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Prepayments

The credit agreement requires us to prepay outstanding term loans, subject to certain exceptions, with:

- 50% (which percentage will be reduced to 25% and 0% if we attain certain leverage ratios) of our annual excess cash flow;
- 100% of the net cash proceeds of all non-ordinary course asset sales or other dispositions of property by the borrower and its restricted subsidiaries (including insurance and condemnation proceeds, subject to de minimis thresholds), (1) if we do not reinvest those net cash proceeds in assets to be used in our business or to make certain other permitted investments, within 12 months of the receipt of such net cash proceeds or (2) if we commit to reinvest such net cash proceeds within 12 months of the receipt thereof, within 18 months of the receipt thereof; and
- 100% of the net proceeds of any issuance or incurrence of debt by the borrower or any of its restricted subsidiaries, other than debt permitted under the credit agreement.

The foregoing mandatory prepayments are used to reduce the installments of principal in such order as may be directed by us. For the year ended December 31, 2014, the Company was not required to make any mandatory prepayments.

We may voluntarily repay outstanding loans under our senior secured credit facilities at any time without premium or penalty, other than customary "breakage" costs with respect to LIBOR loans.

Amortization

We are required to make amortization installment payments on the loans under the term loan facilities in quarterly installments in aggregate annual amounts equal to 0.25% of the funded total principal amount, with the remaining outstanding amount to be payable on August 8, 2019, the maturity date for the term loan facilities. Principal amounts outstanding under the revolving credit facility will be due and payable in full on August 8, 2017, the maturity date for the revolving credit facility.

Guarantee and Security

All obligations under the credit agreement are unconditionally guaranteed by Blue Pet Products, Inc., our wholly-owned direct subsidiary of the Company and the direct parent of the borrower and, subject to certain exceptions, each of our material current and future domestic wholly-owned restricted subsidiaries. All obligations under our senior secured credit facilities, and the guarantees of those obligations, are secured by substantially all of the following assets of the borrower and each guarantor, subject to certain exceptions, including:

- a pledge of 100% of the capital stock of the borrower and 100% of the equity interests directly held by the borrower and each guarantor in any wholly-owned material subsidiary of the borrower or any guarantor (which pledge, in the case of any non-U.S. subsidiary of a U.S. subsidiary, will not include more than 65% of the voting stock of such non-U.S. subsidiary), subject to certain exceptions; and
- a security interest in, and mortgages on, substantially all tangible and intangible assets of the borrower and each guarantor, subject to certain exceptions.