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

FORM 10-Q

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

For the quarterly period ended September 30 , 2018

OR

☐ **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: 001-37908

CAMPING WORLD HOLDINGS, INC.

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of
incorporation or organization)

81-1737145

(I.R.S. Employer
Identification No.)

250 Parkway Drive, Suite 270

Lincolnshire, IL 60069

Telephone: (847) 808-3000

(Address, including zip code, and telephone number, including
area code, of registrant's principal executive offices)

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 ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted 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 such files). Yes ☒ No ☐

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

Large accelerated filer ☒

Accelerated filer ☐

Non-accelerated filer ☐

Smaller reporting company ☐

Emerging growth company ☐

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

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

As of November 5, 2018, the registrant had 37,080,756 shares of Class A common stock, 50,706,629 shares of Class B common stock and one share of Class C common stock outstanding.

Camping World Holdings, Inc.
Quarterly Report on Form 10-Q
For the Quarterly Period Ended September 30, 2018

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BASIS OF PRESENTATION

As used in this Quarterly Report on Form 10-Q (this “Form 10-Q”), unless the context otherwise requires, references to:

- “we,” “us,” “our,” the “Company,” “Camping World” and similar references refer to Camping World Holdings, Inc., and, unless otherwise stated, all of its subsidiaries, including CWGS Enterprises, LLC, which we refer to as “CWGS, LLC” and, unless otherwise stated, all of its subsidiaries.
- “Annual Report” refers to our Annual Report on Form 10-K for the year ended December 31, 2017 filed with the Securities and Exchange Commission (“SEC”) on March 13, 2018.
- “Continuing Equity Owners” refers collectively to ML Acquisition, funds controlled by Crestview Partners II GP, L.P. and the Former Profit Unit Holders and each of their permitted transferees that continue to own common units in CWGS, LLC after the IPO and the Reorganization Transactions (each as defined in Note 1 – Summary of Significant Accounting Policies to our consolidated financial statements included in Part I, Item 1 of this Form 10-Q) and who may redeem at each of their options their common units for, at our election (determined solely by our independent directors within the meaning of the rules of the New York Stock Exchange who are disinterested), cash or newly issued shares of our Class A common stock.
- “Crestview” refers to Crestview Advisors, L.L.C., a registered investment adviser to private equity funds, including funds affiliated with Crestview Partners II GP, L.P.
- “CWGS LLC Agreement” refers to CWGS, LLC’s amended and restated limited liability company agreement, as amended to date.
- “Former Equity Owners” refers to those Original Equity Owners controlled by Crestview Partners II GP, L.P. that have exchanged their direct or indirect ownership interests in CWGS, LLC for shares of our Class A common stock in connection with the consummation of our IPO.
- “Former Profit Unit Holders” refers collectively to our named executive officers (excluding Marcus A. Lemonis), Andris A. Baltins and K. Dillon Schickli, who are members of our board of directors, and certain other current and former non-executive employees and former directors, in each case, who held existing common units in CWGS, LLC pursuant to CWGS, LLC’s equity incentive plan that was in existence prior to our IPO and who received common units of CWGS, LLC in exchange for their profit units in connection with our IPO.
- “ML Acquisition” refers to ML Acquisition Company, LLC, a Delaware limited liability company, indirectly owned by each of Stephen Adams and our Chairman and Chief Executive Officer, Marcus A. Lemonis.
- “ML Related Parties” refers to ML Acquisition and its permitted transferees of common units.
- “ML RV Group” refers to ML RV Group, LLC, a Delaware limited liability company, wholly owned by our Chairman and Chief Executive Officer, Marcus A. Lemonis.
- “Original Equity Owners” refers to the direct and certain indirect owners of interests in CWGS, LLC, collectively, prior to the Reorganization Transactions and Recapitalization (as defined in Note 1 – Summary of Significant Accounting Policies and Note 14 – Stockholders’ Equity to our consolidated financial statements included in Part I, Item 1 of this Form 10-Q, respectively) which includes ML Acquisition, funds controlled by Crestview Partners II GP, L.P. and the Former Profit Unit Holders.
- “Tax Receivable Agreement” refers to the tax receivable agreement that the Company entered into with CWGS, LLC, each of the Continuing Equity Owners and Crestview Partners II GP, L.P. in connection with the Company’s IPO.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Form 10-Q contains forward-looking statements. We intend such forward-looking statements to be covered by the safe harbor provisions for forward-looking statements contained in Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. All statements other than statements of historical facts contained in this Form 10-Q may be forward-looking statements. Statements regarding our future results of operations and financial position, business strategy and plans and objectives of management for future operations, including, among others, statements regarding expected new retail location openings, including greenfield locations and acquired locations; the completion of the accounting to reflect the effect of the 2017 Tax Act (as defined below); sufficiency of our sources of liquidity and capital and potential need for additional financing; future capital expenditures and debt service obligations; refinancing, retirement or exchange of outstanding debt; expectations regarding industry trend and consumer behavior and growth; our ability to capture positive industry trends and pursue growth; our plans to increase new products offered to our customers and grow our businesses to enhance our visibility with respect to revenue and cash flow, and to increase our overall profitability; volatility in sales and potential impact of miscalculating the demand for our products or our product mix; remediation of material weaknesses; anticipated impact of the acquisition of Gander Mountain Company (“Gander Mountain”, and upon acquisition and rebranding, “Gander Outdoors”) and its Overton’s boating business (the “Gander Mountain Acquisition”); anticipated Gander Outdoors location openings, expectations regarding increase of certain expenses in connection with our growth; and our plans related to dividend payments, are forward-looking statements. In some cases, you can identify forward-looking statements by terms such as “may,” “will,” “should,” “expects,” “plans,” “anticipates,” “could,” “intends,” “targets,” “projects,” “contemplates,” “believes,” “estimates,” “predicts,” “potential” or “continue” or the negative of these terms or other similar expressions.

Forward-looking statements involve known and unknown risks, uncertainties and other important factors that may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. We believe that these important factors include, but are not limited to, the following:

- the availability of financing to us and our customers;
- fuel shortages, or high prices for fuel;
- the well-being, as well as the continued popularity and reputation for quality, of our manufacturers;
- general economic conditions in our markets, and ongoing economic and financial uncertainties;
- our ability to attract and retain customers;
- competition in the market for services, protection plans, products and resources targeting the RV lifestyle or RV enthusiast;
- our expansion into new, unfamiliar markets, businesses, or product lines or categories, as well as delays in opening or acquiring new retail locations;
- unforeseen expenses, difficulties, and delays frequently encountered in connection with expansion through acquisitions;
- our failure to maintain the strength and value of our brands;
- our ability to successfully order and manage our inventory to reflect consumer demand in a volatile market and anticipate changing consumer preferences and buying trends;
- fluctuations in our same store sales and whether they will be a meaningful indicator of future performance;

- the cyclical and seasonal nature of our business;
- our ability to operate and expand our business and to respond to changing business and economic conditions, which depends on the availability of adequate capital;
- the restrictive covenants imposed by our Senior Secured Credit Facilities and Floor Plan Facility;
- our reliance on seven fulfillment and distribution centers for our retail, e-commerce and catalog businesses;
- our pending securities class action lawsuits;
- natural disasters, whether or not caused by climate change, unusual weather condition, epidemic outbreaks, terrorist acts and political events;
- our dependence on our relationships with third party providers of services, protection plans, products and resources and a disruption of these relationships or of these providers' operations;
- whether third party lending institutions and insurance companies will continue to provide financing for RV purchases;
- our inability to retain senior executives and attract and retain other qualified employees;
- our ability to meet our labor needs;
- risks associated with leasing substantial amounts of space, including our inability to maintain the leases for our retail locations or locate alternative sites for our stores in our target markets and on terms that are acceptable to us;
- our business being subject to numerous federal, state and local regulations;
- regulations applicable to the sale of extended service contracts;
- our dealerships' susceptibility to termination, non-renewal or renegotiation of dealer agreements if state dealer laws are repealed or weakened;
- potential impact of material weaknesses in our internal control over financial reporting;
- our failure to comply with certain environmental regulations;
- climate change legislation or regulations restricting emission of "greenhouse gases;"
- a failure in our e-commerce operations, security breaches and cybersecurity risks;
- our inability to enforce our intellectual property rights and accusations of our infringement on the intellectual property rights of third parties;
- our inability to maintain or upgrade our information technology systems or our inability to convert to alternate systems in an efficient and timely manner;
- disruptions to our information technology systems or breaches of our network security;
- feasibility, delays, and difficulties in opening of Gander Outdoors retail locations;
- realization of anticipated benefits and cost savings related to recent acquisitions;
- potential litigation relating to products we sell as a result of recent acquisitions, including firearms and ammunitions;

- Marcus Lemonis, through his beneficial ownership of our shares directly or indirectly held by ML Acquisition Company, LLC and ML RV Group, LLC, has substantial control over us and may approve or disapprove substantially all transactions and other matters requiring approval by our stockholders, including, but not limited to, the election of directors;
- the exemptions from certain corporate governance requirements that we will qualify for, and intend to rely on, due to the fact that we are a “controlled company” within the meaning of the New York Stock Exchange, or NYSE, listing requirements;
- whether we are able to realize any tax benefits that may arise from our organizational structure and any redemptions or exchanges of CWGS Enterprises, LLC common units for cash or stock; and
- the other factors set forth under “Risk Factors” in Item 1A of Part I of our Annual Report and Item 1A of Part II of this Form 10-Q.

We qualify all of our forward-looking statements by these cautionary statements. The forward-looking statements in this Form 10-Q are only predictions. We have based these forward-looking statements largely on our current expectations and projections about future events and financial trends that we believe may affect our business, financial condition and results of operations. Because forward-looking statements are inherently subject to risks and uncertainties, some of which cannot be predicted or quantified, you should not rely on these forward-looking statements as predictions of future events. The events and circumstances reflected in our forward-looking statements may not be achieved or occur and actual results could differ materially from those projected in the forward-looking statements. Except as required by applicable law, we do not plan to publicly update or revise any forward-looking statements contained herein, whether as a result of any new information, future events, changed circumstances or otherwise. For a further discussion of the risks relating to our business, see “Item 1A—Risk Factors” in Part I of our Annual Report and “Item 1A—Risk Factors” in Part II of this Form 10-Q.

Part I – FINANCIAL INFORMATION

Item 1. Financial Statements

Camping World Holdings, Inc. and Subsidiaries
Unaudited Condensed Consolidated Balance Sheets
(In Thousands Except Share and Per Share Amounts)

| | September 30, 2018 | December 31, 2017 |
|--|-----------------------|----------------------|
| Assets | | |
| Current assets: | | |
| Cash and cash equivalents | \$ 125,366 | \$ 224,163 |
| Contracts in transit | 86,733 | 46,227 |
| Accounts receivable, net | 100,071 | 79,881 |
| Inventories | 1,495,041 | 1,415,915 |
| Prepaid expenses and other assets | 36,637 | 32,721 |
| Total current assets | 1,843,848 | 1,798,907 |
| Property and equipment, net | 391,579 | 198,022 |
| Deferred tax assets, net | 145,751 | 155,551 |
| Intangible assets, net | 36,410 | 38,707 |
| Goodwill | 389,087 | 348,387 |
| Other assets | 20,423 | 21,903 |
| Total assets | <u>\$ 2,827,098</u> | <u>\$ 2,561,477</u> |
| Liabilities and stockholders' equity | | |
| Current liabilities: | | |
| Accounts payable | \$ 224,965 | \$ 125,616 |
| Accrued liabilities | 143,792 | 101,929 |
| Deferred revenues and gains | 92,391 | 77,669 |
| Current portion of capital lease obligations | 207 | 844 |
| Current portion of Tax Receivable Agreement liability | 10,404 | 8,093 |
| Current portion of long-term debt | 11,991 | 9,465 |
| Notes payable – floor plan, net | 734,038 | 974,043 |
| Other current liabilities | 31,520 | 22,510 |
| Total current liabilities | 1,249,308 | 1,320,169 |
| Capital lease obligations, net of current portion | — | 23 |
| Right to use liability | 10,074 | 10,193 |
| Tax Receivable Agreement liability, net of current portion | 123,285 | 129,596 |
| Revolving line of credit | 24,403 | — |
| Long-term debt, net of current portion | 1,149,398 | 907,437 |
| Deferred revenues and gains | 69,223 | 64,061 |
| Other long-term liabilities | 62,855 | 39,161 |
| Total liabilities | 2,688,546 | 2,470,640 |
| Commitments and contingencies | | |
| Stockholders' equity: | | |
| Preferred stock, par value \$0.01 per share – 20,000,000 shares authorized; none issued and outstanding as of September 30, 2018 and December 31, 2017 | — | — |
| Class A common stock, par value \$0.01 per share – 250,000,000 shares authorized; 37,069,230 issued and 37,056,971 outstanding as of September 30, 2018 and 36,758,233 issued and 36,749,072 outstanding as of December 31, 2017 | 371 | 367 |
| Class B common stock, par value \$0.0001 per share – 75,000,000 shares authorized; 69,066,445 issued; and 50,706,629 outstanding as of September 30, 2018 and 50,836,629 outstanding as of December 31, 2017 | 5 | 5 |
| Class C common stock, par value \$0.0001 per share – one share authorized, issued and outstanding as of September 30, 2018 and December 31, 2017 | — | — |
| Additional paid-in capital | 50,170 | 49,941 |
| Retained earnings | 35,730 | 6,192 |
| Total stockholders' equity attributable to Camping World Holdings, Inc. | 86,276 | 56,505 |
| Non-controlling interests | 52,276 | 34,332 |
| Total stockholders' equity | 138,552 | 90,837 |
| Total liabilities and stockholders' equity | <u>\$ 2,827,098</u> | <u>\$ 2,561,477</u> |

See accompanying Notes to Unaudited Condensed Consolidated Financial Statements

Camping World Holdings, Inc. and Subsidiaries
Unaudited Condensed Consolidated Statements of Operations
(In Thousands Except Per Share Amounts)

| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|--|-------------------------------------|-----------|------------------------------------|------------|
| | 2018 | 2017 | 2018 | 2017 |
| Revenue: | | | | |
| Consumer services and plans | \$ 52,044 | \$ 46,169 | \$ 158,600 | \$ 144,518 |
| New vehicles | 697,317 | 713,362 | 2,084,346 | 1,977,472 |
| Used vehicles | 197,757 | 187,463 | 580,494 | 528,897 |
| Dealership parts, services and other | 71,607 | 66,847 | 210,024 | 185,586 |
| Finance and insurance, net | 109,459 | 100,858 | 325,368 | 267,207 |
| Retail | 184,543 | 120,903 | 460,637 | 292,583 |
| Total revenue | 1,312,727 | 1,235,602 | 3,819,469 | 3,396,263 |
| Costs applicable to revenue (exclusive of depreciation and amortization shown separately below): | | | | |
| Consumer services and plans | 21,499 | 20,085 | 65,056 | 61,792 |
| New vehicles | 609,244 | 611,361 | 1,810,822 | 1,692,432 |
| Used vehicles | 152,562 | 140,111 | 449,361 | 396,939 |
| Dealership parts, services and other | 36,504 | 34,923 | 104,372 | 96,237 |
| Retail | 116,664 | 73,907 | 292,664 | 169,139 |
| Total costs applicable to revenue | 936,473 | 880,387 | 2,722,275 | 2,416,539 |
| Operating expenses: | | | | |
| Selling, general, and administrative | 278,329 | 236,174 | 807,738 | 640,108 |
| Debt restructure expense | — | — | 380 | — |
| Depreciation and amortization | 13,179 | 8,382 | 34,207 | 22,819 |
| Loss (gain) on sale of assets | 843 | (5) | 987 | (292) |
| Total operating expenses | 292,351 | 244,551 | 843,312 | 662,635 |
| Income from operations | 83,903 | 110,664 | 253,882 | 317,089 |
| Other income (expense): | | | | |
| Floor plan interest expense | (7,815) | (7,414) | (28,760) | (19,303) |
| Other interest expense, net | (16,794) | (11,012) | (45,740) | (30,973) |
| Loss on debt restructure | — | — | (1,676) | — |
| Tax Receivable Agreement liability adjustment | — | (96) | — | (79) |
| | (24,609) | (18,522) | (76,176) | (50,355) |
| Income before income taxes | 59,294 | 92,142 | 177,706 | 266,734 |
| Income tax expense | (11,385) | (8,390) | (30,706) | (28,266) |
| Net income | 47,909 | 83,752 | 147,000 | 238,468 |
| Less: net income attributable to non-controlling interests | (33,893) | (64,163) | (101,772) | (192,013) |
| Net income attributable to Camping World Holdings, Inc. | \$ 14,016 | \$ 19,589 | \$ 45,228 | \$ 46,455 |
| Earnings per share of Class A common stock: | | | | |
| Basic | \$ 0.38 | \$ 0.66 | \$ 1.22 | \$ 1.95 |
| Diluted | \$ 0.38 | \$ 0.66 | \$ 1.20 | \$ 1.91 |
| Weighted average shares of Class A common stock outstanding: | | | | |
| Basic | 37,018 | 29,522 | 36,933 | 23,854 |
| Diluted | 37,055 | 29,522 | 88,891 | 85,947 |
| Dividends declared per share | \$ 0.1532 | \$ 0.1532 | \$ 0.4596 | \$ 0.4596 |

See accompanying Notes to Unaudited Condensed Consolidated Financial Statements

Camping World Holdings, Inc. and Subsidiaries
Unaudited Condensed Consolidated Statement of Stockholders' Equity
(In Thousands)

| | Class A | | Class B | | Class C | | Additional | Non- | | |
|---|--------------|---------|--------------|---------|--------------|---------|-----------------|-------------------|----------------------|------------|
| | Common Stock | | Common Stock | | Common Stock | | Paid-In Capital | Retained Earnings | Controlling Interest | Total |
| | Shares | Amounts | Shares | Amounts | Shares | Amounts | | | | |
| Balance at December 31, 2017 | 36,749 | 367 | 50,837 | 5 | — | — | 49,941 | 6,192 | 34,332 | 90,837 |
| Adoption of accounting standard (see Note 1 — Summary of Significant Accounting Policies) | — | — | — | — | — | — | — | 1,310 | 2,476 | 3,786 |
| Equity-based compensation | — | — | — | — | — | — | 10,535 | — | — | 10,535 |
| Exercise of stock options | 7 | — | — | — | — | — | 149 | — | — | 149 |
| Non-controlling interest adjustment for capital contribution of proceeds from the exercise of stock options | — | — | — | — | — | — | (86) | — | 86 | — |
| Vesting of restricted stock units | 89 | 1 | — | — | — | — | 73 | — | (74) | — |
| Repurchases of Class A common stock for withholding taxes on vested RSUs | (3) | — | — | — | — | — | (62) | — | — | (62) |
| Disgorgement of short-swing profits by Section 16 officer | — | — | — | — | — | — | 557 | — | — | 557 |
| Redemption of LLC common units for Class A common stock | 215 | 3 | (130) | — | — | — | 4,332 | — | (153) | 4,182 |
| Distributions to holders of LLC common units | — | — | — | — | — | — | — | — | (98,347) | (98,347) |
| Dividends | — | — | — | — | — | — | — | (17,000) | — | (17,000) |
| Establishment of liabilities under the Tax Receivable Agreement and related changes to deferred tax assets associated with that liability | — | — | — | — | — | — | (3,085) | — | — | (3,085) |
| Non-controlling interest adjustment | — | — | — | — | — | — | (12,184) | — | 12,184 | — |
| Net income | — | — | — | — | — | — | — | 45,228 | 101,772 | 147,000 |
| Balance at September 30, 2018 | 37,057 | \$ 371 | 50,707 | \$ 5 | — | \$ — | \$ 50,170 | \$ 35,730 | \$ 52,276 | \$ 138,552 |

See accompanying Notes to Unaudited Condensed Consolidated Financial Statements

Camping World Holdings, Inc. and Subsidiaries
Unaudited Condensed Consolidated Statements of Cash Flows
(In Thousands)

| | Nine Months Ended September 30, | |
|---|--|--------------|
| | 2018 | 2017 |
| Operating activities | | |
| Net income | \$ 147,000 | \$ 238,468 |
| Adjustments to reconcile net income to net cash provided by operating activities: | | |
| Depreciation and amortization | 34,207 | 22,819 |
| Equity-based compensation | 10,535 | 2,792 |
| Loss on debt restructure | 1,676 | — |
| Loss (gain) on sale of assets | 987 | (292) |
| Provision for (recovery of) losses on accounts receivable | 1,957 | (23) |
| Accretion of original debt issuance discount | 764 | 706 |
| Amortization of deferred financing costs | 4,655 | 3,210 |
| Deferred income taxes | 7,300 | 3,275 |
| Tax Receivable Agreement liability adjustment | — | 79 |
| Change in assets and liabilities, net of acquisitions: | | |
| Receivables and contracts in transit | (56,321) | (64,211) |
| Inventories | (37,364) | (150,741) |
| Prepaid expenses and other assets | 230 | (6,381) |
| Checks in excess of bank balance | 4,512 | — |
| Accounts payable and other accrued expenses | 117,971 | 97,229 |
| Payment pursuant to Tax Receivable Agreement | (8,100) | (203) |
| Accrued rent for cease-use locations | (622) | (91) |
| Deferred revenue and gains | 17,288 | 16,485 |
| Other, net | 4,383 | 10,231 |
| Net cash provided by operating activities | 251,058 | 173,352 |
| Investing activities | | |
| Purchases of property and equipment | (105,408) | (45,968) |
| Purchase of real property | (100,073) | (16,820) |
| Proceeds from the sale of real property | — | 6,000 |
| Purchases of businesses, net of cash acquired | (82,195) | (345,140) |
| Proceeds from sale of property and equipment | 892 | 603 |
| Net cash used in investing activities | \$ (286,784) | \$ (401,325) |

Camping World Holdings, Inc. and Subsidiaries
Unaudited Condensed Consolidated Statements of Cash Flows
(In Thousands)

| | Nine Months Ended September 30, | |
|--|--|-------------------|
| | 2018 | 2017 |
| Financing activities | | |
| Proceeds from long-term debt | \$ 319,913 | \$ 94,762 |
| Payments on long-term debt | (76,709) | (5,550) |
| Net (payments) borrowings on notes payable – floor plan, net | (212,080) | 205,453 |
| Borrowings on revolving line of credit | 24,403 | — |
| Payments of principal on capital lease obligations | (660) | (950) |
| Payments of principal on right to use liability | (119) | (112) |
| Payment of debt issuance costs | (3,120) | (1,176) |
| Proceeds from issuance of Class A common stock sold in a public offering net of underwriter discounts, commissions and offering expenses | — | 121,445 |
| Dividends on Class A common stock | (17,000) | (11,874) |
| Proceeds from exercise of stock options | 153 | — |
| RSU shares withheld for tax | (62) | — |
| Disgorgement of short-swing profits by Section 16 officer | 557 | — |
| Members' distributions | (98,347) | (124,996) |
| Net cash (used in) provided by financing activities | (63,071) | 277,002 |
| (Decrease) increase in cash | (98,797) | 49,029 |
| Cash at beginning of the period | 224,163 | 114,196 |
| Cash at end of the period | <u>\$ 125,366</u> | <u>\$ 163,225</u> |

See accompanying Notes to Unaudited Condensed Consolidated Financial Statements

Camping World Holdings, Inc. and Subsidiaries
Notes to Unaudited Condensed Consolidated Financial Statements

September 30, 2018

1. Summary of Significant Accounting Policies

Principles of Consolidation and Basis of Presentation

The consolidated financial statements include the accounts of Camping World Holdings, Inc. ("CWH") and its subsidiaries (collectively, the "Company"), and are presented in accordance with accounting principles generally accepted in the United States ("GAAP") for interim financial information and pursuant to the rules and regulations of the Securities and Exchange Commission (the "SEC"). Accordingly, these interim financial statements do not include all of the information and footnotes required by GAAP for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring adjustments) necessary for fair presentation of the results of operations, financial position and cash flows for the periods presented have been reflected. All significant intercompany accounts and transactions of the Company and its subsidiaries have been eliminated in consolidation.

The condensed consolidated financial statements as of and for the three and nine months ended September 30, 2018 are unaudited. The condensed consolidated balance sheet as of December 31, 2017 has been derived from the audited financial statements at that date but does not include all of the disclosures required by GAAP. These interim condensed consolidated financial statements should be read in conjunction with the Company's Annual Report on Form 10-K for the year ended December 31, 2017 (the "Annual Report") filed with the SEC on March 13, 2018. Operating results for the interim periods are not necessarily indicative of the results that may be expected for the full year.

CWH was formed on March 8, 2016 as a Delaware corporation for the purpose of facilitating an initial public offering (the "IPO") and other related transactions in order to carry on the business of CWGS Enterprises, LLC ("CWGS, LLC"). CWGS, LLC was formed in March 2011 when it received, through contribution from its then parent company, all of the membership interests of Affinity Group Holding, LLC and FreedomRoads Holding Company, LLC ("FreedomRoads"). The IPO and related reorganization transactions (the "Reorganization Transactions") that occurred on October 6, 2016 resulted in CWH as the sole managing member of CWGS, LLC, with CWH having sole voting power in and control of the management of CWGS, LLC. Despite its position as sole managing member of CWGS, LLC, CWH has a minority economic interest in CWGS, LLC. As of September 30, 2018, CWH owned 41.8% of CWGS, LLC. Accordingly, the Company consolidates the financial results of CWGS, LLC and reports a non-controlling interest in its consolidated financial statements.

The Company does not have any components of other comprehensive income recorded within its consolidated financial statements, and, therefore, does not separately present a statement of comprehensive income in its consolidated financial statements.

Description of the Business

CWGS, LLC is a holding company and operates through its subsidiaries. The Company realigned the structure of its internal organization during the three months ended September 30, 2018 in a manner that caused the composition of its reportable segments to change to the following three segments: (i) Consumer Services and Plans, (ii) Dealership, and (iii) Retail. The Company reportable segment financial information has been recasted to reflect the updated reportable segment structure for all periods presented. See Note 18 to Consolidated Financial Statements for further information about the Company's segments. The Company provides consumer services and plans offerings under its Good Sam brand, its Dealership offerings under its Camping World brand, and its Retail products primarily under the Camping World and Gander Outdoors brands. Within the Consumer Services and Plans segment, the Company primarily derives revenue from the sale of the following offerings: emergency roadside assistance; property and casualty insurance programs; travel assist programs; extended vehicle service contracts; co-branded credit cards; vehicle financing and refinancing; club memberships; and publications and directories. Within the Dealership segment, the

Company primarily derives revenue from the sale of new and used recreational vehicles (“RV’s”), sale of RV parts, services and other, and commissions on the related finance and insurance contracts. Within the Retail segment, the Company primarily derives revenue from the sale of the following: products, parts, accessories, supplies and service for RVs, and equipment, gear and supplies for camping, hunting, fishing, skiing, snowboarding, bicycling, skateboarding, marine and watersport and other outdoor activities. As noted above, both the Dealership and Retail segments derive revenue from the sale of parts, services and other revenues since certain retail locations without associated dealerships have the capability to perform RV repair and maintenance services. Additionally, certain RV parts and accessories can be sold to customers at a dealership or retail location. The revenues and related costs of revenues for these parts and services are recorded in the segment that enters into the transaction with the customer, either Dealership or Retail. The Company primarily operates in various regions throughout the United States and markets its products and services to RV owners and outdoor enthusiasts.

At September 30, 2018, the Company operated 227 retail locations, of which 136 locations sold new and used RVs and offered RV financing and insurance; 129 locations offered RV products, parts and services; 55 Gander Outdoors locations offered outdoor products and services; one Overton’s location offered marine and watersports products; two TheHouse.com locations offered skiing, snowboarding, bicycling, and skateboarding products; two W82 locations offered skiing, snowboarding, and skateboarding products; and six Uncle Dan’s locations offered outdoor products and services. In addition, on January 30, 2018 the Company acquired certain assets of EARTH SPORTS LLC, dba Erehwon Mountain Outfitter (“Erehwon”), a leading Midwest specialty retailer of outdoor gear and apparel with four retail locations. On April 19, 2018 the Company acquired Rock Creek Outfitters (“Rock Creek”), a specialty outdoor retailer of outdoor gear for kayaking, rock climbing, camping and hiking with seven retail locations. In the first nine months of 2018, the Company converted three RV products, parts and services locations from the Camping World nameplate to the Gander nameplate (Bowling Green, Kentucky, Madison, Wisconsin and Roanoke, Virginia), converted one RV products, parts and services location from a Camping World nameplate to an Overton’s nameplate (Rogers, Minnesota), closed two RV products, parts and services locations from the Camping World nameplate (Winter Garden, FL; and Cleburne, TX), closed two Overton’s locations (Greenville, North Carolina and Raleigh, North Carolina), closed one Gander Outdoors location (Florence, Alabama), and acquired a dealership in Worthing, South Dakota and subsequently merged the operations of the acquired dealership into our existing dealership within the same market.

Use of Estimates

The preparation of these unaudited condensed consolidated financial statements in conformity with GAAP 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 revenue and expenses during the reporting period. Actual results may differ from those estimates. In preparing these financial statements, management has made its best estimates and judgments of certain amounts included in the financial statements, giving due consideration to materiality. The Company bases its estimates and judgments on historical experience and other assumptions that management believes are reasonable. However, application of these accounting policies involves the exercise of judgment and use of assumptions as to future uncertainties and, as a result, actual results could differ materially from these estimates. The Company periodically evaluates estimates and assumptions used in the preparation of the financial statements and makes changes on a prospective basis when adjustments are necessary. Significant estimates made in the accompanying unaudited condensed consolidated financial statements include certain assumptions related to accounts receivable, inventory, goodwill, intangible assets, long lived assets, program cancellation reserves, and accruals related to self-insurance programs, estimated tax liabilities and other liabilities.

Recently Adopted Accounting Pronouncements

In May 2014, the FASB issued Accounting Standards Update (“ASU”) No. 2014-09, Revenue from Contracts with Customers (Topic 606) (“ASU 2014-09”). The FASB has subsequently issued several related ASUs that clarified the implementation guidance for certain aspects of ASU 2014-09, which are effective upon the adoption of ASU 2014-09. This ASU sets forth a five-step model for determining when and how revenue is recognized. Under the model, an entity is required to recognize revenue to depict the transfer of goods or

services to a customer at an amount reflecting the consideration it expects to receive in exchange for those goods or services. The Company adopted the amendments of this ASU on January 1, 2018, and the adoption did not materially impact its consolidated financial statements or results of operations (see Note 2 — Revenue for further details).

In August 2016, the FASB issued ASU No. 2016-15, Statement of Cash Flows (Topic 230): Classification of Certain Cash Receipts and Cash Payments (“ASU 2016-15”). This ASU addresses several specific cash flow issues with the objective of reducing the diversity in practice of how certain cash receipts and cash payments are presented and classified in the statement of cash flows. The Company adopted the amendments of this ASU on January 1, 2018, and the adoption did not materially impact its consolidated financial statements or results of operations.

Recently Issued Accounting Pronouncements

In February 2016, the FASB issued ASU No. 2016-02, Leases (Topic 842) (“ASU 2016-02”). The FASB has subsequently issued several related ASUs that clarified the implementation guidance for certain aspects of ASU 2016-02, which are effective upon the adoption of ASU 2016-02. The amendments in this ASU relate to the accounting for leasing transactions. This standard requires a lessee to record on the balance sheet the assets and liabilities for the rights and obligations created by leases with lease terms of more than 12 months. In addition, this standard requires both lessees and lessors to disclose certain key information about lease transactions. In July 2018, the FASB made targeted improvements to the standard, including providing an additional and optional transition method. Under this method, an entity initially applies the standard at the adoption date, including the election of certain transition reliefs, and recognizes a cumulative effect adjustment to the opening balance of retained earnings in the period of adoption. This standard will be effective for fiscal years beginning after December 15, 2018, including interim periods within those fiscal years. The Company is executing against its project plan, which includes implementing a software solution, designing and implementing new controls, evaluating new disclosure requirements, and finalizing accounting policies and practical expedients. The Company is in the process of evaluating the impact that the adoption will have on its consolidated balance sheet and statement of income. However, the Company expects that the adoption of the provisions of this ASU will have a significant impact on its consolidated balance sheet by reporting a right-to-use lease asset and corresponding lease obligation, as currently most of its real estate is leased via operating leases.

In August 2018, the FASB issued ASU No. 2018-13, Changes to the Disclosure Requirements for Fair Value Measurement (Topic 820) (“ASU 2018-13”). This standard eliminates, amends, and adds disclosure requirements for fair value measurements. The amended and new disclosure requirements primarily relate to Level 3 fair value measurements. The standard will be effective for fiscal years beginning after December 15, 2019. The removal and amendment of certain disclosures may be early adopted with retrospective application while the new disclosure requirements are to be applied prospectively. The Company plans to early adopt this standard as of October 1, 2018. The Company currently does not expect this ASU, which relates only to disclosures, to have a material impact to the Company’s consolidated financial statements.

In August 2018, the FASB issued ASU No. 2018-15, Customer’s Accounting for Implementation Costs Incurred in a Cloud Computing Arrangement That Is a Service Contract (“ASU 2018-15”). This standard aligns the accounting for implementation costs incurred in a cloud computing arrangement that is a service arrangement (i.e., hosting arrangement) with the guidance on capitalizing costs in ASC 350-40, Internal-Use Software. The ASU permits either a prospective or retrospective transition approach. The standard will be effective for fiscal years beginning after December 15, 2019. The Company is currently evaluating the impact that the adoption of the provisions of the ASU will have on its consolidated financial statements.

Immaterial Corrections

Certain immaterial corrections have been made to the statements of cash flows, which reduced net cash provided by operating activities and decreased net cash used in investing activities by \$3.8 million for the nine months ended September 30, 2017. As part of these immaterial corrections, the Company increased the Accounts Payable and Other Accrued Expenses line item and decreased the Other, Net line item within

cash provided by operating activities for the nine months ended September 30, 2017. These corrections had no impact on the previously-reported consolidated balance sheets, statements of operations, or statements of stockholders' equity.

2. Revenue

Adoption of Accounting Standards Codification ("ASC") 606, Revenue from Contracts with Customers

On January 1, 2018, the Company adopted ASC 606, Revenue from Contracts with Customers ("ASC 606") using the modified retrospective method applied to those contracts that were not completed as of January 1, 2018. Results for reporting periods beginning after January 1, 2018 are presented under ASC 606, while prior period amounts are not adjusted and continue to be reported in accordance with the Company's historical accounting under ASC 605.

The following table details the cumulative effect of the changes made to the consolidated January 1, 2018 balance sheet for the adoption of ASC 606 (in thousands):

| | Balance at December 31, 2017 | Adjustments Due to ASU 2014-09 | Balance at January 1, 2018 |
|--|------------------------------------|--------------------------------------|----------------------------------|
| Assets | | | |
| Accounts receivable, net | \$ 79,881 | \$ 6,130 | \$ 86,011 |
| Inventories | 1,415,915 | (5,142) | 1,410,773 |
| Prepaid expenses and other assets | 32,721 | 4,508 | 37,229 |
| Deferred tax assets, net | 155,551 | (303) | 155,248 |
| Liabilities | | | |
| Accrued liabilities | 101,929 | 1,021 | 102,950 |
| Deferred revenues and gains, current | 77,669 | 857 | 78,526 |
| Deferred revenues and gains, non-current | 64,061 | (471) | 63,590 |
| Equity | | | |
| Retained earnings | 6,192 | 1,310 | 7,502 |
| Non-controlling interests | 34,332 | 2,476 | 36,808 |

The adjustments above related primarily to i) the deferral of sales commissions expenses relating to multiyear consumer services and plans and the recording of such expenses over the same period as the recognition of the related revenues, ii) adjustment of recognition period of RV service revenue from point-in-time to over time, iii) adjustment of capitalized direct-response advertising to expense when the advertising is mailed instead of over the expected benefit period, iv) reclassification of estimated product returns from inventory to prepaid expenses and other assets, v) reclassification of expected refunds previously included in deferred revenues and gains to accrued liabilities, and vi) reclassification and adjustment of the point obligation for the Coast to Coast service from accrued liabilities to deferred revenues and gains.

The following table details the impact of the adoption of ASC 606 on the consolidated balance sheet as of September 30, 2018 (in thousands):

| | September 30, 2018 | | |
|--|--------------------|--------------------------------------|---------------------------------|
| | As Reported | Balances Without Adoption of ASC 606 | Effect of Change Higher/(Lower) |
| Assets | | | |
| Accounts receivable, net | \$ 100,071 | \$ 93,456 | \$ 6,615 |
| Inventories | 1,495,041 | 1,501,772 | (6,731) |
| Prepaid expenses and other assets | 36,637 | 29,623 | 7,014 |
| Deferred tax assets, net | 145,751 | 146,054 | (303) |
| Liabilities | | | |
| Accrued liabilities | 143,792 | 142,640 | 1,152 |
| Deferred revenues and gains, current | 92,391 | 91,440 | 951 |
| Deferred revenues and gains, non-current | 69,223 | 69,880 | (657) |
| Equity | | | |
| Retained earnings | 35,730 | 33,945 | 1,785 |
| Non-controlling interests | 52,276 | 48,912 | 3,364 |

The following table details the impact of the adoption of ASC 606 on the consolidated statement of operations for the three and nine months ended September 30, 2018 (in thousands):

| | Three Months Ended September 30, 2018 | | | Nine Months Ended September 30, 2018 | | |
|--|---------------------------------------|--------------------------------------|---------------------------------|--------------------------------------|--------------------------------------|---------------------------------|
| | As Reported | Balances Without Adoption of ASC 606 | Effect of Change Higher/(Lower) | As Reported | Balances Without Adoption of ASC 606 | Effect of Change Higher/(Lower) |
| Revenue | | | | | | |
| Consumer services and plans | \$ 52,044 | \$ 52,046 | \$ (2) | \$ 158,600 | \$ 158,637 | \$ (37) |
| Dealership parts, services and other | 71,607 | 70,942 | 665 | 210,024 | 209,634 | 390 |
| Retail | 184,543 | 184,562 | (19) | 460,637 | 460,512 | 125 |
| Costs applicable to revenue | | | | | | |
| Consumer services and plans | 21,499 | 21,643 | (144) | 65,056 | 65,360 | (304) |
| Dealership parts, services and other | 36,504 | 36,209 | 295 | 104,372 | 104,219 | 153 |
| Retail | 116,664 | 116,655 | 9 | 292,664 | 292,595 | 69 |
| Operating and income tax expenses | | | | | | |
| Selling, general, and administrative | 278,329 | 278,928 | (599) | 807,738 | 808,701 | (963) |
| Income tax expense | 11,385 | 11,271 | 114 | 30,706 | 30,546 | 160 |
| Net income | | | | | | |
| Net income | 47,909 | 46,940 | 969 | 147,000 | 145,637 | 1,363 |
| Less: net income attributable to non-controlling interests | (33,893) | (33,262) | (631) | (101,772) | (100,884) | (888) |
| Net income attributable to Camping World Holdings, Inc. | 14,016 | 13,678 | 338 | 45,228 | 44,753 | 475 |

For the three and nine months ended September 30, 2018, basic earnings per share of Class A common stock would have been \$0.37 and \$1.21 per share, respectively, without the adoption of ASC 606 compared to the as-reported amount of \$0.38 and \$1.22 per share, respectively. For the three and nine months ended September 30, 2018, diluted earnings per share of Class A common stock would have been \$0.37 and \$1.20 per share, respectively, without the adoption of ASC 606 compared to the as-reported amount of \$0.38 and \$1.20 per share, respectively.

Revenue Recognition

Revenues are recognized by the Company when control of the promised goods or services is transferred to its customers in an amount that reflects the consideration the Company expects to be entitled to in exchange for those goods or services. Sales and other taxes collected from the customer concurrent with revenue-producing activities are excluded from revenue. Incidental items that are immaterial in the context of the contract are recognized as expense. The Company presents disaggregated revenue on its consolidated statements of operations.

Consumer Services and Plans revenue consists of revenue from club memberships, publications, consumer shows, and marketing and royalty fees from various consumer services and plans. Certain Consumer Services and Plans revenue is generated from annual, multiyear and lifetime memberships. The revenue and expenses associated with these memberships are deferred and amortized over the membership period. Unearned revenue and profit are subject to revisions as the membership progresses to completion. Revisions to membership period estimates would change the amount of income and expense amortized in future accounting periods. For lifetime memberships, an 18 year period is used, which is the actuarially determined estimated fulfillment period. Roadside Assistance ("RA") revenues are deferred and recognized over the contractual life of the membership. RA claim expenses are recognized when incurred.

Royalty revenue is earned under the terms of an arrangement with a third-party credit card provider based on a percentage of the Company's co-branded credit card portfolio retail spending with such third-party credit card provider and for acquiring new cardholders.

Marketing fees for finance, insurance, extended service and other similar products are recognized as variable consideration, net of estimated cancellations, if applicable, when a product contract payment has been received or financing has been arranged.

Promotional expenses consist primarily of direct mail advertising expenses and renewal expenses and are expensed at the time related materials are mailed.

Newsstand sales of publications and related expenses are recorded as variable consideration at the time of delivery, net of estimated returns. Subscription sales of publications are reflected in income over the lives of the subscriptions. The related selling expenses are expensed as incurred. Advertising revenues and related expenses are recorded at the time of delivery.

Revenue and related expenses for consumer shows are recognized when the show occurs.

Dealership revenue consists of sales of new and used recreational vehicles, sales of RV parts and services, and commissions on the related finance and insurance contracts. Revenue from the sale of recreational vehicles is recognized upon completion of the sale to the customer. Conditions to completing a sale include having an agreement with the customer, including pricing, whereby the sales price must be reasonably expected to be collected and having control transferred to the customer. Revenue from Dealership parts, services and other products sales is recognized over time as work is completed, and when parts are delivered to our customers. For service and parts revenues recorded over time, the Company utilizes a method that considers total costs incurred to date and the applicable margin in relation to total expected efforts to complete our performance obligation in order to determine the appropriate amount of revenue to recognize over time. Finance and insurance revenue is recorded net, since the Company is acting as an agent in the transaction, and is recognized when a finance and insurance product contract payment has been received or financing has been arranged. The proceeds the Company receives for arranging financing contracts, and selling insurance and service contracts, are subject to chargebacks if the customer terminates the respective contract earlier than a stated period. These proceeds are recorded as variable consideration, net of estimated chargebacks.

Retail revenue consists of sales of products, parts and services and other products, including RV accessories and supplies, and camping, hunting, fishing, skiing, snowboarding, bicycling, skateboarding, marine and watersport equipment and supplies. Revenue from products, parts, and services sales is recognized over time as work is completed, and when parts are delivered to our customers. For service and parts revenues recorded over time, the Company utilizes a method that considers total costs incurred to date and the applicable margin in relation to total expected efforts to complete our performance obligation in order to determine the appropriate amount of revenue to recognize over time. E-commerce sales are recognized when the product is shipped.

Finance and insurance revenue is recognized when a finance and insurance product contract payment has been received or financing has been arranged. The proceeds the Company receives for arranging financing contracts, and selling insurance and service contracts, are subject to chargebacks if the

customer terminates the respective contract earlier than a stated period. These proceeds are recorded as variable consideration, net of estimated chargebacks.

The Company's contracts with customers may include multiple performance obligations. For such arrangements, the Company allocates revenue to each performance obligation based on its relative standalone selling price. The Company generally determines standalone selling prices based on the prices charged to customers or using the adjusted market assessment approach.

As of September 30, 2018 and January 1, 2018, a contract asset of \$6.8 million and \$6.3 million, respectively, relating to RV service revenues was included in accounts receivable in the accompanying unaudited condensed consolidated balance sheet. As of September 30, 2018 and January 1, 2018, the Company had capitalized costs to acquire a contract, consisting of sale commissions, of \$5.8 million and \$4.4 million, respectively.

Deferred Revenues

The Company records deferred revenues when cash payments are received or due in advance of the Company's performance, net of estimated refunds that are presented separately as a component of accrued liabilities. The increase in the deferred revenue balance for the nine months ended September 30, 2018 was primarily driven by cash payments received or due in advance of satisfying the Company's performance obligations, partially offset by \$64.8 million of revenues recognized that were included in the deferred revenue balance at the beginning of the period.

As of September 30, 2018, the Company has unsatisfied performance obligations relating to multiyear plans for its Good Sam Club, RA, Coast to Coast memberships, and magazine publication revenue streams. The total unsatisfied performance obligation for these revenue streams at September 30, 2018 and the periods during which the Company expects to recognize the amounts as revenue are presented as follows (in thousands):

| | As of September 30, 2018 |
|------------|-----------------------------|
| 2018 | \$ 37,322 |
| 2019 | 62,679 |
| 2020 | 24,151 |
| 2021 | 11,738 |
| 2022 | 6,046 |
| Thereafter | 9,096 |
| Total | <u>\$ 151,032</u> |

The Company's payment terms vary by the type and location of its customer and the products or services offered. The term between invoicing and when payment is due is not significant. For certain products or services and customer types, the Company requires payment before the products or services are delivered to the customer.

Practical Expedients and Exemptions

The Company does not adjust the promised amount of consideration for the effects of a significant financing component if the Company expects, at contract inception, that the period of time between payment and transfer of the promised goods or services will be one year or less.

The Company expenses sales commissions when incurred in cases where the amortization period of those otherwise capitalized sales commissions would have been one year or less.

The Company does not disclose the value of unsatisfied performance obligations for revenue streams for (i) contracts with an original expected length of one year or less and (ii) contracts for which the Company recognizes revenue at the amount to which it has the right to invoice for services performed.

3. Inventories and Floor Plan Payable

Inventories consisted of the following (in thousands):

| | September 30, 2018 | December 31, 2017 |
|---|-----------------------|----------------------|
| Consumer services and plans | \$ — | \$ 387 |
| Dealership: | | |
| New RV vehicles | 912,581 | 1,113,178 |
| Used RV vehicles | 121,225 | 106,210 |
| Dealership parts, accessories and miscellaneous | 8,012 | 7,802 |
| Retail | 453,223 | 188,338 |
| | <u>\$ 1,495,041</u> | <u>\$ 1,415,915</u> |

New and used vehicles included in retail inventories are primarily financed by floor plan arrangements through a syndication of banks. The arrangements are collateralized by substantially all of the assets of FreedomRoads, LLC ("FR"), a wholly owned subsidiary of FreedomRoads, which operates the Camping World dealerships, and bore interest at one-month London Interbank Offered Rate ("LIBOR") plus 2.05% as of September 30, 2018 and 2.15% as of December 31, 2017. LIBOR, as defined, was 2.10% at September 30, 2018 and 1.36% as of December 31, 2017. Borrowings are tied to specific vehicles and principal is due upon the sale of the related vehicle.

In August 2015, FR entered into a Sixth Amended and Restated Credit Agreement for floor plan financing (as further amended, "Floor Plan Facility") to extend the maturity date to August 2018. On July 1, 2016, FR entered into Amendment No. 1 to the Sixth Amended and Restated Credit Agreement for the Floor Plan Facility to, among other things, increase the available amount under the Floor Plan Facility from \$880.0 million to \$1.18 billion, amend the applicable borrowing rate margin on LIBOR and base rate loans ranging from 2.05% to 2.50% and 0.55% and 1.00%, respectively, based on the consolidated current ratio at FR, and extend the maturity date to June 30, 2019. On December 12, 2017, FR entered into a Seventh Amended and Restated Credit Agreement (the "Floor Plan Facility Amendment"), which amended the previous credit agreement governing our Floor Plan Facility and allows FR to borrow (a) up to \$1.415 billion under a floor plan facility, (b) up to \$15.0 million under a letter of credit facility and (c) up to a maximum amount outstanding of \$35.0 million under the revolving line of credit, which maximum amount outstanding will decrease by \$1.75 million on the last day of each fiscal quarter, commencing with the fiscal quarter ending March 31, 2019. In addition, the maturity of the Floor Plan Facility was extended to December 12, 2020. The Floor Plan Facility includes an offset account that allows the Company to transfer cash as an offset to the payable under the Floor Plan Facility. These transfers reduce the amount of liability outstanding under the floor plan notes payable that would otherwise accrue interest, while retaining the ability to transfer amounts from the offset account into the Company's operating cash accounts. As a result of using the floor plan offset account, the Company experiences a reduction in floor plan interest expense in its consolidated statements of income. The credit agreement governing the Floor Plan Facility contains certain financial covenants. FR was in compliance with all debt covenants at September 30, 2018 and December 31, 2017.

The following table details the outstanding amounts and available borrowings under the Floor Plan Facility as of September 30, 2018 and December 31, 2017 (in thousands):

| | September 30, 2018 | December 31, 2017 |
|--|-----------------------|----------------------|
| Floor Plan Facility | | |
| Notes payable - floor plan: | | |
| Total commitment | \$ 1,415,000 | \$ 1,415,000 |
| Less: borrowings, net | (734,038) | (974,043) |
| Less: flooring line aggregate interest reduction account | (147,481) | (106,055) |
| Additional borrowing capacity | 533,481 | 334,902 |
| Less: accounts payable for sold inventory | (59,236) | (31,311) |
| Less: purchase commitments | (39,723) | (77,144) |
| Unencumbered borrowing capacity | \$ 434,522 | \$ 226,447 |
| Revolving line of credit: | | |
| Less borrowings | (24,403) | — |
| Additional borrowing capacity | \$ 10,597 | \$ 35,000 |
| Letters of credit: | | |
| Total commitment | \$ 15,000 | \$ 15,000 |
| Less: outstanding letters of credit | (9,369) | (9,369) |
| Additional letters of credit capacity | \$ 5,631 | \$ 5,631 |

4. Property and Equipment, net

Property and equipment consisted of the following at (in thousands):

| | September 30, 2018 | December 31, 2017 |
|---|-----------------------|----------------------|
| Land | \$ 69,123 | \$ 12,243 |
| Buildings and improvements | 56,164 | 17,791 |
| Leasehold improvements - inclusive of right to use assets | 131,228 | 107,354 |
| Furniture and equipment | 191,548 | 130,204 |
| Software | 79,852 | 68,087 |
| Systems development and construction in progress | 55,807 | 34,384 |
| | 583,722 | 370,063 |
| Less: accumulated depreciation and amortization | (192,143) | (172,041) |
| Property and equipment, net | \$ 391,579 | \$ 198,022 |

The Company reclassified the categories of property and equipment, net and made an immaterial correction of the cost categories and accumulated depreciation amounts by increasing both items by approximately \$10.2 million as of December 31, 2017. These changes had no impact on total property and equipment, net.

5. Goodwill and Intangible Assets

Goodwill

The following is a summary of changes in the Company's goodwill by reportable segments for the nine months ended September 30, 2018 (in thousands):

| | Consumer Services and Plans | Retail | Dealership | Consolidated |
|----------------------------------|--------------------------------------|------------------|-------------------|-------------------|
| Balance as of December 31, 2017 | \$ 49,944 | \$ 36,467 | \$ 261,976 | \$ 348,387 |
| Acquisitions ⁽¹⁾ | 376 | 3,579 | 36,745 | 40,700 |
| Balance as of September 30, 2018 | <u>\$ 50,320</u> | <u>\$ 40,046</u> | <u>\$ 298,721</u> | <u>\$ 389,087</u> |

(1) See Note 11 — Acquisitions.

The Company evaluates goodwill for impairment on an annual basis during the fourth quarter, or more frequently if events or changes in circumstances indicate that the Company's goodwill or indefinite-lived intangible assets might be impaired. The Company assesses qualitative factors to determine whether it is more likely than not that the fair value of a reporting unit is less than its carrying amount. If the Company determines it is more likely than not that the fair value of a reporting unit is less than its carrying amount, then it is required to perform the quantitative impairment test by calculating the fair value of the reporting unit and comparing the fair value with the carrying amount of the reporting unit. If the carrying amount of a reporting unit exceeds its fair value, then the Company records an impairment of goodwill equal to the amount that the carrying amount of a reporting unit exceeds its fair value. The Company did not record any impairments of goodwill during the nine months ended September 30, 2018 and 2017.

Intangible Assets

Finite-lived intangible assets and related accumulated amortization consisted of the following at September 30, 2018 and December 31, 2017 (in thousands):

| | September 30, 2018 | | |
|---------------------------------|-----------------------|-----------------------------|------------------|
| | Cost or Fair Value | Accumulated Amortization | Net |
| Consumer Services and Plans: | | | |
| Membership and customer lists | \$ 9,140 | \$ (6,989) | \$ 2,151 |
| Retail: | | | |
| Customer lists and domain names | 3,915 | (1,805) | 2,110 |
| Trademarks and trade names | 29,304 | (2,365) | 26,939 |
| Websites | 6,074 | (864) | 5,210 |
| | <u>\$ 48,433</u> | <u>\$ (12,023)</u> | <u>\$ 36,410</u> |
| | December 31, 2017 | | |
| | Cost or Fair Value | Accumulated Amortization | Net |
| Consumer Services and Plans: | | | |
| Membership and customer lists | \$ 8,374 | \$ (6,431) | \$ 1,943 |
| Retail: | | | |
| Customer lists and domain names | 3,915 | (1,048) | 2,867 |
| Trademarks and trade names | 28,987 | (901) | 28,086 |
| Websites | 6,074 | (263) | 5,811 |
| | <u>\$ 47,350</u> | <u>\$ (8,643)</u> | <u>\$ 38,707</u> |

The trademarks and trade names have useful lives of fifteen years. The membership and customer lists have weighted-average useful lives of approximately five years. The websites have useful lives of ten years. The Company reclassified the categories of intangible assets and made immaterial correcting adjustments to the previously recorded balances for the categories of intangibles assets as of December 31, 2017. These changes had no impact on total intangible assets.

6. Long-Term Debt

Long-term debt consists of the following (in thousands):

| | September 30, 2018 | December 31, 2017 |
|-----------------------------------|-----------------------|----------------------|
| Term Loan Facility ⁽¹⁾ | \$ 1,161,389 | \$ 916,902 |
| Less: current portion | (11,991) | (9,465) |
| | <u>\$ 1,149,398</u> | <u>\$ 907,437</u> |

- (1) Net of \$5.6 million and \$6.0 million of original issue discount at September 30, 2018 and December 31, 2017, respectively, and \$14.1 million and \$14.2 million of finance costs at September 30, 2018 and December 31, 2017, respectively.

Senior Secured Credit Facilities

On November 8, 2016, CWGS Group, LLC (the "Borrower"), a wholly owned subsidiary of CWGS, LLC, entered into a credit agreement (as amended from time to time, the "Credit Agreement") for a new \$680.0 million senior secured credit facility (the "Senior Secured Credit Facilities") and used the proceeds to repay its previous senior secured credit facilities. The Senior Secured Credit Facilities, prior to the amendments described below, consisted of a seven-year \$645.0 million Term Loan Facility (the "Term Loan Facility") and a five-year \$35.0 million revolving credit facility (the "Revolving Credit Facility"). On March 17, 2017, the borrower entered into a First Amendment to the Credit Agreement to increase the Term Loan Facility by \$95.0 million to \$740.0 million. The Term Loan Facility included mandatory amortization at 1.00% per annum in equal quarterly installments. On October 6, 2017, the Borrower entered into a Second Amendment (the "Second Amendment") to the Credit Agreement. The Second Amendment, among other things, (i) increased the Borrower's Term Loan Facility by \$205.0 million to an outstanding principal amount of \$939.5 million, (ii) amended the applicable margin to 2.00% from 2.75% per annum, in the case of base rate loans, and to 3.00% from 3.75% per annum, in the case of LIBOR loans, and (iii) increased the quarterly amortization payment to \$2.4 million. On March 28, 2018, the Borrower entered into a Third Amendment (the "Third Amendment") to the Credit Agreement. The Third Amendment, among other things, (i) reduced the applicable interest margin by 25 basis points to 1.75% from 2.00% per annum, in the case of base rate loans, and to 2.75% from 3.00% per annum, in the case of LIBOR loans, effective on April 6, 2018, (ii) increased the Borrower's term loan facility by \$250 million to a principal amount of \$1.19 billion outstanding as of March 28, 2018, and (iii) increased the quarterly amortization payment to \$3.0 million.

The Credit Agreement requires the Borrower and its subsidiaries to comply on a quarterly basis with a maximum Total Leverage Ratio (as defined in the Credit Agreement), which covenant is only for the benefit of the revolving credit facility, during certain periods in which the aggregate amount of borrowings under the revolving credit facility (including swingline loans), letters of credit and unreimbursed letter of credit disbursements outstanding at such time (minus the lesser of (a) \$5.0 million and (b) letters of credit outstanding) is greater than 30% of the aggregate amount of the Revolving Lenders' Revolving Commitments, as defined in the Credit Agreement. On September 27, 2018, the Borrower entered into a Fourth Amendment (the "Fourth Amendment") to the Credit Agreement. The Fourth Amendment increases the quarterly Total Leverage Ratio, from "3.00 to 1" to "3.75 to 1" for the period from December 31, 2016 to December 31, 2019 and from "2.75 to 1" to "3.50 to 1" for the period beginning March 31, 2020 and on the last day of each fiscal quarter ending thereafter.

The Term Loan Facility includes mandatory amortization at 1.01% per annum in equal quarterly installments. Interest on the Term Loan Facility effective April 6, 2018 floats at the Company's option at a)

LIBOR multiplied by the statutory reserve rate (such product, the “Adjusted LIBOR Rate”), subject to a 0.75% floor, plus an applicable margin of 2.75%, or b) an Alternate Base Rate (“ABR”) equal to 1.75% per annum plus the greater of: (i) the prime rate published by The Wall Street Journal (the “WSJ Prime Rate”), (ii) federal funds effective rate plus 0.50%, or (iii) one-month Adjusted LIBOR Rate plus 1.00%, subject to a 1.75% floor. Interest on borrowings under the Revolving Credit Facility is, at the Company’s option, of a) 3.25% to 3.50% per annum subject to a 0.75% floor in the case of a Eurocurrency loan, or b) 2.25% to 2.50% per annum plus the greater of the WSJ Prime Rate, federal funds effective rate plus 0.50%, or one-month Adjusted LIBOR Rate plus 1.00% in the case of an ABR loan, based on the Company’s Total Leverage Ratio. The Company also pays a commitment fee of 0.5% per annum on the unused amount of the Senior Secured Credit Facility. Reborrowings under the Term Loan Facility are not permitted. The Term Loan Facility requires mandatory principal payments in equal quarterly installments of \$1.9 million starting March 31, 2017 through September 30, 2017, \$2.4 million on December 31, 2017 and \$3.0 million thereafter. The September 30, 2018 payment was paid on October 1, 2018, per the Credit Agreement.

Following the end of each fiscal year, commencing with the fiscal year ending December 31, 2017, the Company is required to prepay the term loan borrowings in an aggregate amount equal to 50% of excess cash flow, as defined in the Credit Agreement, for such fiscal year. The required percentage prepayment of excess cash flow is reduced to 25% if the Total Leverage Ratio is 1.50 to 1.00 or greater but less than 2.00 to 1.00. If the Total Leverage Ratio is less than 1.50 to 1.00, no prepayment of excess cash flow is required.

The Revolving Credit Facility matures on November 8, 2021, and the Term Loan Facility matures on November 8, 2023. The funds available under the Revolving Credit Facility may be utilized for borrowings or letters of credit; however, a maximum of \$15.0 million may be allocated to such letters of credit. As of September 30, 2018, the average interest rate on the term loan debt was 4.87%. As of September 30, 2018 and December 31, 2017, the Company had available borrowings of \$32.2 million and \$31.8 million, respectively, and letters of credit in the aggregate amount of \$2.8 million and \$3.2 million outstanding, respectively, under the Revolving Credit Facility. As of September 30, 2018 and December 31, 2017, the principal balance of \$1,181.1 million and \$937.1 million, respectively, was outstanding under the Term Loan Facility and no amounts were outstanding on the Revolving Credit Facility in either period.

CWGS, LLC and CWGS Group, LLC have no revenue-generating operations of their own. Their ability to meet the financial obligations associated with the Senior Secured Credit Facilities is dependent on the earnings and cash flows of its operating subsidiaries, primarily Good Sam Enterprises, LLC and FR, and their ability to upstream dividends. The Senior Secured Credit Facilities are fully and unconditionally guaranteed, jointly and severally, on a senior secured basis by each of the Company’s existing and future domestic restricted subsidiaries with the exception of FreedomRoads Intermediate Holdco, LLC, the direct parent of FR, and FR and its subsidiaries. The Credit Agreement contains certain restrictive covenants including, but not limited to, mergers, changes in the nature of the business, acquisitions, additional indebtedness, sales of assets, investments, and the prepayment of dividends subject to certain limitations and minimum operating covenants. The Company was in compliance with all debt covenants at September 30, 2018 and December 31, 2017.

7. Right to Use Assets and Liabilities

The Company leases operating facilities throughout the United States. The Company analyzes all leases in accordance with ASC 840 — Leases. The Company has included the right to use assets in property and equipment, net, as follows (in thousands):

| | September 30, 2018 | December 31, 2017 |
|--------------------------|-----------------------|----------------------|
| Right to use assets | \$ 10,673 | \$ 10,673 |
| Accumulated depreciation | (1,120) | (926) |
| | <u>\$ 9,553</u> | <u>\$ 9,747</u> |

The following is a schedule by year of the future changes in the right to use liabilities as of September 30, 2018 (in thousands):

| | |
|--|-----------|
| 2018 | \$ 218 |
| 2019 | 486 |
| 2020 | 486 |
| 2021 | 487 |
| 2022 | 487 |
| Thereafter ⁽¹⁾ | 13,260 |
| Total minimum lease payments | 15,424 |
| Amounts representing interest | (5,350) |
| Present value of net minimum right to use liability payments | \$ 10,074 |

(1) Includes \$4.8 million of scheduled derecognition of right to use liabilities upon the reduction in lease deposits to less than two months' rent.

8. Fair Value Measurements

Accounting guidance for fair value measurements establishes a three tier fair value hierarchy, which prioritizes the inputs used in measuring fair value. These tiers include Level 1, defined as observable inputs such as quoted prices in active markets; Level 2, defined as inputs other than quoted prices in active markets that are either directly or indirectly observable; and Level 3, defined as unobservable inputs in which little or no market data exists, therefore requiring an entity to develop its own assumptions.

For cash and cash equivalents; accounts receivable; other current assets; accounts payable; notes payable — floor plan, net; and other current liabilities the amounts reported in the accompanying Unaudited Condensed Consolidated Balance Sheets approximate fair value due to their short-term nature or the existence of variable interest rates that approximate prevailing market rates.

There have been no transfers of assets or liabilities between the fair value measurement levels and there were no material re-measurements to fair value during 2018 and 2017 of assets and liabilities that are not measured at fair value on a recurring basis.

The following table presents the reported carrying value and fair value information for the Company's debt instruments. The fair values shown below for the Term Loan Facility, as applicable, are based on quoted prices in the inactive market for identical assets (Level 2).

| (\$ in thousands) | Fair Value Measurement | 9/30/2018 | | 12/31/2017 | |
|--------------------|---------------------------|----------------|--------------|----------------|------------|
| | | Carrying Value | Fair Value | Carrying Value | Fair Value |
| Term Loan Facility | Level 2 | \$ 1,161,389 | \$ 1,161,954 | \$ 916,902 | \$ 953,269 |

9. Commitments and Contingencies

The Company holds certain property and equipment under rental agreements and operating leases that have varying expiration dates. A majority of its operating facilities are leased from unrelated parties throughout the United States.

From time to time, the Company is involved in litigation arising in the normal course of business operations. On October 19, 2018, a purported stockholder of the Company filed a putative class action lawsuit, captioned Ronge v. Camping World Holdings, Inc. et al., in the United States District Court for the Northern District of Illinois against the Company, certain of its officers and directors, and Crestview Partners II GP, L.P. and Crestview Advisors, L.L.C. On October 25, 2018, a different putative stockholder of the Company filed a putative class action lawsuit, captioned Strougo v. Camping World Holdings, Inc. et al., in the

United States District Court for the Northern District of Illinois against the Company, certain of its officers and directors, and Crestview Partners II GP, L.P. and Crestview Advisors, L.L.C.

Both complaints allege that the Company violated Section 10(b) of the Securities Exchange Act of 1934, as amended, and rule 10b-5 thereunder, by making allegedly materially misleading statements or omitting material facts necessary to make certain statements not misleading related to the business, operations, and management of the Company. Both lawsuits allege that certain of the Company's officers and directors violated Section 20(a) of the Securities Exchange Act of 1934, as amended, by allegedly acting as controlling persons of the Company. The lawsuits bring claims on behalf of a putative class of purchasers of the Company's Class A common stock between March 8, 2017 and August 7, 2018, and seek compensatory damages, attorneys' fees and costs, and any equitable or injunctive relief the court deems just and proper. The Company believes it has meritorious defenses to the claims of the plaintiffs and members of the putative class, and any liability for the alleged claims is not currently probable or reasonably estimable.

10. Statement of Cash Flows

Supplemental disclosures of cash flow information for the following periods (in thousands):

| | Nine Months Ended | |
|---|-----------------------|-----------------------|
| | September 30, 2018 | September 30, 2017 |
| Cash paid during the period for: | | |
| Interest | \$ 70,326 | \$ 47,374 |
| Income taxes | 17,408 | 25,660 |
| Non-cash investing activities: | | |
| Vehicles transferred to property and equipment from inventory | 780 | 1,605 |
| Portion of acquisition purchase price paid through issuance of Class A common stock | — | 5,720 |
| Landlord paid tenant improvements on behalf of the Company | 28,431 | 857 |
| Derecognition of non-tenant improvements | 7,018 | — |
| Capital expenditures in accounts payable and accrued liabilities | 6,051 | 6,595 |
| Non-cash financing activities: | | |
| Par value of Class A common stock issued in exchange for common units in CWGS, LLC | 3 | 66 |
| Par value of Class A common stock issued for vested restricted stock units | 1 | — |
| Par value of Class A common stock issued for acquisition | — | 1 |

11. Acquisitions

Dealerships and Consumer Shows

During the nine months ended September 30, 2018 and 2017, subsidiaries of the Company acquired the assets of multiple dealership locations and consumer shows. The Company used a combination of cash, floor plan financing, proceeds from the May 2017 Public Offering (defined and described in Note 14 — Stockholders' Equity), and additional borrowings on the Term Loan Facility in March 2017 and 2018 (see Note 6 — Long-term Debt) to complete the acquisitions. The Company considers acquisitions of independent dealerships to be a fast and capital efficient alternative to opening new retail locations to expand its business and grow its customer base. The Company acquires consumer shows as another channel for increasing its customer base. Additionally, the Company believes that its experience and scale allow it to operate these acquired dealerships and consumer shows more efficiently. The acquired businesses were recorded at their estimated fair values under the acquisition method of accounting. The balance of the purchase prices in excess of the fair values of net assets acquired were recorded as goodwill.

Separately from the business combinations, for the nine months ended September 30, 2018 and 2017, the Company purchased real property of \$100.1 million and \$16.8 million, respectively, of which \$23.6 million and \$12.8 million, respectively, was from parties related to the sellers of the dealership businesses.

The estimated fair values of the assets acquired and liabilities assumed for the acquisitions of dealerships and consumer shows consist of the following:

| (\$ in thousands) | Nine Months Ended September 30, | |
|---|------------------------------------|------------|
| | 2018 | 2017 |
| Tangible assets (liabilities) acquired (assumed): | | |
| Cash and cash equivalents | \$ 2,648 | \$ — |
| Contracts in transit | 103 | — |
| Accounts receivable | 103 | 1,306 |
| Inventory | 36,257 | 98,869 |
| Prepaid expenses and other assets | 79 | — |
| Property and equipment | 402 | 835 |
| Other assets | 48 | 72 |
| Accounts payable | (64) | — |
| Accrued liabilities | (1,081) | (3,019) |
| Deferred revenues and gains | (168) | — |
| Total tangible net assets acquired | 38,327 | 98,063 |
| Intangible assets acquired: | | |
| Membership and customer lists | 766 | 793 |
| Total intangible assets acquired | 766 | 793 |
| Goodwill | 37,145 | 143,788 |
| Purchase price | 76,238 | 242,644 |
| Cash and cash equivalents acquired | (2,648) | — |
| Cash paid for acquisition, net of cash acquired | 73,590 | 242,644 |
| Inventory purchases financed via floor plan | (29,365) | (79,321) |
| Cash payment net of floor plan financing | \$ 44,225 | \$ 163,323 |

The fair values above are preliminary relating to the nine months ended September 30, 2018 as they are subject to measurement period adjustments for up to one year from the date of acquisition as new information is obtained about facts and circumstances that existed as of the acquisition date. The primary items that generated the goodwill are the value of the expected synergies between the acquired businesses and the Company and the acquired assembled workforce, neither of which qualify for recognition as a separately identified intangible asset. For the nine months ended September 30, 2018 and 2017, acquired goodwill of \$20.7 million and \$143.8 million, respectively, is expected to be deductible for tax purposes. Included in the nine months ended September 30, 2018 and 2017 consolidated financial results were \$55.1 million and \$210.7 million of revenue, respectively, and \$3.5 million of pre-tax loss and \$13.8 million of pre-tax income, respectively, of the acquired dealerships and consumer shows from the applicable acquisition dates. Pro forma information on these acquisitions has not been included, because the Company has deemed them to not be individually or cumulatively material.

Retail

On May 26, 2017, CWI, Inc. ("CWI"), an indirect subsidiary of the Company, completed the acquisition of certain assets of the Gander Mountain Company ("Gander Mountain") and its Overton's, Inc. ("Overton's") boating business through a bankruptcy auction that took place in April 2017 for \$35.4 million in cash and \$1.0 million of contingent consideration. Prior to the acquisition, Gander Mountain operated 160 retail locations and an e-commerce business that serviced the hunting, camping, fishing, shooting sports, and outdoor markets. Overton's operated two retail locations and an e-commerce business that services the marine and watersports markets.

The assets acquired included the right to designate any real estate leases for assignment to CWI or other third parties (the "Designation Rights"), other agreements CWI could elect to assume, intellectual property rights, operating systems and platforms, certain distribution center equipment, Overton's inventory, the Gander Mountain and Overton's e-commerce businesses, and fixtures and equipment for Overton's two retail locations and corporate operations. Furthermore, CWI had committed to exercise Designation Rights and take an assignment of no fewer than 15 Gander Mountain retail leases on or before October 6, 2017, in addition to the two Overton's retail leases assumed at the closing of the acquisition. The Designation Rights

expired on October 6, 2017, which was immediately after CWI assumed the minimum 15 additional Gander Mountain retail leases. CWI also assumed certain liabilities, such as cure costs for leases and other agreements it elected to assume, accrued time off for employees retained by CWI and retention bonuses payable to certain key Gander Mountain employees retained by CWI. The cure costs for the minimum 15 Gander Mountain leases assumed under the Designation Rights were \$1.0 million and recorded as contingent consideration.

As of September 30, 2018, the Company had opened 61 Gander Mountain locations under the rebranded “Gander Outdoors” name as part of its initial rollout after the bankruptcy auction, and closed one location. The Company expects to open an additional 9 Gander Outdoors locations during its initial rollout, which is expected to be substantially complete by December 31, 2018. With the large quantity of stores to be opened in a relatively short period of time for the initial rollout of Gander Outdoors, the Company deemed it necessary to staff the appropriate levels of labor for functions such as management, merchandise procurement, and distribution center to open these retail locations in the compressed timeframe of the initial rollout plan. Many of these expenses were expensed as incurred before retail locations were opened and began to generate revenues.

On August 17, 2017, Camping World Inc. (“CW”) an indirect subsidiary of the Company, completed the acquisition of all of the outstanding capital stock and outstanding debt of Active Sports, Inc. (“TheHouse.com”), which specialized in bikes, sailboards, skateboards, wakeboards, snowboards, and outdoor gear. The purchase price consisted of \$30.0 million in cash, \$5.7 million in restricted shares of Class A common stock of the Company, and the purchase or extinguishment of \$35.3 million of TheHouse.com’s debt, including accrued interest.

On September 22, 2017, W82, LLC, an indirect subsidiary of the Company, completed the acquisition of substantially all of the assets of EIGHTEEN0THREE LLC, dba W82 (“W82”), which specializes in snowboarding, skateboarding, longboarding, swimwear, footwear, apparel and accessories. The purchase price consisted of \$0.6 million in cash and the extinguishment of \$1.5 million of W82’s debt, including accrued interest.

On January 30, 2018 and April 19, 2018, indirect subsidiaries of the Company acquired substantially all of the assets of Earth Sports LLC, dba Erehwon Mountain Outfitters (“Erehwon”) and Rock Creek Outfitters, Inc. (“Rock Creek”), respectively, for \$3.5 million and \$5.2 million in cash, respectively. These businesses are specialty retailers of outdoor gear and apparel.

The Company believes these businesses are complementary to its existing businesses and will allow for cross marketing of the Company’s consumer services and plans to a wider customer base. The estimated fair values of the assets acquired and liabilities assumed for the acquisition of outdoor and active sports retail businesses consist of the following:

| (\$ in thousands) | Nine Months Ended September 30, | |
|--|------------------------------------|---------------|
| | 2018 | 2017 |
| Tangible assets (liabilities) acquired (assumed): | | |
| Cash and cash equivalents | \$ — | \$ 501 |
| Accounts receivable | — | 159 |
| Inventory | 4,599 | 47,129 |
| Prepaid expenses and other assets | 76 | 1,169 |
| Property and equipment | 416 | 9,530 |
| Other assets | — | — |
| Accounts payable | — | (7,582) |
| Accrued liabilities | (359) | (1,990) |
| Other liabilities | — | (6,016) |
| Total tangible net assets acquired | 4,732 | 42,900 |

| (\$ in thousands) | Nine Months Ended September 30, | |
|---|------------------------------------|------------|
| | 2018 | 2017 |
| Intangible assets acquired: | | |
| Trademarks and trade names | 318 | 28,839 |
| Membership and customer lists | — | 500 |
| Websites | — | 5,990 |
| Total intangible assets acquired | 318 | 35,329 |
| Goodwill | 3,580 | 31,509 |
| Purchase price | 8,630 | 109,738 |
| Cash and cash equivalents acquired | — | (501) |
| Contingent consideration unpaid at September 30, 2017 | — | (1,021) |
| Non-cash consideration - Class A shares issued | — | (5,720) |
| Cash paid for acquisition, net of cash acquired | \$ 8,630 | \$ 102,496 |

The fair values above are preliminary relating to the nine months ended September 30, 2018 as they are subject to measurement period adjustments for up to one year from the date of acquisition as new information is obtained about facts and circumstances that existed as of the acquisition date. The primary items that generated the goodwill are the value of the expected synergies between the acquired businesses and the Company and the acquired assembled workforce, neither of which qualify for recognition as a separately identified intangible asset. For the nine months ended September 30, 2018 and 2017, acquired goodwill of \$3.6 million and \$6.2 million, respectively, is expected to be deductible for tax purposes. Included in the nine months ended September 30, 2018 and 2017 consolidated financial results were \$10.4 million and \$26.0 million of revenue, respectively, and \$0.4 million and \$11.5 million of pre-tax loss, respectively, of the acquired outdoor and active sports retail locations from the applicable acquisition dates. Pro forma information on these acquisitions has not been included, because the Company has deemed them to not be individually or cumulatively material.

12. Income Taxes

CWH is organized as a Subchapter C corporation and, as of September 30, 2018, is a 41.8% owner of CWGS, LLC (see Note 14 — Stockholders' Equity and Note 15 — Non-Controlling Interests). CWGS, LLC is organized as a limited liability company and treated as a partnership for federal tax purposes, with the exception of Americas Road and Travel Club, Inc., Camping World and FreedomRoads RV, Inc. ("FRRV") and their wholly-owned subsidiaries, which are Subchapter C corporations.

On December 22, 2017, the U.S. enacted comprehensive tax legislation commonly referred to as the Tax Cuts and Jobs Act ("2017 Tax Act"). The 2017 Tax Act significantly revised the U.S. corporate income tax by, among other things, lowering the statutory corporate tax rate from 35% to 21% and eliminating certain deductions. The 2017 Tax Act also enhanced and extended through 2026 the option to claim accelerated depreciation deductions on qualified property. As of September 30, 2018, the Company had not completed its accounting for the tax effects of the enactment of the 2017 Tax Act on its tax accruals. However, the Company has reasonably estimated the effects of the 2017 Tax Act and recorded provisional amounts in its financial statements as of September 30, 2018 and December 31, 2017. The final impact of the 2017 Tax Act may differ from these estimates, due to, among other things, changes in interpretations, analysis and assumptions made by management, additional guidance that may be issued by the U.S. Department of the Treasury and the Internal Revenue Service, and any updates or changes to estimates the Company has utilized to calculate the transition impact. Pursuant to the SEC Staff Accounting Bulletin No. 118 ("SAB 118"), the Company's measurement period for implementing the accounting changes required by the 2017 Tax Act will close before December 22, 2018 and the Company will complete the accounting under ASC Topic 740, Income Taxes, in the next reporting period prior to the close of the measurement period provided under SAB 118.

Shortly after the 2017 Tax Act was enacted, the SEC staff issued SAB 118 to address the application of GAAP in situations when a registrant does not have the necessary information available, prepared, or

analyzed (including computations) in reasonable detail to complete the accounting for certain income tax effects of the 2017 Tax Act. In accordance with SAB 118, the Company has determined that the \$118.4 million of the deferred tax expense recorded in connection with the remeasurement of certain deferred tax assets and liabilities during the three months ended December 31, 2017 was a provisional amount and a reasonable estimate at December 31, 2017. At September 30, 2018, this estimate was decreased by \$1.4 million primarily as a result of the filing of the Company's tax returns related to the allocation of taxable income to non-controlling interests, and adjustments made to other deferred tax assets. Further, in connection with its adjusted estimate of the December 31, 2017 tax return amounts, the Company as of September 30, 2018 increased its income tax receivable by approximately \$6.5 million, increased its Tax Receivable Agreement liability by approximately \$2.0 million, and decreased its deferred income tax assets by approximately \$2.2 million. In connection with this adjustment, the Company also made a corresponding adjustment to equity for the impact to distributions payable under its Tax Receivable Agreement. As the Company completes its analysis of the 2017 Tax Act, collects and prepares necessary data, and interprets any additional guidance issued by the U.S. Treasury Department, the IRS, and other standard-setting bodies, the Company may continue to make adjustments to the provisional amounts. Any subsequent adjustment to these amounts will be finalized in the next reporting period prior to the close of the measurement period provided under SAB 118.

For the three months ended September 30, 2018 and 2017, the Company's effective income tax rate was 19.2% and 9.1%, respectively. For the nine months ended September 30, 2018 and 2017, the Company's effective income tax rate was 17.3% and 10.6%, respectively. The amount of income tax expense and the effective income tax rate increased in 2018 partially due to operating losses recorded by its retail segment for which no tax benefit was recognized on account of the valuation allowance recorded against such losses, and partially due to an increased ownership percentage of CWGS, LLC for which the Company is subject to U.S., federal and state taxes on its allocable share of income of CWGS, LLC. The Company's effective tax rate for the three months ended September 30, 2018 was lower than the federal statutory rate of 21.0% primarily due to a portion of the Company's earnings being attributable to non-controlling interests in limited liability companies which are not subject to corporate level taxes. For the three and nine months ended September 30, 2018, measurement period adjustments discussed above increased the effective income tax rate by 188 basis points for the three months ended September 30, 2018, and decreased the effective income tax rate by 81 basis points for the nine months ended September 30, 2018. The Company's effective tax rate for the three months ended September 30, 2017 was significantly lower than the federal statutory rate of 35.0% primarily due to a portion of the Company's earnings being attributable to non-controlling interests in limited liability companies which are not subject to corporate level taxes.

The Company evaluates its deferred tax assets on a quarterly basis to determine if they can be realized and establishes valuation allowances when it is more likely than not that all or a portion of the deferred tax assets may not be realized. At September 30, 2018 and December 31, 2017, the Company determined that all of its deferred tax assets, except those pertaining to Camping World and the direct investment in CWGS, LLC, are more likely than not to be realized. The Company maintains a full valuation allowance against the deferred tax assets of Camping World, since it was determined that it would have insufficient taxable income in the current or carryforward periods under the tax laws to realize the future tax benefits of its deferred tax assets. The Company also maintains a valuation allowance against the portion of the deferred tax asset pertaining to its direct investment in CWGS, LLC.

The Company recognizes the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by the taxing authorities based on the technical merits of the position. The tax benefits recognized in the consolidated financial statements related to a particular tax position are measured based on the largest benefit that has a greater than a 50% likelihood of being realized upon settlement. The amount of unrecognized tax benefits is adjusted as appropriate for changes in facts and circumstances, such as significant amendments to existing tax law, new regulations or interpretations by the taxing authorities, new information obtained during a tax examination, or resolution of an examination. As of September 30, 2018, the Company recorded \$0.3 million of uncertain tax positions and none at December 31, 2017. The Company recorded \$0.1 million of interest and penalties relating to income taxes for the three months and nine months ended September 30, 2018, and none for the three or nine months ended September 30, 2017.

On October 6, 2016, the Company entered into a tax receivable agreement (the “Tax Receivable Agreement”) that provides for the payment by the Company to the Continuing Equity Owners and Crestview Partners II GP, L.P. of 85% of the amount of tax benefits, if any, the Company actually realizes, or in some circumstances is deemed to realize, as a result of (i) increases in the tax basis from the purchase of common units from Crestview Partners II GP, L.P. in exchange for Class A common stock in connection with the consummation of the IPO and the related transactions and any future redemptions that are funded by the Company and any future redemptions or exchanges of common units by Continuing Equity Owners as described above and (ii) certain other tax benefits attributable to payments made under the Tax Receivable Agreement. The above payments are predicated on CWGS, LLC making an election under Section 754 of the Internal Revenue Code effective for each tax year in which a redemption or exchange (including a deemed exchange) of common units for cash or stock occur. These tax benefit payments are not conditioned upon one or more of the Continuing Equity Owners or Crestview Partners II GP, L.P. maintaining a continued ownership interest in CWGS, LLC. In general, the Continuing Equity Owners’ or Crestview Partners II GP, L.P.’s rights under the Tax Receivable Agreement are assignable, including to transferees of its common units in CWGS, LLC (other than the Company as transferee pursuant to a redemption or exchange of common units in CWGS, LLC). The Company expects to benefit from the remaining 15% of the tax benefits, if any, which may be realized. During the nine months ended September 30, 2018 and 2017, 215,486 and 6,525,610 common units in CWGS, LLC, respectively, were exchanged for Class A common stock subject to the provisions of the Tax Receivable Agreement. The Company recognized a liability for the Tax Receivable Agreement payments due to those parties that redeemed common units, representing 85% of the aggregate tax benefits the Company expects to realize from the tax basis increases related to the exchange, after concluding it was probable that the Tax Receivable Agreement payments would be paid based on estimates of future taxable income. As of September 30, 2018 and December 31, 2017, the amount of Tax Receivable Agreement payments due under the Tax Receivable Agreement was \$133.7 million and \$137.7 million, respectively, of which \$10.4 million and \$8.1 million, respectively, were included in current portion of the Tax Receivable Agreement liability in the Condensed Consolidated Balance Sheets.

13. Related Party Transactions

Transactions with Directors, Equity Holders and Executive Officers

FreedomRoads leases various retail locations from managers and officers. During the three months ended September 30, 2018 and 2017, the related party lease expense for these locations was \$0.5 million and \$0.5 million, respectively. During the nine months ended September 30, 2018 and 2017, the related party lease expense for these locations was \$1.5 million and \$1.4 million, respectively.

In January 2012, FreedomRoads entered into a lease (the “Original Lease”) with respect to the Company’s Lincolnshire, Illinois offices, which was amended in March 2013 in connection with the Company’s leasing of additional premises within the same office building (the “Expansion Lease”). The Original Lease is payable in 132 monthly payments of base rent equal to approximately \$29,000, commencing April 2013, subject to annual increases. The Expansion Lease is payable in 132 monthly payments of base rent equal to approximately \$2,500, commencing May 2013, subject to annual increases. Marcus A. Lemonis, the Company’s Chairman and Chief Executive Officer, has personally guaranteed both leases. During the three months ended September 30, 2018 and 2017, the Company made payments of approximately \$180,000 and \$193,000, respectively, in connection with the Original Lease, which included approximately \$79,000 and \$94,000, respectively, for common area maintenance charges on the Original Lease, and the Company made payments of approximately \$9,000 and \$8,000, respectively, in connection with the Expansion Lease. During the nine months ended September 30, 2018 and 2017, the Company made payments of approximately \$512,000 and \$546,000, respectively, in connection with the Original Lease, which included approximately \$212,000 and \$252,000, respectively, for common area maintenance charges on the Original Lease, and the Company made payments of approximately \$26,000 and \$25,000, respectively, in connection with the Expansion Lease.

The Company paid Kaplan, Strangis and Kaplan, P.A., of which Andris A. Baltins is a member, \$0.2 million and \$0.3 million during the nine months ended September 30, 2018 and 2017, respectively, for legal services.

Other Transactions

The Company does business with certain companies in which Mr. Lemonis has a direct or indirect material interest. The Company purchased fixtures for interior store sets at the Company's retail locations from Precise Graphix, LLC ("Precise Graphix"). Mr. Lemonis has a 33% economic interest in Precise Graphix and the Company paid Precise Graphix \$0.8 million and \$0.5 million for the three months ended September 30, 2018 and 2017, respectively, and \$4.4 million and \$1.7 million for the nine months ended September 30, 2018 and 2017, respectively. The Company purchased point of purchase and visual merchandise displays from JD Custom Design ("JD Custom") for use in Camping World's retail store operations. Mr. Lemonis is a holder of 52% of the combined voting power in JD Custom and the Company paid JD Custom \$0.1 million and \$0 million for the three months ended September 30, 2018 and 2017, respectively, and paid \$0.4 million and \$0 for the nine months ended September 30, 2018 and 2017, respectively.

Cumulus Media Inc. ("Cumulus Media") has provided radio advertising for the Company through Cumulus Media's subsidiary, Westwood One, Inc. Crestview Partners II GP, L.P., an affiliate of CVRV, was the beneficial owner of Cumulus Media's Class A common stock, until Crestview Partners II GP, L.P.'s most recently filed Schedule 13D amendment with respect to Cumulus Media on June 6, 2018 advised of no further beneficial ownership of Cumulus Media stock. The Company incurred expense from Cumulus Media for the aforementioned advertising services of \$0.1 million and \$0.4 million for the three months ended September 30, 2018 and 2017, respectively, and \$0.2 million and \$0.4 million for the nine months ended September 30, 2018, respectively.

The Company does business with certain companies in which Stephen Adams, a member of the Company's board of directors, has a direct or indirect material interest. The Company from time to time purchases advertising services from Adams Radio of Fort Wayne LLC ("Adams Radio"), in which Mr. Adams has an indirect 90% interest. The Company paid Adams Radio \$0.0 million for both the three months ended September 30, 2018 and 2017, respectively, and \$0.2 million and \$0 for the nine months ended September 30, 2018 and 2017, respectively.

14. Stockholders' Equity

Reorganization Transactions

In connection with the IPO on October 6, 2016, the Company completed the following Reorganization Transactions:

- The Company amended and restated its certificate of incorporation which, among other things, authorized preferred stock and three classes of common stock. The Class A common stock entitles the holders to receive dividends; distributions upon the liquidation, dissolution, or winding up of the Company; and have voting rights. The Class B common stock and Class C common stock entitles the holders to voting rights, which in certain cases are disproportionate to the voting rights of the Class A common stock; however, the holders of Class B common stock and Class C common stock are not entitled to receive dividends or distributions upon the liquidation, dissolution, or winding up of the Company;
- CWGS, LLC amended and restated the limited liability company agreement of CWGS, LLC (the "LLC Agreement" and the "Recapitalization"), which among other things, (i) provided for a new single class of common membership interests in CWGS, LLC, the common units, and (ii) exchanged all of the then-existing membership interests in CWGS, LLC to common units. The holders of the common units may elect to exchange or redeem the common units for newly-issued shares of the Company's Class A common stock or cash at the Company's election, subject to certain restrictions. If the redeeming or exchanging party also holds Class B common stock, then simultaneously with the payment of cash or newly-issued shares of Class A common stock, as applicable, in connection with a redemption or exchange of common units, a number of shares of the Company's Class B common stock will be cancelled for no consideration on a one-for-one basis with the number of common units so redeemed or exchanged; and

- The Company acquired, by merger, an entity that was owned by former indirect members of CWGS, LLC (the “Former Equity Owners”), for which the Company issued 7,063,716 shares of Class A common stock as merger consideration (the “CWH BR Merger”). The only significant asset held by the merged entity prior to the CWH BR Merger was 7,063,716 common units of CWGS, LLC and a corresponding number of shares of CWH Class B common stock. Upon consummation of the CWH BR Merger, the Company canceled the 7,063,716 shares of Class B common stock and recognized the 7,063,716 of common units of CWGS, LLC at carrying value, as the CWH BR Merger was considered to be a transaction between entities under common control.

As required by the LLC Agreement, the Company must, at all times, maintain a one-to-one ratio between the number of outstanding shares of Class A common stock and the number of common units of CWGS, LLC owned by CWH (subject to certain exceptions for treasury shares and shares underlying certain convertible or exchangeable securities).

Immediately following the completion of the Reorganization Transactions and IPO, CWH owned 22.6% of CWGS, LLC and the remaining 77.4% of CWGS, LLC was owned by the Continuing Equity Owners (see Note 15 — Non-Controlling Interests). As a result of the Reorganization Transactions, CWH became the sole managing member of CWGS, LLC and, although CWH had a minority economic interest in CWGS, LLC, CWH had the sole voting power in, and controlled the management of, CWGS, LLC. Accordingly, the Company consolidated the financial results of CWGS, LLC and reported a non-controlling interest in its consolidated financial statements.

May 2017 Public Offering

On May 31, 2017, the Company completed a public offering (the “May 2017 Public Offering”) in which the Company sold 4,000,000 shares of the Company’s Class A common stock at a public offering price of \$27.75 per share. The Company received \$106.6 million in proceeds, net of underwriting discounts and commissions, which were used to purchase 4,000,000 newly-issued common units from CWGS, LLC at a price per unit equal to the public offering price per share of Class A common stock in the May 2017 Public Offering, less underwriting discounts and commissions. In addition, on June 5, 2017, the underwriters exercised their option to purchase an additional 600,000 shares of Class A common stock. On June 9, 2017, the Company closed on the purchase of the additional 600,000 shares of Class A common stock and received \$16.0 million in additional proceeds, net of underwriting discounts and commissions, which were used to purchase 600,000 newly-issued common units from CWGS, LLC at a price per unit equal to the public offering price per share of Class A common stock in the May 2017 Public Offering, less underwriting discounts and commissions.

In connection with the May 2017 Public Offering, CVRV Acquisition LLC and CVRV Acquisition II LLC (“May 2017 Selling Stockholders”), each affiliates of Crestview, sold 5,500,000 shares of the Company’s Class A common stock at the same public offering price of \$27.75 per share. CVRV Acquisition LLC redeemed 4,323,083 common units of CWGS, LLC for 4,323,083 shares of Class A common stock, which it sold in the May 2017 Public Offering along with 1,176,917 shares of Class A shares that CVRV Acquisition II LLC already held as a result of the Reorganization Transactions. Pursuant to the terms of the LLC Agreement, 4,323,083 shares of the Company’s Class B common stock registered in the name of CVRV Acquisition LLC were cancelled for no consideration on a one-for-one basis with the number of common units redeemed. In addition, on June 5, 2017, the underwriters exercised their option to purchase an additional 825,000 shares of Class A common stock from the May 2017 Selling Stockholders, in conjunction with their exercise of their option to purchase the additional 600,000 shares from the Company as described above. On June 9, 2017, the May 2017 Selling Stockholders closed on the sale of the additional 825,000 shares of Class A common stock. CVRV Acquisition LLC redeemed 648,462 common units of CWGS, LLC for 648,462 shares of Class A common stock, which it sold in the May 2017 Public Offering along with 176,538 shares of Class A shares that CVRV Acquisition II LLC already held as a result of the Reorganization Transactions. Pursuant to the terms of the LLC Agreement, 648,462 shares of the Company’s Class B common stock registered in the name of CVRV Acquisition LLC were cancelled for no consideration on a one-for-one basis with the number of common units redeemed. The Company did not receive any proceeds relating to the sale of the May 2017 Selling Stockholders’ shares.

October 2017 Public Offering

On October 30, 2017, the Company completed a public offering (the “October 2017 Public Offering”) in which, CVRV Acquisition LLC, CVRV Acquisition II LLC and Crestview Advisors, LLC, each affiliates of Crestview, and CWGS Holding, LLC, a wholly owned subsidiary of ML Acquisition Company, LLC, which is indirectly owned by each of Stephen Adams, a member of Camping World’s board of directors, and Marcus Lemonis, Camping World’s Chairman and Chief Executive Officer (“October 2017 Selling Stockholders”) sold 6,700,000 shares of the Company’s Class A common stock at a public offering price of \$40.50 per share. CVRV Acquisition LLC redeemed 4,715,529 common units of CWGS, LLC for 4,715,529 newly-issued shares of Class A common stock, which it sold in the October 2017 Public Offering along with 1,283,756 and 715 shares of Class A shares that CVRV Acquisition II LLC and Crestview Advisors, LLC, respectively, already held as a result of the Reorganization Transactions. Additionally, CWGS Holding, LLC redeemed 700,000 common units of CWGS, LLC for 700,000 shares of Class A common stock, which it sold in the October 2017 Public Offering. Pursuant to the terms of the LLC Agreement, 4,715,529 and 700,000 shares of the Company’s Class B common stock registered in the names of CVRV Acquisition LLC and CWGS Holding, LLC, respectively, were cancelled for no consideration on a one-for-one basis with the number of common units redeemed. In addition, the underwriters exercised their option to purchase an additional 963,799 shares of Class A common stock from the October 2017 Selling Stockholders, in conjunction with their exercise of their option to purchase up to an additional 1,005,000 shares from the October 2017 Selling Stockholders. On November 1, 2017, the October 2017 Selling Stockholders closed on the sale of the additional 963,799 shares of Class A common stock. CVRV Acquisition LLC and CWGS Holding, LLC redeemed 678,331 and 100,695 common units of CWGS, LLC, for 678,331 and 100,695 newly issued shares of Class A common stock, respectively, which they sold in the October 2017 Public Offering along with 184,669 and 104 shares of Class A shares that CVRV Acquisition II LLC and Crestview Advisors, LLC, respectively, already held as a result of the Reorganization Transactions. Pursuant to the terms of the LLC Agreement, 678,331 and 100,695 shares of the Company’s Class B common stock registered in the names of CVRV Acquisition LLC and CWGS Holding, LLC, respectively, were cancelled for no consideration on a one-for-one basis with the number of common units redeemed. The Company did not receive any proceeds relating to the October 2017 Public Offering.

Short-Swing Profit Disgorgement

In May 2018, the Company received an aggregate of \$557,000 from short-swing profit disgorgement remitted by ML Acquisition Company, LLC, of which Marcus A. Lemonis, Chairman and Chief Executive Officer of the Company, is the sole director, which is included as an increase to additional paid-in capital in the unaudited condensed consolidated statement of stockholders’ equity and as a financing activity in the unaudited condensed consolidated statement of cash flows.

15. Non-Controlling Interests

In connection with the Reorganization Transactions, described in Note 14 — Stockholders’ Equity, CWH became the sole managing member of CWGS, LLC and, as a result, consolidates the financial results of CWGS, LLC. The Company reports a non-controlling interest representing the common units of CWGS, LLC held by Continuing Equity Owners. Changes in CWH’s ownership interest in CWGS, LLC while CWH retains its controlling interest in CWGS, LLC will be accounted for as equity transactions. As such, future redemptions or direct exchanges of common units of CWGS, LLC by the Continuing Equity Owners will result in a change in ownership and reduce the amount recorded as non-controlling interest and increase additional paid-in capital.

As of September 30, 2018 and December 31, 2017, there were 88,731,980 and 88,639,567 common units of CWGS, LLC outstanding, respectively, of which CWH owned 37,056,971 and 36,749,072 common units of CWGS, LLC, respectively, representing 41.8% and 41.5% ownership interests in CWGS, LLC, respectively, and the Continuing Equity Owners owned 51,675,009 and 51,890,495 common units of CWGS, LLC, respectively, representing 58.2% and 58.5% ownership interests in CWGS, LLC, respectively.

The following table summarizes the effects of changes in ownership in CWGS, LLC on the Company's equity:

| (\$ in thousands) | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|--|-------------------------------------|------------------|------------------------------------|------------------|
| | 2018 | 2017 | 2018 | 2017 |
| Net income attributable to Camping World Holdings, Inc. | \$ 14,016 | \$ 19,589 | \$ 45,228 | \$ 46,455 |
| Transfers to non-controlling interests: | | | | |
| Decrease in additional paid-in capital as a result of the purchase of common units from CWGS, LLC with proceeds from a public offering | — | — | — | (87,203) |
| Decrease in additional paid-in capital as a result of the contribution of Class A common stock to CWGS, LLC for an acquisition by a subsidiary | — | (3,678) | — | (3,678) |
| Decrease in additional paid-in capital as a result of the purchase of common units from CWGS, LLC with proceeds from the exercise of stock options | (4) | — | (86) | — |
| Increase in additional paid-in capital as a result of the vesting of restricted stock units | 44 | — | 73 | — |
| Increase in additional paid-in capital as a result of the redemption of common units of CWGS, LLC | 2,485 | 13,891 | 4,332 | 67,471 |
| Change from net income attributable to Camping World Holdings, Inc. and transfers to non-controlling interests | <u>\$ 16,541</u> | <u>\$ 29,802</u> | <u>\$ 49,547</u> | <u>\$ 23,045</u> |

16. Equity-based Compensation Plans

The following table summarizes the equity-based compensation that has been included in the following line items within the consolidated statements of operations during:

| (\$ in thousands) | Three Months Ended | | Nine Months Ended | |
|---|-----------------------|-----------------------|-----------------------|-----------------------|
| | September 30, 2018 | September 30, 2017 | September 30, 2018 | September 30, 2017 |
| Equity-based compensation expense: | | | | |
| Costs applicable to revenue | \$ 223 | \$ 81 | \$ 570 | \$ 254 |
| Selling, general, and administrative | 3,965 | 1,123 | 9,965 | 2,538 |
| Total equity-based compensation expense | <u>\$ 4,188</u> | <u>\$ 1,204</u> | <u>\$ 10,535</u> | <u>\$ 2,792</u> |

The following table summarizes stock option activity for the nine months ended September 30, 2018:

| | Stock Options (in thousands) |
|---|---------------------------------|
| Outstanding at December 31, 2017 | 953 |
| Exercised | (7) |
| Forfeited | (48) |
| Outstanding at September 30, 2018 | 898 |
| Options exercisable at September 30, 2018 | 171 |

The following table summarizes restricted stock unit activity for the nine months ended September 30, 2018:

| | Restricted Stock Units (in thousands) |
|-----------------------------------|--|
| Outstanding at December 31, 2017 | 1,247 |
| Granted | 725 |
| Vested | (89) |
| Forfeited | (52) |
| Outstanding at September 30, 2018 | <u>1,831</u> |

The weighted-average grant date fair value of restricted stock units granted during the nine months ended September 30, 2018 was \$25.73.

17. Earnings Per Share

Basic earnings per share of Class A common stock is computed by dividing net income available to Camping World Holdings, Inc. by the weighted-average number of shares of Class A common stock outstanding during the period. Diluted earnings per share of Class A common stock is computed by dividing net income available to Camping World Holdings, Inc. by the weighted-average number of shares of Class A common stock outstanding adjusted to give effect to potentially dilutive securities.

The following table sets forth reconciliations of the numerators and denominators used to compute basic and diluted earnings per share of Class A common stock:

| (In thousands except per share amounts) | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|---|---|------------------|--|-------------------|
| | 2018 | 2017 | 2018 | 2017 |
| Numerator: | | | | |
| Net income | \$ 47,909 | \$ 83,752 | \$ 147,000 | \$ 238,468 |
| Less: net income attributable to non-controlling interests | (33,893) | (64,163) | (101,772) | (192,013) |
| Net income attributable to Camping World Holdings, Inc. — basic | 14,016 | 19,589 | 45,228 | 46,455 |
| Add: reallocation of net income attributable to non-controlling interests from the assumed dilutive effect of stock options and RSUs | 9 | — | — | — |
| Add: Reallocation of net income attributable to non-controlling interests from the assumed exchange of common units of CWGS, LLC for Class A common stock | — | — | 61,751 | 117,482 |
| Net income attributable to Camping World Holdings, Inc. — diluted | <u>\$ 14,025</u> | <u>\$ 19,589</u> | <u>\$ 106,979</u> | <u>\$ 163,937</u> |
| Denominator: | | | | |
| Weighted-average shares of Class A common stock outstanding — basic | 37,018 | 29,522 | 36,933 | 23,854 |
| Dilutive options to purchase Class A common stock | — | — | 104 | — |
| Dilutive restricted stock units | 37 | — | 103 | — |
| Dilutive common units of CWGS, LLC that are convertible into Class A common stock | — | — | 51,751 | 62,093 |
| Weighted-average shares of Class A common stock outstanding — diluted | <u>37,055</u> | <u>29,522</u> | <u>88,891</u> | <u>85,947</u> |
| Earnings per share of Class A common stock — basic | \$ 0.38 | \$ 0.66 | \$ 1.22 | \$ 1.95 |
| Earnings per share of Class A common stock — diluted | \$ 0.38 | \$ 0.66 | \$ 1.20 | \$ 1.91 |
| Weighted-average anti-dilutive securities excluded from the computation of diluted earnings per share of Class A common stock: | | | | |
| Stock options to purchase Class A common stock | 903 | 1,063 | 611 | 1,086 |
| Restricted stock units | 1,639 | 362 | 851 | 246 |
| Common units of CWGS, LLC that are convertible into Class A common stock | 51,708 | 58,930 | — | — |

Shares of the Company's Class B common stock and Class C common stock do not share in the earnings or losses of the Company and are therefore not participating securities. As such, separate

presentation of basic and diluted earnings per share of Class B common stock or Class C common stock under the two-class method has not been presented.

18. Segments Information

During the quarter ended September 30, 2018, the Company's board of directors appointed Brent Moody, formerly the Chief Operating and Legal Officer, as President of the Company. In this new role, the Company determined that Mr. Moody now performs the role of chief operating decision maker together with the Chief Executive Officer. Additionally, responsibilities of certain members of senior management of the Company were realigned to maximize the contributions of the Company's recent acquisitions of Retail businesses. As a result of these changes, the Company has determined that its reportable segments have changed. The Company's new reportable segments have been identified based on various commonalities amongst the Company's individual product lines, which is consistent with the Company's operating structure and associated management structure and management evaluates the performance of and allocates resources to these segments based on segment revenues and segment profit. The segment reporting for prior comparative periods have been recasted to conform to the current period presentation.

The Company previously had two reportable segments: (i) Consumer Services and Plans; and (ii) Retail. Following the realignment, the Company now has three reportable segments: (i) Consumer Services and Plans, (ii) Dealership, and (iii) Retail. The Company's Consumer Services and Plans segment remains the same as prior periods and primarily derives revenue from the sale of emergency roadside assistance; property and casualty insurance programs; travel assist programs; extended vehicle service contracts; co-branded credit cards; vehicle financing and refinancing; club memberships; and publications and directories. The Company has separated the prior Retail segment into two distinct segments: Dealership and Retail. The Company's Dealership segment primarily derives revenue from the sale of new and used RVs, parts, service and other, and finance and insurance products. The Company's Retail segment primarily derives revenue from the sale of the following: products, parts, service and other, including RV accessories and supplies; and camping, hunting, fishing, skiing, snowboarding, bicycling, skateboarding, marine and watersport equipment and supplies. As noted above, both the Dealership and Retail segments derive revenue from the sale of parts, services and other revenues since certain retail locations without associated dealerships have the capability to perform RV repair and maintenance services. Additionally, certain RV parts and accessories can be sold to customers at a dealership or retail location. The revenues and related costs of revenues for these parts and services are recorded in the segment that enters into the transaction with the customer, either Dealership or Retail. Corporate and other is comprised of the corporate operations of the Company.

The reportable segments identified above are the business activities of the Company for which discrete financial information is available and for which operating results are regularly reviewed by the Company's chief operating decision maker to allocate resources and assess performance. The Company's chief operating decision maker is a group comprised of the Chief Executive Officer and the President.

Reportable segment revenue, segment income, floor plan interest expense, depreciation and amortization, other interest expense, total assets, and capital expenditures are as follows:

| (\$ in thousands) | Three Months Ended September 30, 2018 | | | | | Three Months Ended September 30, 2017 | | | | |
|--------------------------------------|--|---------------------------|-----------------------|---------------------------|--------------|--|---------------------------|-----------------------|---------------------------|--------------|
| | Consumer Services and Plans ⁽¹⁾ | Dealership ⁽¹⁾ | Retail ⁽¹⁾ | Intersegment Eliminations | Total | Consumer Services and Plans ⁽¹⁾ | Dealership ⁽¹⁾ | Retail ⁽¹⁾ | Intersegment Eliminations | Total |
| Revenue: | | | | | | | | | | |
| Consumer services and plans | \$ 52,226 | \$ — | \$ — | \$ (182) | \$ 52,044 | \$ 46,342 | \$ — | \$ — | \$ (173) | \$ 46,169 |
| New vehicles | — | 699,263 | — | (1,946) | 697,317 | — | 714,966 | — | (1,604) | 713,362 |
| Used vehicles | — | 198,555 | — | (798) | 197,757 | — | 188,547 | — | (1,084) | 187,463 |
| Dealership parts, services and other | — | 71,607 | — | — | 71,607 | — | 66,847 | — | — | 66,847 |
| Finance and insurance, net | — | 112,477 | — | (3,018) | 109,459 | — | 103,135 | — | (2,277) | 100,858 |
| Retail | — | — | 218,977 | (34,434) | 184,543 | — | — | 152,016 | (31,113) | 120,903 |
| Total consolidated revenue | \$ 52,226 | \$ 1,081,902 | \$ 218,977 | \$ (40,378) | \$ 1,312,727 | \$ 46,342 | \$ 1,073,495 | \$ 152,016 | \$ (36,251) | \$ 1,235,602 |
| (\$ in thousands) | Nine Months Ended September 30, 2018 | | | | | Nine Months Ended September 30, 2017 | | | | |
| | Consumer Services and Plans ⁽¹⁾ | Dealership ⁽¹⁾ | Retail ⁽¹⁾ | Intersegment Eliminations | Total | Consumer Services and Plans ⁽¹⁾ | Dealership ⁽¹⁾ | Retail ⁽¹⁾ | Intersegment Eliminations | Total |
| Revenue: | | | | | | | | | | |
| Consumer services and plans | \$ 160,509 | \$ — | \$ — | \$ (1,909) | \$ 158,600 | \$ 145,932 | \$ — | \$ — | \$ (1,414) | \$ 144,518 |
| New vehicles | — | 2,090,364 | — | (6,018) | 2,084,346 | — | 1,982,644 | — | (5,172) | 1,977,472 |
| Used vehicles | — | 582,816 | — | (2,322) | 580,494 | — | 531,324 | — | (2,427) | 528,897 |
| Dealership parts, services and other | — | 210,024 | — | — | 210,024 | — | 185,586 | — | — | 185,586 |
| Finance and insurance, net | — | 334,288 | — | (8,920) | 325,368 | — | 273,222 | — | (6,015) | 267,207 |
| Retail | — | — | 557,465 | (96,828) | 460,637 | — | — | 381,449 | (88,866) | 292,583 |
| Total consolidated revenue | \$ 160,509 | \$ 3,217,492 | \$ 557,465 | \$ (115,997) | \$ 3,819,469 | \$ 145,932 | \$ 2,972,776 | \$ 381,449 | \$ (103,894) | \$ 3,396,263 |

(1) Segment revenue includes intersegment revenue.

| (\$ in thousands) | Three Months Ended | | Nine Months Ended | |
|---|--------------------|--------------------|--------------------|--------------------|
| | September 30, 2018 | September 30, 2017 | September 30, 2018 | September 30, 2017 |
| Segment income: ⁽¹⁾ | | | | |
| Consumer services and plans | \$ 26,018 | \$ 21,675 | \$ 81,732 | \$ 71,887 |
| Dealership | 85,529 | 97,116 | 262,215 | 259,710 |
| Retail | (20,674) | (5,122) | (79,668) | (4,531) |
| Total segment income | 90,873 | 113,669 | 264,279 | 327,066 |
| Corporate & other | (1,606) | (2,037) | (4,570) | (6,461) |
| Depreciation and amortization | (13,179) | (8,382) | (34,207) | (22,819) |
| Other interest expense, net | (16,794) | (11,012) | (45,740) | (30,973) |
| Tax Receivable Agreement liability adjustment | — | (96) | — | (79) |
| Loss and expense on debt restructure | — | — | (2,056) | — |
| Income before income taxes | \$ 59,294 | \$ 92,142 | \$ 177,706 | \$ 266,734 |

(1) Segment income is defined as income from operations before depreciation and amortization plus floor plan interest expense.

| (\$ in thousands) | Three Months Ended | | Nine Months Ended | |
|---------------------------------------|--------------------|--------------------|--------------------|--------------------|
| | September 30, 2018 | September 30, 2017 | September 30, 2018 | September 30, 2017 |
| Depreciation and amortization: | | | | |
| Consumer services and plans | \$ 951 | \$ 888 | \$ 2,546 | 2,889 |
| Dealership | 3,975 | 3,466 | 11,676 | 10,130 |
| Retail | 8,058 | 3,800 | 19,790 | 9,457 |
| Subtotal | 12,984 | 8,154 | 34,012 | 22,476 |
| Corporate & other | 195 | 228 | 195 | 343 |
| Total depreciation and amortization | \$ 13,179 | \$ 8,382 | \$ 34,207 | \$ 22,819 |

| (\$ in thousands) | Three Months Ended | | Nine Months Ended | |
|-------------------------------------|--------------------|--------------------|--------------------|--------------------|
| | September 30, 2018 | September 30, 2017 | September 30, 2018 | September 30, 2017 |
| Other interest expense, net: | | | | |
| Consumer services and plans | \$ 1 | \$ 1 | \$ (1) | \$ 5 |
| Dealership | 1,183 | 876 | 3,626 | 2,916 |
| Retail | 178 | 547 | 558 | 1,459 |
| Subtotal | 1,362 | 1,424 | 4,183 | 4,380 |
| Corporate & other | 15,432 | 9,588 | 41,557 | 26,593 |
| Total interest expense | \$ 16,794 | \$ 11,012 | \$ 45,740 | \$ 30,973 |

| (\$ in thousands) | September 30, 2018 | December 31, 2017 |
|-----------------------------|-----------------------|----------------------|
| Assets: | | |
| Consumer services and plans | \$ 140,992 | \$ 180,295 |
| Dealership | 1,685,916 | 1,715,084 |
| Retail | 775,383 | 363,451 |
| Subtotal | 2,602,291 | 2,258,830 |
| Corporate & other | 224,807 | 302,647 |
| Total assets | \$ 2,827,098 | \$ 2,561,477 |

19. Subsequent Event

On November 2, 2018, Camping World Property, Inc. (the “Real Estate Borrower”), an indirect wholly-owned subsidiary of CWGS, LLC, and CIBC Bank USA (“Lender”), entered into a loan and security agreement for a real estate credit facility with an aggregate maximum principal amount of \$21.525 million (“Real Estate Facility”). Borrowings under the Real Estate Facility are guaranteed by CWGS Group, LLC, a wholly-owned subsidiary of CWGS, LLC (“Real Estate Facility Guarantor”). The Real Estate Facility may be used to finance the acquisition of real estate assets. Concurrent with the establishment of the Real Estate Facility, the Real Estate Borrower borrowed \$4.2 million to acquire a distribution facility leased prior to the acquisition thereof. The Real Estate Facility will be secured by first priority security interest on the real estate assets acquired with the proceeds of the Real Estate Facility (“Real Estate Facility Properties”). The Real Estate Facility matures on October 31, 2023.

The borrowings under the Real Estate Facility bear interest at a rate per annum equal to, at our option, either: (a) a floating rate tied to the London Interbank Eurodollar market (the “Floating LIBO Rate”), plus 2.75%, in the case of Floating LIBO Rate loans or (b) a base rate determined by reference to the greater of: (i) the federal funds rate plus 0.50%, and (ii) the prime rate published by Lender, plus 0.75%, in the case of base rate loans.

The Real Estate Borrower was required to pay a commitment fee equal to the product of: (i) 0.50%, and (ii) the aggregate principal amount of the Real Estate Facility.

In addition to other customary covenants, the loan and security agreement governing the Real Estate Facility requires the Real Estate Borrower to comply on a quarterly basis, with respect to each of the individual Real Estate Facility Properties, with a debt service coverage ratio of 1.250 to 1.000.

Item 2: Management's Discussion and Analysis of Financial Condition and Results of Operations

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis of our financial condition and results of operations should be read together with our financial statements and related notes included in Part I, Item 1 of this Form 10-Q, as well as our Annual Report. This discussion contains forward-looking statements based upon current plans, expectations and beliefs involving risks and uncertainties. Our actual results may differ materially from those anticipated in these forward-looking statements as a result of various important factors, including those set forth under "Risk Factors" included in Part I, Item 1A of our Annual Report and Part II, Item 1A of this Form 10-Q, "Cautionary Note Regarding Forward-Looking Statements" and in other parts of this Form 10-Q. Except to the extent that differences among reportable segments are material to an understanding of our business taken as a whole, we present the discussion in Management's Discussion and Analysis of Financial Condition and Results of Operations on a consolidated basis.

For purposes of this Form 10-Q, we define an "Active Customer" as a customer who has transacted with us in any of the eight most recently completed fiscal quarters prior to the date of measurement. Unless otherwise indicated, the date of measurement is September 30, 2018, our most recently completed fiscal quarter. Additionally, references herein to the approximately 9 million U.S. households that own a recreational vehicle ("RV") are based on The RV Consumer in 2011, an industry report published by the University of Michigan in 2011 (the "RV Survey"), which we believe to be the most recent such survey.

Overview

We believe we are the only provider of a comprehensive portfolio of services, protection plans, products, and resources for RV enthusiasts. We believe there are approximately 9 million households in the United States that own an RV, and at September 30, 2018, we had approximately 3.8 million RV-related Active Customers, excluding the impact of the acquisition of certain assets of Gander Mountain Company ("Gander Mountain," and upon acquisition and rebranding, "Gander Outdoors") and its Overton's, Inc. business ("Overton's") in May 2017 ("Gander Mountain Acquisition"), further described below. We generate recurring revenue by providing RV owners and outdoor enthusiasts the full spectrum of services, protection plans, products, and resources that we believe are essential to operate, maintain, and protect their RV and to enjoy the RV and outdoor lifestyles. We provide these offerings primarily through our three iconic brands, Good Sam, Camping World and Gander Outdoors.

We believe our Good Sam branded offerings provide the industry's broadest and deepest range of services, protection plans, products, and resources, including: extended vehicle service contracts and insurance protection plans, roadside assistance, membership clubs, and financing products. A majority of these programs are on a multi-year or annually renewable basis.

Our Camping World brand operates the largest national network of RV-centric retail locations in the United States through our 136 Dealership locations in 36 states, as of September 30, 2018, and through our e-commerce platforms. We believe we are significantly larger in scale than our next largest competitor. We provide new and used RVs, repair parts, RV accessories and supplies, RV repair and maintenance services, protection plans, travel assistance plans, RV financing, and RV lifestyle products and services for new and existing RV owners. Our retail locations are staffed with knowledgeable local team members, providing customers access to extensive RV expertise. Our retail locations are strategically located in key national RV markets.

In 2017, we expanded our products and services focus to outdoor sports and retail by including an array of outdoor products, apparel and gear and active sportswear and gear to target the broader group of outdoor and active sports enthusiasts. On May 26, 2017, we acquired certain assets of Gander Mountain, which specialized in the hunting, camping, fishing, shooting sports, and outdoor markets, and its Overton's marine and watersports business through a bankruptcy auction. On August 17, 2017, we acquired Active Sports, Inc. which included TheHouse.com, (an online retail component of the business) specializing in

biking, sailboarding, skateboarding, wakeboarding, snowboarding and outdoor gear. On September 22, 2017, we acquired EIGHTEEN0THREE LLC, dba W82 ("W82"), which specializes in snowboarding, skateboarding, longboarding, swimwear, footwear, apparel and accessories. On October 19, 2017, we acquired Uncle Dan's LTD, a specialty retailer of outdoor gear, apparel and camping supplies. In addition, on January 30, 2018, we acquired Erehwon, a leading Midwest specialty retailer of outdoor gear and apparel with four retail locations. On April 19, 2018 we acquired Rock Creek Outfitters ("Rock Creek"), a specialty outdoor retailer of outdoor gear for kayaking, rock climbing, camping and hiking with seven retail locations.

As of September 30, 2018, we operated a total of 227 locations which consisted of the following: 131 Dealership locations (excluding five that were operated at Gander Outdoors locations), 14 Camping World RV products, parts and services locations without associated dealerships, 60 Gander Outdoors locations, one Overton's location, two TheHouse.com locations, two W82 locations, six Uncle Dan's locations, four Erehwon locations and seven Rock Creek locations. Of the 227 locations, 129 sold RV products, parts and services, excluding three Camping World RV products, parts and services locations that merged into Gander Outdoors locations.

We attract new customers primarily through our retail locations, e-commerce platforms, and direct marketing. Once we acquire our customers through a transaction, they become part of our customer database where we leverage customized customer relationship management ("CRM") tools and analytics to actively engage, market, and sell multiple products and services. Our goal is to consistently grow our customer database through our various channels to increasingly cross-sell our products and services.

Segments

As discussed in Note 18 – Segments Information to our consolidated financial statements included in Part I, Item 1 of this Form 10-Q, we have determined that our reportable segments have changed during the three months ended September 30, 2018. The segment reporting for prior periods has been reclassified to conform to the current period presentation.

We identify our reporting segments based on the organizational units used by management to monitor performance and make operating decisions. Our operations consist of three primary businesses, or segments: (i) Consumer Services and Plans, (ii) Dealership, and (iii) Retail. We provide Consumer Services and Plans offerings through our Good Sam brand, Dealership offerings through our Camping World brand and Retail products primarily through our Camping World and Gander Outdoors brands. Within the Consumer Services and Plans segment, we primarily derive revenue from the sale of the following offerings: emergency roadside assistance; property and casualty insurance programs; travel assist programs; extended vehicle service contracts; co-branded credit cards; vehicle financing and refinancing; club memberships; and publications and directories. Within the Dealership segment, we primarily derive revenue from the sale of new and used recreational vehicles ("RV's"), Dealership parts, service and other products, and finance and insurance products. Within the Retail segment, we primarily derive revenue from the sale of the following: products, parts and services, including RV accessories and supplies; and camping, hunting, fishing, skiing, snowboarding, bicycling, skateboarding, marine and watersport equipment and supplies. See Note 18 — Segment Information to our unaudited condensed consolidated financial statements included in Part I, Item 1 of this Form 10-Q.

Growth Strategies and Outlook

We believe the increase in the number of light-weight towable RVs offered by the manufacturers, the increase in the number of pickup trucks and sport utility vehicles ("SUV's") in operation, the ease of towing and the affordability of many of the light-weight RVs, the savings RVs offer on a variety of vacation costs, an increase in the pool of potential RV customers due to an aging baby boomer and millennial demographic, and the increased RV ownership among younger consumers should continue to increase the installed base of RV owners, and will have a positive impact on RV usage.

We plan to take advantage of these positive trends in RV usage to pursue the following strategies to continue to grow our revenue and profits:

- **Grow our Active Customer Base.** We believe our comprehensive portfolio of RV products, services and protection plans, increasing number of locations, strong brands, leading market position, ongoing investment in our service platform, and full suite of resources will continue to provide us with competitive advantages in targeting and capturing a larger share of RV and outdoor related market share. We expect to continue to grow our Active Customer base primarily through three strategies:
 - *Acquiring Retail Locations:* The RV dealership industry is highly fragmented with a large number of independent RV dealers. We use acquisitions of independent dealers as a fast and capital efficient alternative to new retail location openings to expand our business and grow our customer base.
 - *Opening New Greenfield Retail Locations:* We establish retail locations in new and existing markets to expand our customer base. Target markets and locations are identified by employing proprietary data and analytical tools.
 - *Targeted Marketing:* We continuously work to attract new customers to our existing retail and online locations through targeted marketing, attractive introductory offerings, and access to our wide array of resources for RV and outdoor enthusiasts.
- **Cross-Sell Products and Services.** We believe our customer database of over 26 million unique contacts, including through our Retail segment, provides us with the opportunity to continue our growth through the cross-selling of our products and services. We use our customized CRM system and database analytics to proactively market and cross-sell to Active Customers. We also seek to increase the penetration of our products to customers who exhibit higher multi-product attachment rates.
- **New Products and Vertical Acquisitions.** The introduction of new products enhances our cross-selling effort, both by catering to evolving customer demands and by bringing in new customers. Through relationships with existing suppliers and through acquisitions, we look to increase the new products we can offer to our customers. Similarly, an opportunistic vertical acquisition strategy allows us to earn an increased margin on our services, protection plans, and products, and we evaluate such acquisitions that can allow us to capture additional sales from our customers at attractive risk-adjusted returns.

With the increasing ease of use and affordability of RV vehicles, we believe there is an opportunity to sell RVs and our comprehensive portfolio of services, protection plans, products and resources to a broader group of outdoor and active sports enthusiasts who enjoy skiing, snowboarding, bicycling, skateboarding, camping, fishing, hunting, hiking, rock climbing, marine and watersports, and other outdoor active sports and activities. By expanding our array of products and services to include outdoor products, apparel and gear, as well as active sportswear and gear to target this broader group of outdoor and active sports enthusiasts, and by enhancing the benefits of membership in our Good Sam Club to provide additional benefits and savings to this broader group of outdoor and active sports enthusiasts, we believe we have the opportunity to expand our base of Active Customers and enhance the long-term value of the Good Sam consumer services and plans. We made several strategic acquisitions in the retail space in 2017 and early 2018, including Gander Mountain, Overton's, Active Sports, Inc., W82, Uncle Dan's Outfitters, Erehwon and Rock Creek.

As discussed below under “— Liquidity and Capital Resources,” we believe that our sources of liquidity and capital will be sufficient to take advantage of these positive trends in RV usage and finance our growth strategy, including the anticipated opening of Gander Outdoors store locations. However, the operation of our business, the rate of our expansion and our ability to respond to changing business and economic conditions depend on the availability of adequate capital, which in turn typically depends on cash flow generated by our business and, if necessary, the availability of equity or debt capital. In addition, as we grow, we will face the risk that our existing resources and systems, including management resources,

accounting and finance personnel, and operating systems, may be inadequate to support our growth. Any inability to generate sufficient cash flows from operations or raise additional equity or debt capital or retain the personnel or make the other changes in our systems that may be required to support our growth could have a material adverse effect on our business, financial condition and results of operations. See “Risk Factors — Risks Related to our Business — Our ability to operate and expand our business and to respond to changing business and economic conditions will depend on the availability of adequate capital” and “Risk Factors — Risks Related to our Business — Our expansion into new, unfamiliar markets presents increased risks that may prevent us from being profitable in these new markets. Delays in opening or acquiring new retail locations could have a material adverse effect on our business, financial condition and results of operations” included in Part I, Item 1A of our Annual Report.

Key Revenue Drivers and Performance Indicators

Revenue across each of our three reporting segments is impacted by the following key revenue drivers:

Number of Active Customers. Approximately 9 million households in the United States own an RV, and of that installed base, we had approximately 3.8 million and 3.5 million RV-related Active Customers, as of September 30, 2018 and 2017, respectively, excluding the impact of the acquisition of Gander Mountain and Overton's in May 2017. Including Gander Outdoors and Overton's Active Customers of approximately 365,000 and 280,000, respectively, our total active customer count at September 30, 2018 was approximately 4.5 million. Our Active Customer base is an integral part of our business model and has a significant effect on our revenue. We attract new customers to our business primarily through our retail locations, e-commerce platforms, and direct marketing. Once we acquire our customers through a transaction, they become part of our customer database where we use CRM tools to cross-sell Active Customers additional products and services.

Consumer Services and Plans. The majority of our Consumer Services and Plans, such as our roadside assistance, extended service contracts, insurance programs, travel assist, and our Good Sam and Coast to Coast clubs, are built on a recurring revenue model. A majority of these programs are on a multiyear or annually renewable basis and have annualized fees typically ranging from \$20 to \$5,200. We believe that many of these products and services are essential for our customers to operate, maintain and protect their RVs, and to enjoy the RV lifestyle, resulting in attractive annual retention rates. As we continue to grow our Consumer Services and Plans business, we expect to further enhance our visibility with respect to revenue and cash flow, and increase our overall profitability. As of September 30, 2018 and December 31, 2017, we had 2.1 million and 1.8 million club members in our Good Sam and Coast to Coast clubs, respectively.

Dealership Locations. We open new Dealership locations through new greenfield builds and acquisitions. Our new Dealership locations are one of the primary ways in which we attract new customers to our business. Our Dealership locations typically offer new and used RVs, RV finance and insurance products, and services. For the nine months ended September 30, 2018 and 2017, we opened seven and fifteen acquired Dealership locations, respectively, and opened zero and one greenfield location, respectively. In addition, we acquired a dealership in Worthing, South Dakota in April, 2018 and subsequently merged the operations of the acquired dealership into our existing dealership within the same market. As of September 30, 2018, we operated a total of 136 Dealership locations.

Retail Locations. We open new Retail locations through new store builds and acquisitions. These new retail locations are one of the primary ways in which we attract new customers to our business. Our RV products, parts and services locations typically offer our full array of products and services, protection plans, a selection of OEM and aftermarket repair parts, RV accessories, RV maintenance products, supplies, and other outdoor lifestyle products. For the nine months ended September 30, 2018 and 2017, we opened three and eleven acquired RV products, parts and services locations, respectively. In addition, in the nine months ended September 30, 2018 we opened fifty-nine Gander Outdoors locations and closed one location; and closed two Overton's locations; opened one Uncle Dan's location; acquired four Erehwon locations; and acquired seven Rock Creek locations (see Note 11 — Acquisitions to our unaudited consolidated financial statements included in Part I, Item 1 of this Form 10-Q). In the nine months ended September 30, 2018, we

converted one RV products, parts and services location to an Overton's store, and converted three Camping World RV products, parts and services locations into Gander Outdoors locations.

As of September 30, 2018, we operated a total of 211 Retail locations, which included 129 RV products, parts and services locations, 60 Gander Outdoors locations, one Overton's location, two TheHouse.com locations, two W82 locations, six Uncle Dan's locations, four Erehwon locations and seven Rock Creek locations. Given our lack of operating history of these Retail locations, we have experienced, and expect to continue to be exposed to, longer start up times to reach profitability than our traditional greenfield location openings. We anticipate that these new Retail locations will continue to negatively impact our consolidated gross margins and Retail gross margins during the ramp-up period.

Same store sales. Same store sales measures the performance of a Dealership or Retail location during the current reporting period against the performance of the same Dealership or Retail location in the corresponding period of the previous year. Same store sales calculations for a given period include only those stores that were open both at the end of the corresponding period and at the beginning of the preceding fiscal year.

Same store sales growth is driven by increases in the number of transactions and the average transaction price. In addition to attracting new customers and cross-selling our consumer services and plans, we also drive our sales through new product introductions, including our private label offerings. Although growth in same store sales drives our overall revenue, we have and will continue to experience volatility in same store sales from period to period, mainly due to changes in our product sales mix. Our product mix in any period is principally impacted by the number and mix of new or used RVs that we sell due to the high price points of these products compared to our other retail products and the range of price points among the types of RVs sold.

As of September 30, 2018 and 2017, we had, respectively, a base of 105 and 98 Dealership same stores and 116 and 115 Retail same stores. For the nine months ended September 30, 2018 and 2017, our aggregate same store sales were \$2.91 billion and \$2.95 billion, respectively, consisting of same store Dealership sales of \$2.72 billion and \$2.75 billion, respectively, and same store Retail sales of \$184.7 million and 195.0 million, respectively.

The table below summarizes our store locations as of September 30, 2018 and 2017:

| | 2018 | 2017 |
|--|------|------|
| Dealership and Retail co-located locations | 120 | 116 |
| Dealership only locations | 16 | 5 |
| Retail only locations | 91 | 21 |
| Total locations | 227 | 142 |

In the first nine months of 2018 we closed three RV products, parts and services locations (Rogers, Minnesota, Winter Garden, Florida, and Cleburne, Texas). In addition, we closed two Overton's locations in 2018 and opened one in our Rogers, Minnesota location which previously was an RV products, parts and accessory location.

Other Key Performance Indicators

Gross Profit and Gross Margins. Gross profit is our total revenue less our total costs applicable to revenue. Our total costs applicable to revenue primarily consists of the cost of goods and cost of sales, exclusive of depreciation and amortization. Gross margin is gross profit as a percentage of revenue.

Our gross profit is variable in nature and generally follows changes in our revenue. While gross margins for our Dealership and Retail segments are lower than our gross margins for our Consumer Services and Plans segment, these segments generate significant gross profit and are our primary means of acquiring new customers, to which we then cross-sell our higher margin products and services with recurring revenue.

We believe the overall growth of our Dealership and Retail segments will allow us to continue to drive growth in gross profits due to our ability to cross-sell our consumer services and plans to our increasing Active Customer base. For the three months ended September 30, 2018 and 2017, gross profit was \$30.5 million and \$26.1 million, respectively, and gross margin was 58.7% and 56.5%, respectively, for our Consumer Services and Plans segment, gross profit was \$277.8 million and \$282.1 million, respectively, and gross margin was 25.8% and 26.4%, respectively, for our Dealership segment, and gross profit was \$67.9 million and \$47.0 million, respectively, and gross margin was 36.8% and 38.9%, respectively, for our Retail segment. For the nine months ended September 30, 2018 and 2017, gross profit was \$93.5 million and \$82.7 million, respectively, and gross margin was 59.0% and 57.2%, respectively, for our Consumer Services and Plans segment, gross profit was \$835.7 million and \$773.6 million, respectively, and gross margin was 26.1% and 26.1%, respectively, for our Dealership segment, and gross profit was \$168.0 million and \$123.4 million, respectively, and gross margin was 36.5% and 42.2%, respectively, for our Retail segment.

SG&A as a percentage of Gross Profit. Selling, general and administrative (“SG&A”) expenses as a percentage of gross profit allows us to monitor our expense control over a period of time. SG&A consists primarily of wage-related expenses, selling expenses related to commissions and advertising, lease expenses and corporate overhead expenses. We calculate SG&A expenses as a percentage of gross profit by dividing SG&A expenses for the period by total gross profit. For the three months ended September 30, 2018 and 2017, SG&A as a percentage of gross profit was 74.0% and 66.5%, respectively. For the nine months ended September 30, 2018 and 2017, SG&A as a percentage of gross profit was 73.6% and 65.3%, respectively. We expect SG&A expenses to increase as we open new retail locations through organic growth and acquisitions, which we also expect will drive increases in revenue and gross profit. SG&A expenses for the nine months ended September 30, 2018 and 2017 included SG&A expenses related to Gander Outdoors of \$103.0 million and \$9.8 million, respectively, and we will continue to incur these expenses in the fourth quarter of 2018 and beyond with the planned opening of additional Gander Outdoors locations. We expect that these increases in SG&A expenses will drive increases in revenue and gross profit, although these increases may initially be slower than our historical greenfield locations due to longer ramp-up times, which may negatively impact our SG&A as a percentage of gross profit.

Adjusted EBITDA and Adjusted EBITDA Margin. Adjusted EBITDA and Adjusted EBITDA Margin are some of the primary metrics management uses to evaluate the financial performance of our business. Adjusted EBITDA and Adjusted EBITDA Margin are also frequently used by analysts, investors, and other interested parties to evaluate companies in our industry. Adjusted EBITDA and Adjusted EBITDA Margin are non-GAAP metrics. We use Adjusted EBITDA and Adjusted EBITDA Margin to supplement GAAP measures of performance as follows:

- as a measurement of operating performance to assist us in comparing the operating performance of our business on a consistent basis, and remove the impact of items not directly resulting from our core operations;
- for planning purposes, including the preparation of our internal annual operating budget and financial projections;
- to evaluate the performance and effectiveness of our operational strategies; and
- to evaluate our capacity to fund capital expenditures and expand our business.

We define Adjusted EBITDA as net income before other interest expense, net (excluding floor plan interest expense), provision for income tax expense, depreciation and amortization, loss and expense on debt restructure, loss (gain) on sale of assets, equity-based compensation, Tax Receivable Agreement liability adjustment, transaction expenses related to acquisitions, Gander Outdoors pre-opening costs, and other unusual or one-time items. We calculate Adjusted EBITDA Margin by dividing Adjusted EBITDA by total revenue for the period. Adjusted EBITDA and Adjusted EBITDA Margin are not GAAP measures of our financial performance and should not be considered as alternatives to net income or net income margin, respectively, as measures of financial performance, or any other performance measure derived in accordance with GAAP. Adjusted EBITDA and Adjusted EBITDA Margin should not be construed as an inference that our future results will be unaffected by unusual or non-recurring items. Additionally, Adjusted EBITDA and

Adjusted EBITDA Margin are not intended to be a measure of discretionary cash to invest in the growth of our business, as it does not reflect tax payments, debt service requirements, capital expenditures and certain other cash costs that may recur in the future, including, among other things, cash requirements for working capital needs and cash costs to replace assets being depreciated and amortized. Management compensates for these limitations by relying on our GAAP results in addition to using Adjusted EBITDA and Adjusted EBITDA Margin supplementally. Our measure of Adjusted EBITDA is not necessarily comparable to similarly titled captions of other companies due to different methods of calculation. For a reconciliation of Adjusted EBITDA to net income, a reconciliation of Adjusted EBITDA Margin to net income margin, and a further discussion of how we utilize these non-GAAP financial measures, see “Non-GAAP Financial Measures” below.

Non-GAAP Financial Measures

To supplement our consolidated financial statements, which are prepared and presented in accordance with accounting principles generally accepted in the United States (“GAAP”), we use the following non-GAAP financial measures: EBITDA, Adjusted EBITDA, Adjusted EBITDA Margin, Adjusted Net Income Attributable to Camping World Holdings, Inc. – Basic, Adjusted Net Income Attributable to Camping World Holdings, Inc. – Diluted, Adjusted Earnings Per Share – Basic, and Adjusted Earnings Per Share – Diluted (collectively the “Non-GAAP Financial Measures”). We believe that these Non-GAAP Financial Measures, when used in conjunction with GAAP financial measures, provide useful information about operating results, enhance the overall understanding of past financial performance and future prospects, and allow for greater transparency with respect to the key metrics we use in our financial and operational decision making. These non-GAAP measures are also frequently used by analysts, investors and other interested parties to evaluate companies in the Company’s industry. The presentation of this financial information is not intended to be considered in isolation or as a substitute for, or superior to, the financial information prepared and presented in accordance with GAAP, and they should not be construed as an inference that the Company’s future results will be unaffected by any items adjusted for in these non-GAAP measures. In evaluating these non-GAAP measures, you should be aware that in the future the Company may incur expenses that are the same as or similar to some of those adjusted in this presentation. The Non-GAAP Financial Measures that we use are not necessarily comparable to similarly titled measures used by other companies due to different methods of calculation.

EBITDA, Adjusted EBITDA, and Adjusted EBITDA Margin

We define “EBITDA” as net income before other interest expense, net (excluding floor plan interest expense), provision for income tax expense and depreciation and amortization. We define “Adjusted EBITDA” as EBITDA further adjusted for the impact of certain non-cash and other items that we do not consider in our evaluation of ongoing operating performance. These items include, among other things, loss and expense on debt restructure, loss (gain) on sale of assets, equity-based compensation, Tax Receivable Agreement liability adjustment, transaction expenses related to acquisitions, Gander Outdoors pre-opening costs, and other unusual or one-time items. We define “Adjusted EBITDA Margin” as Adjusted EBITDA as a percentage of total revenue. We caution investors that amounts presented in accordance with our definitions of EBITDA, Adjusted EBITDA, and Adjusted EBITDA Margin may not be comparable to similar measures disclosed by our competitors, because not all companies and analysts calculate EBITDA, Adjusted EBITDA, and Adjusted EBITDA Margin in the same manner. We present EBITDA, Adjusted EBITDA, and Adjusted EBITDA Margin because we consider them to be important supplemental measures of our performance and believe they are frequently used by securities analysts, investors and other interested parties in the evaluation of companies in our industry. Management believes that investors’ understanding of our performance is enhanced by including these Non-GAAP Financial Measures as a reasonable basis for comparing our ongoing results of operations.

The following table reconciles EBITDA, Adjusted EBITDA, and Adjusted EBITDA Margin to the most directly comparable GAAP financial performance measures, which are net income, net income, and net income margin, respectively:

| (\$ in thousands) | Three Months Ended | | Nine Months Ended | |
|---|--------------------|--------------------|--------------------|--------------------|
| | September 30, 2018 | September 30, 2017 | September 30, 2018 | September 30, 2017 |
| EBITDA: | | | | |
| Net income | \$ 47,909 | \$ 83,752 | \$ 147,000 | \$ 238,468 |
| Other interest expense, net | 16,794 | 11,012 | 45,740 | 30,973 |
| Depreciation and amortization | 13,179 | 8,382 | 34,207 | 22,819 |
| Income tax expense | 11,385 | 8,390 | 30,706 | 28,266 |
| Subtotal EBITDA | 89,267 | 111,536 | 257,653 | 320,526 |
| Loss and expense on debt restructure (a) | — | — | 2,056 | — |
| Loss (gain) on sale of assets (b) | 843 | (5) | 987 | (292) |
| Equity-based compensation (c) | 4,188 | 1,204 | 10,535 | 2,792 |
| Tax Receivable Agreement liability adjustment (d) | — | 96 | — | 79 |
| Acquisitions - transaction expense (e) | — | 453 | — | 2,553 |
| Gander Outdoors pre-opening costs (f) | 5,765 | 7,318 | 40,771 | 8,669 |
| Adjusted EBITDA | \$ 100,063 | \$ 120,602 | \$ 312,002 | \$ 334,327 |

| (as percentage of total revenue) | Three Months Ended | | Nine Months Ended | |
|---|--------------------|--------------------|--------------------|--------------------|
| | September 30, 2018 | September 30, 2017 | September 30, 2018 | September 30, 2017 |
| EBITDA margin: | | | | |
| Net income margin | 3.6% | 6.8% | 3.8% | 7.0% |
| Other interest expense, net | 1.3% | 0.9% | 1.2% | 0.9% |
| Depreciation and amortization | 1.0% | 0.7% | 0.9% | 0.7% |
| Income tax expense | 0.9% | 0.7% | 0.8% | 0.8% |
| Subtotal EBITDA margin | 6.8% | 9.0% | 6.7% | 9.4% |
| Loss and expense on debt restructure (a) | — | — | 0.1% | — |
| Loss (gain) on sale of assets (b) | 0.1% | (0.0%) | 0.0% | (0.0%) |
| Equity-based compensation (c) | 0.3% | 0.1% | 0.3% | 0.1% |
| Tax Receivable Agreement liability adjustment (d) | — | 0.0% | — | 0.0% |
| Acquisitions - transaction expense (e) | — | 0.0% | — | 0.1% |
| Gander Outdoors pre-opening costs (f) | 0.4% | 0.6% | 1.1% | 0.3% |
| Adjusted EBITDA margin | 7.6% | 9.8% | 8.2% | 9.8% |

- (a) Represents the loss and expense incurred on debt restructure and financing expense incurred from the Third Amendment to the Credit Agreement in 2018.
- (b) Represents an adjustment to eliminate the losses and gains on sales of various assets.
- (c) Represents non-cash equity-based compensation expense relating to employees and directors of the Company.
- (d) Represents an adjustment to eliminate the loss on remeasurement of the Tax Receivable Agreement primarily due to changes in our effective income tax rate.
- (e) Represent transaction expenses, primarily legal costs, associated with acquisitions into new or complementary markets, including the Gander Mountain Acquisition.
- (f) Represents pre-opening store costs associated with the Gander Outdoors store openings, which is comprised of 1) Gander Outdoors-specific corporate and retail overhead, 2) distribution center expenses, and 3) store-level startup expenses. As discussed in Note 11 - Acquisitions to our consolidated financial statements included in Part I, Item 1 of this Form 10-Q, the Company incurred and expects to continue to incur significant costs related to the initial rollout of Gander Outdoors locations, which is expected to be substantially complete by December 31, 2018. Based on the nature of the acquisition through a bankruptcy auction and the large quantity of retail locations opened and to be opened in a very compressed timeframe, the Company does not deem the pre-opening store costs for the initial rollout of Gander Outdoors locations to be normal, recurring charges. The Company does not intend to adjust for pre-opening store costs other than for the initial rollout of Gander Outdoors.

Adjusted Net Income Attributable to Camping World Holdings, Inc. and Adjusted Earnings Per Share

We define “Adjusted Net Income Attributable to Camping World Holdings, Inc. – Basic” as net income attributable to Camping World Holdings, Inc. adjusted for the impact of certain non-cash and other items that we do not consider in our evaluation of ongoing operating performance. These items include, among other things, loss (gain) and expense on debt restructure, loss (gain) on sale of assets, equity-based compensation, Tax Receivable Agreement liability adjustment, transaction expenses related to acquisitions, Gander Outdoors pre-opening costs, other unusual or one-time items, the income tax expense effect of these adjustments, and the effect of net income attributable to non-controlling interests from these adjustments.

We define “Adjusted Net Income Attributable to Camping World Holdings, Inc. – Diluted” as Adjusted Net Income Attributable to Camping World Holdings, Inc. – Basic adjusted for the reallocation of net income attributable to non-controlling interests from stock options and restricted stock units, if dilutive, or the assumed exchange, if dilutive, of all outstanding common units in CWGS, LLC for shares of newly-issued Class A common stock of Camping World Holdings, Inc.

We define “Adjusted Earnings Per Share – Basic” as Adjusted Net Income Attributable to Camping World Holdings, Inc. – Basic divided by the weighted-average shares of Class A common stock outstanding. We define “Adjusted Earnings Per Share – Diluted” as Adjusted Net Income Attributable to Camping World Holdings, Inc. – Diluted divided by the weighted-average shares of Class A common stock outstanding, assuming (i) the exchange of all outstanding common units in CWGS, LLC for newly-issued shares of Class A common stock of Camping World Holdings, Inc., if dilutive, and (ii) the dilutive effect of stock options and restricted stock units, if any. We present Adjusted Net Income Attributable to Camping World Holdings, Inc. – Basic, Adjusted Net Income Attributable to Camping World Holdings, Inc. – Diluted, Adjusted Earnings Per Share – Basic, and Adjusted Earnings Per Share – Diluted because we consider them to be important supplemental measures of our performance and we believe that investors’ understanding of our performance is enhanced by including these Non GAAP financial measures as a reasonable basis for comparing our ongoing results of operations.

The following table reconciles Adjusted Net Income Attributable to Camping World Holdings, Inc. – Basic, Adjusted Net Income Attributable to Camping World Holdings, Inc. – Diluted, Adjusted Earnings Per Share – Basic, and Adjusted Earnings Per Share – Diluted to the most directly comparable GAAP financial performance measure, which is net income attributable to Camping World Holdings, Inc., in the case of the Adjusted Net Income non-GAAP financial measures, and weighted-average shares of Class A common stock outstanding – basic, in the case of the Adjusted Earnings Per Share non-GAAP financial measures:

| | Three Months Ended | | Nine Months Ended | |
|---|-----------------------|-----------------------|-----------------------|-----------------------|
| | September 30, 2018 | September 30, 2017 | September 30, 2018 | September 30, 2017 |
| (In thousands except per share amounts) | | | | |
| Numerator: | | | | |
| Net income attributable to Camping World Holdings, Inc. | \$ 14,016 | \$ 19,589 | \$ 45,228 | \$ 46,455 |
| Adjustments related to basic calculation: | | | | |
| Loss and expense on debt restructure (a) | — | — | 2,056 | — |
| Loss (gain) on sale of assets (b) | 843 | (5) | 987 | (292) |
| Equity-based compensation (c) | 4,188 | 1,204 | 10,535 | 2,792 |
| Tax Receivable Agreement liability adjustment (d) | — | 96 | — | 79 |
| Acquisitions - transaction expense (e) | — | 453 | — | 2,553 |
| Gander Outdoors pre-opening costs (f) | 5,765 | 7,318 | 40,771 | 8,669 |
| Income tax expense (g) | (344) | (140) | (1,111) | (311) |
| Adjustment to net income attributable to non-controlling interests resulting from the above adjustments (h) | (6,291) | (5,974) | (31,725) | (9,461) |
| Adjusted net income attributable to Camping World Holdings, Inc. – basic | 18,177 | 22,541 | 66,741 | 50,484 |

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| (In thousands except per share amounts) | Three Months Ended | | Nine Months Ended | |
|--|--------------------|--------------------|--------------------|--------------------|
| | September 30, 2018 | September 30, 2017 | September 30, 2018 | September 30, 2017 |
| Adjustments related to diluted calculation: | | | | |
| Reallocation of net income attributable to non-controlling interests from the dilutive effect of stock options and restricted stock units (i) | 17 | 274 | 241 | — |
| Income tax on reallocation of net income attributable to non-controlling interests from the dilutive effect of stock options and restricted stock units (j) | (6) | (98) | (82) | — |
| Reallocation of net income attributable to non-controlling interests from the dilutive exchange of common units in CWGS, LLC (i) | — | — | — | 201,474 |
| Income tax on reallocation of net income attributable to non-controlling interests from the dilutive exchange of common units in CWGS, LLC (j) | — | — | — | (75,316) |
| Adjusted net income attributable to Camping World Holdings, Inc. – diluted | \$ 18,188 | \$ 22,717 | \$ 66,900 | \$ 176,642 |
| Denominator: | | | | |
| Weighted-average Class A common shares outstanding – basic | 37,018 | 29,522 | 36,933 | 23,854 |
| Adjustments related to diluted calculation: | | | | |
| Dilutive exchange of common units in CWGS, LLC for shares of Class A common stock (k) | — | — | — | 62,093 |
| Dilutive options to purchase Class A common stock (k) | — | 219 | 104 | 140 |
| Dilutive restricted stock units (k) | 37 | 128 | 103 | 82 |
| Adjusted weighted average Class A common shares outstanding – diluted | 37,055 | 29,869 | 37,140 | 86,169 |
| Adjusted earnings per share - basic | \$ 0.49 | \$ 0.76 | \$ 1.81 | \$ 2.12 |
| Adjusted earnings per share - diluted | \$ 0.49 | \$ 0.76 | \$ 1.80 | \$ 2.05 |
| Anti-dilutive amounts (l): | | | | |
| Numerator: | | | | |
| Reallocation of net income attributable to non-controlling interests from the anti-dilutive exchange of common units in CWGS, LLC (i) | \$ 40,167 | \$ 69,863 | \$ 133,256 | \$ — |
| Income tax on reallocation of net income attributable to non-controlling interests from the anti-dilutive exchange of common units in CWGS, LLC (j) | \$ (13,121) | \$ (25,069) | \$ (41,488) | \$ — |
| Assumed income tax benefit (expense) of combining C-corporations with full valuation allowances with the income of other consolidated entities after the anti-dilutive exchange of common units in CWGS, LLC (m) | \$ 5,623 | \$ — | \$ 14,753 | \$ — |
| Denominator: | | | | |
| Anti-dilutive exchange of common units in CWGS, LLC for shares of Class A common stock (k) | 51,708 | 58,930 | 51,751 | — |
| <p>(a) Represents the loss and expense incurred on debt restructure and financing expense incurred from the Third Amendment to the Credit Agreement in 2018.</p> <p>(b) Represents an adjustment to eliminate the losses and gains on sales of various assets.</p> <p>(c) Represents non-cash equity-based compensation expense relating to employees and directors of the Company.</p> <p>(d) Represents an adjustment to eliminate the loss on remeasurement of the Tax Receivable Agreement primarily due to changes in our effective income tax rate.</p> <p>(e) Represents transaction expenses, primarily legal costs, associated with acquisitions into new or complementary markets, including the Gander Mountain Acquisition.</p> <p>(f) Represents pre-opening store costs associated with the Gander Outdoors store openings, which is comprised of 1) Gander Outdoors-specific corporate and retail overhead, 2) distribution center expenses, and 3) store-level startup expenses. As discussed in Note 11 – Acquisitions to our consolidated financial statements included in Part I, Item 1 of this Form 10-Q, the Company incurred and expects to continue to incur significant costs related to the initial rollout of Gander Outdoors locations, which is expected to be substantially complete by December 31, 2018. Based on the nature of the acquisition through a bankruptcy auction and the large quantity of retail locations opened and to be opened in a very compressed timeframe, the Company does not deem the pre-opening store costs for the initial rollout of Gander Outdoors locations to be normal, recurring charges. The Company does not intend to adjust for pre-opening store costs other than for the initial rollout of Gander Outdoors.</p> <p>(g) Represents the income tax expense effect of the above adjustments, the majority of which are related to entities with full valuation allowances for which no tax benefit can be currently recognized. This assumption uses effective tax rates of 25.3% and 38.5% for the adjustments for 2018 and 2017, respectively.</p> <p>(h) Represents the adjustment to net income attributable to non-controlling interests resulting from the above adjustments that impact the net income of CWGS, LLC. This adjustment uses the non-controlling interest's weighted average ownership of CWGS, LLC of 58.3%</p> | | | | |

and 66.6% for the three months ended September 30, 2018 and 2017, respectively, and 58.4% and 72.2% for the nine months ended September 30, 2018 and 2017, respectively.

- (i) Represents the reallocation of net income attributable to non-controlling interests from the impact of the assumed change in ownership of CWGS, LLC from stock options, restricted stock units, and/or common units of CWGS, LLC.
- (j) Represents the income tax expense effect of the above adjustment for reallocation of net income attributable to non-controlling interests. This assumption uses effective tax rates of 25.3% and 38.5% for the adjustments for 2018 and 2017, respectively.
- (k) Represents the impact to the denominator for stock options, restricted stock units, and/or common units of CWGS, LLC.
- (l) The below amounts have not been considered in our adjusted earnings per share – diluted amounts as the effect of these items are anti-dilutive.
- (m) Represents adjustments to reflect the income tax benefit of losses of consolidated C-corporations that under the Company's current equity structure cannot be used against the income of other consolidated subsidiaries of CWGS, LLC. Subsequent to the exchange of all common units in CWGS, LLC, the Company believes certain actions could be taken such that the C-corporations' losses could offset income of other consolidated subsidiaries. The adjustment reflects the income tax benefit assuming effective tax rates of 25.3% during 2018, for the losses experienced by the consolidated C-corporations for which valuation allowances have been recorded. No assumed release of valuation allowance established for previous periods are included in these amounts. Prior to 2018, the Company did not consider the losses of these C-corporations with valuation allowances to be significant and the Company did not retroactively adjust 2017 for these amounts, which were \$1.8 million and \$2.7 million for the three and nine months ended September 30, 2017.

Prior to this Form 10-Q, we had calculated adjusted earnings per share on a fully exchanged basis regardless of whether the common units in CWGS, LLC were dilutive. That calculation will no longer be presented, however, we have provided anti-dilutive amounts in the table above, when applicable.

For the nine months ended September 30, 2018, common units in CWGS, LLC were dilutive for the GAAP earnings per share – diluted; however, they were anti-dilutive for the Non-GAAP adjusted earnings per share – diluted. The difference is primarily the result of the \$14.8 million numerator adjustment for the assumed income tax benefit of combining C-corporations with full valuation allowances with the income of other consolidated entities after the assumed exchange of common units in CWGS, LLC, which causes the common units in CWGS, LLC to be anti-dilutive for adjusted earnings per share – diluted.

Uses and Limitations of Non-GAAP Financial Measures

Management and our board of directors use the Non-GAAP Financial Measures:

- as a measurement of operating performance because they assist us in comparing the operating performance of our business on a consistent basis, as they remove the impact of items not directly resulting from our core operations;
- for planning purposes, including the preparation of our internal annual operating budget and financial projections;
- to evaluate the performance and effectiveness of our operational strategies; and
- to evaluate our capacity to fund capital expenditures and expand our business.

By providing these Non-GAAP Financial Measures, together with reconciliations, we believe we are enhancing investors' understanding of our business and our results of operations, as well as assisting investors in evaluating how well we are executing our strategic initiatives. In addition, our Senior Secured Credit Facilities use EBITDA to measure our compliance with covenants such as consolidated leverage ratio. The Non-GAAP Financial Measures have limitations as analytical tools, and should not be considered in isolation, or as an alternative to or a substitute for, net income or other financial statement data presented in our unaudited condensed consolidated financial statements included elsewhere in this Form 10-Q as indicators of financial performance. Some of the limitations are:

- such measures do not reflect our cash expenditures, or future requirements for capital expenditures or contractual commitments;
- such measures do not reflect changes in, or cash requirements for, our working capital needs;

- some of such measures do not reflect the interest expense, or the cash requirements necessary to service interest or principal payments on our debt;
- some of such measures do not reflect our tax expense or the cash requirements to pay our taxes;
- although depreciation and amortization are non-cash charges, the assets being depreciated and amortized will often have to be replaced in the future and such measures do not reflect any cash requirements for such replacements; and
- other companies in our industry may calculate such measures differently than we do, limiting their usefulness as comparative measures.

Due to these limitations, the Non-GAAP Financial Measures should not be considered as measures of discretionary cash available to us to invest in the growth of our business. We compensate for these limitations by relying primarily on our GAAP results and using these Non-GAAP Financial Measures only supplementally. As noted in the tables above, certain of the Non-GAAP Financial Measures include adjustments for reallocation of net income attributable to non-controlling interests, loss and expense on debt restructure, loss (gain) on sale of assets, equity-based compensation, Tax Receivable Agreement liability adjustment, transaction expenses related to acquisitions, Gander Outdoors pre-opening costs, other unusual or one-time items, and the income tax expense effect described above, as applicable. It is reasonable to expect that certain of these items will occur in future periods. However, we believe these adjustments are appropriate because the amounts recognized can vary significantly from period to period, do not directly relate to the ongoing operations of our business and complicate comparisons of our internal operating results and operating results of other companies over time. Each of the normal recurring adjustments and other adjustments described in this paragraph and in the reconciliation tables above help management with a measure of our core operating performance over time by removing items that are not related to day-to-day operations.

Results of Operations

Three Months Ended September 30, 2018 Compared to Three Months Ended September 30, 2017

The following table sets forth information comparing the components of net income for the three months ended September 30, 2018 and 2017:

| (\$ in thousands) | Three Months Ended | | | | | |
|---|--------------------|--------------------|--------------------|--------------------|--------------------------|--------|
| | September 30, 2018 | | September 30, 2017 | | Favorable/ (Unfavorable) | |
| | Amount | Percent of Revenue | Amount | Percent of Revenue | \$ | % |
| Revenue: | | | | | | |
| Consumer Services and Plans | \$ 52,044 | 4.0% | \$ 46,169 | 3.7% | \$ 5,875 | 12.7% |
| New vehicles | 697,317 | 53.1% | 713,362 | 57.7% | (16,045) | -2.2% |
| Used vehicles | 197,757 | 15.1% | 187,463 | 15.2% | 10,294 | 5.5% |
| Dealership parts, services and other | 71,607 | 5.5% | 66,847 | 5.4% | 4,760 | 7.1% |
| Finance and insurance, net | 109,459 | 8.3% | 100,858 | 8.2% | 8,601 | 8.5% |
| Retail | 184,543 | 14.1% | 120,903 | 9.8% | 63,640 | 52.6% |
| Total revenue | 1,312,727 | 100.0% | 1,235,602 | 100.0% | 77,125 | 6.2% |
| Gross profit (exclusive of depreciation and amortization shown separately below): | | | | | | |
| Consumer Services and Plans | 30,545 | 2.3% | 26,084 | 2.1% | 4,461 | 17.1% |
| New vehicles | 88,073 | 6.7% | 102,001 | 8.3% | (13,928) | -13.7% |
| Used vehicles | 45,195 | 3.4% | 47,352 | 3.8% | (2,157) | -4.6% |
| Dealership parts, services and other | 35,103 | 2.7% | 31,924 | 2.6% | 3,179 | 10.0% |
| Finance and insurance, net | 109,459 | 8.3% | 100,858 | 8.2% | 8,601 | 8.5% |
| Retail | 67,879 | 5.2% | 46,996 | 3.8% | 20,883 | 44.4% |
| Total gross profit | 376,254 | 28.7% | 355,215 | 28.7% | 21,039 | 5.9% |

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| (\$ in thousands) | Three Months Ended | | | | Favorable/ (Unfavorable) | |
|--|--------------------|--------------------|--------------------|--------------------|--------------------------|----------|
| | September 30, 2018 | | September 30, 2017 | | | |
| | Amount | Percent of Revenue | Amount | Percent of Revenue | \$ | % |
| Operating expenses: | | | | | | |
| Selling, general and administrative expenses | 278,329 | 21.2% | 236,174 | 19.1% | (42,155) | -17.8% |
| Depreciation and amortization | 13,179 | 1.0% | 8,382 | 0.7% | (4,797) | -57.2% |
| Loss (gain) on asset sales | 843 | 0.1% | (5) | 0.0% | (848) | 16960.0% |
| Income from operations | 83,903 | 6.4% | 110,664 | 9.0% | (26,761) | -24.2% |
| Other income (expense): | | | | | | |
| Floor plan interest expense | (7,815) | -0.6% | (7,414) | -0.6% | (401) | -5.4% |
| Other interest expense, net | (16,794) | -1.3% | (11,012) | -0.9% | (5,782) | -52.5% |
| Tax Receivable Agreement liability adjustment | — | 0.0% | (96) | 0.0% | 96 | 100.0% |
| | (24,609) | -1.9% | (18,522) | -1.5% | (6,087) | -32.9% |
| Income before income taxes | 59,294 | 4.5% | 92,142 | 7.5% | (32,848) | -35.6% |
| Income tax expense | (11,385) | -0.9% | (8,390) | -0.7% | (2,995) | -35.7% |
| Net income | 47,909 | 3.6% | 83,752 | 6.8% | (35,843) | -42.8% |
| Less: net income attributable to non-controlling interests | (33,893) | -2.6% | (64,163) | -5.2% | 30,270 | -47.2% |
| Net income attributable to Camping World Holdings, Inc. | \$ 14,016 | 1.1% | \$ 19,589 | 1.6% | \$ (5,573) | -28.4% |

Total Revenue

Total revenue increased 6.2%, or \$77.1 million, to \$1.3 billion in the three months ended September 30, 2018 from \$1.2 billion in the three months ended September 30, 2017. The increase was driven by a 52.6% increase in Retail revenue to \$184.5 million, a 12.7% increase in Consumer Services and Plans revenue to \$52.0 million, and a 0.7% increase in aggregate Dealership revenue to \$1.1 billion. Aggregate same store sales decreased 6.6% for the three months ended September 30, 2018 as compared to the three months ended September 30, 2017.

Consumer Services and Plans

Consumer Services and Plans revenue increased 12.7%, or \$5.9 million, to \$52.0 million in the three months ended September 30, 2018, from \$46.2 million in the three months ended September 30, 2017. The increase was primarily attributable to \$2.3 million from additional Good Sam Club memberships, \$1.8 million from the additional contracts in force for our roadside assistance programs, \$0.5 million from additional policies in force for our vehicle insurance products, \$0.3 million from increased policies in force for the Good Sam TravelAssist programs, and \$1.0 million from various other ancillary products, services and protection plans.

Consumer Services and Plans gross profit increased 17.1%, or \$4.5 million, to \$30.5 million in the three months ended September 30, 2018, from \$26.1 million in the three months ended September 30, 2017. The increase was primarily attributable to \$2.4 million from additional contracts in force for our roadside assistance programs, vehicle insurance and Good Sam Travel/Assist programs, \$1.5 million from increased membership and reduced marketing costs in the Good Sam Club, and \$0.6 million from various other ancillary products, services and protection plans. Consumer Services and Plans gross margin increased to 58.7% in the three months ended September 30, 2018 from 56.5% in the three months ended September 30, 2017.

New Vehicles

| (\$ in thousands, except per vehicle data) | Three Months Ended | | | | Favorable/ (Unfavorable) | |
|---|--------------------|-----------------------|--------------------|-----------------------|-----------------------------|--------|
| | September 30, 2018 | | September 30, 2017 | | | |
| | Amount | Percent of Revenue | Amount | Percent of Revenue | \$ | % |
| Revenue | \$ 697,317 | 100.0% | \$ 713,362 | 100.0% | \$ (16,045) | -2.2% |
| Gross profit | \$ 88,073 | 12.6% | \$ 102,001 | 14.3% | \$ (13,928) | -13.7% |
| Vehicle units sold | 19,512 | | 19,107 | | 405 | 2.1% |
| Average selling price per vehicle sold | \$ 35,738 | | \$ 37,335 | | \$ (1,597) | -4.3% |
| Average gross profit per vehicle sold | \$ 4,514 | | \$ 5,338 | | \$ (825) | -15.4% |
| Same store sales data: | | | | | | |
| Same store sales | \$ 576,465 | | \$ 635,242 | | \$ (58,776) | -9.3% |
| Same store vehicle units sold | 16,122 | | 16,874 | | (752) | -4.5% |
| Same store average selling price per vehicle | \$ 35,756 | | \$ 37,646 | | \$ (1,890) | -5.0% |

New vehicle revenue decreased 2.2%, or \$16.0 million, to \$697.3 million in the three months ended September 30, 2018 from \$713.4 million in the three months ended September 30, 2017. The decrease was primarily due to a 4.3% reduction in average price per unit, due to a product mix shift toward lower priced towable units, partially offset by a 2.1% increase in units sold.

New vehicle gross profit decreased 13.7%, or \$13.9 million, to \$88.1 million in the three months ended September 30, 2018 from \$102.0 million in the three months ended September 30, 2017. The decrease was primarily due to a 15.4% decrease in average gross profit per unit, partially offset by a 2.1% increase in new vehicle unit sales. New vehicle gross margin decreased to 12.6% in the three months ended September 30, 2018 from 14.3% in the three months ended September 30, 2017.

Used Vehicles

| (\$ in thousands, except per vehicle data) | Three Months Ended | | | | Favorable/ (Unfavorable) | |
|---|--------------------|--------------------------|--------------------|--------------------------|---------------------------------|-------|
| | September 30, 2018 | | September 30, 2017 | | | |
| | Amount | Percent of Revenue | Amount | Percent of Revenue | \$ | % |
| Revenue | \$ 197,757 | 100.0% | \$ 187,463 | 100.0% | \$ 10,294 | 5.5% |
| Gross profit | \$ 45,195 | 22.9% | \$ 47,352 | 25.3% | \$ (2,157) | -4.6% |
| Vehicle units sold | 8,776 | | 8,557 | | 219 | 2.6% |
| Average selling price per vehicle sold | \$ 22,534 | | \$ 21,908 | | \$ 626 | 2.9% |
| Average gross profit per vehicle sold | \$ 5,150 | | \$ 5,534 | | \$ (384) | -6.9% |
| Same store sales data: | | | | | | |
| Same store sales | \$ 168,313 | | \$ 171,146 | | \$ (2,833) | -1.7% |
| Same store vehicle units sold | 7,415 | | 7,752 | | (337) | -4.3% |
| Same store average selling price per vehicle | \$ 22,699 | | \$ 22,078 | | \$ 621 | 2.8% |

Used vehicle revenue increased 5.5%, or \$10.3 million, to \$197.8 million in the three months ended September 30, 2018 from \$187.5 million in the three months ended September 30, 2017. The increase was primarily due to a 2.6% increase in used vehicle unit sales, and a 2.9% increase in the average selling price per vehicle unit sold.

Used vehicle gross profit decreased 4.6%, or \$2.2 million, to \$45.2 million in the three months ended September 30, 2018 from \$47.4 million in the three months ended September 30, 2017. The decrease was primarily from a 6.9% decrease in average gross profit per unit, partially offset by a 2.6% increase in vehicle unit volume. Used vehicle gross margin decreased to 22.9% in the three months ended September 30, 2018 from 25.3% in the three months ended September 30, 2017.

Dealership Parts, Services and Other

| (\$ in thousands) | Three Months Ended | | | | Favorable/ (Unfavorable) | |
|-------------------|--------------------|--------------------------|--------------------|--------------------------|-----------------------------|-------|
| | September 30, 2018 | | September 30, 2017 | | | |
| | Amount | Percent of Revenue | Amount | Percent of Revenue | \$ | % |
| Revenue | \$ 71,607 | 100.0% | \$ 66,847 | 100.0% | \$ 4,760 | 7.1% |
| Gross profit | 35,103 | 49.0% | 31,924 | 47.8% | 3,179 | 10.0% |
| Same store sales | 60,459 | | 59,923 | | 536 | 0.9% |

Dealership parts, services and other revenue increased 7.1%, or \$4.8 million, to \$71.6 million in the three months ended September 30, 2018 from \$66.8 million in the three months ended September 30, 2017. The increase was primarily attributable to increased service revenue. Dealership parts, service and other same store sales increased 0.9% for the three months ended September 30, 2018 versus the comparable period in 2017.

Dealership parts, services and other gross profit increased 10.0%, or \$3.2 million, to \$35.1 million in the three months ended September 30, 2018 from \$31.9 million in the three months ended September 30, 2017. The increase was primarily due to increased revenue. Dealership parts, services and other gross

margin increased to 49.0% in the three months ended September 30, 2018 from 47.8% in the three months ended September 30, 2017 primarily due to higher margins on the increased service revenue.

Finance and Insurance, net

| (\$ in thousands) | Three Months Ended | | | | Favorable/ (Unfavorable) | |
|-------------------|--------------------|--------------------|--------------------|--------------------|-----------------------------|------|
| | September 30, 2018 | | September 30, 2017 | | | |
| | Amount | Percent of Revenue | Amount | Percent of Revenue | \$ | % |
| Revenue | \$ 109,459 | 100.0% | \$ 100,858 | 100.0% | \$ 8,601 | 8.5% |
| Gross profit | 109,459 | 100.0% | 100,858 | 100.0% | 8,601 | 8.5% |
| Same store sales | 91,665 | | 90,981 | | 684 | 0.8% |

Finance and insurance, net revenue and gross profit each increased 8.5%, or \$8.6 million, to \$109.5 million in the three months ended September 30, 2018 from \$100.9 million in the three months ended September 30, 2017. The increase was primarily due to an increase in our finance and insurance sales penetration rates and an increase in the number of vehicle finance contracts from higher vehicle unit sales. Finance and insurance, net same store sales increased 0.8% in the three months ended September 30, 2018 versus the comparable period in 2017 and revenue as a percentage of total new and used vehicle revenue increased to 12.2% in the three months ended September 30, 2018 from 11.2% in the three months ended September 30, 2017.

Retail

Retail revenue increased 52.6%, or \$63.6 million, to \$184.5 million in the three months ended September 30, 2018 from \$120.9 million in the three months ended September 30, 2017. The increase was primarily attributable to the opening of a net 60 Gander Outdoors locations since September 30, 2017. Retail same store sales decreased 10.1% for the three months ended September 30, 2018 versus the comparable period in 2017, a significant factor being generators sold in 2017 resulting from severe weather.

Retail gross profit increased 44.4%, or \$20.9 million, to \$67.9 million in the three months ended September 30, 2018 from \$47.0 million in the three months ended September 30, 2017. The increase was primarily due to increased revenue. Retail gross margin decreased to 36.8% in the three months ended September 30, 2018 from 38.9% in the three months ended September 30, 2017 primarily due to the Retail businesses acquired and the Gander Outdoors store openings over the last twenty-one months.

Selling, general and administrative expenses

Selling, general and administrative expenses increased 17.8%, or \$42.2 million, to \$278.3 million in the three months ended September 30, 2018 from \$236.2 million in the three months ended September 30, 2017. The increase was primarily due to increases of \$13.5 million of variable wage-related expenses, primarily attributable to the acquired and greenfield RV Dealership and Retail locations opened over the last twenty-one months, the acquired businesses, the opening of Gander Outdoors retail stores, and increased vehicle unit sales; \$8.2 million of additional real property expense; \$9.8 million of additional variable selling expense; \$6.9 million of store and corporate overhead expenses; and \$3.8 million of additional variable occupancy expense. Selling, general and administrative expenses as a percentage of total gross profit increased to 74.0% in the three months ended September 30, 2018, from 66.5% in the three months ended September 30, 2017.

Depreciation and amortization

Depreciation and amortization increased 57.2%, or \$4.8 million, to \$13.2 million in the three months ended September 30, 2018 from \$8.4 million in the three months ended September 30, 2017 primarily due to the addition of the acquired businesses and the opening of Gander Outdoors retail stores.

Floor plan interest expense

Floor plan interest expense increased 5.4%, or \$0.4 million, to \$7.8 million in the three months ended September 30, 2018 from \$7.4 million in the three months ended September 30, 2017. The increase was primarily due to an 86 basis point increase in the average floor plan borrowing rate, partially offset by a 15.7% decrease in average floor plan borrowings primarily from lower average inventory levels.

Other interest expense, net

Other interest expense increased 52.5%, or \$5.8 million, to \$16.8 million in the three months ended September 30, 2018 from \$11.0 million in the three months ended September 30, 2017. The increase was primarily due to increased average debt outstanding primarily due to financing the acquisition of RV dealerships, the acquisition of Retail businesses, and Gander Outdoors store openings, partially offset by a 17 basis point decrease in the average interest rate.

Net Income

Net income decreased 42.8%, or \$35.8 million, to \$47.9 million for the three months ended September 30, 2018 from \$83.8 million in the three months ended September 30, 2017 primarily due to the items mentioned above.

Segment results

The following tables sets forth a reconciliation of total segment income to consolidated income before income taxes for each of our segments for the periods presented:

| (\$ in thousands) | Three Months Ended | | | | Favorable/ (Unfavorable) | |
|---|--------------------|--------------------|--------------------|--------------------|-----------------------------|---------|
| | September 30, 2018 | | September 30, 2017 | | | |
| | Amount | Percent of Revenue | Amount | Percent of Revenue | \$ | % |
| Revenue: | | | | | | |
| Consumer Services and Plans | \$ 52,226 | 4.0% | \$ 46,342 | 3.8% | \$ 5,884 | 12.7% |
| Dealership | 1,081,902 | 82.4% | 1,073,495 | 86.9% | 8,407 | 0.8% |
| Retail | 218,977 | 16.7% | 152,016 | 12.3% | 66,961 | 44.0% |
| Elimination of intersegment revenue(1) | (40,378) | -3.1% | (36,251) | -2.9% | (4,127) | 11.4% |
| Total consolidated revenue | 1,312,727 | 100.0% | 1,235,602 | 100.0% | 77,125 | 6.2% |
| Segment income: ⁽²⁾ | | | | | | |
| Consumer Services and Plans | 26,018 | 2.0% | 21,675 | 1.8% | 4,343 | 20.0% |
| Dealership | 85,529 | 6.5% | 97,116 | 7.9% | (11,587) | -11.9% |
| Retail | (20,674) | -1.6% | (5,122) | -0.4% | (15,552) | -303.6% |
| Total segment income | 90,873 | 6.9% | 113,669 | 9.2% | (22,796) | -20.1% |
| Corporate & other | (1,606) | -0.1% | (2,037) | -0.2% | 431 | 21.2% |
| Depreciation and amortization | (13,179) | -1.0% | (8,382) | -0.7% | (4,797) | -57.2% |
| Tax Receivable Agreement liability adjustment | — | 0.0% | (96) | 0.0% | 96 | 100.0% |
| Other interest expense, net | (16,794) | -1.3% | (11,012) | -0.9% | (5,782) | -52.5% |
| Income before income taxes | \$ 59,294 | 4.5% | \$ 92,142 | 7.5% | \$ (32,848) | -35.6% |

(1) Represents intersegment revenue primarily for Retail parts and accessories.

(2) Segment income represents income for each of our reportable segments and is defined as income from operations before depreciation and amortization, plus floor plan interest expense.

Total segment revenue and income

Total segment revenue increased 6.2%, or \$77.1 million, to \$1.3 billion in the three months ended September 30, 2018 from \$1.2 billion in the three months ended September 30, 2017. The increase was driven by a 44.0% increase in Retail revenue to \$219.0 million, a 12.7% increase in Consumer Services and Plans revenue to \$52.2 million, and a 0.8% increase in aggregate Dealership revenue to \$1.1 billion, partially offset by a \$4.1 million increase in intercompany revenue.

Total segment same store sales were \$1.0 billion in the three months ended September 30, 2018, a decrease of \$67.6 million, or 6.6%, as compared to \$1.0 billion in the three months ended September 30,

2017. The decrease was due to a \$58.8 million, or 9.3%, reduction in same store new vehicle revenue in the Dealership segment, a \$7.2 million, or 10.1%, reduction in same store Retail revenue, and a \$2.8 million, or 1.7%, reduction in used vehicle revenue in the Dealership segment, partially offset by a \$0.7 million, or 0.8%, increase in same store finance and insurance revenue in the Dealership segment, and a \$0.5 million, or 0.9%, increase in same store Dealership service, parts and other revenue in the Dealership segment.

Total segment income decreased 20.1%, or \$22.8 million, to \$90.9 million in the three months ended September 30, 2018, from \$113.7 million in the three months ended September 30, 2017. The decrease was driven by a 303.6% increase in the Retail segment loss to \$20.7 million, and an 11.9% decrease in Dealership segment income to \$85.5 million, partially offset by a 20.0% increase in the Consumer Services and Plans segment income to \$26.0 million. Total segment income margin decreased 228 basis points to 6.9% in the three months ended September 30, 2018 from the three months ended September 30, 2017.

Consumer Services and Plans

Consumer Services and Plans segment revenue increased 12.7%, or \$5.9 million, to \$52.2 million in the three months ended September 30, 2018, from \$46.3 million in the three months ended September 30, 2017. This increase was primarily driven by \$2.3 million from additional Good Sam Club memberships, \$1.8 million from the additional contracts in force from our roadside assistance programs, \$0.5 million from additional policies in force for our vehicle insurance products, \$0.3 million from increased policies in force in the Good Sam TravelAssist programs, and \$1.0 million from various other ancillary products, services and protection plans.

Consumer Services and Plans segment income increased 20.0%, or \$4.3 million, to \$26.0 million in the three months ended September 30, 2018, from \$21.7 million in the three months ended September 30, 2017. The increase was primarily attributable to \$2.5 million from additional contracts in force from our roadside assistance programs, vehicle insurance and Good Sam TravelAssist programs, \$1.5 million from increased membership in the Good Sam Club and reduced marketing costs, and \$1.0 million from various other ancillary products, partially offset by a \$0.7 million increase in selling, general and administrative expenses. Consumer Services and Plans segment income margin increased 305 basis points to 49.8% in the three months ended September 30, 2018 from 46.8% in the three months ended September 30, 2017.

Dealership

Dealership revenue increased 0.8%, or \$8.4 million, to \$1.1 billion in the three months ended September 30, 2018 from \$1.1 billion in the three months ended September 30, 2017. The increase was primarily driven by a \$10.0 million, or 5.3%, increase in used vehicle revenue, a \$9.3 million, or 9.1%, increase in finance and insurance revenue, and a \$4.8 million, or 7.1%, increase in dealership parts, services and other revenue, partially offset by a \$15.7 million, or 2.2%, decrease in new vehicle revenue.

Dealership segment income decreased 11.9%, or \$11.6 million, to \$85.5 million in the three months ended September 30, 2018 from \$97.1 million in the three months ended September 30, 2017. The decrease was primarily related to lower gross margins across nearly all types of new and used vehicles, \$6.9 million of additional selling, general and administrative expenses, and \$0.4 million of additional floor plan interest. Dealership segment income margin decreased 114 basis points to 7.9% from 9.0% in the comparable prior year period.

Retail

Retail revenue increased 44.0%, or \$67.0 million, to \$219.0 million in the three months ended September 30, 2018 from \$152.0 million in the three months ended September 30, 2017. The increase was primarily driven by the increase in the number of Gander Outdoors store locations.

Retail segment loss increased 303.6%, or \$15.6 million, to \$20.7 million in the three months ended September 30, 2018 from \$5.1 million in the three months ended September 30, 2017. The increased loss was primarily related to lower gross margins and higher operating costs, Gander Outdoors store openings and expenses, and the other recently acquired outdoor and active sports businesses. Retail segment income

margin decreased to -9.4% from -3.4% in the comparable prior year period primarily due the ramp-up of the acquired businesses.

Corporate and other expenses

Corporate and other expenses decreased 21.2%, or \$0.4 million, to \$1.6 million in the three months ended September 30, 2018 from \$2.0 million in the three months ended September 30, 2017 primarily from reduced professional fees.

Nine Months Ended September 30, 2018 Compared to Nine Months Ended September 30, 2017

The following table sets forth information comparing the components of net income for the nine months ended September 30, 2018 and 2017:

| | Nine Months Ended | | | | | |
|---|--------------------|--------------------|--------------------|--------------------|--------------------------|---------|
| | September 30, 2018 | | September 30, 2017 | | Favorable/ (Unfavorable) | |
| (\$ in thousands) | Amount | Percent of Revenue | Amount | Percent of Revenue | \$ | % |
| Revenue: | | | | | | |
| Consumer Services and Plans | \$ 158,600 | 4.2% | \$ 144,518 | 4.3% | \$ 14,082 | 9.7% |
| New vehicles | 2,084,346 | 54.6% | 1,977,472 | 58.2% | 106,874 | 5.4% |
| Used vehicles | 580,494 | 15.2% | 528,897 | 15.6% | 51,597 | 9.8% |
| Dealership parts, services and other | 210,024 | 5.5% | 185,586 | 5.5% | 24,438 | 13.2% |
| Finance and insurance, net | 325,368 | 8.5% | 267,207 | 7.9% | 58,161 | 21.8% |
| Retail | 460,637 | 12.1% | 292,583 | 8.6% | 168,054 | 57.4% |
| Total revenue | 3,819,469 | 100.0% | 3,396,263 | 100.0% | 423,206 | 12.5% |
| Gross profit (exclusive of depreciation and amortization shown separately below): | | | | | | |
| Consumer Services and Plans | 93,544 | 2.4% | 82,726 | 2.4% | 10,818 | 13.1% |
| New vehicles | 273,524 | 7.2% | 285,040 | 8.4% | (11,516) | -4.0% |
| Used vehicles | 131,133 | 3.4% | 131,958 | 3.9% | (825) | -0.6% |
| Dealership parts, services and other | 105,652 | 2.8% | 89,349 | 2.6% | 16,303 | 18.2% |
| Finance and insurance, net | 325,368 | 8.5% | 267,207 | 7.9% | 58,161 | 21.8% |
| Retail | 167,973 | 4.4% | 123,444 | 3.6% | 44,529 | 36.1% |
| Total gross profit | 1,097,194 | 28.7% | 979,724 | 28.8% | 117,470 | 12.0% |
| Operating expenses: | | | | | | |
| Selling, general and administrative expenses | 807,738 | 21.1% | 640,108 | 18.8% | (167,630) | -26.2% |
| Debt restructure expense | 380 | 0.0% | — | 0.0% | (380) | -100.0% |
| Depreciation and amortization | 34,207 | 0.9% | 22,819 | 0.7% | (11,388) | -49.9% |
| Loss (gain) on asset sales | 987 | 0.0% | (292) | 0.0% | (1,279) | -438.0% |
| Income from operations | 253,882 | 6.6% | 317,089 | 9.3% | (63,207) | -19.9% |
| Other income (expense): | | | | | | |
| Floor plan interest expense | (28,760) | -0.8% | (19,303) | -0.6% | (9,457) | -49.0% |
| Other interest expense, net | (45,740) | -1.2% | (30,973) | -0.9% | (14,767) | -47.7% |
| Loss on debt restructure | (1,676) | 0.0% | — | 0.0% | (1,676) | -100.0% |
| Tax Receivable Agreement liability adjustment | — | 0.0% | (79) | 0.0% | 79 | 100.0% |
| | (76,176) | -2.0% | (50,355) | -1.5% | (25,821) | -51.3% |
| Income before income taxes | 177,706 | 4.7% | 266,734 | 7.9% | (89,028) | -33.4% |
| Income tax expense | (30,706) | -0.8% | (28,266) | -0.8% | (2,440) | -8.6% |
| Net income | 147,000 | 3.8% | 238,468 | 7.0% | (91,468) | -38.4% |
| Less: net income attributable to non-controlling interests | (101,772) | -2.7% | (192,013) | -5.7% | 90,241 | -47.0% |
| Net income attributable to Camping World Holdings, Inc. | \$ 45,228 | 1.2% | \$ 46,455 | 1.4% | \$ (1,227) | -2.6% |

Total Revenue

Total revenue increased 12.5%, or \$423.2 million, to \$3.8 billion in the nine months ended September 30, 2018 from \$3.4 billion in the nine months ended September 30, 2017. The increase was driven by a 57.4% increase in Retail revenue to \$460.6 million, an 8.1% increase in Dealership revenue to \$3.2 billion, and a 9.7% increase in Consumer Services and Plans revenue to \$158.6 million. Aggregate same store sales decreased 1.4% for the nine months ended September 30, 2018 as compared to the nine months ended September 30, 2017.

Consumer Services and Plans

Consumer Services and Plans revenue increased 9.7%, or \$14.1 million, to \$158.6 million in the nine months ended September 30, 2018, from \$144.5 million in the nine months ended September 30, 2017. The increase was primarily attributable to \$4.9 million from additional Good Sam Club memberships, \$4.1 million from the additional contracts in force from our roadside assistance programs, \$1.7 million from additional policies in force for our vehicle insurance products, \$1.3 million from various other consumer services and plans, \$1.2 million from increased policies in force in the Good Sam TravelAssist programs, and \$0.9 million primarily from eight additional consumer shows.

Consumer Services and Plans gross profit increased 13.1%, or \$10.8 million, to \$93.5 million in the nine months ended September 30, 2018, from \$82.7 million in the nine months ended September 30, 2017. The increase was primarily attributable to \$6.8 million from increased policies in force from the roadside assistance, vehicle insurance, and Good Sam TravelAssist programs, \$3.4 million from additional Good Sam Club memberships, \$0.7 million from other ancillary products, services and protection plans, and \$0.6 million from additional consumer shows, partially offset by a \$0.7 million decrease from extended warranty products. Consumer Services and Plans gross margin increased to 59.0% in the nine months ended September 30, 2018 from 57.2% in the nine months ended September 30, 2017.

New Vehicles

| (\$ in thousands, except per vehicle data) | Nine Months Ended | | | | Favorable/ (Unfavorable) | |
|---|--------------------|-----------------------|--------------------|-----------------------|-----------------------------|--------|
| | September 30, 2018 | | September 30, 2017 | | | |
| | Amount | Percent of Revenue | Amount | Percent of Revenue | \$ | % |
| Revenue | \$ 2,084,346 | 100.0% | \$ 1,977,472 | 100.0% | \$ 106,874 | 5.4% |
| Gross profit | \$ 273,524 | 13.1% | \$ 285,040 | 14.4% | \$ (11,516) | -4.0% |
| Vehicle units sold | 60,250 | | 54,800 | | 5,450 | 9.9% |
| Average selling price per vehicle sold | \$ 34,595 | | \$ 36,085 | | \$ (1,490) | -4.1% |
| Average gross profit per vehicle sold | \$ 4,540 | | \$ 5,201 | | \$ (662) | -12.7% |
| Same store sales data: | | | | | | |
| Same store sales | \$ 1,762,924 | | \$ 1,832,680 | | \$ (69,756) | -3.8% |
| Same store vehicle units sold | 50,776 | | 50,501 | | 275 | 0.5% |
| Same store average selling price per vehicle | \$ 34,720 | | \$ 36,290 | | \$ (1,570) | -4.3% |

New vehicle revenue increased 5.4%, or \$106.9 million, to \$2.1 billion in nine months ended September 30, 2018 from \$2.0 billion in the nine months ended September 30, 2017. The increase was primarily due to a 9.9% increase in new vehicle units sold, driven primarily by increased sales of travel trailers units and the 27 acquired and greenfield RV dealership locations added over the last twenty-one months, partially offset by a 4.1% decrease in the average selling price per vehicle sold resulting from a product mix shift toward lower priced towable units.

New vehicle gross profit decreased 4.0%, or \$11.5 million to \$273.5 million in the nine months ended September 30, 2018 from \$285.0 million in the nine months ended September 30, 2017. The decrease was primarily due to a 12.7% decrease in average gross profit per unit resulting from a product mix shift toward lower priced towable units, partially offset by a 9.9% increase in new vehicle units sold. New vehicle gross margin decreased to 13.1% in the nine months ended September 30, 2018 from 14.4% in the nine months ended September 30, 2017.

Used Vehicles

| (\$ in thousands, except per vehicle data) | Nine Months Ended | | | | Favorable/ (Unfavorable) | |
|---|--------------------|--------------------------|--------------------|--------------------------|-----------------------------|-------|
| | September 30, 2018 | Percent of Revenue | September 30, 2017 | Percent of Revenue | | |
| | | | | | | |
| | Amount | | Amount | | \$ | % |
| Revenue | \$ 580,494 | 100.0% | \$ 528,897 | 100.0% | \$ 51,597 | 9.8% |
| Gross profit | \$ 131,133 | 22.6% | \$ 131,958 | 24.9% | \$ (825) | -0.6% |
| Vehicle units sold | 26,222 | | 24,146 | | 2,076 | 8.6% |
| Average selling price per vehicle sold | \$ 22,138 | | \$ 21,904 | | \$ 234 | 1.1% |
| Average gross profit per vehicle sold | \$ 5,001 | | \$ 5,465 | | \$ (464) | -8.5% |
| Same store sales data: | | | | | | |
| Same store sales | \$ 501,613 | | \$ 497,341 | | \$ 4,272 | 0.9% |
| Same store vehicle units sold | 22,321 | | 22,574 | | (253) | -1.1% |
| Same store average selling price per vehicle | \$ 22,473 | | \$ 22,032 | | \$ 441 | 2.0% |

Used vehicle revenue increased 9.8%, or \$51.6 million, to \$580.5 million in the nine months ended September 30, 2018 from \$528.9 million in the nine months ended September 30, 2017. The increase was primarily due to an 8.6% increase in used vehicle units sold, driven primarily by the 27 acquired and greenfield RV dealership locations added over the last twenty-one months, and a 1.1% increase in the average selling price per vehicle unit sold.

Used vehicle gross profit decreased 0.6%, or \$0.8 million, to \$131.1 million in the nine months ended September 30, 2018 from \$132.0 million in the nine months ended September 30, 2017. The decrease was primarily from an 8.5% decrease in gross profit per unit resulting from a product mix shift toward lower priced towable units, partially offset by an 8.6% increase in unit volume. Used vehicle gross margin decreased to 22.6% in the nine months ended September 30, 2018 from 24.9% in the nine months ended September 30, 2017.

Dealership Parts, Services and Other

| (\$ in thousands) | Nine Months Ended | | | | Favorable/ (Unfavorable) | |
|-------------------|--------------------|--------------------------|--------------------|--------------------------|-----------------------------|-------|
| | September 30, 2018 | Percent of Revenue | September 30, 2017 | Percent of Revenue | | |
| | Amount | | Amount | | \$ | % |
| Revenue | \$ 210,024 | 100.0% | \$ 185,586 | 100.0% | \$ 24,438 | 13.2% |
| Gross profit | 105,652 | 50.3% | 89,349 | 48.1% | 16,303 | 18.2% |
| Same store sales | 179,786 | | 172,586 | | 7,200 | 4.2% |

Dealership parts, services and other revenue increased 13.2%, or \$24.4 million, to \$210.0 million in the nine months ended September 30, 2018 from \$185.6 million in the nine months ended September 30, 2017. The increase was primarily attributable to increased revenue from the 27 acquired and greenfield RV dealership locations added over the last twenty-one months. Dealership parts, services and other same store sales increased 4.2% for the nine months ended September 30, 2018 versus the comparable period in 2017.

Dealership parts, services and other gross profit increased 18.2%, or \$16.3 million, to \$105.7 million in the nine months ended September 30, 2018 from \$89.3 million in the nine months ended September 30, 2017. The increase was primarily due to increased revenue. Dealership parts, services and other gross margin increased to 50.3% in the nine months ended September 30, 2018 from 48.1% in the nine months ended September 30, 2017 primarily due to increased service revenue.

Finance and Insurance, net

| (\$ in thousands) | Nine Months Ended | | | | Favorable/ (Unfavorable) | |
|-------------------|--------------------|--------------------|--------------------|--------------------|-----------------------------|-------|
| | September 30, 2018 | | September 30, 2017 | | | |
| | Amount | Percent of Revenue | Amount | Percent of Revenue | \$ | % |
| Revenue | \$ 325,368 | 100.0% | \$ 267,207 | 100.0% | \$ 58,161 | 21.8% |
| Gross profit | 325,368 | 100.0% | 267,207 | 100.0% | 58,161 | 21.8% |
| Same store sales | 276,690 | | 250,457 | | 26,233 | 10.5% |

Finance and insurance, net revenue and gross profit each increased 21.8%, or \$58.2 million, to \$325.4 million in the nine months ended September 30, 2018 from \$267.2 million in the nine months ended September 30, 2017. The increase was primarily due to an increase in the number of vehicle finance contracts resulting from an increase in our finance and insurance sales penetration rates, in addition to a 9.5% increase in total vehicles sold. Finance and insurance, net same store sales increased 10.5% in the nine months ended September 30, 2018 versus the comparable period in 2017 and revenue as a percentage of total new and used vehicle revenue increased to 12.2% for the nine months ended September 30, 2018 from 10.7% in the nine months ended September 30, 2017.

Retail

Retail revenue increased 57.4%, or \$168.1 million, to \$460.6 million in the nine months ended September 30, 2018 from \$292.6 million in the nine months ended September 30, 2017. The increase was primarily attributable to the opening of a net 60 Gander Outdoors locations since September 30, 2017. Retail same store sales decreased 5.3% for the nine months ended September 30, 2018 versus the comparable period in 2017.

Retail gross profit increased 36.1%, or \$44.5 million, to \$168.0 million in the nine months ended September 30, 2018 from \$123.4 million in the nine months ended September 30, 2017. The increase was primarily due to increased revenue. Retail gross margin decreased to 36.5% in the nine months ended September 30, 2018 from 42.2% in the nine months ended September 30, 2017 primarily due to the acquired outdoor retail businesses, and the Gander Outdoors store roll-out.

Selling, general and administrative expenses

Selling, general and administrative expenses increased 26.2%, or \$167.6 million, to \$807.7 million in the nine months ended September 30, 2018 from \$640.1 million in the nine months ended September 30, 2017. The increase was primarily due to increases of \$75.7 million of variable wage-related expenses, primarily attributable to the acquired and greenfield RV dealership and Retail locations opened over the last twenty-one months, and increased vehicle unit sales; \$30.6 million of additional real and personal property expense; \$26.6 million of additional variable selling expense; \$23.0 million of store and corporate overhead expenses; and \$11.7 million of additional variable occupancy expense. Included in these variances is \$40.8 million of pre-opening costs associated with the Gander Outdoors store openings. Selling, general and administrative expenses as a percentage of total gross profit increased to 73.6% in the nine months ended September 30, 2018, from 65.3% in the nine months ended September 30, 2017.

Depreciation and amortization

Depreciation and amortization increased 49.9%, or \$11.4 million, to \$34.2 million in the nine months ended September 30, 2018 from \$22.8 million in the nine months ended September 30, 2017 primarily due to the addition of the acquired businesses.

Debt restructure expense

Debt restructure expense was \$0.4 million in the nine months ended September 30, 2018 and was related to the Third Amendment to the Credit Agreement entered into on March 28, 2018.

Floor plan interest expense

Floor plan interest expense increased 49.0%, or \$9.5 million, to \$28.8 million in the nine months ended September 30, 2018 from \$19.3 million in the nine months ended September 30, 2017. The increase was primarily due to higher average floor plan borrowings as a result of higher average inventory levels from the 27 acquired and greenfield RV dealership locations added over the last twenty-one months and a 93 basis point increase in the average floor plan borrowing rate.

Other interest expense, net

Other interest expense increased 47.7%, or \$14.8 million, to \$45.7 million in the nine months ended September 30, 2018 from \$31.0 million in the nine months ended September 30, 2017. The increase was primarily due to increased average debt outstanding partially offset by a 7 basis point decrease in the average interest rate.

Net Income

Net income decreased 38.4%, or \$91.5 million, to \$147.0 million for the nine months ended September 30, 2018 from \$238.5 million in the nine months ended September 30, 2017 primarily due to the items mentioned above.

Segment results

The following table sets forth a reconciliation of total segment income to consolidated income before income taxes for each of our segments for the period presented:

| (\$ in thousands) | Nine Months Ended | | | | Favorable/ (Unfavorable) | |
|--|--------------------|-----------------------|--------------------|-----------------------|-----------------------------|----------|
| | September 30, 2018 | | September 30, 2017 | | | |
| | Amount | Percent of Revenue | Amount | Percent of Revenue | \$ | % |
| Revenue: | | | | | | |
| Consumer Services and Plans | \$ 160,509 | 4.2% | \$ 145,932 | 4.3% | \$ 14,577 | 10.0% |
| Dealership | 3,217,492 | 84.2% | 2,972,776 | 87.5% | 244,716 | 8.2% |
| Retail | 557,465 | 14.6% | 381,449 | 11.2% | 176,016 | 46.1% |
| Elimination of intersegment revenue ⁽¹⁾ | (115,997) | -3.0% | (103,894) | -3.1% | (12,103) | 11.6% |
| Total consolidated revenue | 3,819,469 | 100.0% | 3,396,263 | 100.0% | 423,206 | 12.5% |
| Segment income: ⁽²⁾ | | | | | | |
| Consumer Services and Plans | 81,732 | 2.1% | 71,887 | 2.1% | 9,845 | 13.7% |
| Dealership | 262,215 | 6.9% | 259,710 | 7.6% | 2,505 | 1.0% |
| Retail | (79,668) | -2.1% | (4,531) | -0.1% | (75,137) | -1658.3% |
| Total segment income | 264,279 | 6.9% | 327,066 | 9.6% | (62,787) | -19.2% |
| Corporate & other | (4,570) | -0.1% | (6,461) | -0.2% | 1,891 | 29.3% |
| Depreciation and amortization | (34,207) | -0.9% | (22,819) | -0.7% | (11,388) | -49.9% |
| Tax Receivable Agreement liability adjustment | — | 0.0% | (79) | 0.0% | 79 | 100.0% |
| Other interest expense, net | (45,740) | -1.2% | (30,973) | -0.9% | (14,767) | -47.7% |
| Loss and expense on debt restructure | (2,056) | -0.1% | — | 0.0% | (2,056) | -100.0% |
| Income before income taxes | \$ 177,706 | 4.7% | \$ 266,734 | 7.9% | \$ (89,028) | -33.4% |

(1) Represents intersegment revenue primarily for Retail parts and accessories.

(2) Segment income represents income for each of our reportable segments and is defined as income from operations before depreciation and amortization, plus floor plan interest expense.

Total segment revenue and income (loss)

Total segment revenue increased 12.5%, or \$423.2 million, to \$3.8 billion in the nine months ended September 30, 2018 from \$3.4 billion in the nine months ended September 30, 2017. The increase was driven by a 46.1% increase in Retail revenue to \$557.5 million, an 8.2% increase in aggregate Dealership

revenue to \$3.2 billion, and a 10.0% increase in Consumer Services and Plans revenue to \$160.5 million, partially offset by an 11.6% increase in intercompany revenue. Aggregate same store sales decreased 1.4% for the nine months ended September 30, 2018 as compared to the nine months ended September 30, 2017.

Total segment same store sales were \$2.9 billion in the nine months ended September 30, 2018, a decrease of \$42.4 million, or 1.4%, as compared to \$2.9 billion in the nine months ended September 30, 2017. The decrease was primarily due to a \$69.8 million, or 3.8%, decrease in new vehicle same store sales in the Dealership segment, and a \$10.3 million, or 5.3%, decrease in Retail same store sales, partially offset by a same store sales increase of \$26.2 million, or 10.5%, in finance and insurance in the Dealership segment, a \$7.2 million, or 4.2%, increase in Dealership service, parts and other in the Dealership segment, and a \$4.3 million, or 0.9%, increase in used vehicle same store sales in the Dealership segment.

Total segment income decreased 19.2%, or \$62.8 million, to \$264.3 million in the nine months ended September 30, 2018, from \$327.1 million in the nine months ended September 30, 2017. The decrease was driven by a \$75.1 million increase in Retail segment loss to \$79.7 million, partially offset by a 13.7% increase in Consumer Services and Plans segment income to \$81.7 million, and a 1.0% increase in Dealership segment income to \$262.2 million. Total segment income margin decreased 271 basis points to 6.9%.

Consumer Services and Plans

Consumer Services and Plans segment revenue increased 10.0%, or \$14.6 million, to \$160.5 million in the nine months ended September 30, 2018, from \$145.9 million in the nine months ended September 30, 2017. The increase was primarily attributable to \$4.9 million from additional Good Sam Club memberships, \$4.1 million from the additional contracts in force from our roadside assistance programs, \$1.7 million from additional policies in force for our vehicle insurance products, \$1.4 million primarily from eight additional consumer shows, \$1.2 million from increased policies in force in the Good Sam TravelAssist programs, and \$1.3 million from various other consumer services and plans.

Consumer Services and Plans segment income increased 13.7%, or \$9.8 million, to \$81.7 million in the nine months ended September 30, 2018, from \$71.9 million in the nine months ended September 30, 2017. The increase was primarily attributable to \$6.8 million from increased policies in force from the roadside assistance programs, vehicle insurance, and Good Sam TravelAssist programs, \$3.4 million from increased Good Sam Club memberships, \$1.1 million from additional consumer shows and \$0.2 million from various other consumer services and plans, partially offset by a \$1.0 million increase in selling, general and administrative expenses, and a \$0.7 million decrease from extended warranty products. Consumer Services and Plans segment income margin increased 166 basis points to 50.9% in the nine months ended September 30, 2018 from 49.3% in the nine months ended September 30, 2017.

Dealership

Dealership segment revenue increased 8.2%, or \$244.7 million, to \$3.2 billion in the nine months ended September 30, 2018 from \$3.0 billion in the nine months ended September 30, 2017. The increase was primarily driven by a 5.4%, or \$107.7 million, increase in new vehicle revenue, a 22.4%, or \$61.1 million, increase in finance and insurance revenue, a 9.7%, or \$51.5 million, increase in used vehicle revenue, and a 13.2%, or \$24.4 million, increase in Dealership parts, services and other revenue.

Dealership segment income increased 1.0%, or \$2.5 million, to \$262.2 million in the nine months ended September 30, 2018 from \$259.7 million in the nine months ended September 30, 2017. The increase was primarily related to a \$62.1 million increase in segment gross profit, partially offset by a \$50.2 million increase in selling, general and administrative expenses, and a \$9.4 million increase in floor plan interest expense. Dealership segment income margin decreased 59 basis points to 8.1% from 8.7% for the comparable prior year period.

Same store sales were \$2.7 billion in the nine months ended September 30, 2018, a decrease of \$32.1 million, or 1.2%, as compared to \$2.8 billion in the nine months ended September 30, 2017. The decrease was primarily due to a 3.8%, or \$69.8 million, decrease in new vehicle same store sales, partially offset by a same store sales increase of 10.5%, or \$26.2 million, in finance and insurance, a 4.2% increase,

or \$7.2 million, in Dealership service, parts and other, and a 0.9%, or \$4.3 million, increase in same store sales for used vehicles.

Retail

Retail segment revenue increased 46.1%, or \$176.0 million, to \$557.5 million in the nine months ended September 30, 2018 from \$381.4 million in the nine months ended September 30, 2017. The increase was primarily attributable to the Gander Mountain acquisitions. Retail same store sales decreased 5.3% for the nine months ended September 30, 2018 versus the comparable period in 2017.

Retail segment loss increased \$75.1 million to \$79.7 million in the nine months ended September 30, 2018 from \$4.5 million in the nine months ended September 30, 2017. The increase was primarily related to the lower gross margins and higher operating costs, including \$40.8 million of Gander Outdoors pre-opening costs from the ramp-up of the Gander Outdoors stores and other acquired outdoor and active sports businesses. Retail segment income margin decreased 1,310 basis points to -14.3% from -1.2% for the comparable prior year period primarily due to increased segment loss and increased selling, general and administrative expenses related to the opening of Gander Outdoors stores.

Corporate and other expenses

Corporate and other expenses decreased 29.3%, or \$1.9 million, to \$4.6 million in the nine months ended September 30, 2018 from \$6.5 million in the nine months ended September 30, 2017 primarily from reduced professional fees.

Liquidity and Capital Resources

General

Our primary requirements for liquidity and capital have been working capital, inventory management, acquiring and building new retail locations, including Gander Outdoors pre-opening expenses, the improvement and expansion of existing retail locations, debt service, distributions to holders of equity interests in CWGS, LLC and our Class A common stock, and general corporate needs. These cash requirements have been met through cash provided by operating activities, cash and cash equivalents, proceeds from our IPO, May 2017 Public Offering and October 2017 Public Offering, borrowings under our Senior Secured Credit Facilities or our previous senior secured credit facilities, and borrowings under our Floor Plan Facility.

As a public company, additional liquidity needs include public company costs, payment of regular and special cash dividends, any exercise of the redemption right by the Continuing Equity Owners from time to time (should we elect to exchange common units for a cash payment), payments under the Tax Receivable Agreement, and state and federal taxes to the extent not reduced as a result of the Tax Receivable Agreement. The Continuing Equity Owners may exercise such redemption right for as long as their common units remain outstanding. Although the actual timing and amount of any payments that may be made under the Tax Receivable Agreement will vary, we expect that the payments that we will be required to make to the Continuing Equity Owners and Crestview Partners II GP, L.P. will be significant. Any payments made by us to Continuing Equity Owners and Crestview Partners II GP, L.P. under the Tax Receivable Agreement will generally reduce the amount of overall cash flow that might have otherwise been available to us or to CWGS, LLC and, to the extent that we are unable to make payments under the Tax Receivable Agreement for any reason, the unpaid amounts generally will be deferred and will accrue interest until paid by us; provided, however, that nonpayment for a specified period may constitute a material breach of a material obligation under the Tax Receivable Agreement and therefore may accelerate payments due under the Tax Receivable Agreement. For a discussion of the Tax Receivable Agreement, see Note 12 — Income Taxes to our unaudited consolidated financial statements included in Part I, Item 1 of this Form 10-Q.

CWGS, LLC intends to make a regular quarterly cash distribution to its common unit holders, including us, of approximately \$0.08 per common unit and we intend to use all of the proceeds from such distribution on our common units to pay a regular quarterly cash dividend of approximately \$0.08 per share on our Class A common stock, subject to our discretion as the sole managing member of CWGS, LLC and the discretion of our board of directors. During the nine months ended September 30, 2018, we paid three regular quarterly cash dividends of \$0.08 per share of our Class A common stock. CWGS, LLC is required to make cash distributions in accordance with the CWGS LLC Agreement in an amount sufficient for us to pay any expenses incurred by us in connection with the regular quarterly cash dividend, along with any of our other operating expenses and other obligations. In addition, we currently intend to pay a special cash dividend of all or a portion of the Excess Tax Distribution (as defined under “Dividend Policy” included in Part II, Item 5 of our Annual Report) to the holders of our Class A common stock from time to time subject to the discretion of our board of directors as described under “Dividend Policy.” During the nine months ended September 30, 2018, we paid three special cash dividends of \$0.0732 per share of our Class A common stock.

Notwithstanding our obligations under the Tax Receivable Agreement, we believe that our sources of liquidity and capital, including potentially incurring additional borrowings under our Floor Plan Facility, borrowings under Real Estate Facility and proceeds from real estate sale leaseback transactions in the fourth quarter of 2018, which in the aggregate are currently expected to provide approximately \$104.0 million in incremental liquidity, will be sufficient to finance our continued operations, growth strategy, including the anticipated opening of additional Dealership and Retail locations, regular quarterly cash dividends (as described above) and additional expenses we expect to incur as a public company for at least the next twelve months. However, we cannot assure you that our cash provided by operating activities, cash and cash equivalents or cash available under our Revolving Credit Facility or our Floor Plan Facility, including the potential additional borrowings noted above, will be sufficient to meet our future needs. If we are unable to generate sufficient cash flows from operations in the future, and if availability under our Revolving Credit Facility or our Floor Plan Facility is not sufficient, we may have to obtain additional financing. If we obtain additional capital by issuing equity, the interests of our existing stockholders will be diluted. If we incur

additional indebtedness, that indebtedness may impose significant financial and other covenants that may significantly restrict our operations. We cannot assure you that we could obtain refinancing or additional financing on favorable terms or at all, including the expected additional borrowings noted above. See “Risk Factors — Risks Related to our Business — Our ability to operate and expand our business and to respond to changing business and economic conditions will depend on the availability of adequate capital” included in Part I, Item 1A of our Annual Report.

As of September 30, 2018 and December 31, 2017, we had working capital of \$594.5 million and \$478.7 million, respectively, including \$125.4 million and \$224.2 million, respectively, of cash and cash equivalents. Our working capital reflects the cash provided by deferred revenue and gains reported under current liabilities of \$92.4 million and \$77.7 million as of September 30, 2018 and December 31, 2017, respectively, which reduces working capital. Deferred revenue primarily consists of cash collected for club memberships in advance of services to be provided, which is deferred and recognized as revenue over the life of the membership. We use net proceeds from this deferred membership revenue to lower our long-term borrowings and finance our working capital needs.

Seasonality

We have experienced, and expect to continue to experience, variability in revenue, net income, and cash flows as a result of annual seasonality in our business. Because RVs are used primarily by vacationers and campers, demand for services, protection plans, products, and resources generally declines during the winter season, while sales and profits are generally highest during the spring and summer months. In addition, unusually severe weather conditions in some geographic areas may impact demand.

We generate a disproportionately higher amount of our annual revenue in our second and third fiscal quarters, respectively, which include the spring and summer months. We incur additional expenses in the second and third fiscal quarters due to higher purchase volumes, increased staffing in our retail locations and program costs. If, for any reason, we miscalculate the demand for our products or our product mix during the second and third fiscal quarters, our sales in these quarters could decline, resulting in higher labor costs as a percentage of sales, lower margins and excess inventory, which could cause our annual results of operations to suffer and our stock price to decline.

Additionally, SG&A expenses as a percentage of gross profit tend to be higher in the first and fourth quarters due to the timing of acquisitions and the seasonality of our business. We prefer to acquire new retail locations in the first and fourth quarters of each year in order to provide time for the location to be re-modeled and to ramp up operations ahead of the spring and summer months. The timing of our acquisitions in the first and fourth quarters, coupled with generally lower revenue in these quarters has resulted in SG&A expenses as a percentage of gross profit being higher in these quarters. The opening of the additional Gander Outdoors locations in 2018 has further impacted this trend.

Cash Flow

The following table shows summary cash flows information for the nine months ended September 30, 2018 and 2017:

| (In thousands) | Nine Months Ended September 30, | |
|--|------------------------------------|------------|
| | 2018 | 2017 |
| Net cash provided by operating activities | \$ 251,058 | \$ 173,352 |
| Net cash used in investing activities | (286,784) | (401,325) |
| Net cash (used in) provided by financing activities | (63,071) | 277,002 |
| Net (decrease) increase in cash and cash equivalents | \$ (98,797) | \$ 49,029 |

Operating activities. Our cash flows from operating activities are primarily collections from contracts in transit and customers following the sale of new and used vehicles, as well as from the sale of retail parts, services and consumer services and plans. Contracts in transit represent amounts due from third-party lenders from whom pre-arranged agreements have been determined, and to whom the retail installment sales contracts have been assigned. Our primary uses of cash from operating activities, which includes the \$40.8 million of Gander Outdoors pre-opening costs in the first nine months of 2018, are repayments of vehicle floor

plan payables, payments to retail product suppliers, personnel-related expenditures, payments related to leased property, advertising, and various consumer services program costs.

Net cash provided by operating activities was \$251.1 million in the nine months ended September 30, 2018, an increase of \$77.7 million from \$173.4 million net cash provided by operating activities in the nine months ended September 30, 2017. The increase was primarily due to \$113.4 million from timing of inventory purchases partially offset by increases in Retail inventory balances, a \$20.7 million increase in accounts payable and accrued liabilities and \$35.1 million of other net favorable changes, partially offset by a \$91.5 million decrease in net income.

Investing activities. Our investment in business activities primarily consists of expanding our operations through organic growth and the acquisition of retail locations. Substantially all of our new retail locations and capital expenditures have been financed using cash provided by operating activities and borrowings under our Senior Secured Credit Facilities.

The table below summarizes our capital expenditures for the nine months ended September 30, 2018 and 2017:

| (In thousands) | Nine Months Ended September 30, | |
|--|------------------------------------|------------------|
| | 2018 | 2017 |
| IT hardware and software | \$ 9,112 | \$ 11,570 |
| Greenfield and acquired retail locations | 81,208 | 21,105 |
| Existing retail locations | 13,158 | 11,483 |
| Corporate and other | 1,930 | 1,810 |
| Total capital expenditures | <u>\$ 105,408</u> | <u>\$ 45,968</u> |

Our capital expenditures consist primarily of investing in acquired and greenfield retail and RV dealership locations, existing retail locations, information technology, hardware, and software. There were no material commitments for capital expenditures as of September 30, 2018.

Net cash used in investing activities was \$286.8 million for the nine months ended September 30, 2018. The \$286.8 million of cash used in investing activities was composed of \$105.4 million of capital expenditures primarily for the buildout of the Gander Outdoors locations, \$82.2 million for the acquisition of eight RV dealership locations, four Erehwon locations, seven Rock Creek locations and eight consumer shows, and \$100.1 million for the purchase of real property, partially offset by proceeds of \$0.9 million from the sale of property and equipment. See Note 11 – Acquisitions to our unaudited consolidated financial statements included in Part 1, Item 1 of this form 10-Q.

Net cash used in investing activities was \$401.3 million for the nine months ended September 30, 2017. The \$401.3 million of cash used in investing activities included \$345.1 million for the acquisition of eight RV dealership locations and eight consumer shows (see Note 11 – Acquisitions to our unaudited consolidated financial statements include in Part 1, Item 1 of this form 10-Q), in addition to \$46.0 million of capital expenditures and \$16.8 million for the purchase of real property, partially offset by proceeds of \$6.0 million from the purchase of real property and \$0.6 million from the sale of property and equipment.

Financing activities. Our financing activities primarily consist of proceeds from the issuance of debt and the repayment of principal and debt issuance costs .

Our net cash used in financing activities was \$63.1 million for the nine months ended September 30, 2018. The \$63.1 million of cash used in financing activities was primarily due to \$212.1 million of net payments under the Floor Plan Facility, \$98.3 million of non-controlling interest member distributions, \$76.7 million of payments on long-term debt, \$17.0 million of dividends paid on Class A common stock, and other financing uses of \$3.3 million, partially offset by \$319.9 million of net proceeds from long term debt, and \$24.4 million of proceeds from our Revolving Credit Facility during the nine months ended September 30, 2018.

Our net cash provided by financing activities was \$277.0 million for the nine months ended September 30, 2017. The \$277.0 million of cash provided by financing activities was primarily due to \$205.5 million of borrowings under the Floor Plan Facility, \$121.4 million of proceeds we received from the 2017 Public Offering, and \$94.8 million of net proceeds from long-term debt, partially offset by \$125.0 million of non-controlling interest member distributions, \$11.9 million of dividends paid on Class A common stock, \$5.6 million of principal payments under the Term Loan Facility, and other financing uses of \$2.2 million during the nine months ended September 30, 2017.

Description of Senior Secured Credit Facilities and Floor Plan Facility

As of September 30, 2018 and December 31, 2017, we had outstanding debt in the form of our credit agreement (as amended from time to time, the "Credit Agreement") that included a \$1,181.1 million and \$937.1 million term loan (the "Term Loan Facility"), respectively, and \$35.0 million of commitments for revolving loans (the "Revolving Credit Facility" and, together with the Term Loan Facility, the "Senior Secured Credit Facilities") and our floor plan financing facility with \$1.165 billion in maximum borrowing availability and a letter of credit commitment of \$15.0 million (the "Floor Plan Facility"). We may from time to time seek to refinance, retire or exchange our outstanding debt. Such refinancings, repayments or exchanges, if any, will depend on prevailing market conditions, our liquidity requirements, contractual restrictions and other factors. The amounts involved may be material. In the past, we have used interest rate swap derivatives to diversify our debt portfolio between fixed and variable rate instruments. For additional information regarding our interest rate risk and interest rate hedging instruments, see "Quantitative and Qualitative Disclosures About Market Risk" in Part I, Item 3 of this Form 10-Q.

Senior Secured Credit Facilities

The following table details the outstanding amounts and available borrowings under our Senior Secured Credit Facilities as of September 30, 2018 and December 31, 2017 (in thousands):

| | September 30, 2018 | December 31, 2017 |
|---|-----------------------|----------------------|
| Senior Secured Credit Facilities: | | |
| Term Loan Facility: | | |
| Principal amount of borrowings | \$ 1,195,000 | \$ 945,000 |
| Less: cumulative principal payments | (13,912) | (7,916) |
| Less: unamortized original issue discount | (5,629) | (6,029) |
| Less: finance costs | (14,070) | (14,153) |
| | 1,161,389 | 916,902 |
| Less: current portion | (11,991) | (9,465) |
| Long-term debt, net of current portion | \$ 1,149,398 | \$ 907,437 |
| Revolving Credit Facility: | | |
| Total commitment | \$ 35,000 | \$ 35,000 |
| Less: outstanding letters of credit | (2,839) | (3,237) |
| Additional borrowing capacity | \$ 32,161 | \$ 31,763 |

On March 17, 2017, CWGS Group, LLC (the "Borrower"), a wholly-owned subsidiary of CWGS, LLC, entered into a First Amendment (the "First Amendment") to the Credit Agreement, dated as of November 8, 2016. Per the terms of the First Amendment, the Borrower's \$645.0 million term loan facility was increased by \$95.0 million to \$740.0 million. The proceeds from the additional borrowings were used to purchase dealerships within FreedomRoads. No other terms of the Credit Agreement were amended.

On October 6, 2017, the Borrower further amended our Credit Agreement. This amendment, among other things, (i) increased our Term Loan Facility by \$205.0 million to an outstanding principal amount of \$939.5 million, (ii) amended the applicable margin to 2.00% from 2.75% per annum, in the case of base rate loans, and to 3.00% from 3.75% per annum, in the case of LIBOR loans and, (iii) increased the quarterly amortization payment to \$2.4 million.

On March 28, 2018, the Borrower entered into a Third Amendment to the Credit Agreement. The Third Amendment, among other things, (i) reduced the interest rate by 25 basis points with a reduction in the applicable interest margin to 1.75% from 2.00% per annum, in the case of base rate loans, and to 2.75% from 3.00% per annum, in the case of LIBOR loans, effective on April 6, 2018, (ii) increased the Borrower's term loan facility by \$250 million to a principal amount of \$1.19 billion outstanding as of March 28, 2018, and (iii) increased the quarterly amortization payment to \$3.0 million.

On September 27, 2018, the Borrower entered into a Fourth Amendment (the "Fourth Amendment") to the Credit Agreement. The Fourth Amendment also increases the quarterly Total Leverage Ratio, from "3.00 to 1" to "3.75 to 1" for the period from December 31, 2016 to December 31, 2019 and from "2.75 to 1" to "3.50 to 1" for the period beginning March 31, 2020 and on the last day of each fiscal quarter ending thereafter. The quarterly Total Leverage Ratio covenant is only for the benefit of the Revolving Credit Facility, during certain periods in which the aggregate amount of borrowings under the Revolving Credit Facility (including swingline loans), letters of credit and unreimbursed letter of credit disbursements outstanding at such time (minus the lesser of (a) \$5.0 million and (b) letters of credit outstanding) is greater than 30% of the aggregate amount of the Revolving Lenders' Revolving Commitments, as defined in the Credit Agreement.

See our Annual Report for a further discussion of the terms of the Senior Secured Credit Facilities.

Floor Plan Facility

The following table details the outstanding amounts and available borrowings under our Floor Plan Facility as of September 30, 2018 and December 31, 2017 (in thousands):

| | September 30, 2018 | December 31, 2017 |
|--|-----------------------|----------------------|
| Floor Plan Facility: | | |
| Notes payable — floor plan: | | |
| Total commitment | \$ 1,415,000 | \$ 1,415,000 |
| Less: borrowings, net | (734,038) | (974,043) |
| Less: flooring line aggregate interest reduction account | (147,481) | (106,055) |
| Additional borrowing capacity | 533,481 | 334,902 |
| Less: accounts payable for sold inventory | (59,236) | (31,311) |
| Less: purchase commitments | (39,723) | (77,144) |
| Unencumbered borrowing capacity | \$ 434,522 | \$ 226,447 |
| Revolving line of credit | \$ 35,000 | \$ 35,000 |
| Less borrowings | (24,403) | — |
| Additional borrowing capacity | \$ 10,597 | \$ 35,000 |
| Letters of credit: | | |
| Total commitment | \$ 15,000 | \$ 15,000 |
| Less: outstanding letters of credit | (9,369) | (9,369) |
| Additional letters of credit capacity | \$ 5,631 | \$ 5,631 |

See our Annual Report for a further discussion of the terms of the Floor Plan Facility.

Sale/Leaseback Arrangements

We have in the past and may in the future enter into sale-leaseback transactions to finance certain property acquisitions and capital expenditures, pursuant to which we sell property and/or leasehold

improvements to third parties and agree to lease those assets back for a certain period of time. Such sales generate proceeds which vary from period to period.

Deferred Revenue and Gains

Deferred revenue and gains consist of our sales for products not yet recognized as revenue at the end of a given period and deferred gains on sale-leaseback and derecognition of right to use asset transactions. Our deferred revenue and deferred gains as of September 30, 2018 were \$151.0 million and \$10.6 million, respectively. Deferred revenue is expected to be recognized as revenue and deferred gains are expected to be recognized ratably over the lease terms as an offset to rent expense.

Off-Balance Sheet Arrangements

As of September 30, 2018, we did not have any off-balance sheet arrangements, except for operating leases entered into in the normal course of business.

Critical Accounting Policies and Estimates

We prepare our condensed consolidated financial statements in accordance with GAAP, and in doing so, we have to make estimates, assumptions and judgments affecting the reported amounts of assets, liabilities, revenues and expenses, as well as the related disclosure of contingent assets and liabilities. We base our estimates, assumptions and judgments on historical experience and on various other factors we believe to be reasonable under the circumstances. Different assumptions and judgments would change estimates used in the preparation of our condensed consolidated financial statements, which, in turn, could change our results from those reported. We evaluate our critical accounting estimates, assumptions and judgments on an ongoing basis.

There has been no material change in our critical accounting policies from those previously reported and disclosed in our Annual Report. See Note 2 to our unaudited condensed consolidated financial statements in Item 1 of Part I of this Form 10-Q for discussion of the critical accounting policy for revenue recognition after the adoption of ASC 606.

Recent Accounting Pronouncements

See Note 1 to our unaudited condensed consolidated financial statements in Item 1, Part I of this Form 10-Q.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

We are exposed to market risk from changes in inflation and interest rates. All of these market risks arise in the normal course of business, as we do not engage in speculative trading activities. The following analysis provides quantitative information regarding these risks.

Impact of Inflation

We believe that inflation over the last three fiscal years has not had a significant impact on our operations; however, we cannot assure you there will be no such effect in the future. Our leases require us to pay taxes, maintenance, repairs, insurance and utilities, all of which are generally subject to inflationary increases. Additionally, the cost of remodeling acquired retail locations and constructing new retail locations is subject to inflationary increases in the costs of labor and material, which results in higher rent expense for new retail locations. Finally, we finance substantially all of our Dealership inventory through various revolving floor plan arrangements with interest rates that vary based on various benchmarks. Such rates have historically increased during periods of increasing inflation.

Interest Rate Risk

Our operating results are subject to risk from interest rate fluctuations on our Senior Secured Credit Facilities and our Floor Plan Facility, which carries variable interest rates. Interest rate risk is the exposure to loss resulting from changes in the level of interest rates and the spread between different interest rates. Advances under our Senior Secured Credit Facilities, which include the Term Loan Facility and the Revolving Credit Facility, is tied to a borrowing base and bear interest at variable rates. Additionally, under our Floor Plan Facilities we have the ability to draw on revolving floor plan arrangements, which bear interest at variable rates. Because our Senior Secured Credit Facilities and Floor Plan Facility bear interest at variable rates, we are exposed to market risks relating to changes in interest rates. Interest rate risk is highly sensitive due to many factors, including U.S. monetary and tax policies, U.S. and international economic factors and other factors beyond our control. As of September 30, 2018, we had no outstanding borrowings under our Revolving Credit Facility aside from letters of credit in the aggregate amount of \$2.8 million outstanding under the Revolving Credit Facility; \$1,161.4 million of variable rate debt outstanding under our Term Loan Facility, net of \$5.6 million of unamortized original issue discount and \$14.1 million of finance costs; and \$734.0 million in outstanding borrowings and \$9.4 million of letters of credit issued under our Floor Plan Facility; and \$24.4 million outstanding under the Floor Plan revolving line of credit. Based on September 30, 2018 debt levels, an increase or decrease of 1% in the effective interest rate would cause an increase or decrease in interest expense under our term Loan Facility of \$12.0 million, over the next 12 months and an increase or decrease of 1% in the effective rate would cause an increase or decrease in interest expense under our Floor Plan Facility of approximately \$7.3 million over the next 12 months. We do not use derivative financial instruments for speculative or trading purposes, but this does not preclude our adoption of specific hedging strategies in the future.

Item 4. Controls and Procedures

Limitations on Effectiveness of Controls and Procedures

In designing and evaluating our disclosure controls and procedures, management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives. In addition, the design of disclosure controls and procedures must reflect the fact that there are resource constraints and that management is required to apply judgment in evaluating the benefits of possible controls and procedures relative to their costs.

Evaluation of Disclosure Controls and Procedures

Our management, with the participation of our Chief Executive Officer (“CEO”) and Chief Financial Officer (“CFO”), evaluated the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended) as of September 30, 2018. Based on this evaluation, our CEO and CFO concluded that our disclosure controls and procedures were not effective at the reasonable assurance level as of September 30, 2018 as a result of the material weaknesses described in our Annual Report on Form 10-K and below.

A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting such that there is a reasonable possibility that a material misstatement of the annual or interim financial statements will not be prevented or detected on a timely basis. In connection with the preparation of our consolidated financial statements for the year ended December 31, 2017, we identified errors in certain of our prior period consolidated financial statements that caused us to restate and amend the Company’s previously issued condensed consolidated financial statements and related financial information for the interim periods of 2017 and the year ended December 31, 2016. Further, in connection with the preparation of our condensed consolidated financial statements for the quarter ended June 30, 2018, we identified and corrected certain errors in the allocation of income tax-related balances between the Continuing Equity Owners and the Company which impacted the recorded amounts of current and deferred income taxes of the Company. While these amounts were immaterial to the condensed consolidated financial statements for all the applicable periods, they are further indicators of the existence of a material weakness in our income tax processes and controls.

As a result, the following material weaknesses have been identified, i) our management review control process to ensure the completeness and accuracy of the determination of our income tax liabilities and related deferred income tax balances, including the realization of deferred tax assets, were not designed or operating effectively, ii) certain accounting policies and procedures related to corporate accounting functions within FreedomRoads, which operates our RV dealerships, were not sufficiently documented and/or executed to be considered effective in providing reasonable assurance that accounting transactions are consistently recorded in accordance with generally accepted accounting principles and communication to those executing transactions and performing corporate review functions at FreedomRoads was not sufficiently performed to ensure internal control responsibilities were properly reinforced, and iii) certain of our transaction level and management review controls over the valuation of trade-in unit inventory were not effective.

Management's Remediation Efforts

Our remediation plan has identified the steps to be taken, all of which we have begun to implement, as further described below, in order to remediate the material weaknesses described in this Item 4 and to enhance our overall control environment and control activities. Although we intend to complete the remediation process as promptly as possible, we cannot at this time estimate how long it will take to remediate these material weaknesses, and our remediation plan may not prove to be successful. We will not consider the material weaknesses remediated until our enhanced controls are operational for a sufficient period of time and tested, enabling management to conclude that the enhanced controls are operating effectively.

Our remediation plan includes, but is not limited to, the following measures:

- Improving the design of our existing income tax controls to include additional review of the analysis to determine the amount of our income tax liabilities and related deferred income tax balances, and the ability to realize deferred tax assets. Implementing changes to the computation processes to adopt more streamlined and systematic steps for the determination of the allocation of basis between the Continuing Equity Owners and the Company. The management review of the analysis will employ specialized resources over the basis allocations and the related computations surrounding our income tax liabilities and related deferred income tax balances. Further the reviewer will verify that the analysis identifies the positive evidence being relied upon is allowed to be considered under the authoritative accounting guidance contained within ASC 740 related to the recognition and measurement of deferred tax assets. To improve the effectiveness of the tax controls, the reviewer will also perform additional review procedures when a tax-planning strategy is involved in the determination of the amount of valuation allowance, if any, applied against deferred tax assets;
- Improving documentation of accounting policies and procedures to support our internal control infrastructure;
- Communicating policy and procedure updates to new and existing personnel to ensure internal control responsibilities assigned and/or delegated are properly reinforced; and
- Enhancing our procedures surrounding information produced by the entity within used trade-in unit inventory valuation monitoring controls. This includes testing completeness and accuracy of key inputs and spreadsheets used to monitor and manage used trade-in inventory valuation.

While the foregoing measures are intended to effectively remediate the material weaknesses described in this Item 4, it is possible that additional remediation steps will be necessary. As such, as we continue to evaluate and implement our plan to remediate the material weaknesses, our management may decide to take additional measures to address the material weaknesses or modify the remediation steps described above. Until these material weaknesses are remediated, we plan to continue to perform additional analyses and other procedures to help ensure that our consolidated financial statements are prepared in accordance with GAAP.

Changes in Internal Control over Financial Reporting

We are taking actions to remediate the material weaknesses relating to our internal controls over financial reporting, as described above. Except as discussed above, there have been no changes in our internal control over financial reporting (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended) that occurred during the three months ended September 30, 2018 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Part II. Other Information

Item 1. Legal Proceedings

On October 19, 2018, a purported stockholder of the Company filed a putative class action lawsuit, captioned *Ronge v. Camping World Holdings, Inc. et al.*, in the United States District Court for the Northern District of Illinois against us, certain of our officers and directors, and Crestview Partners II GP, L.P. and Crestview Advisors, L.L.C. On October 25, 2018, a different putative stockholder of the Company filed a putative class action lawsuit, captioned *Strougo v. Camping World Holdings, Inc. et al.*, in the United States District Court for the Northern District of Illinois against us, certain of our officers and directors, and Crestview Partners II GP, L.P. and Crestview Advisors, L.L.C.

Both complaints allege that we violated Section 10(b) of the Securities Exchange Act of 1934, as amended, and rule 10b-5 thereunder, by making allegedly materially misleading statements or omitting material facts necessary to make certain statements not misleading related to the business, operations, and management of the Company. Both lawsuits allege that certain of our officers and directors violated Section 20(a) of the Securities Exchange Act of 1934, as amended, by allegedly acting as controlling persons of the Company. The lawsuits bring claims on behalf of a putative class of purchasers of our Class A common stock between March 8, 2017 and August 7, 2018, and seek compensatory damages, attorneys' fees and costs, and any equitable or injunctive relief the court deems just and proper. The Company believes it has meritorious defenses to the claims of the plaintiffs and members of the putative class, and any liability for the alleged claims is not currently probable or reasonably estimable.

We are also engaged in various other legal actions, claims and proceedings arising in the ordinary course of business, including claims related to employment-related matters, breach of contracts, products liabilities, consumer protection and intellectual property matters resulting from our business activities. We do not believe that the ultimate resolution of such matters will have a material adverse effect on our business, financial condition or results of operations. However, litigation is subject to many uncertainties, and the outcome of certain of such individual litigated matters may not be reasonably predictable and any related damages may not be estimable. Certain of these litigation matters could result in an adverse outcome to us, and any such adverse outcome could have a material adverse effect on our business, financial condition and results of operations.

Item 1A. Risk Factors

There have been no material changes to our risk factors as previously disclosed in Item 1A of Part I of our Annual Report on Form 10-K for the year ended December 31, 2017 filed with the Securities and Exchange Commission on March 13, 2018, other than the additional risk factor described below.

We are currently subject to securities class action litigation and may be subject to similar or other litigation in the future, all of which will require significant management time and attention, result in significant legal expenses and may result in unfavorable outcomes, which may have a material adverse effect on our business, operating results and financial condition, and negatively affect the price of our Class A common stock.

We are, and may in the future become, subject to various legal proceedings and claims that arise in or outside the ordinary course of business. For example, on October 19, 2018, a purported stockholder of the Company filed a putative class action lawsuit, captioned *Ronge v. Camping World Holdings, Inc. et al.*, in the

United States District Court for the Northern District of Illinois against us, certain of our officers and directors, and Crestview Partners II GP, L.P. and Crestview Advisors, L.L.C. On October 25, 2018, a different putative stockholder of the Company filed a putative class action lawsuit, captioned Strougo v. Camping World Holdings, Inc. et al., in the United States District Court for the Northern District of Illinois against us, certain of our officers and directors, and Crestview Partners II GP, L.P. and Crestview Advisors, L.L.C.

Both complaints allege that we violated Section 10(b) of the Securities Exchange Act of 1934, as amended, and rule 10b-5 thereunder, by making allegedly materially misleading statements or omitting material facts necessary to make certain statements not misleading related to the business, operations, and management of the Company. Both lawsuits allege that certain of our officers and directors violated Section 20(a) of the Securities Exchange Act of 1934, as amended, by allegedly acting as controlling persons of the Company. The lawsuits bring claims on behalf of a putative class of purchasers of our Class A common stock between March 8, 2017 and August 7, 2018, and seek compensatory damages, attorneys' fees and costs, and any equitable or injunctive relief the court deems just and proper. The Company believes it has meritorious defenses to the claims of the plaintiffs and members of the putative class, and any liability for the alleged claims is not currently probable or reasonably estimable.

The results of the securities class action lawsuit and any future legal proceedings cannot be predicted with certainty. Also, our insurance coverage may be insufficient, our assets may be insufficient to cover any amounts that exceed our insurance coverage, and we may have to pay damage awards or otherwise may enter into settlement arrangements in connection with such claims. Any such payments or settlement arrangements in current or future litigation could have a material adverse effect on our business, operating results or financial condition. Even if the plaintiffs' claims are not successful, current or future litigation could result in substantial costs and significantly and adversely impact our reputation and divert management's attention and resources, which could have a material adverse effect on our business, operating results and financial condition, and negatively affect the price of our Class A common stock. In addition, such lawsuits may make it more difficult to finance our operations.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

None.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

None.

Item 6. Exhibits

Exhibits Index

| Exhibit Number | Exhibit Description | Incorporated by Reference | | | | Filed/ Furnished Herewith |
|---------------------------|---|----------------------------------|-----------------|----------------|------------------------|--|
| | | Form | File No. | Exhibit | Filing Date | |
| 3.1 | Amended and Restated Certificate of Incorporation of Camping World Holdings, Inc. | 10-Q | 001-37908 | 3.1 | 11/10/16 | |

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| Exhibit Number | Exhibit Description | Incorporated by Reference | | | | Filed/ Furnished Herewith |
|----------------|--|---------------------------|------------|---------|-------------|---------------------------------|
| | | Form | File No. | Exhibit | Filing Date | |
| 3.2 | Amended and Restated Bylaws of Camping World Holdings, Inc. | 10-Q | 001-37908 | 3.2 | 11/10/16 | |
| 4.1 | Specimen Stock Certificate evidencing the shares of Class A common stock | S-1/A | 333-211977 | 4.1 | 9/13/16 | |
| 10.1 | Fourth Amendment to Credit Agreement, dated September 27, 2018, by and among CWGS Enterprises, LLC, as holdings, CWGS Group, LLC, as borrower, the lenders party thereto and Goldman Sachs Bank USA, as administrative agent | 8-K | 001-37908 | 10.1 | 9/28/18 | |
| 10.2 | Loan and Security Agreement, dated as of November 2, 2018 between Camping World Property, Inc., a Delaware corporation, as borrower, the other loan parties party hereto and CIBC Bank USA, as lender | | | | | * |
| 31.1 | Rule 13a-14(a) / 15d-14(a) Certification of Chief Executive Officer | | | | | * |
| 31.2 | Rule 13a-14(a) / 15d-14(a) Certification of Chief Financial Officer | | | | | * |
| 32.1 | Section 1350 Certification of Chief Executive Officer | | | | | ** |
| 32.2 | Section 1350 Certification of Chief Financial Officer | | | | | ** |
| 101.INS | XBRL Instance Document | | | | | *** |
| 101.SCH | XBRL Taxonomy Extension Schema Document | | | | | *** |
| 101.CAL | XBRL Taxonomy Extension Calculation Linkbase Document | | | | | *** |
| 101.DEF | XBRL Extension Definition Linkbase Document | | | | | *** |
| 101.LAB | XBRL Taxonomy Label Linkbase Document | | | | | *** |
| 101.PRE | XBRL Taxonomy Extension Presentation Linkbase Document | | | | | *** |

-
- * Filed herewith
 - ** Furnished herewith
 - *** Submitted electronically herewith

SIGNATURE

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

Camping World Holdings, Inc .

Date: November 7, 2018

By: /s/ Thomas F. Wolfe

Thomas F. Wolfe
Chief Financial Officer and Secretary

(Authorized Officer and Principal Financial Officer)



LOAN AND SECURITY AGREEMENT

dated as of November 2, 2018

between

CAMPING WORLD PROPERTY, INC., a Delaware corporation,

as Borrower,

THE OTHER LOAN PARTIES PARTY HERETO

and

CIBC BANK USA,

as Lender

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LOAN AND SECURITY AGREEMENT

THIS LOAN AND SECURITY AGREEMENT dated as of November 2, 2018 (this "Agreement") is entered into among Camping World Property, Inc., a Delaware corporation ("Borrower"), the other Loan Parties hereto and CIBC BANK USA ("CIBC US"), as Lender.

Lender has agreed to make available to Borrower a line of credit upon the terms and conditions set forth herein.

In consideration of the mutual agreements herein contained, the parties hereto agree as follows:

SECTION 1 DEFINITIONS.

1.1 Definitions. When used herein (a) the following terms are used herein as defined in the UCC: Accounts, Certificated Security, Commercial Tort Claims, Deposit Accounts, Documents, Electronic Chattel Paper, Equipment, Goods, Instruments, Inventory, Leases, Letter-of-Credit Rights, Money, Payment Intangibles, Supporting Obligations, Tangible Chattel Paper and (b) the following terms shall have the following meanings:

Account or Accounts is defined in the UCC.

Affected Loan is defined in Section 7.3.

Affiliate of any Person means (a) any other Person which, directly or indirectly, controls or is controlled by or is under common control with such Person, (b) any executive officer or director of such Person and (c) with respect to Lender, any entity administered or managed by Lender or an Affiliate or investment advisor thereof and which is engaged in making, purchasing, holding or otherwise investing in commercial loans. A Person shall be deemed to be "controlled by" any other Person if such Person possesses, directly or indirectly, power to vote 10% or more of the securities (on a fully diluted basis) having ordinary voting power for the election of directors or managers or power to direct or cause the direction of the management and policies of such Person whether by contract or otherwise. Unless expressly stated otherwise herein, Lender shall not be deemed an Affiliate of any Loan Party. For purposes of clarity, Canadian Imperial Bank of Commerce and each of its direct and indirect subsidiaries are "Affiliates" of CIBC Bank USA.

Agreement is defined in the preamble of this Agreement.

Applicable Margin means, for any day, the rate per annum set forth below, it being understood that the Applicable Margin for (i) LIBOR Loans shall be the percentage set forth under the column "LIBOR Margin", (ii) Base Rate Loans shall be the percentage set forth under

the column "Base Rate Margin", and (iii) the Non-Use Fee Rate shall be the percentage set forth under the column "Non-Use Fee Rate":

| LIBOR Margin | Base Rate Margin | Non-Use Fee Rate |
|-------------------------|-----------------------------|-----------------------------|
| 2.75% | 0.75% | 0.50% |

Approved Lease means the lease of Approved Real Property by Borrower to CWH or one of its Subsidiaries acceptable to Lender, upon terms approved by Lender in writing.

Approved Real Property means commercial real property satisfactory to Lender in its sole discretion to be acquired by Borrower for the purpose of leasing such real property to CWH or a Subsidiary of CWH upon lease terms satisfactory to Lender.

Assignee is defined in Section 14.13.1.

Attorney Costs means, with respect to any Person, all reasonable fees and charges of any counsel to such Person, and all court costs and similar legal expenses.

Bail-In Action means 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 means, 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.

Bank Product Agreements means those certain cash management service agreements entered into from time to time between any Loan Party and Lender or its Affiliates in connection with any of the Bank Products.

Bank Product Obligations means all obligations, liabilities, contingent reimbursement obligations, fees, and expenses owing by the Loan Parties to Lender or its Affiliates pursuant to or evidenced by the Bank Product Agreements and irrespective of whether for the payment of money, whether direct or indirect, absolute or contingent, due or to become due, now existing or hereafter arising, and including all such amounts that a Loan Party is obligated to reimburse to Lender as a result of Lender purchasing participations or executing indemnities or reimbursement obligations with respect to the Bank Products provided to the Loan Parties pursuant to the Bank Product Agreements.

Bank Products means any service or facility extended to any Loan Party by Lender or its Affiliates, including, without limitation, (a) deposit accounts, (b) cash management services, including, without limitation, controlled disbursement, lockbox, electronic funds transfers (including, without limitation, book transfers, fedwire transfers, ACH transfers), online reporting and other services relating to accounts maintained with Lender or its Affiliates, (c) debit cards and credit cards and (d) Hedging Agreements.

Base Rate means at any time the greater of (a) the Federal Funds Rate plus 0.5%, and (b) the Prime Rate.

Base Rate Loan means any Loan which bears interest at or by reference to the Base Rate.

Base Rate Margin is defined in the definition of Applicable Margin.

Beneficial Ownership Regulation means 31 C.F.R. § 1010.230.

Borrower is defined in the preamble of this Agreement.

Borrower Asset Disposition means the sale, license, lease, assignment or other transfer of any real property for value (including real property owned by any Loan Party) (each, a "Borrower Disposition") by Borrower to any other Person (including any sale and leaseback transaction and any issuance of Capital Securities by a Subsidiary of such Person) of any asset or right of Borrower (including, the loss, destruction or damage of any thereof or any actual or threatened (in writing to Borrower) condemnation, confiscation, requisition, seizure or taking thereof) other than the involuntary Borrower Disposition of any asset which is to be replaced or repaired with the proceeds of insurance, and is in fact replaced or repaired, within 180 days in a manner satisfactory to Lender.

Borrower Debt Service Coverage Ratio means, for any Computation Period with respect to the Approved Real Property, the ratio of (a) Borrower Net Income, to (b) the sum for such period of (i) cash Interest Expense for the Approved Real Property plus (ii) required payments of principal of each Line of Credit Tranche.

Borrower Net Income means, with respect to Borrower for any period, the net income (or loss) of Borrower from each Approved Lease on the Approved Real Property for such period.

Borrower Obligations means all Obligations of Borrower.

BSA is defined in Section 10.4.

Business Day means any day on which CIBC US is open for commercial banking business in Chicago, Illinois and, in the case of a Business Day which relates to a LIBOR Loan, on which dealings are carried on in the London interbank Eurodollar market.

Capital Expenditures means with respect to any Person, all expenditures which, in accordance with GAAP, would be required to be capitalized and shown on the consolidated balance sheet of such Person, including expenditures in respect of Capital Leases, but excluding expenditures made in connection with the replacement, substitution or restoration of assets to

the extent financed (a) from insurance proceeds (or other similar recoveries) paid on account of the loss of or damage to the assets being replaced or restored or (b) with awards of compensation arising from the taking by eminent domain or condemnation of the assets being replaced.

Capital Lease means, with respect to any Person, any lease of (or other agreement conveying the right to use) any real or personal property by such Person that, in conformity with GAAP, is accounted for as a capital lease on the balance sheet of such Person.

Capital Securities means, with respect to any Person, all shares, interests, participations or other equivalents (however designated, whether voting or non-voting) of such Person's capital, whether now outstanding or issued or acquired after the Closing Date, including common shares, preferred shares, membership interests in a limited liability company, limited or general partnership interests in a partnership, interests in a trust, interests in other unincorporated organizations or any other equivalent of such ownership interest.

Certificate of Beneficial Ownership means a certificate regarding beneficial ownership delivered pursuant to Section 12.1.3(u), as from time to time updated in accordance with the terms of this Agreement, as required by the Beneficial Ownership Regulation.

CFC means (i) a controlled foreign corporation within the meaning of Section 957 of the Code in which any Loan Party is a "United States shareholder" within the meaning of Section 951(b) of the Code; and (ii) any Subsidiary whose sole assets (other than a *de minimis* amount) are equity of one or more entities described in clause (i) of this definition.

Change in Law means the occurrence, after the date of this Agreement, of any of the following: (a) the adoption or taking effect of any law, rule, regulation or treaty, (b) any change in any law, rule, regulation or treaty or in the administration, interpretation, implementation or application thereof by any Governmental Authority or (c) the making or issuance of any request, rule, guideline or directive (whether or not having the force of law) by any Governmental Authority; provided that notwithstanding anything herein to the contrary, (x) the Dodd-Frank Wall Street Reform and Consumer Protection Act and all requests, rules, guidelines or directives thereunder or issued in connection therewith and (y) all requests, rules, guidelines or directives promulgated by the Bank for International Settlements, the Basel Committee on Banking Supervision (or any successor or similar authority) or the United States or foreign regulatory authorities, in each case pursuant to Basel III, shall in each case be deemed to be a "Change in Law", regardless of the date enacted, adopted or issued.

Change of Control means the occurrence of any of the following events: (a) CWH or CWGS shall cease, directly or indirectly, to own and control 100% of the outstanding Capital Securities of Borrower, or (b) Borrower shall cease to, directly or indirectly, own and control 100% of each class of the outstanding Capital Securities of each Subsidiary.

Chattel Paper means all "chattel paper" as such term is defined in Section 9-102(a)(11) of the UCC and, in any event, including with respect to any Loan Party, all Electronic Chattel Paper and Tangible Chattel Paper.

CIBC US is defined in the preamble of this Agreement.

Closing Date is defined in Section 12.1.

Code means the Internal Revenue Code of 1986, as amended from time to time and any successor statute.

Collateral means (a) all of the real property now owned or at any time hereafter acquired by any Loan Party with Loan proceeds, (b) the Mortgaged Property as said term is defined in each Mortgage, (c) any collateral or security interest granted in any of the other Loan Documents (d) all books and records pertaining to any of the foregoing, (e) all Proceeds and products of any of the foregoing, and (f) all collateral security and guaranties given by any Person with respect to any of the foregoing. Where the context requires, terms relating to the Collateral or any part thereof, when used in relation to a Loan Party, shall refer to such Loan Party's Collateral or the relevant part thereof.

Collateral Documents means, collectively, each Mortgage, each Assignment of Rents and Leases, each Subordination, Non-Disturbance and Attornment Agreement, each control agreement and any other agreement or instrument pursuant to which Borrower, any Subsidiary, any other Loan Party or any other Person grants or purports to grant collateral to Lender or otherwise relates to such collateral.

Commitment means Lender's commitment to make Loans under this Agreement. The initial amount of Lender's commitment to make Loans is set forth on Annex A.

Commodity Exchange Act means the Commodity Exchange Act (7 U.S.C. § 1 et seq.), as amended from time to time and any successor statute.

Compliance Certificate means a Compliance Certificate in substantially the form of Exhibit B.

Computation Period means each period of four consecutive Fiscal Quarters ending on the last day of a Fiscal Quarter.

Contingent Liability means, with respect to any Person, each obligation and liability of such Person and all such obligations and liabilities of such Person incurred pursuant to any agreement, undertaking or arrangement by which such Person: (a) guarantees, endorses or otherwise becomes or is contingently liable upon (by direct or indirect agreement, contingent or otherwise, to provide funds for payment, to supply funds to, or otherwise to invest in, a debtor, or otherwise to assure a creditor against loss) the indebtedness, dividend, obligation or other liability of any other Person in any manner (other than by endorsement of instruments in the course of collection), including any indebtedness, dividend or other obligation which may be issued or incurred at some future time; (b) guarantees the payment of dividends or other distributions upon the Capital Securities of any other Person; (c) undertakes or agrees (whether contingently or otherwise): (i) to purchase, repurchase, or otherwise acquire any indebtedness, obligation or liability of any other Person or any property or assets constituting security therefor, (ii) to advance or provide funds for the payment or discharge of any indebtedness, obligation or liability of any other Person (whether in the form of loans, advances, stock purchases, capital contributions or otherwise), or to maintain solvency, assets, level of income, working capital or other financial condition of any other Person, or (iii) to make payment to

any other Person other than for value received; (d) agrees to lease property or to purchase securities, property or services from such other Person with the purpose or intent of assuring the owner of such indebtedness or obligation of the ability of such other Person to make payment of the indebtedness or obligation; (e) to induce the issuance of, or in connection with the issuance of, any letter of credit for the benefit of such other Person; or (f) undertakes or agrees otherwise to assure a creditor against loss. The amount of any Contingent Liability shall (subject to any limitation set forth herein) be deemed to be the outstanding principal amount (or maximum permitted principal amount, if larger) of the indebtedness, obligation or other liability guaranteed or supported thereby.

Controlled Group means all members of a controlled group of corporations, all members of a controlled group of trades or businesses (whether or not incorporated) under common control and all members of an affiliated service group which, together with Borrower or any of its Subsidiaries, are treated as a single employer under Section 414 of the Code or Section 4001 of ERISA.

Copyrights means all copyrights arising under the laws of the United States, any other country or any political subdivision thereof, whether registered or unregistered and whether published or unpublished, all registrations and recordings thereof, and all applications in connection therewith, including all registrations, recordings and applications in the United States Copyright Office, and the right to obtain all renewals of any of the foregoing.

Copyright Licenses means all written agreements naming any Loan Party as licensor or licensee, granting any right under any Copyright, including the grant of rights to manufacture, distribute, exploit and sell materials derived from any Copyright.

CWGS means CWGS Group, LLC, a Delaware limited liability company.

CWH means Camping World Holdings, Inc., a Delaware corporation.

Debt of any Person means, without duplication, (a) all indebtedness of such Person for borrowed money, (b) all indebtedness evidenced by bonds, debentures, notes or similar instruments, (c) all obligations of such Person as lessee under Capital Leases which have been or should be recorded as liabilities on a balance sheet of such Person in accordance with GAAP, (d) all obligations of such Person to pay the deferred purchase price of property or services (excluding trade accounts payable in the ordinary course of business), (e) all indebtedness secured by a Lien on the property of such Person, whether or not such indebtedness shall have been assumed by such Person; provided that if such Person has not assumed or otherwise become liable for such indebtedness, such indebtedness shall be measured at the fair market value of such property securing such indebtedness at the time of determination, (f) all obligations, contingent or otherwise, with respect to the face amount of all letters of credit (whether or not drawn), bankers' acceptances and similar obligations issued for the account of such Person, (g) all Hedging Obligations of such Person, (h) all Contingent Liabilities of such Person, (i) all Debt of any partnership of which such Person is a general partner, (j) all non-compete payment obligations, earn-outs and similar obligations and (k) any Capital Securities or other equity instrument, whether or not mandatorily redeemable, that under GAAP is characterized as debt, whether pursuant to financial accounting standards board issuance No. 150 or otherwise.

Debt to be Repaid means Debt listed on Schedule 12.1.

Default means any event or condition that, if it continues uncured, will, with lapse of time or notice or both, constitute an Event of Default.

Designated Proceeds is defined in Section 5.1.2(a).

Dollar and the sign " \$" mean lawful money of the United States of America.

EEA Financial Institution means (a) any credit institution or investment firm 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 financial 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 means any of the member states of the European Union, Iceland, Liechtenstein, and Norway.

EEA Resolution Authority means any public administrative authority or any person entrusted with public administrative authority of any EEA Member Country (including any delegatee) having responsibility for the resolution of any EEA Financial Institution.

Environmental Claims means all claims, contingent or otherwise, however asserted, by any Governmental Authority or other Person alleging potential liability or responsibility, directly or indirectly, for violation of any Environmental Law, or for release or injury to the environment.

Environmental Laws means all present or future federal, state, local or foreign laws, statutes, common law duties, rules, regulations, ordinances and codes, together with all administrative or judicial orders, consent agreements, directed duties, requests, licenses, authorizations and permits of, and agreements with, any Governmental Authority, in each case relating to any matter arising out of or relating to public health and safety, or pollution or protection of the environment or workplace, including any of the foregoing relating to the presence, use, production, generation, handling, transport, treatment, storage, disposal, distribution, discharge, emission, release, threatened release, control or cleanup of any Hazardous Substance.

ERISA means the Employee Retirement Income Security Act of 1974, as amended from time to time and any successor statute.

EU Bail-In Legislation Schedule means the EU Bail-In Legislation Schedule published by the Loan Market Association (or any successor person), as in effect from time to time.

Event of Default means any of the events described in Section 13.1.

Excluded Hedging Obligation means, with respect to any Loan Party (other than Borrower), any Hedging Obligation constituting a Swap Obligation if, and to the extent that, all or a portion of the guaranty of such Loan Party of, or the grant by such Loan Party of a security

interest to secure, such Hedging Obligation (or any guarantee thereof) is or becomes illegal under the Commodity Exchange Act or any rule, regulation or order of the Commodity Futures Trading Commission (or the application or official interpretation of any thereof) by virtue of such Loan Party'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 guaranty of such Loan Party or the grant of such security interest becomes effective with respect to such Hedging Obligation. If any Hedging Obligation constituting a Swap Obligation arises under a master agreement governing more than one such Hedging Obligation, such exclusion shall apply only to the portion of such Hedging Obligation that is attributable to swaps for which such guaranty or security interest is or becomes illegal.

Excluded Taxes means any of the following Taxes imposed on or with respect to a Recipient or required to be withheld or deducted from a payment to a Recipient, (a) Taxes imposed on or measured by net income (however denominated), franchise Taxes, and branch profits Taxes, in each case, (i) imposed as a result of such Recipient being organized under the laws of, or having its principal office or, in the case of any Lender, its applicable lending office located in, the jurisdiction imposing such Tax (or any political subdivision thereof) or (ii) that are Other Connection Taxes, (b) in the case of Lender, U.S. federal withholding Taxes imposed on amounts payable to or for the account of Lender with respect to an applicable interest in a Loan or Commitment pursuant to the applicable law in effect on the date on which (i) Lender acquires such interest in the Loan or Commitment (other than pursuant to an assignment made at the request of any Loan Party) or (ii) Lender changes its lending office (other than change in lending office made at the request of any Loan Party), except in each case to the extent that, pursuant to Section 6.5, amounts with respect to such Taxes were payable either to Lender's assignor immediately before such Lender became a party hereto or to such Lender immediately before it changed its lending office, (c) United States federal withholding Taxes that would not have been imposed but for such Recipient's failure to comply with Section 6.5 and (d) any U.S. federal withholding Taxes imposed under FATCA.

FATCA shall mean Sections 1471 through 1474 of the Code, as of the date of this Agreement (or any amended or successor or version that is substantially compatible and not materially more onerous to comply with) , any current or future regulations or official interpretations thereof and any agreements entered into by the United States pursuant to Section 1471(b)(1) of the Code and any fiscal or regulatory legislation, rules or practices adopted pursuant to any intergovernmental agreement, treaty or convention among Governmental Authorities entered into in connection with the implementation of the foregoing.

FCPA is defined in Section 9.24(c).

Federal Funds Rate means, for any day, a fluctuating interest rate equal for each day during such period to the greater of (a) the rate calculated by the Federal Reserve Bank of New York based on such day's Federal funds transactions by depository institutions (as determined in such manner as the Federal Reserve Bank of New York shall set forth on its public website from time to time) and published on the next succeeding Business Day by the Federal Reserve Bank of New York as the Federal Funds effective rate and (b) 0%, or, if such rate is not so published for any day which is a Business Day, the rate determined by Lender in its discretion. Lender's determination of such rate shall be binding and conclusive absent manifest error.

Fiscal Quarter means a fiscal quarter of a Fiscal Year.

Fiscal Year means the fiscal year of Borrower and its Subsidiaries, which period shall be the 12-month period ending on December 31 of each year.

FRB means the Board of Governors of the Federal Reserve System or any successor thereto.

Funded Debt means, as to any Person, all Debt of such Person that matures more than one year from the date of its creation (or is renewable or extendible, at the option of such Person, to a date more than one year from such date).

GAAP means generally accepted accounting principles set forth from time to time in the opinions and pronouncements of the Accounting Principles Board and the American Institute of Certified Public Accountants and statements and pronouncements of the Financial Accounting Standards Board (or agencies with similar functions of comparable stature and authority within the U.S. accounting profession) and the Securities and Exchange Commission, which are applicable to the circumstances as of the date of determination.

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

Group is defined in Section 2.2.1.

Hazardous Substances means hazardous waste, hazardous substance, pollutant, contaminant, toxic substance, oil, hazardous material, chemical or other substance regulated by or with respect to which liability or standards of conduct are imposed pursuant to any Environmental Law.

Hedging Agreement means any agreement with respect to any swap, collar, cap, future, forward or derivative transaction, whether exchange-traded, over-the-counter or otherwise, including any involving, or settled by reference to, one or more interest rates, currencies, commodities, equity or debt instruments, any economic, financial or pricing index or basis, or any similar transaction, including any option with respect to any of these transactions and any combination of these transactions.

Hedging Obligation means, with respect to any Person, any liability of such Person under any Hedging Agreement, including any and all cancellations, buy backs, reversals, terminations or assignments under any Hedging Agreement.

Indemnified Liabilities - see Section 14.16.

Indemnified Taxes means (a) Taxes, other than Excluded Taxes, imposed on or with respect to any payment made by, or on account of any obligation of, any Loan Party under any Loan Document and (b) to the extent not otherwise described in (a), Other Taxes.

Intellectual Property means the collective reference to all rights, priorities and privileges relating to intellectual property, whether arising under United States, multinational or foreign laws or otherwise, including the Copyrights, the Copyright Licenses, the Patents, the Patent Licenses, the Trademarks and the Trademark Licenses, and all rights to sue at law or in equity for any infringement or other impairment thereof, including the right to receive all proceeds and damages therefrom.

Intercompany Note means any promissory note evidencing loans made by any Loan Party to any other Loan Party.

Interest Expense means with respect to any Person for any period, the consolidated interest expense of such Person for such period (including all imputed interest on Capital Leases).

Interest Period means, as to any LIBOR Loan, the period commencing on the date such Loan is borrowed or continued as, or converted into, a LIBOR Loan and ending on the date one (1), two (2), or three (3) months thereafter as selected by Borrower pursuant to Section 2.2.2 or 2.2.3, as the case may be; provided that:

(a) if any Interest Period would otherwise end on a day that is not a Business Day, such Interest Period shall be extended to the following Business Day unless the result of such extension would be to carry such Interest Period into another calendar month, in which event such Interest Period shall end on the preceding Business Day;

(b) any Interest Period that begins on a day for which there is no numerically corresponding day in the calendar month at the end of such Interest Period shall end on the last Business Day of the calendar month at the end of such Interest Period;

(c) Borrower may not select any Interest Period which would extend beyond the scheduled Termination Date;

(d) Borrower may not select any Interest Period for a Line of Credit Tranche if, after giving effect to such selection, the aggregate principal amount such Line of Credit Tranche having an Interest Period ending after any date on which an installment of such Line of Credit Tranche is scheduled to be repaid would exceed the aggregate principal amount of such Line of Credit Tranche scheduled to be outstanding after giving effect to such repayment; and

(e) Lender may, in its discretion, require that the first Interest Period under this Agreement be a period less than one (1) month (determined by Lender).

Lender is defined in the preamble of this Agreement and shall include any Affiliate of Lender that provides Bank Products to Borrower.

Lender Party is defined in Section 14.16.

LIBOR Loan means any Loan which bears interest at a rate determined by reference to the LIBO Rate.

LIBOR Margin is defined in the definition of Applicable Margin.

LIBOR Office means the office or offices of Lender which shall be making or maintaining the LIBOR Loans of Lender hereunder. A LIBOR Office of Lender may be, at the option of Lender, either a domestic or foreign office.

LIBO Rate means a rate of interest equal to (i) the per annum rate of interest at which United States dollar deposits for a period equal to the relevant Interest Period are offered in the London Interbank Eurodollar market at 11:00 A.M. (London time) two (2) Business Days prior to the commencement of such Interest Period (or three (3) Business Days prior to the commencement of such Interest Period if banks in London, England were not open and dealing in offshore United States dollars on such second preceding Business Day) , as displayed in the *Bloomberg Financial Markets* system (or other authoritative source selected by Lender in its sole discretion), divided by (ii) a number determined by subtracting from 1.00 the then stated maximum reserve percentage for determining reserves to be maintained by member banks of the Federal Reserve System for Eurocurrency funding or liabilities as defined in Regulation D (or any successor category of liabilities under Regulation D), or as LIBOR is otherwise determined by Lender in its sole and absolute discretion. Lender's determination of the LIBO Rate shall be conclusive, absent manifest error and shall remain fixed during such Interest Period.

Lien means, with respect to any Person, any interest granted by such Person in any real or personal property, asset or other right owned or being purchased or acquired by such Person (including an interest in respect of a Capital Lease) which secures payment or performance of any obligation and shall include any mortgage, lien, encumbrance, title retention lien, charge or other security interest of any kind, whether arising by contract, as a matter of law, by judicial process or otherwise.

Line of Credit Commitment means \$21,525,000.00.

Line of Credit is defined in Section 2.1.1.

Line of Credit Tranche means each advance under the Line of Credit by Lender to Borrower pursuant to Section 2.1.1.

Loan or Loans means, as the context may require, the Line of Credit, including, without limitation, each Line of Credit Tranche.

Loan Documents means, collectively, this Agreement, the Notes, the Mortgages, the Assignments of Rents and Leases, the Collateral Documents, the Subordination Agreements, all Hedging Agreements in favor of Lender or any of its Affiliates, and all documents, instruments and agreements delivered in connection with the foregoing.

Loan Guarantor means each Loan Party other than Borrower including CWGS.

Loan Guarantor Obligations means, collectively, with respect to each Loan Guarantor, all Obligations of such Loan Guarantor; provided, however, that with respect to any Loan Guarantor, the Loan Guarantor Obligations shall exclude all of such Loan Guarantor's Excluded Hedging Obligations.

Loan Guaranty means Section 15 of this Agreement and each separate guarantee, in form and substance satisfactory to Lender, delivered by a Loan Guarantor, as it may be amended or modified and in effect from time to time.

Loan Parties means Borrower, each Loan Guarantor and any other Person who becomes a party to this Agreement pursuant to a joinder agreement or a Loan Guaranty or otherwise and their successors and assigns; provided however, for the avoidance of doubt, no CFC shall be a guarantor of, or pledge any assets to support, an "obligation of a United States person" as defined for purposes of Section 956(c) of the Code.

Mandatory Prepayment Event is defined in Section 5.1.2(a).

Margin Stock means any "margin stock" as defined in Regulation U.

Material Adverse Effect means (a) a material adverse change in, or a material adverse effect upon, the financial condition, operations, assets, business, or properties (including any Approved Real Property) of Borrower, any other Loan Party, (b) a material impairment of the ability of any Loan Party to perform any of the Obligations under any Loan Document, (c) a material adverse effect upon any substantial portion of the Collateral under the Collateral Documents or upon the legality, validity, binding effect or enforceability against any Loan Party of any Loan Document or (d) a material impairment of Lender's rights and remedies under this Agreement and the other Loan Documents.

Mortgage means individually and collectively all mortgages, deeds of trust, leasehold mortgages or similar instrument granting Lender a Lien on real property of any Loan Party.

Multiemployer Pension Plan means a multiemployer plan, as defined in Section 4001(a)(3) of ERISA, to which Borrower or any other member of the Controlled Group (i) is or may be obligated to make contributions, (ii) during the preceding five plan years has made or been obligated to make contributions, or (iii) has any liability.

Net Cash Proceeds means with respect to any Borrower Asset Disposition (excluding income from Approved Leases) of all or any portion of Approved Real Property, the aggregate cash proceeds (including cash proceeds received pursuant to policies of insurance or by way of deferred payment of principal pursuant to a note, installment receivable or otherwise, but only as and when received) received by any Loan Party pursuant to such Borrower Asset Disposition (excluding income from Approved Leases) net of (i) the direct costs relating to such sale, transfer or other disposition (including sales commissions and legal, accounting and investment banking fees), (ii) taxes paid or reasonably estimated by Borrower to be payable as a result thereof (after taking into account any available tax credits or deductions and any tax sharing arrangements) and (iii) amounts required to be applied to the repayment of any Debt secured by a Lien on the asset subject to such Borrower Asset Disposition (excluding income from Approved Leases) (other than the Loans).

Non-Use Fee Rate is defined in the definition of Applicable Margin.

Note means a non-revolving line of credit note substantially in the form of Exhibit A.

Notice of Borrowing is defined in Section 2.2.2.

Notice of Conversion/Continuation is defined in Section 2.2.3.

Obligations means all advances to, and debts, liabilities, obligations, covenants and duties (monetary (including post-petition interest, allowed or not) or otherwise) of any Loan Party under this Agreement and any other Loan Document including Attorney Costs, all Hedging Obligations permitted hereunder which are owed to Lender or its Affiliates, and all other Bank Products Obligations, all in each case howsoever created, arising or evidenced, whether direct or indirect, absolute or contingent, now or hereafter existing, or due or to become due and including interest and fees that accrue after the commencement by or against Borrower or any Affiliate thereof of any proceeding under any debtor relief laws naming such Person as the debtor in such proceeding, regardless of whether such interest and fees are allowed claims in such proceeding. Without limiting the foregoing, the Obligations include (a) the obligation to pay principal, interest, charges, expenses, fees, indemnities and other amounts payable by Borrower under any Loan Document and (b) the obligation of Borrower to reimburse any amount in respect of any of the foregoing that Lender, in its sole discretion, may elect to pay or advance on behalf of Borrower.

OFAC is defined in Section 10.4.

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

Other Taxes means all present or future stamp, court, transfer, value added, excise or documentary, intangible, recording, filing or similar Taxes that arise from any payment made under, from the execution, delivery, performance, enforcement or registration of, from the receipt or perfection of a security interest under, or otherwise with respect to, any Loan Document, except any such Taxes that are Other Connection Taxes imposed with respect to an assignment (other than an assignment made pursuant to Section 7.7).

Paid in Full means (a) the payment in full in cash and performance of all Secured Obligations, and (b) the termination of all Commitments.

Participant is defined in Section 14.13.2.

Patents means (a) all letters patent of the United States, any other country or any political subdivision thereof, all reissues and extensions thereof and all goodwill associated therewith, (b) all applications for letters patent of the United States or any other country and all divisions, continuations and continuations-in-part thereof, and (c) all rights to obtain any reissues or extensions of the foregoing.

Patent Licenses means all agreements, whether written or oral, providing for the grant by or to any Loan Party of any right to manufacture, use or sell any invention covered in whole or in part by a Patent.

Patriot Act is defined in Section 14.15.

PBGC means the Pension Benefit Guaranty Corporation and any entity succeeding to any or all of its functions under ERISA.

Pension Plan means a "pension plan", as such term is defined in Section 3(2) of ERISA, which is subject to Title IV of ERISA or the minimum funding standards of ERISA (other than a Multiemployer Pension Plan), and as to which Borrower or any member of the Controlled Group may have any liability, including any liability by reason of having been a substantial employer within the meaning of Section 4063 of ERISA at any time during the preceding five years, or by reason of being deemed to be a contributing sponsor under Section 4069 of ERISA.

Permitted Lien means a Lien expressly permitted hereunder pursuant to Section 11.2.

Person means any natural person, corporation, partnership, trust, limited liability company, association, Governmental Authority, or any other entity, whether acting in an individual, fiduciary or other capacity.

Plan means an "employee benefit plan" within the meaning of Section 3(3) of ERISA, maintained for employees of Borrower or any Subsidiary, or any such plan to which any Loan Party has an obligation to make contributions on behalf of any of its employees or with respect to which Borrower or any Subsidiary has any liability.

Prime Rate means, for any day, the rate of interest in effect for such day as announced from time to time by Lender as its prime rate (whether or not such rate is actually charged by Lender), which is not intended to be Lender's lowest or most favorable rate of interest at any one time. Lender may make commercial loans or other loans at rates of interest at, above or below the Prime Rate. Any change in the Prime Rate announced by Lender shall take effect at the opening of business on the day specified in the public announcement of such change; provided that Lender shall not be obligated to give notice of any change in the Prime Rate.

Proceeds means all "proceeds" as such term is defined in Section 9-102(a)(64) of the UCC, all collections thereon or distributions or payments with respect thereto relating to the Approved Real Property.

Qualified ECP Guarantor means, in respect of any Hedging Obligation constituting a Swap Obligation, each Grantor that constitutes an "eligible contract participant" under the Commodity Exchange Act or any regulations promulgated thereunder and can cause another person to qualify as an "eligible contract participant" at such time by entering into a keepwell under Section 1a(18)(A)(v)(II) of the Commodity Exchange Act at the time the relevant guaranty or grant of the relevant security interest becomes effective with respect to such Swap Obligation.

Real Estate Documents means, with respect to each Approved Real Property, a duly executed Mortgage and an Assignment of Rents and Leases providing for a fully perfected Lien,

in favor of Lender, in all right, title and interest of Borrower in such real property, together with:

(i) an ALTA Loan Title Insurance Policy, issued by an insurer acceptable to Lender, insuring Lender's first priority Lien on such real property and containing such endorsements as Lender may reasonably require (it being understood that the amount of coverage, exceptions to coverage and status of title set forth in such policy shall be acceptable to Lender);

(ii) copies of all documents of record concerning such real property as shown on the commitment for the ALTA Loan Title Insurance Policy referred to above;

(iii) original or certified copies of all insurance policies required to be maintained with respect to such real property by this Agreement, the applicable Mortgage or any other Loan Document;

(iv) a survey certified to Lender meeting such standards as Lender may reasonably establish and otherwise reasonably satisfactory to Lender;

(v) a flood insurance policy concerning such real property, if required by the Flood Disaster Protection Act of 1973;

(vi) an appraisal, prepared by an independent appraiser engaged directly by Lender of such parcel of real property or interest in real property, which appraisal shall satisfy the requirements of the Financial Institutions Reform, Recovery and Enforcement Act, if applicable, and shall evidence compliance with the supervisory loan-to-value limits set forth in the Federal Deposit Insurance Corporation Improvement Act of 1991, if applicable;

(vii) a fully executed Approved Lease;

(viii) a fully-executed purchase agreement with respect to the subject real property together with all other agreements related to such purchase; and

(ix) such other documentation referenced in this Agreement or otherwise requested by Lender with respect to such Approved Real Property.

Recipient means Lender and its Affiliates.

Regulation D means Regulation D of the FRB, as in effect from time to time and all official rulings and interpretations thereunder or thereof.

Regulation U means Regulation U of the FRB, as in effect from time to time and all official rulings and interpretations thereunder or thereof.

Reportable Event means a reportable event as defined in Section 4043 of ERISA and the regulations issued thereunder as to which the PBGC has not waived the notification requirement of Section 4043(a), or the failure of a Pension Plan to meet the minimum funding standards of Section 412 of the Code (without regard to whether the Pension Plan is a plan described in Section 4021(a)(2) of ERISA) or under Section 302 of ERISA.

Sanctions is defined in Section 9.24(a).

SEC means the Securities and Exchange Commission or any other Governmental Authority succeeding to any of the principal functions thereof.

Secured Obligations means, collectively, the Borrower Obligations and the Loan Guarantor Obligations.

Securities Act means the Securities Act of 1933, as amended.

Senior Officer means, with respect to any Loan Party, any of the chief executive officer, president, the chief financial officer, the chief operating officer or the treasurer of such Loan Party.

Subsidiary means, with respect to any Person, a corporation, partnership, limited liability company, association, joint venture or other business entity of which such Person owns, directly or indirectly, such number of outstanding Capital Securities as have more than 50% of the ordinary voting power for the election of directors or other managers of such corporation, partnership, limited liability company or other entity (other than securities or interest having such power only by reason of the happening of a contingency). Unless the context otherwise requires, each reference to Subsidiaries herein shall be a reference to Subsidiaries of Borrower.

Swap Obligation means, with respect to any Loan Guarantor, any obligation to pay or perform under any agreement, contract or transaction that constitute a "swap" within the meaning of Section 1a(47) of the Commodity Exchange Act.

Taxes means any and all present and future taxes, duties, levies, imposts, deductions, assessments, charges or withholdings (including backup withholding), and any and all liabilities (including interest and penalties and other additions to taxes) with respect to the foregoing.

Termination Date means the earlier to occur of (a) October 31, 2023 which date may be extended at the request of Borrower with the written consent of Lender without the need for any formal amendment hereto, or (b) such other date on which the Commitments terminate pursuant to Section 5 or Section 13.

Termination Event means, with respect to a Pension Plan that is subject to Title IV of ERISA, (a) a Reportable Event, (b) the withdrawal of Borrower or any other member of the Controlled Group from such Pension Plan during a plan year in which Borrower or any other member of the Controlled Group was a "substantial employer" as defined in Section 4001(a)(2) of ERISA or was deemed such under Section 4068(f) of ERISA, (c) the termination of such Pension Plan, the filing of a notice of intent to terminate the Pension Plan or the treatment of an amendment of such Pension Plan as a termination under Section 4041 of ERISA, (d) the institution by the PBGC of proceedings to terminate such Pension Plan or (e) any event or condition that might constitute grounds under Section 4042 of ERISA for the termination of, or appointment of a trustee to administer, such Pension Plan.

Total Plan Liability means, at any time, the present value of all vested and unvested accrued benefits under all Pension Plans, determined as of the then most recent valuation date for each Pension Plan, using PBGC actuarial assumptions for single employer plan terminations.

Trademarks means (a) all trademarks, trade names, corporate names, Borrower names, business names, fictitious business names, trade styles, service marks, logos and other source or business identifiers, and all goodwill associated therewith, now existing or hereafter adopted or acquired, all registrations and recordings thereof, and all applications in connection therewith, whether in the United States Patent and Trademark Office or in any similar office or agency of the United States, any State thereof or any other country or any political subdivision thereof, or otherwise, and all common-law rights related thereto, , and (b) the right to obtain all renewals thereof.

Trademark Licenses means, collectively, each agreement, whether written or oral, providing for the grant by or to any Loan Party of any right to use any Trademark.

Type is defined in Section 2.2.1.

UCC means the Uniform Commercial Code as in effect on the date hereof and from time to time in the State of Illinois, provided that if by reason of mandatory provisions of law, the perfection or the effect of perfection or non-perfection of the security interests in any Collateral or the availability of any remedy hereunder is governed by the Uniform Commercial Code as in effect on or after the date hereof in any other jurisdiction, "UCC" means the Uniform Commercial Code as in effect in such other jurisdiction for purposes of the provisions hereof relating to such perfection or effect of perfection or non-perfection or availability of such remedy.

Unfunded Liability means the amount (if any) by which the present value of all vested and unvested accrued benefits under all Pension Plans exceeds the fair market value of all assets allocable to those benefits, all determined as of the then most recent valuation date for each Pension Plan, using PBGC actuarial assumptions for single employer plan terminations.

Wholly-Owned Subsidiary means, as to any Person, a Subsidiary all of the Capital Securities of which (except directors' qualifying Capital Securities and shares issued to foreign nationals to the extent required by applicable law) are at the time directly or indirectly owned by such Person and/or another Wholly-Owned Subsidiary of such Person.

Write-Down and Conversion Powers means, 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.

1.2 Other Interpretive Provisions. (a) The meanings of defined terms are equally applicable to the singular and plural forms of the defined terms.

(b) Section, Annex, Schedule and Exhibit references are to this Agreement unless otherwise specified.

(c) The term "including" is not limiting and means "including without limitation."

(d) In the computation of periods of time from a specified date to a later specified date, the word "from" means "from and including"; the words "to" and "until" each mean "to but excluding", and the word "through" means "to and including."

(e) Unless otherwise expressly provided herein, (i) references to agreements (including this Agreement and the other Loan Documents) and other contractual instruments shall be deemed to include all subsequent amendments, restatements, supplements and other modifications thereto, but only to the extent such amendments, restatements, supplements and other modifications are not prohibited by the terms of any Loan Document, and (ii) except as provided elsewhere herein, references to any statute or regulation shall be construed as including all statutory and regulatory provisions amending, replacing, supplementing or interpreting such statute or regulation.

(f) This Agreement and the other Loan Documents may use several different limitations, tests or measurements to regulate the same or similar matters. All such limitations, tests and measurements are cumulative and each shall be performed in accordance with its terms.

(g) This Agreement and the other Loan Documents are the result of negotiations among and have been reviewed by counsel to Lender, the Loan Parties and the other parties thereto and are the products of all parties. Accordingly, they shall not be construed against Lender merely because of Lender's involvement in their preparation.

1.3 Accounting Terms; Changes in GAAP; Rates

(a) Accounting Terms. Except as otherwise expressly provided herein, all accounting terms not otherwise defined herein shall be construed in conformity with GAAP. Financial statements and other information required to be delivered by Borrower to Lender pursuant to Section 10.1.1 and Section 10.1.2 shall be prepared in accordance with GAAP as in effect at the time of such preparation. Notwithstanding the foregoing, for purposes of determining compliance with any covenant (including the computation of any financial covenant) contained herein, Indebtedness of Borrower and its subsidiaries shall be deemed to be carried at 100% of the outstanding principal amount thereof and the effects of FASB ASC 825 and FASB ASC 470-20 on financial liabilities shall be disregarded.

(b) Changes in GAAP. If Borrower notifies Lender that Borrower requests an amendment to any provision hereof to eliminate the effect of any change occurring after the date hereof in GAAP or in the application thereof on the operation of such provision (or if Lender notifies Borrower that Lender requests 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) Rates. Lender does not warrant, nor accept responsibility, nor shall Lender have any liability with respect to the administration, submission or any other matter related to the rates in the definition of "LIBO Rate" or with respect to any comparable successor rate thereto.

SECTION 2 COMMITMENTS OF LENDER; BORROWING, AND CONVERSION PROCEDURES;
EVIDENCING OF LOANS.

2.1 Commitments. On and subject to the terms and conditions of this Agreement, Lender agrees to make loans to Borrower as follows:

2.1.1 Line of Credit Commitment. Lender agrees to make one or more advances to Borrower in an aggregate amount not to exceed the Line of Credit Commitment on a non-revolving basis (the "Line of Credit") from time to time until the Termination Date as Borrower may request from Lender. Amounts repaid under the Line of Credit cannot be re-borrowed. The proceeds of each Line of Credit Tranche shall be used by Borrower to finance up to 75% of the purchase price of Approved Real Property.

2.1.2 Intentionally Deleted.

2.2 Loan Procedures.

2.2.1 Various Types of Loans. Each Loan shall be divided into tranches which are either a Base Rate Loan or a LIBOR Loan (each a "type" of Loan), as Borrower shall specify in the related notice of borrowing or conversion pursuant to Section 2.2.2 or 2.2.3. LIBOR Loans having the same Interest Period which expire on the same day are sometimes called a "Group" or collectively "Groups". Base Rate Loans and LIBOR Loans may be outstanding at the same time, provided that not more than three different Groups of LIBOR Loans shall be outstanding at any one time.

2.2.2 Borrowing Procedures.

(a) With respect to each Line of Credit Tranche, after Lender notifies Borrower that it has approved the subject real property as constituting Approved Real Property, Borrower shall give written notice (each such written notice, a "Notice of Borrowing") substantially in the form of Exhibit C to Lender of each proposed Base Rate or LIBOR borrowing not later than 11:00 A.M., Chicago time, at least three (3) Business Days prior to the proposed date of such Line of Credit Tranche borrowing. Each such notice shall be effective upon receipt by Lender, shall be irrevocable, and shall specify the date, amount and type of borrowing and, in the case of a LIBOR borrowing, the initial Interest Period therefor. Each borrowing shall be on a Business Day. Each Base Rate borrowing shall be in an aggregate amount of at least \$100,000 and an integral multiple of \$50,000, and each LIBOR borrowing shall be in an aggregate amount of at least \$1,000,000 and an integral multiple of at least \$500,000. Borrower shall identify, in writing, in each Notice of Borrowing, the specific use of each borrowing and the specific source and timeline of repayment to Lender of each borrowing. The specific use and repayment of each borrowing must be approved of by Lender in Lender's sole discretion.

(b) Unless payment is otherwise timely made by Borrower, the becoming due of any Obligations (whether principal, interest, fees or other charges) shall be deemed to be a request for a Base Rate Line of Credit borrowing on the due date, in the amount of such Obligations. The proceeds of such Line of Credit borrowing shall be disbursed as direct payment of the relevant Obligation and shall be repaid on demand by Borrower to Lender. In addition,

Lender may, at its option, charge such Obligations against any operating, investment or other account of Borrower maintained with Lender or any of its Affiliates.

(c) Lender shall have no obligation to advance Loan proceeds with respect to any Approved Real Property until such time as Lender is in receipt of and has approved of all Real Estate Documents with respect to such Approved Real Property along with any other information requested by Lender in Lender's sole discretion. Borrower hereby covenants and agrees to comply with Lender in connection with the foregoing. Borrower further covenants and agrees that Lender can reject a request for Loan proceeds to acquire any real estate in Lender's sole discretion, other than 5398 NE Martin Luther King Jr. Highway, Greenville, NC 27834 ("MLK") and 111 Red Banks Road, Greenville, NC 27858 ("Red Banks").

2.2.3 Conversion and Continuation Procedures. (a) Subject to Section 2.2.1, Borrower may, upon irrevocable written notice to Lender in accordance with clause (b) below:

(i) elect, as of any Business Day, to convert any Loans (or any part thereof in an aggregate amount not less than \$1,000,000 and a higher integral multiple of \$500,000) into Loans of the other type; or

(ii) elect, as of the last day of the applicable Interest Period, to continue any LIBOR Loans having Interest Periods expiring on such day (or any part thereof in an aggregate amount not less than \$1,000,000 or a higher integral multiple of \$500,000) for a new Interest Period;

provided that after giving effect to any prepayment, conversion or continuation, the aggregate principal amount of each Group of LIBOR Loans shall be at least \$1,000,000 and an integral multiple of \$500,000.

(b) Borrower shall give written notice (each such written notice, a " Notice of Conversion/Continuation ") substantially in the form of Exhibit D or telephonic notice (followed immediately by a Notice of Conversion/Continuation) to Lender of each proposed conversion or continuation not later than (i) in the case of conversion into Base Rate Loans, 11:00 A.M., Chicago time, on the proposed date of such conversion, and (ii) in the case of conversion into or continuation of LIBOR Loans, 11:00 A.M., Chicago time, at least three (3) Business Days prior to the proposed date of such conversion or continuation, specifying in each case:

(i) the proposed date of conversion or continuation;

(ii) the aggregate amount of Loans to be converted or continued;

(iii) the type of Loans resulting from the proposed conversion or continuation; and

(iv) in the case of conversion into, or continuation of, LIBOR Loans, the duration of the requested Interest Period therefor.

(c) If upon the expiration of any Interest Period applicable to LIBOR Loans, Borrower has failed to select timely a new Interest Period to be applicable to such LIBOR Loans,

Borrower shall be deemed to have elected to convert such LIBOR Loans into Base Rate Loans effective on the last day of such Interest Period.

(d) Any conversion of a LIBOR Loan on a day other than the last day of an Interest Period therefor shall be subject to Section 7.4.

2.3 [Reserved].

2.4 Notes. The Loans shall be evidenced by a Note, with appropriate insertions, payable to the order of Lender in a face principal amount equal to the sum of the Line of Credit Commitment.

2.5 Recordkeeping. Lender shall record in its records, the date and amount of each Loan made by Lender, each repayment or conversion thereof and, in the case of each LIBOR Loan, the dates on which each Interest Period for such Loan shall begin and end. The aggregate unpaid principal amount so recorded shall be rebuttably presumptive evidence of the principal amount of the Loans owing and unpaid. The failure to so record any such amount or any error in so recording any such amount shall not, however, limit or otherwise affect the Obligations of Borrower hereunder or under any Note to repay the principal amount of the Loans hereunder, together with all interest accruing thereon.

SECTION 3 INTEREST.

3.1 Interest Rates. Borrower promises to pay interest on the unpaid principal amount of each Line of Credit Tranche for the period commencing on the date of such Line of Credit Tranche until such Line of Credit Tranche is paid in full as follows:

(a) at all times while such Line of Credit Tranche is a Base Rate Loan, at a rate per annum equal to the sum of the Base Rate from time to time in effect plus the Base Rate Margin from time to time in effect; and

(b) at all times while such Line of Credit Tranche is a LIBOR Loan, at a rate per annum equal to the sum of the LIBO Rate applicable to each Interest Period for such Loan plus the LIBOR Margin from time to time in effect;

provided that at any time an Event of Default exists, at Lender's election, the interest rate applicable to each Loan shall be increased by 2% (and, in the case of Obligations not bearing interest, such Obligations shall bear interest at the Base Rate applicable to the Line of Credit plus 2%). Notwithstanding the foregoing, upon the occurrence of an Event of Default under Sections 13.1.1 or 13.1.4, such increase shall occur automatically. In no event shall interest payable by Borrower to Lender hereunder exceed the maximum rate permitted under applicable law, and if any such provision of this Agreement is in contravention of any such law, such provision shall be deemed modified to limit such interest to the maximum rate permitted under such law. The full amount of each Line of Credit Tranche shall be (i) either a Base Rate Loan or a LIBOR Loan, and (ii) deemed to be a Base Rate Loan unless otherwise elected by Borrower pursuant to the terms hereof.

3.2 Interest Payment Dates. Accrued interest on each Base Rate Loan shall be payable in arrears on the last day of each calendar month and at maturity. Accrued interest

on each LIBOR Loan shall be payable on the last day of each Interest Period relating to such Loan, upon a prepayment of such Loan, and at maturity . After maturity, and at any time an Event of Default exists, accrued interest on all Loans shall be payable on demand.

3.3 Setting and Notice of LIBO Rates. The applicable LIBO Rate for each Interest Period shall be determined by Lender, and notice thereof shall be given by Lender promptly to Borrower. Each determination of the applicable LIBO Rate by Lender shall be conclusive and binding upon the parties hereto, in the absence of demonstrable error. Lender shall, upon written request of Borrower, deliver to Borrower a statement showing the computations used by Lender in determining any applicable LIBO Rate hereunder.

3.4 Computation of Interest. Interest shall be computed for the actual number of days elapsed on the basis of a year of (a) 360 days for interest calculated at the LIBO Rate and (b) 365/366 days for interest calculated at the Base Rate. The applicable interest rate for each Base Rate Loan shall change simultaneously with each change in the Base Rate.

SECTION 4 FEES.

4.1 Non-Use Fee. Borrower agrees to pay to Lender, for the period from the Closing Date to the Termination Date, at the Non-Use Fee Rate in effect from time to time multiplied by the unused Line of Credit Commitment during the period of calculation. Such non-use fee shall be payable in arrears on the last day of each calendar quarter and on the Termination Date for any period then ending for which such non-use fee shall not have previously been paid. The non-use fee shall be computed for the actual number of days elapsed on the basis of a year of 360 days.

4.2 Facility Fee. On the Closing Date, Borrower agrees to pay to Lender a fully-earned, non-refundable facility fee in the amount of One Hundred Seven Thousand Six Hundred Twenty Five Dollars and no/100 (\$107,625.00).

4.3 Prepayment Fees. The Loan may be prepaid in whole or in part at any time during the term of this Agreement without payment by Borrower of any prepayment fee, other than prepayment fees owing under this Agreement in connection with repaying LIBOR Loans.

SECTION 5 REDUCTION OR TERMINATION OF THE COMMITMENT; PREPAYMENTS.

5.1 Prepayments.

5.1.1 Voluntary Prepayments. Borrower may from time to time prepay the Loans in whole or in part; provided that Borrower shall give Lender notice thereof not later than 11:00 A.M., Chicago time, on the day of such prepayment (which shall be a Business Day), specifying the Loans to be prepaid and the date and amount of prepayment. Any such partial prepayment shall be in an amount equal to \$500,000 or a higher integral multiple of \$250,000.

5.1.2 Mandatory Prepayments.

(a) Borrower shall make prepayments of the Loan until paid in full upon the occurrence of any of the following (each a "Mandatory Prepayment Event") at the following

times and in the following amounts (such applicable amounts being referred to as "Designated Proceeds"):

- (i) Concurrently with any Borrower Asset Disposition of any of the Approved Real Property, in an amount equal to the amount of the outstanding balance of the Line of Credit Tranche advanced by Lender to finance Borrower's acquisition of such Approved Real Property, as determined and approved of by Lender in Lender's sole reasonable discretion. Nothing herein shall be deemed a consent by Lender to any Borrower Asset Disposition of Approved Real Property.

5.2 Manner of Prepayments. Each voluntary partial prepayment shall be in a principal amount of \$100,000 or a higher integral multiple of \$50,000. Any partial prepayment of a Group of LIBOR Loans shall be subject to the proviso to Section 2.2.3(a). Any prepayment of a LIBOR Loan on a day other than the last day of an Interest Period therefor shall include interest on the principal amount being repaid and shall be subject to Section 7.4. Except as otherwise provided by this Agreement, all principal payments in respect of the Loans shall be applied first, to repay outstanding Base Rate Loans and then to repay outstanding LIBO Rate Loans in direct order of Interest Period maturities. All prepayments shall be applied to installments of principal in the inverse order of maturities.

5.3 Repayments.

5.3.1 Line of Credit. Prior to the Termination Date, each Line of Credit Tranche shall be repaid as follows: (a) twenty-four (24) equal consecutive monthly payments of principal in an amount equal to 1/120th of the initial funding amount of such Line of Credit Tranche, commencing on the last day of the month immediately following the month such Line of Credit Tranche is funded, and continuing on the last day of each month thereafter, and (b) equal consecutive monthly payments of principal in an amount equal to 1/240th of the initial funding amount of such Line of Credit Tranche, commencing on the last day of the twenty-fifth (25th) month following the month such Line of Credit Tranche is funded, and continuing on the last day of each month thereafter. The Line of Credit (including each Line of Credit Tranche) shall be paid in full on the Termination Date.

SECTION 6 MAKING AND PRORATION OF PAYMENTS; SETOFF; TAXES.

6.1 Making of Payments. All payments of principal or interest on the Note(s), and of all fees, shall be made by Borrower to Lender in immediately available funds at the office specified by Lender not later than noon, Chicago time, on the date due; and funds received after that hour shall be deemed to have been received by Lender on the following Business Day. All payments under Section 7.1 shall be made by Borrower directly to Lender without setoff, counterclaim or other defense.

6.2 Application of Certain Payments. So long as no Event of Default has occurred and is continuing, (a) payments matching specific scheduled payments then due shall be applied to those scheduled payments and (b) voluntary and mandatory prepayments shall be applied as set forth in Section 5.2. After the occurrence and during the continuance of an Event of Default, all amounts collected or received by Lender as proceeds from the sale of, or other

realization upon, all or any part of the Collateral shall be applied as Lender shall determine in its discretion.

6.3 Due Date Extension. If any payment of principal or interest with respect to any of the Loans, or of any fees, falls due on a day which is not a Business Day, then such due date shall be extended to the immediately following Business Day (unless, in the case of a LIBOR Loan, such immediately following Business Day is the first Business Day of a calendar month, in which case such due date shall be the immediately preceding Business Day) and, in the case of principal, additional interest shall accrue and be payable for the period of any such extension.

6.4 Setoff. Borrower and each other Loan Party agrees that Lender has all rights of set-off and bankers' lien provided by applicable law, and in addition thereto, Borrower and each other Loan Party agrees that at any time any Event of Default exists, Lender may apply to the payment of any Obligations of Borrower and each other Loan Party hereunder, whether or not then due, any and all balances, credits, deposits, accounts or moneys of Borrower and each other Loan Party then or thereafter with Lender.

6.5 Taxes.

(a) All payments made by a Loan Party hereunder or under any Loan Documents shall be made without setoff, counterclaim, or other defense. To the extent permitted by applicable law, all payments hereunder or under the Loan Documents (including any payment of principal, interest, or fees) to, or for the benefit, of any person shall be made by a Loan Party free and clear of and without deduction or withholding for, or account of, any Taxes now or hereinafter imposed by any taxing authority.

(b) If a Loan Party shall be required by applicable law to deduct any Taxes from or in respect of any sum payable to any Recipient hereunder or any other Loan Document: (i) such Loan Party shall make such deductions; (ii) such Loan Party shall pay the full amount deducted to the relevant taxing or other authority in accordance with applicable law; and (iii) if the Taxes are Indemnified Taxes, the sum payable shall be increased by the Loan Party as much as shall be necessary so that after making all the required deductions (including deductions applicable to additional sums payable under this Section 6.5), the Recipient receives an amount equal to the sum it should have received had no such deductions been made. In addition, the Loan Parties shall timely pay to the relevant Governmental Authority in accordance with applicable law, or at the option of Lender timely reimburse it for the payment of, any Other Taxes. As soon as practicable after any payment of Taxes by the Loan Parties to a Governmental Authority pursuant to this Section, Borrower shall deliver to Lender 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 Lender.

(c) The Loan Parties shall jointly and severally indemnify, and within ten (10) days of demand therefor, pay Lender and each other Recipient for the full amount of Indemnified Taxes and other liabilities, expenses and costs related thereto (including without limitation, reasonable attorneys' or tax advisors' fees and disbursements and Taxes imposed on amounts received under this Section 6.5) that are paid by, or imposed on, Lender or such other Recipient (and any of their respective affiliates), whether or not such Indemnified Taxes were

correctly or legally imposed or asserted by the relevant Governmental Authority. A demand as to the amount of such payment or liability delivered to the Loan Parties by a Lender, shall be conclusive absent manifest error.

(d) If Borrower makes any payment hereunder or under any Loan Document in respect of which it is required by applicable law to deduct or withhold any Taxes, Borrower shall increase the payment hereunder or under any such Loan Document such that after the reduction for the amount of Taxes withheld (and any taxes withheld or imposed with respect to the additional payments required under this Section 6.5(d)), the amount paid to Lender equals the amount that was payable hereunder or under any such Loan Document without regard to this Section 6.5(d). To the extent Borrower withholds any Taxes on payments hereunder or under any Loan Document, Borrower shall pay the full amount deducted to the relevant taxing authority within the time allowed for payment under applicable law and shall deliver to Lender within 30 days after it has made payment to such authority a receipt issued by such authority (or other evidence satisfactory to Lender) evidencing the payment of all amounts so required to be deducted or withheld from such payment.

SECTION 7 INCREASED COSTS; SPECIAL PROVISIONS FOR LIBOR LOANS.

7.1 Increased Costs. (a) If, after the date hereof, any Change in Law: (i) shall impose, modify or deem applicable any reserve (including any reserve imposed by the FRB, but excluding any reserve included in the determination of the LIBO Rate pursuant to Section 3), special deposit, compulsory loan, insurance charge or similar requirement against assets of, deposits with or for the account of, or credit extended or participated in by Lender; (ii) subject any Recipient to any Taxes (other than Indemnified Taxes and Excluded Taxes) on its loan, loan principal, letters of credit, commitments or other obligations, or its deposit reserves, other liabilities or capital attributable thereto; or (iii) shall impose on Lender any other condition affecting its LIBOR Loans, its Note or its obligation to make LIBOR Loans; and the result of anything described in clauses (i), (ii) and (iii) above is to increase the cost to (or to impose a cost on) Lender (or any LIBOR Office of Lender) of making or maintaining any LIBOR Loan, or to reduce the amount of any sum received or receivable by Lender (or its LIBOR Office) (whether of principal, interest or any other amount) under this Agreement or under its Note with respect thereto, then upon demand by Lender (which demand shall be accompanied by a statement setting forth the basis for such demand and a calculation of the amount thereof in reasonable detail), Borrower shall pay directly to Lender such additional amount as will compensate Lender for such increased cost or such reduction, so long as such amounts have accrued on or after the day which is nine months prior to the date on which Lender first made demand therefor (except that, if the Change in Law giving rise to such increased costs or reductions is retroactive, then the nine-month period referred to above shall be extended to include the period of retroactive effect thereof).

(b) If Lender shall reasonably determine that any Change in Law regarding capital adequacy, affecting Lender, or any lending office of Lender, or Lender's holding company, if any, has or would have the effect of reducing the rate of return on Lender's or Lender's holding company's, if any, capital as a consequence of Lender's obligations hereunder to a level below that which Lender or such controlling Person could have achieved but for such Change in Law (taking into consideration Lender's or such controlling Person's policies with respect to capital adequacy) by an amount deemed by Lender or such controlling Person to be

material, then from time to time, upon demand by Lender (which demand shall be accompanied by a statement setting forth the basis for such demand and a calculation of the amount thereof in reasonable detail), Borrower shall pay to Lender such additional amount as will compensate Lender or such controlling Person for such reduction so long as such amounts have accrued on or after the day which is nine months prior to the date on which Lender first made demand therefor (except that, if the Change in Law giving rise to such increased costs or reductions is retroactive, then the nine-month period referred to above shall be extended to include the period of retroactive effect thereof).

7.2 Basis for Determining Interest Rate Inadequate or Unfair. If on or prior to the first day of any Interest Period:

(a) Lender reasonably determines (which determination shall be binding and conclusive on Borrower) that by reason of circumstances affecting the interbank LIBOR market adequate and reasonable means do not exist for ascertaining the applicable LIBO Rate; or

(b) Lender reasonably determines (which determination shall be binding and conclusive on Borrower) that for any reason in connection with any request for a LIBOR Loan or a conversion thereto or a continuation thereof that Dollar deposits are not being offered to banks in the London interbank Eurodollar market for the applicable amount and Interest Period of such LIBOR Loans, the LIBO Rate as determined by Lender will not adequately and fairly reflect the cost to Lender of maintaining or funding LIBOR Loans for such Interest Period or that the making or funding of LIBOR Loans has become impracticable as a result of an event occurring after the date of this Agreement which in the opinion of Lender materially affects such Loans;

then Lender shall promptly notify Borrower and, so long as such circumstances shall continue, (i) Lender shall not be under any obligation to make or convert any Base Rate Loans into LIBOR Loans and (ii) on the last day of the current Interest Period for each LIBOR Loan, such Loan shall, unless then repaid in full, automatically convert to a Base Rate Loan, until Lender revokes such notice.

7.3 Changes in Law Rendering LIBOR Loans Unlawful. If any Change in Law should make it (or in the good faith judgment of Lender cause a substantial question as to whether it is) unlawful, or that any Governmental Authority has asserted that it is unlawful, for Lender to make, maintain or fund LIBOR Loans or determine or charge interest rates based on the LIBO Rate, or any Governmental Authority has imposed material restrictions on the authority of Lender to purchase or sell, or to take deposits of, Dollars in the London interbank market, then Lender shall promptly notify each of the other parties hereto and, so long as such circumstances shall continue, (a) Lender shall have no obligation to make or continue LIBOR Loans or convert any Base Rate Loan into a LIBOR Loan (but shall make Base Rate Loans concurrently with the making of or conversion of Base Rate Loans into LIBOR Loans by Lender which are not so affected, in each case in an amount equal to the amount of LIBOR Loans which would be made or converted into by Lender at such time in the absence of such circumstances) and (b) on the last day of the current Interest Period for each LIBOR Loan of Lender (or, in any event, on such earlier date as may be required by the relevant law, regulation or interpretation), such LIBOR Loan shall, unless then repaid in full, automatically convert to a Base Rate Loan. Each Base Rate Loan made by Lender which, but for the circumstances described in the foregoing sentence, would be a LIBOR Loan (an "Affected Loan") shall remain outstanding for the period

corresponding to the Group of LIBOR Loans of which such Affected Loan would be a part absent such circumstances.

7.4 Funding Losses. Borrower hereby agrees that upon demand by Lender (which demand shall be accompanied by a statement setting forth the basis for the amount being claimed, Borrower will indemnify Lender against any net loss or expense which Lender may sustain or incur (including any net loss or expense incurred by reason of the liquidation or reemployment of deposits or other funds acquired by Lender to fund or maintain any LIBOR Loan), as reasonably determined by Lender, as a result of (a) any payment, prepayment or conversion of any LIBOR Loan of Lender on a date other than the last day of an Interest Period for such Loan (including any conversion pursuant to Section 7.3), (b) any failure of Borrower to borrow, prepay, convert or continue any Loan on a date specified therefor in a notice of borrowing, prepayment, conversion or continuation pursuant to this Agreement, (c) the conversion of any LIBOR Loan other than on the last day of the Interest Period applicable thereto, or (d) the assignment of any LIBOR Loan other than on the last day of the Interest Period. For this purpose, all notices to Lender pursuant to this Agreement shall be deemed to be irrevocable and conclusive absent manifest error. Borrower shall pay Lender the amount shown as due on any such notice within 10 days after receipt thereof.

7.5 Right of Lender to Fund through Other Offices. Lender may, if it so elects, fulfill its commitment as to any LIBOR Loan by causing a foreign branch or Affiliate of Lender to make such Loan; provided that in such event for the purposes of this Agreement such Loan shall be deemed to have been made by Lender and the obligation of Borrower to repay such Loan shall nevertheless be to Lender and shall be deemed held by it, to the extent of such Loan, for the account of such branch or Affiliate.

7.6 Discretion of Lender as to Manner of Funding. Notwithstanding any provision of this Agreement to the contrary, Lender shall be entitled to fund and maintain its funding of all or any part of its Loans in any manner it sees fit, it being understood, however, that for the purposes of this Agreement all determinations hereunder shall be made as if Lender had actually funded and maintained each LIBOR Loan during each Interest Period for such Loan through the purchase of deposits having a maturity corresponding to such Interest Period and bearing an interest rate equal to the LIBO Rate for such Interest Period.

7.7 Mitigation of Circumstances. Lender shall promptly notify Borrower of any event of which it has knowledge which will result in, and will use reasonable commercial efforts available to it (and not, in Lender's sole judgment, otherwise disadvantageous to Lender) to mitigate or avoid, (i) any obligation by Borrower to pay any amount pursuant to Sections 6.5 or 7.1 or (ii) the occurrence of any circumstances described in Sections 7.2 or 7.3 (and, if Lender has given notice of any such event described in clause (i) or (ii) above and thereafter such event ceases to exist, Lender shall promptly so notify Borrower). Without limiting the foregoing, Lender will designate a different funding office if such designation will avoid (or reduce the cost to Borrower of) any event described in clause (i) or (ii) above and such designation will not, in Lender's sole judgment, be otherwise disadvantageous to Lender. Borrower hereby agrees to pay all reasonable costs and expenses incurred by any Lender in connection with any such designation or assignment.

7.8 Conclusiveness of Statements; Survival of Provisions. Determinations and statements of Lender pursuant to Sections 7.1, 7.2, 7.3 or 7.4 shall be conclusive absent demonstrable error. Lender may use reasonable averaging and attribution methods in determining compensation under Sections 7.1 and 7.4, and the provisions of such Sections shall survive repayment of the Obligations, cancellation of any Note(s), and termination of this Agreement.

SECTION 8 COLLATERAL AND COLLATERAL ADMINISTRATION.

8.1 Grant. Borrower hereby assigns and transfers to Lender and (to the extent provided herein) its Affiliates, a continuing security interest in all of its Collateral, as collateral security for the prompt and complete payment and performance when due (whether at the stated maturity, by acceleration or otherwise) of the Borrower Obligations.

8.2 [Reserved].

8.3 [Reserved].

8.4 [Reserved].

8.5 [Reserved].

8.6 Proceeds to be Turned Over to Lender. If an Event of Default shall occur and be continuing, all Proceeds received by any Loan Party consisting of cash, checks and other cash equivalent items shall be held by Borrower in trust for Lender, segregated from other funds of Borrower, and shall, forthwith upon receipt by Borrower, be turned over to Lender in the exact form received by Borrower (duly indorsed by Borrower to Lender, if required). All Proceeds received by Lender hereunder shall be held by Lender in a collateral account maintained under its sole dominion and control. All Proceeds, while held by Lender in any collateral account (or by Borrower in trust for Lender) established pursuant hereto, shall continue to be held as collateral security for the Secured Obligations and shall not constitute payment thereof until applied as provided in Section 8.7.

8.7 Application of Proceeds. At such intervals as may be agreed upon by Borrower and Lender, or, if an Event of Default shall have occurred and be continuing, at any time at Lender's election, Lender may apply all or any part of Proceeds from the sale of, or other realization upon, all or any part of the Collateral in payment of the Secured Obligations in such order as Lender shall determine in its discretion. Any part of such funds which Lender elects not so to apply and deems not required as collateral security for the Secured Obligations shall be paid over from time to time by Lender to the applicable Loan Party or to whomsoever may be lawfully entitled to receive the same. Any balance of such Proceeds remaining after the Secured Obligations shall have been Paid in Full shall be paid over to the applicable Loan Party or to whomsoever may be lawfully entitled to receive the same. In the absence of a specific determination by Lender, the Proceeds from the sale of, or other realization upon, all or any part of the Collateral in payment of the Secured Obligations shall be applied in the following order:

FIRST, to the payment of all fees, costs, expenses and indemnities of Lender (in its capacity as such), including Attorney Costs, and any other Secured Obligations owing

to Lender in respect of sums advanced by Lender to preserve the Collateral or to preserve its security interest in the Collateral, until paid in full;

SECOND, to the payment of all fees, costs, expenses and indemnities of Lender, until paid in full;

THIRD, to the payment of all of the Secured Obligations (other than Hedging Obligations and other Bank Product Obligations) consisting of accrued and unpaid interest owing to Lender, until paid in full;

FOURTH, to the payment of all Secured Obligations consisting of principal or Hedging Obligations owing to Lender, until paid in full;

FIFTH, to the payment of all Bank Products Obligations (other than Hedging Obligations) owing to Lender or its Affiliates, until paid in full;

SIXTH, to the payment of all other Secured Obligations owing to Lender, until paid in full; and

SEVENTH, to the payment of any remaining Proceeds, if any, to whomever may be lawfully entitled to receive such amounts.

8.8 Code and Other Remedies. If an Event of Default shall occur and be continuing, Lender, may exercise, in addition to all other rights and remedies granted to it in this Agreement and in any other instrument or agreement securing, evidencing or relating to the Secured Obligations, all rights and remedies of a secured party under the UCC or any other applicable law. Without limiting the generality of the foregoing, Lender, without demand of performance or other demand, presentment, protest, advertisement or notice of any kind (except any notice required by law referred to below) to or upon any Loan Party or any other Person (all and each of which demands, defenses, advertisements and notices are hereby waived), may in such circumstances forthwith collect, receive, appropriate and realize upon the Collateral, or any part thereof, and/or may forthwith sell, lease, assign, give options to purchase, or otherwise dispose of and deliver the Collateral or any part thereof (or contract to do any of the foregoing), in one or more parcels at public or private sale or sales, at any exchange, broker's board or office of Lender or elsewhere upon such terms and conditions as it may deem advisable and at such prices as it may deem best, for cash or on credit or for future delivery with assumption of any credit risk, all in a commercially reasonable manner. Lender shall have the right upon any such public sale or sales, and, to the extent permitted by law, upon any such private sale or sales, to purchase the whole or any part of the Collateral so sold, free of any right or equity of redemption in any Loan Party, which right or equity is hereby waived and released. Borrower further agrees, at Lender's request, to assemble the Collateral and make it available to Lender at places which Lender shall reasonably select, whether at Borrower's premises or elsewhere. Lender shall apply the net proceeds of any action taken by it pursuant to this Section 8.8, after deducting all reasonable costs and expenses of every kind incurred in connection therewith or incidental to the care or safekeeping of any of the Collateral or in any way relating to the Collateral or the rights of Lender hereunder, including Attorney Costs, to the payment in whole or in part of the Secured Obligations, in such order as Lender may elect, and only after such application and after the payment by Lender of any other

amount required by any provision of law, need Lender account for the surplus, if any, to any Loan Party. To the extent permitted by applicable law, Borrower waives all claims, damages and demands it may acquire against Lender arising out of the exercise by it of any rights hereunder. If any notice of a proposed sale or other disposition of Collateral shall be required by law, such notice shall be deemed reasonable and proper if given at least 10 days before such sale or other disposition.

8.9 [Reserved].

8.10 Waiver: Deficiency. Borrower waives and agrees not to assert any rights or privileges which it may acquire under Section 9-626 of the UCC. Borrower shall remain liable for any deficiency if the proceeds of any sale or other disposition of the Collateral are insufficient to pay the Secured Obligations in full and the reasonable fees and disbursements of any attorneys employed by Lender to collect such deficiency.

8.11 Lender's Appointment as Attorney-in-Fact, etc. (a) Borrower hereby irrevocably constitutes and appoints Lender and any officer or agent thereof, with full power of substitution, as its true and lawful attorney-in-fact with full irrevocable power and authority in the place and stead of Borrower and in the name of Borrower or in its own name, for the purpose of carrying out the terms of this Agreement, to take any and all appropriate action and to execute any and all documents and instruments which may be necessary or desirable to accomplish the purposes of this Agreement, and, without limiting the generality of the foregoing, Borrower hereby gives Lender the power and right, on behalf of and at the expense of Borrower, without notice to or assent by Borrower, to do any or all of the following:

(i) in the name of Borrower or its own name, or otherwise, take possession of and indorse and collect any checks, drafts, notes, acceptances or other instruments for the payment of moneys due with respect to any Collateral and file any claim or take any other action or proceeding in any court of law or equity or otherwise deemed appropriate by Lender for the purpose of collecting any and all such moneys due with respect to any other Collateral whenever payable;

(ii) discharge Liens levied or placed on or threatened against the Collateral, and effect any repairs or insurance called for by the terms of this Agreement and pay all or any part of the premiums therefor and the costs thereof;

(iii) execute, in connection with any sale provided for in Section 8.8, any indorsements, assignments or other instruments of conveyance or transfer with respect to the Collateral; and

(iv) (1) direct any party liable for any payment under any of the Collateral to make payment of any and all moneys due or to become due thereunder directly to Lender or as Lender shall direct; (2) ask or demand for, collect, and receive payment of and receipt for, any and all moneys, claims and other amounts due or to become due at any time in respect of or arising out of any Collateral; (3) sign and indorse any invoices, freight or express bills, bills of lading, storage or warehouse receipts, drafts against debtors, assignments, verifications, notices and other documents in connection with any of the Collateral; (4) commence and prosecute any suits, actions or proceedings at law

or in equity in any court of competent jurisdiction to collect the Collateral or any portion thereof and to enforce any other right in respect of any Collateral; (5) defend any suit, action or proceeding brought against Borrower with respect to any Collateral; (6) settle, compromise or adjust any such suit, action or proceeding and, in connection therewith, give such discharges or releases as Lender may deem appropriate; (7) order good standing certificates and conduct lien searches in respect of such jurisdictions or offices as Lender may deem appropriate; and (8) generally sell, transfer, pledge and make any agreement with respect to or otherwise deal with any of the Collateral as fully and completely as though Lender were the absolute owner thereof for all purposes, and do, at Lender's option and Borrower's expense, at any time, or from time to time, all acts and things which Lender deems necessary to protect, preserve or realize upon the Collateral and Lender's security interests therein and to effect the intent of this Agreement, all as fully and effectively as Borrower might do.

THE POWER-OF-ATTORNEY GRANTED HEREBY IS COUPLED WITH AN INTEREST AND SHALL BE VALID AND IRREVOCABLE UNTIL (X) THE SECURED OBLIGATIONS HAVE BEEN INDEFEASIBLY PAID IN FULL IN ACCORDANCE WITH THE PROVISIONS OF THIS AGREEMENT, THE OTHER LOAN DOCUMENTS OR ANY OTHER GOVERNING DOCUMENTATION, AS APPLICABLE, (Y) LENDER HAS NO FURTHER OBLIGATIONS UNDER THIS AGREEMENT, THE OTHER LOAN DOCUMENTS OR ANY OTHER DOCUMENTS, AND (Z) ANY COMMITMENTS UNDER THIS AGREEMENT HAVE EXPIRED OR HAVE BEEN TERMINATED (IT BEING UNDERSTOOD THAT ANY SUCH COMMITMENTS OR SECURED OBLIGATIONS WILL CONTINUE TO BE EFFECTIVE OR AUTOMATICALLY REINSTATED, AS THE CASE MAY BE, IF AT ANY TIME PAYMENT, IN WHOLE OR IN PART, OF ANY OF THE SECURED OBLIGATIONS IS RESCINDED OR MUST OTHERWISE BE RESTORED OR RETURNED BY LENDER FOR ANY REASON, INCLUDING AS A PREFERENCE, FRAUDULENT CONVEYANCE OR OTHERWISE UNDER ANY BANKRUPTCY, INSOLVENCY OR SIMILAR LAW, ALL AS THOUGH SUCH PAYMENT HAD NOT BEEN MADE; IT BEING FURTHER UNDERSTOOD THAT IN THE EVENT PAYMENT OF ALL OR ANY PART OF THE SECURED OBLIGATIONS IS RESCINDED OR MUST BE RESTORED OR RETURNED, ALL REASONABLE OUT-OF-POCKET COSTS AND EXPENSES (INCLUDING, WITHOUT LIMITATION, ATTORNEY COSTS AND DISBURSEMENTS) INCURRED BY LENDER IN DEFENDING AND ENFORCING SUCH REINSTATEMENT SHALL BE DEEMED TO BE INCLUDED AS A PART OF THE SECURED OBLIGATIONS) (THE OCCURRENCE OF THE FOREGOING, "TERMINATION"). SUCH APPOINTMENT OF LENDER AS ATTORNEY-IN-FACT SHALL BE VALID AND IRREVOCABLE AS PROVIDED HEREIN NOTWITHSTANDING ANY LIMITATIONS TO THE CONTRARY SET FORTH IN THE CERTIFICATE OF INCORPORATION, CERTIFICATE OF FORMATION, ARTICLES OF ORGANIZATION, BY-LAWS, LIMITED LIABILITY COMPANY AGREEMENTS OR OTHER ORGANIZATIONAL DOCUMENTS OF ANY LOAN PARTY OR CORPORATE OR LIMITED LIABILITY COMPANY LAW, AS APPLICABLE, OF THE STATE OF ILLINOIS, OR ANY OTHER STATE OF ORGANIZATION OF ANY GRANTOR.

To the fullest extent permitted by applicable law, Lender shall have no agency, fiduciary or other implied duties to any Loan Party or any other party when acting in its capacity as such attorney-in-fact. Borrower hereby waives and releases any claims that it may otherwise have against Lender with respect to any breach or alleged breach of any such agency, fiduciary or other duty. Notwithstanding the foregoing grant of a power of attorney, Lender shall have no duty to exercise any such right or to preserve the same and shall not be liable for any failure to do so or for any delay in doing so.

Anything in this Section 8.11(a) to the contrary notwithstanding, Lender agrees that it will not exercise any rights under the power of attorney provided for in this Section 8.11(a) unless an Event of Default shall have occurred and be continuing.

(b) If any Loan Party fails to perform or comply with any of its agreements contained herein, Lender, at its option, but without any obligation so to do, may perform or comply, or otherwise cause performance or compliance, with such agreement.

(c) Borrower hereby ratifies all that such attorneys shall lawfully do or cause to be done by virtue hereof. All powers, authorizations and agencies contained in this Agreement are coupled with an interest and are irrevocable until this Agreement is terminated and the security interests created hereby are released.

8.12 Duty of Lender. Lender's sole duty with respect to the custody, safekeeping and physical preservation of the Collateral in its possession shall be to deal with it in the same manner as Lender deals with similar property for its own account. Neither Lender nor any of their respective officers, directors, employees or agents shall be liable for any failure to demand, collect or realize upon any of the Collateral or for any delay in doing so or shall be under any obligation to sell or otherwise dispose of any Collateral upon the request of any Loan Party or any other Person or to take any other action whatsoever with regard to the Collateral or any part thereof. The powers conferred on Lender hereunder are solely to protect Lender's interests in the Collateral and shall not impose any duty upon Lender to exercise any such powers. Lender shall be accountable only for amounts that they actually receive as a result of the exercise of such powers, and neither they nor any of their officers, directors, employees or agents shall be responsible to any Loan Party for any act or failure to act hereunder.

8.13 Acknowledgements. Borrower hereby acknowledges that:

(a) it has been advised by counsel in the negotiation, execution and delivery of this Agreement and the other Loan Documents to which it is a party;

(b) Lender has no fiduciary relationship with or duty to any Loan Party arising out of or in connection with this Agreement or any of the other Loan Documents, and the relationship between the Loan Parties, on the one hand, and Lender, on the other hand, in connection herewith or therewith is solely that of debtor and creditor; and

(c) no joint venture is created hereby or by the other Loan Documents or otherwise exists by virtue of the transactions contemplated hereby the Loan Parties and Lender.

8.14 [Reserved].

8.15 Releases. (a) At such time as the Secured Obligations have been Paid in Full, the Collateral shall be released from the Liens created hereby, and this Agreement and all obligations (other than those expressly stated to survive such termination) of Lender and Borrower hereunder shall terminate, all without delivery of any instrument or performance of any act by any party, and all rights to the Collateral shall revert to the Borrower. At the request and sole expense of any Loan Party following any such termination, Lender shall deliver to the

Borrower any Collateral held by Lender hereunder, and execute and deliver to the Loan Parties such documents as the Loan Parties shall reasonably request to evidence such termination.

(b) If any of the Collateral shall be sold, transferred or otherwise disposed of by Borrower in a transaction permitted by this Agreement, then Lender, at the request and sole expense of Borrower, shall execute and deliver to Borrower all releases or other documents reasonably necessary or desirable for the release of the Liens created hereby on such Collateral. At the request and sole expense of Borrower, a Loan Guarantor shall be released from its obligations hereunder in the event that all the equity interests of such Loan Guarantor shall be sold, transferred or otherwise disposed of in a transaction permitted by this Agreement; provided that Borrower shall have delivered to Lender, with reasonable notice prior to the date of the proposed release, a written request for release identifying the relevant Loan Guarantor and the terms of the sale or other disposition in reasonable detail, including the price thereof and any expenses in connection therewith, together with a certification by Borrower stating that such transaction is in compliance with this Agreement and the other Loan Documents.

8.16 Obligations and Liens Absolute and Unconditional. Borrower understands and agrees that the obligations of Borrower under this Agreement shall be construed as continuing, absolute and unconditional without regard to (a) the validity or enforceability of any Loan Document, any of the Secured Obligations or any other collateral security therefor or guaranty or right of offset with respect thereto at any time or from time to time held by Lender, (b) any defense, set-off or counterclaim (other than a defense of payment or performance) which may at any time be available to or be asserted by any Loan Party or any other Person against Lender, or (c) any other circumstance whatsoever (with or without notice to or knowledge of any Loan Party) which constitutes, or might be construed to constitute, an equitable or legal discharge of any Loan Party for the Secured Obligations, in bankruptcy or in any other instance. When making any demand hereunder or otherwise pursuing its rights and remedies hereunder against any Loan Party, Lender may, but shall be under no obligation to, make a similar demand on or otherwise pursue such rights and remedies as it may have against any other Loan Party or any other Person or against any collateral security or guaranty for the Secured Obligations or any right of offset with respect thereto, and any failure by Lender to make any such demand, to pursue such other rights or remedies or to collect any payments from any other Loan Party or any other Person or to realize upon any such collateral security or guaranty or to exercise any such right of offset, or any release of any other Loan Party or any other Person or any such collateral security, guaranty or right of offset, shall not relieve any Loan Party of any obligation or liability hereunder, and shall not impair or affect the rights and remedies, whether express, implied or available as a matter of law, of Lender against any Loan Party. For the purposes hereof "demand" shall include the commencement and continuance of any legal proceedings.

8.17 Reinstatement. This Agreement shall remain in full force and effect and continue to be effective should any petition be filed by or against Loan Party for liquidation or reorganization, should Loan Party become insolvent or make an assignment for the benefit of creditors or should a receiver or trustee be appointed for all or any significant part of a Loan Party's assets, and shall continue to be effective or be reinstated, as the case may be, if at any time payment and performance of the Secured Obligations, or any part thereof, is, pursuant to applicable law, rescinded or reduced in amount, or must otherwise be restored or returned by any obligee of the Secured Obligations, whether as a "voidable preference", "fraudulent conveyance", or otherwise, all as though such payment or performance had not been made. In

the event that any payment, or any part thereof, is rescinded, reduced, restored or returned, the Secured Obligations shall be reinstated and deemed reduced only by such amount paid and not so rescinded, reduced, restored or returned.

SECTION 9 REPRESENTATIONS AND WARRANTIES.

To induce Lender to enter into this Agreement and to induce Lender to make Loans hereunder, each Loan Party represents and warrants to Lender that:

9.1 Organization. Each Loan Party is validly existing and in good standing under the laws of its jurisdiction of organization; and each Loan Party is duly qualified to do business in each jurisdiction where, because of the nature of its activities or properties, such qualification is required, except for such jurisdictions where the failure to so qualify would not have a Material Adverse Effect.

9.2 Authorization; No Conflict. Each Loan Party is duly authorized to execute and deliver each Loan Document to which it is a party, Borrower is duly authorized to borrow monies hereunder and each Loan Party is duly authorized to perform its Obligations under each Loan Document to which it is a party. The execution, delivery and performance by each Loan Party of each Loan Document to which it is a party, and the borrowings by Borrower hereunder, do not and will not (a) require any consent or approval of any Governmental Authority (other than any consent or approval which has been obtained and is in full force and effect), (b) conflict with (i) any provision of law, (ii) the charter, by-laws or other organizational documents of any Loan Party or (iii) any material agreement, indenture, instrument or other document, or any judgment, order or decree, which is binding upon any Loan Party or any of their respective properties or (c) require, or result in, the creation or imposition of any Lien on any asset of any Loan Party (other than Liens in favor of Lender created pursuant to the Collateral Documents).

9.3 Validity and Binding Nature. Each of this Agreement and each other Loan Document to which any Loan Party is a party is the legal, valid and binding obligation of such Person, enforceable against such Person in accordance with its terms, subject to bankruptcy, insolvency and similar laws affecting the enforceability of creditors' rights generally and to general principles of equity.

9.4 Financial Condition. The audited consolidated and consolidating financial statements of CWH and its Subsidiaries as at CWH's Fiscal Year End, December 31, 2017 and the unaudited consolidated financial statements of CWGS and its Subsidiaries as at June 30, 2018, copies of each of which have been delivered to Lender, were prepared in accordance with GAAP (subject, in the case of such unaudited statements, to the absence of footnotes and to normal year-end adjustments) and present fairly the consolidated financial condition of CWH and its Subsidiaries and CWGS and its Subsidiaries as at such dates and the results of their operations for the periods then ended.

9.5 No Material Adverse Change. Since Borrower's, CWH's and CWGS's most recent Fiscal Year End, December 31, 2017 and the six-month period ended June 30, 2018, there has been no material adverse change in the financial condition, operations, assets, business, properties or prospects of the Loan Parties taken as a whole.

9.6 Litigation and Contingent Liabilities. No litigation (including derivative actions), arbitration proceeding or governmental investigation or proceeding is pending or, to any Loan Parties' knowledge, threatened against any Loan Party which could reasonably be expected to have a Material Adverse Effect, except as set forth in Schedule 9.6. Other than any liability incident to such litigation or proceedings, no Loan Party has any material contingent liabilities not listed on Schedule 9.6 or permitted by Section 11.1.

9.7 Ownership of Properties; Liens. Each Loan Party owns good and, in the case of real property, marketable title to all of its properties and assets, real and personal, tangible and intangible, of any nature whatsoever (including patents, trademarks, trade names, service marks and copyrights), free and clear of all Liens, charges and claims except as set forth on Schedule 9.7 (including infringement claims with respect to patents, trademarks, service marks, copyrights and the like) except as permitted by Section 11.2. No financing statement or other public notice with respect to all or any part of the Collateral is on file or of record in any public office, except filings evidencing Permitted Liens and filings for which termination statements have been delivered to Lender or payoff letters satisfactory to Lender in its reasonable determination have been delivered to Lender with respect to the Debt to be repaid.

9.8 Equity Ownership; Subsidiaries. All issued and outstanding Capital Securities of each Loan Party are duly authorized and validly issued, fully paid, non-assessable, and such securities were issued in compliance with all applicable state and federal laws concerning the issuance of securities. Schedule 9.8 sets forth the issued authorized Capital Securities of each Loan Party as of the Closing Date. All of the issued and outstanding Capital Securities of CWGS are owned as set forth on Schedule 9.8 as of the Closing Date, all of the issued and outstanding Capital Securities of Borrower are owned by CWGS and all of the issued and outstanding Capital Securities of each other Subsidiary are, directly or indirectly, owned by Borrower.

9.9 Employee Benefit Plans. (a) Except as could not reasonably be expected to have a Material Adverse Effect, (i) each Plan complies with, and has been operated in accordance with, all applicable laws, including ERISA and the Code, and the terms of such Plan; (ii) any Plan intended by a Loan Party to be qualified under Section 401 of the Code is so qualified, and (iii) no Loan Party has any liability for damages, fines, penalties, excise taxes, or other similar amounts with respect to any Plan.

(b) Each Pension Plan complies in all material respects with all applicable requirements of law and regulations. No contribution failure under Section 412 of the Code, Section 302 of ERISA or the terms of any Pension Plan has occurred with respect to any Pension Plan, sufficient to give rise to a Lien under Section 303(k) of ERISA or Section 430(k) of the Code, or otherwise to have a Material Adverse Effect. There are no pending or, to the knowledge of any Loan Party, threatened (in writing), claims, actions, investigations or lawsuits against any Pension Plan, any fiduciary of any Pension Plan, or any Loan Party or other any member of the Controlled Group with respect to a Pension Plan or a Multiemployer Pension Plan which could reasonably be expected to have a Material Adverse Effect. No Loan Party nor any other member of the Controlled Group has engaged in any prohibited transaction (as defined in Section 4975 of the Code or Section 406 of ERISA) in connection with any Pension Plan or Multiemployer Pension Plan which would subject that Person to any material liability. Within the past five years, no Loan Party nor any other member of the Controlled Group has engaged in a transaction which resulted in a Pension Plan with an Unfunded Liability being

transferred out of the Controlled Group, which could reasonably be expected to have a Material Adverse Effect. No Termination Event has occurred with respect to any Pension Plan, which could reasonably be expected to have a Material Adverse Effect.

(c) All contributions (if any) have been made to any Multiemployer Pension Plan that are required to be made by any Loan Party or any other member of the Controlled Group under the terms of the plan or of any collective bargaining agreement or by applicable law; no Loan Party nor any other member of the Controlled Group has withdrawn or partially withdrawn from any Multiemployer Pension Plan, incurred any withdrawal liability with respect to any such plan or received notice of any claim or demand for withdrawal liability or partial withdrawal liability from any such plan, and no condition has occurred which, if continued, could result in a withdrawal or partial withdrawal from any such plan; and no Loan Party nor any other member of the Controlled Group has received any notice that any Multiemployer Pension Plan is in reorganization, that increased contributions may be required to avoid a reduction in plan benefits or the imposition of any excise tax, that any such plan is or has been funded at a rate less than that required under Section 412 of the Code, that any such plan is or may be terminated, or that any such plan is or may become insolvent.

9.10 Investment Company Act. No Loan Party is an "investment company" or a company "controlled" by an "investment company" or a "subsidiary" of an "investment company," within the meaning of the Investment Company Act of 1940.

9.11 Compliance with Laws. Each Loan Party and each Subsidiary thereof is in compliance in all material respects with the requirements of all laws and all orders, writs, injunctions and decrees applicable to it or to its properties, except in such instances in which (a) such requirement of law or order, writ, injunction or decree is being contested in good faith by appropriate proceedings diligently conducted or (b) the failure to comply therewith, either individually or in the aggregate, could not reasonably be expected to have a Material Adverse Effect.

9.12 Regulation U. Borrower is not engaged principally, or as one of its important activities, in the business of extending credit for the purpose of purchasing or carrying Margin Stock.

9.13 Taxes. Each Loan Party has timely filed all Tax returns and reports required by law to have been filed by it and has paid all Taxes and governmental charges due and payable with respect to such return or otherwise owing by a Loan Party, except any such Taxes which are being diligently contested in good faith by appropriate proceedings and for which adequate reserves in accordance with GAAP shall have been set aside on its books and such proceedings stay the enforcement and collection upon any Lien for such Taxes. The Loan Parties have made adequate reserves on their books and records in accordance with GAAP for all Taxes that have accrued but which are not yet due and payable. No Loan Party has participated in any transaction that relates to a year of the taxpayer (which is still open under the applicable statute of limitations) which is a "reportable transaction" within the meaning of Treasury Regulation Section 1.6011-4(b)(2) (irrespective of the date when the transaction was entered into).

9.14 Solvency, etc. On the Closing Date, and immediately prior to and after giving effect to each borrowing hereunder and the use of the proceeds thereof, with respect to each Loan Party, individually, (a) the fair value of its assets is greater than the amount of its liabilities (including disputed, contingent and unliquidated liabilities) as such value is established and liabilities evaluated in accordance with GAAP, (b) the present fair saleable value of its assets is not less than the amount that will be required to pay the probable liability on its debts as they become absolute and matured, (c) it is able to realize upon its assets and pay its debts and other liabilities (including disputed, contingent and unliquidated liabilities) as they mature in the normal course of business, (d) it does not intend to, and does not believe that it will, incur debts or liabilities beyond its ability to pay as such debts and liabilities mature and (e) it is not engaged in business or a transaction, and is not about to engage in business or a transaction, for which its property would constitute unreasonably small capital.

9.15 Environmental Matters. The on-going operations of each Loan Party comply in all respects with all Environmental Laws, except such non-compliance which could not (if enforced in accordance with applicable law) reasonably be expected to result, either individually or in the aggregate, in a Material Adverse Effect. Each Loan Party has obtained, and maintained in good standing, all licenses, permits, authorizations, registrations and other approvals required under any Environmental Law and required for their respective ordinary course operations, and for their reasonably anticipated future operations, and each Loan Party is in compliance with all terms and conditions thereof, except where the failure to do so could not reasonably be expected to result in material liability to any Loan Party and could not reasonably be expected to result, either individually or in the aggregate, in a Material Adverse Effect. No Loan Party or any of its properties or operations is subject to any written order from or agreement with any Governmental Authority, nor subject to any judicial or docketed administrative or other proceeding, respecting any Environmental Law, Environmental Claim or Hazardous Substance. There are no Hazardous Substances or other conditions or circumstances existing with respect to any property, arising from operations prior to the Closing Date, or relating to any waste disposal, of any Loan Party that would reasonably be expected to result, either individually or in the aggregate, in a Material Adverse Effect. No Loan Party has any underground storage tanks that are not properly registered or permitted under applicable Environmental Laws or that at any time have released, leaked, disposed of or otherwise discharged Hazardous Substances.

9.16 Insurance. Set forth on Schedule 9.16 is a complete and accurate summary of the property and casualty insurance program of Borrower as of the Closing Date (including the names of all insurers, policy numbers, expiration dates, amounts and types of coverage, annual premiums, exclusions, deductibles, self-insured retention, and a description in reasonable detail of any self-insurance program, retrospective rating plan, fronting arrangement or other risk assumption arrangement involving any Loan Party). Borrower and its properties are insured with financially sound and reputable insurance companies which are not Affiliates of the Loan Parties, in such amounts, with such deductibles and covering such risks as are customarily carried by companies engaged in similar businesses and owning similar properties in localities where Borrower operates.

9.17 Real Property; Collateral Locations. On the date hereof, Schedule 9.17 sets forth (a) each place of business of each Loan Party (including its chief executive office), (b) whether each such Collateral location and place of business (including each Loan Party's chief executive

office) is owned or leased (and if leased, specifies the complete name and notice address of each lessor). No Collateral is located outside the United States.

9.18 Information. All information heretofore or contemporaneously herewith furnished in writing by any Loan Party to Lender for purposes of or in connection with this Agreement and the transactions contemplated hereby is, and all written information hereafter furnished by or on behalf of any Loan Party to Lender pursuant hereto or in connection herewith will be, true and accurate in every material respect on the date as of which such information is dated or certified, and none of such information is or will be incomplete by omitting to state any material fact necessary to make such information not misleading in light of the circumstances under which made (it being recognized by Lender that any projections and forecasts provided by Borrower are based on good faith estimates and assumptions believed by Borrower to be reasonable as of the date of the applicable projections or assumptions and that actual results during the period or periods covered by any such projections and forecasts may differ from projected or forecasted results).

9.19 Intellectual Property. Each Loan Party owns and possesses or has a license or other right to use all patents, patent rights, trademarks, trademark rights, trade names, trade name rights, service marks, service mark rights and copyrights as are necessary for the conduct of the businesses of the Loan Parties, without any infringement upon rights of others which could reasonably be expected to have a Material Adverse Effect.

9.20 Burdensome Obligations. No Loan Party is a party to any agreement or contract or subject to any restriction contained in its organizational documents which could reasonably be expected to have a Material Adverse Effect.

9.21 Labor Matters. Except as set forth on Schedule 9.21, no Loan Party is subject to any labor or collective bargaining agreement. There are no existing or threatened strikes, lockouts or other labor disputes involving any Loan Party that singly or in the aggregate could reasonably be expected to have a Material Adverse Effect. Hours worked by and payment made to employees of the Loan Parties are not in violation of the Fair Labor Standards Act or any other applicable law, rule or regulation dealing with such matters.

9.22 Anti-Terrorism Laws. (a) No Loan Party (and, to the knowledge of each Loan Party, no joint venture or subsidiary thereof) is in violation in any material respects of any United States Requirements of Law relating to terrorism, sanctions or money laundering (the "Anti-Terrorism Laws"), including the United States Executive Order No. 13224 on Terrorist Financing (the "Anti-Terrorism Order") and the Patriot Act.

(b) No Loan Party (and, to the knowledge of each Loan Party, no joint venture or subsidiary thereof) (i) is listed in the annex to, or is otherwise subject to the provisions of, the Anti-Terrorism Order, (ii) is owned or controlled by, or acting for or on behalf of, any person listed in the annex to, or is otherwise subject to the provisions of, the Anti-Terrorism Order, (iii) commits, threatens or conspires to commit or supports "terrorism" as defined in the Anti-Terrorism Order or (iv) is named as a "specially designated national and blocked person" in the most current list published by OFAC.

(c) No Loan Party (and, to the knowledge of each Loan Party, no joint venture or Affiliate thereof) (i) conducts any business or engages in making or receiving any contribution of funds, goods or services to or for the benefit of any person described in clauses (b)(i) through (b)(iv) above, (ii) deals in, or otherwise engages in any transactions relating to, any property or interests in property blocked pursuant to the Anti-Terrorism Order or (iii) engages in or conspires to engage in any transaction that evades or avoids, or has the purpose of evading or avoiding, or attempts to violate, any of the prohibitions set forth in any Anti-Terrorism Law.

9.23 No Default. No Default or Event of Default exists or would result from the incurrence by any Loan Party of any Debt hereunder or under any other Loan Document.

9.24 Sanctions; Anti-Corruption.

(a) Sanctioned Persons. None of Borrower, any of its Subsidiaries or any director, officer, employee, agent (to Borrower's knowledge) or Affiliate of Borrower or any of its Subsidiaries is an individual or entity ("Person") that is, or is owned or controlled by Persons that are: (i) the subject or target of any sanctions administered or enforced by the U.S. Department of the Treasury's Office of Foreign Assets Control ("OFAC"), the U.S. Department of State, the United Nations Security Council, the European Union, Her Majesty's Treasury, or other relevant sanctions authority (collectively, "Sanctions"), or (ii) located, organized or resident in a country or territory that is, or whose government is, the subject of Sanctions (including, without limitation, currently, Crimea, Cuba, Iran, North Korea, Sudan and Syria).

(b) Dealings with Sanctioned Persons. For the past five years, neither Borrower nor any of its Subsidiaries has knowingly engaged in, or is now knowingly engaged in any dealings or transactions with any Person, or in any country or territory, that at the time of the dealing or transaction is or was, or whose government is or was, the subject of Sanctions.

(c) Anti-Corruption Laws. Borrower, its Subsidiaries and their respective directors, officers and employees and, to the knowledge of Borrower, the agents of Borrower and its Subsidiaries, are in compliance with the Foreign Corrupt Practices Act of 1977, as amended, and the rules and regulations thereunder (the "FCPA") and any other applicable anti-corruption law in all material respects. Borrower and its Subsidiaries have instituted and maintain policies and procedures designed to ensure continued compliance therewith.

9.25 Patriot Act. To the extent applicable, each of Borrower and its Subsidiaries is in compliance in all material respects with (i) the Trading with the Enemy Act, as amended, and each of the foreign assets control regulations of the United States Treasury Department (31 CFR, Subtitle B, Chapter V, as amended), and any other enabling legislation or executive order relating thereto, and (ii) the Patriot Act.

9.26 Certificate of Beneficial Ownership. As of Closing Date, the information contained in the Certificate of Beneficial Ownership is true, correct and complete.

9.27 [Reserved].

9.28 Perfected First Priority Liens. The security interests granted pursuant to this Agreement and to be granted in the future pursuant to this Agreement will constitute valid perfected security interests in all of the Collateral in favor of Lender as collateral security for

each Loan Party's Obligations, enforceable in accordance with the terms hereof against all creditors of each Loan Party and any Persons purporting to purchase any Collateral from each Loan Party and (b) are prior to all other Liens on the Collateral in existence on the date hereof except for Permitted Liens for which priority is accorded under applicable law.

9.29 Loan Party Information. On the date hereof, Schedule 9.29 sets forth (a) each Loan Party's jurisdiction of organization, (b) the location of each Loan Party's chief executive office, (c) each Loan Party's exact legal name as it appears on its organizational documents and (d) each Loan Party's organizational identification number (to the extent a Loan Party is organized in a jurisdiction which assigns such numbers) and federal employer identification number.

9.30 [Reserved.]

SECTION 10 AFFIRMATIVE COVENANTS.

Until the expiration or termination of the Commitments and thereafter until all Obligations hereunder and under the other Loan Documents are paid in full, Borrower agrees that, unless at any time Lender shall otherwise expressly consent in writing, it will:

10.1 Reports, Certificates and Other Information. Furnish to Lender:

10.1.1 CWH Reports. Promptly when filed with the SEC, CWH's 10K and 10Q reports. Notwithstanding anything to the contrary contained herein, Borrower shall not be required to provide said documentation to Lender so long as no Event of Default has occurred and is continuing under this Agreement or any of the other Loan Documents.

10.1.2 Interim Reports. (a) Promptly when available and in any event within 60 days after the end of each Fiscal Quarter, consolidated and consolidating balance sheets of Borrower and its Subsidiaries as of the end of such Fiscal Quarter, together with consolidated and consolidating statements of earnings and cash flows for such Fiscal Quarter and for the period beginning with the first day of such Fiscal Year and ending on the last day of such Fiscal Quarter, together with a comparison with the corresponding period of the previous Fiscal Year and a comparison with the budget for such period of the current Fiscal Year, certified by a Senior Officer of Borrower; and (b) promptly when available and in any event within 60 days after the end of each Fiscal Quarter, CWH's quarterly bridges reconciliation for each of its Subsidiaries, including Borrower.

10.1.3 Compliance Certificates. Contemporaneously with the furnishing of a copy of each report pursuant to Section 10.1.2, a duly completed compliance certificate in the form of Exhibit B, with appropriate insertions, dated the date of such report and signed by a Senior Officer of Borrower, containing a computation of each of the financial ratios and restrictions set forth in Section 11.14 and to the effect that such officer has not become aware of any Default or Event of Default that has occurred and is continuing or, if there is any such event, describing it and the steps, if any, being taken to cure it.

10.1.4 Reports to the SEC and to Shareholders. Promptly upon the filing or sending thereof, copies of all regular, periodic or special reports of CWH filed with the SEC (in addition to the reports referenced in Section 10.1.1); copies of all registration statements of

any Loan Party filed with the SEC (other than on Form S-8); and copies of all proxy statements or other communications made to security holders generally. Notwithstanding anything to the contrary contained herein, Borrower shall not be required to provide said documentation to Lender so long as no Event of Default has occurred and is continuing under this Agreement or any of the other Loan Documents.

10.1.5 Notice of Default, Litigation, ERISA and other Matters. Promptly upon becoming aware of any of the following, written notice describing the same and the steps being taken by the applicable Loan Party or the Subsidiary affected thereby with respect thereto:

- (a) the occurrence of an Event of Default or a Default;
- (b) any litigation, arbitration or governmental investigation or proceeding not previously disclosed by any Loan Party to Lender which has been instituted or, to the knowledge of any Loan Party, is threatened against any Loan Party or to which any of the properties of any thereof is subject which might reasonably be expected to have a Material Adverse Effect;
- (c) the institution of any steps by any member of the Controlled Group or any other Person to terminate any Pension Plan, or the failure of any member of the Controlled Group to make a required contribution to any Pension Plan (if such failure is sufficient to give rise to a Lien under Section 303(k) of ERISA or Section 430(k) of the Code) or to any Multiemployer Pension Plan, or the taking of any action with respect to a Pension Plan which could result in the requirement that a Loan Party furnish a bond or other security to the PBGC or such Pension Plan, or the occurrence of any event with respect to any Plan or Multiemployer Pension Plan which could result in the incurrence by any member of the Controlled Group of any material liability, fine or penalty (including any claim or demand for withdrawal liability or partial withdrawal from any Multiemployer Pension Plan), or any material increase in the contingent liability of a Loan Party with respect to any post-retirement welfare benefit plan or other Plan, or any notice that any Multiemployer Pension Plan is in reorganization, that increased contributions may be required to avoid a reduction in plan benefits or the imposition of an excise tax, that any such plan is or has been funded at a rate less than that required under Section 412 of the Code, that any such plan is or may be terminated, or that any such plan is or may become insolvent the receipt of any notice from a Governmental Authority that any Plan intended to be qualified under Section 401 of the Code is not so qualified or that damages, fines, excise taxes, or penalties may be imposed on any Loan Party with respect to a Plan;
- (d) any cancellation or material change in any insurance maintained by any Loan Party;
- (e) any other event (including (i) any violation of any Environmental Law or the assertion of any Environmental Claim or (ii) the enactment or effectiveness of any law, rule or regulation) which might reasonably be expected to have a Material Adverse Effect,

(f) any Lien (other than Permitted Liens) on any of the Collateral which would adversely affect the ability of Lender to exercise any of its remedies hereunder; or

(g) the occurrence of any other event which could reasonably be expected to have a material adverse effect on the aggregate value of the Collateral or on the Liens created hereby.

10.1.6 Management Reports. Promptly upon receipt thereof, copies of all detailed financial and management reports submitted to CWH by independent auditors in connection with each annual or interim audit made by such auditors of the books of CWH.

10.1.7 Subordinated Debt Notices. Promptly following receipt, copies of any notices (including notices of default or acceleration) received from any holder or trustee of, under or with respect to any Subordinated Debt.

10.1.8 Certificate of Beneficial Ownership. (a) Promptly after any change in the individual(s) identified as a beneficial owner in Certificate of Beneficial Ownership and in no event later than contemporaneously with the next scheduled delivery of financial statements pursuant to Section 10.1.1 or 10.1.2, an updated Certificate of Beneficial Ownership in form and substance acceptable to Lender and, (b) promptly from time to time, such other information and documentation related to compliance with applicable "know your customer" and anti-money laundering rules and regulations, including the Patriot Act and the Beneficial Ownership Regulation, as Lender may reasonably request.

10.1.9 Other Information. Promptly from time to time, such other information (including, without limitation, business or financial data, reports, appraisals and projections) concerning CWH, the Loan Parties, and their properties or business, as Lender may reasonably request.

10.2 Books, Records and Inspections. Keep its books and records in accordance with sound business practices sufficient to allow the preparation of financial statements in accordance with GAAP; permit Lender or any representative thereof to inspect the properties and operations of the Loan Parties; and permit at any reasonable time and with reasonable notice (or at any time without notice if an Event of Default exists), Lender or any representative thereof to visit any or all of its offices, to discuss its financial matters with its officers and its independent auditors (and each Loan Party hereby authorizes such independent auditors to discuss such financial matters with Lender or any representative thereof), and to examine (and, at the expense of the Loan Parties, photocopy extracts from) any of its books or other records; and permit Lender and its representatives to inspect the Inventory and other tangible assets of the Loan Parties, to perform appraisals of the equipment of the Loan Parties, and to inspect, audit, check and make copies of and extracts from the books, records, computer data, computer programs, journals, orders, receipts, correspondence and other data relating to Inventory, Accounts and any other collateral. All such inspections or audits by Lender shall be at Borrower's expense; provided that, absent a continuing Event of Default, Borrower shall only be required to pay for one such Lender inspection or audit per year.

10.3 Maintenance of Property; Insurance. (a) Keep all Approved Real Property of the Borrower in good working order and condition, ordinary wear and tear excepted.

(b) Maintain with responsible insurance companies, such insurance coverage as may be required by any law or governmental regulation or court decree or order applicable to it and such other insurance, to such extent and against such hazards and liabilities, as is customarily maintained by companies similarly situated, but which shall insure against all risks and liabilities of the type identified on Schedule 9.16 and shall have insured amounts no less than, and deductibles no higher than, those set forth on such schedule; and, upon request of Lender, furnish to Lender original or electronic copies of policies evidencing such insurance, and a certificate setting forth in reasonable detail the nature and extent of all insurance maintained by the Loan Parties. Borrower shall cause each issuer of an insurance policy to provide Lender with an endorsement (i) showing Lender as lender loss payee with respect to each policy of property or casualty insurance and naming Lender as an additional insured with respect to each policy of liability insurance, (ii) providing that 30 days' (except for non-payment of premium, in which case a 10 days') notice will be given to Lender prior to any cancellation of, material reduction or change in coverage provided by or other material modification to such policy and (iii) reasonably acceptable in all other respects to Lender.

(c) **UNLESS BORROWER PROVIDES LENDER WITH EVIDENCE OF THE INSURANCE COVERAGE REQUIRED BY THIS AGREEMENT, LENDER MAY PURCHASE INSURANCE AT BORROWER'S EXPENSE TO PROTECT LENDER'S INTERESTS IN THE COLLATERAL. THIS INSURANCE MAY, BUT NEED NOT, PROTECT BORROWER'S INTERESTS. THE COVERAGE THAT LENDER PURCHASES MAY NOT PAY ANY CLAIM THAT IS MADE AGAINST BORROWER IN CONNECTION WITH THE COLLATERAL. BORROWER MAY LATER CANCEL ANY INSURANCE PURCHASED BY LENDER, BUT ONLY AFTER PROVIDING LENDER WITH EVIDENCE THAT BORROWER HAS OBTAINED INSURANCE AS REQUIRED BY THIS AGREEMENT. IF LENDER PURCHASES INSURANCE FOR THE COLLATERAL, BORROWER WILL BE RESPONSIBLE FOR THE COSTS OF THAT INSURANCE, INCLUDING INTEREST AND ANY OTHER CHARGES THAT MAY BE IMPOSED WITH THE PLACEMENT OF THE INSURANCE, UNTIL THE EFFECTIVE DATE OF THE CANCELLATION OR EXPIRATION OF THE INSURANCE. THE COSTS OF THE INSURANCE MAY BE ADDED TO THE PRINCIPAL AMOUNT OF THE LOANS OWING HEREUNDER. THE COSTS OF THE INSURANCE MAY BE MORE THAN THE COST OF THE INSURANCE BORROWER MAY BE ABLE TO OBTAIN ON ITS OWN.**

10.4 Compliance with Laws; Payment of Taxes and Liabilities. (a) Comply in all material respects with all applicable laws, rules, regulations, decrees, orders, judgments, licenses and permits, except where failure to comply could not reasonably be expected to have a Material Adverse Effect; (b) without limiting clause (a) above, ensure that no person who owns a controlling interest in or otherwise controls a Loan Party is or shall be (i) listed on the Specially Designated Nationals and Blocked Person List maintained by the Office of Foreign Assets Control ("OFAC"), Department of the Treasury, and/or any other similar lists maintained by OFAC pursuant to any authorizing statute, Executive Order or regulation or (ii) a person designated under Section 1(b), (c) or (d) of Executive Order No. 13224 (September 23, 2001), any related enabling legislation or any other similar Executive Orders, (c) without limiting clause (a) above, comply with all applicable Bank Secrecy Act ("BSA") and anti-money laundering laws and regulations and (d) pay prior to delinquency, all Taxes and other governmental charges against it or any of its property, as well as claims of any kind which, if unpaid, could become a

Lien on any of its property; provided that the foregoing shall not require any Loan Party to pay any such tax or charge so long as it shall contest the validity thereof in good faith by appropriate proceedings and shall set aside on its books adequate reserves with respect thereto in accordance with GAAP and, in the case of a claim which could become a Lien on any collateral, such contest proceedings shall stay the foreclosure of such Lien or the sale of any portion of the Collateral to satisfy such claim.

10.5 Maintenance of Existence, etc. Maintain and preserve (subject to Section 11.5) (a) its existence and good standing in the jurisdiction of its organization and (b) its qualification to do business and good standing in each jurisdiction where the nature of its business makes such qualification necessary (other than such jurisdictions in which the failure to be qualified or in good standing could not reasonably be expected to have a Material Adverse Effect).

10.6 Use of Proceeds. Use the proceeds of the Loans, solely to acquire Approved Real Property as described herein and as approved by Lender in Lender's sole discretion; and not use or permit any proceeds of any Loan to be used, either directly or indirectly, for the purpose, whether immediate, incidental or ultimate, of "purchasing or carrying" any Margin Stock or for any other purpose.

10.7 Employee Benefit Plans.

(a) Maintain, and cause each other member of the Controlled Group to maintain, each Plan in substantial compliance with all applicable requirements of law and regulations.

(b) Make, and cause each other member of the Controlled Group to make, on a timely basis, all required contributions to any Multiemployer Pension Plan.

(c) Not, and not permit any other member of the Controlled Group to (i) seek a waiver of the minimum funding standards of ERISA, (ii) terminate or withdraw from any Pension Plan or Multiemployer Pension Plan or (iii) take any other action with respect to any Pension Plan that would reasonably be expected to entitle the PBGC to terminate, impose liability in respect of, or cause a trustee to be appointed to administer, any Pension Plan, unless the actions or events described in clauses (i), (ii) and (iii) individually or in the aggregate would not have a Material Adverse Effect.

10.8 Environmental Matters. If any release or other disposal of Hazardous Substances shall occur or shall have occurred on any real property or any other assets of any Loan Party, the applicable Loan Party shall cause the prompt containment and removal of such Hazardous Substances and the remediation of such real property or other assets as necessary to comply with all Environmental Laws and to preserve the value of such real property or other assets. Without limiting the generality of the foregoing, the applicable Loan Party shall comply with any Federal or state judicial or administrative order requiring the performance at any real property of any Loan Party of activities in response to the release or threatened release of a Hazardous Substance. To the extent that the transportation of Hazardous Substances is permitted by this Agreement, each Loan Party shall, and shall cause its Subsidiaries to, dispose of such Hazardous Substances, or of any other wastes, only at licensed disposal facilities operating in compliance with Environmental Laws.

10.9 Further Assurances. (a) Take such actions as are necessary or as Lender may reasonably request from time to time to ensure that the Obligations of each Loan Party under the Loan Documents are secured by a first priority perfected Lien in favor of Lender (subject to Permitted Liens) on substantially all of the assets of Borrower and guaranteed by each Loan Party (including, upon the acquisition or creation thereof, any Subsidiary of Borrower acquired or created after the Closing Date), in each case as Lender may determine, including (i) the execution and delivery of guaranties, security agreements, pledge agreements, mortgages, deeds of trust, financing statements and other documents, and the filing or recording of any of the foregoing and (ii) the delivery of certificated securities and other Collateral with respect to which perfection is obtained by possession.

(b) At any time and from time to time, upon the written request of Lender, and at the sole expense of such Loan Party, such Loan Party will promptly and duly execute and deliver, and have recorded, such further instruments and documents and take such further actions as Lender may reasonably request for the purpose of obtaining or preserving the full benefits of this Agreement and of the rights and powers herein granted, including (i) filing any financing or continuation statements under the UCC (or other similar laws) in effect in any jurisdiction with respect to the security interests created hereby and (ii) in the case of any other relevant Collateral, taking any actions necessary to enable Lender to obtain "control" (within the meaning of the applicable UCC) with respect thereto.

10.10 [Reserved].

10.11 [Reserved].

10.12 Delivery of Instruments, Certificated Securities and Chattel Paper. If any amount payable under or in connection with any of the Collateral shall be or become evidenced by any Instrument, Certificated Security or Chattel Paper, such Instrument, Certificated Security or Chattel Paper shall be immediately delivered to Lender, duly indorsed in a manner satisfactory to Lender, to be held as Collateral pursuant to this Agreement and in the case of Electronic Chattel Paper, Borrower shall cause Lender to have control thereof within the meaning set forth in Section 9-105 of the UCC. In the event that an Event of Default shall have occurred and be continuing, upon the request of Lender, any Instrument, Certificated Security or Chattel Paper not theretofore delivered to Lender and at such time being held by Borrower shall be immediately delivered to Lender, duly indorsed in a manner satisfactory to Lender, to be held as Collateral pursuant to this Agreement and in the case of Electronic Chattel Paper, Borrower shall cause Lender to have control thereof within the meaning set forth in Section 9-105 of the UCC.

10.13 Maintenance of Perfected Security Interest; Further Documentation. (a) Borrower shall maintain the security interest created by this Agreement as a perfected security interest having at least the priority described in Section 9.28 and shall defend such security interest against the claims and demands of all Persons whomsoever.

(b) Changes in Name, etc. Borrower shall not, except upon 30 days' prior written notice to Lender and delivery to Lender of (a) all additional financing statements and other documents reasonably requested by Lender as to the validity, perfection and priority of

the security interests provided for herein and (b) if applicable, a written supplement to Schedule 9.17 showing any additional location at which Inventory or Equipment shall be kept:

- (i) change its jurisdiction of organization or the location of its chief executive office from that specified on Schedule 9.17 or in any subsequent notice delivered pursuant to this Section 10.13; or
- (ii) change its name, identity or corporate form.

10.14 [Reserved].

10.15 This Agreement. Each of the Loan Parties (other than Borrower) covenants that it will, and, if necessary, will cause or enable Borrower to, fully comply with each of the covenants and other agreements set forth in this Agreement.

SECTION 11 NEGATIVE COVENANTS

Until the expiration or termination of the Commitments and thereafter until all Obligations hereunder and under the other Loan Documents are paid in full, Borrower agrees that, unless at any time Lender shall otherwise expressly consent in writing, it will:

11.1 Debt. Not create, incur, assume or suffer to exist any Debt on the Collateral, except Debt after which giving effect thereto shall not cause the Borrower Debt Service Coverage Ratio, as calculated on a pro forma basis, to violate Section 11.14.1 of this Agreement.

11.2 Liens. Not create or permit to exist any Lien on any Collateral (whether now owned or hereafter acquired), except:

(a) Liens for taxes or other governmental charges not at the time delinquent or thereafter payable without penalty or being diligently contested in good faith by appropriate proceedings and, in each case, for which it maintains adequate reserves in accordance with GAAP and the execution or other enforcement of which is effectively stayed;

(b) Liens arising in the ordinary course of business (such as (i) Liens of carriers, warehousemen, mechanics and materialmen and other similar Liens imposed by law and (ii) Liens in the form of deposits or pledges incurred in connection with worker's compensation, unemployment compensation and other types of social security (excluding Liens arising under ERISA) or in connection with surety bonds, bids, performance bonds and similar obligations) for sums not overdue or being diligently contested in good faith by appropriate proceedings and not involving any advances or borrowed money or the deferred purchase price of property or services and, in each case, for which it maintains adequate reserves in accordance with GAAP and the execution or other enforcement of which is effectively stayed;

(c) Liens described on Schedule 11.2 as of the Closing Date;

(d) [Reserved];

(e) attachments, appeal bonds, judgments and other similar Liens, for sums not exceeding \$100,000.00 arising in connection with court proceedings, provided the execution or other enforcement of such Liens is effectively stayed and the claims secured thereby are being actively contested in good faith and by appropriate proceedings;

(f) easements, rights of way, restrictions, minor defects or irregularities in title and other similar Liens not interfering in any material respect with the ordinary conduct of the business of any Loan Party and otherwise approved by Lender;

(g) Liens arising under the Loan Documents; and

(h) the replacement, extension or renewal of any Lien permitted by clause (c) above upon or in the same property subject thereto arising out of the extension, renewal or replacement of the Debt secured thereby (without increase in the amount thereof).

11.3 [Reserved].

11.4 [Reserved].

11.5 Mergers, Consolidations, Sales. Not (a) be a party to any merger or consolidation, or (b) sell, transfer, dispose of, convey or lease any Collateral except for the lease of Approved Real Property pursuant to an Approved Lease.

11.6 Modification of Organizational Documents. Not amend or modify its charter, by-laws or other organizational documents in any way which could reasonably be expected to materially adversely affect the interests of Lender; not change its state of formation or its organizational form.

11.7 Transactions with Affiliates. Not (a) enter into, or cause, suffer or permit to exist any transaction, arrangement or contract with any of its other Affiliates relating to the Collateral which is on terms which are less favorable than are obtainable from any Person which is not one of its Affiliates (other than the Approved Leases), and (b) amend, terminate, cancel, extend or otherwise modify an Approved Lease.

11.8 [Reserved].

11.9 Inconsistent Agreements. Not enter into any agreement containing any provision which would (a) be violated or breached by any borrowing by Borrower hereunder or by the performance by any Loan Party of any of its Obligations hereunder or under any other Loan Document, or (b) prohibit Borrower from granting to Lender, a Lien on the Collateral.

11.10 [Reserved]. 11.11

11.11 [Reserved].

11.12 [Reserved].

11.13 Fiscal Year. Not change its Fiscal Year.

11.14 Financial Covenants.

11.14.1 Debt Service Coverage Ratio. Not permit the Borrower Debt Service Coverage Ratio for any Computation Period to be less than 1.25 to 1.00.

11.15 [Reserved].

11.16 [Reserved].

SECTION 12 EFFECTIVENESS; CONDITIONS OF LENDING, ETC.

The obligation of Lender to make its Loans is subject to the following conditions precedent:

12.1 Credit Extensions. The obligation of Lender to make each Line of Credit Tranche borrowing is subject to the conditions precedent, each of which must be satisfied in a manner satisfactory to Lender:

12.1.1 Repayment of Debt to be Repaid. All Debt to be Repaid has been (or concurrently with the borrowing will be) paid in full, and that all agreements and instruments governing such Debt to be Repaid and that all Liens securing such Debt to be Repaid have been (or concurrently with the initial borrowing will be) terminated;

12.1.2 Compliance with Warranties, No Default, etc. Both before and after giving effect to such borrowing, the following statements shall be true and correct;

(a) the representations and warranties of each Loan Party set forth in this Agreement and the other Loan Documents shall be true and correct in all respects with the same effect as if then made (except to the extent stated to relate to a specific earlier date, in which case such representations and warranties shall be true and correct as of such earlier date); and

(b) no Default or Event of Default shall have then occurred and be continuing.

12.1.3 Documentation. Lender shall have received all of the following, in form and substance satisfactory to Lender (and the date on which all such conditions precedent have been satisfied or waived in writing with respect to the initial borrowing hereunder by Lender is called the "Closing Date"):

(a) Agreement and Notes. With respect to the initial funding under this Agreement, this Agreement and the Note.

(b) Authorization Documents. For each Loan Party, such Person's (a) charter (or similar formation document), certified by the appropriate Governmental Authority; (b) good standing certificates in its state of incorporation (or formation) and in each other state requested by Lender; (c) bylaws (or similar governing document); (d) resolutions of its board of directors (or similar governing body) approving and authorizing such Person's execution, delivery and performance of the Loan Documents to which it is party and the transactions

contemplated thereby; and (e) signature and incumbency certificates of its officers executing any of the Loan Documents (it being understood that Lender may conclusively rely on each such certificate until formally advised by a like certificate of any changes therein), all certified by its secretary or an assistant secretary (or similar officer) as being in full force and effect without modification.

(c) Consents, etc. Certified copies of all documents evidencing any necessary corporate or partnership action, consents and governmental approvals (if any) required for the execution, delivery and performance by the Loan Parties of the documents referred to in this Section 12.

(d) Letter of Direction. A letter of direction containing funds flow information with respect to the proceeds of the Loans on the Closing Date.

(e) Intentionally Deleted.

(f) Real Estate Documents. With respect to the Approved Real Property proposed to be financed with such Line of Credit Tranche, all Real Estate Documents.

(g) Subordination Agreements. Subordination Agreements with respect to all Subordinated Debt, if any.

(h) Opinions of Counsel. Opinions of counsel for each Loan Party, including local counsel reasonably requested by Lender.

(i) Insurance. Evidence of the existence of insurance required to be maintained pursuant to Section 10.3(b), together with evidence that Lender has been named as a mortgagee, loss payee and an additional insured on all related insurance policies.

(j) Copies of Documents. Copies of all documents certified by the secretary or assistant secretary (or similar officer) of Borrower as being true, accurate and complete.

(k) Payment of Fees. Evidence of payment by Borrower of all accrued and unpaid fees, costs and expenses to the extent then due and payable on the Closing Date, together with all Attorney Costs of Lender to the extent invoiced prior to the Closing Date, plus such additional amounts of Attorney Costs as shall constitute Lender's reasonable estimate of Attorney Costs incurred or to be incurred by Lender through the closing proceedings (provided that such estimate shall not thereafter preclude final settling of accounts between Borrower and Lender).

(l) Solvency Certificate. A Solvency Certificate executed by a Senior Officer of Borrower.

(m) Search Results; Lien Terminations. Certified copies of Uniform Commercial Code search reports dated a date reasonably near to the Closing Date, listing all effective financing statements which name any Loan Party (under their present names and any previous names) as debtors, together with (a) copies of such financing statements, (b) payoff letters evidencing repayment in full of all Debt to be Repaid, the termination of all agreements relating thereto and the release of all Liens granted in connection therewith, with Uniform

Commercial Code or other appropriate termination statements and documents effective to evidence the foregoing (other than Liens permitted by Section 11.2) and (c) such other Uniform Commercial Code termination statements as Lender may reasonably request.

(n) Filings, Registrations and Recordings. Lender shall have received each document (including Uniform Commercial Code financing statements) required by the Collateral Documents or under law or reasonably requested by Lender to be filed, registered or recorded in order to create in favor of Lender a perfected Lien on the Collateral described therein, prior to any other Liens (subject only to Liens permitted pursuant to Section 11.2), in proper form for filing, registration or recording.

(o) Closing Certificate, Consents and Permits. A certificate executed by an officer of Borrower on behalf of Borrower certifying (a) the matters set forth in Section 12.2.1 as of the Closing Date; together with evidence that (i) all necessary governmental, regulatory, creditor, shareholder, partner and other material consents, approvals and exemptions required to be obtained by Borrower have been duly obtained and are in full force and effect and (ii) all material permits necessary for the operation of any Approved Real Property have been obtained.

(p) Certificate of Beneficial Ownership. With respect to the initial funding under this Agreement, at least three days prior to the Closing Date, a Certificate of Beneficial Ownership containing information required by the Beneficial Ownership Regulation with respect to Borrower, addressed to Lender.

(q) Other. Such other documents as Lender may reasonably request.

12.1.4 Pro Forma Debt Service Coverage Ratio. Borrower shall have provided Lender with evidence that the Borrower Debt Service Coverage Ratio, calculated on a pro forma basis after giving effect to such Line of Credit Tranche borrowing, and the Approved Lease executed in connection therewith, is not less than 1.25 to 1.00, determined in a manner satisfactory to Lender in its sole discretion.

SECTION 13 EVENTS OF DEFAULT AND THEIR EFFECT.

13.1 Events of Default. Each of the following shall constitute an Event of Default under this Agreement:

13.1.1 Non-Payment of the Loans, etc. Default in the payment when due of the principal of any Loan; or default, and continuance thereof for three (3) days, in the payment when due of any interest, fee or other amount payable by Borrower hereunder or under any other Loan Document.

13.1.2 Non-Payment/Default under Other Debt. (a) Any default shall occur under the terms applicable to any Debt of any Loan Party in an aggregate amount (for all such Debt so affected and including undrawn committed or available amounts and amounts owing to all creditors under any combined or syndicated credit arrangement) exceeding \$100,000.00 and such default shall (i) consist of the failure to pay such Debt when due, whether by acceleration or otherwise, or (ii) accelerate the maturity of such Debt or permit the holder or holders thereof, or any trustee or agent for such holder or holders, to cause such Debt to become due

and payable (or require any Loan Party to purchase or redeem such Debt or post cash collateral in respect thereof) prior to its expressed maturity; or (b) the occurrence of any event of default under the Credit Agreement by and between CWGS Enterprises, LLC as holdings, CWGS as borrower and Goldman Sachs Bank USA as administrative agent as same may be amended from time to time (the "Goldman Credit Agreement") or under any document evidencing or securing the Goldman Credit Agreement or any credit facility that refinances or replaces the Goldman Credit Agreement, in each case after the expiration of any applicable grace or cure period.

13.1.3 Other Material Obligations. Default in the payment when due, or in the performance or observance of, any material obligation of, or condition agreed to by, any Loan Party with respect to any material purchase or lease of goods or services where such default, singly or in the aggregate with all other such defaults, might reasonably be expected to have a Material Adverse Effect.

13.1.4 Bankruptcy, Insolvency, etc. Any Loan Party or CWH becomes insolvent or generally fails to pay, or admits in writing its inability or refusal to pay, debts as they become due; or any Loan Party or CWH applies for, consents to, or acquiesces in the appointment of a trustee, receiver or other custodian for such Loan Party or CWH or any property thereof, or makes a general assignment for the benefit of creditors; or, in the absence of such application, consent or acquiescence, a trustee, receiver or other custodian is appointed for any Loan Party or CWH or for a substantial part of the property of any thereof and is not discharged within 60 days; or any bankruptcy, reorganization, debt arrangement, or other case or proceeding under any bankruptcy or insolvency law, or any dissolution or liquidation proceeding, is commenced in respect of any Loan Party or CWH, and if such case or proceeding is not commenced by such Loan Party or CWH, it is consented to or acquiesced in by such Loan Party or CWH, or remains for 60 days undismissed; or any Loan Party or CWH takes any action to authorize, or in furtherance of, any of the foregoing.

13.1.5 Non-Compliance with Loan Documents. (a) Failure by any Loan Party to comply with or to perform any covenant set forth in Sections 10.1.1, 10.1.2, 10.1.3, 10.1.5(a), 10.3(b), 10.5, 10.6, or Section 11; or (b) failure by any Loan Party to comply with or to perform any other provision of this Agreement or any other Loan Document (and not constituting an Event of Default under any other provision of this Section 13) and continuance of such failure described in this clause (b) for 30 days.

13.1.6 Representations; Warranties. Any representation or warranty made by any Loan Party herein or any other Loan Document is breached or is false or misleading in any material respect, or any schedule, certificate, financial statement, report, notice or other writing furnished by any Loan Party to Lender in connection herewith is false or misleading in any material respect on the date as of which the facts therein set forth are stated or certified.

13.1.7 Pension Plans. (a) Any Person institutes steps to terminate a Pension Plan if as a result of such termination any Loan Party or any member of the Controlled Group could be required to make a contribution to such Pension Plan, or could incur a liability or obligation to such Pension Plan, in excess of \$100,000.00; (b) a contribution failure occurs with respect to any Pension Plan sufficient to give rise to a Lien under Section 303(k) of ERISA or 430(i) of the Code; (c) the Unfunded Liability exceeds twenty percent of the Total Plan Liability, or (d) there shall occur any withdrawal or partial withdrawal from a Multiemployer Pension Plan

and the withdrawal liability (without unaccrued interest) to Multiemployer Pension Plans as a result of such withdrawal (including any outstanding withdrawal liability that any Loan Party or any member of the Controlled Group have incurred on the date of such withdrawal) exceeds \$100,000.00.

13.1.8 Judgments. Final judgments which exceed an aggregate of \$100,000.00 shall be rendered against any Loan Party and shall not have been paid, discharged or vacated or had execution thereof stayed pending appeal within 60 days after entry or filing of such judgments.

13.1.9 Invalidity of Collateral Documents, Approved Lease, etc. Any Collateral Document or Approved Lease shall cease to be in full force and effect; or any Loan Party (or any Person by, through or on behalf of any Loan Party) shall contest in any manner the validity, binding nature or enforceability of any Collateral Document or any Approved Lease.

13.1.10 Invalidity of Subordination Provisions, etc. Any subordination provision in any document or instrument governing Subordinated Debt, or any subordination provision in any subordination agreement that relates to any Subordinated Debt, or any subordination provision in any guaranty by any Loan Party of any Subordinated Debt, shall cease to be in full force and effect, or any Loan Party or any other Person (including the holder of any applicable Subordinated Debt) shall contest in any manner the validity, binding nature or enforceability of any such provision.

13.1.11 Change of Control. A Change of Control shall occur.

13.1.12 Material Adverse Effect. The occurrence of any event having a Material Adverse Effect.

13.2 Effect of Event of Default. If any Event of Default described in Section 13.1.4 shall occur in respect of Borrower, the Commitments shall immediately terminate and the Loans and all other Obligations hereunder shall become immediately due and payable, all without presentment, demand, protest or notice of any kind (provided, however, that notwithstanding the foregoing, Hedging Obligations shall terminate only in accordance with the terms of the relevant Hedging Agreement); and, if any other Event of Default shall occur and be continuing, Lender may declare the Commitments to be terminated in whole or in part and/or declare all or any part of the Loans and all other Obligations hereunder to be due and payable, whereupon the Commitments shall immediately terminate (or be reduced, as applicable) and/or the Loans and other Obligations hereunder shall become immediately due and payable (in whole or in part, as applicable), all without presentment, demand, protest or notice of any kind. Lender shall promptly advise Borrower of any such declaration, but failure to do so shall not impair the effect of such declaration.

SECTION 14 GENERAL.

14.1 Waiver; Amendments. No delay on the part of Lender in the exercise of any right, power or remedy shall operate as a waiver thereof, nor shall any single or partial exercise by Lender of any right, power or remedy preclude other or further exercise thereof, or the exercise of any other right, power or remedy. No amendment, modification or waiver of, or

consent with respect to, any provision of this Agreement or the other Loan Documents shall in any event be effective unless the same shall be in writing and acknowledged by Lender, and then any such amendment, modification, waiver or consent shall be effective only in the specific instance and for the specific purpose for which given.

14.2 Confirmations. Borrower and each holder of a Note agree from time to time, upon written request received by it from the other, to confirm to the other in writing the aggregate unpaid principal amount of the Loans then outstanding under such Note.

14.3 Notices. Except as otherwise provided in Sections 2.2.2 and 2.2.3, all notices hereunder shall be in writing (including facsimile transmission) and shall be sent to the applicable party at its address shown on Annex B or at such other address as such party may, by written notice received by the other parties, have designated as its address for such purpose. Notices sent by facsimile transmission shall be deemed to have been given when sent; notices sent by mail shall be deemed to have been given three Business Days after the date when sent by registered or certified mail, postage prepaid; and notices sent by hand delivery or overnight courier service shall be deemed to have been given when received. For purposes of Sections 2.2.2 and 2.2.3, Lender shall be entitled to rely on telephonic instructions from any person that Lender in good faith believes is an authorized officer or employee of Borrower, and Borrower shall hold Lender harmless from any loss, cost or expense resulting from any such reliance.

14.4 Acknowledgement and Consent to Bail-In of EEA Financial Institutions. 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 EEA Financial Institution arising under any Loan Document, to the extent such liability is unsecured, 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 party hereto 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 undertaking, 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.

14.5 Costs and Expenses. (a) Each Loan Party, jointly and severally, agrees to pay on demand all reasonable out-of-pocket costs and expenses of Lender (including Attorney Costs) in connection with the preparation, execution, syndication, delivery and administration

(including perfection and protection of any Collateral and the costs of Intralinks (or other similar service), if applicable) of this Agreement, the other Loan Documents and all other documents provided for herein or delivered or to be delivered hereunder or in connection herewith (including any amendment, supplement or waiver to any Loan Document), whether or not the transactions contemplated hereby or thereby shall be consummated, and all reasonable out-of-pocket costs and expenses (including Attorney Costs) incurred by Lender after an Event of Default in connection with the collection of the Obligations or the enforcement of this Agreement the other Loan Documents or any such other documents or during any workout, restructuring or negotiations in respect thereof. In addition, each Loan Party agrees to pay, and to save Lender harmless from all liability for, any fees of Borrower's auditors in connection with any reasonable exercise by Lender of their rights pursuant to Section 10.2. All Obligations provided for in this Section 14.5 shall survive repayment of the Loans, cancellation of the Notes, and termination of this Agreement.

(b) Each Loan Party agrees to pay, and to save Lender harmless from, any and all liabilities with respect to, or resulting from any delay in paying, any and all stamp, excise, sales or other taxes which may be payable or determined to be payable with respect to any of the Collateral or in connection with any of the transactions contemplated by this Agreement.

(c) The agreements in this Section 14.5 shall survive repayment of all (and shall be) Secured Obligations (and termination of all commitments under this Agreement), any foreclosure under, or any modification, release or discharge of, any or all of the Collateral Documents and termination of this Agreement.

14.6 GOVERNING LAW. THIS AGREEMENT AND EACH NOTE SHALL BE A CONTRACT MADE UNDER AND GOVERNED BY THE INTERNAL LAWS OF THE STATE OF ILLINOIS APPLICABLE TO CONTRACTS MADE AND TO BE PERFORMED ENTIRELY WITHIN SUCH STATE, WITHOUT REGARD TO CONFLICT OF LAWS PRINCIPLES.

14.7 Confidentiality. As required by federal law and Lender's policies and practices, Lender may need to obtain, verify, and record certain customer identification information and documentation in connection with opening or maintaining accounts, or establishing or continuing to provide services. Lender agrees to use commercially reasonable efforts (equivalent to the efforts Lender applies to maintain the confidentiality of its own confidential information) to maintain as confidential all information provided to them by any Loan Party and designated as confidential, except that Lender may disclose such information (a) to Persons employed or engaged by Lender in evaluating, approving, structuring or administering the Loans and the Commitments; (b) to any assignee or participant or potential assignee or participant that has agreed to comply with the covenant contained in this Section 14.7 (and any such assignee or participant or potential assignee or participant may disclose such information to Persons employed or engaged by them as described in clause (a) above); (c) as required or requested by any federal or state regulatory authority or examiner, or any insurance industry association, or as reasonably believed by Lender to be compelled by any court decree, subpoena or legal or administrative order or process; (d) as, on the advice of Lender's counsel, is required by law; (e) in connection with the exercise of any right or remedy under the Loan Documents or in connection with any litigation to which Lender is a party; (f) to any nationally recognized rating agency that requires access to information about Lender's investment portfolio in connection with ratings issued with respect to Lender; (g) to any Affiliate of Lender, or any other Person who may provide Bank Products to the Loan Parties; (h) to Lender's independent

auditors and other professional advisors as to which such information has been identified as confidential; or (i) that ceases to be confidential through no fault of Lender. Notwithstanding the foregoing, Borrower consents to the publication by Lender of a tombstone or similar advertising material relating to the financing transactions contemplated by this Agreement, and Lender reserves the right to provide to industry trade organizations information necessary and customary for inclusion in league table measurements. If any provision of any confidentiality agreement, non-disclosure agreement or other similar agreement between Borrower and Lender conflicts with or contradicts this Section 14.7 with respect to the treatment of confidential information, this section shall supersede all such prior or contemporaneous agreements and understandings between the parties.

14.8 Severability. Whenever possible each provision of this Agreement shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Agreement shall be prohibited by or invalid under applicable law, such provision shall be ineffective to the extent of such prohibition or invalidity, without invalidating the remainder of such provision or the remaining provisions of this Agreement. All obligations of the Loan Parties and rights of Lender expressed herein or in any other Loan Document shall be in addition to and not in limitation of those provided by applicable law.

14.9 Nature of Remedies. All Obligations of the Loan Parties and rights of Lender expressed herein or in any other Loan Document shall be in addition to and not in limitation of those provided by applicable law. No failure to exercise and no delay in exercising, on the part of Lender, any right, remedy, power or privilege hereunder, shall operate as a waiver thereof; nor shall any single or partial exercise of any right, remedy, power or privilege hereunder preclude any other or further exercise thereof or the exercise of any other right, remedy, power or privilege.

14.10 Entire Agreement. This Agreement, together with the other Loan Documents, embodies the entire agreement and understanding among the parties hereto and supersedes all prior or contemporaneous agreements and understandings of such Persons, verbal or written, relating to the subject matter hereof and thereof and any prior arrangements made with respect to the payment by the Loan Parties of (or any indemnification for) any fees, costs or expenses payable to or incurred (or to be incurred) by or on behalf of Lender.

14.11 Counterparts. This Agreement may be executed in any number of counterparts and by the different parties hereto on separate counterparts and each such counterpart shall be deemed to be an original, but all such counterparts shall together constitute but one and the same Agreement. Receipt of an executed signature page to this Agreement by facsimile or other electronic transmission shall constitute effective delivery thereof. Electronic records of executed Loan Documents maintained by Lender shall be deemed to be originals.

14.12 Successors and Assigns. This Agreement shall be binding upon the Loan Parties, Lender and their respective successors and assigns, and shall inure to the benefit of the Loan Parties, Lender and the successors and assigns of Lender. No other Person shall be a direct or indirect legal beneficiary of, or have any direct or indirect cause of action or claim in connection with, this Agreement or any of the other Loan Documents. No Loan Party may assign or transfer any of its rights or Obligations under this Agreement without the prior written consent of Lender.

14.13 Assignments; Participations.

14.13.1 Assignments. (a) Lender may at any time assign to one or more Persons (any such Person, an " Assignee ") all or any portion of its Loans and Commitments, with the prior written consent of Borrower, so long as no Event of Default exists (which consent shall not be unreasonably withheld or delayed and shall not be required for an assignment by Lender to an Affiliate of Lender). Borrower shall be deemed to have granted its consent to any assignment requiring its consent hereunder unless Borrower has expressly objected to such assignment within three Business Days after notice thereof.

(b) From and after the date on which the conditions described above have been met, (i) such Assignee shall be deemed automatically to have become a party hereto and, to the extent that rights and obligations hereunder have been assigned to such Assignee pursuant to an assignment agreement between Lender and the Assignee, shall have the rights and obligations of Lender hereunder and (ii) Lender, to the extent that rights and obligations hereunder have been assigned by it pursuant to such Assignment Agreement, shall be released from its rights (other than its indemnification rights) and obligations hereunder. Upon the request of the Assignee (and, as applicable, Lender) pursuant to an effective assignment agreement, Borrower shall execute and deliver to the Assignee (and, as applicable, Lender) a Note in the principal amount of the Assignee's pro rata share of the Line of Credit Commitment (and, as applicable, a Note in the principal amount of the pro rata share of the Line of Credit Commitment retained by Lender). Each such Note shall be dated the effective date of such assignment. Upon receipt by Lender of such Note, Lender shall return to Borrower any prior Note held by it.

(c) Lender may at any time pledge or assign a security interest in all or any portion of its rights under this Agreement to secure obligations of 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 Lender from any of its obligations hereunder or substitute any such pledgee or assignee for Lender as a party hereto.

14.13.2 Participations. Lender may at any time sell to one or more Persons participating interests in its Loans, Commitments or other interests hereunder (any such Person, a " Participant "). In the event of a sale by Lender of a participating interest to a Participant, (a) Lender's obligations hereunder shall remain unchanged for all purposes, (b) Borrower shall continue to deal solely and directly with Lender in connection with Lender's rights and obligations hereunder, (c) all amounts payable by Borrower shall be determined as if Lender had not sold such participation and shall be paid directly to Lender, and (d) Lender shall maintain as a non-fiduciary agent of Borrower, a register (the " Participation Register ") as to the participations granted and transferred under this Section 14.3.2 containing the same information specified in Section 14.13.1 on the Participation Register as if the participant were a Lender, and no participation may be transferred except as recorded in such Participation Register. Borrower agrees that if amounts outstanding under this Agreement are due and payable (as a result of acceleration or otherwise), each Participant shall be deemed to have the right of set-off in respect of its participating interest in amounts owing under this Agreement to the same extent as if the amount of its participating interest were owing directly to it as Lender under this Agreement; provided that such right of set-off shall be subject to the

obligation of each Participant to share with Lender, and Lender agrees to share with each Participant, on a pro rata basis. Borrower also agrees that each Participant shall be entitled to the benefits of Section 6.5 or 7 as if it were Lender (provided that on the date of the participation no Participant shall be entitled to any greater compensation pursuant to Section 6.5 or 7 than would have been paid to Lender on such date if no participation had been sold and that each Participant complies with Section 6.5(d) as if it were a direct assignee). This Section and Section 14.13.1 shall be construed so that the Loans are at all times maintained in "registered form" for the purposes of the Code and any related regulations (and any successor provisions).

14.14 Captions. Section captions used in this Agreement are for convenience only and shall not affect the construction of this Agreement.

14.15 Customer Identification - USA Patriot Act Notice. CIBC US (for itself and not on behalf of any other party) hereby notifies the Loan Parties that, pursuant to the requirements of the USA Patriot Act, Title III of Pub. L. 107-56, signed into law October 26, 2001 (the "Patriot Act"), it is required to obtain, verify and record information that identifies the Loan Parties, which information includes the name and address of the Loan Parties and other information that will allow CIBC US, as applicable, to identify the Loan Parties in accordance with the Act.

14.16 **INDEMNIFICATION BY LOAN PARTIES.** IN CONSIDERATION OF THE EXECUTION AND DELIVERY OF THIS AGREEMENT LENDER AND THE AGREEMENT TO EXTEND THE COMMITMENTS PROVIDED HEREUNDER, EACH LOAN PARTY HEREBY AGREES TO INDEMNIFY, AND HOLD LENDER AND EACH OF THE OFFICERS, DIRECTORS, EMPLOYEES, AFFILIATES AND AGENTS OF LENDER (EACH A "LENDER PARTY") HARMLESS FROM AND AGAINST ANY AND ALL ACTIONS, CAUSES OF ACTION, SUITS, LOSSES, LIABILITIES, DAMAGES AND EXPENSES, INCLUDING ATTORNEY COSTS (COLLECTIVELY, THE "INDEMNIFIED LIABILITIES"), INCURRED BY LENDER PARTIES OR ANY OF THEM AS A RESULT OF, OR ARISING OUT OF, OR RELATING TO (A) ANY TENDER OFFER, MERGER, PURCHASE OF CAPITAL SECURITIES, PURCHASE OF ASSETS OR OTHER SIMILAR TRANSACTION FINANCED OR PROPOSED TO BE FINANCED IN WHOLE OR IN PART, DIRECTLY OR INDIRECTLY, WITH THE PROCEEDS OF ANY OF THE LOANS, (B) THE USE, HANDLING, RELEASE, EMISSION, DISCHARGE, TRANSPORTATION, STORAGE, TREATMENT OR DISPOSAL OF ANY HAZARDOUS SUBSTANCE AT ANY PROPERTY OWNED OR LEASED BY ANY LOAN PARTY, (C) ANY VIOLATION OF ANY ENVIRONMENTAL LAWS WITH RESPECT TO CONDITIONS AT ANY PROPERTY OWNED OR LEASED BY ANY LOAN PARTY OR THE OPERATIONS CONDUCTED THEREON, (D) THE INVESTIGATION, CLEANUP OR REMEDIATION OF OFFSITE LOCATIONS AT WHICH ANY LOAN PARTY OR THEIR RESPECTIVE PREDECESSORS ARE ALLEGED TO HAVE DIRECTLY OR INDIRECTLY DISPOSED OF HAZARDOUS SUBSTANCES OR (E) THE EXECUTION, DELIVERY, PERFORMANCE OR ENFORCEMENT OF THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT BY ANY OF LENDER PARTIES, EXCEPT FOR ANY SUCH INDEMNIFIED LIABILITIES ARISING ON ACCOUNT OF THE APPLICABLE LENDER PARTY'S GROSS NEGLIGENCE OR WILLFUL MISCONDUCT AS DETERMINED BY A FINAL, NONAPPEALABLE JUDGMENT BY A COURT OF COMPETENT JURISDICTION. IF AND TO THE EXTENT THAT THE FOREGOING UNDERTAKING MAY BE UNENFORCEABLE FOR ANY REASON, EACH LOAN PARTY HEREBY AGREES TO MAKE THE MAXIMUM CONTRIBUTION TO THE PAYMENT AND SATISFACTION OF EACH OF THE INDEMNIFIED LIABILITIES WHICH IS PERMISSIBLE UNDER APPLICABLE LAW. ALL OBLIGATIONS PROVIDED FOR IN THIS SECTION 14.16 SHALL SURVIVE REPAYMENT OF THE LOANS, CANCELLATION OF THE NOTES, ANY FORECLOSURE UNDER, OR

ANY MODIFICATION, RELEASE OR DISCHARGE OF, ANY OR ALL OF THE COLLATERAL DOCUMENTS AND TERMINATION OF THIS AGREEMENT.

14.17 Nonliability of Lender. The relationship between Borrower on the one hand and Lender on the other hand shall be solely that of borrower and lender. Lender has no fiduciary relationship with or duty to any Loan Party arising out of or in connection with this Agreement or any of the other Loan Documents, and the relationship between the Loan Parties, on the one hand, and Lender, on the other hand, in connection herewith or therewith is solely that of debtor and creditor. Lender undertakes no responsibility to any Loan Party to review or inform any Loan Party of any matter in connection with any phase of any Loan Party's business or operations. Each Loan Party agrees that Lender shall have no liability to any Loan Party (whether sounding in tort, contract or otherwise) for losses suffered by any Loan Party in connection with, arising out of, or in any way related to the transactions contemplated and the relationship established by the Loan Documents, or any act, omission or event occurring in connection therewith, unless it is determined in a final non-appealable judgment by a court of competent jurisdiction that such losses resulted from the gross negligence or willful misconduct of the party from which recovery is sought. **NO LENDER PARTY SHALL BE LIABLE FOR ANY DAMAGES ARISING FROM THE USE BY OTHERS OF ANY INFORMATION OR OTHER MATERIALS OBTAINED THROUGH INTRALINKS OR OTHER SIMILAR INFORMATION TRANSMISSION SYSTEMS IN CONNECTION WITH THIS AGREEMENT, NOR SHALL ANY LENDER PARTY HAVE ANY LIABILITY WITH RESPECT TO, AND EACH LOAN PARTY HEREBY WAIVES, RELEASES AND AGREES NOT TO SUE FOR ANY SPECIAL, PUNITIVE, EXEMPLARY, INDIRECT OR CONSEQUENTIAL DAMAGES RELATING TO THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT OR ARISING OUT OF ITS ACTIVITIES IN CONNECTION HEREWITH OR THEREWITH (WHETHER BEFORE OR AFTER THE CLOSING DATE).** Each Loan Party acknowledges that it has been advised by counsel in the negotiation, execution and delivery of this Agreement and the other Loan Documents to which it is a party. No joint venture is created hereby or by the other Loan Documents or otherwise exists by virtue of the transactions contemplated hereby among the Loan Parties and Lender

14.19 FORUM SELECTION AND CONSENT TO JURISDICTION. **ANY LITIGATION BASED HEREON, OR ARISING OUT OF, UNDER, OR IN CONNECTION WITH THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT, SHALL BE BROUGHT AND MAINTAINED EXCLUSIVELY IN THE COURTS OF THE STATE OF ILLINOIS OR IN THE UNITED STATES DISTRICT COURT FOR THE NORTHERN DISTRICT OF ILLINOIS; PROVIDED THAT NOTHING IN THIS AGREEMENT SHALL BE DEEMED OR OPERATE TO PRECLUDE LENDER FROM BRINGING SUIT OR TAKING OTHER LEGAL ACTION IN ANY OTHER JURISDICTION. EACH LOAN PARTY HEREBY EXPRESSLY AND IRREVOCABLY SUBMITS TO THE JURISDICTION OF THE COURTS OF THE STATE OF ILLINOIS AND OF THE UNITED STATES DISTRICT COURT FOR THE NORTHERN DISTRICT OF ILLINOIS FOR THE PURPOSE OF ANY SUCH LITIGATION AS SET FORTH ABOVE. EACH LOAN PARTY FURTHER IRREVOCABLY CONSENTS TO THE SERVICE OF PROCESS BY REGISTERED MAIL, POSTAGE PREPAID, OR BY PERSONAL SERVICE WITHIN OR WITHOUT THE STATE OF ILLINOIS. EACH LOAN PARTY HEREBY EXPRESSLY AND IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY LAW, ANY OBJECTION WHICH IT MAY NOW OR HEREAFTER HAVE TO THE LAYING OF VENUE OF ANY SUCH LITIGATION BROUGHT IN ANY SUCH COURT REFERRED TO ABOVE AND ANY CLAIM THAT ANY SUCH LITIGATION HAS BEEN BROUGHT IN AN INCONVENIENT FORUM.**

14.20 **WAIVER OF JURY TRIAL.** EACH LOAN PARTY AND LENDER HEREBY WAIVES ANY RIGHT TO A TRIAL BY JURY IN ANY ACTION OR PROCEEDING TO ENFORCE OR DEFEND ANY RIGHTS UNDER THIS AGREEMENT, ANY NOTE, ANY OTHER LOAN DOCUMENT AND ANY AMENDMENT, INSTRUMENT, DOCUMENT OR AGREEMENT DELIVERED OR WHICH MAY IN THE FUTURE BE DELIVERED IN CONNECTION HERewith OR THEREWITH OR ARISING FROM ANY LENDING RELATIONSHIP EXISTING IN CONNECTION WITH ANY OF THE FOREGOING, AND AGREES THAT ANY SUCH ACTION OR PROCEEDING SHALL BE TRIED BEFORE A COURT AND NOT BEFORE A JURY.

SECTION 15 LOAN GUARANTY.

15.1 **Guaranty.** (a) Each of the Loan Guarantors hereby, jointly and severally, unconditionally and irrevocably, as a primary obligor and not only a surety, guaranties to Lender and its successors, endorsees, transferees and assigns, the prompt and complete payment and performance by Borrower when due (whether at the stated maturity, by acceleration or otherwise) of Borrower Obligations (other than those Obligations constituting Excluded Hedging Obligations).

(b) Anything herein or in any other Loan Document to the contrary notwithstanding, the maximum liability of each Loan Guarantor hereunder and under the other Loan Documents shall in no event exceed the amount which can be guaranteed by such Loan Guarantor under applicable federal and state laws relating to the insolvency of debtors (after giving effect to the right of contribution established in Section 15.2).

(c) Each Loan Guarantor agrees that the Secured Obligations may at any time and from time to time exceed the amount of the liability of such Loan Guarantor hereunder without impairing the guaranty contained in this Section 15 or affecting the rights and remedies of Lender hereunder.

(d) The guaranty contained in this Section 15 shall remain in full force and effect until all of the Secured Obligations shall have been Paid in Full.

(e) No payment made by Borrower, any of the Loan Guarantors, any other guarantor or any other Person or received or collected by Lender from Borrower, any of the Loan Guarantors, any other guarantor or any other Person by virtue of any action or proceeding or any set-off or appropriation or application at any time or from time to time in reduction of or in payment of the Obligations shall be deemed to modify, reduce, release or otherwise affect the liability of any Loan Guarantor hereunder which shall, notwithstanding any such payment (other than any payment made by such Loan Guarantor in respect of the Secured Obligations or any payment received or collected from such Loan Guarantor in respect of the Secured Obligations), remain liable for the Secured Obligations up to the maximum liability of such Loan Guarantor hereunder until the Secured Obligations are Paid in Full.

15.2 **Right of Contribution.** Each Loan Guarantor hereby agrees that to the extent that a Loan Guarantor shall have paid more than its proportionate share of any payment made hereunder, such Loan Guarantor shall be entitled to seek and receive contribution from and against any other Loan Guarantor hereunder which has not paid its proportionate share of such payment. Each Loan Guarantor's right of contribution shall be subject to the terms and

conditions of Section 15.3. The provisions of this Section 15.2 shall in no respect limit the obligations and liabilities of any Loan Guarantor to Lender, and each Loan Guarantor shall remain liable to Lender for the full amount guaranteed by such Loan Guarantor hereunder.

15.3 No Subrogation. Notwithstanding any payment made by any Loan Guarantor hereunder or any set-off or application of funds of any Loan Guarantor by Lender, no Loan Guarantor shall be entitled to be subrogated to any of the rights of Lender against Borrower or any other Loan Guarantor or any collateral security or guaranty or right of offset held by Lender for the payment of the Secured Obligations, nor shall any Loan Guarantor seek or be entitled to seek any contribution or reimbursement from Borrower or any other Loan Guarantor in respect of payments made by such Loan Guarantor hereunder, until all of the Secured Obligations are Paid in Full, and the Commitments are terminated. If any amount shall be paid to any Loan Guarantor on account of such subrogation rights at any time when all of the Secured Obligations shall not have been Paid in Full, such amount shall be held by such Loan Guarantor in trust for Lender, segregated from other funds of such Loan Guarantor, and shall, forthwith upon receipt by such Loan Guarantor, be turned over to Lender in the exact form received by such Loan Guarantor (duly indorsed by such Loan Guarantor, if required), to be applied against the Secured Obligations, whether matured or unmatured, in such order as Lender may determine.

15.4 Amendments, etc. with respect to the Secured Obligations. Each Loan Guarantor shall remain obligated hereunder notwithstanding that, without any reservation of rights against any Loan Guarantor and without notice to or further assent by any Loan Guarantor, any demand for payment of any of the Secured Obligations made by Lender may be rescinded by Lender and any of the Secured Obligations continued, and the Secured Obligations, or the liability of any other Person upon or for any part thereof, or any collateral security or guaranty therefor or right of offset with respect thereto, may, from time to time, in whole or in part, be renewed, extended, amended, modified, accelerated, compromised, waived, surrendered or released by Lender, and this Agreement and the other Loan Documents and any other documents executed and delivered in connection herewith and therewith may be amended, modified, supplemented or terminated, in whole or in part, as Lender may deem advisable from time to time. Lender shall have no obligation to protect, secure, perfect or insure any Lien at any time held by it as security for the Secured Obligations or for the guaranty contained in this Section 15 or any property subject thereto.

Lender may, from time to time, at its sole discretion and without notice to any Loan Guarantor, take any or all of the following actions: (a) retain or obtain a security interest in any property to secure any of the Secured Obligations or any obligation hereunder, (b) retain or obtain the primary or secondary obligation of any obligor or obligors, in addition to the undersigned, with respect to any of the Secured Obligations, (c) extend or renew any of the Secured Obligations for one or more periods (whether or not longer than the original period), alter or exchange any of the Secured Obligations, or release or compromise any obligation of any of the undersigned hereunder or any obligation of any nature of any other obligor with respect to any of the Secured Obligations, (d) release any guaranty or right of offset or its security interest in, or surrender, release or permit any substitution or exchange for, all or any part of any property securing any of the Secured Obligations or any obligation hereunder, or extend or renew for one or more periods (whether or not longer than the original period) or release, compromise, alter or exchange any obligations of any nature of any obligor with respect to any such property,

and (e) resort to the undersigned (or any of them) for payment of any of the Secured Obligations when due, whether or not Lender shall have resorted to any property securing any of the Secured Obligations or any obligation hereunder or shall have proceeded against any other of the undersigned or any other obligor primarily or secondarily obligated with respect to any of the Secured Obligations.

15.5 Waivers. Each Loan Guarantor waives any and all notice of the creation, renewal, extension or accrual of any of the Secured Obligations and notice of or proof of reliance by Lender upon the guaranty contained in this Section 15 or acceptance of the guaranty contained in this Section 15; the Secured Obligations, and any of them, shall conclusively be deemed to have been created, contracted or incurred, or renewed, extended, amended or waived, in reliance upon the guaranty contained in this Section 15, and all dealings between Borrower and any of the Loan Guarantors, on the one hand, and Lender, on the other hand, likewise shall be conclusively presumed to have been had or consummated in reliance upon the guaranty contained in this Section 15. Each Loan Guarantor waives (a) diligence, presentment, protest, demand for payment and notice of default, dishonor or nonpayment and all other notices whatsoever to or upon Borrower or any of the Loan Guarantors with respect to the Secured Obligations, (b) notice of the existence or creation or non-payment of all or any of the Secured Obligations and (c) all diligence in collection or protection of or realization upon any Secured Obligations or any security for or guaranty of any Secured Obligations.

15.6 Payments. Each Loan Guarantor hereby guaranties that payments hereunder will be paid to Lender without set-off or counterclaim in Dollars at the office of Lender specified herein.

15.7 Keepwell. Each Qualified ECP Guarantor hereby jointly and severally absolutely, unconditionally and irrevocably undertakes to provide such funds or other support as may be needed from time to time by each other Loan Guarantor to honor all of its obligations under this Agreement in respect of Hedging Obligations that constitute Swap Obligations (provided, however, that each Qualified ECP Guarantor shall only be liable under this Section 15.7 for the maximum amount of such liability that can be hereby incurred without rendering its obligations under this Section 15.7, or otherwise under this Agreement, voidable under applicable law relating to fraudulent conveyance or fraudulent transfer, and not for any greater amount). The obligations of each Qualified ECP Guarantor under this Section 15.7 shall remain in full force and effect until the Secured Obligations have been Paid in Full. Each Qualified ECP Guarantor intends that this Section 15.7 constitute, and this Section 15.7 shall be deemed to constitute, a "keepwell, support, or other agreement" for the benefit of each other Grantor for all purposes of Section 1a(18)(A)(v)(II) of the Commodity Exchange Act.

[Signature pages follow]

The parties hereto have caused this Agreement to be duly executed and delivered by their duly authorized officers as of the date first set forth above.

BORROWER:

CAMPING WORLD PROPERTY, INC., a Delaware corporation

By: /s/ Brent Moody

Brent Moody, President

LOAN GUARANTOR:

CWGS GROUP, LLC, a Delaware limited liability company

By: /s/ Brent Moody

Brent Moody, President

Signature Pages to Loan and Security Agreement

CIBC BANK USA, as Lender

By: /s/ Kevin Harrington

Title: Associate Managing Director

Signature Pages to Loan and Security Agreement

ANNEX A
COMMITMENTS

| <u>Lender</u> | <u>Line of Credit</u> <u>Commitment Amount</u> | |
|---------------|---|--|
| CIBC Bank USA | \$21,525,000.00 | |
| TOTALS | \$21,525,000.00 | |

Annex A to Loan and Security Agreement

ANNEX B

ADDRESSES FOR NOTICES

CAMPING WORLD PROPERTY, INC.

250 Parkway Drive, Suite 270
Lincolnshire, IL 60069

Attention: President
Telephone: 847-808-3000
Facsimile: 270-780-3360

CWGS GROUP, LLC

250 Parkway Drive, Suite 270
Lincolnshire, IL 60069

Attention: Chief Legal Officer
Telephone: 847-808-3000
Facsimile: 270-780-3360

CIBC BANK USA, as Lender

Notices of Borrowing, Conversion and Continuation

120 S. LaSalle St.
Chicago, Illinois 60603
Attention: Kevin Harrington
Telephone: (312) 564-1287
Facsimile: (312) 766-2897

All Other Notices

120 S. LaSalle St.
Chicago, Illinois 60603
Attention: Kevin Harrington
Telephone: (312) 564-1287
Facsimile: (312) 766-2897

SCHEDULE 9.6

LITIGATION

1. On October 19, 2018, an alleged shareholder of Camping World Holdings, Inc. ("Camping World") filed a lawsuit captioned *Ronge v. Camping World Holdings, Inc. et al.* in the United States District Court for the Northern District of Illinois. On October 25, 2018, a second alleged shareholder of Camping World filed a substantially similar lawsuit captioned *Strougo v. Camping World Holdings, Inc. et al.* in the United States District Court for the Northern District of Illinois. The plaintiffs brought these lawsuits (the "Lawsuits") on behalf of a putative class of purchasers of Camping World Class A stock between March 8, 2017 and August 7, 2018 (the "Class Period"). The plaintiffs claim that, during the Class Period, certain statements in Camping World's filings with the Securities and Exchange Commission and certain statements made on earnings calls during the Class Period were false or misleading or omitted material facts, including relating to Camping World's acquisition of the assets of, and expectations for the performance of, Gander Mountain Co. and Gander and Overton's stores, Camping World's financial performance, Camping World's disclosure controls and internal controls over financial reporting, and Camping World's restatement of its prior financial statements for 2016 and the first three quarters of 2017.
-

SCHEDULE 9.8

CAPITAL SECURITIES

Camping World Property, Inc. – 100% owned by CWGS Group, LLC

CWGS Group, LLC – 100% owned by CWGS Enterprises, LLC

SCHEDULE 9.16

INSURANCE



CERTIFICATE OF LIABILITY INSURANCE

AGI001-01

MFORTE

DATE (MM/DD/YYYY)

10/25/2018

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

IMPORTANT: If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must have ADDITIONAL INSURED provisions or be endorsed. IF SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsements.

| | |
|---|---|
| PRODUCER Metrow Insurance Services, Inc. 363 N. Clark St 11th Fl Chicago, IL 60654 | CONTACT: Michelle Forte PHONE: (312) 585-7165 FAX: N/A EMAIL: Michelle.Forte@alliant.com |
| INSURER A: Illinois Union Insurance Company | NAIC # 27960 |
| INSURER B: | |
| INSURER C: | |
| INSURER D: | |
| INSURER E: | |
| INSURER F: | |

| TYPE OF INSURANCE | CERTIFICATE NUMBER: | REVISION NUMBER: | LIMITS |
|--|---------------------|-----------------------|---|
| <input checked="" type="checkbox"/> COMMERCIAL GENERAL LIABILITY | G71186245001 | 10/01/2018 10/01/2019 | EACH OCCURRENCE \$ 1,000,000 |
| CLAIMS-MADE <input checked="" type="checkbox"/> OCCUR | | | AGGREGATE LIMIT \$ 500,000 |
| <input checked="" type="checkbox"/> \$500,000 Self Insure | | | AGGREGATE LIMIT \$ 0 |
| ADDITIONAL AGGREGATE LIMIT APPLIES PER | | | PERSONAL & ADJ INJURY \$ 1,000,000 |
| <input checked="" type="checkbox"/> POLICY <input type="checkbox"/> CLAIM <input type="checkbox"/> OCCUR | | | GENERAL AGGREGATE \$ 2,000,000 |
| OTHER | | | PRODUCTS COMPREHENSIVE \$ 2,000,000 |
| AUTOMOBILE LIABILITY | | | COMBINED SINGLE LIMIT (Auto/Other) \$ |
| ANY AUTO OWNED | | | BIOMEDICAL LIABILITY (Auto/Other) \$ |
| ANY AUTO RENTED | | | BIOMEDICAL LIABILITY (Auto/Other) \$ |
| ANY AUTO OTHER | | | BIOMEDICAL LIABILITY (Auto/Other) \$ |
| UMBRELLA LIAB | | | EACH OCCURRENCE \$ |
| EXCESS LIAB | | | AGGREGATE \$ |
| OTHER RETENTIONS | | | PER STATUTE <input type="checkbox"/> OTHER \$ |
| WORKERS COMPENSATION | | | PER STATUTE <input type="checkbox"/> OTHER \$ |
| ANY OTHER COVERAGE EXCLUDED | | | PER STATUTE <input type="checkbox"/> OTHER \$ |
| ANY OTHER COVERAGE EXCLUDED | | | PER STATUTE <input type="checkbox"/> OTHER \$ |
| ANY OTHER COVERAGE EXCLUDED | | | PER STATUTE <input type="checkbox"/> OTHER \$ |

DESCRIPTION OF OPERATIONS/LOCATIONS/VEHICLES (ACORD 104 Additional Remarks Schedule may be attached if more space is required)
 RE: Loan Amount - \$21,525,000.00 - warehouse loan with CIBC Bank USA for the following properties:
 (1) 601 Station Road, Greenville, NC (currently owned)
 (2) 111 Red Banks, Greenville, NC (under contract to purchase)
 (3) 5308 Martin Luther King Highway, Greenville, NC (under contract to purchase)
 CIBC Bank USA is listed as an Additional Insured on the General Liability insurance coverage as required by written contract or written agreement.

| | |
|--|---|
| CERTIFICATE HOLDER | CANCELLATION |
| CIBC Bank USA ISAOA Attention: Kevin Harrington P.O. Box 5034 Troy, MI 48067-0034 | SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS. AUTHORIZED REPRESENTATIVE |

ACORD 25 (2018/03)

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EVIDENCE OF COMMERCIAL PROPERTY INSURANCE

MFORTE

DATE (MM/DD/YYYY)
10/29/2018

THIS EVIDENCE OF COMMERCIAL PROPERTY INSURANCE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE ADDITIONAL INTEREST NAMED BELOW. THIS EVIDENCE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS EVIDENCE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE ADDITIONAL INTEREST.

PRODUCER NAME,
CONTACT PERSON AND ADDRESS
Messirow Insurance Services, Inc.
353 N. Clark St 11th Fl
Chicago, IL 60654

PHONE
(A/C, No. Ext.) (312) 595-7165

COMPANY NAME AND ADDRESS

NAIC NO: 28620

AXIS Surplus Insurance Company

Contact name: Michelle Forte

FAX

No:

E-MAIL
ADDRESS: Michelle.Forte@alliant.com

IF MULTIPLE COMPANIES, COMPLETE SEPARATE FORM FOR EACH

CODE:

SUB CODE:

POLICY TYPE

AGI HOLD-01

Commercial Property

NAMED INSURED AND ADDRESS

Camping World Property, Inc.
650 Three Springs Road
Bowling Green, KY 42104-7520

LOAN NUMBER

POLICY NUMBER

ECF62549010

EFFECTIVE DATE

10/1/2018

EXPIRATION DATE

10/1/2019

CONTINUED UNTIL
TERMINATED / CHECKED

ADDITIONAL NAMED INSURED(S)

THIS REPLACES PRIOR EVIDENCE DATED:

PROPERTY INFORMATION (ACORD 101 may be attached if more space is required) ☒ BUILDING OR ☒ BUSINESS PERSONAL PROPERTY

LOCATION / DESCRIPTION

THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS EVIDENCE OF PROPERTY INSURANCE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

COVERAGE INFORMATION

PERILS INSURED

BASIC

BROAD

SPECIAL

☒ All Risk

COMMERCIAL PROPERTY COVERAGE AMOUNT OF INSURANCE: \$ 5,600,000

DED:

☒ BUSINESS INCOME ☐ RENTAL VALUE

YES NO N/A

☒

IF YES, LIMIT:

☒ Actual Loss Sustained; # of months: 12

BLANKET COVERAGE

☒

IF YES, indicate value(s) reported on property identified above: \$

TERRORISM COVERAGE

☒

Attach Disclosure Notice / DEC

IS THERE A TERRORISM-SPECIFIC EXCLUSION?

☒

IS DOMESTIC TERRORISM EXCLUDED?

☒

LIMITED FUNGUS COVERAGE

☒

IF YES, LIMIT:

DED:

FUNGUS EXCLUSION (IF "YES" specify organization's form used)

☒

REPLACEMENT COST

☒

AGREED VALUE

☒

CONSUMABLE

☒

IF YES, %

EQUIPMENT BREAKDOWN (If Applicable)

☒

IF YES, LIMIT:

5,000,000

DED:

25,000

ORDNANCE OR LAW - Coverage for loss to undamaged portion of bldg

☒

IF YES, LIMIT:

5,000,000

DED:

25,000

- Demolition Costs

☒

IF YES, LIMIT:

5,000,000

DED:

25,000

- Insur. Cost of Construction

☒

IF YES, LIMIT:

5,000,000

DED:

25,000

EARTH MOVEMENT (If Applicable)

☒

IF YES, LIMIT:

5,000,000

DED:

100,000

FLOOD (If Applicable)

☒

IF YES, LIMIT:

5,000,000

DED:

100,000

WIND / HAIL INCL ☒ YES ☐ NO - Subject to Different Provisions:☒

IF YES, LIMIT:

5,000,000

DED:

25,000

NAMED STORM INCL ☐ YES ☐ NO - Subject to Different Provisions:☐

IF YES, LIMIT:

DED:

PERMISSION TO WAIVE SUBROGATION IN FAVOR OF MORTGAGE
HOLDER PRIOR TO LOSS

CANCELLATION

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE
DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.

ADDITIONAL INTEREST

CONTRACT OF SALE

☒

MORTGAGE

☒

LENDER'S LOSS PAYABLE

LOSS PAYEE

LENDER SERVING AGENT NAME AND ADDRESS

Lender

NAME AND ADDRESS

CIBC Bank USA ISAOA
Attention: Kevin Harrington
P.O. Box 5034
Troy, MI 48007-5034

AUTHORIZED REPRESENTATIVE

ACORD 28 (2016/03)

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ADDITIONAL REMARKS SCHEDULE

Page 1 of 2

AGENCY

Meslrow Insurance Services, Inc.

POLICY NUMBER

ECF62549018

CARRIER

AXIS Surplus Insurance Company

NAIC CODE

26620

NAMED INSURED

Camping World Property, Inc.
650 Three Springs Road
Bowling Green, KY 42104-7520

EFFECTIVE DATE: 10/01/2018

ADDITIONAL REMARKS

THIS ADDITIONAL REMARKS FORM IS A SCHEDULE TO ACORD FORM.

FORM NUMBER: ACORD 28 FORM TITLE: EVIDENCE OF COMMERCIAL PROPERTY INSURANCE

Special Conditions:

Excess Property Insurance Coverage

Policy Number: CA3X001173181

Policy Effective Date: 10/01/2018

Policy Expiration Date: 10/01/2019

Limit: \$5,000,000 per occurrence excess of \$5,000,000 per occurrence Axis Primary/Lead Property Insurance policy

Insurance Company: Everest Indemnity Insurance Company

NAIC Number: 10851

*Ordinance & Law - Coverage for loss to undamaged portion of building - the limit is included in the policy limit.

RE: Loan Amount: \$21,525,000.00 - warehouse loan with CIBC Bank USA for the following properties:

(1) 601 Staton Road, Greenville, NC (currently owned);

(2) 111 Red Banks, Greenville, NC (under contract to purchase)

(3) 5398 Martin Luther King Highway, Greenville, NC (under contract to purchase).

CIBC Bank USA is listed as a Mortgagee, Lender and Lender's Loss Payee on the Property insurance coverage as required by written contract or written agreement.

Remarks:

DEDUCTIBLE

Primary Deductibles

All Coverages and Perils: \$25,000, EXCEPT BELOW.

Earthquake

PNW 2% of the Real and Personal Property, Personal Property of Others and Business

Interruption total insured values at the time of loss or damage at the locations

where the physical damage occurred subject to a minimum of \$100,000 in any

one occurrence.

New Madrid 2% of the Real and Personal Property, Personal Property of Others and Business Interruption total insured values at the

time of loss or damage at the locations

where the physical damage occurred subject to a minimum of \$100,000 in any

one occurrence.

All Other Earthquake: \$100,000

Flood

Flood Zones Prefixed A or V:

Real Property \$500,000 Per Location

Personal Property \$500,000 Per Location

Time Element \$100,000 Per Location

All Other Flood \$100,000 Per Occurrence

Windstorm

Named-1st Tier 3% of the Real and Personal Property, Personal Property of Others and Business Interruption total insured values at

the time of loss or damage at the locations

where the physical damage occurred subject to a minimum of \$250,000 in any

one occurrence.

All Other Wind or Hail per the Wind and Hail States and Counties List attached:

2% of the Real and Personal Property, Personal Property of Others and

Business Interruption total insured values at the time of loss or damage at the

locations where the physical damage occurred subject to a minimum of \$50,000

in any one occurrence.



AGENCY CUSTOMER ID: AGIHOLD-01

MFORTE

LOC #: _____

ADDITIONAL REMARKS SCHEDULE

Page 2 of 2

| | | | |
|--|---------------------------|--|--|
| AGENCY Meslow Insurance Services, Inc. | | NAMED INSURED Camping World Property, Inc. 650 Three Springs Road Bowling Green, KY 42104-7520 | |
| POLICY NUMBER ECF62549018 | | | |
| CARRIER AXIS Surplus Insurance Company | NAIC CODE 26620 | EFFECTIVE DATE: 10/01/2018 | |

ADDITIONAL REMARKS

THIS ADDITIONAL REMARKS FORM IS A SCHEDULE TO ACORD FORM.

FORM NUMBER: ACORD 28 FORM TITLE: EVIDENCE OF COMMERCIAL PROPERTY INSURANCE

All Other Wind or Hail in all other areas: \$25,000 per Occurrence

Other Deductibles:

Water Damage \$50,000 per Occurrence

Property In Transit \$25,000

Service Interruption 24 Hour(s)

All Deductibles are per Occurrence unless otherwise noted above or in the Policy Form.

SCHEDULE 9.17

A. OWNED AND LEASED REAL PROPERTY

B. COLLATERAL LOCATIONS

| GRANTOR | COLLATERAL | COLLATERAL LOCATION OR PLACE OF BUSINESS (INCLUDING CHIEF EXECUTIVE OFFICE) | OWNER/LESSOR (IF LEASED) |
|---------------------------------|---|---|-------------------------------------|
| Camping World Property, Inc. | 601 Staton Road, Greenville, NC 27834 | 601 Staton Road, Greenville, NC 27834 | Camping World Property, Inc. |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |

SCHEDULE 9.21

LABOR MATTERS

None

SCHEDULE 9.29**GRANTOR INFORMATION**

| GRANTOR (exact legal name) | STATE OF ORGANIZATION | FEDERAL EMPLOYER IDENTIFICATION NUMBER | CHIEF EXECUTIVE OFFICE | ORGANIZATIONAL IDENTIFICATION NUMBER |
|---|----------------------------------|---|---|---|
| Camping World Property, Inc. | DE | 31-1552845 | 250 Parkway Drive, Suite 270, Lincolnshire, IL 60069 | NA |
| CWGS Group, LLC | DE | 46-3759013 | 250 Parkway Drive, Suite 270, Lincolnshire, IL 60069 | NA |

SCHEDULE 11.2

LIENS

None

EXHIBIT A

FORM OF

NOTE

November 2, 2018

\$21,525,000.00

Chicago, Illinois

NON-REVOLVING LINE OF CREDIT NOTE (this "Note"), is made as of November 2, 2018 by **CAMPING WORLD PROPERTY, INC.**, a Delaware corporation ("Borrower") for the benefit of **CIBC BANK USA**, an Illinois state-chartered bank, its successors and assigns ("Lender"), in the original principal amount of Twenty One Million Five Hundred Twenty Five Thousand and 00/100 Dollars (\$21,525,000.00), or so much thereof as shall be disbursed as provided herein and as provided in that certain Loan and Security Agreement (the "Loan Agreement") dated as of even date herewith by and among Borrower and Lender.

Borrower promises to pay to the order of Lender at the principal office of Lender in Chicago, Illinois, on or before the Termination Date (as defined in the Loan Agreement), the aggregate principal amount of this Note made by Borrower to the Lender under and pursuant to the Loan Agreement. Capitalized words and phrases not otherwise defined herein shall have the meanings assigned thereto in the Loan Agreement.

Borrower further promises to pay interest on the unpaid principal amount of all Loans outstanding from time to time, at the rate(s) and at the time(s) set forth in the Loan Agreement. The outstanding principal amount of all Loans shall be repaid by Borrower on the Termination Date, unless payable sooner pursuant to the provisions of the Loan Agreement. Payments of both principal and interest are to be made in lawful money of the United States of America.

This Note evidences indebtedness incurred under, and is subject to the terms and provisions of, the Loan Agreement, to which Loan Agreement reference is hereby made for a statement of the terms and provisions under which this Note may or must be paid prior to the Termination Date, or pursuant to which the Termination Date may be accelerated. The holder of this Note is entitled to all of the benefits and security provided for in the Loan Agreement.

Except for such notices as may be expressly required under the Loan Documents, Borrower waives presentment, demand, notice, protest, and all other demands, or notices, in connection with the delivery, acceptance, performance, default, or enforcement of this Note, and assents to any extension or postponement of the time of payment or any other indulgence. No failure to exercise, and no delay in exercising, any rights under any of the Loan Documents by Lender or any holder of this Note shall operate as a waiver of such rights.

This Note shall be governed and construed in accordance with the laws of the State of Illinois applicable to contracts made and to be performed entirely within such State.

CAMPING WORLD PROPERTY, INC. , a Delaware corporation

By: _____

Brent Moody, President

Exhibit A-2 to Loan and Security Agreement

EXHIBIT B

FORM OF COMPLIANCE CERTIFICATE

To: CIBC Bank USA, as Lender

Please refer to the Loan and Security Agreement dated as of November 2, 2018 (as amended, restated, supplemented or otherwise modified from time to time, the "Loan and Security Agreement") among Camping World Property, Inc., a Delaware corporation ("Borrower"), CWGS Group, LLC, a Delaware limited liability company ("CWGS"), and CIBC Bank USA, as Lender. Terms used but not otherwise defined herein are used herein as defined in the Loan and Security Agreement.

I. Reports. Enclosed herewith is a copy of the quarterly report of CWGS as at _____, _____ (the "Computation Date"), which report fairly presents in all material respects the financial condition and results of operations **[(subject to the absence of footnotes and to normal year-end adjustments)]** of CWGS as of the Computation Date and has been prepared in accordance with GAAP consistently applied.

II. Financial Tests. Borrower hereby certifies and warrants to you that the following is a true and correct computation as at the Computation Date of the following ratios and/or financial restrictions contained in the Loan and Security Agreement:

A. Section 11.14.1 - Minimum Borrower Debt Service Coverage Ratio

| | | |
|----|---|------------|
| 1. | Borrower Net Income | \$ _____ |
| 2. | Interest Expense | \$ _____ |
| 3. | Required payments of principal of each Line of Credit Tranche | \$ _____ |
| 4. | Sum of (2) and (3) | \$ _____ |
| 5. | Ratio of (1) to (4) | _____ to 1 |
| 6. | Minimum Required | 1.25 to 1 |

Borrower further certifies to you that no Default or Event of Default has occurred and is continuing.

Borrower has caused this Certificate to be executed and delivered by its duly authorized officer on _____, _____.

CAMPING WORLD PROPERTY, INC. , a Delaware
corporation

By: _____

Brent Moody, President

Exhibit B-2 to Loan and Security Agreement

EXHIBIT C

FORM OF NOTICE OF BORROWING

To: CIBC Bank USA, as Lender

Please refer to the Loan and Security Agreement dated as of November 2, 2018 (as amended, restated, supplemented or otherwise modified from time to time, the "Loan and Security Agreement") among Camping World Property, Inc., a Delaware corporation ("Borrower"), CWGS Group, LLC, a Delaware limited liability company and CIBC Bank USA, as Lender. Terms used but not otherwise defined herein are used herein as defined in the Loan and Security Agreement.

The undersigned hereby gives irrevocable notice, pursuant to Section 2.2.2 of the Loan and Security Agreement, of a request hereby for a borrowing as follows:

- (i) The requested borrowing date for the proposed borrowing (which is a Business Day) is _____, ____.
- (ii) The aggregate amount of the proposed borrowing is \$_____.
- (iii) The type of Loans comprising the proposed borrowing are [Base Rate] [LIBOR] Loans.
- (iv) The duration of the Interest Period for each LIBOR Loan made as part of the proposed borrowing, if applicable, is _____ months (which shall be 1, 2 or 3).

The undersigned hereby certifies that on the date hereof and on the date of borrowing set forth above, and immediately after giving effect to the borrowing requested hereby: (i) there exists and there shall exist no Default or Event of Default under the Loan and Security Agreement; and (ii) each of the representations and warranties contained in the Loan and Security Agreement and the other Loan Documents is true and correct as of the date hereof, except to the extent that such representation or warranty expressly relates to another date and except for changes therein expressly permitted or expressly contemplated by the Loan and Security Agreement.

Borrower has caused this Notice of Borrowing to be executed and delivered by its officer thereunto duly authorized on _____, ____.

Exhibit C-1 to Loan and Security Agreement

CAMPING WORLD PROPERTY, INC. , a Delaware
corporation

By: _____

Brent Moody, President

Exhibit C-2 to Loan and Security Agreement

EXHIBIT D

FORM OF NOTICE OF CONVERSION/CONTINUATION

To: CIBC Bank USA, as Lender

Please refer to the Loan and Security Agreement dated as of November 2, 2018 (as amended, restated, supplemented or otherwise modified from time to time, the "Loan and Security Agreement") among Camping World Property, Inc., a Delaware corporation ("Borrower"), CWGS Group, LLC, a Delaware limited liability company and CIBC Bank USA, as Lender. Terms used but not otherwise defined herein are used herein as defined in the Loan and Security Agreement.

The undersigned hereby gives irrevocable notice, pursuant to Section 2.2.3 of the Loan and Security Agreement, of its request to:

(a) on [date] convert \$[] of the aggregate outstanding principal amount of the [] Loan, bearing interest at the [] Rate, into a(n) [] Loan [and, in the case of a LIBOR Loan, having an Interest Period of [] month(s)];

[(b) on [date] continue \$[] of the aggregate outstanding principal amount of the [] Loan, bearing interest at the LIBO Rate, as a LIBOR Loan having an Interest Period of [] month(s)].

The undersigned hereby represents and warrants that all of the conditions contained in Section 12.2 of the Loan and Security Agreement have been satisfied on and as of the date hereof, and will continue to be satisfied on and as of the date of the conversion/continuation requested hereby, before and after giving effect thereto.

Borrower has caused this Notice of Conversion/Continuation to be executed and delivered by its officer thereunto duly authorized on _____, _____.

CAMPING WORLD PROPERTY, INC., a Delaware corporation

By: _____

Brent Moody, President

CERTIFICATIONS

I, Marcus A. Lemonis, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Camping World Holdings, 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: November 7, 2018

By: /s/ Marcus A. Lemonis

Marcus A. Lemonis
Chairman and Chief Executive Officer
(Principal Executive Officer)

CERTIFICATIONS

I, Thomas F. Wolfe, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Camping World Holdings, 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: November 7, 2018

By: /s/ Thomas F. Wolfe

Thomas F. Wolfe
Chief Financial Officer and Secretary
(Principal Financial Officer)

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 Quarterly Report on Form 10-Q of Camping World Holdings, Inc. (the "Company") for the period ended September 30, 2018, as filed with the U.S. Securities and Exchange Commission on the date hereof (the "Report"), I, Marcus A. Lemonis, Chairman and Chief Executive Officer of the Company, hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge:

(1) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: November 7, 2018

By: /s/ Marcus A. Lemonis

Marcus A. Lemonis
Chairman and Chief Executive Officer
(Principal Executive Officer)

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 Quarterly Report on Form 10-Q of Camping World Holdings, Inc. (the "Company") for the period ended September 30, 2018, as filed with the U.S. Securities and Exchange Commission on the date hereof (the "Report"), I, Thomas F. Wolfe, Chief Financial Officer and Secretary of the Company, hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge:

(1) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: November 7, 2018

By: /s/ Thomas F. Wolfe
Thomas F. Wolfe
Chief Financial Officer and Secretary
(Principal Financial Officer)
