of the U.S. Borrower or any Subsidiary Loan Party makes any payment to the U.S. Borrower or such Subsidiary Loan Party via wire transfer, the U.S. Borrower and such Subsidiary Loan Party shall use commercially reasonable efforts to direct the Account Debtor to make any such payments to a Controlled Account or an Additional Collection Account and if, notwithstanding such direction, such payment is not so made by such Account Debtor, the U.S. Borrower and such Subsidiary Loan Party shall deposit such amount in a Controlled Account or Additional Collection Account as soon as reasonably practicable, and in any event within two (2) Business Days of the receipt thereof.

(vi) If any funds are received by the U.S. Borrower or any Subsidiary Loan Party from any Account Debtor in respect of any Account (including any TRE Receivables, which for the avoidance of doubt, shall not be subject to the foregoing clauses (iv) and (v)) by check or by any other means other than via wire transfer into a Controlled Account or an Additional Collection Account, the U.S. Borrower and such Subsidiary Loan Party shall cause such funds to be deposited into a Controlled Account or an Additional Collection Account as soon as reasonably practicable, and in any event within two (2) Business Days of the receipt thereof.

(vii) In the event that (A) the U.S. Borrower or any Subsidiary Loan Party or any account bank shall, after the Closing Date, terminate an agreement with respect to the maintenance of a Controlled Account for any reason or (B) the Collateral Agent shall demand such termination as a result of the failure of such account bank to comply with the terms of the applicable Account Control Agreement, the U.S. Borrower or such Subsidiary Loan Party shall promptly notify all of its Account Debtors to make all future payments to another Controlled Account or, in the case of a Domestic Loan Party or a Canadian Loan Party, an Additional Collection Account, as applicable.

(viii) The U.S. Borrower and the Subsidiary Loan Parties may close and/or open any account (including any Controlled Account) maintained at any bank or other financial institution; provided that, in the case of any Domestic Loan Party or Canadian Loan Party, (x) such Loan Parties, collectively, shall at all times maintain at least one Primary Concentration Account and (y) any new Primary Concentration Account shall be subject to compliance with Section 5.12 with respect thereto.

(b) (i) Each Account Control Agreement shall require, after the occurrence and during the continuance of an Availability Trigger Event, the ACH or wire transfer no less frequently than once per Business Day (unless the Termination Date has occurred) of all available cash balances and cash receipts, including the then contents or then entire ledger balance of each Controlled Account net of such minimum balance, if any, required by the bank at which such Controlled Account is maintained to an account maintained by the Collateral Agent (the "Dominion Account"). The Dominion Account shall at all times be under the sole dominion and control of the Collateral Agent.

(ii) Subject to the ABL Intercreditor Agreement and any other applicable intercreditor agreement, all collected amounts received in the Dominion Account during the continuance of an Availability Trigger Event shall be distributed and applied on a daily basis in the order specified in Section 2.12(d) by the Administrative Agent; provided that, for the avoidance of doubt, any repayment or prepayment of the Revolving Facility Loans pursuant to this Section 5.12 shall not reduce the Revolving Facility Commitments then in effect.

(iii) Any amounts held or received in the Dominion Account (including all interest and other earnings with respect thereto, if any) at any time (A) on or after the Termination Date, (B) when the Availability Trigger Event is no longer continuing or (C) when no Loans are outstanding and all Letters of Credit have been Cash Collateralized, shall be remitted to the applicable Loan Parties as the U.S. Borrower may direct.

(iv) At any time at the request of the Administrative Agent in its sole discretion following the occurrence and during the continuance of (i) with respect to Collection Accounts of a Domestic Loan Party or a Canadian Loan Party, an Event of Default, and (ii) with respect to Collection Accounts of a U.K. Loan Party or a Dutch Loan Party, a Default, the U.S. Borrower and the applicable Subsidiary Loan Parties shall (A) either (x) immediately cause all of their existing Collection Accounts to be transferred to the name of the Collateral Agent or (y) to the extent such existing Collection Accounts cannot be transferred to the Collateral Agent, promptly open new Collection Accounts with (and, at the discretion of the Collateral Agent, in the name of) the Collateral Agent (such new bank accounts being Collection Accounts under and for the purposes of this Agreement), and (B) if new Collection Accounts have been established pursuant to this Section 5.12 (each a "New Collection Account"), ensure that the proceeds of all Accounts owing to the U.S. Borrower and such Subsidiary Loan Party will immediately be redirected to the New Collection Accounts. Until all collections relating to Accounts have been redirected to the New Collection Accounts, the U.S. Borrower and such Subsidiary Loan Party shall cause all amounts on deposit in any existing Collection Account to be transferred to a New Collection Account at the end of each Business Day; provided that, if the U.S. Borrower or such Subsidiary Loan Party does not instruct such redirection or transfer, each of them hereby authorizes the Collateral Agent to give such instructions on their behalf to the applicable Account Debtors and/or the account bank holding such existing Collection Account, as applicable.

(v) At any time at the request of the Administrative Agent in its sole discretion following the occurrence and during the continuance of (i) with respect to a Domestic Loan Party or a Canadian Loan Party, an Event of Default, and (ii) with respect to the U.K. Loan Party or a Dutch Loan Party, a Default, each of the U.S. Borrower and Subsidiary Loan Party agrees that, if any of its Account Debtors have not previously received notice of the security interest of the Collateral Agent over the Accounts, it shall promptly give notice to such Account Debtors, and, if the U.S. Borrower and such Subsidiary Loan Party do not serve such notice, the U.S. Borrower and such Subsidiary Loan Party hereby authorize the Collateral Agent to serve such notice on their behalf.

(c) Each of the Dutch Loan Parties and the U.K. Loan Parties shall enter into an Account Control Agreement with respect to each Collection Account of such Loan Party set forth on Schedule 5.12(c) to the 2013 Credit Agreement.

(d) (i) Each Domestic Loan Party and Canadian Loan Party shall enter into Account Control Agreements with respect to Primary Concentration Accounts of such Loan Party.

(ii) Any funds deposited into an Additional Collection Account that is not itself a Controlled Account shall be transferred to a Controlled Account within two (2) Business Days (or, if an Availability Trigger Event has occurred and is continuing, one (1) Business Day) such that the aggregate remaining balance of all Additional Collection Accounts after giving effect to such transfer shall not exceed $5,000,000 (or, if an Availability Trigger Event has occurred and is continuing, $2,000,000).

(e) Notwithstanding anything in this Section 5.12 to the contrary, the Loan Parties shall be deemed to be in compliance with the requirements set forth in paragraph (d) above or with respect to certain accounts set forth on Schedule 5.12(e) to the 2013 Credit Agreement to the extent that the U.S. Borrower uses commercially reasonable efforts to establish the arrangements required in this Section 5.12 (or other arrangements otherwise agreed to between the U.S. Borrower and the Administrative Agent) within 30 days (with respect to Schedule 5.12(e) to the 2013 Credit Agreement) and 90 days (with respect to paragraph (d) above), in each case following the Closing Date (or such later date as the Administrative Agent may agree).

Section 5.13 Financial Assistance. Comply in all respects with Sections 678 to 679 of the United Kingdom’s Companies Act 2006, including in relation to the execution of the Foreign Guarantee Agreement and the Foreign Security Documents and payments of amounts due under this Agreement.

Section 5.14 U.K. Pension Matters.

(a) Except where the failure to do so could not reasonably be expected to have a Material Adverse Effect, ensure that all pension schemes operated by or maintained for the benefit of the U.S. Borrower and the Subsidiaries and/or any of their respective employees are fully funded based on the minimum funding requirement under Section 56 of the Pensions Act 1995 or the statutory funding objective under Section 222 of the Pensions Act 2004 or under any other applicable laws and that no action or omission is taken by any Subsidiary of the U.S. Borrower in relation to such a pension scheme that has or is reasonably likely to have a Material Adverse Effect (including the termination or commencement of winding-up proceedings of any such pension scheme or the U.S. Borrower or any Subsidiary ceasing to employ any member of such a pension scheme).

(b) Except where the failure to do so could not reasonably be expected to have a Material Adverse Effect, ensure that none of the U.S. Borrower or any Subsidiary is or has been at any time an employer (for the purposes of Sections 38 to 51 of the U.K. Pensions Act 2004) of an occupational pension scheme that is not a money purchase scheme (both terms as defined in the U.K. Pension Schemes Act 1993 or is "connected" with or an "associate" of (as those terms are used in Sections 39 or 43 of the Pensions Act 2004) such an employer.

Section 5.15 Canadian Pension Matters. Except where the failure to do so could not reasonably be expected to have a Material Adverse Effect, each Loan Party will, in a timely fashion, comply with and perform in all material respects all of its obligations under and in respect of each Canadian Pension Plan, including under any funding agreements and all applicable laws (including any fiduciary, funding, investment and administration obligations).

ARTICLE VI

NEGATIVE COVENANTS

Each Borrower covenants and agrees with each Lender that, until the Termination Date, unless the Required Lenders shall otherwise consent in writing, no Borrower will, or will cause or permit any of the Material Subsidiaries to:

Section 6.01 Indebtedness. Incur, create, assume or permit to exist any Indebtedness, except:

(a) The First Lien Notes, the 1-1/2 Lien Notes, the Second Lien Notes and the other Indebtedness existing, or incurred pursuant to facilities existing, on the Closing Date and set forth on Schedule 6.01 to the 2013 Credit Agreement (provided that any such Indebtedness that is (i) intercompany Indebtedness and (ii) any other Indebtedness in an aggregate amount not to exceed $50.0 million shall be excluded from such Schedule 6.01 to the 2013 Credit Agreement) and, in each case, any Permitted Refinancing Indebtedness incurred to Refinance such Indebtedness or, without duplication, replacements of such facilities that would constitute

Permitted Refinancing Indebtedness with respect to such facilities if all Indebtedness available to be incurred thereunder were outstanding on the date of such replacement (other than Permitted Refinancing Indebtedness in respect of intercompany indebtedness of the U.S. Borrower or any Subsidiary owed to the U.S. Borrower or any Subsidiary Refinanced with Indebtedness owed to a person other than the U.S. Borrower or any Subsidiary);

(b) Indebtedness created hereunder (including pursuant to Section 2.21) and under the other Loan Documents and any Permitted Refinancing Indebtedness incurred to Refinance such Indebtedness;

(c) Indebtedness of the U.S. Borrower and the Subsidiaries pursuant to Swap Agreements permitted by Section 6.11;

(d) Indebtedness of the U.S. Borrower and the Subsidiaries owed to (including obligations in respect of letters of credit or bank guarantees or similar instruments for the benefit of) any person providing workers' compensation, health, disability or other employee benefits or property, casualty or liability insurance to Holdings (until a Qualified IPO), the U.S. Borrower or any Subsidiary, pursuant to reimbursement or indemnification obligations to such person, in each case in the ordinary course of business; provided that, upon the incurrence of Indebtedness with respect to reimbursement obligations regarding workers' compensation claims, such obligations are reimbursed not later than 30 days following such incurrence;

(e) Indebtedness of the U.S. Borrower to any Subsidiary and of any Subsidiary to the U.S. Borrower or any other Subsidiary; provided that (i) Indebtedness of any Subsidiary that is not a Subsidiary Loan Party owing to the Loan Parties shall be subject to Section 6.04(b) and (ii) Indebtedness of any Loan Party owing to any Subsidiary that is not a Subsidiary Loan Party shall be subordinated to the Loan Document Obligations and the Guarantees of Loan Document Obligations on terms reasonably satisfactory to the Administrative Agent;

(f) Indebtedness of the U.S. Borrower or any Subsidiary in respect of performance bonds, bid bonds, appeal bonds, surety bonds and completion guarantees and similar obligations, in each case provided in the ordinary course of business, including those incurred to secure health, safety and environmental obligations in the ordinary course of business;

(g) Indebtedness arising from the honoring by a bank or other financial institution of a check, draft or similar instrument drawn against insufficient funds in the ordinary course of business or other cash management services in the ordinary course of business; provided that (x) such Indebtedness (other than credit or purchase cards) is extinguished within ten Business Days of notification to any Borrower or the applicable Subsidiary of its incurrence and (y) such Indebtedness in respect of credit or purchase cards is extinguished within 60 days from its incurrence;

(h) (i) (A) Indebtedness of a Subsidiary acquired after the Closing Date or a Person merged into or consolidated with the U.S. Borrower or any Subsidiary after the Closing Date and Indebtedness assumed in connection with the acquisition of assets or in connection with a Permitted Business Acquisition, which Indebtedness in each case, exists at the time of such acquisition, merger or consolidation and is not created in contemplation of such event or (B) Indebtedness incurred to finance any such acquisition or Permitted Business Acquisition and where, in each case, such acquisition, merger or consolidation is permitted by this Agreement and (ii) any Permitted Refinancing Indebtedness incurred to Refinance such Indebtedness; provided that, with respect to clause (i), immediately after giving effect to such acquisition, merger or consolidation, and the assumption or incurrence of any such Indebtedness, there shall be no Default or Event of Default and the Senior Secured Bank Leverage Ratio on a Pro Forma Basis shall not be greater than 4.25 to 1.00;

(i) (i) Capital Lease Obligations, mortgage financings and other purchase money Indebtedness incurred by the U.S. Borrower or any Subsidiary prior to or within 270 days after the acquisition, lease, construction, repair, replacement or improvement of the respective property (real or personal, and whether through the direct purchase of property or the Equity Interests of any person owning such property) otherwise permitted under this Agreement in order to finance such acquisition, lease, construction, repair, replacement or improvement (A) in an aggregate principal amount outstanding that at the time of, and after giving effect to, the incurrence thereof (together with the aggregate principal amount of the other Indebtedness outstanding pursuant to this clause (A) and any Permitted Refinancing Indebtedness in respect of Indebtedness initially incurred under this clause (A) that is incurred under clause (ii) hereof at any time that the requirements of clause (B) hereof are not satisfied at the time of such incurrence) would not in the aggregate exceed $100.0 million or (B) in any amount, so long as at the time of and after giving effect to the incurrence of such Indebtedness under this clause (B) and the use of proceeds thereof on a Pro Forma Basis, the Payment Conditions are satisfied, and (ii) any Permitted Refinancing Indebtedness in respect thereof;

(j) Capital Lease Obligations incurred by the U.S. Borrower or any Subsidiary in respect of any Sale and Lease-Back Transaction that is permitted under Section 6.03, and any Permitted Refinancing Indebtedness in respect thereof;

(k) other Indebtedness of the U.S. Borrower or any Subsidiary (pursuant to this paragraph (k)), in an aggregate principal amount outstanding that at the time of, and after giving effect to, the incurrence thereof, would not exceed $200.0 million;

(l) Guarantees (i) by the U.S. Borrower or any Subsidiary Loan Party of any Indebtedness of the U.S. Borrower or any Subsidiary Loan Party permitted to be incurred under this Agreement, (ii) by the U.S. Borrower or any Subsidiary Loan Party of Indebtedness otherwise permitted hereunder of any Subsidiary that is not a Subsidiary Loan Party to the extent such Guarantees are permitted by Section 6.04 (other than Section 6.04(aa)) and (iii) by any Subsidiary that is not a Subsidiary Loan Party of Indebtedness of another Subsidiary that is not a Subsidiary Loan Party; provided that (A) Guarantees by the U.S. Borrower or any Subsidiary Loan Party under this Section 6.01(l) of any other Indebtedness of a person that is subordinated to other Indebtedness of such person shall be expressly subordinated to the Loan Document Obligations on terms not less favorable to the Lenders than the subordination terms of such other Indebtedness, (B) no subsidiary of the U.S. Borrower (other than Hexion Nova Scotia Finance ULC) that is not a Domestic Loan Party shall Guarantee the Second Lien Notes, the 1-1/2 Lien Notes, any First Lien Notes, the Debentures, any Permitted Refinancing Indebtedness in respect of any of the foregoing or any Indebtedness that is secured by any Second-Priority Liens and (C) no subsidiary of the U.S. Borrower that is not a Loan Party shall Guarantee any Indebtedness incurred pursuant to Section 6.01(w) or any Permitted Refinancing Indebtedness in respect thereof or any Permitted Refinancing Indebtedness incurred under Section 6.01(b);

(m) Indebtedness arising from agreements of Holdings, the U.S. Borrower or any Subsidiary providing for indemnification, adjustment of purchase price or similar obligations, in each case, incurred or assumed in connection with any Permitted Business Acquisition or the disposition of any business, assets or a Subsidiary not prohibited by this Agreement, other than Guarantees of Indebtedness incurred by any person acquiring all or any portion of such business, assets or a Subsidiary for the purpose of financing such acquisition;

(n) Indebtedness in connection with Permitted Receivables Financings;

(o) Indebtedness in respect of any Additional Letter of Credit Facility (including any letters of credit issued thereunder), in an aggregate principal amount outstanding at any time not to exceed $50.0 million;

(p) Indebtedness of the U.S. Borrower or any Subsidiary supported by a Letter of Credit, in a principal amount not in excess of the stated amount of such Letter of Credit;

(q) Indebtedness consisting of (x) the financing of insurance premiums or (y) take-or-pay obligations contained in supply arrangements, in each case, in the ordinary course of business;

(r) (i) other Indebtedness so long as (x) after giving effect to the incurrence of such Indebtedness and the use of proceeds thereof on a Pro Forma Basis, the Payment Conditions are satisfied and (y) such Indebtedness is either unsecured or secured by Second-Priority Liens on the Collateral and (ii) Permitted Refinancing Indebtedness in respect thereof;

(s) Any Indebtedness arising under guarantees entered into pursuant to Section 2:403 of the Dutch Civil Code in respect of a group company (*groepsmaatschappij*) incorporated in The Netherlands and any residual liability with respect to such guarantees arising under Section 2:404 of the Dutch Civil Code;

(t) Any joint and several liability arising as a result of (or the establishment of) a fiscal unity (*fiscale eenheid*) between or among the Dutch Loan Parties or its equivalent in any other relevant jurisdiction;

(u) all premium (if any), interest (including post-petition interest), fees, expenses, charges and additional or contingent interest on obligations described in paragraphs (a) through (r) above and paragraphs (v) through (cc) below;

(v) Indebtedness of the U.S. Borrower and the Subsidiaries incurred under lines of credit or overdraft facilities (including, but not limited to, intraday, ACH and purchasing card/T&E services) extended by one or more financial institutions reasonably acceptable to the

Administrative Agent or one or more of the Lenders and (in each case) established for the U.S. Borrower's and the Subsidiaries' ordinary course of operations (such Indebtedness, the "Overdraft Line"), which Indebtedness may be secured as, but only to the extent, provided in Section 6.02(b) and in the Security Documents;

(w) (i) other Indebtedness incurred, issued or assumed by the U.S. Borrower or any Subsidiary Loan Party so long as (A) no Default or Event of Default shall have occurred and be continuing or would result therefrom at the time of incurrence of such Indebtedness and after giving effect thereto and (B) immediately after giving effect to the issuance, incurrence or assumption of such Indebtedness, the Senior Secured Bank Leverage Ratio on a Pro Forma Basis shall not be greater than 4.25 to 1.00 and (ii) Permitted Refinancing Indebtedness in respect thereof;

(x) Indebtedness of Subsidiaries that are not Loan Parties or Indebtedness incurred on behalf of, or representing Guarantees of Indebtedness of, joint ventures; provided that the aggregate principal amount of Indebtedness outstanding under this clause (s), at any one time, shall not exceed $125.0 million;

(y) Indebtedness in respect of letters of credit, bank guarantees, warehouse receipts or similar instruments issued to support performance obligations and trade letters of credit (other than obligations in respect of other Indebtedness) in the ordinary course of business;

(z) unsecured Indebtedness in respect of obligations of the U.S. Borrower or any Subsidiary to pay the deferred purchase price of goods or services or progress payments in connection with such goods and services; provided that such obligations are incurred in connection with open accounts extended by suppliers on customary trade terms (which require that all such payments be made within 60 days after the incurrence of the related obligations) in the ordinary course of business and not in connection with the borrowing of money or any Swap Agreements;

(aa) Indebtedness representing deferred compensation to employees of the U.S. Borrower or any Subsidiary incurred in the ordinary course of business;

(bb) Indebtedness consisting of promissory notes issued by the U.S. Borrower or any Subsidiary to current or former officers, directors and employees, their respective estates, spouses or former spouses to finance the purchase or redemption of Equity Interests of any Parent Entity permitted by Section 6.06; and

(cc) Indebtedness consisting of obligations of the U.S. Borrower or any Subsidiary under deferred compensation or other similar arrangements incurred by such person in connection with Permitted Business Acquisitions or any other Investment permitted hereunder.

For purposes of determining compliance with this Section 6.01, (A) Indebtedness need not be permitted solely by reference to one category of permitted Indebtedness described in Sections 6.01(a) through (cc) but may be permitted in part under any combination thereof and (B) in the event that an item of Indebtedness (or any portion thereof) meets the criteria of one or more of the categories of permitted Indebtedness described in Sections 6.01(a) through (cc), the U.S. Borrower shall, in its sole discretion, classify or reclassify, or later divide, classify or reclassify, such item of Indebtedness (or any portion thereof) in any manner that complies with this Section 6.01 and will only be required to include the amount and type of such item of Indebtedness (or any portion thereof) in one of the above clauses and such item of Indebtedness shall be treated as having been incurred or existing pursuant to only one of such clauses. In addition, with respect to any Indebtedness that was permitted to be incurred hereunder on the date of such incurrence, any Increased Amount of such Indebtedness shall also be permitted hereunder after the date of such incurrence.

Section 6.02 Liens. Create, incur, assume or permit to exist any Lien on any property or assets (including stock or other securities of any person, including any Subsidiary) at the time owned by it or on any income or revenues or rights in respect of any thereof, except:

(a) Liens on property or assets of the U.S. Borrower and the Subsidiaries existing on the Closing Date (including the Liens securing the First Lien Notes, the 1-1/2 Lien Notes and the Second Lien Notes) and set forth on Schedule 6.02(a) to the 2013 Credit Agreement or, to the extent not listed in such Schedule 6.02(a) to the 2013 Credit Agreement, where the aggregate principal amount of Indebtedness secured thereby does not exceed $10 million in the aggregate, and any modifications, replacements, renewals or extensions thereof; provided that (i) such Liens shall secure only those obligations that they secure on the Closing Date (and any Permitted Refinancing Indebtedness in respect thereof) and shall not subsequently apply to any other property or assets of the U.S. Borrower or any Subsidiary other than (A) after-acquired property that is affixed or incorporated into the property covered by such Lien, and (B) proceeds and products thereof and (ii) in the case of a Lien securing Permitted Refinancing Indebtedness, any such Lien is permitted, subject to compliance with clause (e) of the definition of the term "Permitted Refinancing Indebtedness"; provided further that in the case of any such First Lien Notes, such Liens shall constitute Notes-Priority Liens;

(b) any Lien created under the Loan Documents (including, without limitation, Liens created under the Security Documents securing obligations in respect of Swap Agreements to the extent such obligations constitute Obligations and the Overdraft Line secured pursuant to the Security Documents) or permitted in respect of any Mortgaged Property by the terms of the applicable Mortgage; provided, however, in no event shall the holders of the Indebtedness under the Overdraft Line have the right to receive proceeds in respect of a claim in excess of $40.0 million in the aggregate (plus (i) any accrued and unpaid interest in respect of Indebtedness incurred by the U.S. Borrower and the Subsidiaries under the Overdraft Line and (ii) any accrued and unpaid fees and expenses owing by the U.S. Borrower and the Subsidiaries under the Overdraft Line) from the enforcement of any remedies available to the Secured Parties under all of the Loan Documents;

(c) any Lien on any property or asset of the U.S. Borrower or any Subsidiary securing Indebtedness permitted by Section 6.01(h) or Permitted Refinancing Indebtedness in respect thereof; provided that such Lien (i) does not apply to any other property or assets of the U.S. Borrower or any of the Subsidiaries not securing such Indebtedness at the date of the acquisition of such property or asset (other than after acquired property subjected to a Lien securing Indebtedness and other obligations incurred prior to such date (and refinancings thereunder) and which Indebtedness and other obligations are permitted hereunder that require a pledge of after acquired property, it being understood that such requirement shall not be permitted to apply to any property to which such requirement would not have applied but for such acquisition), (ii) such Lien is not created in contemplation of or in connection with such acquisition and (iii) in the case of a Lien securing Permitted Refinancing Indebtedness, any such Lien is permitted, subject to compliance with clause (e) of the definition of the term "Permitted Refinancing Indebtedness";

(d) Liens for Taxes, assessments or other governmental charges or levies not yet delinquent or that are being contested in compliance with Section 5.03;

(e) Liens imposed by law, such as landlord's, carriers', warehousemen's, mechanics', materialmen's, repairmen's, construction or other like Liens arising in the ordinary course of business and securing obligations that are not overdue by more than 30 days or that are being contested in good faith by appropriate proceedings and in respect of which, if applicable, the U.S. Borrower or any Subsidiary shall have set aside on its books reserves in accordance with GAAP;

(f) (i) pledges and deposits and other Liens made in the ordinary course of business in compliance with the Federal Employers Liability Act or any other workers' compensation, unemployment insurance and other social security laws or regulations and deposits securing liability to insurance carriers under insurance or self-insurance arrangements in respect of such obligations and (ii) pledges and deposits and other Liens securing liability for reimbursement or indemnification obligations of (including obligations in respect of letters of credit or bank guarantees for the benefit of) insurance carriers providing property, casualty or liability insurance to Holdings (prior to a Qualified IPO), the U.S. Borrower or any Subsidiary;

(g) deposits and other Liens to secure the performance of bids, trade contracts (other than for Indebtedness), leases (other than Capital Lease Obligations), statutory obligations, surety and appeal bonds, performance and return of money bonds, bids, leases, government contracts, trade contracts, agreements with public utilities, and other obligations of a like nature (including letters of credit in lieu of any such bonds or to support the issuance thereof) incurred by the U.S. Borrower or any Subsidiary in the ordinary course of business, including those incurred to secure health, safety and environmental obligations in the ordinary course of business;

(h) zoning restrictions, survey exceptions and such matters as an accurate survey would disclose, easements, trackage rights, leases (other than Capital Lease Obligations), licenses, special assessments, rights-of-way covenants, conditions, restrictions and declarations on or agreements with respect to the use of real property, servicing agreements, development agreements, site plan agreements and other similar encumbrances incurred in the ordinary course of business and title defects or irregularities that are of a minor nature and that, in the aggregate, do not interfere in any material respect with the ordinary conduct of the business of the U.S. Borrower or any Subsidiary;

(i) Liens securing Indebtedness permitted by Section 6.01(i); provided that such Liens attach only to property to which such Indebtedness relates (or accessions to such property and proceeds thereof); provided further that individual financings of equipment provided by a single lender may be cross-collateralized to other financings of equipment provided solely by such lender or an affiliate thereof;

(j) Liens arising out of capitalized lease transactions permitted under Section 6.03, so long as such Liens attach only to the property sold and being leased in such transaction and any accessions thereto or proceeds thereof;

(k) Liens securing judgments that do not constitute an Event of Default under Section 7.01(j);

(l) (A) Liens on the property or assets of Hexion International Holdings Coöperatief U.A. and/or Hexion Holding B.V. not constituting Collateral securing Permitted Refinancing Indebtedness in respect of the 1-1/2 Lien Notes to the extent permitted by the second paragraph of the definition of Permitted Refinancing Indebtedness and (B) (i) prior to the Stage 2 Amendment Effective Date, other Liens with respect to property or assets of the U.S. Borrower or any Subsidiary not constituting Collateral for the Obligations with an aggregate fair market value (valued at the time of creation thereof) of not more than $50.0 million at any time and (ii) from and after the Stage 2 Amendment Effective Date, Liens on the property or assets of Hexion International Holdings Coöperatief U.A. and/or Hexion Holding B.V. not constituting Collateral securing Indebtedness in an aggregate principal amount outstanding at any time, together with the aggregate principal amount of Indebtedness outstanding secured by Liens incurred pursuant to clause (A) of this Section 6.02(l), not to exceed $150 million;

(m) Liens disclosed by the title insurance policies delivered on or subsequent to the Closing Date and pursuant to Section 5.10 and any replacement, extension or renewal of any such Lien; provided that such replacement, extension or renewal Lien shall not cover any property other than the property that was subject to such Lien prior to such replacement, extension or renewal; provided further that the Indebtedness and other obligations secured by such replacement, extension or renewal Lien are permitted by this Agreement;

(n) Liens in respect of Permitted Receivables Financings that extend only to the receivables subject thereto;

(o) any interest or title of a lessor or sublessor under any leases or subleases entered into by the U.S. Borrower or any Subsidiary in the ordinary course of business;

(p) Liens that are contractual rights of set-off (i) relating to the establishment of depository relations with banks not given in connection with the issuance of Indebtedness, (ii) relating to pooled deposit or sweep accounts of the U.S. Borrower or any Subsidiary to permit satisfaction of overdraft or similar obligations incurred in the ordinary course of business of the U.S. Borrower and the Subsidiaries or (iii) relating to purchase orders and other agreements entered into with customers of the U.S. Borrower or any Subsidiary in the ordinary course of business;

(q) Liens arising by virtue of any statutory or common law provisions or similar provisions applicable in foreign jurisdictions relating to banker's liens, rights of set-off or similar rights, including the pledges of an account bank pursuant to their respective general business terms (*AGB-Pfandrechte*) subject to the provisions of the respective German Security Documents;

(r) Liens securing obligations in respect of trade-related letters of credit, trade-related bank guarantees or similar trade-related obligations permitted under Section 6.01(f), (k), (o) or (y) and covering the goods (or the documents of title in respect of such goods) financed by such letters of credit, bank guarantees or similar obligations and the proceeds and products thereof;

(s) licenses or sublicenses, leases or subleases (including with respect to intellectual property and software) granted in a manner consistent with past practice or granted to others in the ordinary course of business not interfering in any material respect with the business of the U.S. Borrower and the Subsidiaries, taken as a whole;

(t) Liens in favor of customs and revenue authorities arising as a matter of law to secure payment of customs duties in connection with the importation of goods;

(u) Liens on the assets of a Subsidiary that is not a Loan Party that secure obligations of a Subsidiary that is not a Loan Party permitted to be incurred under Section 6.01;

(v) other Liens so long as, (i) after giving effect to any such Lien and the incurrence of any Indebtedness incurred at the time such Lien is created, incurred or permitted to exist, on a Pro Forma Basis, the Senior Secured Bank Leverage Ratio on the last day of the U.S. Borrower's then most recently completed fiscal quarter for which financial statements are available shall be less than or equal to 4.50 to 1.00, (ii) at the time of the incurrence of such Lien and after giving effect thereto, no Default or Event of Default shall have occurred and be continuing or would result therefrom and (iii) the Indebtedness or other obligations secured by such Lien are otherwise permitted by this Agreement; provided that, if such Liens are on the ABL Priority Collateral, such Liens shall constitute Notes-Priority Liens or Second-Priority Liens;

(w) Notes-Priority Liens and Second-Priority Liens on Collateral (including Liens securing the First Lien Notes, the 1-1/2 Lien Notes and the Second Lien Notes, and, in each case, Permitted Refinancing Indebtedness in respect thereof);

(x) Liens solely on any cash earnest money deposits made by the U.S. Borrower or any of the Subsidiaries in connection with any letter of intent or purchase agreement permitted hereunder;

(y) Liens arising out of consignment or similar arrangements for the sale of goods entered into in the ordinary course of business;

(z) Liens securing insurance premium financing arrangements, provided that such Liens are limited to the applicable unearned insurance premiums;

(aa) Liens in favor of the U.S. Borrower or any Subsidiary Loan Party; provided that if any such Lien shall cover any Collateral, the holder of such Lien shall execute and deliver to the Administrative Agent a subordination agreement in form and substance reasonably satisfactory to the Administrative Agent;

(bb) Liens (other than first-priority Liens on the ABL Priority Collateral) on not more than $20.0 million of deposits securing Swap Agreements permitted to be incurred under Section 6.11;

(cc) deposits or other Liens (other than first-priority Liens on the ABL Priority Collateral) with respect to property or assets of the U.S. Borrower or any Subsidiary securing obligations in an aggregate principal amount outstanding at any time not exceeding $25.0 million;

(dd) Liens arising from precautionary Uniform Commercial Code financing statements or PPSA financing statements or consignments entered into in connection with any transaction otherwise permitted under this Agreement;

(ee) the reservations, limitations, provisos and conditions, if any, expressed in any original grant from the Crown of any real property or any interest therein in Canada; provided they do not reduce the value of any ABL Priority Collateral or interfere in any material respect with the ordinary conduct of the business of the U.S. Borrower or any Subsidiary; and, with respect to real property which is located in Alberta, any exceptions and qualifications to title set forth in any applicable land titles or similar legislation in Alberta, so long as (i) no funds in relation to such exception and qualifications are at any time owing beyond the date on which they are due and (ii) such exceptions and qualifications do not have a material adverse impact on the value of the lands to which they relate or the business being conducted thereon;

(ff) Liens on Equity Interests in joint ventures securing obligations of such joint venture;

(gg) Liens on securities that are the subject of repurchase agreements constituting Permitted Investments under clause (5) of the definition thereof;

(hh) Liens on the Equity Interests of Momentive Specialty Chemicals Pty. Ltd. to the extent securing Indebtedness of Momentive Specialty Chemicals Pty Ltd. and its Subsidiaries permitted hereunder;

(ii) Liens on goods or Inventory the purchase, shipment or storage price of which is financed by a documentary letter of credit, bank guarantee or bankers' acceptance issued or created for the account of the U.S. Borrower or any Subsidiary in the ordinary course of business; provided that such Lien secures only the obligations of the U.S. Borrower or such Subsidiary, as applicable, in respect of such letter of credit or bank guarantee to the extent permitted under Section 6.01 (other than Section 6.01(k));

(jj) Liens securing obligations under any Secured Hedge Agreements or Secured Cash Management Agreements; provided that, if such Lien shall be first-priority liens on the ABL Priority Collateral, then (i) any payments made with respect to such Secured Hedge Agreements or Secured Cash Management Agreement shall be junior in the payment waterfall to any payments with respect to any Loans under any Loan Document or (ii) such Lien shall not secure Obligations of any Designated Secured Hedge Agreements or Designated Secured Cash Managements which exceed in the aggregate $50.0 million at any one time;

(kk) Liens on assets (other than first-priority Liens on the ABL Priority Collateral) in respect of any Additional Letter of Credit Facility permitted under Section 6.01(o);

(ll) Liens to secure any refinancing, refunding, extension, renewal or replacement (or successive refinancings, refundings, extensions, renewals or replacements) as a whole, or in part, of any Indebtedness secured by any Lien permitted by the foregoing clauses; provided, however, that (x) such new Lien shall be limited to all or part of the same property (which, for the avoidance of doubt, may include after-acquired property to the extent such after-acquired property would be subject to the existing Lien) that secured the original Lien (plus improvements on and accessions to such property), and (y) the Indebtedness secured by such Lien at such time is not increased to any amount greater than the sum of (A) the outstanding principal amount or, if greater, committed amount of the applicable Indebtedness at the time the original Lien became a Lien permitted hereunder, and (B) an amount necessary to pay any fees and expenses, including premiums, related to such refinancing, refunding, extension, renewal or replacement; and

(mm) Any Lien arising under the general terms and conditions (*Algemene Bank Voorwaarden*) of any member of the Dutch Bankers' Association (*Nederlandse Vereniging van Banken*) or any similar term applied by a financial institution in The Netherlands pursuant to its general terms and conditions; provided that, with respect to Collection Accounts, such Lien solely secures payment of fees and similar costs and expenses of such member or financial institution.

For purposes of determining compliance with this Section 6.02, (A) a Lien securing an item of Indebtedness need not be permitted solely by reference to one category of permitted Liens described in Section 6.02(a) through (mm) but may be permitted in part under any combination thereof and (B) in the event that a Lien securing an item of Indebtedness (or any portion thereof) meets the criteria of one or more of the categories of permitted Liens described in Sections 6.02(a) through (mm), the U.S. Borrower shall, in its sole discretion, classify or reclassify, or later divide, classify or reclassify, such Lien securing such item of Indebtedness (or any portion thereof) in any manner that complies with this covenant and will only be required to include the amount and type of such Lien or such item of Indebtedness secured by such Lien in one of the above clauses and such Lien securing such item of Indebtedness will be treated as being incurred or existing pursuant to only one of such clauses. In addition, with respect to any Lien securing Indebtedness that was permitted to secure such Indebtedness at the time of the incurrence of such Indebtedness, such Lien shall also be permitted to secure any Increased Amount of such Indebtedness.

Section 6.03 Sale and Lease-Back Transactions. Enter into any arrangement, directly or indirectly, with any person whereby it shall sell or transfer any property, real or personal, used or useful in its business, whether now owned or hereafter acquired, and thereafter, as part of such transaction, rent or lease such property or other property that it intends to use for substantially the same purpose or purposes as the property being sold or transferred (a "Sale and

Lease-Back Transaction”); provided that a Sale and Lease-Back Transaction shall be permitted with respect to (a) Excluded Property, (b) property (A) owned by the U.S. Borrower or any Subsidiary Loan Party that is acquired after the Closing Date so long as such Sale and Lease-Back Transaction is consummated within 270 days of the acquisition of such property or (B) owned by any Subsidiary that is not a Loan Party regardless of when such property was acquired, and (c) any property owned by the U.S. Borrower or any Subsidiary Loan Party, if at the time the lease in connection therewith is entered into, and after giving effect to the entering into of such lease, (x) the Remaining Present Value of such lease (together with the Remaining Present Value of outstanding leases previously entered into under this Section 6.03(c)(x)) would not in the aggregate exceed the greater of $100.0 million and 3.3% of Consolidated Total Assets as of the end of the fiscal quarter immediately prior to the date the lease was entered into for which financial statements have been delivered pursuant to Section 5.04 or (y) the Payment Conditions are satisfied on a Pro Forma Basis.

Section 6.04 Investments, Loans and Advances. Purchase, hold or acquire (including pursuant to any merger with a person that is not a Wholly Owned Subsidiary immediately prior to such merger) any Equity Interests of, evidences of Indebtedness or other securities of, make or permit to exist any loans or advances to or Guarantees of the obligations of, or make or permit to exist any investment or any other interest in (each, an “Investment”), any other person, except:

(a) Investments arising as a result of Permitted Receivables Financings;

(b) (i) Investments by the U.S. Borrower or any Subsidiary in joint ventures or the Equity Interests of any Subsidiary; (ii) intercompany loans from the U.S. Borrower or any Subsidiary to the U.S. Borrower or any Subsidiary or joint ventures; and (iii) Guarantees by the U.S. Borrower or any Subsidiary of Indebtedness of a joint venture or of Indebtedness otherwise permitted hereunder of the U.S. Borrower or any Subsidiary; provided that the sum of (A) Investments (valued at the time of the making thereof and without giving effect to any write-downs or write-offs thereof) made after the Closing Date by the Loan Parties pursuant to clause (i) in joint ventures and Subsidiaries that are not Subsidiary Loan Parties, plus (B) net intercompany loans made by Loan Parties after the Closing Date to joint ventures and Subsidiaries that are not Subsidiary Loan Parties pursuant to clause (ii), plus (C) Guarantees by Loan Parties of Indebtedness after the Closing Date of joint ventures and Subsidiaries that are not Subsidiary Loan Parties pursuant to clause (iii) (other than Guarantees by Loan Parties of the obligations under Secured Hedge Agreements of the Subsidiaries that are not Loan Parties), shall not exceed an aggregate net amount equal to $25.0 million (plus any return of capital actually received by the respective investors in respect of Investments theretofore made by them pursuant to this paragraph (b)); and provided further that intercompany current liabilities incurred in the ordinary course of business in connection with the cash management operations and intercompany sales of Holdings (prior to a Qualified IPO), the U.S. Borrower and the Subsidiaries shall not be included in calculating the limitation in this paragraph at any time;

(c) Permitted Investments and Investments that were Permitted Investments when made;

(d) Investments arising out of the receipt by the U.S. Borrower or any Subsidiary of non-cash consideration for the sale of assets permitted under Section 6.05;

(e) loans and advances to officers, directors, employees or consultants of Holdings (prior to a Qualified IPO), the U.S. Borrower or any Subsidiary (i) in the ordinary course of business not to exceed $2.5 million in the aggregate at any time outstanding (calculated without regard to write-downs or write-offs thereof), (ii) in respect of payroll payments and expenses in the ordinary course of business and (iii) in connection with such person's purchase of Equity Interests of any Parent Entity or the U.S. Borrower solely to the extent that the amount of such loans and advances are contributed to the U.S. Borrower in cash as common equity;

(f) accounts receivable, security deposits and prepayments arising and trade credit granted in the ordinary course of business and any assets or securities received in satisfaction or partial satisfaction thereof from financially troubled account debtors to the extent reasonably necessary in order to prevent or limit loss and any prepayments and other credits to suppliers made in the ordinary course of business;

(g) Swap Agreements permitted pursuant to Section 6.11;

(h) Investments existing on, or contractually committed as of, the Closing Date and set forth on Schedule 6.04 to the 2013 Credit Agreement and any extensions, renewals or reinvestments thereof, so long as the aggregate amount of all Investments pursuant to this clause (h) is not increased at any time above the amount of such Investment existing or committed on the Closing Date (other than pursuant to an increase as required by the terms of any such Investment as in existence on the Closing Date);

(i) Investments resulting from pledges and deposits referred to in Sections 6.02(f), (g), (k), (t), (x), (bb) and (cc);

(j) other Investments by the U.S. Borrower or any Subsidiary; provided that, after giving effect to such Investment, the aggregate amount of all Investments made pursuant to this paragraph (j) (valued at the time of the making thereof, and without giving effect to any write-downs or write-offs thereof) shall not exceed $25.0 million (plus any returns of capital actually received by the respective investor in respect of Investments theretofore made by it pursuant to this paragraph (j));

(k) Investments constituting Permitted Business Acquisitions;

(l) Investments consisting of the licensing or contribution of intellectual property pursuant to joint marketing arrangements with other persons or in the ordinary course of business;

(m) intercompany loans and other Investments between Subsidiaries that are not Loan Parties and Guarantees by Subsidiaries that are not Loan Parties permitted by Section 6.01(l);

(n) Investments consisting of purchases and acquisitions of Inventory, supplies, materials and equipment or purchases of contract rights or licenses or leases of intellectual property in each case in the ordinary course of business;

(o) the Transactions;

(p) Investments received in connection with the bankruptcy or reorganization of, or settlement of delinquent accounts and disputes with or judgments against, customers and suppliers, in each case in the ordinary course of business or Investments acquired by the U.S. Borrower or any Subsidiary as a result of a foreclosure by the U.S. Borrower or any of the Subsidiaries with respect to any secured Investments or other transfer of title with respect to any secured Investment in default;

(q) Investments of a Subsidiary acquired after the Closing Date or of an entity merged into, or amalgamated or consolidated with, the U.S. Borrower or merged into or amalgamated or consolidated with a Subsidiary in accordance with Section 6.05 after the Closing Date to the extent that such Investments were not made in contemplation of or in connection with such acquisition, merger or consolidation and were in existence on the date of such acquisition, merger or consolidation; and

(r) Investments received substantially contemporaneously in exchange for Equity Interests of the U.S. Borrower or any Parent Entity;

(s) Guarantees by the U.S. Borrower or any Subsidiary of operating leases (other than Capital Lease Obligations) or of other obligations that do not constitute Indebtedness, in each case entered into by any Subsidiary in the ordinary course of business;

(t) Investments in connection with the purchase, cancellation, or repayment of the Industrial Revenue Bonds, at par or at a premium;

(u) Investments consisting of the redemption, purchase, repurchase or retirement of any Equity Interests permitted under Section 6.06;

(v) Investments in the ordinary course of business consisting of Uniform Commercial Code Article 3 endorsements for collection or deposit and Uniform Commercial Code Article 4 customary trade arrangements with customers consistent with past practices;

(w) advances in the form of a prepayment of expenses, so long as such expenses are being paid in accordance with customary trade terms of the U.S. Borrower or the Subsidiaries;

(x) Investments by U.S. Borrower or the Subsidiaries, including loans to any Parent Entity, if the U.S. Borrower or any other Subsidiary would otherwise be permitted to make a Dividend in such amount (provided that the amount of any such Investment shall also be deemed to be a Dividend under the appropriate clause of Section 6.06 for all purposes of this Agreement);

(y) acquisitions by any Loan Party of obligations of one or more officers or other employees of the U.S. Borrower, any Parent Entity, such Loan Party or its subsidiaries in connection with such officer's or employee's acquisition of Equity Interests of the U.S. Borrower or any Parent Entity, so long as no cash is actually advanced by the U.S. Borrower, any other Borrower or any of the Subsidiaries to such officers or employees in connection with the acquisition of any such obligations;

(z) Investments to the extent that payment for such Investments is made with Equity Interests of the U.S. Borrower or any Parent Entity;

(aa) Guarantees permitted under Section 6.01 (except to the extent such Guarantee is expressly subject to this Section 6.04); and

(ab) other Investments, provided that, after giving effect to such Investment on a Pro Forma Basis, the Payment Conditions are satisfied.

The amount of Investments that may be made at any time pursuant to either Section 6.04(b) or 6.04(j) (such Sections, the "Related Sections") may, at the election of the U.S. Borrower, be increased by the amount of Investments that could be made at such time under the other Related Section; provided that the amount of each such increase in respect of one Related Section shall be treated as having been used under the other Related Section.

Section 6.05 Mergers, Consolidations, Sales of Assets and Acquisitions. Merge into or consolidate with any other person, or permit any other person to merge into or consolidate with it, or sell, transfer, lease or otherwise dispose of (in one transaction or in a series of transactions) all or any part of its assets (whether now owned or hereafter acquired), or issue, sell, transfer or otherwise dispose of any Equity Interests of any Subsidiary or, except to the extent otherwise permitted by Section 6.01, any Disqualified Stock of the U.S. Borrower, or purchase, lease or otherwise acquire (in one transaction or a series of transactions) all or any substantial part of the assets of any other person, except that this Section shall not prohibit:

(a) (i) the lease, purchase and sale of Inventory in the ordinary course of business by the U.S. Borrower or any Subsidiary, (ii) the acquisition or lease (pursuant to an operating lease) of any other asset in the ordinary course of business by the U.S. Borrower or any Subsidiary, (iii) the sale of surplus, obsolete or worn out equipment or other property in the ordinary course of business by the U.S. Borrower or any Subsidiary or (iv) the sale or disposition of Permitted Investments in the ordinary course of business;

(b) if at the time thereof and immediately thereafter no Default shall have occurred and be continuing or would result therefrom, (i) the merger, amalgamation or consolidation of any Subsidiary into the U.S. Borrower in a transaction in which the U.S. Borrower is the survivor, (ii) the merger, amalgamation or consolidation of any Domestic Subsidiary into or with any Domestic Subsidiary Loan Party in a transaction in which the surviving or resulting entity is a Domestic Subsidiary Loan Party or the merger or consolidation of any Foreign Subsidiary into or with any Foreign Subsidiary Loan Party in a transaction in which the surviving or resulting entity is a Foreign Subsidiary Loan Party and, in the case of each of clauses (i) and (ii), no person other than the U.S. Borrower or a Subsidiary Loan Party receives any consideration, (iii) the merger, amalgamation or consolidation of any Subsidiary that is not a Subsidiary Loan Party into or with any other Subsidiary that is not a Subsidiary Loan Party, (iv) the liquidation or dissolution or change in form of entity of any Subsidiary (other than any Borrower) if the U.S. Borrower determines in good faith that such liquidation, dissolution or change in form is in the best interests of the U.S. Borrower or such Subsidiary and is not materially disadvantageous to the Lenders or

(v) any Subsidiary may merge with any other person in order to effect an Investment permitted pursuant to Section 6.04 so long as the continuing or surviving person shall be a Subsidiary;

(c) sales, transfers, leases, licenses or other dispositions (i) to the U.S. Borrower or a Subsidiary (upon voluntary liquidation or otherwise); provided that any sales, transfers, leases or other dispositions by a Loan Party to a Subsidiary that is not a Subsidiary Loan Party in reliance on this paragraph (c) shall be made in compliance with Sections 6.04 and 6.07 or shall be made at a time when the Payment Conditions are satisfied or (ii) by any Subsidiary that is not a Subsidiary Loan Party;

(d) Sale and Lease-Back Transactions permitted by Section 6.03;

(e) Investments permitted by Section 6.04, Liens permitted by Section 6.02 and Dividends permitted by Section 6.06;

(f) any swap of assets in exchange for services or other assets in the ordinary course of business of comparable or greater value or usefulness to the business of the U.S. Borrower and the Subsidiaries as a whole, as determined in good faith by the management of the U.S. Borrower, which in the event of a swap with a fair market value in excess of (x) $10.0 million shall be evidenced by a certificate from a Responsible Officer of the U.S. Borrower and (y) $25.0 million shall be set forth in a resolution approved in good faith by at least a majority of the Board of Directors of the U.S. Borrower;

(g) the sale or other disposition of defaulted receivables and the compromise, settlement and collection of receivables in the ordinary course of business or in bankruptcy or other proceedings concerning the account party thereon and not as part of an accounts receivable financing transaction;

(h) sales, transfers, leases or other dispositions of assets (other than the ABL Priority Collateral); provided that the net proceeds thereof, if any, are applied in accordance with the terms of the First Lien Notes Documents (or the document governing any Permitted Refinancing Indebtedness in respect thereof), to the extent required thereby;

(i) Permitted Business Acquisitions (including any merger, consolidation or asset acquisition in connection with a Permitted Business Acquisition); provided that, following any such merger or consolidation (i) involving any Borrower, such Borrower is the surviving corporation (and, if such merger or consolidation involves the U.S. Borrower, the U.S. Borrower is the surviving corporation), (ii) involving a Subsidiary Loan Party, the surviving or resulting entity shall be a Subsidiary Loan Party that is a Wholly Owned Subsidiary and (iii) involving a Subsidiary that is not a Loan Party, the surviving or resulting entity shall be a Wholly Owned Subsidiary;

(j) leases, licenses, cross-licensing arrangements, or subleases or sublicenses of any real or personal property (including any technology or other intellectual property) of the U.S. Borrower or any Subsidiary in the ordinary course of business;

(k) sales, leases or other dispositions of inventory of the U.S. Borrower and the Subsidiaries determined by the management of the U.S. Borrower to be no longer useful or necessary in the operation of the business of the U.S. Borrower or any of the Subsidiaries;

(l) sales, transfers, leases or other dispositions; provided that (i) the aggregate gross proceeds thereof shall not exceed, in any fiscal year of the U.S. Borrower, $50.0 million, (ii) no Default or Event of Default exists or would result therefrom and (iii) any net cash proceeds received by the U.S. Borrower or a Subsidiary in any such sale, transfer, lease or disposition shall be applied in accordance with Section 2.12(e); provided further that amounts not fully utilized in any fiscal year may be carried forward and utilized in subsequent fiscal years;

(m) other sales, transfers, leases or dispositions; provided that (i) no Default or Event of Default exists or would result therefrom and (ii) after giving effect to any such sale, transfer, lease or other disposition on a Pro Forma Basis, the Payment Conditions are satisfied; provided further that, if such sale, transfer, lease or other disposition decreases the Global Borrowing Base by 10.0% or more (after giving effect thereto), the U.S. Borrower shall deliver a pro forma Borrowing Base Certificate on or prior to the date thereof;

(n) the purchase and sale or other transfer (including by capital contribution) of Receivables Assets pursuant to Permitted Receivables Financings or factoring programs; provided that (i) a sale or other transfer to a person other than a Loan Party of any TRE Receivable included as an Eligible Receivable in the calculation of any Borrowing Base in the most recently delivered Borrowing Base Certificate pursuant to 5.05(f) shall not be permitted and (ii) the purchase and sale or other transfer (including by capital contribution) of Receivables Assets by the Loan Parties pursuant to factoring programs shall not exceed $75.0 million outstanding at any time (calculated as the aggregate cash amount paid by the purchasers under any such factoring program in connection with their purchase of Receivables Assets or interests therein, as the same may be reduced from time to time by collections with respect to such Receivables Assets); and

(o) the Transactions.

Notwithstanding anything to the contrary contained in Section 6.05 above, (i) no sale, transfer or other disposition of assets shall be permitted by this Section 6.05 (other than sales, transfers, leases, licenses or other dispositions (x) to Loan Parties or (y) permitted by Sections 6.05(e), (g), (k) or (o)) unless such disposition is for fair market value (as determined by the U.S. Borrower in good faith), and (ii) no sale, transfer or other disposition of assets shall be permitted by paragraph (a), (c)(ii), (d), (h), (l) or (m) of this Section 6.05 unless such disposition is for at least 75% cash consideration; provided that the provisions of clause (ii) shall not apply to any individual transaction or series of related transactions involving assets with a fair market value of less than $10.0 million; and provided further that, for purposes of clause (ii), (A) the amount of any liabilities (as shown on the U.S. Borrower's or any Subsidiary's most recent balance sheet or in the notes thereto) of the U.S. Borrower or any Subsidiary of the U.S. Borrower (other than liabilities that are by their terms subordinated to the Obligations) that are assumed by the transferee of any such assets or otherwise cancelled in connection with such transaction, (B) any notes or other obligations or other securities or assets received by the U.S. Borrower or such Subsidiary of the U.S. Borrower from such transferee that are converted by the U.S. Borrower or such Subsidiary of the U.S. Borrower into cash within 180 days of the receipt thereof (to the extent of the cash received) and (C) any Designated Non-Cash Consideration received by the U.S. Borrower or any of the Subsidiaries in such transaction ((1) having an aggregate fair market value, taken together with all other Designated Non-Cash Consideration received pursuant to this clause (C)(1) that is at that time outstanding, not to exceed $50.0 million at the time of the receipt of such Designated Non-Cash Consideration (with the fair market value of each item of Designated Non-Cash Consideration being measured at the time received and without giving effect to subsequent changes in value), or (2) after giving effect to such receipt on a Pro Forma Basis, the Payment Conditions are satisfied), shall, in each case of clause (A), (B) and (C), be deemed to be cash. To the extent any Collateral is disposed of in a transaction permitted by this Section 6.05 to any person other than a Loan Party, such Collateral shall be sold free and clear of the Liens created by the Loan Documents, and the Administrative Agent shall take, and shall be authorized by each Lender to take, any actions reasonably requested by the U.S. Borrower in order to evidence the foregoing.

Section 6.06 Dividends and Distributions. Declare or pay, directly or indirectly, any dividend or make, directly or indirectly, any other distribution (by reduction of capital or otherwise), whether in cash, property, securities or a combination thereof, with respect to any of its Equity Interests (other than dividends and distributions on Equity Interests payable solely by the issuance of additional Equity Interests (other than Disqualified Stock) of the person paying such dividends or distributions) or directly or indirectly redeem, purchase, retire or otherwise acquire for value (or permit any Subsidiary to purchase or acquire) any Equity Interests of the U.S. Borrower or set aside any amount for any such purpose (other than through the issuance of additional Equity Interests (other than Disqualified Stock) of the U.S. Borrower or any Parent Entity (any of the foregoing dividends, distributions, redemptions, repurchases, retirements, other acquisitions or setting aside of amounts, "Dividends"); provided, however, that:

(a) any Subsidiary may declare and pay Dividends to the U.S. Borrower or to any Wholly Owned Subsidiary of the U.S. Borrower (or, in the case of non-Wholly Owned Subsidiaries, to the U.S. Borrower or any Subsidiary that is a direct or indirect parent of such Subsidiary and to each other owner of Equity Interests of such Subsidiary on a pro rata basis (or more favorable basis from the perspective of the U.S. Borrower or such Subsidiary) based on their relative ownership interests so long as any repurchase of its Equity Interests from a person that is not the U.S. Borrower or a Subsidiary is permitted under Section 6.04);

(b) prior to a Qualified IPO of the U.S. Borrower, (i) the U.S. Borrower or any Subsidiary may declare and pay Dividends in respect of (A) overhead and legal, accounting and other professional fees and expenses of any Parent Entity, (B) fees and expenses related to any public offering or private placement of debt or equity securities of any Parent Entity (whether or not successful), (C) franchise taxes and other fees, taxes and expenses in connection with the maintenance of any Parent Entity's existence and its direct or indirect ownership of the U.S. Borrower; provided that, in the case of such clauses (A), (B) and (C), the amount of such Dividends shall not exceed the portion of any amounts referred to in such clauses (A), (B) and (C) that are allocable to the U.S. Borrower and its Subsidiaries (which shall be 100.0% for so long as such Parent Entity owns no assets other than the Equity Interests in the U.S. Borrower or a Parent Entity); (ii) payments permitted by Section 6.07(b); (iii) customary salary, bonus and other benefits payable to, and indemnities provided on behalf of, officers and employees of any Parent Entity, in each case in order to permit such Parent Entity to make such payments; and (iv) Tax Distributions.

(c) the U.S. Borrower or any Subsidiary may make Dividends to any Parent Entity the proceeds of which are used to purchase or redeem Equity Interests of any Parent Entity or the U.S. Borrower (including related stock appreciation rights or similar securities) held by then present or former directors, consultants, officers or employees of any Parent Entity or the U.S. Borrower or any of the Subsidiaries or by any Plan or any shareholders' agreement then in effect upon such person's death, disability, retirement or termination of employment or under the terms of any such Plan or any other agreement under which such shares of stock or related rights were issued; provided that the aggregate amount of such purchases or redemptions under this paragraph (c) shall not exceed in any fiscal year $10.0 million (plus the amount of net proceeds (x) received by any Parent Entity (to the extent contributed to the U.S. Borrower) or the U.S. Borrower during such calendar year from sales of Equity Interests of any Parent Entity or the U.S. Borrower, to directors, consultants, officers or employees of any Parent Entity, the U.S. Borrower or any Subsidiary in connection with permitted employee compensation and incentive arrangements and (y) of any key-man life insurance policies received during such calendar year), which, if not used in any year, may be carried forward to any subsequent calendar year; and provided further that cancellation of Indebtedness owing to the U.S. Borrower or any Subsidiary from members of management of any Parent Entity, the U.S. Borrower or any Subsidiary in connection with a repurchase of Equity Interests of any Parent Entity will not be deemed to constitute a Dividend for purposes of this Section 6.06;

(d) non-cash repurchases of Equity Interests deemed to occur upon exercise of stock options if such Equity Interests represent a portion of the exercise price of such options are permitted hereunder;

(e) the U.S. Borrower or any Subsidiary may pay Dividends so long as, after giving effect to such Dividends on a Pro Forma Basis, the Payment Conditions are satisfied;

(f) as long as no Default or Event of Default is continuing or would result therefrom, the U.S. Borrower or any Subsidiary may pay Dividends in an aggregate amount equal to (i) together with any payments or distributions made under Section 6.09(b)(i)(e), $10.0 million plus (ii) the cash proceeds to the U.S. Borrower of the substantially contemporaneous issuance, sale or exchange of Equity Interests of the U.S. Borrower or any Parent Entity;

(g) the U.S. Borrower or any Subsidiary may make Constructive Distributions;

(h) the U.S. Borrower or any Subsidiary may pay Dividends to minority shareholders of any subsidiary that is acquired pursuant to a Permitted Business Acquisition pursuant to appraisal or dissenters' rights with respect to shares of such subsidiary held by such shareholders;

(i) the U.S. Borrower and its Subsidiaries may consummate the Transactions;

(j) the U.S. Borrower or any Subsidiary may pay Dividends to allow any Parent Entity to make payments in cash, in lieu of the issuance of fractional shares, upon the exercise of warrants or upon the conversion or exchange of Equity Interests of any such person; and

(k) the U.S. Borrower or any Subsidiary may make Dividends to any Parent Entity to finance any Investment permitted to be made pursuant to Section 6.04; provided that (i) such Dividends shall be made substantially concurrently with the closing of such Investment and (ii) such Parent Entity shall, immediately following the closing thereof, cause (A) all property acquired (whether assets or Equity Interests) to be contributed to the U.S. Borrower or a Subsidiary or (B) the merger (to the extent permitted in Section 6.05) of the person formed or acquired into the U.S. Borrower or a Subsidiary in order to consummate such Permitted Business Acquisition or Investment, in each case, subject to the requirements of Section 5.10.

Section 6.07 Transactions with Affiliates.

(a) Sell or transfer any property or assets to, or purchase or acquire any property or assets from, or otherwise engage in any other transaction with, any of its Affiliates or any known direct or indirect holder of 10% or more of any class of capital stock of the U.S. Borrower in a transaction involving aggregate consideration in excess of $5.0 million, unless such transaction is (i) otherwise expressly permitted (or required) with such Affiliates or holders under this Agreement or (ii) upon terms no less favorable to the U.S. Borrower or such Subsidiary, as applicable, than would be obtained in a comparable arm’s length transaction with a person that is not an Affiliate.

(b) The foregoing paragraph (a) shall not prohibit, to the extent otherwise permitted under this Agreement:

(i) any issuance of securities, or other payments, awards or grants in cash, securities or otherwise pursuant to, or the funding of, employment arrangements, equity purchase agreements, stock options and stock ownership plans approved by the Board of Directors of the U.S. Borrower;

(ii) loans or advances to employees or consultants of any Parent Entity, the U.S. Borrower or any of the Subsidiaries in accordance with Section 6.04(e);

(iii) transactions among the U.S. Borrower and any Subsidiary or any entity that becomes a Subsidiary as a result of such transaction (including via merger, amalgamation or consolidation in which a Subsidiary is the surviving entity) not prohibited by this Agreement;

(iv) the payment of fees, reasonable out-of-pocket costs and indemnities to directors, officers, consultants and employees of any Parent Entity, the U.S. Borrower and the Subsidiaries in the ordinary course of business (limited, in the case of any Parent Entity, to the portion of such fees and expenses that are allocable to the U.S. Borrower and its Subsidiaries (which shall be 100.0% for so long as such Parent Entity owns no assets other than the Equity Interests in the U.S. Borrower or another Parent Entity and assets incidental to the ownership of the U.S. Borrower and the Subsidiaries);

(v) transactions pursuant to the agreements and arrangements in existence on the Closing Date and set forth on Schedule 6.07 to the 2013 Credit Agreement or any amendment thereto or a substantially similar transaction or arrangement to the extent such amendment or substantially similar transaction or arrangement is not adverse to the Lenders in any material respect;

(vi) (A) any employment agreements entered into by the U.S. Borrower or any of the Subsidiaries in the ordinary course of business, (B) any subscription agreement or similar agreement pertaining to the repurchase of Equity Interests pursuant to put/call rights or similar rights with employees, officers or directors, and (C) any employee compensation, benefit plan or arrangement, any health, disability or similar insurance plan which covers employees, and any reasonable employment contract and transactions pursuant thereto;

(vii) Dividends permitted under Section 6.06, including payments to any Parent Entity;

(viii) any purchase of Equity Interests of the U.S. Borrower or any contribution to the equity capital of the U.S. Borrower;

(ix) payments by the U.S. Borrower or any of the Subsidiaries to the Fund or any Fund Affiliate made for any customary financial advisory, financing, underwriting or placement services or in respect of other investment banking activities, including in connection with acquisitions or divestitures, which payments are approved by the majority of the Board of Directors of Holdings (prior to a Qualified IPO), or the U.S. Borrower, or a majority of disinterested members of such Board, in good faith;

(x) payments or loans (or cancellation of loans) to employees or consultants that are (i) approved by a majority of the Board of Directors or the managing member of the U.S. Borrower in good faith, (ii) made in compliance with applicable law and (iii) otherwise permitted under this Agreement;

(xi) transactions with Subsidiaries for the purchase or sale of goods, products, parts and services entered into in the ordinary course of business;

(xii) any transaction in respect of which the U.S. Borrower delivers to the Administrative Agent a letter addressed to the Board of Directors of the U.S. Borrower from an accounting, appraisal or investment banking firm, in each case of nationally recognized standing, that is (a) in the good faith determination of the U.S. Borrower qualified to render such letter and (b) reasonably satisfactory to the Administrative Agent, which letter states that (A) such transaction is on terms that are no less favorable to the U.S. Borrower or such Subsidiary, as applicable, than would be obtained in a comparable arm's-length transaction with a person that is not an Affiliate or (B) is fair, from a financial point of view, to the U.S. Borrower or such Subsidiary;

(xiii) subject to clause (xix) below, the payment of all fees, expenses, bonuses and awards related to the Transactions and the 2015 Transactions, or as set forth on Schedule 6.07 to the 2013 Credit Agreement, including fees payable to the Fund or any Fund Affiliate;

(xiv) transactions with customers, clients, suppliers, or purchasers or sellers of goods or services, in each case in the ordinary course of business and otherwise in compliance with the terms of this Agreement and upon terms no less favorable to the U.S. Borrower or the Subsidiaries than would be obtained in a comparable arm's length transaction with a person that is not an Affiliate (as determined by the U.S. Borrower in good faith);

(xv) transactions between the U.S. Borrower or any of the Subsidiaries and any person, a director of which is also a director of the U.S. Borrower or any Parent Entity, provided, however, that (A) such director abstains from voting as a director of the U.S. Borrower or such Parent Entity, as the case may be, on any matter involving such other person and (B) such person is not an Affiliate of the U.S. Borrower for any reason other than such director's acting in such capacity;

(xvi) transactions with joint ventures for the purchase or sale of goods, equipment and services entered into in the ordinary course of business and in a manner consistent with past practice;

(xvii) transactions permitted by, and complying with, the provisions of Section 6.05;

(xviii) transactions pursuant to any Permitted Receivables Financing;

(xix) any agreement to pay, and the payment of, monitoring, management, transaction, advisory or similar fees payable to the Fund or any Fund Affiliate (by the U.S. Borrower and all Subsidiaries) in the aggregate amount in any fiscal year not to exceed the sum of (i) the greater of (x) $3.0 million and (y) 2.0% of EBITDA of the U.S. Borrower and the Subsidiaries on a consolidated basis for the immediately preceding fiscal year; plus (ii) any deferred fees (to the extent such fees were within such amount in clause (i) above originally), plus (iii) 1.0% of the value of transactions with respect to which the Fund or any Fund Affiliate provides any transaction, advisory or other services, plus (iv) as long as no Event of Default has occurred and is continuing, in the event of a Qualified IPO, the present value of all future amounts payable pursuant to any agreement referred to above in connection with the termination of such agreement with the Fund and its Fund Affiliates; provided that, if any such payment pursuant to clause (iv) is not permitted to be paid as a result of an Event of Default, such payment shall accrue and may be payable when no Events of Default are continuing to the extent that no further Event of Default would result therefrom;

(xx) intercompany transactions for the purpose of improving the consolidated tax efficiency of the U.S. Borrower and the Subsidiaries; and

(xxi) payments by any Parent Entity, the U.S. Borrower and the Subsidiaries pursuant to tax sharing agreements among such Parent Entity, the U.S. Borrower and the Subsidiaries on customary terms that require each party to make payments when such taxes are due or refunds received of amounts equal to the income tax liabilities and refunds generated by each such party calculated on a separate return basis and payments to the party generating tax benefits and credits of amounts equal to the value of such tax benefits and credits made available to the group by such party.

Section 6.08 Business of the U.S. Borrower and the Subsidiaries. Notwithstanding any other provisions hereof, engage at any time in any business or business activity other than:

(a) in the case of the U.S. Borrower and any Material Subsidiary (other than the Notes Issuers), any business or business activity conducted by any of them on the Closing Date and any business or business activities incidental or related thereto, or any business or activity that is reasonably similar or complementary thereto or a reasonable extension, development or expansion thereof or ancillary thereto, including the consummation of the Transactions, 2015 Transactions and the Note Transactions;

(b) in the case of a Special Purpose Receivables Subsidiary, Permitted Receivables Financings;

(c) in the case of any Notes Issuer, (i) ownership of intercompany loans, (ii) performance of its obligations under and in connection with the First Lien Notes Documents, the 1-1/2 Lien Notes Documents and the Second Lien Notes Documents, as applicable (and the documents governing any Permitted Refinancing Indebtedness in respect of the First Lien Notes, the 1-1/2 Lien Notes or the Second Lien Notes) and any other Indebtedness permitted to be incurred by them under Section 6.01 and the Loan Documents and (iii) actions required by law to maintain its existence.

Section 6.09 Limitation on Modifications and Payments of Indebtedness; Modifications of Certificate of Incorporation, By-Laws and Certain Other Agreements; etc.

(a) Amend or modify in any manner materially adverse to the Lenders, or grant any waiver or release under or terminate in any manner (if such granting or termination shall be materially adverse to the Lenders), the articles or certificate of incorporation or by-laws or limited liability company operating agreement or other organizational documents of the U.S. Borrower, any Subsidiary Loan Party or any Material Subsidiary the equity of which is pledged pursuant to a Security Document.

(b) (i) Make, directly or indirectly, any payment or other distribution (whether in cash, securities or other property) of or in respect of principal of or interest on any Indebtedness of the U.S. Borrower or any Subsidiary Loan Party that is expressly subordinate to the Loan Document Obligations ("Junior Financing"), 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 Junior Financing except for (a) Refinancings permitted by Section 6.01(k), (r) or (w), (b) payments of regularly scheduled interest, and, to the extent this Agreement is then in effect, principal on the scheduled maturity date of any Junior Financing, (c) payments or distributions in respect of all or any portion of the Junior Financing with the proceeds contributed to the U.S. Borrower or any Subsidiary by the U.S. Borrower or any Parent Entity from the issuance, sale or exchange by the U.S. Borrower (or any direct or indirect parent of the U.S. Borrower) of Equity Interests made within eighteen months prior thereto, (d) the conversion of any Junior Financing to Equity Interests of the U.S. Borrower or any of its direct or indirect parents; and (e) so long as no Default or Event of Default has occurred and is continuing or would result therefrom, payments or distributions in respect of Junior Financings prior to their scheduled maturity (1) made, in an aggregate amount, together with any Dividends made under Section 6.06(f)(i), not to exceed $10.0 million or (2) if, after giving effect to such payment and distributions on a Pro Forma Basis, the Payment Conditions are satisfied; or

(ii) Amend or modify, or permit the amendment or modification of, any provision of any Junior Financing (or any Permitted Refinancing Indebtedness in respect thereof) or any agreement, document or instrument evidencing or relating thereto, other than amendments or modifications that (a) are not in any manner materially adverse to Lenders and that do not affect the subordination or payment provisions thereof (if any) in a manner adverse to the Lenders or (b) otherwise comply with the definition of "Permitted Refinancing Indebtedness".

(c) Permit any Material Subsidiary or, in the case of clause (ii) below, the U.S. Borrower, to enter into any agreement or instrument that by its terms restricts (i) the payment of dividends or distributions or the making of cash advances by such Material Subsidiary to Holdings, the U.S. Borrower or any Subsidiary that is a direct or indirect parent of such Subsidiary Loan Party or (ii) the granting of Liens by such Material Subsidiary or the U.S. Borrower pursuant to the Security Documents, in each case other than those arising under any Loan Document, except, in each case, restrictions existing by reason of:

(A) restrictions imposed by applicable law;

(B) contractual encumbrances or restrictions (i) in effect on the Closing Date (including under the First Lien Notes Documents, the 1-1/2 Lien Notes Documents and the Second Lien Notes Documents), (ii) under any Additional Letter of Credit Facility, (iii) on the granting of Liens pursuant to documentation governing Indebtedness incurred in compliance with Section 6.01 that is secured by Liens pursuant to Section 6.02 on terms that are consistent with, or not materially more restrictive, taken as a whole, than, the restrictions set forth in any of the Notes, or (iv) pursuant to documentation related to any permitted renewal, extension or refinancing of any Indebtedness existing on the Closing Date that does not materially expand the scope of any such encumbrance or restriction;

(C) any restriction on a Subsidiary imposed pursuant to an agreement entered into for the sale or disposition of all or substantially all the Equity Interests or assets of such Subsidiary pending the closing of such sale or disposition;

(D) customary provisions in joint venture agreements and other similar agreements applicable to joint ventures entered into in the ordinary course of business;

(E) any restrictions imposed by any agreement relating to secured Indebtedness permitted by this Agreement (other than Indebtedness secured by Second-Priority Liens on the Collateral) to the extent that such restrictions apply only to the property or assets securing such Indebtedness;

(F) customary provisions contained in leases or licenses of intellectual property and other similar agreements entered into in the ordinary course of business;

(G) customary provisions restricting subletting or assignment of any lease governing a leasehold interest;

(H) customary provisions restricting assignment of any agreement entered into in the ordinary course of business;

(I) customary restrictions and conditions contained in any agreement relating to the sale, transfer, lease or other disposition of any asset permitted under Section 6.05 pending the consummation of such sale, transfer, lease or other disposition;

(J) any agreement in effect at the time such subsidiary becomes a Subsidiary, so long as such agreement was not entered into in contemplation of such person becoming a Subsidiary and such restriction does not apply to the U.S. Borrower or any other Subsidiary;

(K) customary net worth provisions contained in real property leases entered into by the U.S. Borrower or its Subsidiaries, so long as the U.S. Borrower has determined in good faith that such net worth provisions would not reasonably be expected to impair the ability of the U.S. Borrower and the Subsidiaries to meet their ongoing obligations;

(L) restrictions in agreements representing Indebtedness permitted under Section 6.01 of a Subsidiary of the U.S. Borrower that is not a Subsidiary Loan Party;

(M) restrictions on cash or other deposits imposed by customers under contracts entered into in the ordinary course of business;

(N) restrictions contained in any Permitted Receivables Document with respect to any Special Purpose Receivables Subsidiary;

(O) any restrictions imposed by any agreement relating to Indebtedness incurred pursuant to Sections 6.01(k), (r) or (w) or Permitted Refinancing Indebtedness in respect thereof, to the extent such restrictions are not more restrictive, taken as a whole, than the restrictions contained in any of the Notes or any Permitted Refinancing Indebtedness in respect thereof; or

(P) any encumbrances or restrictions of the type referred to in Sections 6.09(c)(i) and 6.09(c)(ii) above imposed by any amendments, modifications, restatements, renewals, increases, supplements, refundings, replacements or refinancings of the contracts, instruments or obligations referred to in clauses (A) through (O) above; provided that such amendments, modifications, restatements, renewals, increases, supplements, refundings, replacements or refinancings are, in the good faith judgment of the U.S. Borrower, no more restrictive with respect to such dividend and other payment restrictions than those contained in the dividend or other payment restrictions prior to such amendment, modification, restatement, renewal, increase, supplement, refunding, replacement or refinancing.

Section 6.10 Fixed Charge Coverage Ratio. If at the close of business on any day an Availability Trigger Event shall exist, permit the Fixed Charge Coverage Ratio to be less than 1.0 to 1.0 until such time as no Availability Trigger Event shall exist. For purposes of this testing, (a) the Fixed Charge Coverage Ratio will be computed based upon the information available as of the last day of the most recent fiscal quarter ending prior to such day for which financial statements are available, and (b) whether an Availability Trigger Event exists will be continually tested as of the close of business each day so that the Fixed Charge Coverage Ratio may apply (or not apply) multiple times within any particular fiscal quarter. Additionally, for purposes of this Section 6.10, when calculating Excess Availability under the definition of "Availability Trigger Event", Excess Availability for a non-Business Day shall be Excess Availability as of the immediately preceding Business Day.

Section 6.11 Swap Agreements. Enter into any Swap Agreement for speculative purposes. For the avoidance of doubt, the following shall not be deemed speculative: (a) Swap Agreements entered into in the ordinary course of business to hedge or mitigate risks to which the U.S. Borrower or any Subsidiary is exposed in the conduct of its business or the management of its liabilities (including raw material, supply costs and currency risks), (b) Swap Agreements entered into in order to effectively cap, collar or exchange interest rates (from fixed to floating rates, from one floating rate to another floating rate or otherwise) with respect to any interest-bearing liability or investment of Holdings (prior to a Qualified IPO), the U.S. Borrower or any Subsidiary, and (c) Swap Agreements entered into in order to swap currency in connection with funding the business of Holdings, the U.S. Borrower and the Subsidiaries in the ordinary course of business.

Section 6.12 No Other "Designated Senior Debt". Designate, or permit the designation of, any Indebtedness as "Designated Senior Debt" or any other similar term for the purpose of the definition of the same in, or the subordination provisions contained in, any indenture governing Indebtedness permitted to be incurred hereunder that is senior subordinated Indebtedness, other than the Obligations under this Agreement and the other Loan Documents and the obligations in respect of the Notes and other senior debt permitted to be incurred under Section 6.01 and any Permitted Refinancing Indebtedness in respect thereof.

Section 6.13 Fiscal Year; Accounting. In the case of the U.S. Borrower or any Subsidiary, permit its fiscal year to end on any date other than December 31 without prior notice to the Administrative Agent given concurrently with any required notice to the SEC.

ARTICLE VIA

HOLDINGS' NEGATIVE COVENANT

SECTION 6.01A. Holdings' Negative Covenant. Holdings covenants and agrees with each Lender that, until the earlier of a Qualified IPO and the Termination Date, unless the Required Lenders shall otherwise consent in writing, (a) Holdings will not create, incur, assume or permit to exist any Lien (other than Liens of a type permitted by Section 6.02(d), (e), (k) or (q)) on any of the Equity Interests issued by the U.S. Borrower to Holdings other than Liens created under the Loan Documents and Liens securing any First Lien Notes or other Indebtedness secured by first-priority liens on the Collateral permitted by Section 6.02 and (b) Holdings shall do or cause to be done all things necessary to preserve, renew and keep in full force and effect its legal existence; provided that, so long as no Default exists or would result therefrom, Holdings may merge with any other person.

ARTICLE VII

EVENTS OF DEFAULT

Section 7.01 Events of Default. In case of the happening of any of the following events ("Events of Default"):

(a) any representation or warranty made or deemed made by the U.S. Borrower or any other Loan Party in any Loan Document, or any representation, warranty, statement or information contained in any report, certificate (including the Borrowing Base Certificate and the Perfection Certificate), financial statement or other instrument furnished in connection with or pursuant to any Loan Document, shall prove to have been false or misleading in any material respect when so made, deemed made or furnished by the U.S. Borrower or any other Loan Party;

(b) default shall be made in the payment of any principal of any Loan when and as the same shall become due and payable, whether at the due date thereof or at a date fixed for prepayment thereof or by acceleration thereof or otherwise;

(c) default shall be made in the payment of any interest on any Loan or on any L/C Disbursement, the reimbursement with respect to any L/C Disbursement or in the payment of any Fee or any other amount (other than an amount referred to in paragraph (b) above) due under any Loan Document, when and as the same shall become due and payable, and such default shall continue unremedied for a period of five Business Days;

(d) any default shall be made in the due observance or performance by the U.S. Borrower (or, with respect to Section 5.08, the Dutch Borrower) of any covenant, condition or agreement contained in Section 5.01(a) (with respect to the U.S. Borrower), 5.05(a), 5.08, or in Article VI (subject to Section 7.03);

(e) default shall be made in the due observance or performance by the U.S. Borrower or any Subsidiary Loan Party of any covenant, condition or agreement contained in any Loan Document (other than defaults specifically addressed in paragraphs (b), (c) and (d) above and (l)(iv) below) and such default shall continue unremedied for a period of 30 days (or, in the case of Section 5.12(a)(vi), (b) and (d)(ii) only, five (5) Business Days) after notice thereof from the Administrative Agent to the U.S. Borrower;

(f) (i) any event or condition occurs that (A) results in any Material Indebtedness becoming due prior to its scheduled maturity or (B) enables or permits (with all applicable grace periods having expired) the holder or holders of any Material Indebtedness or any trustee or agent on its or their behalf to cause any Material Indebtedness to become due, or to require the prepayment, repurchase, redemption or defeasance thereof, prior to its scheduled maturity or (ii) the U.S. Borrower or any Subsidiary shall fail to pay the principal of any Material Indebtedness at the stated final maturity thereof; provided that this clause (f) shall not apply to secured Indebtedness that becomes due as a result of the voluntary sale or transfer of the property or assets securing such Indebtedness if such sale or transfer is permitted hereunder and under the documents providing for such Indebtedness;

(g) there shall have occurred a Change in Control;

(h) an involuntary case or proceeding shall be commenced or an involuntary petition shall be filed (including the filing of a notice of intention in respect thereof) relating to (i) the liquidation, reorganization, winding up, dissolution or suspension of general operations or other relief in respect of the U.S. Borrower or any of the Subsidiaries, or of a substantial part of the property or assets of the U.S. Borrower or any of the Subsidiaries under any Debtor Relief Law, (ii) the appointment of a liquidator, receiver, administrator, administrative receiver, compulsory manager, interim receiver, receiver and manager, trustee, custodian, sequestrator, conservator or similar official for the U.S. Borrower or any of the Subsidiaries or for a substantial part of the property or assets of the U.S. Borrower or any of the Subsidiaries; or (iii) the winding-up or liquidation of the U.S. Borrower or any of the Subsidiaries (except, in the case of any Subsidiary (other than any Borrower), in a transaction permitted by Section 6.05); and such proceeding or petition shall continue undismissed for 60 days (but in respect of any Subsidiary incorporated in England and Wales, 28 days) or an order or decree approving or ordering any of the foregoing shall be entered;

(i) the U.S. Borrower or any of the Subsidiaries shall (i) voluntarily commence any proceeding or file any petition or application seeking liquidation, winding up, reorganization or other relief under any Debtor Relief Law, (ii) consent to the institution of, or fail to contest in a timely and appropriate manner, any proceeding or the filing of any petition described in paragraph (h) above, (iii) apply for or consent to the appointment of a liquidator, receiver, administrative receiver, administrator, compulsory manager, interim receiver, receiver and manager, receiver, trustee, custodian, sequestrator, conservator or similar official for the U.S. Borrower or any of the Subsidiaries or for a substantial part of the property or assets of the U.S. Borrower or any of the Subsidiaries, (iv) file an answer admitting the material allegations of a petition filed against it in any such proceeding, (v) make a general assignment for the benefit of creditors or (vi) become unable, admit in writing its inability or fail generally to pay its debts as they become due;

(j) the failure by the U.S. Borrower or any Subsidiary to pay one or more final judgments aggregating in excess of $25.0 million (to the extent not covered by insurance), which judgments are not discharged or effectively waived or stayed for a period of 45 consecutive days, or any action shall be legally taken by a judgment creditor to levy upon assets or properties of the U.S. Borrower or any Subsidiary to enforce any such judgment;

(k) (i) a trustee shall be appointed by a U.S. district court to administer any Plan (ii) an ERISA Event or ERISA Events shall have occurred with respect to any Plan or Multiemployer Plan, (iii) the U.S. Borrower or any Subsidiary shall engage in any non-exempt "prohibited transaction" (as defined in Section 406 of ERISA or Section 4975 of the Code) involving any Plan or (iv) any Loan Party has been notified that such Loan Party has incurred a debt or other liability under Sections 75 or 75A of the United Kingdom's Pension Act 1995; and in each case in clauses (i) through (iv) above, such event or condition, together with all other such events or conditions, if any, could reasonably be expected to have a Material Adverse Effect;

(l) (i) any Loan Document shall for any reason be asserted in writing by the U.S. Borrower or any Subsidiary Loan Party not to be a legal, valid and binding obligation of any party thereto, (ii) any security interest purported to be created by any Security Document and to extend to a material portion of the Collateral of the U.S. Borrower and the Subsidiary Loan Parties on a consolidated basis shall cease to be, or shall be asserted in writing by the U.S. Borrower or any other Loan Party not to be, a valid and perfected security interest (perfected as or having the priority required by this Agreement or the relevant Security Document and subject to such limitations and restrictions as are set forth herein and therein) in the Collateral covered thereby, except to the extent that any such loss of perfection or priority results from the limitations of foreign laws, rules and regulations as they apply to pledges of Equity Interests in Foreign Subsidiaries (other than as set forth in the Foreign Pledge Agreement) or the application thereof, or from the failure of the Applicable Agent to maintain possession of certificates actually delivered to it representing securities pledged under the Collateral Agreement, the Foreign Pledge Agreement or any Foreign Security Document or to file Uniform Commercial Code continuation statements, PPSA financing change statements or similar filings in other jurisdictions or take the actions described on Schedule 3.04 to the 2013 Credit Agreement and except to the extent that such loss is covered by a lender's title insurance policy and the Administrative Agent shall be reasonably satisfied with the credit of such insurer, (iii) the Guarantees pursuant to the Security Documents by Holdings, the U.S. Borrower or any material Subsidiary Loan Parties of any of the Obligations shall cease to be in full force and effect (other than in accordance with the terms thereof), or shall be asserted in writing by the U.S. Borrower or any Subsidiary Loan Party not to be in effect or not to be legal, valid and binding obligations (other than in accordance with the terms thereof), or (iv) default shall be made in the due observance or performance by any Dutch Loan Party of any covenant, condition or agreement contained in the applicable Security Documents related to any Dutch SPVs;

then, and in every such event (other than an event with respect to any Borrower described in paragraph (h) or (i) above), and at any time thereafter during the continuance of such event, the Administrative Agent, at the request of the Required Lenders, shall, by notice to the U.S. Borrower, take any or all of the following actions, at the same or different times: (i) terminate forthwith the Commitments, (ii) declare the Loans and the Canadian Borrower's obligations in respect of B/As then outstanding to be forthwith due and payable in whole or in part, whereupon the principal of the Loans and the full face amount of the B/As then outstanding, together with accrued interest thereon and any unpaid accrued Fees and all other liabilities of the Borrowers accrued hereunder and under any other Loan Document, shall become forthwith due and payable, without presentment, demand, protest or any other notice of any kind, all of which are hereby expressly waived by each of the Borrowers, anything contained herein or in any other Loan Document to the contrary notwithstanding, (iii) if the Loans have been declared due and payable pursuant to clause (ii) above, demand Cash Collateral pursuant to Section 2.05(j) and (iv) exercise all rights and remedies granted to it under any Loan Document and all its rights under any other applicable law or in equity; and in any event with respect to any Borrower described in paragraph (h) or (i) above, the Commitments shall automatically terminate, the principal of the Loans and the full face amount of the B/As then outstanding, together with accrued interest thereon and any unpaid accrued Fees and all other liabilities of the Borrowers accrued hereunder and under any other Loan Document, shall automatically become due and payable and the Administrative Agent shall be deemed to have made a demand for Cash Collateral to the full extent permitted under Section 2.05(j), without presentment, demand, protest or any other notice of any kind, all of which are hereby expressly waived by each of the Borrowers, anything contained herein or in any other Loan Document to the contrary notwithstanding.

Section 7.02 Exclusion of Certain Subsidiaries. Solely for the purposes of determining whether an Event of Default has occurred under clause (h) or (i) of Section 7.01, any reference in any such clause to any Subsidiary shall be deemed not to include any Subsidiary (other than a Loan Party or a Seller) that would constitute an Immaterial Subsidiary pursuant to clause (i) of the definition thereof.

Section 7.03 Right to Cure.

(a) Notwithstanding anything to the contrary contained in Section 7.01, in the event that the U.S. Borrower fails (or, but for the operation of this Section 7.03, would fail) to comply with the requirements of the Financial Performance Covenant, until the expiration of the 10th Business Day subsequent to the date on which an Availability Trigger Event occurs during any applicable quarter that causes the U.S. Borrower to fail to comply with the requirements of the Financial Performance Covenant, any Parent Entity and the U.S. Borrower shall have the right to issue Permitted Cure Securities for cash or otherwise receive cash contributions to its capital, and, in each case with respect to any Parent Entity, to contribute any such cash to the capital of the U.S. Borrower (collectively, the "Cure Right"), and upon the receipt by the U.S. Borrower of such cash (the "Cure Amount") pursuant to the exercise of such Cure Right, the Financial Performance Covenant shall be recalculated giving effect to the following pro forma adjustments:

(i) EBITDA shall be increased with respect to such applicable quarter and any four-quarter period that contains such quarter, solely for the purpose of measuring the Financial Performance Covenant and not for any other purpose under this Agreement, by an amount equal to the Cure Amount; and

(ii) If, after giving effect to the foregoing recalculations, the U.S. Borrower shall then be in compliance with the requirements of the Financial Performance

Covenant, the U.S. Borrower shall be deemed to have satisfied the requirements of the Financial Performance Covenant as of the relevant date of determination with the same effect as though there had been no failure to comply therewith at such date, and the applicable breach or default of the Financial Performance Covenant that had occurred shall be deemed cured for all purposes of this Agreement.

(b) Notwithstanding anything herein to the contrary, (i) in each four-fiscal-quarter period there shall be at least two fiscal quarters in which the Cure Right is not exercised, (ii) the Cure Right shall not be exercised more frequently than seven times during the term of this Agreement, and (iii) for purposes of this Section 7.03, the Cure Amount shall be no greater than the amount required for purposes of complying with the Financial Performance Covenant.

ARTICLE VIII

THE AGENTS

Section 8.01 Appointment.

(a) Each Lender (in its capacities as a Lender and the Swingline Lender (if applicable) and on behalf of itself and its Affiliates as potential counterparties to Ancillary Agreements) and each Issuing Bank (in such capacity and on behalf of itself and its Affiliates as potential counterparties to Ancillary Agreements) hereby irrevocably designate and appoint the Administrative Agent as the agent of such Lender and Issuing Bank under this Agreement and the other Loan Documents, including as the Collateral Agent for such Lender and the other Secured Parties under the Security Documents and the Intercreditor Agreements, and each such Lender and Issuing Bank irrevocably authorizes the Administrative Agent, in such capacity, to take such action on its behalf under the provisions of this Agreement and the other Loan Documents and to exercise such powers and perform such duties as are expressly delegated to the Administrative Agent by the terms of this Agreement and the other Loan Documents, together with such other powers as are reasonably incidental thereto. In addition, to the extent required under the laws of any jurisdiction other than the United States of America, each of the Lenders and the Issuing Banks hereby grants to the Administrative Agent any required powers of attorney to execute any Security Document governed by the laws of such jurisdiction on such Lender’s or Issuing Bank’s behalf, in any form, notarial or otherwise. Notwithstanding any provision to the contrary elsewhere in this Agreement, the Administrative Agent shall not have any duties or responsibilities, except those expressly set forth herein, or any fiduciary relationship with any Lender or Issuing Bank, and no implied covenants, functions, responsibilities, duties, obligations or liabilities shall be read into this Agreement or any other Loan Document or otherwise exist against the Administrative Agent. To the extent required by any applicable law, the Administrative Agent may withhold from any payment to any Lender an amount equivalent to any applicable withholding Tax. If the Internal Revenue Service or any other Governmental Authority asserts a claim that the Administrative Agent did not properly withhold Tax from amounts paid to or for the account of any Lender or Issuing Bank because the appropriate form was not delivered or was not properly executed or because such Lender or Issuing Bank failed to notify the Administrative Agent of a change in circumstance which rendered the exemption from, or reduction of, withholding Tax ineffective or for any other reason, such Lender or Issuing Bank shall indemnify the Administrative Agent fully for all amounts paid, directly or indirectly, by the Administrative Agent as Tax or otherwise, including any penalties or interest and together with all expenses (including legal expenses, allocated internal costs and out-of-pocket expenses) incurred. Except as expressly otherwise provided in this Agreement, each of the Administrative Agent and the Collateral Agent shall have and may use its sole discretion with respect to exercising or refraining from exercising any discretionary rights or taking or refraining from taking any actions which such Agent is expressly entitled to take or assert under this Agreement and the other Loan Documents, including the exercise of remedies pursuant to Section 7.01, and any action so taken or not taken shall be deemed consented to by the Lenders and Issuing Banks.

(b) In furtherance of the foregoing, each Lender (in its capacities as a Lender and the Swingline Lender (if applicable) and on behalf of itself and its Affiliates as potential counterparties to Ancillary Agreements) and each Issuing Bank (in such capacity and on behalf of itself and its Affiliates as potential counterparties to Ancillary Agreements) hereby appoints and authorizes the Collateral Agent to act as the agent of such Lender and Issuing Bank for purposes of acquiring, holding and enforcing any and all Liens on Collateral granted by any of the Loan Parties to secure any of the Obligations, together with such powers and discretion as are reasonably incidental thereto. In this connection, the Collateral Agent (and any Subagents appointed by the Administrative Agent and the Collateral Agent pursuant to Section 8.02 for purposes of holding or enforcing any Lien on the Collateral (or any portion thereof) granted under the Security Documents, or for exercising any rights or remedies thereunder at the direction of the Administrative Agent) shall be entitled to the benefits of this Article VIII (including, without limitation, Section 8.07) and Section 9.05.

Section 8.02 Delegation of Duties. Each of the Agents may execute any of its duties under this Agreement and the other Loan Documents by or through agents or attorneys-in-fact (to which it shall be entitled to grant power of attorney for these purposes) and shall be entitled to advice of counsel and other consultants or experts concerning all matters pertaining to such duties. None of the Agents shall be responsible for the negligence or misconduct of any agents or attorneys-in-fact selected by it with reasonable care. The Administrative Agent shall not be responsible for the negligence or misconduct of any agents or attorneys-in-fact selected by it with reasonable care. The Administrative Agent may also from time to time, when the Administrative Agent deems it to be necessary or desirable, appoint one or more trustees, co-trustees, collateral co-agents, collateral subagents or attorneys-in-fact (each, a "Subagent") with respect to all or any part of the Collateral; provided that no such Subagent shall be authorized to take any action with respect to any Collateral unless and except to the extent expressly authorized in writing by the Administrative Agent. Should any instrument in writing from any Borrower or any other Loan Party be required by any Subagent so appointed by the Administrative Agent to more fully or certainly vest in and confirm to such Subagent such rights, powers, privileges and duties, such Borrower shall, or shall cause such Loan Party to, execute, acknowledge and deliver any and all such instruments promptly upon request by the Administrative Agent. If any Subagent, or successor thereto, shall die, become incapable of acting, resign or be removed, all rights, powers, privileges and duties of such Subagent, to the extent permitted by law, shall automatically vest in and be exercised by the Administrative Agent until the appointment of a new Subagent. The Administrative Agent shall not be responsible for the negligence or misconduct of any agent, attorney-in-fact or Subagent that it selects in accordance with the foregoing provisions of this Section 8.02 in the absence of the Administrative Agent's gross negligence or willful misconduct (as found by a final and nonappealable decision of a court of competent jurisdiction).

Section 8.03 Exculpatory Provisions. Neither any Agent or its Affiliates nor any of their respective Related Parties shall be (a) liable for any action lawfully taken or omitted to be taken by it or such person under or in connection with this Agreement or any other Loan Document (except to the extent that any of the foregoing are found by a final and nonappealable decision of a court of competent jurisdiction to have resulted from its or such person's own gross negligence or willful misconduct) or (b) responsible in any manner to any of the Lenders for any recitals, statements, representations or warranties made by any Loan Party or any officer thereof contained in this Agreement or any other Loan Document or in any certificate, report, statement or other document referred to or provided for in, or received by the Agents under or in connection with, this Agreement or any other Loan Document or for the value, validity, effectiveness, genuineness, enforceability or sufficiency of this Agreement or any other Loan Document or for any failure of any Loan Party a party thereto to perform its obligations hereunder or thereunder. The Agents shall not be under any obligation to any Lender to ascertain or to inquire as to the observance or performance of any of the agreements contained in, or conditions of, this Agreement or any other Loan Document, or to inspect the properties, books or records of any Loan Party. The Administrative 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, (x) the Administrative Agent shall not be subject to any fiduciary or other implied duties, regardless of whether a Default or Event of Default has occurred and is continuing, and (y) the Administrative Agent 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 Holdings, any Borrower or any of its respective Affiliates that is communicated to or obtained by the person serving as the Administrative Agent or any of its Affiliates in any capacity. The Administrative Agent shall not be responsible for or have any duty to ascertain or inquire into (i) any statement, warranty or representation made in or in connection with this Agreement or any other Loan Document, (ii) the contents of any certificate, report or other document delivered hereunder or thereunder or in connection herewith or therewith, (iii) the performance or observance of any of the covenants, agreements or other terms or conditions set forth herein or therein or the occurrence of any Default or Event of Default, (iv) the validity, enforceability, effectiveness or genuineness of this Agreement, any other Loan Document or any other agreement, instrument or document, or the creation, perfection or priority of any Lien purported to be created by the Security Documents, (v) the value or the sufficiency of any Collateral, or (vi) the satisfaction of any condition set forth in Article IV or elsewhere herein, other than to confirm receipt of items expressly required to be delivered to the Administrative Agent.

Section 8.04 Reliance by Administrative Agent. The Administrative Agent shall be entitled to rely, and shall be fully protected in relying, upon any instrument, writing, resolution, notice, consent, certificate, affidavit, letter, electronic transmission, statement, order or other document or conversation believed by it to be genuine and correct and to have been signed, sent or made by the proper person or persons and upon advice and statements of legal counsel (including counsel to Holdings or the Borrowers), independent accountants and other experts selected by the Administrative Agent. The Administrative Agent also may rely upon any statement made to it orally or by telephone and believed by it to have been made by the proper person, and shall not incur any liability for relying thereon. In determining compliance with any condition hereunder to any Credit Event, that by its terms must be fulfilled to the satisfaction of a Lender or any Issuing Bank, the Administrative Agent may presume that such condition is satisfactory to such Lender or Issuing Bank unless the Administrative Agent shall have received notice to the contrary from such Lender or Issuing Bank prior to such Credit Event. The Administrative Agent may consult with legal counsel (including counsel to Holdings or any of the Borrowers), independent accountants and other experts selected by it, and shall not be liable for any action taken or not taken by it in accordance with the advice of any such counsel, accountants or experts. The Administrative Agent may deem and treat the payee of any Promissory Note as the owner thereof for all purposes unless a written notice of assignment, negotiation or transfer thereof shall have been filed with the Administrative Agent. The Administrative Agent shall be fully justified in failing or refusing to take any action under this Agreement or any other Loan Document unless it shall first receive such advice or concurrence of the Required Lenders (or, if so specified by this Agreement, all or other Lenders) as it deems appropriate or it shall first be indemnified to its satisfaction by the Lenders against any and all liability and expense that may be incurred by it by reason of taking or continuing to take any such action. The Administrative Agent shall in all cases be fully protected in acting, or in refraining from acting, under this Agreement and the other Loan Documents in accordance with a request of the Required Lenders (or, if so specified by this Agreement, all or other Lenders), and such request and any action taken or failure to act pursuant thereto shall be binding upon all the Lenders and all future holders of the Loans.

Section 8.05 Notice of Default. The Administrative Agent shall not be deemed to have knowledge or notice of the occurrence of any Default or Event of Default unless the Administrative Agent has received written notice from a Lender, Holdings or the U.S. Borrower referring to this Agreement, describing such Default or Event of Default and stating that such notice is a “notice of default”. In the event that the Administrative Agent receives such a notice, the Administrative Agent shall give notice thereof to the Lenders and the Issuing Banks. The Administrative Agent shall take such action with respect to such Default or Event of Default as shall be reasonably directed by the Required Lenders (or, if so specified by this Agreement, all or other Lenders); provided that, unless and until the Administrative Agent shall have received such directions, the Administrative Agent may (but shall not be obligated to) take such action, or refrain from taking such action, with respect to such Default or Event of Default as it shall deem advisable in the best interests of the Lenders.

Section 8.06 Non-Reliance on Agents and Other Lenders. Each Lender expressly acknowledges that neither the Agents nor any of their Related Parties have made any representations or warranties to it and that no act by any Agent hereafter taken, including any review of the affairs of a Loan Party or any Affiliate of a Loan Party, shall be deemed to constitute any representation or warranty by any Agent to any Lender. Each Lender represents to the Agents that it has, independently and without reliance upon any Agent or any other Lender, and based on such documents and information as it has deemed appropriate, made its own appraisal of and investigation into the business, operations, property, financial and other condition and creditworthiness of the Loan Parties and their Affiliates and made its own decision to make its Loans hereunder and enter into this Agreement. Each Lender also represents that it will, independently and without reliance upon any Agent or any other Lender, and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit analysis, appraisals and decisions in taking or not taking action under this Agreement and the other Loan Documents, and to make such investigation as it deems necessary to inform itself as to the business, operations, property, financial and other condition and creditworthiness of the Loan Parties and their Affiliates. Except for notices, reports and other documents expressly required to be furnished to the Lenders by the Administrative Agent hereunder, the Administrative Agent shall not have any duty or responsibility to provide any Lender with any credit or other information concerning the business, operations, property, condition (financial or otherwise), prospects or creditworthiness of any Loan Party or any Affiliate of a Loan Party that may come into the possession of the Administrative Agent or any of its officers, directors, employees, agents, attorneys-in-fact or Affiliates.

Section 8.07 Indemnification. The Lenders agree to indemnify each Agent and each Issuing Bank in its capacity as such (to the extent not reimbursed by Holdings or the Borrowers and without limiting the obligation of Holdings or the Borrowers to do so), in the amount of its pro rata share (based on its Total Revolving Facility Exposure and unused Commitments hereunder), from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind whatsoever that may at any time (whether before or after the payment of the Loans) be imposed on, incurred by or asserted against such Agent or such Issuing Bank in any way relating to or arising out of the Commitments, this Agreement, any of the other Loan Documents or any documents contemplated by or referred to herein or therein or the transactions contemplated hereby or thereby or any action taken or omitted by such Agent or such Issuing Bank under or in connection with any of the foregoing; provided that no Lender shall be liable for the payment of any portion of such liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements that are found by a final and nonappealable decision of a court of competent jurisdiction to have resulted from such Agent's or such Issuing Bank's gross negligence or willful misconduct. The failure of any Lender to reimburse any Agent or any Issuing Bank, as the case may be, promptly upon demand for its ratable share of any amount required to be paid by the Lenders to such Agent or such Issuing Bank, as the case may be, as provided herein shall not relieve any other Lender of its obligation hereunder to reimburse such Agent or such Issuing Bank, as the case may be, for its ratable share of such amount, but no Lender shall be responsible for the failure of any other Lender to reimburse such Agent or such Issuing Bank, as the case may be, for such other Lender's ratable share of such amount. The agreements in this Section shall survive the payment of the Loans and all other amounts payable hereunder.

Section 8.08 Agent in Its Individual Capacity. Each Agent and its Affiliates may make loans to, accept deposits from, purchase and accept B/As from and generally engage in any kind of business with any Loan Party as though such Agent were not an Agent. With respect to its Loans made or renewed by it and with respect to any Letter of Credit issued, or Letter of Credit or Swingline Loan participated in, by it, each Agent shall have the same rights and powers under this Agreement and the other Loan Documents as any Lender and may exercise the same as though it were not an Agent, and the terms "Lender" and "Lenders" shall include each Agent in its individual capacity.

Section 8.09 Successor Administrative Agent. The Administrative Agent may resign as Administrative Agent upon 20 days' notice to the Lenders and the U.S. Borrower; provided that, for purposes of the Dutch Security Documents, the German Security Documents, the U.S. Guarantee Agreement and the Foreign Guarantee Agreement, any resignation by the Administrative Agent shall not be effective with respect to its rights under the Parallel Debts until such rights are assigned to the successor agent. If the Administrative Agent shall resign as Administrative Agent under this Agreement and the other Loan Documents, then the Required Lenders shall appoint from among the Lenders a successor agent for the Lenders, which successor agent shall (unless an Event of Default under Section 7.01(b), (c), (h) or (i) shall have occurred and be continuing) be subject to approval by the U.S. Borrower (which approval shall not be unreasonably withheld or delayed), whereupon such successor agent shall succeed to the rights, powers and duties of the Administrative Agent, and the term "Administrative Agent" shall mean such successor agent effective upon such appointment and approval, and the former Administrative Agent's rights, powers and duties as Administrative Agent shall be terminated, without any other or further act or deed on the part of such former Administrative Agent or any of the parties to this Agreement or any holders of the Loans. If no successor agent has accepted appointment as Administrative Agent prior to the expiration of the 20-day period referred to above, upon the expiration of such period, the retiring Administrative Agent's resignation shall nevertheless thereupon become effective, and the Lenders shall assume and perform all of the duties of the Administrative Agent hereunder until such time, if any, as the Required Lenders appoint a successor agent as provided for above. After any retiring Administrative Agent's resignation as Administrative Agent, the provisions of this Article VIII shall inure to its benefit as to any actions taken or omitted to be taken by it while it was Administrative Agent under this Agreement and the other Loan Documents. The Administrative Agent will reasonably cooperate in assigning its rights under such Parallel Debts to any such successor agent and will reasonably cooperate in transferring all rights under the Dutch Security Documents or the German Security Documents to such successor agent.

Section 8.10 Syndication Agents, Documentation Agents and Joint Lead Arrangers. None of the Syndication Agents, the Documentation Agents and the Joint Lead Arrangers shall have any duties or responsibilities hereunder in its capacity as such.

Section 8.11 Intercreditor Agreements. Each Lender (in its capacities as a Lender and the Swingline Lender (if applicable) and on behalf of itself and its Affiliates as potential counterparties to Ancillary Agreements) and each Issuing Bank (in such capacity and on behalf of itself and its Affiliates as potential counterparties to Ancillary Agreements) hereby acknowledge, and agree to, the terms of the ABL Intercreditor Agreement, the 1-1/2 Lien Intercreditor Agreement and the Second Lien Intercreditor Agreement, and further agree that (a) the Agents may, from time to time on and after the Closing Date, without any further consent of any Lender, Issuing Bank or counterparty to an Ancillary Agreement, enter into amendments to, amendments and restatements of, and/or replacements of, any Intercreditor Agreement, and to enter into any other intercreditor agreement with the collateral agent or other representatives of the holders of Indebtedness that is permitted to be secured by a Lien on the Collateral that is permitted under this Agreement, in each case in order to effect the first-priority Liens of the ABL Priority Collateral and to provide for certain additional rights, obligations and limitations in respect of, any Liens required or permitted by the terms of this Agreement to be Second-Priority Liens, Notes-Priority Liens or other Liens that are, in each case, incurred in accordance with Article VI of this Agreement, and to establish certain relative rights as between the holders of the Obligations and the holders of the Indebtedness secured by such Liens, (b) the Agents may rely exclusively on a certificate of a Responsible Officer of the U.S. Borrower as to whether any such Liens are permitted, and (c) such Intercreditor Agreements and any other intercreditor agreement referred to in the foregoing clause (a) entered into by the Agents shall be binding on the Secured Parties. Furthermore, each Lender (in its capacities as a Lender and the Swingline Lender (if applicable) and on behalf of itself and its Affiliates as potential counterparties to Ancillary Agreements) and each Issuing Bank (in such capacity and on behalf of itself and its Affiliates as potential counterparties to Ancillary Agreements) hereby authorize the Agents to release or subordinate any Lien on any property granted to or held by the Agents under any Loan Document (i) to the holder of any Lien on such property that is permitted by Section 6.02 to be senior to the Liens of the Collateral Agent on such property or (ii) that is or becomes Excluded Property; and the Agents shall do so upon request of the U.S. Borrower; provided that, prior to any such request, the U.S. Borrower shall have in each case delivered to the Administrative Agent a certificate of a Responsible Officer of the U.S. Borrower certifying that such Lien is permitted to be senior to the Liens under this Agreement or that such property is Excluded Property, as applicable.

Section 8.12 Certain German Matters. In relation to the German Security Document the following additional provisions shall apply:

(a) The Collateral Agent shall (A) hold and administer any Collateral granted pursuant to a German Security Document which is security assigned or otherwise transferred (*Sicherungseigentum/Sicherungsabtretung*) under a non-accessory security right (*nicht-akzessorische Sicherheit*) to it in its own name as fiduciary (*treuhänderisch*) for the benefit of the Secured Parties and (B) administer any Collateral granted pursuant to a German Security Document which is pledged (*Verpfändung*) or otherwise transferred to the Collateral Agent creating or evidencing an accessory security right (*akzessorische Sicherheit*) as agent.

(b) Each of the Secured Parties hereby authorizes and grants a power of attorney (*Vollmacht*), and each future Secured Party by becoming a party to this Agreement in accordance with Section 9.04 authorizes and grants a power of attorney (*Vollmacht*), to the Collateral Agent (whether or not by or through employees or agents) (A) to exercise such rights, remedies, powers and discretions as are specifically delegated to or conferred upon the Secured Parties under the German Security Document together with such powers and discretions as are reasonably incidental thereto (B) to take such action on its behalf as may from time to time be authorized under or in accordance with the German Security Document; and (C) to accept as its representative (*Stellvertreter*) any pledge or other creation of any accessory security right granted in favor of such Secured Party in connection with the German Security Document and to agree to and execute on its behalf as its representative (*Stellvertreter*) any amendments and/or alterations to any German Security Document which creates a pledge or any other accessory security right (*akzessorische Sicherheit*) including the release or confirmation of release of such security.

(c) Each of the Secured Parties hereby releases the Collateral Agent from any restrictions on representing several persons and self-dealing under any applicable law to make use of any authorization granted under this Agreement and to perform its duties and obligations as Collateral Agent hereunder and under the German Security Document.

(d) Each of the Secured Parties hereby ratifies and approves, and each future Secured Party by becoming party to this Agreement in accordance with Section 9.04 ratifies and approves, all acts and declarations previously done by the Collateral Agent on such person's behalf (including for the avoidance of doubt the declarations made by the Collateral Agent as representative without power of attorney (*Vertreter ohne Vertretungsmacht*) in relation to the creation of any pledge (*Pfandrecht*) on behalf and for the benefit of the Secured Parties as future pledgee or otherwise).

(e) For the purpose of performing its rights and obligations as Collateral Agent and to make use of any authorization granted under the German Security Agreements, each Secured Party hereby authorizes, and each future Secured Party by becoming a party to this Agreement in accordance with Section 9.04 of this Agreement authorizes, the Collateral Agent to act as its agent (*Stellvertreter*), and releases the Collateral Agent from any restrictions on representing several persons and self-dealing under any applicable law, and in particular from the restrictions of Section 181 of the German Civil Code (*Bürgerliches Gesetzbuch*). The Collateral Agent has the power to grant sub-power of attorney, including the release from the restrictions of section 181 of the German Civil Code (*Bürgerliches Gesetzbuch*).

Section 8.13 Certain English Matters.

(a) In this Agreement and any Security Document governed by English law, any rights and remedies exercisable by, any documents to be delivered to, or any other indemnities or obligations in favor of the Administrative Agent or the Collateral Agent shall be, as the case may be, exercisable by, delivered to, or be indemnities or other obligations in favor of, such Agent (or any other person acting in such capacity) in its capacity as security trustee of the Secured Parties to the extent that the rights, deliveries, indemnities or other obligations relate to any Security Document governed by English law or the security thereby created. Any obligations of such Agent (or any other person acting in such capacity) in this Agreement and any Security Document governed by English law shall be obligations of such Agent in its capacity as security trustee of the Secured Parties to the extent that the obligations relate to any Security Document governed by English law or the security thereby created. Additionally, in its capacity as security trustee of the Secured Parties, such Agent (or any other person acting in such capacity) shall have (i) all the rights, remedies and benefits in favor of the Administrative Agent contained in the provisions of the whole of this Article VIII, (ii) all the powers of an absolute owner of the security constituted by any Security Document governed by English law and (iii) all the rights, remedies and powers granted to it and be subject to all the obligations and duties owed by it under any Security Document governed by English law and/or any of the Loan Documents.

(b) Each Secured Party (on behalf of itself and its Affiliates as potential counterparties to Ancillary Agreements) hereby appoints the Collateral Agent to act as its trustee under and in relation to any Security Document governed by English law and to hold the assets subject to the security thereby created as trustee for the Secured Parties on the trusts and other terms contained in any Security Document governed by English law and each Secured Party hereby irrevocably authorizes the Collateral Agent in its capacity as security trustee of Secured Parties to exercise such rights, remedies, powers and discretions as are specifically delegated to the Collateral Agent as security trustee of the Secured Parties by the terms of any Security Document governed by English law together with all such rights, remedies, powers and discretions as are reasonably incidental thereto.

(c) Any reference in this Agreement to Liens stated to be in favor of the Administrative Agent or the Collateral Agent shall be construed so as to include a reference to Liens granted in favor of the Administrative Agent or Collateral Agent in its capacity as security trustee of the Secured Parties.

(d) The Secured Parties agree that, at any time that the person acting as security trustee of the Secured Parties in respect of any Security Document governed by English law shall be a person other than the Agents, such other person shall have the rights, remedies, benefits and powers granted to the Administrative Agent and (as the case may be) Collateral Agent in its capacity as security trustee of the Secured Parties under this Agreement and (as the case may be) any Security Document governed by English law.

(e) Nothing shall require the Administrative Agent and/or the Collateral Agent in the capacity as security trustee of the Secured Parties under this Agreement and any Security Document governed by English law to act as a trustee at common law or to be holding any property on trust, in any jurisdiction outside the United States of America or England and Wales which may not operate under the principles of trust or where such trust would not be recognized or its effects would not be enforceable.

Section 8.14 Certain Canadian Matters. For greater certainty, and without limiting the powers of the Administrative Agent or any other person acting as an agent, attorney-in-fact or mandatory for the Administrative Agent under this Agreement or under any of the other Loan Documents, and for the purposes of holding any security granted by a Borrower or any other Loan Party pursuant to the laws of the Province of Quebec to secure payment of any bond issued by a Borrower or any Loan Party, each Lender hereby irrevocably appoints and authorizes the Administrative Agent to act as the *fondé de pouvoir* and hypothecary representative (in such capacity, the "Attorney") of the Lenders as contemplated under Article 2692 of the Civil Code of Québec, and to enter into, to take and to hold on its behalf, and for its benefit, any hypothec, and to exercise such powers and duties that are conferred upon the Attorney under any hypothec. The execution by the Attorney prior to the date hereof of any document creating or evidencing any such security for the benefit of any of the Lenders is hereby ratified and confirmed. Moreover, without prejudice to such appointment and authorization to act as the hypothecary representative and the person holding the power of attorney as aforesaid, each Lender hereby irrevocably appoints and authorizes the Administrative Agent (in such capacity, the "Custodian") to act as agent and custodian for and on behalf of the Lenders to hold and be the sole registered holder of any bond which may be issued under any hypothec, the whole notwithstanding Section 32 of An Act respecting the special powers of legal persons (Quebec) or any other applicable law, and to execute all related documents. Each of the Attorney and the Custodian shall: (a) have the sole and exclusive right and authority to exercise, except as may be otherwise specifically restricted by the terms hereof, all rights and remedies given to the Attorney and the Custodian (as applicable) pursuant to any hypothec, bond, pledge, applicable laws or otherwise, (b) benefit from and be subject to all provisions hereof with respect to the Administrative Agent *mutatis mutandis*, including, without limitation, all such provisions with respect to the liability or responsibility to and indemnification by the Lenders, and (c) be entitled to delegate from time to time any of its powers or duties under any hypothec, bond, or pledge on such terms and conditions as it may determine from time to time. Any person who becomes a Lender shall, by its execution of an Assignment and Acceptance, be deemed to have consented to and confirmed: (i) the Attorney as the hypothecary representative and the person holding the power of attorney as aforesaid and to have ratified, as of the date it becomes a Lender, all actions taken by the Attorney in such capacity, and (ii) the Custodian as the agent and custodian as aforesaid and to have ratified, as of the date it becomes a Lender, all actions taken by the Custodian in such capacity. The substitution of the Administrative Agent pursuant to the provisions of this Article VIII shall also constitute the substitution of the Attorney and the Custodian.

Section 8.15 Certain French Matters. Pursuant to article 2328-1 of the French Civil Code, each Lender (in its capacities as a Lender and the Swingline Lender (if applicable) and on behalf of itself and its Affiliates as potential counterparties to Ancillary Agreements) and each Issuing Bank (in such capacity and on behalf of itself and its Affiliates as potential counterparties to Ancillary Agreements) hereby irrevocably appoints the Agents to create, register, manage and enforce on their behalf any Lien created by a Security Document governed by French law.

Section 8.16 Certain Italian Matters. Each Lender (in its capacities as a Lender and the Swingline Lender (if applicable) and on behalf of itself and its Affiliates as potential counterparties to Ancillary Agreements) and each Issuing Bank (in such capacity and on behalf of itself and its Affiliates as potential counterparties to Ancillary Agreements) hereby irrevocably appoints the Agents, to act as its *mandatario con rappresentanza* pursuant to articles 1703, 1704 and followings of the Italian Civil Code, also in the circumstances provided under articles 1394 and 1395 of the Italian Civil Code in order to create, register, manage and enforce on their behalf any Lien created by a Security Document governed by Italian law.

Section 8.17 Certain Spanish Matters. Each Lender (in its capacities as a Lender and the Swingline Lender (if applicable) and on behalf of itself and its Affiliates as potential counterparties to Ancillary Agreements) and each Issuing Bank (in such capacity and on behalf of itself and its Affiliates as potential counterparties to Ancillary Agreements) hereby irrevocably appoints the Agents to constitute, register, accept, manage and enforce any security interest created by any Collateral Document governed by Spanish law on its behalf and therefore to exercise in its name and on their behalf any and all rights in favor of the Secured Parties (which shall include, without limitation, the right to send any notice and make any declaration thereunder, the right to enforce the security and to make any calculation in relation thereto and the right to release the security in the circumstances set forth therein).

Section 8.18 Foreign Obligations. Notwithstanding anything in this Agreement or any other Loan Document, and for the avoidance of doubt, no Foreign Subsidiary Loan Party shall provide, or be deemed to provide, any Guarantee of or security for any Obligation of Holdings or any Domestic Loan Party.

Section 8.19 Right to Realize on Collateral and Enforce Guarantees. In case of the pendency of any receivership, insolvency, liquidation, bankruptcy, reorganization, arrangement, adjustment, composition or other judicial proceeding relative to any Loan Party,

(i) the Administrative Agent (irrespective of whether the principal of any Obligation shall then be due and payable as herein expressed or by declaration or otherwise and irrespective of whether the Administrative Agent shall have made any demand on the applicable Borrower) shall be entitled and empowered, by intervention in such proceeding or otherwise (A) to file and prove a claim for the whole amount of the principal and interest owing and unpaid in respect of any or all of the Obligations that are owing and unpaid and to file such other documents as may be necessary or advisable in order to have the claims of the Lenders and the Administrative Agent and any Subagents allowed in such judicial proceeding, and (B) to collect and receive any monies or other property payable or deliverable on any such claims and to distribute the same, and (ii) any custodian, receiver, Assignee, trustee, liquidator, sequestrator or other similar official in any such judicial proceeding is hereby authorized by each Lender to make such payments to the Administrative Agent and, if the Administrative Agent shall consent to the making of such payments directly to the Lenders, to pay to the Administrative Agent any amount due for the reasonable compensation, expenses, disbursements and advances of the Administrative Agent and its agents and counsel, and any other amounts due to the Administrative Agent under the Loan Documents. Nothing contained herein shall be deemed to authorize the Administrative Agent to authorize or consent to or accept or adopt on behalf of any Lender any plan of reorganization, arrangement, adjustment or composition affecting the Obligations or the rights of any Lender or to authorize the Administrative Agent to vote in respect of the claim of any Lender in any such proceeding.

Anything contained in any of the Loan Documents to the contrary notwithstanding, Holdings, the Borrowers, the Administrative Agent, the Collateral Agent and each other Secured Party hereby agree that (a) no Secured Party shall have any right individually to realize upon any of the Collateral or to enforce the Guarantees, it being understood and agreed that all powers, rights and remedies hereunder may be exercised solely by the Administrative Agent, on behalf of the Secured Parties in accordance with the terms hereof, and all powers, rights and remedies under the Security Documents may be exercised solely by the Collateral Agent, and (b) in the event of a foreclosure by the Collateral Agent on any of the Collateral pursuant to a public or private sale or other disposition, the Collateral Agent or any Lender may be the purchaser or licensor of any or all of such Collateral at any such sale or other disposition and the Collateral Agent, as agent for and representative of the Secured Parties (but not any Lender or Lenders in its or their respective individual capacities unless the Required Lenders shall otherwise agree in writing) shall be entitled, for the purpose of bidding and making settlement or payment of the purchase price for all or any portion of the Collateral sold at any such public sale, to use and apply any of the Obligations as a credit on account of the purchase price for any Collateral payable by the Collateral Agent at such sale or other disposition.

ARTICLE IX

MICELLANEOUS

Section 9.01 Notices.

(a) Except in the case of notices and other communications expressly permitted to be given by telephone (and except as provided in Section 9.01(b) below), all notices and other communications provided for herein shall be in writing and shall be delivered by hand or overnight courier service, mailed by certified or registered mail or sent by telecopier or other electronic means as follows, and all notices and other communications expressly permitted hereunder to be given by telephone shall be made to the applicable telephone number, as follows:

(i) if to any Loan Party, the Administrative Agent, the Issuing Bank as of the Closing Date or the Swingline Lender, to the address, telecopier number, electronic mail address or telephone number specified for such person on Schedule 9.01; and

(ii) if to any other Lender or Issuing Bank, to the address, telecopier number, electronic mail address or telephone number specified in its Administrative Questionnaire.

(b) Notices and other communications to the Lenders and the Issuing Banks hereunder may be delivered or furnished by electronic communications pursuant to procedures approved by the Administrative Agent; provided that the foregoing shall not apply to notices pursuant to Article II unless otherwise agreed by the Administrative Agent, the applicable Issuing Bank and the applicable Lender. Each of the Administrative Agent, and each Borrower may, in its discretion, agree to accept notices and other communications to it hereunder by electronic communications pursuant to procedures approved by it; provided further that approval of such procedures may be limited to particular notices or communications.

(c) All notices and other communications given to any party hereto in accordance with the provisions of this Agreement shall be deemed to have been given on the date of receipt if delivered by hand or overnight courier service, sent by telecopy or (to the extent permitted by paragraph (b) above) electronic means or on the date five Business Days after dispatch by certified or registered mail if mailed, in each case delivered, sent or mailed (properly addressed) to such party as provided in this Section 9.01 or in accordance with the latest unrevoked direction from such party given in accordance with this Section 9.01.

(d) Any party hereto may change its address or telecopy number for notices and other communications hereunder by notice to the other parties hereto.

(e) Documents required to be delivered pursuant to Section 5.04 may be delivered electronically (including as set forth in Section 9.18 and if so delivered, shall be deemed to have been delivered on the date (i) on which the applicable Borrower posts such documents, or provides a link thereto on such Borrower's website on the Internet at the website address listed on Schedule 9.01, or (ii) on which such documents are posted on the applicable Borrower's behalf on an Internet or intranet website, if any, to which each Lender and the Administrative Agent have access (whether a commercial, third-party website or whether sponsored by the Administrative Agent); provided that (A) the applicable Borrower shall deliver paper copies of such documents to the Administrative Agent or any Lender that requests such Borrower to deliver such paper copies until a written request to cease delivering paper copies is given by the Administrative Agent or such Lender, and (B) the applicable Borrower shall notify the Administrative Agent and each Lender (by telecopier or electronic mail) of the posting of any such documents and provide to the Administrative Agent by electronic mail electronic versions of such documents. Except for such certificates required by Section 5.04(c), the Administrative Agent shall have no obligation to request the delivery or to maintain copies of the documents referred to above, and in any event shall have no responsibility to monitor compliance by the Borrowers with any such request for delivery, and each Lender shall be solely responsible for requesting delivery to it or maintaining its copies of such documents.

Section 9.02 Survival of Agreement. All covenants, agreements, representations and warranties made by the Borrowers and the other Loan Parties herein, in the other Loan Documents and in the certificates or other instruments prepared or delivered in connection with or pursuant to this Agreement or any other Loan Document shall be considered to have been relied upon by the Lenders and each Issuing Bank and shall survive the making by the Lenders of the Loans, the execution and delivery of the Loan Documents and the issuance of the Letters of Credit, regardless of any investigation made by such persons or on their behalf, and shall continue in full force and effect until the Termination Date. Without prejudice to the survival of any other agreements contained herein, indemnification and reimbursement obligations contained herein (including pursuant to Sections 2.16, 2.17, 2.18 and 9.05) shall survive the payment in full of the principal and interest hereunder, the expiration of the Letters of Credit and the termination of the Commitments or this Agreement.

Section 9.03 Binding Effect. This Agreement shall become effective when it shall have been executed by Holdings, the Borrowers and the Administrative Agent and when the Administrative Agent shall have received copies hereof that, when taken together, bear the signatures of each of the other parties hereto, and thereafter shall be binding upon and inure to the benefit of Holdings, the Borrowers, each Issuing Bank, the Agents and each Lender and their respective permitted successors and assigns.

Section 9.04 Successors and Assigns.

(a) The provisions of this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns permitted hereby (including any Affiliate of the Issuing Bank that issues any Letter of Credit), except that (i) the Borrowers may not assign or otherwise transfer any of their rights or obligations hereunder (other than pursuant to a merger permitted by Section 6.05(b) or (i)) without the prior written consent of each Lender (and any attempted assignment or transfer by any Borrower without such consent shall be null and void) and (ii) no Lender may assign or otherwise transfer its rights or obligations hereunder except in accordance with this Section or Article X. Nothing in this Agreement, expressed or implied, shall be construed to confer upon any person (other than the parties hereto, their respective successors and assigns permitted hereby (including any Affiliate of the Issuing Bank that issues any Letter of Credit), Participants (to the extent provided in paragraph (c) of this Section), and, to the extent expressly contemplated hereby, the Related Parties of each of the Agents, the Issuing Bank and the Lenders) any legal or equitable right, remedy or claim under or by reason of this Agreement or the other Loan Documents.

(b) (i) Subject to the conditions set forth in paragraph (b)(ii) below, any Lender may assign to one or more assignees (other than a natural person) (each, an "Assignee") all or a portion of its rights and obligations under this Agreement (including all or a portion of its Commitments and Loans at the time owing to it) with the prior written consent of:

(A) the U.S. Borrower (such consent not to be unreasonably withheld or delayed); provided that no consent of the U.S. Borrower shall be required for an assignment to a Lender, an Affiliate of a Lender, an Approved Fund or, if an Event of Default under Sections 7.01(b), (c), (h) or (i) has occurred and is continuing, any other person; and provided further that any liability of any Borrower to an Assignee that is an Approved Fund or Affiliate of the assigning Lender under Section 2.16 or 2.18 shall be limited to the amount, if any, that would have been payable hereunder by such Borrower in the absence of such assignment; and

(B) the Administrative Agent, the Swingline Lender and each Issuing Bank (in each case, except in the case of an assignment to a Lender, an Affiliate of a Lender or an Approved Fund, and such consent, if required, shall not be unreasonably withheld or delayed).

(ii) Assignments shall be subject to the following additional conditions:

(A) except in the case of an assignment to a Lender, an Affiliate of a Lender or an Approved Fund or an assignment of the entire remaining amount of the assigning Lender's Commitments or Loans under any Class, the amount of the Commitments or Loans of the assigning Lender subject to each such assignment (determined as of the date the Assignment and Acceptance with respect to such assignment is delivered to the Administrative Agent) shall not be less than $5.0 million, unless the U.S. Borrower and the Administrative Agent otherwise consent; provided that no such consent of the U.S. Borrower shall be required if an Event of Default under Section 7.01(b), (c), (h) or (i) has occurred and is continuing; provided further that such amounts shall be aggregated in respect of each Lender and its Affiliates or Approved Funds (with simultaneous assignments to or by two or more related Approved Funds shall be treated as one assignment), if any;

(B) the parties to each assignment shall execute and deliver to the Administrative Agent an Assignment and Acceptance, together with a processing and recordation fee of $3,500 (which fee may be waived or reduced in the sole discretion of the Administrative Agent); provided that (i) assignments pursuant to Section 2.20 shall not require the signature of the assigning Lender to become effective, (ii) any such processing and recordation fee in connection with assignments pursuant to Section 2.20 shall be paid by the U.S. Borrower or the Assignee and (iii) only one such processing and recordation fee shall be payable in connection with simultaneous assignments to two or more Assignees that are Affiliates of one another, or to two or more Approved Funds that are managed by the same investment advisor;

(C) the Assignee, if it shall not be a Lender, shall deliver to the Administrative Agent an Administrative Questionnaire and any tax forms required to be delivered pursuant to Section 2.18; and

(D) assignment or transfer to or assumption by any person of Commitments or Loans or Revolving L/C Exposure with respect to a Dutch Borrower shall only be permitted if such person is a Non-Public Lender.

For the purposes of this Section 9.04, "Approved Fund" means any person (other than a natural person) that is engaged in making, purchasing, holding or investing in bank loans and similar extensions of credit in the ordinary course and that is administered or managed by (x) a Lender, (y) an Affiliate of a Lender or (z) an entity or an Affiliate of an entity that administers or manages a Lender.

Notwithstanding anything to the contrary herein, no Lender shall be permitted to assign or transfer any portion of its rights and obligations under this Agreement or sell any participation to any Borrower or any of its Affiliates or subsidiaries, any Defaulting Lender or any of its subsidiaries, or any person who, upon becoming a Lender hereunder, would constitute a Defaulting Lender.

(iii) Subject to acceptance and recording thereof pursuant to paragraph (b)(v) below, from and after the effective date specified in each Assignment and Acceptance the Assignee thereunder shall be a party hereto and, to the extent of the interest assigned by such Assignment and Acceptance, have the rights and obligations of a Lender under this Agreement, and the assigning Lender thereunder shall, to the extent of the interest assigned by such Assignment and Acceptance, be released from its obligations under this Agreement (and, in the case of an Assignment and Acceptance covering all of the assigning Lender's rights and obligations under this Agreement, such Lender shall cease to be a party hereto but shall continue to be entitled to the benefits of Sections 2.16, 2.17, 2.18 and 9.05). Any assignment or transfer by a Lender of rights or obligations under this Agreement that does not comply with this Section 9.04 shall be treated for purposes of this Agreement as a sale by such Lender of a participation in such rights and obligations in accordance with paragraph (c) of this Section.

(iv) The Administrative Agent, acting for this purpose as an agent of the Borrowers, shall maintain at one of its offices a copy of each Assignment and Acceptance delivered to it and a register for the recordation of the names and addresses of the Lenders, and the Commitments of, and principal amount of the Loans and Revolving L/C Exposure owing to, and amounts in respect of B/As owing to, each Lender pursuant to the terms hereof from time to time (the "Register"). The entries in the Register shall be conclusive, and the Borrowers, the Administrative Agent, any Issuing Bank and the Lenders may treat each person whose name is recorded in the Register pursuant to the terms hereof as a Lender hereunder for all purposes of this Agreement, notwithstanding notice to the contrary. The Register shall be available for inspection by the Borrowers, any Issuing Bank and any Lender, at any reasonable time and from time to time upon reasonable prior notice.

(v) Upon its receipt of a duly completed Assignment and Acceptance executed by an assigning Lender and an Assignee, the Assignee's completed Administrative Questionnaire and any applicable tax forms (unless the Assignee shall already be a Lender hereunder), the processing and recordation fee referred to in paragraph (b) of this

Section and any written consent to such assignment required by paragraph (b) of this Section, the Administrative Agent shall accept such Assignment and Acceptance and record the information contained therein in the Register. No assignment shall be effective for purposes of this Agreement unless it has been recorded in the Register as provided in this paragraph.

(c) (i) Any Lender may, without the consent of any Borrower or the Administrative Agent, sell participations to one or more banks or other entities (a "Participant") in all or a portion of such Lender's rights and obligations under this Agreement (including all or a portion of its Commitments and the Loans); provided that (a) such Lender's obligations under this Agreement shall remain unchanged, (b) such Lender shall remain solely responsible to the other parties hereto for the performance of such obligations and (c) the Borrowers, the Administrative Agent, the Issuing Banks and the other Lenders shall continue to deal solely and directly with such Lender in connection with such Lender's rights and obligations under this Agreement. Any agreement pursuant to which a Lender sells such a participation shall provide that such Lender shall retain the sole right to enforce this Agreement and any other Loan Documents and to approve any amendment, modification or waiver of any provision of this Agreement and the other Loan Documents (including, for the avoidance of doubt, the sole right to vote on or approve any waiver of any Default or Event of Default); provided that (x) such agreement may provide that such Lender will not, without the consent of the Participant, agree to any amendment, modification or waiver that (1) requires the consent of such Lender providing such participation as a result of Section 9.04(a)(i) or clauses (i), (ii), (iii) or (vi) of the first proviso to Section 9.08(b) and (2) directly affects such Participant (but, for the avoidance of doubt, not with respect to the waiver of any Default or Event of Default) and (y) no other agreement with respect to the Loan Documents or any amendment, modification or waiver thereof may exist between such Lender and such Participant. Each Lender that sells a participation agrees, at any Borrower's request and expense, to use reasonable efforts to cooperate with such Borrower to effectuate the provisions of Section 2.20(b) or (c) with respect to any Participant. Subject to paragraph (c)(ii) of this Section, the Borrowers agree that each Participant shall be entitled to the benefits of Sections 2.16, 2.17 and 2.18 to the same extent as if it were a Lender and had acquired its interest by assignment pursuant to paragraph (b) of this Section. To the extent permitted by law, each Participant also shall be entitled to the benefits of Section 9.06 as though it were a Lender; provided that such Participant shall be subject to Section 2.19(c) as though it were a Lender. Each Lender that sells a participation shall, acting solely for this purpose as an agent of the U.S. Borrower, maintain a register on which it enters the name and address of each Participant and the principal amounts (and stated interest) of each Participant's interest in the Loans or other obligations under the Loan Documents (the "Participant Register"); provided that no Lender shall have any obligation to disclose all or any portion of the Participant Register to any person (including the identity of any Participant or any information relating to a Participant's interest in any Commitments, Loans, Letters of Credit or its other obligations under any Loan Document) except to the extent that such disclosure is necessary to establish that such Commitment, Loan, Letter of Credit or other obligation is in registered form under Section 5f.103-1(c) of the United States Treasury Regulations. The entries in the Participant Register shall be conclusive, absent manifest error, and such Lender shall treat each person whose name is recorded in the Participant Register pursuant to the terms hereof as the owner of such participation for all purposes of this Agreement notwithstanding any notice to the contrary. For the avoidance of doubt, the Administrative Agent (in its capacity as Administrative Agent) shall have no responsibility for maintaining a Participant Register.

(ii) A Participant shall not be entitled to receive any greater payment under Section 2.16, 2.17 or 2.18 than the applicable Lender would have been entitled to receive with respect to the participation sold to such Participant, unless the sale of the participation to such Participant is made with the U.S. Borrower's prior written consent. A Participant that would be a Foreign Lender if it were a Lender shall not be entitled to the benefits of Section 2.18 to the extent such Participant fails to comply with Section 2.18(f) or (g) as though it were a Lender.

(d) Any Lender may, without the consent of the Administrative Agent or any Borrower, at any time pledge or assign a security interest in all or any portion of its rights under this Agreement to secure obligations of such Lender, including any pledge or assignment to secure obligations to a Federal Reserve Bank, and this Section shall not apply to any such pledge or assignment of a security interest; provided that no such pledge or assignment of a security interest shall release a Lender from any of its obligations hereunder or substitute any such pledgee or Assignee for such Lender as a party hereto.

(e) The Borrowers, at their expense and upon receipt of written notice from the relevant Lender, agree to issue Promissory Notes to any Lender requiring Promissory Notes to facilitate transactions of the type described in paragraph (d) above.

(f) Notwithstanding the foregoing, no assignment may be made, and, to the extent the list of such Ineligible Institution has been made available to all Lenders, no participation sold, to an Ineligible Institution without the prior written consent of the U.S. Borrower.

(g) In connection with any assignment of rights and obligations of any Defaulting Lender hereunder, no such assignment shall be effective unless and until, in addition to the other conditions thereto set forth herein, the parties to the assignment shall make such additional payments to the Administrative Agent in an aggregate amount sufficient, upon distribution thereof as appropriate (which may be outright payment, purchases by the Assignee of participations or subparticipations, or other compensating actions, including funding, with the consent of the applicable Borrower and the Administrative Agent, the applicable Revolving Facility Percentage of Loans previously requested but not funded by the Defaulting Lender, to each of which the applicable Assignee and assignor hereby irrevocably consent), to (x) pay and satisfy in full all payment liabilities then owed by such Defaulting Lender to the Administrative Agent, any Lender or any Issuing Bank hereunder (and interest accrued thereon) and (y) acquire (and fund as appropriate) its full the Revolving Facility Percentage of all Loans; provided that notwithstanding the foregoing, in the event that any assignment of rights and obligations of any Defaulting Lender hereunder shall become effective under applicable law without compliance with the provisions of this paragraph, then the Assignee of such interest shall be deemed to be a Defaulting Lender for all purposes of this Agreement until such compliance occurs.

(h) If any Borrower wishes to replace the Loans or Commitments hereunder with ones having different terms (such new Loans or Commitments shall rank *pari passu* or junior in right of payment and security with the existing Loans or Commitments unless otherwise agreed by each Lender directly adversely affected thereby), it shall have the option, with the consent of the Administrative Agent and subject to at least three (3) Business Days' advance notice to the Lenders, instead of prepaying the Loans or reducing or terminating the Commitments to be replaced, to (i) require the Lenders to assign such Loans or Commitments to the Administrative Agent or its designees and (ii) amend the terms thereof in accordance with Section 9.08 (with such replacement, if applicable, being deemed to have been made pursuant to Section 9.04(b)(ii)). Pursuant to any such assignment, all Loans and Commitments to be replaced shall be purchased at par (allocated among the Lenders, in the same manner as would be required if such Loans were being optionally prepaid or such Commitments were being optionally reduced or terminated by the Borrowers), accompanied by payment of any accrued interest and fees thereon and any other amounts owing pursuant to this Agreement. By receiving such purchase price, the Lenders shall automatically be deemed to have assigned the Loans or Commitments, pursuant to the terms of the Assignment and Acceptance, and accordingly no other action by such Lenders shall be required in connection therewith. The provisions of this clause (h) are intended to facilitate the maintenance of the perfection and priority of existing security interests in the Collateral during any such replacement.

Section 9.05 Expenses; Indemnity

(a) Each Borrower agrees to pay (i) all reasonable and documented out-of-pocket expenses (including Other Taxes) incurred by the Administrative Agent in connection with the preparation of this Agreement and the other Loan Documents, or by the Administrative Agent, any Syndication Agent or any Documentation Agent in connection with the syndication of the Commitments, or by the Administrative Agent in connection with the administration of this Agreement and the other Loan Documents (including expenses incurred in connection with due diligence, initial and ongoing appraisals and Collateral examinations to the extent incurred in accordance with the terms of this Agreement, mortgage recordings, title registrations, Uniform Commercial Code filings and other filings in connection with the creation and perfection of the Liens of the Collateral Agent (the priority thereof) as contemplated hereby or in other Loan Documents and the reasonable fees, disbursements and the charges of no more than one counsel in each jurisdiction where Collateral is located) or any amendments, modifications or waivers of the provisions hereof or thereof (whether or not such amendment, waiver or modification is approved by the applicable Lenders), including the reasonable and documented fees, charges and disbursements of Simpson Thacher & Bartlett LLP, counsel for the Agents and the reasonable fees, charges and disbursements of one local counsel per applicable jurisdiction, and (ii) all out-of-pocket expenses (including Other Taxes) incurred by the Agents, the Issuing Banks, the Swingline Lender or any other Lender in connection with the enforcement or protection of their rights in connection with this Agreement and the other Loan Documents, in connection with the Loans made or the Letters of Credit issued hereunder, including the reasonable and documented fees, charges and disbursements of a single counsel for all such persons, taken as a whole (and, in the case of an actual or perceived conflict of interest where such person affected by such conflict informs the U.S. Borrower of such conflict and thereafter retains its own counsel with the U.S. Borrower's prior written consent (not to be unreasonably withheld), the reasonable and documented fees, charges and disbursements of another firm for such affected person).

(b) The Borrowers agree to indemnify the Agents, the Syndication Agents, the Documentation Agents, the Joint Lead Arrangers, each Issuing Bank, the Swingline Lender, each other Lender, each of their respective successors and assigns and each of their Related Parties (each such person being called an "Indemnitee") against, and to hold each Indemnitee harmless from, any and all losses, claims, damages, liabilities and related expenses, including reasonable and documented counsel fees, charges and disbursements (excluding the allocated costs of in house counsel and limited to not more than one counsel for all such Indemnitees, taken as a whole, and, if necessary, a single local counsel in each appropriate jurisdiction for all such Indemnitees, taken as a whole (and, in the case of an actual or perceived conflict of interest where such Indemnitee affected by such conflict informs the U.S. Borrower of such conflict and thereafter retains its own counsel with the U.S. Borrower's prior written consent (not to be unreasonably withheld), of another firm of such for such affected Indemnitee)), incurred by or asserted against any Indemnitee arising out of, in any way connected with, or as a result of (i) the execution or delivery of this Agreement or any other Loan Document or any agreement or instrument contemplated hereby or thereby, the performance by the parties hereto and thereto of their respective obligations thereunder or the consummation of the Transactions and the other transactions contemplated hereby, (ii) the use of the proceeds of the Loans or the use of any Letter of Credit or (iii) any claim, litigation, investigation or proceeding relating to any of the foregoing, whether or not any Indemnitee is a party thereto, and regardless of whether any of the foregoing is raised or initiated by a third party or any Borrower (including its equity holders, affiliates, creditors, or any other person) or any other Loan Party or any Subsidiary; provided that such indemnity shall not, as to any Indemnitee, be available to the extent that such losses, claims, damages, liabilities or related expenses (x) are determined by a court of competent jurisdiction by final and nonappealable judgment to have (A) resulted primarily from the gross negligence or willful misconduct of such Indemnitee or (B) arisen from a material breach by such Indemnitee of its funding obligations hereunder or under the other Loan Documents, or (y) have arisen from any claim, actions, suits, inquiries, litigation, investigation or proceeding that does not involve an act or omission of the U.S. Borrower or any Subsidiary Loan Party or any of their respective Affiliates and that is brought by an Indemnitee against any other Indemnitee (other than any claim, actions, suits, inquiries, litigation, investigation or proceeding against the Agents, any Joint Lead Arranger, any Syndication Agent, any Documentation Agent, the Issuing Bank or the Swingline Lender, in each case in such capacity) (for purposes of this proviso only, each of the Agents, Joint Lead Arrangers, Issuing Banks, the Swingline Lender, any other Lenders shall be treated as several and separate Indemnitees, but each of them together with its respective Related Parties shall be treated as a single Indemnitee). Subject to and without limiting the generality of the foregoing sentence, the Borrowers agree to indemnify each Indemnitee against, and hold each Indemnitee harmless from, any and all losses, claims, damages, liabilities and related expenses, including reasonable counsel or consultant fees, charges and disbursements (except the allocated costs of in-house counsel), incurred by or asserted against any Indemnitee arising out of, in any way connected with or as a result of (a) any claim or liability related in any way to Environmental Laws and Holdings, the U.S. Borrower or any of their Subsidiaries, or (b) any actual or alleged presence, Release or threatened Release of Hazardous Materials at, under, on or from any property currently or formerly owned, leased or operated by any predecessor of Holdings, the U.S. Borrower or any of their Subsidiaries; provided that such indemnity shall not, as to any Indemnitee, be available to the extent that such losses, claims, damages, liabilities or related expenses (x) are determined by a court of competent jurisdiction by final and nonappealable judgment to have (A) resulted primarily from the gross negligence or willful misconduct of such Indemnitee or (B) arisen from a material breach by such Indemnitee of its funding obligations hereunder or under the other Loan Documents, or (y) have arisen from any claim, actions, suits, inquiries, litigation, investigation or proceeding that does not involve an act or omission of the U.S. Borrower or any Subsidiary Loan Party or any of their respective Affiliates and that is brought by an Indemnitee against any other Indemnitee (other than any claim, actions, suits, inquiries, litigation, investigation or proceeding against the Agents, any Joint Lead Arranger, the Syndication Agents, the Documentation Agents, the Issuing Bank or the Swingline Lender, in each case in such capacity). None of the Indemnitees (or any of their respective Affiliates) shall be responsible or liable to any Loan Party, any of its subsidiaries, Affiliates or stockholders or any other person or entity for any special, indirect, consequential or punitive damages, which may be alleged as a result of the facilities hereunder or the Transactions. The provisions of this Section 9.05 shall remain operative and in full force and effect regardless of the expiration of the term of this Agreement, the consummation of the transactions contemplated hereby, the repayment of any of the Obligations, the invalidity or unenforceability of any term or provision of this Agreement or any other Loan Document, or any investigation made by or on behalf of the Administrative Agent, any Issuing Bank or any Lender. All amounts due under this Section 9.05 shall be payable on written demand therefor accompanied by reasonable documentation with respect to any reimbursement, indemnification or other amount requested.

(c) Except as expressly provided in Section 9.05(a) with respect to Other Taxes, which shall not be duplicative with any amounts paid pursuant to Section 2.18, this Section 9.05 shall not apply to Taxes other than any Taxes that represent losses or damages from any non-Tax claim.

(d) To the fullest extent permitted by applicable law, Holdings and the Borrowers shall not assert, and hereby waive, any claim against any Indemnitee, on any theory of liability, for special, indirect, consequential or punitive damages (as opposed to direct or actual damages) arising out of, in connection with, or as a result of, this Agreement, any other Loan Document or any agreement or instrument contemplated hereby, the transactions contemplated hereby or thereby, any Loan or Letter of Credit or the use of the proceeds thereof. No Indemnitee shall be liable for any damages arising from the use by unintended recipients of any information or other materials distributed by it through telecommunications, electronic or other information transmission systems in connection with this Agreement or the other Loan Documents or the transactions contemplated hereby or thereby.

(e) The agreements in this Section 9.05 shall survive the resignation of the Agents or any Issuing Bank, the replacement of any Lender, the termination of the Commitments and the repayment, satisfaction or discharge of all the other Obligations and the termination of this Agreement.

Section 9.06 Right of Set-off. If an Event of Default shall have occurred and be continuing, each Lender and each Issuing Bank is hereby authorized at any time and from time to time, to the fullest extent permitted by law, to set off and apply any and all deposits (general or special, time or demand, provisional or final) at any time held and other indebtedness at any time owing by such Lender or such Issuing Bank to or for the credit or the account of Holdings (prior to a Qualified IPO), any Borrower or other Subsidiary against any of and all the obligations of Holdings (prior to a Qualified IPO), any Borrower or any Subsidiary now or hereafter existing under this Agreement or any other Loan Document held by such Lender or such Issuing Bank, irrespective of whether or not such Lender or such Issuing Bank shall have made any demand under this Agreement or such other Loan Document and although the obligations may be unmatured; provided that no amounts set off with respect to any Guarantor shall be applied to any Excluded Swap Obligations of such Guarantor; provided further that, in the event that any Defaulting Lender shall exercise any such right of setoff, (x) all amounts so set off shall be paid over immediately to the Administrative Agent for further application in accordance with the provisions of Section 2.23 and, pending such payment, shall be segregated by such Defaulting Lender from its other funds and deemed held in trust for the benefit of the Administrative Agent and the Lenders, and (y) the Defaulting Lender shall provide promptly to the Administrative Agent a statement describing in reasonable detail the Obligations owing to such Defaulting Lender as to which it exercised such right of setoff. The rights of each Lender and each Issuing Bank under this Section 9.06 are in addition to other rights and remedies (including other rights of set-off) that such Lender or such Issuing Bank may have. Notwithstanding the foregoing, no Lender shall exercise setoff rights with respect to the Canadian Borrower's, a U.K. Borrower's, the Dutch Borrower's or the German Borrower's assets and apply such proceeds to the Obligations of the U.S. Borrower hereunder.

Section 9.07 APPLICABLE LAW. THIS AGREEMENT AND THE OTHER LOAN DOCUMENTS (OTHER THAN LETTERS OF CREDIT AND AS EXPRESSLY SET FORTH IN OTHER LOAN DOCUMENTS) AND ANY CLAIM, CONTROVERSY OR DISPUTE ARISING UNDER OR RELATED TO SUCH LOAN DOCUMENTS SHALL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE STATE OF NEW YORK.

Section 9.08 Waivers; Amendment.

(a) No failure or delay of the Administrative Agent, any Issuing Bank or any Lender in exercising any right or power hereunder or under any Loan Document shall operate as a waiver thereof, nor shall any single or partial exercise of any such right or power, or any abandonment or discontinuance of steps to enforce such a right or power, preclude any other or further exercise thereof or the exercise of any other right or power. The rights and remedies of the Administrative Agent, each Issuing Bank and the Lenders hereunder and under the other Loan Documents are cumulative and are not exclusive of any rights or remedies that they would otherwise have. No waiver of any provision of this Agreement or any other Loan Document or consent to any departure by Holdings, any Borrower or any other Loan Party therefrom shall in any event be effective unless the same shall be permitted by paragraph (b) below, and then such waiver or consent shall be effective only in the specific instance and for the purpose for which given. No notice or demand on Holdings, any Borrower or any other Loan Party in any case shall entitle such person to any other or further notice or demand in similar or other circumstances.

(b) Neither this Agreement nor any other Loan Document nor any provision hereof or thereof may be waived, amended or modified, except as provided in the last sentence of the definition of "Permitted Refinancing Indebtedness", Section 2.01(a), Section 2.21 or

Section 8.11, or (x) in the case of this Agreement, pursuant to an agreement or agreements in writing entered into by Holdings (prior to a Qualified IPO), the Borrowers and the Required Lenders and (y) in the case of any other Loan Document, pursuant to an agreement or agreements in writing entered into by the applicable Loan Party and the Administrative Agent or the Collateral Agent, as the case may be, and consented to by the Required Lenders; provided, however, that no such agreement shall

(i) decrease or forgive the principal amount of, or extend the final maturity of, or decrease the rate of interest on, any Loan or any L/C Disbursement, or extend the stated expiration of any Letter of Credit beyond the applicable Maturity Date (except as provided in Section 2.05(c)) without the prior written consent of each Lender directly adversely affected thereby (which, notwithstanding the foregoing, such consent of such Lender directly adversely affected thereby shall be the only consent required hereunder to make such modification); provided that any amendment or modifications to the definitions of the terms “Borrowing Base”, “Excess Availability”, any component definition thereof or the related definitions or the financial definitions in this Agreement shall not constitute a reduction in the rate of interest for purposes of this clause (i),

(ii) increase or extend the Commitment of any Lender or decrease the Commitment Fees or L/C Participation Fees or other fees of any Lender without the prior written consent of such Lender (which, notwithstanding the foregoing, such consent of such Lender directly adversely affected thereby shall be the only consent required hereunder to make such modification); it being understood that waivers or modifications of conditions precedent, covenants, Defaults or Events of Default or of a mandatory reduction in the aggregate Commitments shall not constitute an increase of the Commitments of any Lender,

(iii) extend any date on which payment of interest on any Loan or any L/C Disbursement or any Fees is due, without the prior written consent of each Lender directly adversely affected thereby (which, notwithstanding the foregoing, such consent of such Lender directly adversely affected thereby shall be the only consent required hereunder to make such modification),

(iv) amend or modify the provisions of Section 2.12(d) or Section 2.19(b) or (c) in a manner that would by its terms alter the pro rata sharing of payments required thereby, without the prior written consent of each Lender directly adversely affected thereby,

(v) amend or modify the provisions of this Section or the definition of the terms “Required Lenders”, “Special Majority Lenders”, “Super Majority Lenders” or any other provision hereof specifying the number or percentage of Lenders required to waive, amend or modify any rights hereunder or make any determination or grant any consent hereunder, without the prior written consent of each Lender directly adversely affected thereby (it being understood that, with the consent of the Required Lenders, additional extensions of credit pursuant to this Agreement may be included in the determination of the Required Lenders, Special Majority Lenders and Super Majority

Lenders, on substantially the same basis as the Loans and Commitments are included on the Closing Date),

(vi) release all or substantially all the Collateral or release any of Holdings (prior to a Qualified IPO), any Borrower or any other Subsidiary Loan Party from its Guarantee under the U.S. Guarantee Agreement or the Foreign Guarantee Agreement, as applicable (unless, in the case of (1) Holdings, upon a Qualified IPO or (2) a Subsidiary Loan Party, all or substantially all the Equity Interests of such Subsidiary Loan Party are sold or otherwise disposed of in a transaction permitted by this Agreement), without the prior written consent of each Lender,

(vii) effect any waiver, amendment or modification of Section 4.02 of the Collateral Agreement, or any comparable provision of any other Security Document, in a manner that alters the pro rata sharing of payments required thereby, without the consent of each Lender so affected

(viii) amend or modify the definition of the term “Borrowing Base” or any component definition thereof if as a result thereof the amounts available to be borrowed by any Borrower would be increased, without the prior written consent of the Special Majority Lenders (provided that the foregoing shall not limit the discretion of the Administrative Agent to change, establish or eliminate any Reserves without the prior written consent of any Lenders, but, to the extent the amount to be borrowed or credit to be made would increase as a result of any such change or elimination, the Administrative Agent shall not exercise its discretion to change or eliminate any Reserves that existed on the Closing Date without the consent of the Special Majority Lenders); or

(ix) increase the percentage advance rates set forth in the definition of the term “Borrowing Base” or any component definition thereof if as a result thereof the amounts available to be borrowed by any Borrower would be increased, without the prior written consent of the Super Majority Lenders;

provided further that no such agreement shall amend, modify or otherwise affect the rights or duties of an Agent or an Issuing Bank hereunder without the prior written consent of such Agent or such Issuing Bank acting as such at the effective date of such agreement, as applicable. Each Lender shall be bound by any waiver, amendment or modification authorized by this Section 9.08 and any consent by any Lender pursuant to this Section 9.08 shall bind any Assignee of such Lender.

(c) Without the consent of any Syndication Agent, any Documentation Agent, any Joint Lead Arranger, any Issuing Bank or any Lender, the Loan Parties and the Agents may (in their respective sole discretion, or shall, to the extent required by any Loan Document) enter into any amendment, modification or waiver of any Loan Document, or enter into any new agreement or instrument, to effect the granting, perfection, protection, expansion or enhancement of any security interest in any Collateral or additional property to become Collateral for the benefit of the Secured Parties, or as required by local law to give effect to, or protect any security interest for the benefit of the Secured Parties, in any property or so that the security interests therein comply with applicable law or this Agreement, or, in each case, to otherwise enhance the rights or benefits of any Secured Party under any Loan Document.

(d) Notwithstanding the foregoing, this Agreement may be amended (or amended and restated) with the written consent of the Required Lenders, the Administrative Agent, Holdings (prior to a Qualified IPO) and the Borrowers (a) to add one or more additional credit facilities to this Agreement and to permit the extensions of credit from time to time outstanding thereunder and the accrued interest and fees in respect thereof to share ratably in the benefits of this Agreement and the other Loan Documents with the Loans and the accrued interest and fees in respect thereof (provided that such credit facilities shall rank *pari passu* or junior in right of payment and of security with the existing facilities hereunder unless otherwise agreed by each Lender directly adversely affected thereby) and (b) to include appropriately the Lenders holding such credit facilities in any determination of the Required Lenders, Special Majority Lenders and Super Majority Lenders.

(e) Notwithstanding the foregoing, technical and conforming modifications to the Loan Documents may be made with the consent of Holdings (prior to a Qualified IPO), the Borrowers and the Administrative Agent to the extent necessary (i) to cure any ambiguity, omission, defect or inconsistency, (ii) to integrate any Incremental Revolving Facility Commitments in a manner consistent with Section 2.21 (including with respect to Other Revolving Facility Loans, as may be necessary to establish such Other Revolving Loans as a separate Class from the existing Loans or Commitments) or (iii) to reflect the modifications contemplated by the last sentence of the definition of "Permitted Refinancing Indebtedness". The Administrative Agent, Holdings (prior to a Qualified IPO) and the Borrowers shall modify the Loan Documents to include the commitments to make such Other Revolving Loans in the definition of Required Lenders, Special Majority Lenders and Super Majority Lenders, on substantially the same basis as the Loans are included on the Closing Date.

(f) With respect to the incurrence of any secured or unsecured Indebtedness (including any intercreditor agreement relating thereto), the U.S. Borrower may elect (in its discretion, but shall not be obligated) to deliver to the Administrative Agent a certificate of a Responsible Officer at least three (3) Business Days prior to the incurrence thereof (or such shorter time as the Administrative Agent may agree), together with either drafts of the material documentation relating to such Indebtedness or a description of such Indebtedness (including a description of the Liens intended to secure the same or the subordination provisions thereof, as applicable) in reasonably sufficient detail to be able to make the determinations referred to in this paragraph, which certificate shall either, at the U.S. Borrower's election, (i) state that the U.S. Borrower has determined in good faith that such Indebtedness satisfies the requirements of the applicable provisions of Section 6.01 and 6.02 (taking into account any other applicable provisions of this Section 9.08), in which case such certificate shall be conclusive evidence thereof, or (ii) request the Administrative Agent to confirm, based on the information set forth in such certificate and any other information reasonably requested by the Administrative Agent, that such Indebtedness satisfies such requirements, in which case the Administrative Agent may determine whether, in its Reasonable Credit Judgment, such requirements have been satisfied (in which case it shall deliver to U.S. Borrower a written confirmation of the same), with any such determination of the Administrative Agent to be conclusive evidence thereof, and the Secured Parties hereby authorize the Administrative Agent to make such determinations.

Section 9.09 Interest Rate Limitation.

(a) Notwithstanding anything herein to the contrary, subject to clause (b) below in respect of any Loan to a Canadian Borrower, if at any time the applicable interest rate, together with all fees and charges that are treated as interest under applicable law (collectively, the "Charges"), as provided for herein or in any other document executed in connection herewith, or otherwise contracted for, charged, received, taken or reserved by any Lender or any Issuing Bank, shall exceed the maximum lawful rate (the "Maximum Rate") that may be contracted for, charged, taken, received or reserved by such Lender in accordance with applicable law, the rate of interest payable hereunder, together with all Charges payable to such Lender or such Issuing Bank, shall be limited to the Maximum Rate; provided that such excess amount shall be paid to such Lender or such Issuing Bank on subsequent payment dates to the extent not exceeding the legal limitation.

(b) Without limiting Section 9.09(a), if any provision of this Agreement or any of the other Loan Documents would obligate the Canadian Borrower to make any payment of interest under the Obligations of the Canadian Borrower or any other amount in an amount or calculated at a rate that would be prohibited by law or would result in the receipt by any Lender of interest under the Obligations of the Canadian Borrower at a criminal rate (as such terms are construed under the Criminal Code (Canada)) then, notwithstanding such provision, such amount or rates shall be deemed to have been adjusted with retroactive effect to the maximum amount or rate of interest, as the case may be, as would not be so prohibited by law or so result in the receipt by such Lender of interest under the Obligations of the Canadian Borrower at a criminal rate, such adjustment to be effected, to the extent necessary, as follows: (i) first, by reducing the amount or rate of interest required to be paid to such Lender under Section 2.14 and (ii) thereafter, by reducing any fees, commissions, premiums and other amounts required to be paid to such Lender that would constitute interest under the Obligations of the Canadian Borrower for purposes of Section 347 of the Criminal Code (Canada). Notwithstanding the foregoing, and after giving effect to all adjustments contemplated hereby, if any Lender shall have received an amount in excess of the maximum permitted by Section 347 of the Criminal Code (Canada), then the Canadian Borrower shall be entitled, by notice in writing to the Administrative Agent for the benefit of the Lenders, to obtain reimbursement from such Lender in an amount equal to such excess, and pending such reimbursement, such amount shall be deemed to be an amount payable by such Lender to the Canadian Borrower. Any amount or rate of interest under the Obligations of the Canadian Borrower referred to in Section 2.14 (b) shall be determined in accordance with generally accepted actuarial practices and principles as an effective annual rate of interest over the term that any Revolving Facility Loan to the Canadian Borrower remains outstanding on the assumption that any charges, fees or expenses that fall within the meaning of "interest" (as defined in the Criminal Code (Canada)) shall, if they relate to a specific period of time, be pro-rated over that period of time and otherwise be pro-rated over the period from the Closing Date to the Termination Date and, in the event of a dispute, a certificate of a Fellow of the Canadian Institute of Actuaries appointed by the Administrative Agent shall be conclusive for the purposes of such determination.

Section 9.10 Conversion of Currencies.

(a) If, for the purpose of obtaining judgment in any court, it is necessary to convert a sum owing hereunder in one currency into another currency, each party hereto agrees, to the fullest extent that it may effectively do so, that the rate of exchange used shall be that at which in accordance with normal banking procedures in the relevant jurisdiction the first currency could be purchased with such other currency on the Business Day immediately preceding the day on which final judgment is given.

(b) The obligations of each Borrower in respect of any sum due to any party hereto or any holder of the obligations owing hereunder (the "Applicable Creditor") shall, notwithstanding any judgment in a currency (the "Judgment Currency") other than the currency in which such sum is stated to be due hereunder (the "Agreement Currency"), be discharged only to the extent that, on the Business Day following receipt by the Applicable Creditor of any sum adjudged to be so due in the Judgment Currency, the Applicable Creditor may in accordance with normal banking procedures in the relevant jurisdiction purchase the Agreement Currency with the Judgment Currency; if the amount of the Agreement Currency so purchased is less than the sum originally due to the Applicable Creditor in the Agreement Currency, such Borrower agrees, as a separate obligation and notwithstanding any such judgment, to indemnify the Applicable Creditor against such loss. The obligations of the Borrowers contained in this Section 9.10 shall survive the termination of this Agreement and the payment of all other amounts owing hereunder.

Section 9.11 Entire Agreement; No Third Party Beneficiaries. This Agreement, the other Loan Documents and the agreements regarding certain Fees referred to herein constitute the entire contract between the parties relative to the subject matter hereof. Any previous agreement among or representations from the parties or their Affiliates with respect to the subject matter hereof is superseded by this Agreement and the other Loan Documents. Notwithstanding the foregoing, the Administrative Agent Fee Letter shall survive the execution and delivery of this Agreement and remain in full force and effect. Except as otherwise explicitly stated herein or therein, nothing in this Agreement or in the other Loan Documents, expressed or implied, is intended to confer upon any party other than the parties hereto and thereto any rights, remedies, obligations or liabilities under or by reason of this Agreement or the other Loan Documents.

Section 9.12 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 RESPECT OF ANY LITIGATION DIRECTLY OR INDIRECTLY ARISING OUT OF, UNDER OR IN CONNECTION WITH THIS AGREEMENT OR ANY OF THE OTHER LOAN DOCUMENTS. 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 AND THE OTHER LOAN DOCUMENTS, AS APPLICABLE, BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION 9.12.

Section 9.13 Severability. In the event any one or more of the provisions contained in this Agreement or in any other Loan Document should be held invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained herein and therein shall not in any way be affected or impaired thereby. The parties shall endeavor in good-faith negotiations to replace the invalid, illegal or unenforceable provisions with valid provisions the economic effect of which comes as close as possible to that of the invalid, illegal or unenforceable provisions.

Section 9.14 Counterparts. This Agreement may be executed in two or more counterparts, each of which shall constitute an original but all of which, when taken together, shall constitute but one contract, and shall become effective as provided in Section 9.03. Delivery of an executed counterpart to this Agreement by facsimile transmission (or any other electronic means) shall be as effective as delivery of a manually signed original.

Section 9.15 Headings. Article and Section headings and the Table of Contents used herein are for convenience of reference only, are not part of this Agreement and are not to affect the construction of, or to be taken into consideration in interpreting, this Agreement.

Section 9.16 Jurisdiction; Consent to Service of Process. Subject to clause (e) of the following sentence, all judicial proceedings brought against any party arising out of or relating hereto or any other Loan Documents, or any of the Obligations, shall be brought in any state or federal court of competent jurisdiction in the State, County and City of New York. By executing and delivering this Agreement, each party (subject to clause (e) of this following sentence), for itself and in connection with its properties, irrevocably (a) accepts generally and unconditionally the exclusive jurisdiction and venue of such courts (other than with respect to actions by any Agent in respect of rights under any Security Document governed by laws other than the laws of the State of New York or with respect to any Collateral subject thereto); (b) waives any defense of forum non conveniens; (c) agrees that service of all process in any such proceeding in any such court may be made by registered or certified mail, return receipt requested, to the applicable parties at its address provided in accordance with Section 9.01; (d) agrees that service as provided in clause (c) above is sufficient to confer personal jurisdiction over the applicable party in any such proceeding in any such court, and otherwise constitutes effective and binding service in every aspect and (e) agrees that Agents and Lenders retain the right to serve process in any other manner permitted by law or to bring proceedings against any Loan Party in the courts of any other jurisdiction in connection with the exercise of any rights under any Security Documents or the enforcement of any judgment.

Section 9.17 Confidentiality. Each of the Lenders, each Issuing Bank and each of the Agents agrees that it shall maintain in confidence any information relating to Holdings, the Borrowers and the other Loan Parties furnished to it by or on behalf of Holdings, the Borrowers or the other Loan Parties (other than information that (a) has become generally available to the public other than as a result of a disclosure by such party, (b) has been independently developed by such Lender, such Issuing Bank or such Agent without violating this Section 9.17 or (c) was available to such Lender, such Issuing Bank or such Agent from a third party having, to such person’s knowledge, no obligations of confidentiality to Holdings, the Borrowers or any other Loan Party) and shall not reveal the same other than to its directors, trustees, officers, employees and advisors with a need to know or to any person that approves or administers the Loans on behalf of such Lender, Issuing Bank or Agent (so long as each such person shall have been instructed to keep the same confidential in accordance with this Section 9.17), except: (i) to the extent necessary to comply with law or any legal process or the requirements of any Governmental Authority, the National Association of Insurance Commissioners or of any securities exchange on which securities of the disclosing party or any Affiliate of the disclosing party are listed or traded, (ii) as part of normal reporting or review procedures to, or examinations by, Governmental Authorities or self-regulating authorities, including the National Association of Insurance Commissioners or the National Association of Securities Dealers, Inc. (iii) to its parent companies, Affiliates or auditors (so long as each such person shall have been instructed to keep the same confidential in accordance with this Section 9.17), (iv) in order to enforce its rights under any Loan Document in a legal proceeding, (v) to any pledgees referred to in Section 9.04(d) or to any prospective Assignee of, or prospective Participant in, any of its rights under this Agreement (so long as each such person shall have been instructed to keep the same confidential in accordance with this Section 9.17) and (vi) to any direct or indirect contractual counterparty in Swap Agreements or such contractual counterparty's professional advisor (so long as such contractual counterparty or professional advisor to such contractual counterparty agrees to be bound by the provisions of this Section).

The Administrative Agent agrees to keep confidential the Submitted Reference Bank Rates to be used in the calculation of the Reference Bank Rate; provided that the Submitted Reference Bank Rates may be shared with Holdings, the Borrowers and any of their employees, directors, agents, attorneys, accountants and other professional advisors or those of any of its affiliates that have a commercially reasonable business need to know such rates; provided that, prior to receipt of such rates, any recipient thereof (other than the Borrower) shall (i) certify to the Administrative Agent that it is not an individual who is formally designated as being involved in the ICE LIBOR submission process and (ii) shall agree to comply with the provisions of this paragraph as if it were the Administrative Agent. Holdings and the Borrowers hereby represent and warrant, as of the Amendment Effective Date and each date on which it receives Submitted Reference Bank Rates, that it is not an individual who is formally designated as being involved in the ICE LIBOR submission process, and agrees to comply with the provisions of this paragraph as if it were the Administrative Agent. For the avoidance of doubt, the Reference Bank Rate shall be disclosed to Lenders in accordance with Section 2.15(a).

EACH LENDER ACKNOWLEDGES THAT INFORMATION REFERRED TO IN THIS SECTION 9.17 AND FURNISHED TO IT PURSUANT TO THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT MAY INCLUDE MATERIAL NON-PUBLIC INFORMATION CONCERNING HOLDINGS, THE BORROWERS, THE OTHER LOAN PARTIES, THEIR RESPECTIVE RELATED PARTIES OR THEIR RESPECTIVE SECURITIES, AND CONFIRMS THAT IT HAS DEVELOPED COMPLIANCE PROCEDURES REGARDING THE USE OF MATERIAL NON-PUBLIC INFORMATION AND THAT IT WILL HANDLE SUCH MATERIAL NON-PUBLIC INFORMATION IN ACCORDANCE WITH THOSE PROCEDURES AND APPLICABLE LAW, INCLUDING FEDERAL, STATE, PROVINCIAL AND TERRITORIAL SECURITIES LAWS.

ALL INFORMATION, INCLUDING WAIVERS AND AMENDMENTS, FURNISHED BY HOLDINGS, THE BORROWERS OR THE AGENTS PURSUANT TO, OR IN THE COURSE OF ADMINISTERING, THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT WILL BE SYNDICATE-LEVEL INFORMATION, WHICH MAY CONTAIN MATERIAL NON-PUBLIC INFORMATION ABOUT HOLDINGS, THE BORROWERS, THE OTHER LOAN PARTIES, THEIR RELATED PARTIES OR THEIR RESPECTIVE SECURITIES. ACCORDINGLY, EACH LENDER REPRESENTS TO HOLDINGS, THE BORROWERS AND THE ADMINISTRATIVE AGENT THAT IT HAS IDENTIFIED IN ITS ADMINISTRATIVE QUESTIONNAIRE A CREDIT CONTACT WHO MAY RECEIVE INFORMATION THAT MAY CONTAIN MATERIAL NON-PUBLIC INFORMATION IN ACCORDANCE WITH ITS COMPLIANCE PROCEDURES AND APPLICABLE LAW.

Section 9.18 JPMCB Direct Website Communications.

(a) Delivery.

(i) Each Loan Party hereby agrees that it will provide to the Administrative Agent all information, documents and other materials that it is obligated to furnish to the Administrative Agent pursuant to this Agreement and any other Loan Document, including all notices, requests, financial statements, financial and other reports, certificates and other information materials, but excluding any such communication that (A) relates to a request for a new, or a conversion of an existing, borrowing or other extension of credit (including any election of an interest rate or interest period relating thereto), (B) relates to the payment of any principal or other amount due under this Agreement prior to the scheduled date therefor, (C) provides notice of any Default or Event of Default under this Agreement or (D) is required to be delivered to satisfy any condition precedent to the effectiveness of this Agreement and/or any borrowing or other extension of credit hereunder (all such non-excluded communications collectively, the "Communications"), by transmitting the Communications in an electronic/soft medium in a format acceptable to the Administrative Agent. In addition, each Loan Party agrees to continue to provide the Communications to the Administrative Agent in the manner specified in this Agreement or any other Loan Document but only to the extent requested by the Administrative Agent. Nothing in this Section 9.18 shall prejudice the right of the Agents, the Joint Lead Arrangers or any Lender or any Loan Party to give any notice or other communication pursuant to this Agreement or any other Loan Document in any other manner specified in this Agreement or any other Loan Document.

(ii) The Administrative Agent agrees that receipt of the Communications by the Administrative Agent at its e-mail address set forth in Section 9.01 shall constitute effective delivery of the Communications to the Administrative Agent for purposes of the Loan Documents. Each Lender agrees that notice to it (as provided in the next sentence) specifying that the Communications have been posted to the Platform (as defined below) shall constitute effective delivery of the Communications to such Lender for purposes of the Loan Documents. Each Lender agrees (a) to notify the Administrative Agent in writing (including by electronic communication) from time to time of such Lender's e-mail address to which the foregoing notice may be sent by electronic transmission and (b) that the foregoing notice may be sent to such e-mail address.

(b) Posting. Each Loan Party further agrees that the Administrative Agent may make the Communications available to the Lenders by posting the Communications on Intralinks or a substantially similar electronic transmission system (the "Platform"). Certain of the Lenders may be "public-side" Lenders (i.e., Lenders that do not wish to receive material non-public information with respect to Holdings, any Borrower or their respective securities) (each, a "Public Lender"). The U.S. Borrower hereby agrees that it will use commercially reasonable efforts to identify that portion of the Communications that may not be distributed to the Public Lenders and that (i) all such Communications shall be clearly and conspicuously marked "PRIVATE" which, at a minimum, shall mean that the word "PRIVATE" shall appear prominently on the first page thereof, (ii) by not marking Communications "PRIVATE," The U.S. Borrower shall be deemed to have authorized the Administrative Agent, the Joint Lead Arrangers, the Issuing Banks and the Lenders to treat such Communications as either publicly available information or not material information (although it may be sensitive and proprietary) with respect to Holdings, such Borrower or their respective securities for purposes of United States federal and state securities laws, (iii) all Communications not marked "PRIVATE" are permitted to be made available through a portion of the Platform designated "Public Investor;" and (iv) the Administrative Agent and the Joint Lead Arrangers shall be entitled to treat any Communications that are marked "PRIVATE" as being suitable only for posting on a portion of the Platform not designated "Public Investor."

(c) Platform. The Platform is provided "as is" and "as available". The Agent Parties (as defined below) do not warrant the accuracy or completeness of the Communications or the adequacy of the Platform and expressly disclaim liability for errors or omissions in the Communications. No warranty of any kind, express, implied or statutory, including any warranty of merchantability, fitness for a particular purpose, non-infringement of third party rights or freedom from viruses or other code defects, is made by any Agent Party in connection with the Communications or the Platform. In no event shall the Administrative Agent or any of its Affiliates or any of their respective officers, directors, employees, agents advisors or representatives (collectively, "Agent Parties") have any liability to the Loan Parties, any Lender or any other person or entity for damages of any kind, including direct or indirect, special, incidental or consequential damages, losses or expenses (whether in tort, contract or otherwise), arising out of any Loan Party's or the Administrative Agent's transmission of communications through the internet, except to the extent the liability of any Agent Party is found in a final non-appealable judgment by a court of competent jurisdiction to have resulted primarily from such Agent Party's gross negligence or willful misconduct.

Section 9.19 Release of Liens and Guarantees.

(a) The Agents, Lenders and the Issuing Banks hereby irrevocably agree that the Liens granted to the Collateral Agent by the Loan Parties on any Collateral shall be automatically released: (i) in full, as set forth in Section 9.19(d) below; (ii) upon the sale or other disposition of such Collateral by any Loan Party to a person that is not (and is not required to become) a Loan Party in a transaction not prohibited by this Agreement (and the Collateral Agent may rely conclusively on a certificate to that effect provided to it by the Responsible Officer of the

U.S. Borrower upon its reasonable request without further inquiry), (iii) to the extent that such Collateral comprises property leased to a Loan Party, upon termination or expiration of such lease, (iv) if the release of such Lien is approved, authorized or ratified in writing by the Required Lenders (or such other Lenders whose consent may be required in accordance with Section 9.08(b)), (v) to the extent that the property constituting such Collateral is owned by any Guarantor, upon the release of such Guarantor from its obligations under the Guarantee in accordance with the Collateral Agreement and clause (b) below, (vi) as provided in Section 8.11, (vii) as contemplated by any intercreditor agreement, (viii) to the extent any asset or property constitutes Excluded Property and (ix) as required by the Collateral Agent to effect any sale or disposition of Collateral in connection with any exercise of remedies of the Collateral Agent pursuant to the Security Documents. Any such release shall not in any manner discharge, affect, or impair the Obligations or any Liens (other than those being released) upon (or Obligations (other than those being released) of the Loan Parties in respect of) all interests retained by the Loan Parties, including the proceeds of any sale or disposition, all of which shall continue to constitute part of the Collateral except to the extent otherwise released in accordance with the provisions of the Loan Documents.

(b) In addition, (i) the Agents, Lenders and the Issuing Banks hereby irrevocably agree that a Subsidiary Loan Party shall be released from the Guarantees and the Security Documents upon consummation of any transaction not prohibited hereunder resulting in such Subsidiary Loan Party ceasing to constitute a Subsidiary Loan Party or otherwise a Subsidiary (and the Collateral Agent may rely conclusively on a certificate to that effect provided to it by any Responsible Officer of the U.S. Borrower upon its reasonable request without further inquiry) and (ii) immediately prior to the consummation of a Qualified IPO, the Guarantee incurred by Holdings of the Obligations shall automatically terminate, and Holdings shall be released from its obligations under the Loan Documents and shall cease to be a Loan Party.

(c) The Lenders and the Issuing Banks hereby authorize the Administrative Agent and the Collateral Agent, as applicable, to execute and deliver any instruments, documents, and agreements necessary or desirable to evidence and confirm the release of any Guarantor or Collateral pursuant to the foregoing provisions of this Section 9.19, all without the further consent or joinder of any Lender or Issuing Bank. Any representation, warranty or covenant contained in any Loan Document relating to any such Collateral or Guarantor shall no longer be deemed to be made. In connection with any release hereunder, the Administrative Agent and the Collateral Agent shall promptly (and the Lenders and the Issuing Banks hereby authorize the Administrative Agent and the Collateral Agent to) take such action and execute any such documents as may be reasonably requested by any Borrower, at such Borrower's expense, in connection with the release of any Liens created by any Loan Document in respect of such Subsidiary, property or asset.

(d) Notwithstanding anything to the contrary contained herein or any other Loan Document, upon the Termination Date, upon request of any Borrower, the Administrative Agent and/or the Collateral Agent, as applicable, shall (without notice to, or vote or consent of, any other Secured Party) take such actions as shall be required to release its security interest in all Collateral, and to release all Obligations under any Loan Document, whether or not on the date of such release there may be any (i) obligations in respect of any Ancillary Agreement and (ii) any contingent indemnification Obligations or expense reimburse claims not then due. Any such release of Obligations shall be deemed subject to the provision that such Obligations shall be reinstated if after such release any portion of any payment in respect of the Obligations guaranteed thereby shall be rescinded or must otherwise be restored or returned upon the insolvency, bankruptcy, dissolution, liquidation or reorganization of any Borrower or any Guarantor, or upon or as a result of the appointment of a receiver, intervenor or conservator of, or trustee or similar officer for, any Borrower or any Guarantor or any substantial part of its property, or otherwise, all as though such payment had not been made.

(e) Obligations of the Borrowers and the Subsidiary Loan Parties under any Ancillary Agreement (after giving effect to all netting arrangements relating thereto) shall be secured and guaranteed pursuant to the Security Documents only to the extent that, and for so long as, the other Obligations are so secured and guaranteed. No person shall have any voting rights under any Loan Document solely as a result of the existence of obligations owed to it under any such Ancillary Agreement. For the avoidance of doubt, no release of Collateral or Guarantors effected in the manner permitted by this Agreement shall require the consent of any holder of obligations under Ancillary Agreements.

Section 9.20 Parallel Debt. Without prejudice to the provisions of this Agreement and the other Loan Documents, the parties hereto acknowledge and agree to the creation of parallel debt obligations (the "Parallel Debts") of certain Loan Parties as described in the U.S. Guarantee Agreement and the Foreign Guarantee Agreement, including that any payment received by the Administrative Agent in respect of the Parallel Debts will be deemed a satisfaction of a pro rata portion of the corresponding amounts of the Obligations.

Section 9.21 Dutch Powers of Attorney. If any Dutch Loan Party is represented by an attorney in connection with the signing and/or execution of any Loan Document (including by way of accession to this Agreement or any other agreement, deed or document referred to in or made pursuant to this Agreement), it is hereby expressly acknowledged and accepted by the other parties to this Agreement that the existence and extent of the attorney's authority and the effects of the attorney's exercise or purported exercise of his or her authority shall be governed by the laws of The Netherlands.

Section 9.22 Power of Attorney. Each Lender (including the Swingline Lender) and each Issuing Bank (and each Affiliate of a Lender or such Issuing Bank) hereby (i) authorizes each Agent as its agent and attorney to execute and deliver, on behalf of and in the name of such Lender or Issuing Bank (or Affiliate), all and any Loan Documents (including Security Documents) and related documentation, (ii) authorizes each Agent to appoint any further agents or attorneys to execute and deliver, or otherwise to act, on behalf of and in the name of such Agent for any such purpose and (iii) authorizes each Agent to delegate its powers under this power of attorney and to do any and all acts and to make and receive all declarations that are deemed necessary or appropriate to such Agent. The Lenders and the Issuing Banks hereby relieve the Administrative Agent from any applicable self-dealing restrictions, and the Administrative Agent may also relieve agents, delegates and attorneys appointed pursuant to the powers granted under this Section 9.22 from any self-dealing restrictions (including, but not limited to such restrictions on self-dealing under Section 181 of the German Civil Code).

Section 9.23 Canadian Anti-Money Laundering Legislation.

(a) The U.S. Borrower acknowledges that, pursuant to the Proceeds of Crime Act and other applicable anti-money laundering, anti-terrorist financing, government sanction and “know your client” laws in each relevant jurisdiction (collectively, including any guidelines or orders thereunder, “AML Legislation”), the Lenders may be required to obtain, verify and record information regarding Holdings, the Borrowers, the Subsidiary Loan Parties, their respective Related Parties, any direct or indirect parent entity thereof, the Transactions and any other transactions contemplated hereby. The U.S. Borrower shall promptly provide all such information, including supporting documentation and other evidence, as may be reasonably requested by any Lender, any Issuing Bank or any Agent, in order to comply with any applicable AML Legislation, whether now or hereafter in existence.

(b) If the Administrative Agent has ascertained the identity of any Borrower or any authorized signatories of the Borrower for the purposes of applicable AML Legislation, then the Administrative Agent:

(i) shall be deemed to have done so as an agent for each Lender, and this Agreement shall constitute a “written agreement” in such regard between each Lender and the Administrative Agent within the meaning of the applicable AML Legislation; and

(ii) shall provide to each Lender copies of all information obtained in such regard without any representation or warranty as to its accuracy or completeness.

(c) Notwithstanding the preceding sentence and except as may otherwise be agreed in writing, each of the Lenders agrees that neither the Administrative Agent nor any other Agent has any obligation to ascertain the identity of the Borrowers or any authorized signatories of the Borrowers on behalf of any Lender, or to confirm the completeness or accuracy of any information it obtains from any Borrower or any such authorized signatory in doing so.

Section 9.24 U.S.A. Patriot Act. Each Lender hereby notifies the Borrowers that pursuant to the requirements of the U.S.A. Patriot Act, it is required to obtain, verify and record information that identifies each Loan Party, which information includes the name and address of each Loan Party and other information that will allow such Lender to identify each Loan Party in accordance with the U.S.A. Patriot Act.

Section 9.25 Acknowledgments. Each of Holdings and the Borrowers hereby acknowledges and agrees that (a) no fiduciary, advisory or agency relationship between the Loan Parties and the Lenders is intended to be or has been created in respect of any of the transactions contemplated by this Agreement or the other Loan Documents, irrespective of whether any Lender has advised or is advising any Loan Party on other matters, and the relationship between the Lenders, on the one hand, and the Loan Parties, on the other hand, in connection herewith and therewith is solely that of creditor and debtor, (b) the Lenders, on the one hand, and the Loan Parties, on the other hand, have an arm's length business relationship that does not directly or indirectly give rise to, nor do the Loan Parties rely on, any fiduciary duty to the Loan Parties or their Affiliates on the part of the Lenders, (c) the Loan Parties are capable of evaluating and understanding, and the Loan Parties understand and accept, the terms, risks and conditions of the transactions contemplated by this Agreement and the other Loan Documents, (d) the Loan Parties have been advised that the Lenders are engaged in a broad range of transactions that may involve interests that differ from the Loan Parties' interests and that the Lenders have no obligation to disclose such interests and transactions to the Loan Parties, (e) the Loan Parties have consulted their own legal, accounting, regulatory and tax advisors to the extent the Loan Parties have deemed appropriate in the negotiation, execution and delivery of this Agreement and the other Loan Documents, (f) each Lender has been, is, and will be acting solely as a principal and, except as otherwise expressly agreed in writing by it and the relevant parties, has not been, is not, and will not be acting as an advisor, agent or fiduciary for the Loan Parties, any of their Affiliates or any other person, (g) no Lender has any obligation to the Loan Parties or their Affiliates with respect to the transactions contemplated by this Agreement or the other Loan Documents except those obligations expressly set forth herein or therein or in any other express writing executed and delivered by such Lender and the Loan Parties or any such Affiliate and (h) no joint venture is created hereby or by the other Loan Documents or otherwise exists by virtue of the transactions contemplated hereby among the Lenders or among the Loan Parties and the Lenders.

ARTICLE X

COLLECTION ALLOCATION MECHANISM

Section 10.01 Implementation of CAM.

(a) On the CAM Exchange Date, (i) each Lender shall immediately be deemed to have acquired (and shall promptly make payment therefor to the Administrative Agent in accordance with Section 2.04(c)) participations in the Swingline Loans in an amount equal to such Lender’s Revolving Facility Percentage of each such Swingline Loan outstanding on such date, (ii) simultaneously with the automatic conversions pursuant to clause (iii) below, the Lenders shall automatically and without further act (and without regard to the provisions of Section 9.04 (but which such provisions shall remain applicable following such exchange)) be deemed to have exchanged interests in the Loans (other than the Swingline Loans) and B/As and participations in Swingline Loans and Letters of Credit, such that in lieu of the interest of each Lender in each Loan, B/A and Letter of Credit in which it shall participate as of such date (including such Lender’s interest in the Obligations of each Loan Party in respect of each such Loan, B/A and Letter of Credit), such Lender shall hold an interest in every one of the Loans (other than the Swingline Loans) and B/As and a participation in every one of the Swingline Loans and Letters of Credit (including the Obligations of each Loan Party in respect of each such Loan and each Reserve Account established pursuant to Section 10.02), whether or not such Lender shall previously have participated therein, equal to such Lender’s CAM Percentage thereof, (iii) simultaneously with the deemed exchange of interests pursuant to clause (ii) above, the interests in the Loans to be received in such deemed exchange shall, automatically and with no further action required, be converted into the U.S. Dollar Equivalent, determined using the Exchange Rate calculated as of such date, of such amount and on and after such date all amounts accruing and owed to the Lenders in respect of such Obligations shall accrue and be payable in U.S. Dollars at the rate otherwise applicable hereunder and (iv) immediately upon the date of expiration of the Contract Period in respect thereof, the interests in each B/A received in the deemed exchange of interests pursuant to clause (ii) above shall, automatically and with no further action required, be converted into the U.S. Dollar Equivalent, determined using the Exchange Rate calculated as of such date, of such amount and on and after such date all amounts accruing and owed to the Lenders in respect of such Obligations shall accrue and be payable in U.S. Dollars at the rate otherwise applicable hereunder. It is understood and agreed that (A) Lenders holding interests in B/As on the CAM Exchange Date shall discharge the obligations to fund such B/As at maturity in exchange for the interests acquired by such Lenders in funded Loans in the CAM Exchange and (B) the CAM Exchange, in itself, will not affect the aggregate amount of the Obligations owing by each of (1) the Domestic Subsidiary Loan Parties and (2) the Foreign Subsidiary Loan Parties, on the CAM Exchange Date. Each Lender and each Loan Party hereby consents and agrees to the CAM Exchange, and each Lender agrees that the CAM Exchange shall be binding upon its successors and assigns and any person that acquires a participation in its interests in any Loan or B/A or any participation in any Swingline Loan or Letter of Credit. Each Loan Party agrees from time to time to execute and deliver to the Administrative Agent all such promissory notes and other instruments and documents as the Administrative Agent shall reasonably request to evidence and confirm the respective interests of the Lenders after giving effect to the CAM Exchange, and each Lender agrees to surrender any promissory notes originally received by it in connection with its Loans hereunder to the Administrative Agent against delivery of any promissory notes evidencing its interests in the Loans and B/As so executed and delivered; provided, however, that the failure of any Loan Party to execute or deliver or of any Lender to accept any such promissory note, instrument or document shall not affect the validity or effectiveness of the CAM Exchange.

(b) As a result of the CAM Exchange, upon and after the CAM Exchange Date, each payment received by the Administrative Agent pursuant to any Loan Document in respect of the Obligations and each distribution made by an Agent pursuant to any Security Document in respect of the Obligations, shall be distributed to the Lenders pro rata in accordance with their respective CAM Percentages. Any direct payment received by a Lender on or after the CAM Exchange Date, including by way of set-off, in respect of an Obligation shall be paid over to the Administrative Agent for distribution to the Lenders in accordance herewith.

Section 10.02 Letters of Credit

(a) In the event that on the CAM Exchange Date any Letter of Credit shall be outstanding and undrawn in whole or in part, or any L/C Disbursement shall not have been reimbursed by the applicable Borrower or with the proceeds of a Revolving Borrowing or Swingline Borrowing, each Lender shall promptly pay over to the Administrative Agent, in immediately available funds, an amount in U.S. Dollars equal to such Lender’s Revolving Facility Percentage of such undrawn face amount or (to the extent it has not already done so) such unreimbursed drawing, as applicable, together with interest thereon from the CAM Exchange Date to the date on which such amount shall be paid to the Administrative Agent at the rate that would be applicable at the time to an ABR Revolving Loan in a principal amount equal to such undrawn face amount or unreimbursed drawing, as applicable. The Administrative Agent shall establish a separate account (each, a "Reserve Account") or accounts for each Lender for the amounts received with respect to each such Letter of Credit pursuant to the preceding sentence. The Administrative Agent shall deposit in each Lender's Reserve Account such Lender's CAM Percentage of the amounts received from the Revolving Lenders as provided above. For the purposes of this paragraph, the U.S. Dollar Equivalent of each Lender's participation in each Letter of Credit denominated in an Alternative Currency shall be the amount in U.S. Dollars determined by the Administrative Agent to be required in order for the Administrative Agent to purchase currency in the applicable Alternative Currency in an amount sufficient to enable it to deposit the actual amount of such participation in such undrawn Letter of Credit in the applicable Alternative Currency in such Lender's Reserve Account. The Administrative Agent shall have sole dominion and control over each Reserve Account, and the amounts deposited in each Reserve Account shall be held in such Reserve Account until withdrawn as provided in paragraph (b), (c), (d) or (e) below. The Administrative Agent shall maintain records enabling it to determine the amounts paid over to it and deposited in the Reserve Accounts in respect of each Letter of Credit and the amounts on deposit in respect of each Letter of Credit attributable to each Lender's CAM Percentage. The amounts held in each Lender's Reserve Account shall be held as a reserve against the Revolving L/C Exposure, shall be the property of such Lender, shall not constitute Loans to or give rise to any claim of or against any Loan Party and shall not give rise to any obligation on the part of any Loan Party to pay interest to such Lender or any other obligation of any Loan Party, it being agreed that the reimbursement obligations in respect of Letters of Credit shall arise only at such times as drawings are made thereunder, as provided in Section 2.05.

(b) In the event that after the CAM Exchange Date any drawing shall be made in respect of a Letter of Credit, the Administrative Agent shall, at the request of the applicable Issuing Bank, to the extent such drawing constitutes an L/C Disbursement, withdraw from the Reserve Account of each Lender any amounts, up to the amount of such Lender's CAM Percentage of such drawing or payment, deposited in respect of such Letter of Credit and remaining on deposit and deliver such amounts to such Issuing Bank in satisfaction of the reimbursement obligations of the Lenders under Section 2.05(d) (but not of the applicable Borrower under Section 2.05(e)). In the event that any Lender shall default on its obligation to pay over any amount to the Administrative Agent as provided in this Section 10.02, the applicable Issuing Bank shall have a claim against such Lender to the same extent as if such Lender had defaulted on its obligations under Section 2.05(d), but shall have no claim against any other Lender in respect of such defaulted amount, notwithstanding the exchange of interests in the applicable Borrower's reimbursement obligations pursuant to Section 10.01. Each other Lender shall have a claim against such defaulting Lender for any damages sustained by it as a result of such default, including, in the event that such Letter of Credit shall expire undrawn, its CAM Percentage of the defaulted amount.

(c) In the event that after the CAM Exchange Date any Letter of Credit shall expire undrawn, the Administrative Agent shall withdraw from the Reserve Account of each Lender the amount remaining on deposit therein in respect of such Letter of Credit and distribute such amount to such Lender.

(d) With the prior written approval of the Administrative Agent (not to be unreasonably withheld), any Lender may withdraw the amount held in its Reserve Account in respect of the undrawn amount of any Letter of Credit. Any Lender making such a withdrawal shall be unconditionally obligated, in the event there shall subsequently be a drawing under such Letter of Credit, to pay over to the Administrative Agent, in the currency in which such drawing is denominated, for the account of the applicable Issuing Bank, on demand, its CAM Percentage of such drawing or payment.

(e) Pending the withdrawal by any Lender of any amounts from its Reserve Account as contemplated by the above paragraphs, the Administrative Agent will, at the direction of such Lender and subject to such rules as the Administrative Agent may prescribe for the avoidance of inconvenience, invest such amounts in Permitted Investments. Each Lender that has not withdrawn its amounts in its Reserve Account as provided in paragraph (d) above shall have the right, at intervals reasonably specified by the Administrative Agent, to withdraw the earnings on investments so made by the Administrative Agent with amounts in its Reserve Account and to retain such earnings for its own account.

Section 10.03 Acknowledgment and Consent to Bail-In of EEA Financial Institutions. Solely to the extent any Lender or Issuing Bank that is an EEA Financial Institution is a party to this Agreement and notwithstanding anything to the contrary in any Loan Document or in any other agreement, arrangement or understanding among any such parties, each party hereto acknowledges that any liability of any Lender or Issuing Bank that is an EEA Financial Institution arising under any Loan Document may be subject to the write-down and conversion powers of an EEA Resolution Authority and agrees and consents to, and acknowledges and agrees to be bound by:

(a) the application of any Write-Down and Conversion Powers by an EEA Resolution Authority to any such liabilities arising hereunder which may be payable to it by any Lender or Issuing Bank that is an EEA Financial Institution; and

(b) the effects of any Bail-In Action on any such liability, including, if applicable:

(i) a reduction in full or in part or cancellation of any such liability;

(ii) a conversion of all, or a portion of, such liability into shares or other instruments of ownership in such EEA Financial Institution, its parent entity, or a bridge institution that may be issued to it or otherwise conferred on it, and that such shares or other instruments of ownership will be accepted by it in lieu of any rights with respect to any such liability under this Agreement or any other Loan Document; or

(iii) the variation of the terms of such liability in connection with the exercise of the write-down and conversion powers of any EEA Resolution Authority.

SCHEDULE 9.01

Notice Information

For any Loan Party:

c/o Hexion Inc.
180 East Broad Street
Columbus, Ohio 43215
Attention: William H. Carter, Chief Financial Officer
Telephone: (614) 225-2066
Fax: (614) 225-7299
e-mail: bill.carter@momentive.com

with a copy to:

Paul, Weiss, Rifkind, Wharton & Garrison LLP
1285 Avenue of the Americas
New York, NY 10019
Attention: Gregory A. Ezring
Telephone: (212) 373-3458
Fax: (212) 492-0458
e-mail: gezring@paulweiss.com

For the Administrative Agent, any Issuing Bank or Swingline Lender:

(a) If with respect to any Revolving Facility Loans or Swingline Loans to the U.S. Borrower, to the following (or such other location as designated by the Administrative Agent):

JPMorgan Chase Bank, N.A.
500 Stanton Christiana Rd, 3/Ops2, Newark, DE 19713
Attention: Dina Scarfo
Telephone: (302) 634-1903
Fax: (302) 634-4250
e-mail: Dina.E.Scarfo@chase.com

with a copy to:

JPMorgan Chase Bank, N.A.
500 Stanton Christiana Rd, 3/Ops2, Newark, DE 19713
Attention: Christine Angus
Telephone: (302) 634-8647
Fax: (302) 634-4250
e-mail: Christine.Angus@jpmorgan.com

(b) If with respect to any Revolving Facility Loans or Swingline Loans to the Dutch Borrower or the U.K. Borrowers, to the following (or such location as designated by the Administrative Agent):

JPMorgan Europe Limited
25, Bank Street, Canary Wharf, London E14 7HT
Attention: Victoria Venes/ Loans & Agency
Telephone: +44 20 7742 6638
Fax: +44 20 7777 2360
e-mail: Victoria.Venes@jpmorgan.com
loan_and_agency_london@jpmorgan.com

with a copy to:

JPMorgan Chase Bank, N.A.
500 Stanton Christiana Rd, 3/Ops2, Newark, DE 19713
Attention: Dina Scarfo
Telephone: (302) 634-1903
Fax: (302) 634-4250
e-mail: Dina.E.Scarfo@chase.com
loan_and_agency_london@jpmorgan.com

(c) If with respect to any Revolving Facility Loans or B/As to the Canadian Borrower, to the following (or such location as designated by the Administrative Agent):

JPMorgan Chase Bank, N.A.
500 Stanton Christiana Rd, 3/Ops2, Newark, DE 19713
Attention: Dina Scarfo
Telephone: (302) 634-1903
Fax: (302) 634-4250
e-mail: Dina.E.Scarfo@chase.com

with a copy to:

JPMorgan Chase Bank, N.A.
500 Stanton Christiana Rd, 3/Ops2, Newark, DE 19713
Attention: Christine Angus
Telephone: (302) 634-8647
Fax: (302) 634-4250
e-mail: Christine.Angus@jpmorgan.com

If to an Issuing Bank, to it at the address or telecopy number set forth separately in writing.

ANNEX I

Excluded Extending Lenders

Citizens Bank of Pennsylvania
Siemens Financial Services, Inc.
Wells Fargo Bank, National Association

ANNEX II

Lenders	2016 Extended Revolving Facility Commitments
JPMorgan Chase Bank, N.A.	$44,250,000
Citibank, N.A.	$44,250,000
Bank of America, N.A.	$31,600,000
Citizens Bank of Pennsylvania	$25,000,000
Credit Suisse AG, Cayman Islands Branch	$29,200,000
Deutsche Bank AG New York Branch	$42,100,000
Goldman Sachs Bank USA	$48,600,000
Siemens Financial Services, Inc.	$25,000,000
Wells Fargo Bank, National Association	$60,000,000
TOTAL	**$350,000,000**

Exhibit 12.1

HEXION INC.
Statement Regarding Computation of Ratios
(Amounts in millions of dollars)

	Year ended December 31,				
	2016	**2015**	**2014**	**2013**	**2012**
	(dollars in millions, except per share data)				
Pre-tax loss from continuing operations before adjustment for noncontrolling interests in consolidated subsidiaries or earnings from unconsolidated entities	(11)	(22)	(222)	(210)	(183)
Fixed Charges:					
Interest expensed and capitalized	311	330	308	304	263
Interest element of lease costs	11	12	12	12	12
Total fixed charges	322	342	320	316	275
Pre-tax income from continuing operations before adjustment for noncontrolling interests in consolidated subsidiaries or earnings from unconsolidated entities, plus fixed charges	311	320	98	106	92
Ratio of earnings to fixed charges	N/A	N/A	N/A	N/A	N/A

(1) The interest element of lease costs has been calculated as 1/3 of the rental expense relating to operating leases as management believes this represents the interest portion hereof.
(2) Our earnings were insufficient to cover fixed charges by $11, $22, $222, $210 and $183 for the years ended December 31, 2016, 2015, 2014, 2013 and 2012, respectively.

Exhibit 21.1

Subsidiaries of the Registrant
As of December 31, 2016

Subsidiary	Jurisdiction	% Owned
Borden Chemical Holdings (Panama) S.A.	Panama	100%
Borden Chemical UK Limited	UK	100%
Borden International Holdings Limited	UK	100%
Borden Luxembourg S.a r.l.	Luxembourg	100%
Hexion Nova Scotia Finance, ULC	Nova Scotia, Canada	100%
Hexion Specialty Chemicals Lda.	Portugal	100%
Hexion Management (Shanghai) Co., Ltd.	China	100%
HSC Capital Corporation	Delaware	100%
InfraTec Duisburg GmbH	Germany	70%
Lawter International Inc.	Delaware	100%
Hexion Brazil Coöperatief U.A.	Netherlands	100%
Hexion Shanxi Holdings Limited	Hong Kong	100%
Hexion CI Holding Company (China) LLC	Delaware	100%
Hexion Industria e Comercio de Epoxi Ltda.	Brazil	100%
Hexion International Holdings Coöperatief U.A.	Netherlands	100%
Hexion International Inc.	Delaware	100%
Hexion Quimica do Brasil Ltda.	Brazil	100%
Hexion Quimica S. A.	Panama	100%
Hexion (Caojing) Limited	Hong Kong	100%
Hexion (N.Z.) Limited	New Zealand	100%
Hexion Australia Finance Pty Ltd	Australia	100%
Hexion Australia General Partner Pty Ltd	Australia	100%
Hexion Australia Limited Partnership	Australia	100%
Hexion B.V.	Netherlands	100%
Hexion Specialty Chemicals Barbastro S.A.	Spain	100%
Hexion Canada Inc.	Canada	100%
Hexion Europe B.V.	Netherlands	100%
Hexion Forest Products GmbH	Germany	100%
Hexion GmbH	Germany	100%

Subsidiary	Jurisdiction	% Owned
Hexion Holding B.V.	Netherlands	100%
Hexion Holdings (China) Limited	Hong Kong	100%
Hexion Specialty Chemicals Iberica S.A.	Spain	100%
Hexion Investments Inc.	Delaware	100%
Hexion Italia S.r.l.	Italy	100%
Hexion Korea Company Limited	Korea	100%
Hexion Leuna GmbH & Co. Kg	Germany	100%
Hexion Specialty Chemicals (Mumbai) Private Limited	India	100%
Hexion Oy	Finland	100%
Hexion Pty Ltd	Australia	100%
Hexion Research Belgium SA	Belgium	100%
Hexion S.A.S.	France	100%
Hexion Singapore Pte. Ltd.	Singapore	100%
Hexion Stanlow Limited	UK	100%
Hexion Stuttgart GmbH	Germany	100%
Hexion UK Limited	UK	100%
Hexion UV Coatings (Shanghai) Limited	Hong Kong	100%
Hexion VAD BV	Netherlands	100%
National Borden Chemical Germany GmbH	Germany	100%
New Nimbus GmbH & Co Kg	Germany	100%
NL Coop Holdings LLC	Delaware	100%
Oilfield Technology Group, Inc.	Delaware	100%
PT Momentive Specialty Chemicals	Indonesia	100%
Resolution Research Nederland B.V.	Netherlands	100%
Hexion Moerdijk Lease B.V.	Netherlands	100%
Hexion Ontario Inc.	Ontario	100%
Hexion Pernis Lease B.V.	Netherlands	100%
Momentive Union Specialty Chemicals Limited	Hong Kong	100%
Momentive UV Coatings (Shanghai) Co., Ltd.	China	49.99%
Zhenjiang Momentive Union Specialty Chemicals Ltd.	China	100%

Exhibit 31.1(a)

Certification of Financial Statements and Internal Controls

I, Craig O. Morrison, certify that:

1. I have reviewed this Annual Report on Form 10-K of Hexion Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
    a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
    b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
    c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
    d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
    a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
    b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 8, 2017

/s/ Craig O. Morrison

Craig O. Morrison
Chief Executive Officer

Exhibit 31.1(b)

Certification of Financial Statements and Internal Controls

I, George F. Knight, certify that:

1. I have reviewed this Annual Report on Form 10-K of Hexion Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 8, 2017

/s/ George F. Knight

George F. Knight
Chief Financial Officer

Exhibit 32.1

Certification Pursuant To
18 U.S.C. Section 1350,
As Adopted Pursuant to
Section 906 Of The Sarbanes-Oxley Act of 2002

In connection with the Annual Report of Hexion Inc. (the “Company”) on Form 10-K for the period ended December 31, 2016 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), the undersigned, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of Section 13(a) or 15 (d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Craig O. Morrison	/s/ George F. Knight
Craig O. Morrison	George F. Knight
Chief Executive Officer	Chief Financial Officer
March 8, 2017	March 8, 2017

A signed original of this statement required by Section 906 has been provided to Hexion Inc. and will be retained by Hexion Inc. and furnished to the Securities and Exchange Commission or its staff upon request.