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As filed with the Securities and Exchange Commission on June 17, 2016

Registration Statement No. 333-

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

FORM S-1
REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933

Acushnet Holdings Corp.

(Exact name of Registrant as specified in its charter)

Delaware (State or other jurisdiction of incorporation or organization)	3949 (Primary Standard Industrial Classification Code Number)	45-5644353 (I.R.S. Employer Identification No.)
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333 Bridge Street
Fairhaven, Massachusetts 02719
(800) 225-8500
(Address, including zip code, and telephone number, including area code, of Registrant's principal executive offices)

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

If any of the securities being registered on this Form are being offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act, check the following box.

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

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

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

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

Large accelerated filer

Accelerated filer

Non-accelerated filer
(Do not check if a
smaller reporting company)

Smaller reporting company

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered	Proposed Maximum Aggregate Offering Price(1)(2)	Amount of Registration Fee
Common stock \$0.001 par value per share	\$100,000,000	\$10,070

- (1) Includes common shares issuable upon exercise of the underwriters' option to purchase additional common shares.
- (2) Estimated solely for the purpose of calculating the registration fee pursuant to Rule 457(o) under the Securities Act of 1933, as amended.
-

The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until the Registration Statement shall become effective on such date as the Securities and Exchange Commission, acting pursuant to said Section 8(a), may determine.

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

SUBJECT TO COMPLETION, DATED JUNE 17, 2016

PRELIMINARY PROSPECTUS

ACUSHNET COMPANY



Shares

Acushnet Holdings Corp.

Common Stock

This is an initial public offering of shares of common stock of Acushnet Holdings Corp. The selling shareholders are selling all of the _____ shares of common stock to be sold in this offering. We will not sell any shares in this offering and will not receive any proceeds from the sale of shares by the selling shareholders.

Prior to this offering, there has been no public market for our common stock. We intend to apply to list the common stock on _____, under the symbol "GOLF." The estimated initial public offering price is between \$ _____ and \$ _____ per share.

Investing in our common stock involves risks. See "Risk Factors" beginning on page 25.

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

	<u>Per Share</u>	<u>Total</u>
Initial public offering price	\$	\$
Underwriting discount(1)	\$	\$
Proceeds, before expenses, to the selling shareholders	\$	\$

(1) We refer you to "Underwriting" beginning on page 215 for additional information regarding underwriting compensation.

The selling shareholders have granted the underwriters an option for a period of 30 days following the date of this prospectus to purchase up to an additional _____ shares of common stock solely to cover over-allotments.

The underwriters expect to deliver the shares to purchasers on _____, 2016.

**J.P. Morgan
Nomura**

**Morgan Stanley
UBS Investment Bank**

Credit Suisse

Daiwa Capital Markets

Deutsche Bank Securities

Jefferies

Wells Fargo Securities

Prospectus dated _____, 2016.

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In this prospectus, the terms "Acushnet," "we," "us," "our" and the "Company" refer to Acushnet Holdings Corp. and its consolidated subsidiaries.

You should rely only on the information contained in this prospectus or in any free writing prospectus we may authorize to be delivered or made available to you. Neither we, the selling shareholders nor the underwriters have authorized anyone to provide you with different information. The information in this prospectus is accurate only as of the date of this prospectus, regardless of the time of delivery of this prospectus or any free writing prospectus, as the case may be, or any sale of shares of our common stock.

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Certain monetary amounts, percentages and other figures included in this prospectus have been subject to rounding adjustments. Percentage amounts included in this prospectus have not in all cases been calculated on the basis of such rounded figures, but on the basis of such amounts prior to rounding. For this reason, percentage amounts in this prospectus may vary from those obtained by performing the same calculations using the figures in our consolidated financial statements. Certain other amounts that appear in this prospectus may not sum due to rounding.

For investors outside the United States: The selling shareholders are offering to sell, and seeking offers to buy, shares of our common stock only in jurisdictions where offers and sales are permitted. Neither we, the selling shareholders nor the underwriters have done anything that would permit this offering or possession or distribution of this prospectus in any jurisdiction where action for that purpose is required, other than in the United States. Persons outside the United States who come into possession of this prospectus must inform themselves about, and observe any restrictions relating to, the offering of the shares of common stock and the distribution of this prospectus outside the United States.

INDUSTRY AND MARKET DATA

Within this prospectus, we reference information and statistics regarding the golf industry and the golf equipment, wear and gear markets. We have obtained certain of this information and statistics from various independent third-party sources, including independent industry publications, reports by market research firms and other independent sources. Golf Datatech LLC, the National Golf Foundation, Darrell Survey Company, Sports Marketing Surveys Inc. and Yano Research Institute Ltd. are the primary sources for third-party market data and industry statistics and forecasts, respectively, included in this prospectus. Golf Datatech LLC, the National Golf Foundation, Darrell Survey Company, Sports Marketing Surveys Inc. and Yano Research Institute Ltd. do not guarantee the performance of any company about which it collects and provides data. Nothing in the Golf Datatech LLC, the National Golf Foundation, Darrell Survey Company, Sports Marketing Surveys Inc. and Yano Research Institute Ltd. data should be construed as advice. We believe that these external sources and estimates are reliable, but have not independently verified them. Certain of this information and statistics are based on our good faith, reasonable estimates, which are derived from our review of internal surveys and independent sources. In addition, projections, assumptions and estimates of the future performance of the golf industry and our future performance are necessarily subject to uncertainty and risk due to a variety of factors, including those described in "Risk Factors" and "Special Note Regarding Forward-Looking Statements". These and other factors could cause results to differ materially from those expressed in the estimates made by the independent parties and by us.

TRADEMARKS, TRADE NAMES AND SERVICE MARKS

This prospectus includes trademarks, trade names and service marks that we either own or license, such as "Titleist," "FootJoy," "Pro V1," "Pro V1x," "FJ," "Pinnacle," "Scotty Cameron," and "Vokey Design" which are protected under applicable intellectual property laws. Solely for convenience, trademarks, trade names and service marks referred to in this prospectus may appear without the ®, TM or SM symbols, but such references are not intended to indicate, in any way, that we will not assert, to the fullest extent under applicable law, our rights or the right of the applicable licensor to these trademarks, trade names and service marks. This prospectus may also contain trademarks, trade names and service marks of other parties, and we do not intend our use or display of other parties' trademarks, trade names or service marks to imply, and such use or display should not be construed to imply, a relationship with, or endorsement or sponsorship of us by, these other parties.

PROSPECTUS SUMMARY

This summary highlights selected information contained elsewhere in this prospectus. This summary does not contain all the information that you should consider before deciding to invest in our common stock. You should read the entire prospectus carefully, including "Risk Factors", "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our consolidated financial statements and related notes included elsewhere in this prospectus, before making an investment decision.

Overview

We are the global leader in the design, development, manufacture and distribution of performance-driven golf products, which are widely recognized for their quality excellence. Driven by our focus on dedicated and discerning golfers and the golf shops that serve them, we believe we are the most authentic and enduring company in the golf industry. Our mission—to be the performance and quality leader in every golf product category in which we compete—has remained consistent since we entered the golf ball business in 1932. Today, we are the steward of two of the most revered brands in golf—Titleist, one of golf's leading performance equipment brands, and FootJoy, one of golf's leading performance wear brands. Titleist has been the #1 ball in professional golf for 68 years and FootJoy has been the #1 shoe on the PGA Tour for over six decades.

Our target market is dedicated golfers, who are the cornerstone of the worldwide golf industry. These dedicated golfers are avid and skill-biased, prioritize performance and commit the time, effort and money to improve their game. We believe our focus on innovation and process excellence yields golf products that represent superior performance and consistent product quality, which are the key attributes sought after by dedicated golfers. Many of the game's professional players, who represent the most dedicated golfers, prefer our products thereby validating our performance and quality promise, while driving brand awareness. We leverage a pyramid of influence product and promotion strategy, whereby our products are the most played by the best players, creating aspirational appeal for a broad range of golfers who want to emulate the performance of the game's best players.

Dedicated golfers view premium golf shops, such as on-course golf shops and golf specialty retailers, as preferred retail channels for golf products of superior performance and product quality. As a result, we have committed to being one of the preferred and trusted partners to premium golf shops worldwide. This commitment provides us a retail environment where our product performance and quality advantage can most effectively be communicated to dedicated golfers. In addition, we also service other qualified retailers that sell golf products to consumers worldwide.

Our vision is to consistently be regarded by industry participants, from dedicated golfers to the golf shops that serve them, as the best golf company in the world. We have established leadership positions across all major golf equipment and golf wear categories under our globally recognized brands.



- #1 ball in golf
- Golf's Symbol of Excellence
- A leading global golf equipment brand



- #1 shoe in golf
- #1 glove in golf
- A leading global golf wear brand



- #1 wedge on the PGA Tour



- A leading putter on the PGA Tour

For the year ended December 31, 2015 and the three months ended March 31, 2016, we recorded net sales of \$1,503.0 million and \$442.8 million, net income (loss) attributable to Acushnet Holdings Corp. of \$(1.0) million and \$24.7 million and Adjusted EBITDA of \$214.7 million and \$80.8 million, respectively. See "—Summary Consolidated Financial Data" for a reconciliation of Adjusted EBITDA to net income (loss) attributable to Acushnet Holdings Corp., the most directly comparable financial measure under generally accepted accounting principles in the United States, or GAAP.

Our History and Evolution

Founded in Acushnet, Massachusetts by Phil "Skipper" Young in 1910 and incorporated as the Acushnet Process Company, our golf business was established in 1932. The objective from the very beginning was to produce a golf ball that would set the standard in performance, quality and consistency, and become the preferred choice of dedicated golfers and the preferred trade partners who would serve them. The core values of serving the game's dedicated golfer with a superior product, in terms of both performance and quality, and having that superior product validated by the game's most dedicated golfers and premium golf retailers, have endured for the past eight decades.

Our Core Focus

Dedicated Golfers

Our target market is dedicated golfers, who are avid and skill-biased, prioritize performance and commit the time, effort and money to improve their game. We believe that dedicated golfers are the most consistent purchasers of golf products and estimate that while they represented only approximately 15% of all United States golfers, they accounted for more than 40% of total rounds played and approximately 70% of all golf equipment and gear spending in the United States during 2014. We also believe dedicated golfers account for an outsize share of golf equipment and gear spending outside the United States and purchase a significant portion of golf wear products worldwide.

Product Platform

Leveraging the success of our golf ball and golf shoe businesses, while maintaining the core values of the Titleist and FootJoy brands, we have strategically entered into product categories such as golf clubs, wedges, putters, golf gloves, golf gear and golf wear with an objective of being the performance and quality leader.

Since the dedicated golfer views each performance product category on its own merits, we have approached each category on its own terms by committing the necessary resources to become the performance and quality leader in each product category where we participate. As a result, we have built an industry leading platform across all performance product categories, driving a market-differentiating mix of consumable products, which we consider to be golf balls and golf gloves, which collectively represented approximately 43% of our net sales in 2015, and more durable products, which we consider to be golf clubs, golf shoes, golf apparel and golf gear, which collectively represented approximately 57% of our net sales in 2015.

We operate under the following four reportable segments.

Titleist Golf Balls (36% of 2015 net sales)

Titleist is the #1 ball in golf. The Titleist golf ball was founded with a purpose of designing and manufacturing a performance oriented, high quality golf ball that was superior to all other products available in the market. We believe the golf ball is the most important piece of equipment in the game, as it is the only piece of equipment used by every player for every shot. The golf ball is also the most important category for us as it generates the largest portion of our sales and profits. Since its

introduction in 2000, the Titleist Pro V1 has been the best-selling golf ball globally and continues to set the bar in terms of product design, quality and performance. We also design, manufacture and sell other golf balls under the Titleist brand, such as NXT Tour, Velocity and DT TruSoft, as well as under the Pinnacle brand. We have continually improved our golf balls through innovation in materials, construction and manufacturing processes, which has enabled us to build the #1 golf ball franchise in the world.

Titleist Golf Clubs (26% of 2015 net sales)

We design, assemble and sell golf clubs (drivers, fairways, hybrids and irons) under the Titleist brand, wedges under the Vokey Design brand and putters under the Scotty Cameron brand. The mission of our golf club business is to design and develop the best performing golf clubs in the world for dedicated golfers. We believe dedicated golfers do not buy brands across categories but seek out best-in-class products in each category. This is the reason we have partnered with dedicated engineers and craftsmen such as Bob Vokey and Scotty Cameron, who understand the nuances, subtleties and impact mechanics of their respective golf club categories. Titleist golf clubs, Vokey Design wedges and Scotty Cameron putters are widely used by professional and competitive amateur players, which validates the products' performance and quality excellence. We are also committed to a leading club fitting and trial platform to maximize dedicated golfers' performance experience.

Titleist Golf Gear (9% of 2015 net sales)

We offer a diversified portfolio of Titleist-branded performance golf gear across the golf bags, headwear, gloves, travel gear, head covers and other golf gear categories. Our golf gear is focused on superior performance and quality excellence, which is the mission of any product bearing the Titleist brand name.

FootJoy Golf Wear (28% of 2015 net sales)

We design, manufacture and sell golf shoes and gloves, and we design and sell performance outerwear, apparel and socks, under the FootJoy brand. By offering products with premium materials, superior comfort and fit and authentic designs, FootJoy has become the #1 shoe and #1 glove in golf and a leader in the global performance golf outerwear and the U.S. golf apparel markets. We believe FootJoy is seen by golfers around the world as an authentic and definitive golf brand with a consistent, differentiated focus on performance and quality.

Pyramid of Influence

The game of golf is learned by observation and imitation, and golfers improve their own performance by attempting to emulate highly skilled golfers. Golfers are influenced not only by how other golfers swing but also by what they swing with and what they swing at. This is the essence of golf's pyramid of influence, which is deeply ingrained in the mindset of the dedicated golfer. At the top of the pyramid is the most dedicated golfer, who attempts to make a living playing the game professionally. Adoption by most of the best golfers, whose professional success depends on their performance, validates the quality, features and benefits of using the best performing products. This, in turn, creates aspirational appeal for golfers who want to emulate the performance of the best players. By virtue of the performance and quality excellence of our products, we believe we are best-positioned to leverage the pyramid of influence since most of the best players trust and use Titleist and FootJoy products. Our primary marketing strategy is for our products to be the most played by the best players, including both professional and amateur golfers. This strategy has proven to be enduring and effective in the long-term and is not dependent on the transient success of a few elite players at any given point in time.

Innovation Leadership

We believe innovation is critical to dedicated golfers as they depend on the ability of new and innovative products to drive improved performance. We believe we are the design and technology leader in the golf industry, and as such we currently employ a research and development team of over 150 scientists, chemists, engineers and technicians. We also introduce new product innovations at a cadence that best aligns with the typical dedicated golfer's replacement cycle within each product category. We spent \$42.2 million, \$44.2 million and \$46.0 million in 2013, 2014 and 2015, respectively, on research and development, or R&D.

Operational Excellence

The requirements of the game lead the dedicated golfer to seek out products of maximum performance and consistency. We own or control the design, sourcing, manufacturing, packaging and distribution of our products. In doing so, we are able to exercise control over every step of the manufacturing process and supply chain operations, thereby setting the standard for quality and consistency. Our operational excellence also allows us to continually develop innovative new products, bring those products to market more efficiently and ensure high levels of quality control. We have developed and refined distinct and independently managed supply chains for each of our product categories. Our manufacturing facilities include:

- three golf ball manufacturing facilities that collectively produce over 1 million balls per production day;
- six golf club assembly facilities;
- a joint venture facility to manufacture our golf shoes; and
- a facility to manufacture our golf gloves.

Route to Market Leadership

As one of the preferred partners to premium golf shops, we ensure that the performance benefits derived from using our products are showcased and our products are properly merchandised. We have over 350 sales representatives directly servicing over 31,000 accounts in 46 countries and we service over 90 countries in total, directly or through distributors. With an average of almost 20 years of experience, we believe the Titleist U.S. sales team is the largest and most experienced in the industry. Similarly, we believe FootJoy has built the most experienced, highly qualified team in the U.S. golf wear category. As we see our retail partners as a critical connection to dedicated golfers, we place great emphasis on building strong relationships and trust with them. We also place a strong focus on consumer engagement, starting with fitting and trial initiatives across our balls, clubs and shoes categories.

Market Overview and Opportunity

Market Overview

We estimate that the sport of golf gives rise to a global commercial opportunity of more than \$85 billion annually, which captures all spending related to golf. There are over 50 million golfers worldwide playing over 800 million rounds annually on over 32,000 golf courses. Our addressable market comprised of golf equipment, golf wear and golf gear represents approximately \$12 billion in retail sales and approximately \$8 billion in wholesale sales. The United States accounted for over 40% of our addressable market, followed by Japan and Korea collectively accounting for over 30% of our addressable market, each in 2014.

Although the number of rounds of golf played in the United States declined overall from 2006 until the end of 2014, we believe that golf industry fundamentals, especially in developed markets such as the United States, Europe and Japan, have shown improvement since the beginning of 2015. We believe that the number of rounds of golf played by our target market of dedicated golfers was relatively stable during this period of overall decline in the golf industry.

We believe the golf industry is mainly driven by golfer demographics, dedicated golfers and weather and economic conditions.

Golfer Demographics. Golf is a recreational activity that requires time and money. The golf industry has been principally driven by the age cohort of 30 and above, currently "gen-x" (age 30 to 49) and "baby boomers" (age 50 to 69), who have the time and money to engage in the sport. In the United States, there are approximately 8.7 million gen-x golfers and approximately 6.6 million baby boomer golfers, representing approximately 63% of total golfers in the United States. Households headed by gen-x and baby boomers also claim an approximately 80% share of the total income dollars in the United States. Since a significant number of baby boomers have yet to retire, we anticipate strong growth in spending from this demographic as it has been demonstrated that rounds of play increase significantly as those in this cohort reach retirement. On average, golfers in the age range of 18 to 34 play 15 rounds per year, whereas those in the age range of 50 to 64 and 65 and above play 29 rounds and 51 rounds per year, respectively. While golf has historically consisted of mostly male players, women accounted for approximately 24% of golfers in the United States in 2015, up from approximately 20% in 2011. Because nearly 40% of beginner golfers in the United States in 2015 were women, we believe that the percentage of women golfers will continue to grow. The future of golf participation beyond the gen-x and baby boomer generation is also very promising. One of the most exciting recent developments in golf has been the generational shift with millennial golfers making their marks at both professional and amateur levels. Golfers under the age of 30 represented 44% of the World Rank Top 50 and 76% of Rolex World Rank Top 50 Women as of May 31, 2016. The largest single age group of beginners in the United States in 2015 was millennials (age 18 to 29). Further, the number of junior golfers (age 6 to 17) in the United States has grown from approximately 2.5 million golfers in 2010 to approximately 3.0 million golfers in 2015.

Dedicated Golfers. Dedicated golfers are largely gen-x and baby boomers who have demonstrated the propensity to pay a premium for products that help them perform better. We believe dedicated golfers, who comprise our target market, will continue to be a key driver for the global golf industry. The National Golf Foundation estimates that there were 6.4 million, 6.5 million and 6.2 million "avid" golfers in the United States in 2013, 2014 and 2015, respectively, with "avid" golfers defined as those who play 25 rounds or more per year. We estimate that approximately 60% of these avid golfers in the United States are dedicated golfers.

Weather Conditions. Weather conditions determine the number of playable days in a year and thus influence the amount of time people spend on golf. Weather conditions in most parts of the world, including our primary geographic markets, generally restrict golf from being played year-round, with many of our on-course customers closed during the cold weather months. Therefore, favorable weather conditions generally result in more playable days in a given year and thus more golf rounds played, which generally results in increased demand for all golf products.

Economic Conditions. The state of the economy influences the amount of money people spend on golf. Golf equipment, including clubs, balls and accessories, is recreational in nature and is therefore a discretionary purchase for consumers. Consumers are generally more willing to make discretionary purchases of golf products when economic conditions are favorable and when consumers are feeling confident and prosperous.

Our Opportunity

We have demonstrated sustained, resilient and stable revenue and Adjusted EBITDA growth over the past five years, despite challenges related to demographic, macroeconomic and weather related conditions. Our differentiated focus on performance and quality excellence, enduring connections with dedicated golfers and favorable and market-differentiating mix of consumable and durable products have been the key drivers of our strong performance. We believe this focus, along with the overall stabilization of the golf industry, positions us to continue to generate industry-leading performance.

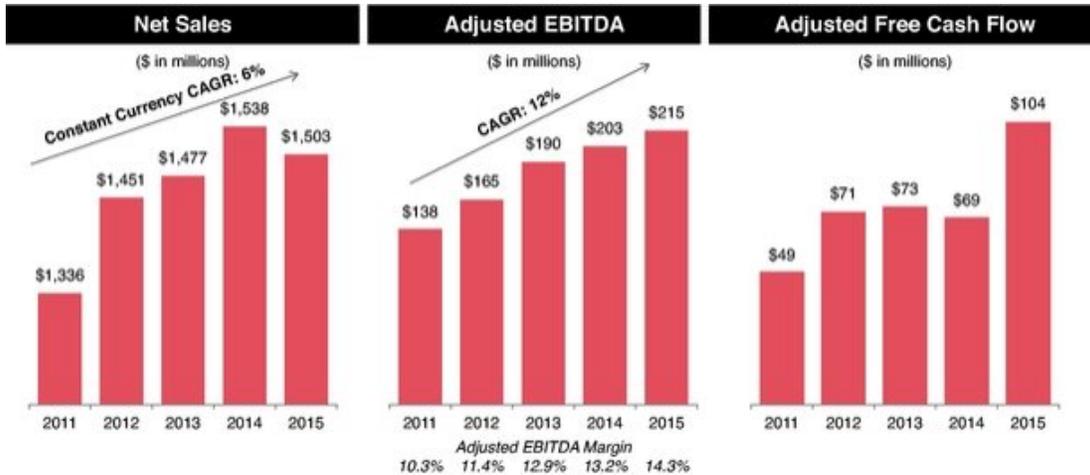
Strong Financial Performance

Since 2011, we have driven strong financial performance across our product portfolio in the aggregate and in each of our reportable segments of Titleist golf balls, Titleist golf clubs, Titleist golf gear and FootJoy golf wear. From 2011 to 2015:

- our net sales increased from \$1,336.1 million (on a combined basis) to \$1,503.0 million, representing a compound annual growth rate, or CAGR, of 3%, or 6% on a constant currency basis;
- our net income (loss) attributable to Acushnet Holdings Corp. was \$(31.2) million in 2011 (on a combined basis), \$13.9 million in 2012, \$19.6 million in 2013, \$21.6 million in 2014 and \$(1.0) million in 2015;
- our Adjusted EBITDA increased from \$138.4 million (on a combined basis) to \$214.7 million, representing a CAGR of 12%;
- we achieved 400 basis points of Adjusted EBITDA margin expansion;
- our Adjusted Net Income increased from \$46.7 million (on a combined basis) to \$86.7 million, representing a CAGR of 17%;
- our cash flows provided by operating activities increased from \$51.1 million (on a combined basis) to \$91.8 million; and
- our Adjusted Free Cash Flow increased from \$48.8 million (on a combined basis) to \$104.0 million.

See "Selected Consolidated Financial Data" for a reconciliation of Adjusted EBITDA and Adjusted Net Income to net income (loss) attributable to Acushnet Holdings Corp. and a reconciliation of Adjusted Free Cash Flow to cash flows provided by (used in) operating activities, the most directly comparable GAAP financial measures, and for a presentation of our results of operations for 2011 on a combined basis. See "Management's Discussion and Analysis of Financial Condition and Results of

Operations—Overview—Key Performance Measures" for a description of how we calculate constant currency information.



Our Competitive Strengths

Steward of Golf's Most Revered Brands. We have long been the trusted steward of two of golf's most revered and recognized brands, and have enjoyed the longest running record of market leadership in the golf category. Titleist has been the #1 ball in professional golf for 68 years while FootJoy has been the leading brand on the PGA Tour in golf shoes for over six decades and golf gloves for over three decades. The performance and quality of our brands are validated by the widespread adoption of our products by the world's best professional and amateur golfers, which generates exceptional brand loyalty among our core customers and drives repeat purchases.

Market-Leading Portfolio of Products Designed for Dedicated Golfers. The Titleist Pro V1 golf ball was launched in 2000 and in four months became the #1 selling ball on the market, a position it still holds, and is the #1 golf ball played at every level of competitive golf today. We estimate that we held nearly one-half of the 2015 global top grade wholesale golf ball market, which we estimate was approximately \$1.0 billion, including over two-thirds of the premium performance market segment. It is rare when a brand's highest priced product in a particular category is also the industry volume leader. In 2015, the number of Titleist balls played on professional tours was more than five times the number of balls of our nearest competitor. Titleist records even higher ball counts at most amateur championships than on the worldwide professional tours, a further testament to the performance and quality of Titleist, particularly since amateurs are not allowed to receive compensation for the use or endorsement of any brand's equipment. Faithful to the brand promise of the Titleist ball, we believe our golf clubs are also best-in-class in terms of performance and quality. Our Vokey Design wedges and Scotty Cameron putters are recognized worldwide as leaders in their respective categories. Our Vokey Design wedges are the most widely used on the PGA Tour. Under our FootJoy brand, we are the #1 shoe in golf, with the leading usage on all of the world's major professional golf tours and twice as many stock keeping units, or SKUs, as our nearest competitors. FootJoy gloves also have the leading market share, enjoy the #1 position on all the world's major professional golf tours, and offer the largest selection of golf gloves in the industry. FootJoy is also a global leader in golf outerwear and has a rapidly growing presence in golf apparel.

Favorable Consumable / Durable Mix. We have developed a product portfolio with a favorable mix of consumables and durables, which we believe differentiates us from other pure golf equipment manufacturers. Consumable purchases are largely driven by the number of rounds played, while durable purchases are subject to technology replacement cycles. We believe our favorable product mix is less

economically cyclical and more working capital efficient than that of our peers. Our sales reflect a favorable and market-differentiating mix of consumable products, which we consider to be golf balls and golf gloves, which collectively represented approximately 43% of our net sales in 2015, and more durable products, which we consider to be golf clubs, golf shoes, golf apparel and golf gear, which collectively represented approximately 57% of our net sales in 2015.

Best-in-Class Design Innovation. Driven by our commitment to perpetual innovation, we believe we are the innovation leader in the golf industry. Golf's most regulated and technically-driven categories are golf balls and golf clubs, and therefore require strong intellectual property to create differentiated products with superior performance and quality. We hold the largest patent portfolio in the golf industry, with close to 1,200 active U.S. utility patents in golf balls, over 300 active U.S. utility patents in golf clubs, wedges and putters and 284 active patents (including ex-U.S. and design patents) in golf shoes and gloves. Over 90% of our current products incorporate technologies or designs developed in the last five years. The Titleist Pro V1 franchise is an example of our innovation leadership. We have sold over 110 million dozen Pro V1 and Pro V1x golf balls, generating over \$4 billion of revenue, since the introduction of the Pro V1 in 2000.

Operational Excellence. Unlike many other golf companies, we own or control the design, sourcing, manufacturing, packaging and distribution of our products. Our vertically integrated approach delivers a consistent product quality and results in very high customer satisfaction. By controlling key aspects of the design and manufacturing processes, we are better able to protect our intellectual property as well as offer customization capabilities and efficient turn times. Furthermore, we are able to provide custom fitted products to individuals in a short timeframe and facilitate regional market customization.

Unparalleled Route to Market Leadership. The foundation of our go-to-market strategy is to continue to be the preferred partner for premium golf shops worldwide and to provide customization and fitting that optimize our customers' post-purchase experiences. In doing so, we ensure that the performance benefits derived from using our products are showcased and our products are properly merchandised, while deepening our customers' connections with the Titleist and FootJoy brands. We believe these initiatives, in turn, increase sales and profitability for our retail partners, leading to a mutually beneficial economic relationship. There are currently over 3,400 premium golf shops that exclusively stock or display Titleist balls.

Deep Stewardship Culture and Experienced Management Team. Behind our exceptional products and organizational infrastructure lies an authentic and enduring organizational culture validated by the longevity of our management team, sales force and associates. Our management team members, many of whom have dedicated their entire careers to our company, average over 20 years of employment with us. They are supported by a deep and talented team of associates across product categories, functions, markets and geographies, who serve as strong brand and cultural ambassadors. Approximately 50% of our U.S. associates have over ten years of employment with us, highlighting the depth of our talent and future leaders. We are the stewards of our brands, and we are committed to maintaining the culture of excellence that defines us and our products.

Our Growth Strategies

We plan to continue to pursue organic growth initiatives across all product categories, brands, geographies and marketing channels.

Introduce New Products and Extend Market Share Leadership in Equipment Categories. We expect to sustain our strong performance in our core categories of golf balls and golf clubs through several targeted strategies:

- ***Titleist Golf Balls.*** To ensure sustained long-term market leadership, we are continuously investing in design innovation and refining our sell-in and sell-through route to market

capabilities and effectiveness in the golf ball product category. We are currently focused on improving our sales team training in product, merchandising, local promotion and selling skills, as well as enhancing trade partnerships in those channels where dedicated golfers shop. We will continue to grow our custom golf ball business by targeting both corporations and individuals, thereby increasing brand loyalty and the likelihood of repeat purchases.

- *Titleist Clubs, Wedges and Putters.* We intend to continue to launch innovative, performance golf clubs by further leveraging Titleist clubs' leading R&D platform. We believe concept and specialty products, trial and fitting initiatives and premium quality digital content will further drive customer awareness and market share gains across all premium club categories.

Increase Penetration in Golf Gear and Wear Categories. We intend to build on the brand loyalty that the dedicated golfer has developed for our Titleist ball and club categories and FootJoy shoe and glove categories in order to increase our penetration in the adjacent categories of golf gear and golf wear. We expect to continue to drive growth across these categories by employing the following initiatives:

- *Titleist Golf Gear.* We are committed to providing dedicated golfers with golf gear of performance and quality excellence that is faithful to the Titleist brand promise. We are making significant investments in design and engineering resources and are leveraging dedicated player research methodologies and insights to drive innovation in this product category. We also plan to expand custom and limited edition product offerings and launch a U.S. eCommerce website for Titleist golf gear in 2017.
- *FootJoy Women's Apparel Initiative.* We are currently building out a focused, performance-based FootJoy women's apparel line consistent with the brand's successful positioning in men's apparel. The women's apparel line, which launched in early 2016, pairs sophisticated performance fabrics and design with layering technology pioneered by FootJoy to create maximum comfort and protection. By leveraging our existing FootJoy sales force in an adjacent category, we believe we can offer a compelling and authentic solution to female golfers and capitalize on the trend of casual, athletic styling that is driving success in the broader women's apparel space.
- *FootJoy eCommerce Launch.* We recently launched a U.S. eCommerce website offering over 6,000 SKUs across all FootJoy categories. The eCommerce initiative is expected to yield incremental sales and profitability, enriched data on preferences and trends as well as foster a deeper and more real time connection with the dedicated golfer.

Strategically Pursue Global Growth. The Titleist and FootJoy brands are both global brands that are well positioned where golf's growth is anticipated. While we believe that a majority of the near-term growth will be driven by the developed economies, emerging economies, such as the markets in Southeast Asia, represent longer-term growth opportunities. To meet future demand, we are ensuring that local capabilities and expertise in sales, customer service, merchandising, online presence, golf education and fitting initiatives are in place to support our operations.

The Refinancing

On April 27, 2016, Acushnet Company, our direct wholly-owned operating subsidiary, entered into a credit agreement, or the new credit agreement, which provides for (i) a new \$275.0 million multi-currency revolving credit facility, or our new revolving credit facility, including a \$20.0 million letter of credit sub-facility, a C\$25.0 million sub-facility for Acushnet Canada Inc. and a £20.0 million sub-facility for Acushnet Europe Limited and an alternative currency sublimit of \$100.0 million for borrowings in Canadian dollars, euros, pounds sterling and Japanese yen, (ii) a new \$375.0 million term loan A facility, or our new term loan A facility, and (iii) a new \$100.0 million delayed draw term loan A facility, or our new delayed draw term loan A facility, each of which matures on the fifth anniversary of the initial funding under the new credit agreement.

The new credit agreement was signed and became effective on April 27, 2016 and we expect the initial funding under the new credit agreement to occur on or around July 29, 2016. On the initial funding date, we expect to use the proceeds of the new term loan A facility and borrowings under the new revolving credit facility to repay all amounts outstanding under our secured floating rate notes, our former senior revolving credit facility, and certain of our former working credit facilities and to pay fees and expenses related to the foregoing. Until the date that is one year after the initial funding date, the commitments under the new delayed draw term loan A facility will be available to make payments in connection with the final payout of the outstanding Equity Appreciation Rights, or EARs, under the Acushnet Company Equity Appreciation Rights Plan, as amended, or the EAR Plan.

In addition, on or around June 30, 2016, we expect to use cash on hand and/or borrowings under our former senior revolving credit facility to repay all amounts outstanding under our former senior term loan facility. We refer to (i) the entering into of the new credit agreement and the use of borrowings under the new term loan A facility and the new revolving credit facility to repay all amounts outstanding under our secured floating rate notes, our former senior revolving credit facility, and certain of our former working credit facilities and to pay fees and expenses related to the foregoing and (ii) the use of cash on hand and/or borrowings under our former senior revolving credit facility to repay all amounts outstanding under our former senior term loan facility collectively as the Refinancing. We refer to our former senior term loan facility, our former senior revolving credit facility and certain of our former working credit facilities that are being repaid in connection with the Refinancing as our former credit facilities.

In this prospectus, we refer to our senior revolving credit facility, our senior term loan facility and certain of our working credit facilities that will be repaid and terminated on or around July 29, 2016 as "former" because the new credit agreement became effective on April 27, 2016; however, our senior term loan facility and any borrowings thereunder remain outstanding until such borrowings are repaid and such facility is terminated on or around June 30, 2016 and our senior revolving credit facility and such working credit facilities and any borrowings thereunder remain outstanding until such borrowings are repaid and such facilities are terminated on the initial funding date. For more information on the terms of the new credit agreement, see "Description of Indebtedness."

Risk Factors

Investing in our common stock involves a high degree of risk. You should carefully consider the risks described in "Risk Factors" before making a decision to invest in our common stock. If any of these risks actually occurs, our business, financial condition and results of operations could be materially adversely affected. In such case, the trading price of our common stock would likely decline and you may lose part or all of your investment. Below is a summary of some of the principal risks we face:

- a reduction in the number of rounds of golf played or in the number of golf participants;

- unfavorable weather conditions, macroeconomic or demographic factors;
- a disruption in the operations of our manufacturing, assembly or distribution facilities or in the operations of our suppliers or an increase in the cost of raw materials and components;
- many of our raw materials or components of our products are provided by a sole or limited number of third-party suppliers and manufacturers;
- currency transaction and currency translation risks and other risks associated with doing business globally;
- reliance on technical innovation and the ability to manage the frequent introduction of new products;
- ability to enforce and protect our intellectual property rights and lawsuits related to intellectual property matters;
- intense competition and an inability to maintain our competitive advantage;
- dependence on retailers and distributors and ability to maintain and further develop our sales channels;
- seasonal fluctuations and cyclicalities due to new product introductions;
- reliance on complex information and technology-based systems and cybersecurity risks;
- reliance on our current senior management team and other key employees; and
- ability to maintain effective internal controls over financial reporting.

Corporate Information

Acushnet Holdings Corp. was incorporated in Delaware on May 9, 2011 as Alexandria Holdings Corp., an entity owned by Fila Korea Ltd., a leading sport and leisure apparel and footwear company which is a public company listed on the Korea Exchange, and a consortium of investors led by Mirae Assets Global Investments, a global investment management firm. Acushnet Holdings Corp. acquired Acushnet Company, our operating subsidiary, from Beam Suntory, Inc. (at the time known as Fortune Brands, Inc. and which we refer to as Beam) on July 29, 2011, which we refer to as the Acquisition. Immediately prior to the closing of this offering and after giving effect to (i) the conversion of all of our outstanding 7.5% convertible notes due 2021, or our Convertible Notes, (ii) the conversion of all of our outstanding Series A 7.5% redeemable convertible preferred stock, or our Convertible Preferred Stock, and (iii) the exercise by Fila Korea Ltd. of all of our outstanding common stock warrants, which is expected to occur in July 2016, Fila Korea Ltd. will own approximately 33.1% of our common stock and the consortium of investors led by Mirae Assets Global Investments will own approximately 66.5% of our common stock.

Our principal executive offices are located at 333 Bridge Street, Fairhaven, Massachusetts 02719. Our telephone number is (800) 225-8500. Our principal website address is www.acushnetcompany.com. The information on, or accessible through, our website and the other websites referenced herein is deemed not to be incorporated by reference in this prospectus or to be a part of this prospectus.

The Offering

Issuer	Acushnet Holdings Corp., a Delaware corporation.
Common stock offered by the selling shareholders	shares.
Option to purchase additional shares of common stock from the selling shareholders	The selling shareholders have granted the underwriters an option for a period of 30 days following the date of this prospectus to purchase up to an additional shares of common stock at the initial public offering price less the underwriting discount solely to cover over-allotments.
Common stock to be outstanding after this offering	shares.
Use of proceeds	We will not receive any proceeds from the sale of shares of our common stock in this offering by the selling shareholders. However, we will pay certain expenses, other than the underwriting discount, associated with this offering.
Dividend policy	<p>Any decision to declare and pay dividends in the future will be made at the sole discretion of our board of directors and will depend on, among other things, our results of operations, capital requirements, financial condition, contractual restrictions, restrictions in our debt agreements and in any preferred stock, business prospects and other factors that our board of directors may deem relevant. Future agreements may also limit our ability to pay dividends. Because we are a holding company and have no direct operations, we expect to pay dividends, if any, only from funds we receive from our subsidiaries.</p> <p>See "Dividend Policy."</p>
Risk factors	See "Risk Factors" and other information included in this prospectus for a discussion of risks you should carefully consider before deciding to invest in our common stock.
Proposed trading symbol	"GOLF"

The number of shares of our common stock to be outstanding immediately after the closing of this offering is based on shares of common stock outstanding as of March 31, 2016 and, unless otherwise indicated:

- reflects and assumes the following:
 - the adoption of our amended and restated certificate of incorporation and our amended and restated by-laws in connection with this offering;
 - the automatic conversion of all of our outstanding Convertible Notes into an aggregate of shares of our common stock, which will occur immediately prior to the closing of this offering;

- the automatic conversion of all of our outstanding Convertible Preferred Stock into an aggregate of _____ shares of our common stock, which will occur immediately prior to the closing of this offering; and
- the exercise by Fila Korea Ltd. of all of our outstanding common stock warrants into an aggregate of _____ shares of our common stock at an exercise price of \$ _____ per share, which is expected to occur in July 2016; and
- does not reflect:
 - _____ shares of our common stock issuable following vesting in settlement of restricted stock units, or RSUs, and up to _____ shares of our common stock issuable following vesting in settlement of performance stock units, or PSUs, in each case that were issued under our 2015 Omnibus Incentive Plan, or the 2015 Incentive Plan;
 - _____ additional shares of our common stock reserved for future issuance under the 2015 Incentive Plan; and
 - _____ shares of our common stock issuable in respect of the settlement of up to 50% of the outstanding EARs at our option, which were issued under the EAR Plan.

The number of shares of our common stock outstanding on a historical, pro forma and pro forma as adjusted basis each reflect the -for- stock split that we effectuated on _____.

Unless otherwise indicated, the information in this prospectus does not reflect any exercise by the underwriters of their option to purchase additional shares from the selling shareholders.

Summary Consolidated Financial Data

You should read the summary consolidated financial data below together with the consolidated financial statements and related notes thereto appearing elsewhere in this prospectus, as well as "Selected Consolidated Financial Data," "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the other financial information included elsewhere in this prospectus.

We have derived the summary historical consolidated statement of operations data and the consolidated statement of cash flows data for the years ended December 31, 2013, 2014 and 2015 and the consolidated balance sheet data as of December 31, 2014 and 2015 presented below from our audited consolidated financial statements included elsewhere in this prospectus. We have derived the summary historical balance sheet data as of December 31, 2013 presented below from our audited consolidated financial statements which are not included in this prospectus. Our historical audited results are not necessarily indicative of the results that should be expected in any future period.

We have derived the summary historical consolidated statement of operations data and the consolidated statement of cash flows data for the three months ended March 31, 2015 and March 31, 2016 and the consolidated balance sheet data as of March 31, 2016 presented below from our unaudited consolidated financial statements included elsewhere in this prospectus. We have prepared our unaudited consolidated financial statements on the same basis as our audited consolidated financial statements and have included all adjustments, consisting only of normal recurring adjustments that, in our opinion, are necessary to present fairly the financial information set forth in those statements. The results for any interim period are not necessarily indicative of the results that may be expected for the full year and our historical unaudited results are not necessarily indicative of the results that should be expected in any future period.

The pro forma balance sheet data as of March 31, 2016 and the pro forma basic and diluted net income per common share attributable to Acushnet Holdings Corp. and the pro forma basic and diluted weighted average number of shares for the year ended December 31, 2015 and the three months ended March 31, 2016 presented below are unaudited and give effect to (i) the automatic conversion of all of our outstanding Convertible Notes into an aggregate of _____ shares of our common stock, which will occur immediately prior to the closing of this offering, (ii) with respect to the pro forma balance sheet data, the payment in cash of \$18.3 million of interest on the Convertible Notes accrued from August 1, 2015 through March 31, 2016 and (iii) the automatic conversion of all of our outstanding Convertible Preferred Stock into an aggregate of _____ shares of our common stock, which will occur immediately prior to the closing of this offering. The pro forma balance sheet data gives effect to the foregoing transactions assuming they occurred on March 31, 2016 and the pro forma basic and diluted net income per common share attributable to Acushnet Holdings Corp. gives effect to the foregoing transactions assuming they occurred on January 1, 2015. The pro forma data is not necessarily indicative of what our financial position or basic or diluted net income per common share attributable to Acushnet Holdings Corp. would have been if the foregoing transactions had been completed as of March 31, 2016 or for the year ended December 31, 2015 or the three months ended March 31, 2016, nor is such data necessarily indicative of our financial position or basic or diluted net income (loss) per common share attributable to Acushnet Holdings Corp. for any future date or period.

The pro forma as adjusted balance sheet data as of March 31, 2016 and the pro forma as adjusted basic and diluted net income per common share attributable to Acushnet Holdings Corp. and the pro forma as adjusted basic and diluted weighted average number of shares for the year ended December 31, 2015 and the three months ended March 31, 2016 presented below are unaudited and give further effect to (i) the exercise by Fila Korea Ltd. of all of our outstanding common stock warrants into an aggregate of _____ shares of our common stock at an exercise price of \$ _____ per share and our use of the proceeds from such exercise to redeem all of our outstanding 7.5% bonds due 2021, which is expected to occur in July 2016 and (ii) the Refinancing. The pro forma as adjusted

balance sheet data gives effect to the foregoing transactions assuming they occurred on March 31, 2016 and the pro forma as adjusted basic and diluted net income per common share attributable to Acushnet Holdings Corp. gives effect to the foregoing transactions assuming they occurred on January 1, 2015. The pro forma as adjusted data is not necessarily indicative of what our financial position or basic or diluted net income per common share attributable to Acushnet Holdings Corp. would have been if the foregoing transactions had been completed as of March 31, 2016 or for the year ended December 31, 2015 or the three months ended March 31, 2016, nor is such data necessarily indicative of our financial position or basic or diluted net income (loss) per common share attributable to Acushnet Holdings Corp. for any future date or period.

	Year ended December 31,			Three months ended	
	2013	2014	2015	2015	2016
(in thousands, except share and per share data)					
Consolidated Statements of Operations Data:					
Net sales	\$ 1,477,219	\$ 1,537,610	\$ 1,502,958	\$ 416,298	\$ 442,796
Cost of goods sold	744,090	779,678	727,120	201,040	217,331
Gross profit	733,129	757,932	775,838	215,258	225,465
Operating expenses:					
Selling, general and administrative	568,421	602,755	604,018	153,727	153,348
Research and development	42,152	44,243	45,977	11,014	11,130
Intangible amortization	6,704	6,687	6,617	1,661	1,649
Restructuring charges	955	—	1,643	—	587
Income from operations	114,897	104,247	117,583	48,856	58,751
Interest expense, net	68,149	63,529	60,294	15,331	13,841
Other (income) expense, net	5,285	(1,348)	25,139	(1,824)	1,383
Income before income taxes	41,463	42,066	32,150	35,349	43,527
Income tax expense	17,150	16,700	27,994	18,962	17,317
Net income	24,313	25,366	4,156	16,387	26,210
Less: Net income attributable to noncontrolling interests	(4,677)	(3,809)	(5,122)	(1,585)	(1,530)
Net income (loss) attributable to Acushnet Holdings Corp.	19,636	21,557	(966)	14,802	24,680
Dividends paid to preferred shareholders	(8,045)	(8,045)	(8,045)	—	—
Accruing of cumulative dividends	(5,740)	(5,740)	(5,740)	(3,399)	(3,437)
Allocation of undistributed earnings to preferred shareholders	(3,225)	(3,866)	—	(5,375)	(9,160)
Net income (loss) attributable to common shareholders—basic	2,626	3,906	(14,751)	6,028	12,083
Net income (loss) attributable to common shareholders—diluted(1)	\$ 2,626	\$ 3,906	\$ (14,751)	\$ 11,915	\$ 19,672
Per Share Data:					
Net income (loss) per common share attributable to Acushnet Holdings Corp.—basic(2)	\$	\$	\$	\$	\$
Net income (loss) per common share attributable to Acushnet Holdings Corp.—diluted(3)					
Weighted average number of common shares—basic(2)					
Weighted average number of common shares—diluted(3)					
Pro forma net income per common share attributable to Acushnet Holdings Corp.—basic and diluted(4)			\$		\$
Pro forma weighted average number of common shares—basic(4)					
Pro forma weighted average number of common shares—diluted(4)					
Pro forma as adjusted net income per common share attributable to Acushnet Holdings Corp.—basic and diluted(5)			\$		\$
Pro forma as adjusted weighted average number of common shares—basic(5)					
Pro forma as adjusted weighted average number of common shares—diluted(5)					

- (1) Reflects the impact to net income (loss) attributable to common shareholders of dilutive securities. Diluted net income (loss) attributable to common shareholders for each of the years ended December 31, 2013, 2014 and 2015 does not include the effects of (i) the conversion of the Convertible Preferred Stock to common shares, (ii) the conversion of the Convertible Notes to common shares, (iii) the exercise of our outstanding common stock warrants or (iv) the exercise of

then outstanding stock options, as the inclusion of these instruments would have been anti-dilutive for each of the years ended December 31, 2013, 2014 and 2015. Diluted net income (loss) attributable to common shareholders for the three months ended March 31, 2015 and 2016 does not include the effects of (i) the conversion of the Convertible Preferred Stock to common shares or (ii) the exercise of our outstanding common stock warrants, as the inclusion of these instruments would have been anti-dilutive for each of the three months ended March 31, 2015 and 2016.

- (2) Basic net income (loss) per common share attributable to Acushnet Holdings Corp. is computed by dividing (A) net income (loss) attributable to Acushnet Holdings Corp., after adjusting for (i) dividends paid and accrued and (ii) allocations of undistributed earnings to preferred shareholders, by (B) basic weighted average common shares outstanding.
- (3) Diluted net income (loss) per common share attributable to Acushnet Holdings Corp. is computed by dividing (A) net income (loss) attributable to Acushnet Holdings Corp., after adjusting for (i) dividends paid and accrued, (ii) allocations of undistributed earnings to preferred shareholders and (iii) the impacts to net income (loss) of any potentially dilutive securities, by (B) the diluted weighted average common shares outstanding, which has been adjusted to include any potentially dilutive securities. Diluted net income (loss) per common share attributable to Acushnet Holdings Corp. for each of the years ended December 31, 2013, 2014 and 2015 does not include the effects of (i) the conversion of the Convertible Preferred Stock to common shares, (ii) the conversion of the Convertible Notes to common shares, (iii) the exercise of our outstanding common stock warrants or (iv) the exercise of then outstanding stock options, as the inclusion of these instruments would have been anti-dilutive for each of the years ended December 31, 2013, 2014 and 2015. Diluted net income (loss) per common share attributable to Acushnet Holdings Corp. for the three months ended March 31, 2015 and 2016 does not include the effects of (i) the conversion of the Convertible Preferred Stock to common shares or (ii) the exercise of our outstanding common stock warrants, as the inclusion of these instruments would have been anti-dilutive for each of the three months ended March 31, 2015 and 2016.
- (4) See Note 20 to our audited consolidated financial statements and Note 12 to our unaudited consolidated financial statements, each included elsewhere in this prospectus, for further details on the calculation of pro forma basic and diluted net income per common share attributable to Acushnet Holdings Corp.
- (5) Pro forma as adjusted basic and diluted net income per common share attributable to Acushnet Holdings Corp. represents pro forma net income per common share attributable to Acushnet Holdings Corp. after giving further effect to (i) the exercise by Fila Korea Ltd. of all of our outstanding common stock warrants into an aggregate of _____ shares of our common stock at an exercise price of \$ _____ per share and our use of the proceeds from such exercise to redeem all of our outstanding 7.5% bonds due 2021, which is expected to occur in July 2016 and (ii) the Refinancing, as if each of these events occurred on January 1, 2015.

The following table provides a reconciliation of pro forma net income attributable to Acushnet Holdings Corp. to pro forma as adjusted net income attributable to Acushnet Holdings Corp.:

	<u>Year ended</u> <u>December 31, 2015</u>	<u>Three months ended</u> <u>March 31, 2016</u>
	(in thousands, except share and per share data)	
Pro forma net income attributable to Acushnet Holdings Corp.(a)	\$	\$
Losses on the fair value of our common stock warrants		
Interest expense on 7.5% bonds due 2021		
Change in interest expense related to the Refinancing		
Pro forma as adjusted net income attributable to Acushnet Holdings Corp.	<u>\$</u>	<u>\$</u>
Pro forma weighted average number of common shares—basic(a)		
Pro forma weighted average number of common shares—diluted(a)		
Issuance of common shares relating to the assumed exercise of our common stock warrants		
Pro forma as adjusted weighted average number of common shares—basic		
Pro forma as adjusted weighted average number of common shares—diluted		
Pro forma as adjusted net income per common share attributable to Acushnet Holdings Corp.—basic and diluted	<u>\$</u>	<u>\$</u>

- (a) See Note 20 to our audited consolidated financial statements and Note 12 to our unaudited consolidated financial statements, each included elsewhere in this prospectus, for further details on the calculation of pro forma basic and diluted net income per common share attributable to Acushnet Holdings Corp.

	As of December 31,		As of March 31,		
	2014	2015	2016		Pro Forma
	Actual	Actual	Actual	Pro Forma	As Adjusted
Balance Sheet Data:					
Cash(1)	\$ 47,667	\$ 54,409	\$ 65,719	\$ 47,470	\$
Working capital(2)	339,301	345,114	373,576	373,576	
Total assets	1,762,703	1,758,973	1,895,413	1,877,164	
Long-term debt, net of discount, including current portion, and capital lease obligations	873,542	797,151	798,106	435,616	
EAR Plan liability, including current portion(3)	122,013	169,566	162,653	162,653	
Total equity attributable to Acushnet Holdings Corp.	156,587	160,251	181,698	675,224	

- (1) Does not include restricted cash of \$6.1 million, \$4.7 million and \$4.8 million as of December 31, 2014 and 2015 and March 31, 2016, respectively. Restricted cash is primarily related to a standby letter of credit used for insurance purposes. Includes cash of \$7.7 million, \$10.0 million and \$16.4 million as of December 31, 2014 and 2015 and March 31, 2016, respectively, related to our FootJoy golf shoe joint venture. See Note 2 to our audited consolidated financial statements and Note 1 to our unaudited consolidated financial statements, each included elsewhere in this prospectus, for further details on our FootJoy golf shoe joint venture.

Does not reflect the payment of \$ _____ in aggregate, consisting of: (i) accrued and unpaid interest in the amount of \$ _____ million on our Convertible Notes and \$ _____ million on our 7.5% bonds due 2021, in each case accruing from April 1, 2016 through the later of August 1, 2016 and the closing date of this offering and (ii) accrued and unpaid dividends in the amount of \$ _____ on our Convertible Preferred Stock from August 1, 2015 through the later of August 1, 2016 and the closing date of this offering, in each case which we expect to make in cash at the closing of this offering.

Does not reflect the payment of estimated fees of approximately \$ _____ related to this offering payable by us which we have incurred since April 1, 2016 and which we expect to pay in cash.

- (2) We define working capital as current assets less current liabilities, excluding the current portion of our long-term debt and EAR Plan liability.
- (3) The EARs as structured do not qualify for equity accounting treatment. As such, the liability is re-measured to intrinsic value at each reporting period based on our common stock equivalent value. The EARs will accrete \$1.6 million of interest for the remainder of the year ended December 31, 2016. The EAR Plan expires on December 31, 2016 and amounts earned under the EAR Plan must be paid within two and a half months after the expiration date.

	Year ended December 31,			Three months ended March 31,	
	2013	2014	2015	2015	2016
	(in thousands)				
Consolidated Statements of Cash Flows Data:					
Cash flows provided by (used in):					
Operating activities	\$ 78,795	\$ 54,113	\$ 91,830	\$ (100,445)	\$ (94,010)
Investing activities	(46,360)	(23,164)	(21,839)	(4,584)	(4,523)
Financing activities	(28,179)	(30,154)	(60,057)	103,739	108,688

	Year ended December 31,			Three months ended	
				March 31,	
	2013	2014	2015	2015	2016
	(in thousands)				
Other Financial Data:					
Adjusted EBITDA(1)	\$ 190,407	\$ 202,593	\$ 214,721	\$ 70,382	\$ 80,807
Adjusted Net Income(2)	68,387	80,499	86,721	31,013	39,881
Adjusted Free Cash Flow(3)	72,612	68,546	104,049	(97,482)	(90,951)

- (1) Adjusted EBITDA represents net income (loss) attributable to Acushnet Holdings Corp. plus income tax expense, interest expense, depreciation and amortization, the expenses relating to our EAR Plan, share-based compensation expense, a one-time executive bonus, restructuring charges, plant start-up costs, certain transaction fees, indemnification expense (income) from our former owner Beam, gains (losses) on the fair value of our common stock warrants, certain other non-cash gains, net and the net income relating to noncontrolling interests in our FootJoy golf shoe joint venture. We define Adjusted EBITDA in a manner consistent with our new credit agreement where it is used at the Acushnet Company level for purposes of calculating covenant compliance under our new credit agreement. We present Adjusted EBITDA on a consolidated basis because our management uses it as a supplemental measure in assessing our operating performance, and we believe that it is helpful to investors, securities analysts and other interested parties as a measure of our comparative operating performance from period to period. Adjusted EBITDA is not a measurement of financial performance under GAAP. It should not be considered an alternative to net income (loss) attributable to Acushnet Holdings Corp. as a measure of our operating performance or any other measure of performance derived in accordance with GAAP. In addition, Adjusted EBITDA should not be construed as an inference that our future results will be unaffected by unusual or non-recurring items, or affected by similar non-recurring items. Adjusted EBITDA has limitations as an analytical tool, and you should not consider such measure either in isolation or as a substitute for analyzing our results as reported under GAAP. Our definition and calculation of Adjusted EBITDA is not necessarily comparable to other similarly titled measures used by other companies due to different methods of calculation.

The following table provides a reconciliation of net income (loss) attributable to Acushnet Holdings Corp. to Adjusted EBITDA:

	Year ended December 31,			Three months ended	
	2013	2014	2015	2015	2016
	(in thousands)				
Net income (loss) attributable to Acushnet Holdings Corp.	\$ 19,636	\$ 21,557	\$ (966)	\$ 14,802	\$ 24,680
Income tax expense	17,150	16,700	27,994	18,962	17,317
Interest expense, net	68,149	63,529	60,294	15,331	13,841
Depreciation and amortization	39,423	43,159	41,702	10,609	10,268
EAR Plan(a)	28,258	50,713	45,814	10,200	—
Share-based compensation(b)	3,461	1,977	5,789	433	—
One-time executive bonus(c)	—	—	—	—	7,500
Restructuring charges(d)	955	—	1,643	—	587
Thailand golf ball manufacturing plant start-up costs(e)	2,927	788	—	—	—
Transaction fees(f)	551	1,490	2,141	286	3,701
Beam indemnification expense (income)(g)	6,345	1,386	(3,007)	(5,539)	(494)
(Gains) losses on the fair value of our common stock warrants(h)	(976)	(1,887)	28,364	3,770	1,879
Other non-cash gains, net	(149)	(628)	(169)	(57)	(2)
Net income attributable to noncontrolling interests(i)	4,677	3,809	5,122	1,585	1,530
Adjusted EBITDA	\$ 190,407	\$ 202,593	\$ 214,721	\$ 70,382	\$ 80,807

- (a) Reflects expenses related to the anticipated full vesting of EARs granted under our EAR Plan and the remeasurement to their intrinsic value at each reporting period based on the then-current projection of our common stock equivalent value. We may incur additional material expenses in 2016 in connection with the outstanding EARs. All outstanding EARs under the EAR Plan vested as of December 31, 2015. The EAR Plan expires on December 31, 2016 and amounts earned under the EAR Plan must be paid within two and a half months after the expiration date.
- (b) Reflects compensation expense associated with the exercise of substitute stock options by an executive which were granted in connection with the Acquisition. All such stock options have been exercised.
- (c) In the first quarter of 2016, our President and Chief Executive Officer was awarded a cash bonus in the amount of \$7.5 million as consideration for past performance.
- (d) Reflects restructuring charges incurred in connection with the reorganization of certain of our operations in 2013, 2015 and the three months ended March 31, 2016.
- (e) Reflects expenses incurred in connection with the construction and production ramp-up of our golf ball manufacturing plant in Thailand.
- (f) Reflects legal fees incurred in 2013, 2014 and 2015 and the three months ended March 31, 2016 relating to a dispute arising from the indemnification obligations owed to us by Beam in connection with the Acquisition as well as certain fees and expenses we incurred in 2015 and the three months ended March 31, 2016 in connection with this offering.

- (g) Reflects the non-cash charges related to the indemnification obligations owed to us by Beam that are included when calculating net income (loss) attributable to Acushnet Holdings Corp.
 - (h) Fila Korea Ltd. is expected to exercise all of our outstanding common stock warrants in July 2016 and we will use the proceeds from such exercise to redeem all of our outstanding 7.5% bonds due 2021.
 - (i) Reflects the net income attributable to the interest that we do not own in our FootJoy golf shoe joint venture.
- (2) Adjusted Net Income represents net income (loss) attributable to Acushnet Holdings Corp. plus interest expense on our Convertible Notes and 7.5% bonds due 2021, the expenses relating to our EAR Plan, share-based compensation expense, a one-time executive bonus, restructuring charges, plant start-up costs, certain transaction fees and (gains) losses on the fair value of our common stock warrants, minus the tax effect of the foregoing adjustments. We believe Adjusted Net Income is useful to investors, securities analysts and other interested parties as a measure of our comparative operating performance from period to period. Adjusted Net Income is not a measurement of financial performance under GAAP. It should not be considered an alternative to net income (loss) attributable to Acushnet Holdings Corp. as a measure of our operating performance or any other measure of performance derived in accordance with GAAP. In addition, Adjusted Net Income should not be construed as an inference that our future results will be unaffected by unusual or non-recurring items, or affected by similar non-recurring items. Adjusted Net Income has limitations as an analytical tool, and you should not consider such measure either in isolation or as a substitute for analyzing our results as reported under GAAP. Our definition and calculation of Adjusted Net Income is not necessarily comparable to other similarly titled measures used by other companies due to different methods of calculation.

The following table provides a reconciliation of net income (loss) attributable to Acushnet Holdings Corp. to Adjusted Net Income:

	Year ended December 31,			Three months ended	
	2013	2014	2015	March 31,	2016
	(in thousands)				
Net income (loss) attributable to Acushnet Holdings Corp.	\$ 19,636	\$ 21,557	(\$966)	\$ 14,802	\$ 24,680
Interest expense on Convertible Notes and 7.5% bonds due 2021(a)	40,276	37,960	35,420	8,221	7,567
EAR Plan(b)	28,258	50,713	45,814	10,200	—
Share-based compensation(c)	3,461	1,977	5,789	433	—
One-time executive bonus(d)	—	—	—	—	7,500
Restructuring charges(e)	955	—	1,643	—	587
Thailand golf ball manufacturing plant start-up costs(f)	2,927	788	—	—	—
Transaction fees(g)	551	1,490	2,141	286	3,701
(Gains) losses on the fair value of our common stock warrants(h)	(976)	(1,887)	28,364	3,770	1,879
Tax effect of the foregoing adjustments(i)	(26,701)	(32,099)	(31,484)	(6,699)	(6,033)
Adjusted Net Income	\$ 68,387	\$ 80,499	\$ 86,721	\$ 31,013	\$ 39,881

- (a) In connection with the Acquisition, we issued (i) an aggregate principal amount of \$362.5 million of our Convertible Notes and (ii) an aggregate principal amount of \$172.5 million of 7.5% bonds due 2021 (which aggregate principal amount of 7.5% bonds due

2021 was \$34.5 million as of March 31, 2016). All of our outstanding Convertible Notes will convert into shares of our common stock immediately prior to the closing of this offering and Fila Korea Ltd. is expected to exercise all of our outstanding common stock warrants in July 2016 and we will use the proceeds from such exercise to redeem all of our outstanding 7.5% bonds due 2021.

- (b) Reflects expenses related to the anticipated full vesting of EARs granted under our EAR Plan and the remeasurement to their intrinsic value at each reporting period based on the then-current projection of our future common stock equivalent value. We may incur additional material expenses in 2016 in connection with the outstanding EARs. All outstanding EARs under the EAR Plan vested as of December 31, 2015. The EAR Plan expires on December 31, 2016 and amounts earned under the EAR Plan must be paid within two and a half months after the expiration date. We adjust for expenses relating to our EAR Plan when presenting Adjusted Net Income as these expenses are not representative of the equity-based compensation expenses we expect to incur on an ongoing basis. We expect to incur compensation expenses with respect to equity-based grants under the 2015 Incentive Plan beginning in the second quarter of 2016, which expenses we do not anticipate adjusting for when presenting Adjusted Net Income.
 - (c) Reflects compensation expense associated with the exercise of substitute stock options by an executive which were granted in connection with the Acquisition. All such stock options have been exercised.
 - (d) In the first quarter of 2016, our President and Chief Executive Officer was awarded a cash bonus in the amount of \$7.5 million as consideration for past performance.
 - (e) Reflects restructuring charges incurred in connection with the reorganization of certain of our operations in 2013, 2015 and the three months ended March 31, 2016.
 - (f) Reflects expenses incurred in connection with the construction and production ramp-up of our golf ball manufacturing plant in Thailand.
 - (g) Reflects legal fees incurred in 2013, 2014 and 2015 and the three months ended March 31, 2016 relating to a dispute arising from the indemnification obligations owed to us by Beam in connection with the Acquisition as well as certain fees and expenses we incurred in 2015 and the three months ended March 31, 2016 in connection with this offering.
 - (h) Fila Korea Ltd. is expected to exercise all of our outstanding common stock warrants in July 2016 and we will use the proceeds from such exercise to redeem all of our outstanding 7.5% bonds due 2021.
 - (i) The adjustments to net income (loss) attributable to Acushnet Holdings Corp. have been tax effected at the applicable statutory rate with the exception of the fair value of the common stock warrants and certain transaction costs which are permanent items for tax purposes, and therefore, have not been tax effected.
- (3) Free Cash Flow represents cash flows provided by (used in) operating activities less capital expenditures. Adjusted Free Cash Flow represents Free Cash Flow plus interest expense on our Convertible Notes and our 7.5% bonds due 2021. We believe Free Cash Flow and Adjusted Free Cash Flow are useful to investors because they represent the cash that our operating business generates before taking into account capital expenditures and, in the case of Adjusted Free Cash Flow, certain interest payments that will not continue after the closing of this offering. Free Cash Flow and Adjusted Free Cash Flow are not measurements of liquidity under GAAP. They should not be considered as alternatives to cash flows provided by (used in) operating activities as measures of our liquidity or any other measure of liquidity derived in accordance with GAAP. Free Cash Flow and Adjusted Free Cash Flow have limitations as analytical tools, and you should not

consider such measures either in isolation or as substitutes for analyzing our results as reported under GAAP. Our definitions and calculations of Free Cash Flow and Adjusted Free Cash Flow are not necessarily comparable to other similarly titled measures used by other companies due to different methods of calculation.

The following table provides a reconciliation of cash flows provided by (used in) operating activities to Free Cash Flow and Adjusted Free Cash Flow:

	Year ended December 31,			Three months ended	
	2013	2014	2015	2015	2016
	(in thousands)				
Cash flows provided by (used in) operating activities	\$ 78,795	\$ 54,113	\$ 91,830	\$ (100,445)	\$ (94,010)
Capital expenditures	(46,459)	(23,527)	(23,201)	(5,258)	(4,508)
Free Cash Flow	32,336	30,586	68,629	(105,703)	(98,518)
Interest expense on Convertible Notes and 7.5% bonds due 2021(a)	40,276	37,960	35,420	8,221	7,567
Adjusted Free Cash Flow	\$ 72,612	\$ 68,546	\$ 104,049	\$ (97,482)	\$ (90,951)

- (a) In connection with the Acquisition, we issued (i) an aggregate principal amount of \$362.5 million of our Convertible Notes and (ii) an aggregate principal amount of \$172.5 million of 7.5% bonds due 2021 (which aggregate principal amount of 7.5% bonds due 2021 was \$34.5 million as of March 31, 2016). All of our outstanding Convertible Notes will convert into shares of our common stock immediately prior to the closing of this offering and Fila Korea Ltd. is expected to exercise all of our outstanding common stock warrants in July 2016 and we will use the proceeds from such exercise to redeem all of our outstanding 7.5% bonds due 2021.

RISK FACTORS

Investing in our common stock involves a high degree of risk. You should carefully consider each of the following risk factors, as well as the other information in this prospectus, including our consolidated financial statements and the related notes and "Management's Discussion and Analysis of Financial Condition and Results of Operation," before deciding whether to invest in shares of our common stock. If any of the following risks actually occurs, our business, financial condition and results of operations could be materially adversely affected. In that event, the market price of our common stock could decline significantly and you could lose all or part of your investment. The risks described below are not the only risks we face. Additional risks we are not presently aware of or that we currently believe are immaterial could also materially adversely affect our business, financial condition and results of operations.

Risks Related to Our Business and Industry

A reduction in the number of rounds of golf played or in the number of golf participants could materially adversely affect our business, financial condition and results of operations.

We generate substantially all of our sales from the sale of golf-related products, including golf balls, golf clubs, golf shoes, golf gloves, golf gear and golf apparel. The demand for golf-related products in general, and golf balls in particular, is directly related to the number of golf participants and the number of rounds of golf being played by these participants. The number of rounds of golf played in the United States declined from 2006 to 2014. If golf participation or the number of rounds of golf played continues to decline, sales of our products may be adversely impacted which could materially adversely affect our business, financial condition and results of operations.

Unfavorable weather conditions may impact the number of playable days and rounds played in a given year.

Weather conditions in most parts of the world, including our primary geographic markets, generally restrict golf from being played year-round, with many of our on-course customers closed during the cold weather months and, to a lesser extent, during the hot weather months. Unfavorable weather conditions in our major markets, such as a particularly long winter, a cold and wet spring, or an extremely hot summer, would impact the number of playable days and rounds played in a given year, which would result in a decrease in the amount spent by golfers and golf retailers on our products, particularly with respect to consumable products such as golf balls and golf gloves, which could materially adversely affect our business, financial condition and results of operations. Our results in 2013 and 2014 were negatively impacted by unfavorable weather conditions in our major markets. Unusual or severe weather conditions throughout the year, such as storms or droughts or other water shortages, can negatively affect golf rounds played both during the events and afterward, as weather damaged golf courses are repaired and golfers focus on repairing the damage to their homes, businesses and communities. Consequently, sustained adverse weather conditions, especially during the warm weather months, could impact our sales which could materially adversely affect our business, financial condition and results of operations. Adverse weather conditions may have a greater impact on us than other golf equipment companies as we have a large percentage of consumable products in our product portfolio, and the purchase of consumable products are generally more dependent on the number of rounds played in a given year.

Macroeconomic factors may affect the number of rounds of golf played and related spending on golf products.

Our products are recreational in nature and are therefore discretionary purchases for consumers. Consumers are generally more willing to spend their time and money to play golf and make discretionary purchases of golf products when economic conditions are favorable and when consumers are feeling confident and prosperous. Discretionary spending on golf and the golf products we sell is affected by many macroeconomic factors, including general business conditions, stock market prices and

volatility, corporate spending, housing prices, interest rates, the availability of consumer credit, taxes and consumer confidence in future economic conditions. Consumers may reduce or postpone purchases of our products during periods when economic uncertainty increases, disposable income is lower, or during periods of actual or perceived unfavorable economic conditions. For example, the recession related to the U.S. financial crisis beginning in 2007 led to slower economic activity, decreased stock prices and increased volatility, depressed housing prices, increased unemployment, concerns about inflation and energy costs, decreased business and consumer confidence, and adverse business conditions (including reduced corporate profits and capital spending), which adversely affected our business, financial condition and results of operations. The effects of the recession are still being felt today in the golf industry as we believe consumers have become more cautious with their discretionary purchases and this trend may continue. For example, corporate spending on golf equipment has remained at lower levels since the financial crisis as evidenced by the lower volume of balls in our custom logo business being sold to companies as compared to before the crisis. The continuation of these negative macroeconomic conditions or a future significant or prolonged decline in general economic conditions or uncertainties regarding future economic prospects that adversely affects consumer discretionary spending, whether in the United States or in our international markets, could result in reduced sales of our products, which could materially adversely affect our business, financial condition and results of operations.

Demographic factors may affect the number of golf participants and related spending on our products.

Golf is a recreational activity that requires time and money and different generations and socioeconomic and ethnic groups use their leisure time and discretionary funds in different ways. Golf participation among younger generations and certain socioeconomic and ethnic groups may not prove to be as popular as it is among the current gen-x and baby boomer generations. The number of rounds of golf being played in the United States declined from 2006 to 2014. If golf participation or the number of rounds of golf played continues to decrease, due to factors such as demographic changes in the United States and our international markets or lack of interest in the sport among young people or certain socioeconomic and ethnic groups, sales of our products could be negatively impacted which could materially adversely affect our business, financial condition and results of operations.

A significant disruption in the operations of our manufacturing, assembly or distribution facilities could materially adversely affect our business, financial condition and results of operations.

We rely on our manufacturing facilities in the United States, Thailand and China and assembly and distribution facilities in many of our major markets, certain of which constitute our sole manufacturing facility for a particular product category, including our joint venture facility in China where substantially all of our golf shoes are manufactured and our facility in Thailand where we manufacture substantially all of our golf gloves. Because substantially all of our products are manufactured and assembled in and distributed from a few locations, our operations could be interrupted by events beyond our control, including:

- power loss or network connectivity or telecommunications failure or downtime;
- equipment failure;
- human error or accidents;
- sabotage or vandalism;
- physical or electronic security breaches;
- floods, fires, earthquakes, hurricanes, tornadoes or other natural disasters;
- political unrest;

- labor difficulties, including work stoppages or slowdowns;
- water damage or water shortage;
- government orders and regulations;
- pandemics and other health and safety issues; and
- terrorism.

Our manufacturing, assembly and distribution capacity is also dependent on the performance of services by third parties, including vendors, landlords and transportation providers. If we encounter problems with our manufacturing, assembly and distribution facilities, our ability to meet customer expectations, manage inventory, complete sales and achieve objectives for operating efficiencies could be harmed, which could materially adversely affect our business, financial condition and results of operations. We maintain business interruption insurance, but it may not adequately protect us from the adverse effects that could result from significant disruptions to our manufacturing, assembly and distribution facilities, such as the long-term loss of customers or an erosion of our brand image.

Our manufacturing, assembly and distribution networks include computer processes, software and automated equipment that may be subject to a number of risks related to security or computer viruses, the proper operation of software and hardware, electronic or power interruptions or other system failures.

Many of our raw materials or components of our products are provided by a sole or limited number of third-party suppliers and manufacturers.

We rely on a sole or limited number of third-party suppliers and manufacturers for many of our raw materials and the components in our golf balls, golf clubs, golf gloves and certain of our other products. We also use specialized sources for certain of the raw materials used to make our golf gloves and other products, and these sources are limited to certain geographical locations. Furthermore, many of these materials are customized for us and some of our products require specially developed manufacturing techniques and processes which make it difficult to identify and utilize alternative suppliers quickly. If we were to experience any delay or interruption in such supplies, we may not be able to find adequate alternative suppliers at a reasonable cost or without significant disruption to our business which could materially adversely affect our business, financial condition and results of operations.

A disruption in the operations of our suppliers could materially adversely affect our business, financial condition and results of operations.

Our ability to continue to select reliable suppliers who provide timely deliveries of quality materials and components will impact our success in meeting customer demand for timely delivery of quality products. If we experience significantly increased demand, or if, for any reason, we need to replace an existing manufacturer or supplier, there can be no assurance that additional supplies of raw materials or additional manufacturing capacity will be available when required on terms that are acceptable to us, or at all, or that any new supplier or manufacturer would allocate sufficient capacity to us in order to meet our requirements. In addition, should we decide to transition existing manufacturing between third-party manufacturers or should we decide to transition existing in-house manufacturing to third-party manufacturers, the risk of such a problem could increase. Even if we are able to expand existing or find new manufacturing sources, we may encounter delays in production and added costs as a result of the time it takes to train our suppliers and manufacturers in our methods, products and quality control standards. Any material delays, interruption or increased costs in the supply of raw materials or components of our products could impact our ability to meet customer demand for our products which could materially adversely affect our business, financial condition and results of operations.

In addition, there can be no assurance that our suppliers and manufacturers will continue to provide raw materials and components that are consistent with our standards and that comply with all applicable laws and regulations. We have occasionally received, and may in the future receive, shipments of supplies or components that fail to conform to our quality control standards. In that event, unless we are able to obtain replacement supplies or components in a timely manner, we risk the loss of sales resulting from the inability to manufacture our products and could incur related increased administrative and shipping costs, and there also could be a negative impact to our brands, any of which could materially adversely affect our business, financial condition and results of operations.

While we do not control our suppliers or their labor practices, negative publicity regarding the management of facilities by, production methods of or materials used by any of our suppliers could adversely affect our reputation which could materially adversely affect our business, financial condition and results of operations and may force us to locate alternative suppliers. In addition, our suppliers may not be well capitalized and they may not be able to fulfill their obligations to us or go out of business. Furthermore, the ability of third-party suppliers to timely deliver raw materials or components may be affected by events beyond their control, such as work stoppages or slowdowns, transportation issues, or significant weather and health conditions.

The cost of raw materials and components could affect our operating results.

The materials and components used by us, our suppliers and our manufacturers involve raw materials, including polybutadiene, urethane and Surlyn for the manufacturing of our golf balls, titanium and steel for the assembly of our golf clubs, leather and synthetic fabrics for the manufacturing of our golf shoes, golf gloves, golf gear and golf apparel, and resin and other petroleum-based materials for a number of our products. Significant price fluctuations or shortages in such raw materials or components, including the costs to transport such materials or components of our products, the uncertainty of currency fluctuations against the U.S. dollar, increases in labor rates, and/or the introduction of new and expensive raw materials, could materially adversely affect our business, financial condition and results of operations.

Our operations are conducted worldwide and our results of operations are subject to currency transaction risk and currency translation risk that could materially adversely affect our business, financial condition and results of operations.

Approximately 48%, 48% and 46%, respectively, of our net sales for the years ended December 31, 2013, 2014 and 2015 were generated outside of the United States by our non-U.S. subsidiaries. Substantially all of these net sales generated outside of the United States were generated in the applicable local currency, which include, but are not limited to, the Japanese yen, the Korean won, the British pound sterling, the euro and the Canadian dollar. In contrast, substantially all of the purchases of inventory, raw materials or components by our non-U.S. subsidiaries are made in U.S. dollars. For the year ended December 31, 2015, approximately 87% of our cost of goods sold incurred by our non-U.S. subsidiaries were denominated in U.S. dollars. Because our non-U.S. subsidiaries incur substantially all of their cost of goods sold in currencies that are different from the currencies in which they generate substantially all of their sales, we are exposed to transaction risk attributable to fluctuations in such exchange rates, which can impact the gross profit of our non-U.S. subsidiaries. If the U.S. dollar strengthens against the applicable local currency, more local currency will be needed to purchase the same amount of cost of goods sold denominated in U.S. dollars, which could materially adversely affect our business, financial condition and results of operations.

We have entered and expect to continue to enter into various foreign currency exchange contracts in an effort to protect against adverse changes in foreign exchange rates and attempt to minimize foreign currency transaction risk. Our hedging activities can reduce, but will not eliminate, the effects of foreign currency transaction risk on our financial results. The extent to which our hedging activities

mitigate foreign currency transaction risks varies based upon many factors, including the amount of transactions being hedged. Other factors that could affect the effectiveness of our hedging activities include accuracy of sales forecasts, volatility of currency markets, the availability of hedging instruments and limitations on the duration of such hedging instruments. Since the hedging activities are designed to reduce volatility, they not only reduce the negative impact of a stronger U.S. dollar but could also reduce the positive impact of a weaker U.S. dollar. We are also exposed to credit risk from the counterparties to our hedging activities and market conditions could cause such counterparties to experience financial difficulties and, as a result, our efforts to hedge these exposures could prove unsuccessful and, furthermore, our ability to engage in additional hedging activities may decrease or become more costly.

Because our consolidated accounts are reported in U.S. dollars, we are also exposed to currency translation risk when we translate the financial results of our consolidated non-U.S. subsidiaries from their local currency into U.S. dollars. For the years ended December 31, 2013, 2014 and 2015, 48%, 48% and 46%, respectively, of our sales were denominated in foreign currencies. In addition, excluding expenses related to our EAR Plan discussed below, for the years ended December 31, 2013, 2014 and 2015, 32%, 32% and 30%, respectively, of our operating expenses were denominated in foreign currencies (which amounts represent substantially all of the operating expenses incurred by our non-U.S. subsidiaries). Fluctuations in foreign currency exchange rates may positively or negatively affect our reported financial results and can significantly affect period-over-period comparisons. For example, our reported net sales in regions outside the United States for the 2014 and 2015 fiscal years and the three months ended March 31, 2016 were negatively affected by the translation of foreign currency sales into U.S. dollars based on 2014, 2015 and 2016 exchange rates, respectively. If this trend persists or if the U.S. dollar further strengthens against these currencies, it could materially adversely affect our business, financial condition and results of operations.

We may not successfully manage the frequent introduction of new products that satisfy changing consumer preferences, quality and regulatory standards.

The golf equipment and golf wear industries are subject to constantly and rapidly changing consumer demands based, in large part, on performance benefits. Our golf ball and golf club products generally have launch cycles of two years, and our sales in a particular year are affected by when we launch such products. We generally introduce new product offerings and styles in our golf wear and gear businesses each year and at different times during the year. Factors driving these short product launch cycles include the rapid introduction of competitive products and consumer demands for the latest technology, style or fashion. In this marketplace, a substantial portion of our annual sales are generated each year by new products.

These marketplace conditions raise a number of issues that we must successfully manage. For example, we must properly anticipate consumer preferences and design products that meet those preferences, while also complying with significant restrictions imposed by the Rules of Golf (see further discussion of the Rules of Golf below under "—Changes to the Rules of Golf with respect to equipment could materially adversely affect our business, financial condition and results of operations"), or our new products will not achieve sufficient market success to compensate for the usual decline in sales experienced by products already in the market. Second, our R&D and supply chain groups face constant pressures to design, develop, source and supply new products—many of which incorporate new or otherwise untested technology, suppliers or inputs—that perform better than their predecessors while maintaining quality control and the authenticity of our brands. Third, for new products to generate equivalent or greater sales than their predecessors, they must either maintain the same or higher sales levels with the same or higher pricing, or exceed the performance of their predecessors in one or both of those areas. Fourth, the relatively short window of opportunity for launching and selling new products requires great precision in forecasting demand and assuring that

supplies are ready and delivered during the critical selling periods. Finally, the rapid changeover in products creates a need to monitor and manage the closeout of older products both at retail and in our own inventory. Should we not successfully manage the frequent introduction of new products that satisfy consumer demand, it could adversely affect our business, financial condition and results of operations.

We rely on technical innovation and high-quality products to compete in the market for our products.

Technical innovation and quality control in the design and manufacturing process of our products is essential to our commercial success. R&D plays a key role in technical innovation. We rely upon experts in various fields to develop and test cutting edge performance products. While we strive to produce products that help to enhance performance and maximize comfort, if we fail to introduce technical innovation in our products, consumer demand for our products could decline, and if we experience problems with the quality of our products, we may incur substantial expense to remedy the problems, any of which could materially adversely affect our business, financial condition and results of operations.

Changes to the Rules of Golf with respect to equipment could materially adversely affect our business, financial condition and results of operations.

Golf's most regulated categories are golf balls and golf clubs. We seek to have our new golf ball and golf club products conform with the Rules of Golf published by the United States Golf Association, or the USGA and The Royal and Ancient Golf Club of St. Andrews, or The R&A, because these rules are generally followed by golfers, both professional and amateur, within their respective jurisdictions. The USGA publishes rules that are generally followed in the United States and Mexico, and The R&A publishes rules that are generally followed in most other countries throughout the world. However, the Rules of Golf as published by The R&A and the USGA are virtually the same and are intended to be so pursuant to a Joint Statement of Principles issued in 2001. The Rules of Golf set the guidelines and establish limitations for the design and performance of all golf balls and golf clubs.

Many new regulations on golf balls and golf clubs have been introduced in the past 10 to 15 years, which we believe was one of the most active periods for golf equipment regulation in the history of golf. The USGA and R&A have historically regulated the size, weight, and initial velocity of golf balls. More recently, the USGA and R&A have specifically focused on regulating the overall distance of a golf ball. The USGA and R&A have also focused on golf club regulations, including limiting the size and spring-like effect of driver faces and club head moment of inertia. In the future, existing USGA and/or R&A rules may be altered in ways that adversely affect the sales of our current or future products. If a change in rules was adopted and caused one or more of our current or future products to be nonconforming, sales of such products would be impacted and we may not be able to adapt our products promptly to such rule change, which could materially adversely affect our business, financial condition and results of operations. In addition, changes in the Rules of Golf may result in an increase in the costs of materials that would need to be used to develop new products as well as an increase in the costs to design new products that conform to such rules.

Failure to adequately enforce and protect our intellectual property rights could materially adversely affect our business, financial condition and results of operations.

We own numerous patents, trademarks, trade secrets, copyrights and other intellectual property and hold licenses to intellectual property owned by others, which in the aggregate are important to our business. We rely on a combination of patent, trademark, copyright and trade secret laws in our core geographic markets and other jurisdictions, to protect the innovations, brands, proprietary trade secrets and know-how related to certain aspects of our business. Certain of our intellectual property rights, such as patents, are time-limited, and the technology underlying our patents can be used by any third party, including competitors, once the applicable patent terms expire.

We seek to protect our confidential proprietary information, in part, by entering into confidentiality and invention assignment agreements with our employees, consultants, contractors, suppliers and others. While these agreements are designed to protect our proprietary information, we cannot be certain that such agreements have been entered into with all relevant parties, and we cannot be certain that our trade secrets and other confidential proprietary information will not be disclosed or that competitors will not otherwise gain access to our trade secrets or independently develop substantially equivalent information and techniques. We also seek to preserve the integrity and confidentiality of our proprietary information by maintaining physical security of our premises and physical and electronic security of our information technology systems, but it is possible that these security measures could be breached. If we are unable to prevent disclosure to third parties of our material proprietary and confidential know-how and trade secrets, our ability to establish or maintain a competitive advantage in our markets may be adversely affected.

We selectively and strategically pursue patent and trademark protection in our core geographic markets, but our strategy has been to not perfect certain patent and trademark rights in some countries. For example, we focus primarily on securing patent protection in those countries where the majority of our golf ball and golf club industry production takes place. Accordingly, we may not be able to prevent others, including competitors, from practicing our patented inventions, including by manufacturing and selling competing products, in those countries where we have not obtained patent protection. Further, the laws of some foreign countries do not protect proprietary rights to the same extent or in the same manner as the laws of the United States. As a result, we may encounter significant problems in protecting, enforcing and defending our intellectual property outside of the United States. In some foreign countries, where intellectual property laws or law enforcement practices do not protect our intellectual property rights as fully as in the United States, third-party manufacturers may be able to manufacture and sell imitation products and diminish the value of our brands as well as infringe our rights, despite our efforts to prevent such activity.

The golf ball and golf club industries, in particular, have been characterized by widespread imitation of popular ball and club designs. We have an active program of monitoring, investigating and enforcing our proprietary rights against companies and individuals who market or manufacture counterfeits and "knockoff" products. We assert our rights against infringers of our patents, trademarks, trade dress and copyrights. However, these efforts may be expensive, time-consuming, divert management's attention, and ultimately may not be successful in reducing sales of golf products by these infringers. The failure to prevent or limit such infringers or imitators could adversely affect our reputation and sales. Additionally, other golf ball and golf club manufacturers may be able to produce successful golf balls or golf clubs which imitate our designs without infringing any of our patents, trademarks, trade dress or copyrights, which could limit our ability to maintain a competitive advantage in our marketplace.

If we fail to obtain enforceable patents, trademarks and trade secrets, fail to maintain our existing patent, trademark and trade secret rights, or fail to prevent substantial unauthorized use of our patent, trademark and trade secrets, we risk the loss of our intellectual property rights and competitive advantages we have developed, which may result in lost sales. Accordingly, we devote substantial resources to the establishment and protection of our trademarks, patents and trade secrets or know-how, and we continuously evaluate the utility of our existing intellectual property and the new registration of additional trademarks and patents, as appropriate. However, we cannot guarantee that we will have adequate resources to continue to effectively establish, maintain and enforce our intellectual property rights. We also cannot guarantee that any of our pending applications will be approved by the applicable governmental authorities. Moreover, even if the applications will be registered during the registration process, third parties may seek to oppose, limit, or otherwise challenge these applications or registrations.

We may be involved in lawsuits to protect, defend or enforce our intellectual property rights, which could be expensive, time consuming and unsuccessful.

Our success depends in part on our ability to protect our trademarks, patents and trade secrets from unauthorized use by others. To counter infringement or unauthorized use, we may be required to file infringement or misappropriation claims, which can be expensive and time-consuming and could materially adversely affect our business, financial condition and results of operations, even if successful. Any claims that we assert against perceived infringers could also provoke these parties to assert counterclaims against us alleging that we infringe or misappropriate their intellectual property rights or that we have engaged in anti-competitive conduct. Moreover, our involvement in litigation against third parties asserting infringement of our intellectual property rights presents some risk that our intellectual property rights could be challenged and invalidated. In addition, in an infringement proceeding, whether initiated by us or another party, a court may refuse to stop the other party in such infringement proceeding from using the technology or mark at issue on the grounds that our patents do not cover the technology in question or misuse our trade secrets or know-how. An adverse result in any litigation or defense proceedings, including proceedings at the patent and trademark offices, could put one or more of our patents or trademarks at risk of being invalidated, held unenforceable or interpreted narrowly, and could put any of our patent or trademark applications at risk of not being issued as a registered patent or trademark, any of which could materially adversely affect our business, financial condition and results of operations.

Furthermore, because of the substantial amount of discovery required in connection with intellectual property litigation, there is a risk that some of our confidential proprietary information could be compromised by disclosure during this type of litigation. In addition, there could be public announcements of the results of hearings, motions or other interim proceedings or developments. If securities analysts or investors perceive these results to be negative, it could materially adversely affect the price of our common stock.

Our products may infringe the intellectual property rights of others, which may cause us to incur unexpected costs or prevent us from selling our products.

From time to time, third parties have challenged our patents, trademark rights and branding practices, or asserted intellectual property rights that relate to our products and product features. We cannot assure you that our actions taken to establish and protect our technology and brands will be adequate to prevent others from seeking to block sales of our products or to obtain monetary damages, based on alleged violation of their patents, trademarks or other proprietary rights. We may be required to defend such claims in the future, which, whether or not meritorious, could result in substantial costs and diversion of resources and could materially adversely affect our business, financial condition and results of operations.

If we are found to infringe a third party's intellectual property rights, we could be forced, including by court order, to cease developing, manufacturing or commercializing the infringing product. Alternatively, we may be required to obtain a license from such a third party in order to use the infringing technology and continue developing, manufacturing or marketing such technology. In such a case, license agreements may require us to pay royalties and other fees that could be significant, or we may not be able to obtain any required license on commercially reasonable terms or at all. Even if we were able to obtain a license, it could be non-exclusive, thereby giving our competitors access to the same technologies licensed to us. A finding of infringement could prevent us from commercializing our products or force us to cease some of our business operations, or to redesign or rename some of our products to avoid future infringement liability. In addition, we could be found liable for monetary damages, including treble damages and attorneys' fees if we are found to have willfully infringed a patent. Claims that we have misappropriated the confidential information or trade secrets of third parties could also materially adversely affect our business, financial condition and results of operations.

See also "—We may be involved in lawsuits to protect, defend or enforce our intellectual property rights, which could be expensive, time consuming and unsuccessful." Any of the foregoing could cause us to incur significant costs and prevent us from manufacturing or selling certain of our products.

Recent changes to U.S. patent laws and proposed changes to the rules of the U.S. Patent and Trademark Office could adversely affect our ability to protect our intellectual property.

The Leahy-Smith America Invents Act, or the Leahy-Smith Act, which was adopted in September 2011, includes a number of significant changes to the U.S. patent laws, such as, among other things, changing from a "first to invent" to a "first inventor to file" system, establishing new procedures for challenging patents and establishing different methods for invalidating patents. The U.S. Patent and Trademark Office has recently implemented regulations relating to these changes, and the courts have yet to address many of the new provisions of the Leahy-Smith Act. Some of these changes or potential changes may not be advantageous to us, and it may become more difficult to obtain adequate patent protection or to enforce our patents against third parties. While we cannot predict the impact of the Leahy-Smith Act at this time, these changes or potential changes could increase the costs and uncertainties surrounding the prosecution of our patent applications and adversely affect our ability to protect our intellectual property which could materially adversely affect our business, financial condition and results of operations.

We face intense competition in each of our markets and if we are unable to maintain a competitive advantage, loss of market share, sales or profitability may result.

The markets for golf balls, clubs, gear and wear are highly competitive and there may be low barriers to entry in many of our markets. Pricing pressures, reduced profit margins or loss of market share or failure to grow in any of our markets, due to competition or otherwise, could materially adversely affect our business, financial condition and results of operations.

We compete against large-scale global sports equipment and apparel players, Japanese industrials, as well as more specialized golf equipment and golf wear players, including Callaway, TaylorMade, Ping, Bridgestone, Nike, Adidas and Under Armour. Many of our competitors have significant competitive strengths, including long operating histories, a large and broad consumer base, established relationships with a broad set of suppliers and customers, an established regional or local presence, strong brand recognition and greater financial, R&D, marketing, distribution and other resources than we do. There are unique aspects to the competitive dynamic in each of our product categories and markets. We are not the market leader with respect to certain categories or in certain markets.

Golf Balls. The golf ball business is highly competitive. There are a number of well-established and well-financed competitors. We and our competitors continue to incur significant costs in the areas of R&D, advertising, marketing, tour and other promotional support to be competitive.

Golf Clubs. The golf club markets in which we compete are also highly competitive and are served by a number of well-established and well-financed companies with recognized brand names. New product introductions, price reductions, consignment sales, extended payment terms, "closeouts," including closeouts of products that were recently commercially successful, and significant tour and advertising spending by competitors continue to generate intense market competition and create market disruptions. Our competitors in the golf club market have in the past and may continue to introduce their products on an accelerated cycle which could lead to market disruption and impact sales of our products.

Golf Gear. The golf gear market is fragmented and served by a number of well-established and well-financed competitors as well as a number of smaller competitors. We face significant competition in every region with respect to each of our golf gear product categories.

Golf Wear. In the golf wear markets, we compete with a number of well-established and well-financed companies with recognized brand names. These competitors may have a large and broad consumer base, established relationships with a broad set of suppliers and customers, strong brand recognition and significant financial, R&D, marketing, distribution and other resources which may exceed our own.

Our competitors may be able to create and maintain brand awareness and market share more quickly and effectively than we can. Our competitors may also be able to increase sales in new and existing markets faster than we do by emphasizing different distribution channels or through other methods, and many of our competitors have substantial resources to devote towards increasing sales. If we are unable to grow or maintain our competitive position in any of our product categories, it could materially adversely affect our business, financial condition and results of operations.

We may have limited opportunities for future growth in sales of golf balls, golf shoes and golf gloves.

We already have a significant share of worldwide sales of golf balls, golf shoes and golf gloves and the golf industry is very competitive. As such, gaining incremental market share quickly or at all may be limited given the competitive nature of the golf industry and other challenges to the golf industry. In the future, the overall dollar volume of worldwide sales of golf equipment, wear and gear may not grow or may decline which could materially adversely affect our business, financial condition and results of operations.

A severe or prolonged economic downturn could adversely affect our customers' financial condition, their levels of business activity and their ability to pay trade obligations.

We primarily sell our products to golf equipment retailers, such as on-course golf shops, golf specialty stores and other qualified retailers, directly and to foreign distributors. We perform ongoing credit evaluations of our customers' financial condition and generally require no collateral from these customers. However, a severe or prolonged downturn in the general economy could adversely affect the retail golf equipment market which in turn would negatively impact the liquidity and cash flows of our customers, including the ability of such customers to obtain credit to finance purchases of our products and to pay their trade obligations. This could result in increased delinquent or uncollectible accounts for our customers as well as a decrease in orders for our products by such customers. A failure by our customers to pay on a timely basis a significant portion of outstanding account receivable balances or a decrease in orders from such customers could materially adversely affect our business, financial condition and results of operations.

A decrease in corporate spending on our custom logo golf balls could materially adversely affect our business, financial condition and results of operations.

Custom imprinted golf balls, a majority of which are purchased by corporate customers, represented over 25% of our global net golf ball sales for the year ended December 31, 2015. There has long been a strong connection between the business community and golf but corporate spending on custom logoed balls has remained at lower levels since the financial crisis. If such corporate spending decreases further, it could impact the sales of our custom imprinted golf balls.

We depend on retailers and distributors to market and sell our products, and our failure to maintain and further develop our sales channels could materially adversely affect our business, financial condition and results of operations.

We primarily sell our products through retailers and distributors and depend on these third-parties to market and sell our products to consumers. Any changes to our current mix of retailers and distributors could adversely affect our sales and could negatively affect both our brand image and our

reputation. Our sales depend, in part, on retailers adequately displaying our products, including providing attractive space and merchandise displays in their stores, and training their sales personnel to sell our products. If our retailers and distributors are not successful in selling our products, our sales would decrease. Our retailers frequently offer products and services of our competitors in their stores. In addition, our success in growing our presence in existing and expanding into new international markets will depend on our ability to establish relationships with new retailers and distributors. If we do not maintain our relationship with existing retailers and distributors or develop relationships with new retailers and distributors our ability to sell our products would be negatively impacted.

On a consolidated basis, no one customer that sells or distributes our products accounted for more than 10% of our consolidated net sales in each of the years ended 2013, 2014 and 2015. However, our top ten customers accounted for 21%, 21% and 22% of our consolidated net sales in the years ended December 31, 2013, 2014 and 2015, respectively. Accordingly, the loss of a small number of our large customers, or the reduction in business with one or more of these customers, could materially adversely affect our business, financial condition and results of operations. We do not currently have minimum purchase agreements with these large customers.

Consolidation of retailers or concentration of retail market share among a few retailers may increase and concentrate our credit risk, put pressure on our margins and impair our ability to sell products.

The sporting goods and off-course golf equipment retail markets in some countries, including the United States, are dominated by a few large retailers. Certain of these retailers have in the past increased their market share and may continue to do so in the future by expanding through acquisitions and construction of additional stores. Industry consolidation and correction has occurred in recent years and additional consolidation and correction is possible. These situations may result in a concentration of our credit risk with respect to our sales to such retailers, and, if any of these retailers were to experience a shortage of liquidity or other financial difficulties, or file for bankruptcy or receivership protection, it would increase the risk that their outstanding payables to us may not be paid. This consolidation may also result in larger retailers gaining increased leverage which may impact our margins. In addition, increasing market share concentration among one or a few retailers in a particular country or region increases the risk that if any one of them substantially reduces their purchases of our products, we may be unable to find a sufficient number of other retail outlets for our products to sustain the same level of sales. Any reduction in sales by our retailers could materially adversely affect our business, financial condition and results of operations.

Our business depends on strong brands, and if we are not able to maintain and enhance our brands we may be unable to sell our products.

Our brands have worldwide recognition and our success depends on our ability to maintain and enhance our brand image and reputation. In particular, we believe that maintaining and enhancing the Titleist and FootJoy brands is critical to maintaining and expanding our customer base. Maintaining, promoting and enhancing our brands may require us to make substantial investments in areas such as product innovation, product quality, intellectual property protection, marketing and employee training, and these investments may not have the desired impact on our brand image and reputation. Our business could be adversely impacted if we fail to achieve any of these objectives or if the reputation or image of any of our brands is tarnished or receives negative publicity. In addition, adverse publicity about regulatory or legal action against us could damage our reputation and brand image, undermine consumer confidence in us and reduce long-term demand for our products, even if the regulatory or legal action is unfounded or not material to our operations. Also, as we seek to grow our presence in existing, and expand into new, geographic or product markets, consumers in these markets may not accept our brand image and may not be willing to pay a premium to purchase our products as compared to other brands. We anticipate that as our business continues to grow our presence in

existing and expand into new markets, maintaining and enhancing our brands may become increasingly difficult and expensive. If we are unable to maintain or enhance the image of our brands, it could materially adversely affect our business, financial condition and results of operations.

Our business and results of operations are subject to seasonal fluctuations, which could result in fluctuations in our operating results and stock price.

Our business is subject to seasonal fluctuations because golf is played primarily on a seasonal basis in most of the regions where we do business. In general, during the first quarter, we begin selling our products into the golf retail channel for the new golf season. This initial sell-in generally continues into the second quarter. Our second-quarter sales are significantly affected by the amount of sell-through, in particular the amount of higher value discretionary purchases made by customers, which drives the level of reorders of our products sold-in during the first quarter. Our third-quarter sales are generally dependent on reorder business, and are generally less than the second quarter as many retailers begin decreasing their inventory levels in anticipation of the end of the golf season. Our fourth-quarter sales are generally less than the other quarters due to the end of the golf season in many of our key markets, but can also be affected by key product launches, particularly golf clubs. Accordingly, our results of operations are likely to fluctuate significantly from period to period. This seasonality affects sales in each of our reportable segments differently. In general, however, because of this seasonality, a majority of our sales and most of our profitability generally occurs during the first half of the year. Results of operations in any period should not be considered indicative of the results to be expected for any future period. The seasonality of our business could be exacerbated by the adverse effects of unusual or severe weather conditions as well as by severe weather conditions caused or exacerbated by climate change.

Our business and results of operations are also subject to fluctuations based on the timing of new product introductions.

Our sales can also be affected by the launch timing of new products. Product introductions generally stimulate sales as the golf retail channel takes on inventory of new products. Reorders of these new products then depend on the rate of sell-through. Announcements of new products can often cause our customers to defer purchasing additional golf equipment until our new products are available. Our varying product introduction cycles, which are described under "Management's Discussion and Analysis of Financial Condition and Results of Operations—Key Factors Affecting Our Results of Operations—Cyclicality," may cause our results of operations to fluctuate as each product line has different volumes, prices and margins.

We have significant international operations and are exposed to risks associated with doing business globally.

We sell and distribute our products directly in many key international markets in Europe, Asia, North America and elsewhere around the world. These activities have resulted and will continue to result in investments in inventory, accounts receivable, employees, corporate infrastructure and facilities. In addition, in the United States there are a limited number of suppliers of certain raw materials and components for our products as well as finished goods that we sell, and we have increasingly become more reliant on suppliers and vendors located outside of the United States. The operation of foreign distribution in our international markets, as well as the management of relationships with international suppliers and vendors, will continue to require the dedication of management and other resources. We also manufacture certain of our products outside of the United States, including some of our golf balls and substantially all of our golf gloves in Thailand and substantially all of our golf shoes through our joint venture in China.

As a result of this international business, we are exposed to increased risks inherent in conducting business outside of the United States. In addition to foreign currency risks discussed above under

"—Our operations are conducted worldwide and our results of operations are subject to currency transaction risk and currency translation risk that could materially adversely affect our business, financial condition and results of operations," these risks include:

- increased difficulty in protecting our intellectual property rights and trade secrets;
- unexpected government action or changes in legal or regulatory requirements;
- social, economic or political instability;
- the effects of any anti-American sentiments on our brands or sales of our products;
- increased difficulty in ensuring compliance by employees, agents and contractors with our policies as well as with the laws of multiple jurisdictions, including but not limited to the U.S. Foreign Corrupt Practices Act, or the FCPA, and similar anti-bribery and anti-corruption laws, local and international environmental, health and safety laws, and increasingly complex regulations relating to the conduct of international commerce;
- increased difficulty in controlling and monitoring foreign operations from the United States, including increased difficulty in identifying and recruiting qualified personnel for its foreign operations; and
- increased exposure to interruptions in air carrier or ship services.

Any violation of our policies or any applicable laws and regulations by our suppliers or manufacturers could interrupt or otherwise disrupt our sourcing, adversely affect our reputation or damage our brand image. While we do not control these suppliers or manufacturers or their labor practices, negative publicity regarding the management of facilities by, production methods of or materials used by any of our suppliers or manufacturers could adversely affect our reputation and sales and force us to locate alternative suppliers or manufacturing sources, which could materially adversely affect our business, financial condition and results of operations.

Failure to comply with laws, regulations and policies, including the FCPA or other applicable anti-corruption legislation, could result in fines, criminal penalties and materially adversely affect our business, financial condition and results of operations.

A significant risk resulting from our global operations is compliance with a wide variety of U.S. federal and state and non-U.S. laws, regulations and policies, including laws related to anti-corruption, export and import compliance, anti-trust and money laundering. The FCPA, the U.K. Bribery Act of 2010 and similar anti-bribery laws in other jurisdictions generally prohibit companies and their intermediaries from making improper payments to government officials or other persons. There has been an increase in anti-bribery law enforcement activity in recent years, with more frequent and aggressive investigations and enforcement proceedings by both the U.S. Department of Justice and the SEC, increased enforcement activity by non-U.S. regulators, and increases in criminal and civil proceedings brought against companies and individuals. We operate in parts of the world that are recognized as having governmental and commercial corruption and in certain circumstances, strict compliance with anti-bribery laws may conflict with local customs and practices. We cannot assure you that our internal control policies and procedures have protected or will always protect us from improper conduct of our employees or business partners. To the extent that we learn that any of our employees do not adhere to our internal control policies, we are committed to taking appropriate remedial action. In the event that we believe or have reason to believe that our employees or agents have or may have violated applicable laws, including anti-corruption laws, we may be required to investigate or have outside counsel investigate the relevant facts and circumstances, and detecting, investigating and resolving actual or alleged violations can be expensive and require significant time and attention from senior management. Any violation of U.S. federal and state and non-U.S. laws,

regulations and policies could result in substantial fines, sanctions, civil and/or criminal penalties, and curtailment of operations in the U.S. or other applicable jurisdictions. In addition, actual or alleged violations could damage our reputation and ability to do business. Any of the foregoing could materially adversely affect our business, financial condition and results of operations.

Our business, financial condition and results of operations could be materially adversely affected if professional golfers do not endorse or use our products.

We establish relationships with professional golfers in order to use, validate and promote Titleist and FootJoy branded products. We have entered into endorsement arrangements with members of the various professional tours, including the PGA Tour, the Champions Tour, the LPGA Tour, the European PGA Tour, the Japan Tour and the Korean Tour. We believe that professional usage of our products validates the performance and quality of our products and contributes to retail sales. We therefore spend a significant amount of money to secure professional usage of our products. Many other companies, however, also aggressively seek the patronage of these professionals and offer many inducements, including significant cash incentives and specially designed products. There is a great deal of competition to secure the representation of tour professionals. As a result, it is expensive to attract and retain such tour professionals and we may lose the endorsement of these individuals, even prior to the expiration of the applicable contract term. The inducements offered by other companies could result in a decrease in usage of our products by professional golfers or limit our ability to attract other tour professionals. A decline in the level of professional usage of our products, or a significant increase in the cost to attract or retain endorsers, could materially adversely affect our business, financial condition and results of operations.

The value of our brands and sales of our products could be diminished if we, the golfers who use our products or the golf industry in general are associated with negative publicity.

We sponsor a variety of golfers and feature those golfers in our advertising and marketing materials. We establish these relationships to develop, evaluate and promote our products, as well as establish product authenticity with consumers. Actions taken by golfers or tours associated with our products that harm the reputations of those golfers could also harm our brand image and impact our sales. We may also select golfers who may not perform at expected levels or who are not sufficiently marketable. If we are unable in the future to secure prominent golfers and arrange golfer endorsements of our products on terms we deem to be reasonable, we may be required to modify our marketing platform and to rely more heavily on other forms of marketing and promotion, which may not prove to be as effective or may result in additional costs.

If we inaccurately forecast demand for our products, we may manufacture insufficient quantities, which could materially adversely affect our business, financial condition and results of operations.

To reduce purchasing costs and ensure supply, we place orders with our suppliers in advance of the time period we expect to deliver our products. In addition, we plan our manufacturing capacity based upon the forecasted demand for our products. Forecasting the demand for our products is very difficult given the number of SKUs we offer and the amount of specification involved in each of our product categories. For example, in our golf shoe business, we offer a large variety of models as well as different styles and sizes for each model, including over 2,400 SKUs available for men in the United States alone. The nature of our business makes it difficult to adjust quickly our manufacturing capacity if actual demand for our products exceeds or is less than forecasted demand. Factors that could affect our ability to accurately forecast demand for our products include, among others:

- changes in consumer demand for our products or the products of our competitors;
- new product introductions by us or our competitors;

- failure to accurately forecast consumer acceptance of our products;
- failure to anticipate consumer acceptance of new technologies;
- inability to realize revenues from booking orders;
- negative publicity associated with tours or golfers we endorse;
- unanticipated changes in general market conditions or other factors, which may result in cancellations of advance orders or a reduction or increase in the rate of reorders placed by retailers;
- weakening of economic conditions or consumer confidence in future economic conditions, which could reduce demand for discretionary items, such as our products;
- terrorism or acts of war, or the threat thereof, which could adversely affect consumer confidence and spending or interrupt production and distribution of products and raw materials;
- abnormal weather pattern or extreme weather conditions including hurricanes, floods and droughts, among others, which may disrupt economic activity; and
- general economic conditions.

If actual demand for our products exceeds the forecasted demand, we may not be able to produce sufficient quantities of new products in time to fulfill actual demand, which could limit our sales.

Any inventory levels in excess of consumer demand may result in inventory write-downs and/or the sale of excess inventory at discounted prices.

We may experience a disruption in the service, or a significant increase in the cost, of our primary delivery and shipping services for our products and component parts or a significant disruption at shipping ports.

We use FedEx Corporation, or FedEx, for substantially all ground shipments of products to our U.S. customers. We use ocean shipping services and air carriers for most of our international shipments of products. Furthermore, many of the components we use to manufacture and assemble our products are shipped to us via ocean shipping and air carrier. If there is any significant interruption in service by such providers or at shipping ports or airports, we may be unable to engage alternative suppliers or to receive or ship goods through alternate sites in order to deliver our products or components in a timely and cost-efficient manner. As a result, we could experience manufacturing delays, increased manufacturing and shipping costs, and lost sales as a result of missed delivery deadlines and product introduction and demand cycles. Any significant interruption in FedEx services, ship services, at shipping ports or air carrier services could materially adversely affect our business, financial condition and results of operations. Furthermore, if the cost of delivery or shipping services were to increase significantly and the additional costs could not be covered by product pricing it could materially adversely affect our business, financial condition and results of operations.

We rely on complex information systems for management of our manufacturing, distribution, sales and other functions. If our information systems fail to perform these functions adequately or if we experience an interruption in our operation, including a breach in cyber security, our business, financial condition and results of operations could be materially adversely affected.

All of our major operations, including manufacturing, distribution, sales and accounting, are dependent upon our complex information systems. Our information systems are vulnerable to damage or interruption from:

- earthquake, fire, flood, hurricane and other natural disasters;

- power loss, computer systems failure, Internet and telecommunications or data network failure; and
- hackers, computer viruses, unauthorized access, software bugs or glitches.

Any damage or significant disruption in the operation of such systems or the failure of our information systems to perform as expected would disrupt our business, which may result in decreased sales, increased overhead costs, excess inventory or product shortages which could materially adversely effect our business, financial condition and results of operations.

Cybersecurity risks could disrupt our operations and negatively impact our reputation.

There is growing concern over the security of personal and corporate information transmitted over the Internet, consumer identity theft and user privacy due to increasingly diverse and sophisticated threats to network, systems and data security. While we have implemented security measures, our computer systems may be susceptible to electronic or physical computer break-ins, viruses and other disruptions and security breaches. Any perceived or actual unauthorized or inadvertent disclosure of personally-identifiable information regarding visitors to our websites or otherwise or other breach or theft of the information we control, whether through a breach of our network by an unauthorized party, employee theft, misuse or error or otherwise, could harm our reputation, impair our ability to attract website visitors, or subject us to claims or litigation and require us to repair damages suffered by consumers, and materially adversely affect our business, financial condition and results of operations.

If the technology-based systems that give consumers the ability to shop with us online do not function effectively, our ability to grow our eCommerce business globally could be adversely affected.

We are increasingly using websites and social media to interact with consumers and as a means to enhance their experience with our products, including through Vokey.com and ScottyCameron.com. In addition, we launched our FootJoy eCommerce initiative in the first quarter of 2016. In our eCommerce services, we process, store and transmit customer data. We also collect consumer data through certain marketing activities. Failure to prevent or mitigate data loss or other security breaches, including breaches of our vendors' technology and systems, could expose us or consumers to a risk of loss or misuse of such information, result in litigation or potential liability for us and otherwise materially adversely affect our business, financial condition and results of operations. Further, our eCommerce business is subject to general business regulations and laws, as well as regulations and laws specifically governing the Internet, eCommerce and electronic devices. Existing and future laws and regulations, or new interpretations of these laws, may adversely affect our ability to conduct our eCommerce business.

Any failure on our part to provide private, secure, attractive, effective, reliable, user-friendly eCommerce platforms that offer a wide assortment of merchandise with rapid delivery options and that continually meet the changing expectations of online shoppers could place us at a competitive disadvantage, result in the loss of eCommerce and other sales, harm our reputation with consumers, have an adverse impact on the growth of our eCommerce business globally and could materially adversely affect our business, financial condition and results of operations.

Risks specific to our eCommerce business also include diversion of sales from our trade partners' brick and mortar stores, difficulty in recreating the in-store experience through direct channels and liability for online content. Our failure to successfully respond to these risks might adversely affect sales in our eCommerce business, as well as damage our reputation and brands.

Our business could be harmed by the occurrence of natural disasters or pandemic diseases.

The occurrence of a natural disaster, such as an earthquake, tsunami, fire, flood or hurricane, or the outbreak of a pandemic disease, could materially adversely affect our business, financial condition and results of operations. A natural disaster or a pandemic disease could adversely affect both the demand for our products as well as the supply of the raw materials or components used to make our products. Demand for golf products also could be negatively affected as consumers in the affected regions restrict their recreational activities and discretionary spending and as tourism to those areas declines. If our suppliers experience a significant disruption in their business as a result of a natural disaster or pandemic disease, our ability to obtain the necessary raw materials or components to make products could be materially adversely affected. In addition, the occurrence of a natural disaster or the outbreak of a pandemic disease generally restricts travel to and from the affected areas, making it more difficult in general to manage our global operations.

Goodwill and identifiable intangible assets represent a significant portion of our total assets and any impairment of these assets could negatively impact our results of operations and shareholders' equity.

Our goodwill and identifiable intangible assets, which consist of goodwill from acquisitions, trademarks, patents, completed technology, customer relationships, licensing fees, and other intangible assets, represented approximately 38.6% of our total assets as of December 31, 2015.

Accounting rules require the evaluation of our goodwill and intangible assets with indefinite lives for impairment at least annually or whenever events or changes in circumstances indicate that the carrying value of such assets may not be recoverable. Such indicators include a significant adverse change in customer demand or business climate that could affect the value of an asset; general economic conditions, such as increasing Treasury rates or unexpected changes in gross domestic product growth; a change in our market shares; budget-to-actual performance and consistency of operations margins and capital expenditures; a product recall or an adverse action or assessment by a regulator; or changes in management or key personnel.

To test goodwill for impairment, we perform a two-step test. The first step is a comparison of each reporting unit's fair value to its carrying value. We estimate the reporting unit's fair value by estimating the future cash flows of the reporting units to which the goodwill relates, and then discount the future cash flows at a market-participant-derived weighted average cost of capital. The estimates of fair value of reporting units are based on the best information available as of the date of the assessment. If the carrying value of a reporting unit exceeds its estimated fair value in the first step, a second step is performed, which requires us to allocate the fair value of the reporting unit derived in the first step to the fair value of the reporting unit's net assets, with any fair value in excess of amounts allocated to such net assets representing the implied fair value of goodwill for that reporting unit. If the implied fair value of the goodwill is less than the book value, goodwill is impaired and is written down to the implied fair value amount.

To test our other indefinite-lived assets for impairment, which consist of our trade names, we determine the fair value of our trade names using the relief-from-royalty method, which estimates the present value of royalty income that could be hypothetically earned by licensing the brand name to a third party over the remaining useful life. If in conducting an impairment evaluation we determine that the carrying value of an asset exceeded its fair value, we would be required to record a non-cash impairment charge for the difference between the carrying value and the fair value of the asset. If a significant amount of our goodwill and identifiable intangible assets were deemed to be impaired, our business, financial condition and results of operations could be materially adversely affected.

Our current senior management team and other key employees are critical to our success and if we are unable to attract and/or retain key employees and hire qualified management, technical and manufacturing personnel, our ability to compete could be harmed.

Our ability to maintain our competitive position is dependent to a large degree on the efforts and skills of our senior management team, which averages over 20 years with us, and our other key employees. Our executives are experienced and highly qualified with strong reputations and relationships in the golf industry, and we believe that our management team enables us to pursue our strategic goals. Our other key sales, marketing, R&D, manufacturing, intellectual property protection and support personnel are also critical to the success of our business. The loss of the services of any of our senior management team or other key employees could disrupt our operations and delay the development and introduction of our products which could materially adversely affect our business, financial condition and results of operations. We do not have employment agreements with any of the members of our senior management team. In addition, we do not have "key person" life insurance policies covering any of our officers or other key employees.

Our former President of Titleist Golf Balls retired effective February 29, 2016. This role has been assumed by a new President of Titleist Golf Balls who has worked at Acushnet Company since 1987. Our former President of Titleist Golf Clubs retired effective April 30, 2016. This role has been assumed by a new President of Titleist Golf Clubs who has worked at Acushnet Company since 1993. Our current President of FootJoy is expected to retire effective as of December 31, 2016. We have commenced a search for a new President of FootJoy and expect such role to be filled later this year.

Our future success depends upon our ability to attract and retain our executive officers and other key sales, marketing, R&D, manufacturing, intellectual property protection and support personnel and any failure to do so could materially adversely affect our business, financial condition and results of operations.

Additionally, we compete with many mature and prosperous companies that have far greater financial resources than we do and thus can offer current or perspective employees more lucrative compensation packages than we can.

Sales of our products by unauthorized retailers or distributors could adversely affect our authorized distribution channels and harm our reputation.

Some of our products find their way to unauthorized outlets or distribution channels. This "gray market" for our products can undermine authorized retailers and foreign wholesale distributors who promote and support our products, and can injure the image of our company in the minds of our customers and consumers. While we have taken some lawful steps to limit commerce of our products in the "gray market" in both the United States and abroad, we have not been successful in halting such commerce.

International political instability and terrorist activities may decrease demand for our products and disrupt our business.

Terrorist activities and armed conflicts could have an adverse effect upon the United States or worldwide economy and could cause decreased demand for our products. If such events disrupt domestic or international air, ground or sea shipments, or the operation of our suppliers or our manufacturing facilities, our ability to obtain the materials necessary to manufacture products and to deliver customer orders would be harmed, which could materially adversely affect our business, financial condition and results of operations. Such events can negatively impact tourism, which could adversely affect our sales to retailers at resorts and other vacation destinations. In addition, the occurrence of political instability and/or terrorist activities generally restricts travel to and from the affected areas, making it more difficult in general to manage our global operations.

We may not be successful in our efforts to grow our presence in existing international markets and expand into additional international markets.

We intend to grow our presence in and continue to expand into select international markets where there are the necessary and sufficient conditions in place to support such expansion. These growth and expansion plans will require significant management attention and resources and may be unsuccessful. In addition, to achieve satisfactory performance in international locations, it may be necessary to locate physical facilities, such as regional offices, in the foreign market and to hire employees who are familiar with such foreign markets while also being qualified to market our products. We may not be successful in growing our presence in or expanding into any such international markets or in generating sales from such foreign operations.

We have historically grown our business by expanding into additional international markets, but such growth does not always work out as anticipated and there is no assurance that we will be successful in the existing international markets where we are currently seeking to grow our presence or the new international markets we plan to enter. Our business, financial condition and results of operations could be materially adversely affected if we do not achieve the international growth that we are anticipating.

We are exposed to a number of different tax uncertainties, including potential changes in tax laws and unanticipated tax liabilities, which could materially adversely affect our business, financial condition and results of operations.

We earn a substantial portion of our net sales in foreign countries, and are subject to the tax laws of those jurisdictions. Tax laws affecting international operations are complex and subject to change. Current economic and political conditions make tax rules in any jurisdiction, including the U.S., subject to significant change. There have been proposals to reform U.S. and foreign tax laws that could significantly impact how U.S. multinational corporations are taxed on foreign earnings. Although we cannot predict whether or in what form these proposals will pass, several of the proposals considered, if enacted into law, could have an adverse impact on our income tax expense and cash flows. Transactions that we have arranged in light of current tax rules could have adverse consequences if tax rules change, and changes in tax rules or imposition of any new or increased tariffs, duties and taxes could materially adversely affect our business, financial condition and results of operations.

Our effective income tax rate in the future could be adversely affected by a number of factors, including changes in the mix of earnings in countries with differing statutory tax rates, changes in the valuation of deferred tax assets and liabilities, changes in tax laws, the outcome of income tax audits in various jurisdictions around the world and any repatriation of non-U.S. earnings for which we have not previously provided for U.S. taxes.

We are engaged in a number of intercompany transactions across multiple tax jurisdictions. Although we believe that these transactions reflect the accurate economic allocation of profit and that the proper transfer pricing documentation is in place, the profit allocation and transfer pricing terms and conditions may be scrutinized by local tax authorities during an audit and any resulting changes may impact our mix of earnings in countries with differing statutory tax rates.

We are also subject to the audit or examination of our tax returns by the Internal Revenue Service and other tax authorities whereby tax authorities could impose additional tariffs, duties, taxes, penalties and interest on us. The determination of our worldwide provision for income taxes and other tax liabilities requires significant judgment, and there are many transactions and calculations where the ultimate tax determination is uncertain. Although we believe our estimates are reasonable and our tax provisions are adequate, the final determination of tax audits and any related disputes could be materially different from our historical income tax provisions and accruals. The results of audits or

related disputes could have an adverse effect on our financial statements and our financial results for the period or periods for which the applicable final determinations are made.

Portions of our operations are subject to a reduced tax rate or are free of tax under various tax holidays and rulings that expire in whole or in part from time to time. These tax holidays and rulings may be extended when certain conditions are met, or terminated if certain conditions are not met. If the tax holidays and rulings are not extended, or if we fail to satisfy the conditions of the reduced tax rate, then our effective tax rate would increase in the future.

Changes to the overall international tax environment, as well as changes to some of the tax laws of the foreign jurisdictions in which we operate, are expected as a result of the Base Erosion and Profit Shifting project, or BEPS, being undertaken by the Organisation for Economic Co-operation and Development, or OECD. The OECD, which represents a coalition of member countries that encompass many of the jurisdictions in which we operate, has promulgated recommended changes to numerous long standing international tax principles through its BEPS project. It is expected that jurisdictions in which we do business will react to the BEPS initiative by enacting tax legislation, and our business could be materially impacted. It is also expected that our existing transfer pricing arrangements need to be reviewed and possibly adjusted to reflect the principles enumerated in the BEPS project.

Our insurance policies may not provide adequate levels of coverage against all claims and we may incur losses that are not covered by our insurance.

We maintain insurance of the type and in amounts that we believe is commercially reasonable and that is available to businesses in our industry. We carry various types of insurance, including general liability, auto liability, workers' compensation and excess umbrella, from highly rated insurance carriers on all of our properties. We believe that the policy specifications and insured limits are adequate for foreseeable losses with terms and conditions that are reasonable and customary for similar businesses and are within industry standards. Nevertheless, market forces beyond our control could limit the scope of the insurance coverage that we can obtain in the future or restrict our ability to buy insurance coverage at reasonable rates. We cannot predict the level of the premiums that we may be required to pay for subsequent insurance coverage, the level of any deductible and/or self-insurance retention applicable thereto, the level of aggregate coverage available or the availability of coverage for specific risks.

In the event of a substantial loss, the insurance coverage that we carry may not be sufficient to compensate us for the losses we incur or any costs we are responsible for. In addition, there are types of losses we may incur that cannot be insured against or that we believe are not commercially reasonable to insure. For example, we maintain business interruption insurance, but there can be no assurance that the coverage for a severe or prolonged business interruption would be adequate and the deductibles for such insurance may be high. These losses, if they occur, could materially adversely affect our business, financial condition and results of operations.

We are subject to product liability, warranty and recall claims, and our insurance coverage may not cover such claims.

Our products expose us to warranty claims and product liability claims in the event that products manufactured, sold or designed by us actually or allegedly fail to perform as expected, or the use of those products results, or is alleged to result, in personal injury, death or property damage. Further, we or one or more of our suppliers might not adhere to product safety requirements or quality control standards, and products may be shipped to retail partners before the issue is identified. In the event that this occurs, we may have to recall our products to address performance, compliance, or other safety related issues. The financial costs we may incur in connection with these recalls typically would

include the cost of the product being replaced or repaired and associated labor and administrative costs and, if applicable, governmental fines and/or penalties.

Product recalls can harm our reputation and cause us to lose customers, particularly if those recalls cause consumers to question the performance, quality, safety or reliability of our products. Substantial costs incurred or lost sales caused by future product recalls could materially adversely affect our business, financial condition and results of operations. Conversely, not issuing a recall or not issuing a recall on a timely basis can harm our reputation and cause us to lose customers for the same reasons as expressed above. Product recalls, withdrawals, repairs or replacements may also increase the amount of competition that we face.

We vigorously defend or attempt to settle all product liability cases brought against us. However, there is no assurance that we can successfully defend or settle all such cases. We believe that we are not currently subject to any material product liability claims not covered by insurance or vendor indemnity, although the ultimate outcome of these and future claims cannot presently be determined. Because product liability claims are part of the ordinary course of our business, we maintain product liability insurance which we currently believe is adequate. Our insurance policies provide coverage against claims resulting from alleged injuries arising from our products sustained during the respective policy periods, subject to policy terms and conditions. We believe the insurance will be renewed on substantially similar terms upon its expiry but there can be no assurance that this coverage will be renewed or otherwise remain available in the future, that our insurers will be financially viable when payment of a claim is required, that the cost of such insurance will not increase, or that this insurance will ultimately prove to be adequate under our various policies. Furthermore, future rate increases might make insurance uneconomical for us to maintain. These potential insurance problems or any adverse outcome in any liability suit could create increased expenses which could harm our business. We are unable to predict the nature of product liability claims that may be made against us in the future with respect to injuries, diseases or other illnesses resulting from the use of our products or the materials incorporated in our products.

With regard to warranty claims, our actual product warranty obligations could materially differ from historical rates which would oblige us to revise our estimated warranty liability accordingly. Adverse determinations of material product liability and warranty claims made against us could materially adversely affect our business, financial condition and results of operations and could harm the reputation of our brands.

We may be subject to litigation and other regulatory proceedings which may result in the expense of time and resources and could materially adversely affect our business, financial condition and results of operations.

We may be involved in lawsuits and regulatory actions relating to our business, including those relating to intellectual property, antitrust, commercial and employment matters. Due to the inherent uncertainties of litigation and regulatory proceedings, we cannot accurately predict the likelihood of such lawsuits or regulatory proceedings occurring or the ultimate outcome of any such proceedings. An unfavorable outcome could materially adversely affect our business, financial condition and results of operations. In addition, any such proceeding, regardless of its merits, could divert management's attention from our operations and result in substantial legal fees.

We are subject to environmental, health and safety laws and regulations, which could subject us to liabilities, increase our costs or restrict our operations in the future.

Our properties and operations are subject to a number of environmental, health and safety laws and regulations in each of the jurisdictions in which we operate. These laws and regulations govern, among other things, air emissions, water discharges, handling and disposal of solid and hazardous substances and wastes, soil and groundwater contamination and employee health and safety. Our failure

to comply with such environmental, health and safety laws and regulations could result in substantial civil or criminal fines or penalties or enforcement actions, including regulatory or judicial orders enjoining or curtailing operations or requiring remedial or corrective measures, installation of pollution control equipment or other actions.

We may also be subject to liability for environmental investigations and cleanups, including at properties that we currently or previously owned or operated, even if such contamination was not caused by us, and we may face claims alleging harm to health or property or natural resource damages arising out of contamination or exposure to hazardous substances. We may also be subject to similar liabilities and claims in connection with locations at which hazardous substances or wastes we have generated have been stored, treated, otherwise managed, or disposed.

We use certain substances and generate certain wastes that may be deemed hazardous or toxic under environmental laws, and we from time to time have incurred, and in the future may incur, costs related to cleaning up contamination resulting from historic uses of certain of our current or former properties or our treatment, storage or disposal of wastes at facilities owned by others. The costs of investigation, remediation or removal of such materials may be substantial, and the presence of those substances, or the failure to remediate a property properly, may impair our ability to use, transfer or obtain financing regarding our property. Liability in many situations may be imposed not only without regard to fault, but may also be joint and several, so that we may be held responsible for more than our share of the contamination or other damages, or even for the entire amount.

Environmental conditions at or related to our current or former properties or operations, and/or the costs of complying with current or future environmental, health and safety requirements (which have become more stringent and complex over time) could materially adversely affect our business, financial condition and results of operations.

We may require additional capital in the future and we cannot give any assurance that such capital will be available at all or available on terms acceptable to us and, if it is available, additional capital raised by us may dilute holders of our common stock.

We may need to raise additional funds through public or private debt or equity financings in order to:

- fund ongoing operations;
- take advantage of opportunities, including expansion of our business or the acquisition of complementary products, technologies or businesses;
- develop new products; or
- respond to competitive pressures.

Any additional capital raised through the sale of equity or securities convertible into equity will dilute the percentage ownership of holders of our common stock. Capital raised through debt financing would require us to make periodic interest payments and may impose restrictive covenants on the conduct of our business. Furthermore, additional financings may not be available on terms favorable to us, or at all, especially during periods of adverse economic conditions, which could make it more difficult or impossible for us to obtain funding for the operation of our business, for making additional investments in product development and for repaying outstanding indebtedness. Our failure to obtain additional funding could prevent us from making expenditures that may be required to grow our business or maintain our operations.

If our estimates or judgments relating to our critical accounting policies prove to be incorrect, our financial condition and results of operations could be adversely affected.

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. We base our estimates on historical experience and on various other assumptions that we believe to be reasonable under the circumstances, as discussed under "Management's Discussion and Analysis of Financial Condition and Results of Operations," included elsewhere in this prospectus and in our consolidated financial statements included herein. The results of these estimates form the basis for making judgments about the carrying values of assets, liabilities and equity, and the amount of revenue and expenses that are not readily apparent from other sources. Significant assumptions and estimates used in preparing our consolidated financial statements include those related to revenue recognition, allowance for doubtful accounts, inventory reserves, impairment of goodwill, indefinite-lived and long-lived assets, pension and other post-retirement benefits, product warranty, valuation allowances for deferred tax assets, valuation of common stock warrants, and share-based compensation. Our financial condition and results of operations may be adversely affected if our assumptions change or if actual circumstances differ from those in our assumptions, which could cause our results of operations to fall below the expectations of securities analysts and investors, resulting in a decline in the price of our common stock.

Risks Related to Our Indebtedness

Our substantial leverage could adversely affect our ability to raise additional capital to fund our operations, limit our ability to react to changes in the economy or in our industry, expose us to interest rate risk to the extent of our variable rate debt, and prevent us from meeting our obligations under our indebtedness.

Following the closing of the Refinancing and the conversion of all of our Convertible Notes immediately prior to the closing of this offering, we will continue to be highly leveraged. As of March 31, 2016, on a pro forma basis after giving effect to the conversion of all of our Convertible Notes immediately prior to the closing of this offering, we would have had \$585.0 million of indebtedness, and on a pro forma as adjusted basis after giving further effect to (i) the exercise by Fila Korea Ltd. of all of our outstanding warrants and related redemption of our outstanding 7.5% bonds due 2021, which is expected to occur in July 2016, and (ii) the Refinancing, we would have had \$ million of indebtedness. In addition, as of March 31, 2016, on a pro forma as adjusted basis, we would have had \$ million of availability under our new revolving credit facility after giving effect to \$ million of outstanding letters of credit and we would have had \$ million available under our local credit facilities that will remain outstanding after the Refinancing. Until the date that is one year from the initial funding date, the commitments under the new delayed draw term loan A facility in the amount of up to \$100.0 million will be available to make payments in connection with the final payout of the outstanding EARs under the EAR Plan, which would increase our leverage further. Our high degree of leverage following the closing of this offering could have important consequences for us, including:

- requiring us to utilize a substantial portion of our cash flows from operations to make payments on our indebtedness, reducing the availability of our cash flows to fund working capital, capital expenditures, product development, acquisitions, general corporate and other purposes;
- increasing our vulnerability to adverse economic, industry, or competitive developments;
- exposing us to the risk of increased interest rates because substantially all of our borrowings are at variable rates of interest;
- making it more difficult for us to satisfy our obligations with respect to our indebtedness, and any failure to comply with the obligations of any of our debt instruments, including financial

maintenance covenants and restrictive covenants, could result in an event of default under the agreements governing our indebtedness;

- restricting us from making strategic acquisitions or causing us to make non-strategic divestitures;
- limiting our ability to obtain additional financing for working capital, capital expenditures, product development, debt service requirements, acquisitions, and general corporate or other purposes; and
- limiting our flexibility in planning for, or reacting to, changes in our business or market conditions and placing us at a competitive disadvantage compared to our competitors who are less highly leveraged and who, therefore, may be able to take advantage of opportunities that our leverage prevents us from exploiting.

Our total interest expense, net was \$68.1 million, \$63.5 million, \$60.3 million and \$15.3 million and \$13.8 million for the years ended December 31, 2013, 2014 and 2015 and the three months ended March 31, 2015 and 2016, respectively, our pro forma total interest expense for the year ended December 31, 2015 and the three months ended March 31, 2016 after giving effect to the conversion of all of our Convertible Notes immediately prior to the closing of this offering would have been \$33.1 million and \$7.1 million, respectively, and our pro forma as adjusted total interest expense for the year ended December 31, 2015 and the three months ended March 31, 2016 after giving further effect to the exercise by Fila Korea Ltd. of all of our outstanding warrants and related redemption of our outstanding 7.5% bonds due 2021, which is expected to occur in July 2016, and the Refinancing would have been \$ million and \$ million, respectively. Following the closing of the Refinancing and this offering, substantially all of our indebtedness will be floating rate debt.

Servicing our indebtedness will require a significant amount of cash. Our ability to generate sufficient cash depends on many factors, some of which are not within our control.

Our ability to make payments on our indebtedness and to fund planned capital expenditures will depend on our ability to generate cash in the future. To a certain extent, this is subject to general economic, financial, competitive, legislative, regulatory, and other factors that are beyond our control. If we are unable to generate sufficient cash flows to service our debt and meet our other commitments, we may need to restructure or refinance all or a portion of our debt, sell material assets or operations, or raise additional debt or equity capital. We may not be able to affect any of these actions on a timely basis, on commercially reasonable terms, or at all, and these actions may not be sufficient to meet our capital requirements. In addition, any refinancing of our indebtedness could be at a higher interest rate, and the terms of our existing or future debt arrangements may restrict us from affecting any of these alternatives. Our failure to make the required interest and principal payments on our indebtedness would result in an event of default under the agreement governing such indebtedness, which may result in the acceleration of some or all of our outstanding indebtedness.

Despite our high indebtedness level, we and our subsidiaries will still be able to incur significant additional amounts of debt, which could further exacerbate the risks associated with our substantial indebtedness.

We and our subsidiaries may be able to incur substantial additional indebtedness in the future. Although the agreements governing our indebtedness contain restrictions on the incurrence of additional indebtedness, these restrictions are subject to a number of significant qualifications and exceptions and, under certain circumstances, the amount of indebtedness that could be incurred in compliance with these restrictions could be substantial.

Our credit agreements contain restrictions that limit our flexibility in operating our business.

The agreements governing our outstanding indebtedness contain various covenants that limit our ability to engage in specified types of transactions. These covenants limit the ability of our subsidiaries to, among other things:

- incur, assume, or permit to exist additional indebtedness or guarantees;
- incur liens;
- make investments and loans;
- pay dividends, make payments, or redeem or repurchase capital stock;
- engage in mergers, liquidations, dissolutions, asset sales, and other dispositions (including sale leaseback transactions);
- amend or otherwise alter terms of certain indebtedness or certain other agreements;
- enter into agreements limiting subsidiary distributions or containing negative pledge clauses;
- engage in certain transactions with affiliates;
- alter the nature of the business that we conduct;
- change our fiscal year or accounting practices; or
- enter into a transaction or series of transactions that constitutes a change of control.

The new credit agreement covenants also restrict the ability of Acushnet Holdings Corp. to engage in certain mergers or consolidations or engage in any activities other than permitted activities. A breach of any of these covenants, among others, could result in a default under one or more of these agreements, including as a result of cross default provisions, and, in the case of our new secured credit facility, following any applicable cure period, would permit the lenders thereunder to, among other things, declare the principal, accrued interest and other obligations thereunder to be immediately due and payable and declare the commitment of each lender thereunder to make loans and issue letters of credit to be terminated.

We may utilize derivative financial instruments to reduce our exposure to market risks from changes in interest rates on our variable rate indebtedness and we will be exposed to risks related to counterparty credit worthiness or non-performance of these instruments.

We may enter into pay-fixed interest rate swaps to limit our exposure to changes in variable interest rates. Such instruments may result in economic losses should interest rates decline to a point lower than our fixed rate commitments. We will be exposed to credit-related losses, which could impact the results of operations in the event of fluctuations in the fair value of the interest rate swaps due to a change in the credit worthiness or non-performance by the counterparties to the interest rate swaps.

Risks Related to this Offering and Ownership of Our Common Stock

We will incur increased costs and become subject to additional regulations and requirements as a result of becoming a newly public company, and our management will be required to devote substantial time to new compliance matters, which could lower our profits or make it more difficult to run our business.

As a public company, we will incur significant legal, accounting and other expenses that we have not incurred as a private company, including costs associated with public company reporting requirements and costs of recruiting and retaining non-executive directors. We also have incurred and will incur costs associated with the Sarbanes-Oxley Act and related rules implemented by the SEC and . The expenses incurred by public companies generally for reporting and corporate

governance purposes have been increasing. We expect these rules and regulations to increase our legal and financial compliance costs and to make some activities more time-consuming and costly, although we are currently unable to estimate these costs with any degree of certainty. Our management will need to devote a substantial amount of time to ensure that we comply with all of these requirements. These laws and regulations also could make it more difficult or costly for us to obtain certain types of insurance, including director and officer liability insurance, and we may be forced to accept reduced policy limits and coverage or incur substantially higher costs to obtain the same or similar coverage. These laws and regulations could also make it more difficult for us to attract and retain qualified persons to serve on our board of directors, our board committees or as our executive officers. Furthermore, if we are unable to satisfy our obligations as a public company, we could be subject to delisting of our common stock, fines, sanctions and other regulatory action and potentially civil litigation.

There may not be an active trading market for shares of our common stock, which may cause shares of our common stock to trade at a discount from the initial offering price and make it difficult to sell the shares of common stock you purchase.

Prior to this offering, there has not been a public trading market for shares of our common stock. It is possible that after this offering an active trading market will not develop or continue or, if developed, that any market will be sustained which would make it difficult for you to sell your shares of common stock at an attractive price or at all. The initial public offering price per share of common stock will be determined by agreement among the selling shareholders and the representatives of the underwriters, and may not be indicative of the price at which shares of our common stock will trade in the public market after this offering. The market price of our common stock may decline below the initial offering price and you may not be able to sell your shares of our common stock at or above the price you paid in this offering, or at all.

The market price of shares of our common stock may be volatile, which could cause the value of your investment to decline.

Even if a trading market develops, the market price of our common stock may be highly volatile and could be subject to wide fluctuations. Securities markets worldwide experience significant price and volume fluctuations. This market volatility, as well as general economic, market or political conditions, could reduce the market price of shares of our common stock in spite of our operating performance. In addition, our results of operations could be below the expectations of public market analysts and investors due to a number of potential factors, including variations in our quarterly results of operations, additions or departures of key management personnel, failure to meet analysts' earnings estimates, publication of research reports about our industry, litigation and government investigations, changes or proposed changes in laws or regulations or differing interpretations or enforcement thereof affecting our business or the golf industry, adverse market reaction to any indebtedness we may incur or securities we may issue in the future, changes in market valuations of similar companies or speculation in the press or investment community, announcements by our competitors of significant contracts, acquisitions, dispositions, strategic partnerships, joint ventures or capital commitments, adverse publicity about our industry in or individual scandals, and in response the market price of shares of our common stock could decrease significantly. You may be unable to resell your shares of common stock at or above the initial public offering price.

In the past few years, stock markets have experienced significant price and volume fluctuations. In the past, following periods of volatility in the overall market and the market price of a company's securities, securities class action litigation has often been instituted against these companies. This litigation, if instituted against us, could result in substantial costs and a diversion of our management's attention and resources.

We have identified material weaknesses in our internal control over financial reporting, and if we are unable to maintain effective internal controls, we may not be able to produce timely and accurate financial statements, which could have a material adverse effect on our business and stock price.

As a privately held company, we are not required to comply with the rules of the SEC implementing Section 404 of the Sarbanes-Oxley Act and are therefore not currently required to make a formal assessment of the effectiveness of our internal control over financial reporting for that purpose. Upon becoming a public company, we will be required to comply with the SEC's rules implementing Sections 302 and 404 of the Sarbanes-Oxley Act, which will require management to certify financial and other information in our annual and quarterly reports and provide an annual management report on the effectiveness of internal control over financial reporting.

In connection with the audit of our consolidated financial statements for the years ended December 31, 2013, 2014 and 2015, we and our independent registered public accounting firm identified material weaknesses in our internal control over financial reporting. 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 company's annual or interim consolidated financial statements will not be prevented or detected on a timely basis. We did not have in place an effective control environment with a sufficient number of accounting personnel with the appropriate technical training in, and experience with, GAAP to allow for a detailed review of complex accounting transactions that would identify errors in a timely manner. Further, we did not design and have in place formally documented and implemented processes and procedures to address the accounting for income taxes, derivatives, certain compensation and benefits, and functional currency, including internal communication protocols related to matters impacting income tax and benefit accounts. We also identified a lack of segregation of duties between the ability to create and post journal entries. The lack of adequate accounting personnel and formal processes and procedures resulted in several audit adjustments to our consolidated financial statements for the years ended December 31, 2013, 2014 and 2015.

We are currently in the process of remediating these material weaknesses and are taking steps that we believe will address the underlying causes of the material weaknesses. We have enlisted the help of external advisors to provide assistance in the areas of financial accounting and tax accounting in the short term, and are evaluating the longer term resource needs of our various financial functions. In addition, we have engaged an accounting firm to evaluate and document the design and operating effectiveness of our internal controls and assist with the remediation and implementation of our internal controls as required. These remediation measures may be time consuming, costly, and might place significant demands on our financial and operational resources.

In addition, we have begun performing system and process evaluations and testing of our internal control over financial reporting to allow management and our independent registered public accounting firm to report on the effectiveness of our internal control over financial reporting, as required by Section 404 of the Sarbanes-Oxley Act, with auditor attestation of the effectiveness of our internal controls, beginning with our annual report on Form 10-K for the second fiscal year ending after the effectiveness of the registration statement of which this prospectus forms a part. Our testing, or the subsequent testing by our independent registered public accounting firm, may reveal deficiencies in our internal controls over financial reporting that are deemed to be additional material weaknesses, in addition to the material weaknesses described above. Each of the material weaknesses described above or any newly identified material weakness could result in a misstatement of our consolidated financial statements or disclosures that would result in a material misstatement of our annual or quarterly consolidated financial statements that would not be prevented or detected.

If (i) we fail to effectively remediate deficiencies in internal control over financial reporting, (ii) we identify additional material weaknesses in our internal control over financial reporting, (iii) we are

unable to comply with the requirements of Section 404 in a timely manner or assert that our internal control over financial reporting is effective, or (iv) our independent registered public accounting firm is unable to express an opinion as to the effectiveness of our internal control over financial reporting or expresses an opinion that is qualified or adverse, investors may lose confidence in the accuracy and completeness of our financial statements which could cause the market price of our common stock to decline, and we could become subject to sanctions or investigations by the stock exchange upon which our common stock is listed, the SEC or other regulatory authorities, and we could be delayed in delivering financial statements, which could result in a default under the agreements governing our indebtedness.

We cannot assure you that we will pay dividends on our common stock, and our indebtedness could limit our ability to pay dividends on our common stock.

Any decision to declare and pay dividends in the future will be made at the sole discretion of our board of directors and will depend on, among other things, our results of operations, capital requirements, financial condition, contractual restrictions, restrictions in our debt agreements and in any preferred stock, business prospects and other factors that our board of directors may deem relevant. Because we are a holding company and have no direct operations, we expect to pay dividends, if any, only from funds we receive from our subsidiaries, which may further restrict our ability to pay dividends as a result of the laws of their jurisdiction of organization, agreements of our subsidiaries or covenants under any existing and future outstanding indebtedness we or our subsidiaries incur. Certain of our existing agreements governing indebtedness, including our new credit agreement, restrict our ability to pay dividends on our common stock. We expect that any future agreements governing indebtedness will contain similar restrictions. For more information, see "Dividend Policy" and "Description of Indebtedness." There can be no assurance that we will pay a dividend in the future or continue to pay any dividend if we do commence paying dividends.

Acushnet Holdings Corp. is a holding company with no operations of its own and, as such, it depends on its subsidiaries for cash to fund all of its operations and expenses, including future dividend payments, if any.

Our operations are conducted almost entirely through our subsidiaries and our ability to generate cash to make future dividend payments, if any, is highly dependent on the earnings and the receipt of funds from our subsidiaries via dividends or intercompany loans, which may be restricted as a result of the laws of the jurisdiction of organization of our subsidiaries, agreements of our subsidiaries or covenants under any existing and future outstanding indebtedness we or our subsidiaries incur.

If you purchase shares of common stock sold in this offering, you will incur immediate and substantial dilution.

The initial public offering price per share is expected to be substantially higher than the pro forma as adjusted net tangible book value (deficit) per share immediately after this offering. As a result, you will pay a price per share that substantially exceeds the book value of our assets after subtracting the book value of our liabilities. Based on our pro forma as adjusted net tangible book value as of March 31, 2016 and the assumed initial offering price of \$ per share, which is the midpoint of the price range set forth on the cover page of this prospectus, you will incur immediate and substantial dilution in the amount of \$ per share, representing the difference between our pro forma as adjusted net tangible book value per share and the assumed initial public offering price. See "Dilution."

You may be diluted by the future issuance of additional common stock in connection with our incentive plans, acquisitions or otherwise.

After this offering we will have _____ shares of common stock authorized but unissued. Our amended and restated certificate of incorporation to become effective in connection with this offering will authorize us to issue these shares of common stock and options relating to common stock for the consideration and on the terms and conditions established by our board of directors in its sole discretion, whether in connection with acquisitions or otherwise. We have reserved _____ shares for issuance upon settlement of our EARs and for issuance under our 2015 Incentive Plan. See "Executive Compensation." Any shares of common stock that we issue, including to settle our EARs or under our 2015 Incentive Plan or other equity incentive plans that we may adopt in the future, would dilute the percentage ownership held by the investors who purchase common stock in this offering.

Future sales, or the perception of future sales, by us or our existing shareholders in the public market following this offering could cause the market price for our common stock to decline.

The sale of substantial amounts of shares of our common stock in the public market, or the perception that such sales could occur, including sales by our existing shareholders, could harm the prevailing market price of shares of our common stock. These sales, or the possibility that these sales may occur, also might make it more difficult for us to sell equity securities in the future at a time and at a price that we deem appropriate. Upon completion of this offering and after giving effect to (i) the automatic conversion of all of our Convertible Notes into an aggregate of _____ shares of our common stock, which will occur immediately prior to the closing of this offering, (ii) the automatic conversion of our Convertible Preferred Stock into an aggregate of _____ shares of our common stock, which will occur immediately prior to the closing of this offering, and (iii) the exercise by Fila Korea Ltd. of all of our outstanding common stock warrants into an aggregate _____ shares of our common stock, which is expected to occur in July 2016, we will have a total of _____ shares of our common stock outstanding. Of the outstanding shares, the _____ shares sold in this offering (or _____ shares if the underwriters exercise their option to purchase additional shares) will be freely tradable without restriction or further registration under the Securities Act, except that any shares held by our affiliates, as that term is defined under Rule 144 of the Securities Act, may be sold only in compliance with the limitations described in "Shares Eligible for Future Sale."

The remaining outstanding _____ shares of common stock held by our existing shareholders after this offering will be subject to certain restrictions on resale. We, our executive officers, directors and all of our existing shareholders, including the selling shareholders, will sign lock-up agreements with the underwriters that will, subject to certain customary exceptions, restrict the sale of the shares of our common stock and certain other securities held by them for 180 days following the date of this prospectus. See "Underwriting" for a description of these lock-up agreements.

Upon the expiration of the lock-up agreements described above, all of such _____ shares (or _____ shares if the underwriters exercise their option to purchase additional shares in full) will be eligible for resale in a public market, subject, in the case of shares held by our affiliates, to volume, manner of sale and other limitations under Rule 144.

We intend to file one or more registration statements on Form S-8 under the Securities Act to register shares of our common stock or securities convertible into or exchangeable for shares of our common stock issued pursuant to our EARs and our 2015 Incentive Plan. Any such Form S-8 registration statements will automatically become effective upon filing. Accordingly, shares registered under such registration statements will be available for sale in the open market. We expect that the initial registration statement on Form S-8 will cover _____ shares of our common stock issuable pursuant to our 2015 Incentive Plan. We expect to file an additional or amended registration statement

on Form S-8 prior to the settlement of our EARs which will cover shares of our common stock issuable pursuant to our EARs.

As restrictions on resale end, the market price of our shares of common stock could drop significantly if the holders of these restricted shares sell them or are perceived by the market as intending to sell them. These factors could also make it more difficult for us to raise additional funds through future offerings of our shares of common stock or other securities.

Anti-takeover provisions in our organizational documents and Delaware law might discourage or delay acquisition attempts for us that you might consider favorable.

Our amended and restated certificate of incorporation and amended and restated bylaws to become effective immediately prior to the effectiveness of the registration statement of which this prospectus forms a part will contain provisions that may make the merger or acquisition of the Company more difficult without the approval of our board of directors.

Further, as a Delaware corporation, we are also subject to provisions of Delaware law, which may impair a takeover attempt that our shareholders may find beneficial. These anti-takeover provisions and other provisions under Delaware law could discourage, delay or prevent a transaction involving a change in control of the Company, including actions that our shareholders may deem advantageous, or negatively affect the trading price of our common stock. These provisions could also discourage proxy contests and make it more difficult for you and other shareholders to elect directors of your choosing and to cause us to take other corporate actions you desire.

If securities analysts do not publish research or reports about our business or if they downgrade our stock or our sector, our stock price and trading volume could decline.

The trading market for our common stock will rely in part on the research and reports that industry or financial analysts publish about us or our business or industry. We do not control these analysts. Furthermore, if one or more of the analysts who do cover us downgrade our stock or our industry, or the stock of any of our competitors, or publish inaccurate or unfavorable research about our business or industry, the price of our stock could decline. If one or more of these analysts ceases coverage of us or fails to publish reports on us regularly, we could lose visibility in the market, which in turn could cause our stock price or trading volume to decline.

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This prospectus includes forward-looking statements that reflect our current views with respect to, among other things, our operations and financial performance. These forward-looking statements are included throughout this prospectus, including in the sections entitled "Prospectus Summary," "Risk Factors," "Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Business" and relate to matters such as our industry, business strategy, goals and expectations concerning our market position, future operations, margins, profitability, capital expenditures, liquidity and capital resources and other financial and operating information. We have used the words "anticipate," "assume," "believe," "continue," "could," "estimate," "expect," "intend," "may," "plan," "potential," "predict," "project," "future," "will," "seek," "foreseeable" and similar terms and phrases to identify forward-looking statements in this prospectus.

The forward-looking statements contained in this prospectus are based on management's current expectations and are subject to uncertainty and changes in circumstances. We cannot assure you that future developments affecting us will be those that we have anticipated. Actual results may differ materially from these expectations due to changes in global, regional or local economic, business, competitive, market, regulatory and other factors, many of which are beyond our control. We believe that these factors include, but are not limited to:

- a reduction in the number of rounds of golf played or in the number of golf participants;
- unfavorable weather conditions may impact the number of playable days and rounds played in a given year;
- macroeconomic factors may affect the number of rounds of golf played and related spending on golf products;
- demographic factors may affect the number of golf participants and related spending on our products;
- a significant disruption in the operations of our manufacturing, assembly or distribution facilities;
- our ability to procure raw materials or components of our products;
- a disruption in the operations of our suppliers;
- cost of raw materials and components;
- currency transaction and translation risk;
- our ability to successfully manage the frequent introduction of new products;
- our reliance on technical innovation and high-quality products;
- changes of the Rules of Golf with respect to equipment;
- our ability to adequately enforce and protect our intellectual property rights;
- involvement in lawsuits to protect, defend or enforce our intellectual property rights;
- our ability to prevent infringement of intellectual property rights by others;
- recent changes to U.S. patent laws and proposed changes to the rules of the U.S. Patent and Trademark Office;
- intense competition and our ability to maintain a competitive advantage in each of our markets;
- limited opportunities for future growth in sales of golf balls, golf shoes and golf gloves;

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- our customers' financial condition, their levels of business activity and their ability to pay trade obligations;
- a decrease in corporate spending on our custom logo golf balls;
- our ability to maintain and further develop our sales channels;
- consolidation of retailers or concentration of retail market share;
- our ability to maintain and enhance our brands;
- seasonal fluctuations of our business;
- fluctuations of our business based on the timing of new product introductions;
- risks associated with doing business globally;
- compliance with laws, regulations and policies, including the FCPA or other applicable anti-corruption legislation;
- our ability to secure professional golfers to endorse or use our products;
- negative publicity relating to us or the golfers who use our products or the golf industry in general;
- our ability to accurately forecast demand for our products;
- a disruption in the service or increase in cost, of our primary delivery and shipping services or a significant disruption at shipping ports;
- our ability to maintain our information systems to adequately perform their functions;
- cybersecurity risks;
- the ability of our eCommerce systems to function effectively;
- occurrence of natural disasters or pandemic diseases;
- impairment of goodwill and identifiable intangible assets;
- our ability to attract and/or retain management and other key employees and hire qualified management, technical and manufacturing personnel;
- our ability to prohibit sales of our products by unauthorized retailers or distributors;
- international political instability and terrorist activities;
- our ability to grow our presence in existing international markets and expand into additional international markets;
- tax uncertainties, including potential changes in tax laws and unanticipated tax liabilities;
- adequate levels of coverage of our insurance policies;
- product liability, warranty and recall claims;
- litigation and other regulatory proceedings;
- compliance with environmental, health and safety laws and regulations;
- our ability to secure additional capital on terms acceptable to us and potential dilution of holders of our common stock;
- our estimates or judgments relating to our critical accounting policies;

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- our substantial leverage, ability to service our indebtedness, ability to incur more indebtedness and restrictions in the agreements governing our indebtedness;
- increased costs and regulatory requirements of being a public company;
- our ability to maintain effective internal controls over financial reporting;
- our ability to pay dividends;
- dilution from future issuances or sales of our common stock;
- anti-takeover provisions in our organizational documents; and
- reports from securities analysts.

These factors should not be construed as exhaustive and should be read in conjunction with the other cautionary statements that are included in this prospectus. Should one or more of these risks or uncertainties materialize, or should any of our assumptions prove incorrect, our actual results may vary in material respects from those projected in these forward-looking statements.

Any forward-looking statement made by us in this prospectus speaks only as of the date of this prospectus. Factors or events that could cause our actual results to differ may emerge from time to time, and it is not possible for us to predict all of them. We may not actually achieve the plans, intentions or expectations disclosed in our forward-looking statements and you should not place undue reliance on our forward-looking statements. Our forward-looking statements do not reflect the potential impact of any future acquisitions, mergers, dispositions, joint ventures, investments or other strategic transactions we may make. We undertake no obligation to publicly update or review any forward-looking statement, whether as a result of new information, future developments or otherwise, except as may be required by any applicable securities laws.

USE OF PROCEEDS

The selling shareholders are selling all _____ shares of our common stock that are being sold in this offering, including all of the shares, if any, that may be sold in connection with the exercise of the underwriters' option to purchase additional shares from the selling shareholders. See "Principal and Selling Shareholders."

We will not receive any proceeds from the sale of shares of our common stock in this offering by the selling shareholders. We will pay certain expenses, other than the underwriting discount, associated with this offering.

DIVIDEND POLICY

Any decision to declare and pay dividends in the future will be made at the sole discretion of our board of directors and will depend on, among other things, our results of operations, capital requirements, financial condition, contractual restrictions, restrictions in our debt agreements and in any preferred stock, business prospects and other factors that our board of directors may deem relevant. We are a holding company and substantially all of our operations are carried out by our operating subsidiary, Acushnet Company, and its subsidiaries.

Because we are a holding company, our ability to pay dividends depends on our receipt of cash dividends from our operating subsidiary, Acushnet Company, and its subsidiaries, which may further restrict our ability to pay dividends as a result of the laws of their jurisdiction of organization, agreements of our subsidiaries or covenants under any existing and future outstanding indebtedness we or our subsidiaries incur.

Certain of our agreements governing indebtedness, including our new credit agreement, restrict our ability to pay dividends on our common stock. We expect that any future agreements governing indebtedness will contain similar restrictions. See "Description of Indebtedness" for a description of the restrictions on our ability to pay dividends under our new credit agreement.

We did not declare or pay any dividends on our common stock in 2013, 2014 or 2015 or in the three months ended March 31, 2016.

CAPITALIZATION

The following table sets forth our cash and our capitalization as of March 31, 2016, on:

- an actual basis;
- a pro forma basis to give effect to:
 - (x) the automatic conversion of all of our outstanding Convertible Notes into an aggregate of _____ shares of our common stock, which will occur immediately prior to the closing of this offering and (y) the payment in cash of \$18.3 million of interest on the Convertible Notes accrued from August 1, 2015 through March 31, 2016; and
 - the automatic conversion of all of our outstanding Convertible Preferred Stock into an aggregate of _____ shares of our common stock, which will occur immediately prior to the closing of this offering; and
- a pro forma as adjusted basis to give further effect to:
 - the exercise by Fila Korea Ltd. of all of our outstanding common stock warrants into an aggregate of _____ shares of our common stock at an exercise price of \$ _____ per share and our use of the proceeds from such exercise to redeem all of our outstanding 7.5% bonds due 2021, which is expected to occur in July 2016; and
 - the Refinancing.

You should read this table together with the information contained in this prospectus, including "Prospectus Summary—Summary Consolidated Financial Data," "Selected Consolidated Financial Data," "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our consolidated financial statements and related notes included elsewhere in this prospectus.

	As of March 31, 2016		
	Actual	Pro Forma (in thousands, except share and per share data)	Pro Forma As Adjusted
Cash(1)	\$ 65,719	\$ 47,470	\$
Common stock warrant liability	\$ 24,763	\$ 24,763	\$
Debt:			
Former credit facilities:			
Former senior revolving credit facility	63,000	63,000	
Former senior term loan facility	30,000	30,000	
Former working credit facilities(2)	35,693	35,693	
Revolving credit facility(3)	30,000	30,000	
Secured floating rate notes	373,397	373,397	
7.5% bonds due 2021	30,684	30,684	
Convertible Notes	362,490	—	
New senior secured credit facilities:			
Revolving credit facility(4)	—	—	
Term loan A facility	—	—	
Delayed draw term loan A facility(5)	—	—	
Other unsecured short term borrowings(6)	20,683	20,683	
Capital lease obligations	1,535	1,535	
Total debt, net of discount and debt issuance costs	947,482	584,992	
Series A redeemable convertible preferred stock, \$0.001 par value, 1,838,027 shares authorized and 1,838,027 shares issued and outstanding, actual; no shares authorized, issued and outstanding, pro forma and pro forma as adjusted	131,036	—	
Equity:			
Preferred stock, par value \$0.001 per share, no shares authorized, issued and outstanding, actual; shares authorized and no shares issued and outstanding, pro forma and pro forma as adjusted	—	—	
Common stock, par value \$0.001 per share, shares authorized and shares issued and outstanding, actual; shares authorized and shares issued and outstanding, pro forma; shares authorized and shares issued and outstanding, pro forma as adjusted	2	8	
Additional paid-in capital	309,130	802,650	
Accumulated other comprehensive income (loss), net of tax	(70,467)	(70,467)	
Retained earnings (deficit)	(56,967)	(56,967)	
Total equity attributable to Acushnet Holdings Corp.	181,698	675,224	
Noncontrolling interests	34,785	34,785	
Total equity	216,483	710,009	
Total capitalization	\$ 1,295,001	\$ 1,295,001	\$

(1) Does not include restricted cash of \$4.8 million as of March 31, 2016. Restricted cash is primarily related to a standby letter of credit used for insurance purposes. Includes cash of \$16.4 million related to our FootJoy golf shoe joint venture. See Note 2 to our audited consolidated financial statements and Note 1 to our unaudited consolidated financial statements, each included elsewhere in this prospectus, for further details on our FootJoy golf shoe joint venture.

Does not reflect the payment of \$ million in aggregate, consisting of: (i) accrued and unpaid interest in the amount of \$ million on our Convertible Notes and \$ million on our 7.5% bonds due 2021, in each case accruing from April 1, 2016 through the later of August 1, 2016 and the closing date of this offering and (ii) accrued and unpaid dividends in the amount of \$ million on our Convertible Preferred Stock from August 1, 2015 through the later of August 1, 2016 and the closing date of this offering, in each case which we expect to make in cash at the closing of this offering.

Does not reflect the payment of estimated fees of approximately \$ related to this offering payable by us which we have incurred since April 1, 2016 and which we expect to pay in cash.

- (2) Consists of our Canadian working credit facility and our European working credit facility, which had outstanding borrowings of \$15.9 million and \$19.8 million, respectively, as of March 31, 2016. In connection with the Refinancing, any amounts outstanding under our Canadian working credit facility and our European working credit facility will be repaid with borrowings under our new revolving credit facility and such Canadian working credit facility and European working credit facility will be terminated.
- (3) Consists of a working credit facility entered into with Wells Fargo Bank, National Association on February 5, 2016, which working credit facility provides for borrowings up to \$30.0 million and matures on July 29, 2016.
- (4) Consists of a \$275.0 million new revolving credit facility, including a \$20.0 million letter of credit sub-facility, a C\$25.0 million sub-facility for Acushnet Canada Inc. and a £20 million sub-facility for Acushnet Europe Limited. As of March 31, 2016 on a pro forma as adjusted basis, we would have had \$ million of availability under our new revolving credit facility after giving effect to \$ million of outstanding letters of credit.
- (5) Until the date that is one year from the initial funding date, the commitments under the new delayed draw term loan A facility in the amount of up to \$100.0 million will be available to make payments in connection with the final payout of the outstanding EARs under the EAR Plan.
- (6) Consists of amounts outstanding under certain local credit facilities at certain of our non-U.S. subsidiaries and our FootJoy golf shoe joint venture in China. As of March 31, 2016, on a pro forma as adjusted basis, we would have had \$ million available under our local credit facilities that will remain outstanding after the Refinancing.

The foregoing table does not reflect:

- shares of our common stock issuable following vesting in settlement of RSUs and up to shares of our common stock issuable following vesting in settlement of PSUs, in each case that were issued under the 2015 Incentive Plan;
- additional shares of our common stock reserved for future issuance under the 2015 Incentive Plan; and
- shares of common stock issuable in respect of the settlement of up to 50% of the outstanding EARs at our option, which were issued under the EAR Plan.

DILUTION

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

Our historical net tangible book value (deficit) as of March 31, 2016 was \$(464.1) million, or \$ _____ per share of our common stock. Our historical net tangible book value (deficit) represents our total tangible assets less our total liabilities and Convertible Preferred Stock, which is not included within our shareholders' equity. Historical net tangible book value (deficit) per share represents historical net tangible book (deficit) divided by _____ shares of our common stock outstanding as of March 31, 2016.

Our pro forma net tangible book value as of March 31, 2016 was \$29.5 million, or \$ _____ per share of our common stock. Pro forma net tangible book value represents the amount of our total tangible assets less our total liabilities, after giving effect to (i) the automatic conversion of all of our outstanding Convertible Notes into an aggregate of _____ shares of our common stock, which will occur immediately prior to the closing of this offering, (ii) the payment in cash of \$18.3 million of interest on the Convertible Notes accrued from August 1, 2015 through March 31, 2016 and (iii) the automatic conversion of all of our outstanding Convertible Preferred Stock into an aggregate of _____ shares of our common stock, which will occur immediately prior to the closing of this offering. Pro forma net tangible book value per share represents our pro forma net tangible book value divided by the total number of shares outstanding as of March 31, 2016, after giving effect to the automatic conversion of all outstanding shares of our Convertible Notes and our Convertible Preferred Stock into an aggregate of _____ shares of our common stock immediately prior to the closing of this offering.

Our pro forma as adjusted net tangible book value as of March 31, 2016 was \$ _____ million, or \$ _____ per share of our common stock. Pro forma as adjusted net tangible book value represents the amount of our pro forma total tangible assets less our pro forma total liabilities after giving further effect to (i) the exercise by Fila Korea Ltd. of all of our outstanding common stock warrants into an aggregate of _____ shares of our common stock and our use of the proceeds from such exercise to redeem all of our outstanding 7.5% bonds due 2021, which is expected to occur in July 2016 and (ii) the Refinancing. Pro forma as adjusted net tangible book value per share represents our pro forma as adjusted net tangible book value divided by the total number of shares outstanding as of March 31, 2016, after giving effect to the exercise by Fila Korea Ltd. of all of our outstanding common stock warrants into an aggregate of _____ shares of our common stock. Dilution per share to new investors is determined by subtracting the pro forma as adjusted net tangible book value per share from the initial public offering price per share paid by new investors. Because all of the shares of our common stock to be sold in this offering, including those subject to the underwriters' option to purchase additional shares, will be sold by the selling shareholders, there will be no increase in the number of

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shares of our common stock outstanding as a result of this offering. The following table illustrates this dilution:

Assumed initial public offering price per share	\$
Historical net tangible book value (deficit) per share as of March 31, 2016	
Increase per share attributable to the pro forma adjustments described above	_____
Pro forma net tangible book value per share as of March 31, 2016	
Increase per share attributable to pro forma as adjusted adjustments described above	_____
Pro forma as adjusted net tangible book value per share	
Dilution per share to new investors purchasing common stock in this offering	\$ _____

The following table summarizes, on a pro forma as adjusted basis as of March 31, 2016, the number of shares of common stock purchased from the selling shareholders (assuming no exercise of the underwriters' option to purchase additional shares of our common stock) and the total consideration and the average price per share paid by our existing shareholders and by the new investors in this offering, at an assumed initial public offering price of \$ _____ per share (the midpoint of the estimated initial public offering price range set forth on the cover page of this prospectus).

	<u>Shares Purchased</u>		<u>Total Consideration</u>		<u>Average</u>
	<u>Number</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>	<u>Price</u>
Existing shareholders			%\$		%\$
New Investors					\$
Total	_____	_____	%\$	_____	%

A \$1.00 increase (decrease) in the assumed initial public offering price would increase (decrease) total consideration paid by new investors, total consideration paid by all shareholders and average price per share paid by new investors by \$ _____ million, \$ _____ million and \$ _____ per share, respectively. An increase (decrease) of 1.0 million in the number of shares offered by the selling shareholders, assuming no changes in the assumed initial public offering price per share would increase (decrease) total consideration paid by new investors, total consideration paid by all shareholders and average price per share paid by new investors by \$ _____ million, \$ _____ million and \$ _____ per share, respectively.

The foregoing tables and calculations are based on _____ shares of our common stock outstanding as of March 31, 2016, after giving effect to (i) the automatic conversion of all of our outstanding Convertible Notes into an aggregate of _____ shares of our common stock and the automatic conversion of all of our outstanding Convertible Preferred Stock into an aggregate of _____ shares of our common stock, each of which will occur immediately prior to the closing of this offering and

(ii) the exercise by Fila Korea Ltd. of all of our outstanding common stock warrants into an aggregate of _____ shares of our common stock, which is expected to occur in July 2016, and excludes:

- _____ shares of our common stock issuable following vesting in settlement of RSUs and up to _____ shares of our common stock issuable following vesting in settlement of PSUs, in each case that were issued under the 2015 Incentive Plan;
- _____ additional shares of our common stock reserved for future issuance under the 2015 Incentive Plan; and
- _____ shares of our common stock issuable in respect of the settlement of up to 50% of the outstanding EARs at our option, which were issued under the EAR Plan.

New investors may experience further dilution to the extent any of our RSUs and PSUs vest, any additional options, RSUs or PSUs are granted and exercised, or any additional shares of our common stock are otherwise issued.

SELECTED CONSOLIDATED FINANCIAL DATA

You should read the selected consolidated financial data below together with the consolidated financial statements and related notes thereto appearing elsewhere in this prospectus, as well as "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the other financial information included elsewhere in this prospectus.

We have derived the consolidated statement of operations data for the years ended December 31, 2013, 2014 and 2015 and the consolidated balance sheet data as of December 31, 2014 and 2015 presented below from our audited consolidated financial statements included elsewhere in this prospectus. We have derived the consolidated statement of operations data for the period from July 30, 2011 to December 31, 2011 and for the year ended December 31, 2012 and our consolidated balance sheet data as of December 31, 2011, 2012 and 2013 presented below from our audited consolidated financial statements which are not included in this prospectus. We have derived the consolidated statement of operations data for the period from January 1, 2011 to July 29, 2011 from the audited consolidated financial statements of our Predecessor (as defined below) that are not included in this prospectus. Our historical audited results are not necessarily indicative of the results that should be expected in any future period.

We have derived the historical statement of operations data and the consolidated statement of cash flows data for the three months ended March 31, 2015 and March 31, 2016 and the consolidated balance sheet data as of March 31, 2016 presented below from our unaudited consolidated financial statements included elsewhere in this prospectus. We have prepared our unaudited consolidated financial statements on the same basis as our audited consolidated financial statements and have included all adjustments, consisting only of normal recurring adjustments that, in our opinion, are necessary to present fairly the financial information set forth in those statements. The results for any interim period are not necessarily indicative of the results that may be expected for the full year and our historical unaudited results are not necessarily indicative of the results that should be expected in any future period.

The pro forma balance sheet data as of March 31, 2016 and the pro forma basic and diluted net income per common share attributable to Acushnet Holding Corp. and the pro forma basic and diluted weighted average number of shares for the year ended December 31, 2015 and the three months ended March 31, 2016 presented below are unaudited and give effect to (i) the automatic conversion of all of our outstanding Convertible Notes into an aggregate of shares of our common stock, which will occur immediately prior to the closing of this offering, (ii) with respect to the pro forma balance sheet data, the payment in cash of \$18.3 million of interest on the Convertible Notes accrued from August 1, 2015 through March 31, 2016 and (iii) the automatic conversion of all of our outstanding Convertible Preferred Stock into an aggregate of shares of our common stock, which will occur immediately prior to the closing of this offering. The pro forma balance sheet data gives effect to the foregoing transactions assuming they occurred on March 31, 2016 and the pro forma basic and diluted net income per common share attributable to Acushnet Holdings Corp. gives effect to the foregoing transactions assuming they occurred on January 1, 2015. The pro forma data is not necessarily indicative of what our financial position or basic or diluted net income per common share attributable to Acushnet Holding Corp. would have been if the foregoing transactions had been completed as of March 31, 2016 or for the year ended December 31, 2015 or the three months ended March 31, 2016, nor is such data necessarily indicative of our financial position or basic or diluted net income (loss) per common share attributable to Acushnet Holding Corp. for any future date or period.

The pro forma as adjusted balance sheet data as of March 31, 2016 and the pro forma as adjusted basic and diluted net income per common share attributable to Acushnet Holdings Corp. and the pro forma as adjusted basic and diluted weighted average number of shares for the year ended December 31, 2015 and the three months ended March 31, 2016 presented below are unaudited and give further effect to (i) the exercise by Fila Korea Ltd. of all of our outstanding common stock

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warrants into an aggregate of _____ shares of our common stock at an exercise price of \$ _____ per share and our use of the proceeds from such exercise to redeem all of our outstanding 7.5% bonds due 2021, which is expected to occur in July 2016 and (ii) the Refinancing. The pro forma as adjusted balance sheet data gives effect to the foregoing transactions assuming they occurred on March 31, 2016 and the pro forma as adjusted basic and diluted net income per common share attributable to Acushnet Holdings Corp. gives effect to the foregoing transactions assuming they occurred on January 1, 2015. The pro forma as adjusted data is not necessarily indicative of what our financial position or basic or diluted net income per common share attributable to Acushnet Holdings Corp. would have been if the foregoing transactions had been completed as of March 31, 2016 or for the year ended December 31, 2015 or the three months ended March 31, 2016, nor is such data necessarily indicative of our financial position or basic or diluted net income (loss) per common share attributable to Acushnet Holdings Corp. for any future date or period.

As a result of the Acquisition, a new basis of accounting was created beginning July 29, 2011. In this prospectus, the periods prior to the Acquisition are referred to as the "Predecessor" periods, which represents Acushnet Company and all of its consolidated subsidiaries, and the periods after the Acquisition are referred to as the "Successor" periods, which represent Acushnet Holdings Corp. and all of its consolidated subsidiaries, including Acushnet Company. Due to the Acquisition, the

consolidated financial statements for the Successor periods are not comparable to those of the Predecessor periods presented in this prospectus.

	Predecessor	Successor	Combined(1)		Successor				
	January 1 - July 29, 2011	July 30 - December 31, 2011	2011	Year ended December 31,				Three months ended March 31,	
				2012	2013	2014	2015	2015	2016
(in thousands, except share and per share data)									
Consolidated Statements of Operations Data:									
Net sales	\$ 878,902	\$ 457,159	\$ 1,336,061	\$ 1,451,058	\$ 1,477,219	\$ 1,537,610	\$ 1,502,958	\$ 416,298	\$ 442,796
Cost of goods sold	444,393	317,812	762,205	753,096	744,090	779,678	727,120	201,040	217,331
Gross profit	434,509	139,347	573,856	697,962	733,129	757,932	775,838	215,258	225,465
Operating expenses:									
Selling, general and administrative	302,740	209,150	511,890	566,999	568,421	602,755	604,018	153,727	153,348
Research and development	20,844	16,845	37,689	41,598	42,152	44,243	45,977	11,014	11,130
Intangible amortization	83	2,893	2,976	6,733	6,704	6,687	6,617	1,661	1,649
Restructuring and other charges	11,287	1,881	13,168	2,477	955	—	1,643	—	587
Income (loss) from operations	99,555	(91,422)	8,133	80,155	114,897	104,247	117,583	48,856	58,751
Interest expense, net	1,537	29,503	31,040	69,185	68,149	63,529	60,294	15,331	13,841
Other (income) expense, net	306	1,498	1,804	(14,729)	5,285	(1,348)	25,139	(1,824)	1,383
Income (loss) before income taxes	97,712	(122,423)	(24,711)	25,699	41,463	42,066	32,150	35,349	43,527
Income tax expense (benefit)	46,159	(41,678)	4,481	7,555	17,150	16,700	27,994	18,962	17,317
Net income (loss)	51,553	(80,745)	(29,192)	18,144	24,313	25,366	4,156	16,387	26,210
Less: Net income (loss) attributable to noncontrolling interests									
	(2,151)	189	(1,962)	(4,271)	(4,677)	(3,809)	(5,122)	(1,585)	(1,530)
Net income (loss) attributable to Acushnet Holdings Corp.	\$ 49,402	\$ (80,556)	\$ (31,154)	\$ 13,873	\$ 19,636	\$ 21,557	\$ (966)	\$ 14,802	\$ 24,680
Dividends paid to preferred shareholders	—	—	—	(8,045)	(8,045)	(8,045)	(8,045)	—	—
Accruing of cumulative dividends	—	(5,694)	(5,694)	(5,741)	(5,740)	(5,740)	(5,740)	(3,399)	(3,437)
Allocation of undistributed earnings to preferred shareholders	—	—	—	(53)	(3,225)	(3,866)	—	(5,375)	(9,160)
Net income (loss) attributable to common shareholders—basic	49,402	(86,250)	(36,848)	34	2,626	3,906	(14,751)	6,028	12,083
Net income (loss) attributable to common shareholders—diluted(2)	\$ 49,402	\$ (86,250)	\$ (36,848)	\$ 34	\$ 2,626	\$ 3,906	\$ (14,751)	\$ 11,915	\$ 19,672
Per Share Data:									
Net income (loss) per common share attributable to Acushnet Holdings Corp.—basic(3)	\$	\$	\$	\$	\$	\$	\$	\$	\$
Net income (loss) per common share attributable to Acushnet Holdings Corp.—diluted(4)									
Weighted average number of common shares—basic(3)									
Weighted average number of shares—diluted(4)									
Pro forma net income per common share attributable to Acushnet Holdings Corp.—basic and diluted(5)							\$	\$	
Pro forma weighted average number of common shares—basic(5)									
Pro forma weighted average number of common shares—diluted(5)									
Pro forma as adjusted net income per common share attributable to Acushnet Holdings Corp.—basic and diluted(6)							\$	\$	
Pro forma as adjusted weighted average number of common shares—basic(6)									
Pro forma as adjusted weighted average number of common shares—diluted(6)									

- (1) The table above sets forth our results of operations for the period from January 1, 2011 to July 29, 2011 (Predecessor), and the period July 30, 2011 to December 31, 2011 (Successor). The unaudited combined results of operations for the year ended December 31, 2011 represents the mathematical addition of our Predecessor's results of operations from January 1, 2011 to July 29, 2011, and the Successor's results of operations from July 30, 2011 to December 31, 2011. We have included the unaudited combined financial information in order to facilitate a comparison with our other years. Each of the Predecessor and Successor results for the period from January 1, 2011 to July 29, 2011, and the period from July 30, 2011 to December 31, 2011, respectively, have been audited and are consistent with GAAP. However, the presentation of unaudited combined financial information for the year ended December 31, 2011 is not consistent with GAAP or with the pro forma requirements of Article 11 of Regulation S-X, and may yield results that are not comparable on a period-to-period basis primarily due to (i) the impact of required purchase accounting adjustments and (ii) the new basis of accounting established in connection with the Acquisition. Such results are not necessarily indicative of what the results for the combined period would have been had the Acquisition not occurred.
- (2) Reflects the impact to net income (loss) attributable to common shareholders of dilutive securities. Diluted net income (loss) attributable to common shareholders for the period from July 30, 2011 to December 31, 2011 and each of the years ended December 31, 2013, 2014 and 2015 does not include the effects of (i) the conversion of the Convertible Preferred Stock to common shares, (ii) the conversion of the Convertible Notes to common shares, (iii) the exercise of our outstanding common stock warrants or (iv) the exercise of then outstanding stock options, as the inclusion of these instruments would have been anti-dilutive for the period from July 30, 2011 to December 31, 2011 and each of the years ended December 31, 2013, 2014 and 2015. Diluted net income (loss) attributable to common shareholders for the three months ended March 31, 2015 and 2016 does not include the effects of (i) the conversion of the Convertible Preferred Stock to common shares or

- (ii) the exercise of our outstanding common stock warrants, as the inclusion of these instruments would have been anti-dilutive for each of the three months ended March 31, 2015 and 2016.
- (3) Basic net income (loss) per common share attributable to Acushnet Holdings Corp. is computed by dividing (A) net income (loss) attributable to Acushnet Holdings Corp. after adjusting for (i) dividends paid and accrued and (ii) allocations of undistributed earnings to preferred shareholders, by (B) basic weighted average common shares outstanding.
- (4) Diluted net income (loss) per common share attributable to Acushnet Holdings Corp. is computed by dividing (A) net income (loss) attributable to Acushnet Holdings Corp. after adjusting for (i) dividends paid and accrued, (ii) allocations of undistributed earnings to preferred shareholders and (iii) the impacts to net income (loss) of any potentially dilutive securities, by (B) the diluted weighted average common shares outstanding, which has been adjusted to include any potentially dilutive securities. Diluted net income (loss) per common share attributable to Acushnet Holdings Corp. for each of the years ended December 31, 2013, 2014 and 2015 does not include the effects of (i) the conversion of the Convertible Preferred Stock to common shares, (ii) the conversion of the Convertible Notes to common shares, (iii) the exercise of our outstanding common stock warrants or (iv) the exercise of then outstanding stock options, as the inclusion of these instruments would have been anti-dilutive for the period from July 30, 2011 through December 31, 2011, for each of the years ended December 31, 2012, 2013, 2014 and 2015. Diluted net income (loss) per common share attributable to Acushnet Holdings Corp. for the three months ended March 31, 2015 and 2016 does not include the effects of (i) the conversion of the Convertible Preferred Stock to common shares or (ii) the exercise of our outstanding common stock warrants, as the inclusion of these instruments would have been anti-dilutive for each of the three months ended March 31, 2015 and 2016. For the period from January 1, 2011 through July 29, 2011 there are no potentially dilutive securities outstanding.
- (5) See Note 20 to our audited consolidated financial statements and Note 12 to our unaudited consolidated financial statements, each included elsewhere in this prospectus, for further details on the calculation of pro forma basic and diluted net income per common share attributable to Acushnet Holdings Corp.
- (6) Pro forma as adjusted basic and diluted net income per common share attributable to Acushnet Holdings Corp. represents pro forma net income per common share attributable to Acushnet Holdings Corp. after giving further effect to (i) the exercise by Fila Korea Ltd. of all of our outstanding common stock warrants into an aggregate of _____ shares of our common stock at an exercise price of \$ _____ per share and our use of the proceeds from such exercise to redeem all of our outstanding 7.5% bonds due 2021, which is expected to occur in July 2016 and (ii) the Refinancing, as if each of these events occurred on January 1, 2015. See "Prospectus Summary—Summary Consolidated Financial Data" for the calculation of pro forma as adjusted basic and diluted net income per common share attributable to Acushnet Holdings Corp.

	As of December 31,					As of March 31,		Pro Forma As Adjusted 2016
	Actual					2016	Pro Forma 2016	
	2011	2012	2013	2014	2015			
	(in thousands)							
Balance Sheet Data:								
Cash(1)	\$ 70,934	\$ 45,607	\$ 49,257	\$ 47,667	\$ 54,409	\$ 65,719	\$ 47,470	\$
Working capital(2)	272,726	321,701	319,445	339,301	345,114	373,576	373,576	
Total assets	1,755,946	1,742,670	1,745,038	1,762,703	1,758,973	1,895,413	1,877,164	
Common stock warrant liability	16,257	4,417	3,705	1,818	22,884	24,763	24,763	
Long-term debt, net of discount, including current portion, and capital lease obligations	1,002,769	985,211	1,028,590	873,542	797,151	798,106	435,616	
EAR Plan liability, including current portion(3)	—	41,056	69,927	122,013	169,566	162,653	162,653	
Total liabilities	1,542,465	1,494,149	1,438,708	1,442,747	1,434,431	1,547,894	1,167,155	
Convertible Preferred Stock	128,126	131,036	131,036	131,036	131,036	131,036	—	
Total equity attributable to Acushnet Holdings Corp.	50,479	85,838	143,171	156,587	160,251	181,698	675,224	
Total equity	85,355	117,485	175,295	188,920	193,506	216,483	710,009	\$

- (1) Does not include restricted cash of \$14.4 million, \$6.9 million, \$6.6 million, \$6.1 million, \$4.7 million and \$4.8 million as of December 31, 2011, 2012, 2013, 2014 and 2015 and March 31, 2016, respectively. Restricted cash is primarily related to a standby letter of credit used for insurance purposes. Includes cash of \$7.4 million, \$4.0 million, \$5.7 million, \$7.7 million, \$10.0 million and \$16.4 million as of December 31, 2011, 2012, 2013, 2014 and 2015 and March 31, 2016, respectively, related to our FootJoy golf shoe joint venture. See Note 2 to our audited consolidated financial statements and Note 1 to our unaudited consolidated financial statements, each included elsewhere in this prospectus, for further details on our FootJoy golf shoe joint venture.

Does not reflect the payment of \$ _____ in aggregate, consisting of: (i) accrued and unpaid interest in the amount of \$ _____ million on our Convertible Notes and \$ _____ million on our 7.5% bonds due 2021, in each case accruing from April 1, 2016 through the later of August 1, 2016 and the closing date of this offering and (ii) accrued and unpaid dividends in the amount of \$ _____ on our Convertible Preferred Stock from August 1, 2015 through the later of August 1, 2016 and the closing date of this offering, in each case which we expect to pay in cash.

Does not reflect the payment of estimated fees of approximately \$ _____ related to this offering payable by us which we have incurred since April 1, 2016 and which we expect to make in cash at or following the closing of this offering.

- (2) We define working capital as current assets less current liabilities, excluding the current portion of our long-term debt and EAR Plan liability.
- (3) The EARs as structured do not qualify for equity accounting treatment. As such, the liability is re-measured to intrinsic value at each reporting period based on our common stock equivalent value. The EARs will accrete \$1.6 million of interest for the remainder of the year ended December 31, 2016. The EAR Plan expires on December 31, 2016 and amounts earned under the EAR Plan must be paid within two and a half months after the expiration date.

	Predecessor	Successor	Successor						
	January 1 - July 29, 2011	July 30 - December 31, 2011	Combined	Year ended December 31,			Three months ended March 31,		
			2011	2012	2013	2014	2015	2015	2016
Consolidated Statements of Cash Flows Data:									
Cash flows provided by (used in):									
Operating activities	\$ 26,591	\$ 24,489	\$ 51,080	\$ 55,506	\$ 78,795	\$ 54,113	\$ 91,830	\$(100,445)	\$(94,010)
Investing activities	56,849	(1,302,207)	(1,245,358)	(19,864)	(46,360)	(23,164)	(21,839)	(4,584)	(4,523)
Financing activities	(223,290)	1,350,894	1,127,604	(61,444)	(28,179)	(30,154)	(60,057)	103,739	108,688

	Predecessor	Successor	Combined		Successor					
	January 1 - July 29, 2011	July 30 - December 31, 2011	2011	Year ended December 31,					Three months ended March 31,	
				2012	2013	2014	2015	2015	2016	
(in thousands)										
Other Financial Data:										
Adjusted EBITDA(1)	\$ 128,649	\$ 9,716	\$ 138,365	\$ 164,597	\$ 190,407	\$ 202,593	\$ 214,721	\$ 70,382	\$ 80,807	
Adjusted Net Income(2)	57,424	(10,754)	46,670	59,375	68,387	80,499	86,721	31,013	39,881	
Adjusted Free Cash Flow(3)	15,684	33,115	48,799	71,005	72,612	68,546	104,049	(97,482)	(90,951)	

- (1) Adjusted EBITDA represents net income (loss) attributable to Acushnet Holdings Corp. plus income tax expense, interest expense, depreciation and amortization, the expenses relating to our EAR Plan, share-based compensation expense, a one-time executive bonus, restructuring charges, Predecessor compensation expenses, plant start-up costs, certain transaction fees, a step-up in inventory due to a purchase accounting adjustment relating to the Acquisition, indemnification expense (income) from our former owner Beam, (gains) losses on the fair value of our common stock warrants, certain other non-cash gains, net and the net income (loss) relating to noncontrolling interests in our FootJoy golf shoe joint venture. We define Adjusted EBITDA in a manner consistent with our new credit agreement, where it is used at the Acushnet Company level for purposes of calculating covenant compliance under our new credit agreement. We present Adjusted EBITDA on a consolidated basis because our management uses it as a supplemental measure in assessing our operating performance, and we believe that it is helpful to investors, securities analysts and other interested parties as a measure of our comparative operating performance from period to period. Adjusted EBITDA is not a measurement of financial performance under GAAP. It should not be considered an alternative to net income (loss) attributable to Acushnet Holdings Corp. as a measure of our operating performance or any other measure of performance derived in accordance with GAAP. In addition, Adjusted EBITDA should not be construed as an inference that our future results will be unaffected by unusual or non-recurring items, or affected by similar non-recurring items. Adjusted EBITDA has limitations as an analytical tool, and you should not consider such measure either in isolation or as a substitute for analyzing our results as reported under GAAP. Our definition and calculation of Adjusted EBITDA is not necessarily comparable to other similarly titled measures used by other companies due to different methods of calculation.

The following table provides a reconciliation of net income (loss) attributable to Acushnet Holdings Corp. to Adjusted EBITDA:

	Predecessor	Successor	Combined		Successor					
	January 1 - July 29, 2011	July 30 - December 31, 2011	2011	Year ended December 31,					Three months ended March 31,	
				2012	2013	2014	2015	2015	2016	
(in thousands)										
Net income (loss) attributable to Acushnet Holdings Corp.	\$ 49,402	\$ (80,556)	\$ (31,154)	\$ 13,873	\$ 19,636	\$ 21,557	\$ (966)	\$ 14,802	\$ 24,680	
Income tax expense (benefit)	46,159	(41,678)	4,481	7,555	17,150	16,700	27,994	18,962	17,317	
Interest expense, net	1,537	29,503	31,040	69,185	68,149	63,529	60,294	15,331	13,841	
Depreciation and amortization	17,058	15,197	32,255	38,837	39,423	43,159	41,702	10,609	10,268	
EAR Plan(a)	—	—	—	41,056	28,258	50,713	45,814	10,200	—	
Share-based compensation(b)	—	—	—	—	3,461	1,977	5,789	433	—	
One-time executive bonus(c)	—	—	—	—	—	—	—	—	7,500	
Restructuring charges(d)	—	—	—	—	955	—	1,643	—	587	
Predecessor compensation expenses(e)	11,287	1,881	13,168	2,477	—	—	—	—	—	
Thailand golf ball manufacturing plant start-up costs(f)	1,055	662	1,717	1,617	2,927	788	—	—	—	
Transaction fees(g)	—	15,754	15,754	845	551	1,490	2,141	286	3,701	
Step-up in inventory due to a purchase accounting adjustment relating to the Acquisition	—	67,501	67,501	—	—	—	—	—	—	
Beam indemnification expense (income)(h)	—	—	—	(2,872)	6,345	1,386	(3,007)	(5,539)	(494)	
Losses (gains) on the fair value of our common stock warrants(i)	—	1,641	1,641	(12,224)	(976)	(1,887)	28,364	3,770	1,879	
Other non-cash gains, net	—	—	—	(23)	(149)	(628)	(169)	(57)	(2)	
Net income (loss) attributable to noncontrolling interests(j)	2,151	(189)	1,962	4,271	4,677	3,809	5,122	1,585	1,530	
Adjusted EBITDA	\$ 128,649	\$ 9,716	\$ 138,365	\$ 164,597	\$ 190,407	\$ 202,593	\$ 214,721	\$ 70,382	\$ 80,807	

- (a) Reflects expenses related to the anticipated full vesting of EARs granted under our EAR Plan and the remeasurement to their intrinsic value at each reporting period based on the then-current projection of our common stock equivalent value. We may incur additional material expenses in 2016 in connection with the outstanding EARs. All outstanding EARs under the EAR Plan vested as of December 31, 2015. The EAR Plan expires on December 31, 2016 and amounts earned under the EAR Plan must be paid within two and a half months after the expiration date.
- (b) Reflects compensation expense associated with the exercise of substitute stock options by an executive which were granted in connection with the Acquisition. All such stock options have been exercised.
- (c) In the first quarter of 2016, our President and Chief Executive Officer was awarded a cash bonus in the amount of \$7.5 million as consideration for past performance.
- (d) Reflects restructuring charges incurred in connection with the reorganization of certain of our operations in 2013, 2015 and the three months ended March 31, 2016.
- (e) Primarily reflects accelerated share-based compensation expense relating to Beam stock options that vested in connection with the Acquisition in 2011 and incentive compensation charges in 2012 related to the Acquisition.
- (f) Reflects expenses incurred in connection with the construction and production ramp-up of our golf ball manufacturing plant in Thailand.

- (g) Reflects financial, legal and other transaction-related advisory fees in 2011 relating to the Acquisition and legal fees incurred in 2012, 2013, 2014, 2015 and the three months ended March 31, 2016 relating to a dispute arising from the indemnification obligations owed to us by Beam in connection with the Acquisition, as well as certain fees and expenses we incurred in 2015 and the three months ended March 31, 2016 in connection with this offering.
 - (h) Reflects the non-cash charges related to the indemnification obligations owed to us by Beam that are included when calculating net income (loss) attributable to Acushnet Holdings Corp.
 - (i) Fila Korea Ltd. is expected to exercise all of our outstanding common stock warrants in July 2016 and we will use the proceeds from such exercise to redeem all of our outstanding 7.5% bonds due 2021.
 - (j) Reflects the net income attributable to the interest that we do not own in our FootJoy golf shoe joint venture.
- (2) Adjusted Net Income represents net income (loss) attributable to Acushnet Holdings Corp. plus interest expense on our Convertible Notes and 7.5% bonds due 2021, the expenses relating to our EAR Plan, share-based compensation expense, a one-time executive bonus, restructuring charges, Predecessor compensation expenses, plant start-up costs, certain transaction fees, a step-up in inventory due to a purchase accounting adjustment relating to the Acquisition and (gains) losses on the fair value of our common stock warrants, minus the tax effect of the foregoing adjustments. We believe Adjusted Net Income is useful to investors, securities analysts and other interested parties as a measure of our comparative operating performance from period to period. Adjusted Net Income is not a measurement of financial performance under GAAP. It should not be considered an alternative to net income (loss) attributable to Acushnet Holdings Corp. as a measure of our operating performance or any other measure of performance derived in accordance with GAAP. In addition, Adjusted Net Income should not be construed as an inference that our future results will be unaffected by unusual or non-recurring items, or affected by similar non-recurring items. Adjusted Net Income has limitations as an analytical tool, and you should not consider such measure either in isolation or as a substitute for analyzing our results as reported under GAAP. Our definition and calculation of Adjusted Net Income is not necessarily comparable to other similarly titled measures used by other companies due to different methods of calculation.

The following table provides a reconciliation of net income (loss) attributable to Acushnet Holdings Corp. to Adjusted Net Income:

	Predecessor January 1 - July 29, 2011	Successor		Successor					
		July 30 - December 31, 2011	Combined 2011	Year ended December 31,			Three months ended March 31,		
				2012	2013	2014	2015	2015	2016
(in thousands)									
Net income (loss) attributable to Acushnet Holdings Corp.	\$ 49,402	(\$ 80,556)	(\$ 31,154)	\$ 13,873	\$ 19,636	\$ 21,557	\$ (966)	\$ 14,802	\$ 24,680
Interest expense on Convertible Notes and 7.5% bonds due 2021(a)	—	17,002	17,002	42,708	40,276	37,960	35,420	8,221	7,567
EAR Plan(b)	—	—	—	41,056	28,258	50,713	45,814	10,200	—
Share-based compensation(c)	—	—	—	—	3,461	1,977	5,789	433	—
One-time executive bonus(d)	—	—	—	—	—	—	—	—	7,500
Restructuring charges(e)	—	—	—	—	955	—	1,643	—	587
Predecessor compensation expenses(f)	11,287	1,881	13,168	2,477	—	—	—	—	—
Thailand golf ball manufacturing plant start-up costs(g)	1,055	662	1,717	1,617	2,927	788	—	—	—
Transaction fees(h)	—	15,754	15,754	845	551	1,490	2,141	286	3,701
Step-up in inventory due to a purchase accounting adjustment relating to the Acquisition	—	67,501	67,501	—	—	—	—	—	—
Losses (gains) on the fair value of our common stock warrants(i)	—	1,641	1,641	(12,224)	(976)	(1,887)	28,364	3,770	1,879
Tax effect of the foregoing adjustments(j)	(4,320)	(34,639)	(38,959)	(30,977)	(26,701)	(32,099)	(31,484)	(6,699)	(6,033)
Adjusted Net Income	\$ 57,424	\$ (10,754)	\$ 46,670	\$ 59,375	\$ 68,387	\$ 80,499	\$ 86,721	\$ 31,013	\$ 39,881

- (a) In connection with the Acquisition, we issued (i) an aggregate principal amount of \$362.5 million of our Convertible Notes and (ii) an aggregate principal amount of \$172.5 million of 7.5% bonds due 2021 (which aggregate principal amount of 7.5% bonds due 2021 was \$34.5 million as of December 31, 2015). All of our outstanding Convertible Notes will convert into shares of our common stock immediately prior to the closing of this offering and Fila Korea Ltd. is expected to exercise all of our outstanding common stock warrants in July 2016 and we will use the proceeds from such exercise to redeem all of our outstanding 7.5% bonds due 2021.
- (b) Reflects expenses related to the anticipated full vesting of EARs granted under our EAR Plan and the remeasurement to their intrinsic value at each reporting period based on the then-current projection of our common stock equivalent value. We may incur additional material expenses in 2016 in connection with the outstanding EARs. All outstanding EARs under the EAR Plan vested as of December 31, 2015. The EAR Plan expires on December 31, 2016 and amounts earned under the EAR Plan must be paid within two and a half months after the expiration date. We adjust for expenses relating to our EAR Plan when presenting Adjusted Net Income as these expenses are not representative of the equity-based compensation expenses we expect to incur on an ongoing basis. We expect to incur compensation expenses with respect to equity-based grants under the 2015 Incentive Plan beginning in the second quarter of 2016, which expenses we do not anticipate adjusting for when presenting Adjusted Net Income.
- (c) Reflects compensation expense associated with the exercise of substitute stock options by an executive which were granted in connection with the Acquisition. All such stock options have been exercised.
- (d) In the first quarter of 2016, our President and Chief Executive Officer was awarded a cash bonus in the amount of \$7.5 million as consideration for past performance.
- (e) Reflects restructuring charges incurred in connection with the reorganization of certain of our operations in 2013, 2015 and the three months ended March 31, 2016.

- (f) Primarily reflects accelerated share-based compensation expense relating to Beam stock options that vested in connection with the Acquisition in 2011 and incentive compensation charges in 2012 related to the Acquisition.
 - (g) Reflects expenses incurred in connection with the construction and production ramp-up of our golf ball manufacturing plant in Thailand.
 - (h) Reflects financial, legal and other transaction-related advisory fees in 2011 relating to the Acquisition and legal fees incurred in 2012, 2013, 2014, 2015 and the three months ended March 31, 2016 relating to a dispute arising from the indemnification obligations owed to us by Beam in connection with the Acquisition, as well as certain fees and expenses we incurred in 2015 and the three months ended March 31, 2016 in connection with this offering.
 - (i) Fila Korea Ltd. is expected to exercise all of our outstanding common stock warrants in July 2016 and we will use the proceeds from such exercise to redeem all of our outstanding 7.5% bonds due 2021.
 - (j) The adjustments to net income (loss) attributable to Acushnet Holdings Corp. have been tax effected at the applicable statutory rate with the exception of the fair value of the common stock warrants and certain transaction costs which are permanent items for tax purposes, and therefore, have not been tax effected.
- (3) Free Cash Flow represents cash flows provided by (used in) operating activities less capital expenditures. Adjusted Free Cash Flow represents Free Cash Flow plus interest expense on our Convertible Notes and our 7.5% bonds due 2021. We believe Free Cash Flow and Adjusted Free Cash Flow are useful to investors because they represent the cash that our operating business generates before taking into account capital expenditures and, in the case of Adjusted Free Cash Flow, certain interest payments that will not continue after the closing of this offering. Free Cash Flow and Adjusted Free Cash Flow are not measurements of liquidity under GAAP. They should not be considered as alternatives to cash flows provided by (used in) operating activities as measures of our liquidity or any other measure of liquidity derived in accordance with GAAP. Free Cash Flow and Adjusted Free Cash Flow have limitations as analytical tools, and you should not consider such measures either in isolation or as substitutes for analyzing our results as reported under GAAP. Our definitions and calculations of Free Cash Flow and Adjusted Free Cash Flow are not necessarily comparable to other similarly titled measures used by other companies due to different methods of calculation.

The following table provides a reconciliation of cash flows provided by (used in) operating activities to Free Cash Flow and Adjusted Free Cash Flow:

	<u>Predecessor</u> <u>January 1 -</u> <u>July 29,</u> <u>2011</u>	<u>Successor</u>		<u>Successor</u>					
		<u>July 30 -</u> <u>December 31,</u> <u>2011</u>	<u>Combined</u> <u>2011</u>	<u>Year ended December 31,</u>				<u>Three months</u> <u>ended March 31,</u>	
				<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2015</u>	<u>2016</u>
Cash flows provided by (used in) operating activities	\$ 26,591	\$ 24,489	\$ 51,080	\$ 55,506	\$ 78,795	\$ 54,113	\$ 91,830	\$ (100,445)	\$ (94,010)
Capital expenditures	(10,907)	(8,376)	(19,283)	(27,209)	(46,459)	(23,527)	(23,201)	(5,258)	(4,508)
Free Cash Flow	15,684	16,113	31,797	28,297	32,336	30,586	68,629	(105,703)	(98,518)
Interest expense on Convertible Notes and 7.5% bonds due 2021 (a)	—	17,002	17,002	42,708	40,276	37,960	35,420	8,221	7,567
Adjusted Free Cash Flow	\$ 15,684	\$ 33,115	\$ 48,799	\$ 71,005	\$ 72,612	\$ 68,546	\$ 104,049	\$ (97,482)	\$ (90,951)

- (a) In connection with the Acquisition, we issued (i) an aggregate principal amount of \$362.5 million of our Convertible Notes and (ii) an aggregate principal amount of \$172.5 million of 7.5% bonds due 2021 (which aggregate principal amount of 7.5% bonds due 2021 was \$34.5 million as of December 31, 2015). All of our outstanding Convertible Notes will convert into shares of our common stock immediately prior to the closing of this offering and Fila Korea Ltd. is expected to exercise all of our outstanding common stock warrants in July 2016 and we will use the proceeds from such exercise to redeem all our outstanding 7.5% bonds due 2021.

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

The following discussion contains management's discussion and analysis of our financial condition and results of operations and should be read together with "Selected Consolidated Financial Data" and the historical consolidated financial statements and the notes thereto included elsewhere in this prospectus. This discussion contains forward-looking statements that reflect our plans, estimates and beliefs and involve numerous risks and uncertainties, including but not limited to those described in the "Risk Factors" section of this prospectus. Actual results may differ materially from those contained in any forward-looking statements. You should carefully read "Special Note Regarding Forward-Looking Statements" and "Risk Factors."

Overview

We are the global leader in the design, development, manufacture and distribution of performance-driven golf products, which are widely recognized for their quality excellence. Today, we are the steward of two of the most revered brands in golf—Titleist, one of golf's leading performance equipment brands, and FootJoy, one of golf's leading performance wear brands. We own or control the design, sourcing, manufacturing, packaging and distribution of our products. In doing so, we are able to exercise control over every step of the manufacturing process.

Our target market is dedicated golfers, who are avid and skill-biased, prioritize performance and commit the time, effort and money to improve their game. We believe that dedicated golfers are the most consistent purchasers of golf products and estimate that while they represented only approximately 15% of all United States golfers, they accounted for more than 40% of total rounds played and approximately 70% of all golf equipment and gear spending in the United States during 2014. We also believe dedicated golfers account for an outside share of golf equipment and gear spending outside the United States and purchase a significant portion of the golf wear products worldwide.

We have demonstrated sustained, resilient and stable revenue and Adjusted EBITDA growth over the past five years, despite challenges related to demographic, macroeconomic and weather related conditions. Our differentiated focus on performance and quality excellence, enduring connections with dedicated golfers, and favorable and market-differentiating mix of consumable and durable products have been the key drivers of our strong financial performance. We increased our net sales from \$1,336.1 million for the year ended December 31, 2011 (on a combined basis) to \$1,503.0 million for the year ended December 31, 2015, representing a CAGR of 3%. See "Selected Consolidated Financial Data." On a constant currency basis, net sales grew at a CAGR of 6% over this same period. See "—Key Performance Measures" for a discussion of how we calculate constant currency information.

We have the following reportable segments: Titleist golf balls; Titleist golf clubs; Titleist golf gear; and FootJoy golf wear.

Our net sales are diversified by both product category and mix as well as geography:

- Titleist golf balls, Titleist golf clubs, Titleist golf gear, and FootJoy golf wear accounted for approximately 36%, 26%, 9% and 28%, respectively, of net sales for the year ended December 31, 2015.
- Consumable products, which we consider to be golf balls and golf gloves, collectively represented approximately 43% of our net sales for the year ended December 31, 2015, and more durable

products, which we consider to be golf clubs, golf shoes, golf apparel and golf gear, collectively represented approximately 57% of our net sales for the year ended December 31, 2015.

- The United States, Europe, the Middle East and Africa, or EMEA, Japan, Korea, and the rest of the world accounted for approximately 54%, 13%, 12%, 10% and 11%, respectively, of net sales for the year ended December 31, 2015.

Our top ten customers accounted for 21%, 21% and 22% of our net sales for the years ended December 31, 2013, 2014 and 2015, respectively, with no one customer accounting for more than 10% of our net sales in any such period. Approximately 86% of our net sales for the year ended December 31, 2015 were generated in five countries: the United States, Japan, Korea, the United Kingdom and Canada.

Gross margin for the years ended December 31, 2013, 2014 and 2015 and the three months ended March 31, 2015 and 2016 was 49.6%, 49.3%, 51.6%, 51.7% and 50.9%, respectively. Operating margin for the years ended December 31, 2013, 2014 and 2015 and the three months ended March 31, 2015 and 2016 was 7.8%, 6.8%, 7.8%, 11.7% and 13.3%, respectively.

We increased our Adjusted EBITDA from \$138.4 million for the year ended December 31, 2011 (on a combined basis) to \$214.7 million for the year ended December 31, 2015, representing a CAGR of 12%. Our Adjusted EBITDA margin, which we define as Adjusted EBITDA divided by net sales, improved each year during such five-year period, increasing from 10.3% for the year ended December 31, 2011 to 14.3% for the year ended December 31, 2015. For a reconciliation of Adjusted EBITDA to net income (loss) attributable to Acushnet Holdings Corp., see "Selected Consolidated Financial Data."

On July 29, 2011, Acushnet Holdings Corp. (at the time known as Alexandria Holdings Corp.), an entity owned by Fila Korea Ltd. and a consortium of financial investors led by Mirae Assets Global Investments, purchased all of the issued and outstanding common stock of Acushnet Company from Beam, which we refer to as the Acquisition.

In connection with the Acquisition, Acushnet Holdings Corp. issued the following securities: (i) an aggregate of _____ shares of our common stock for an issue price of \$100.0 million, (ii) an aggregate of 1,838,027 shares of our Convertible Preferred Stock for an issue price of \$183.8 million, (iii) an aggregate principal amount of \$362.5 million of our Convertible Notes and (iv) an aggregate principal amount of \$172.5 million of 7.5% bonds due 2021 with related warrants to purchase our common stock (which aggregate principal amount of 7.5% bonds due 2021 was \$34.5 million as of March 31, 2016). All of our outstanding Convertible Preferred Stock and all of our outstanding Convertible Notes will convert into shares of our common stock immediately prior to the closing of this offering. Fila Korea Ltd. is expected to exercise all of our outstanding common stock warrants in July 2016 and we will use the proceeds from such exercise to redeem all of our outstanding 7.5% bonds due 2021.

Also in connection with the Acquisition, we issued secured floating rate notes in an aggregate principal amount of \$500.0 million and entered into a senior revolving credit facility and a senior term loan credit facility. On April 27, 2016, we entered into the new credit agreement, which provides for (i) a \$275.0 million multi-currency revolving credit facility, (ii) a \$375.0 million term loan A facility and (iii) a \$100.0 million delayed draw term loan A facility. We expect to use the proceeds of the new term loan A facility and borrowings under the new revolving credit facility to occur on or around July 29, 2016 to repay all amounts outstanding under the secured floating rate notes and the senior revolving credit facility referred to above, and certain of our other working credit facilities. In addition, on or around June 30, 2016, we expect to use cash on hand and/or borrowings under the senior revolving credit facility referred to above to repay all amounts outstanding under the senior term loan facility referred to above. We refer to (i) the entering into of the new credit agreement and the use of borrowings under the new term loan A facility and the new revolving credit facility to repay all

amounts outstanding under the secured floating rate notes and the senior revolving credit facility referred to above, and certain of our other working credit facilities and to pay fees and expenses related to the foregoing and (ii) the use of cash on hand and/or borrowings under the senior revolving credit facility referred to above to repay all amounts outstanding under the senior term loan facility referred to above collectively as the Refinancing.

Key Factors Affecting Our Results of Operations

Rounds of Play

We generate substantially all of our sales from the sale of golf-related products, including golf balls, golf clubs, golf shoes, golf gloves, golf gear and golf apparel. The demand for golf-related products in general, and golf balls in particular, is directly related to the number of golf participants and the number of rounds of golf being played by these participants.

Weather Conditions

Weather conditions in most parts of the world, including our primary geographic markets, generally restrict golf from being played year-round, with many of our on-course customers closed during the cold weather months and, to a lesser extent, during the hot weather months. Unfavorable weather conditions in our major markets, such as a particularly long winter, a cold and wet spring, or an extremely hot summer, would reduce the number of playable days and rounds played in a given year, which would result in a decrease in the amount spent by golfers and golf retailers on our products, particularly with respect to consumable products such as golf balls and golf gloves. Our results in 2013 and 2014 were negatively impacted by unfavorable weather conditions in our major markets. Unusual or severe weather conditions throughout the year, such as storms or droughts or other water shortages, can negatively affect golf rounds played both during the events and afterward, as weather damaged golf courses are repaired and golfers focus on repairing the damage to their homes, businesses and communities. Consequently, sustained adverse weather conditions, especially during the warm weather months, could impact our sales. Adverse weather conditions may have a greater impact on us than other golf equipment companies as we have a large percentage of consumable products in our product portfolio, and the purchase of consumable products are more dependent on the number of rounds played in a given year.

Economic Conditions

Our products are recreational in nature and are therefore discretionary purchases for consumers. Consumers are generally more willing to spend their time and money to play golf and make discretionary purchases of golf products when economic conditions are favorable and when consumers are feeling confident and prosperous. Discretionary spending on golf and the golf products we sell is affected by many macroeconomic factors, including general business conditions, stock market prices and volatility, corporate spending, housing prices, interest rates, the availability of consumer credit, taxes and consumer confidence in future economic conditions. Consumers may reduce or postpone purchases of our products during periods when economic uncertainty increases, disposable income is lower, or during periods of actual or perceived unfavorable economic conditions. For example, the recession related to the U.S. financial crisis beginning in 2007 led to slower economic activity, decreased stock prices and increased volatility, depressed housing prices, increased unemployment, concerns about inflation and energy costs, decreased business and consumer confidence, and adverse business conditions (including reduced corporate profits and capital spending), which adversely affected our business, financial condition and results of operations. The effects of the recession are still being felt today in the golf industry as we believe consumers have become more cautious with their discretionary purchases and this trend may continue. For example, corporate spending on golf equipment has

remained at lower levels since the financial crisis as evidenced by the lower volume of balls in our custom logo business being sold to companies as compared to before the crisis.

Demographic Factors

Golf is a recreational activity that requires time and money and different generations and socioeconomic and ethnic groups use their leisure time and discretionary funds in different ways. The golf industry has been principally driven by the age cohort of 30 and above, currently "gen-x" (age 30-49) and "baby boomers" (age 50-69), who have the time and money to engage in the sport. In the United States, there are approximately 8.7 million gen-x golfers and approximately 6.6 million baby boomer golfers, representing in aggregate approximately 63% of total golfers in the United States. Since a significant number of baby boomers have yet to retire, we anticipate strong growth in spending from this demographic as it has been demonstrated that rounds of play increase significantly as those in this cohort reach retirement.

Golf participation among younger generations and certain socioeconomic and ethnic groups may not prove to be as popular as it is among the current gen-x and baby boomer generations. In such case, sales of our products could be negatively impacted.

Seasonality

Weather conditions in most parts of the world, including our primary geographic markets, generally restrict golf from being played year-round, with many of our on-course customers closed during the cold weather months. In general, during the first quarter, we begin selling our products into the golf retail channel for the new golf season. This initial sell-in generally continues into the second quarter. Our second-quarter sales are significantly affected by the amount of sell-through, in particular the amount of higher value discretionary purchases made by customers, which drives the level of reorders of our products sold-in during the first quarter. Our third-quarter sales are generally dependent on reorder business, and are generally less than the second quarter as many retailers begin decreasing their inventory levels in anticipation of the end of the golf season. Our fourth-quarter sales are generally less than the other quarters due to the end of the golf season in many of our key markets, but can also be affected by key product launches, particularly golf clubs. This seasonality, and therefore quarter to quarter fluctuations, can be affected by many factors, including weather conditions as discussed above under "—Weather Conditions" and the timing of new product introductions as discussed below under "—Cyclicality." This seasonality affects sales in each of our reportable segments differently. In general, however, because of this seasonality, a majority of our sales and most of our profitability generally occurs during the first half of the year.

Cyclicality

Our sales can also be affected by the launch timing of new products. Product introductions generally stimulate sales as the golf retail channel takes on inventory of new products. Reorders of these new products then depend on the rate of sell-through. Announcements of new products can often cause our customers to defer purchasing additional golf equipment until our new products are available. The varying product introduction cycles described below may cause our results of operations to fluctuate as each product line has different volumes, prices and margins.

Titleist Golf Balls Segment

We launch new Titleist golf ball models on a two-year cycle, with new product launches of Pro V1 and Pro V1x, our premium performance models, generally occurring in the first quarter of odd-numbered years and new product launches of NXT Tour, Velocity and DT, our performance models, generally occurring in the first quarter of even-numbered years. For new golf ball models, sales

occur at a higher rate in the year of the initial launch than in the second year. Given the Pro V1 franchise is our highest volume and our highest priced product in this product category, we typically have higher net sales in our Titleist golf ball segment in odd-numbered years.

Titleist Golf Clubs Segment

We generally launch new Titleist golf club models on a two-year cycle. Since the fall of 2014, we have generally used the following product launch cycle, and at present we anticipate continuing to use this product launch cycle going forward because we believe it aligns our launches with the purchase habits of dedicated golfers. In general, we launch:

- drivers and fairways in the fourth quarter of even-numbered years, which typically results in an increase in sales of drivers and fairways during such quarter because retailers take on initial supplies of these products as stock inventory, with increased sales generated by such new products continuing the following spring and summer of odd-numbered years;
- irons and hybrids in the fourth quarter of odd-numbered years, with the majority of sales generated by such new products occurring in the following spring and summer of even-numbered years because a higher percentage of our new irons and hybrids as compared to our drivers and fairways are sold through on a custom fit basis and the spring and summer is when golfers tend to make such custom fit purchases;
- Vokey Design wedges in the first quarter of even-numbered years, with the majority of sales generated by such new products occurring in the spring and summer of such even-numbered years;
- Scotty Cameron putters in the first quarter, with the Select models launched in even-numbered years and the Futura models launched in odd-numbered years, with the majority of sales generated by such new products occurring in the spring and summer of the year in which they are launched; and
- Japan-specific VG3 drivers, fairways, hybrids and irons in the spring of even-numbered years, with the majority of sales generated by such new products occurring in the spring and summer of such even-numbered years.

As a result of this product launch cycle, we generally expect to have higher net sales in our Titleist golf clubs segment in even-numbered years due to the following factors:

- the majority of sales generated by new irons and hybrids launched in the fourth quarter of odd-numbered years is expected to occur in the spring and summer of the following even-numbered years;
- the majority of sales generated by new Vokey Design wedges launched in the first quarter of even-numbered years is expected to occur in such even-numbered years;
- the majority of sales generated by new Scotty Cameron Select line of putters launched in the first quarter of even-numbered years is expected to occur in such even-numbered years;
- the majority of sales generated by new Japan-specific VG3 drivers, fairways, hybrids and irons launched in the spring of even-numbered years is expected to occur in such even-numbered years; and
- the increase in sales of new drivers and fairways launched in the fourth quarter of even-numbered years due to the initial sell-in of these products during such quarter.



Titleist Golf Gear and FootJoy Golf Wear Segments

Our FootJoy golf wear and Titleist golf gear businesses are not subject to the same degree of cyclical fluctuation as our golf ball and golf club businesses as new product offerings and styles are generally introduced each year and at different times during the year.

Foreign Currency

Approximately 48%, 48% and 46%, respectively, of our net sales for the years ended December 31, 2013, 2014 and 2015 were generated outside of the United States by our non-U.S. subsidiaries. Substantially all of these net sales generated outside of the United States were generated in the applicable local currency, which include, but are not limited to, the Japanese yen, the Korean won, the British pound sterling, the euro and the Canadian dollar. In contrast, substantially all of the purchases of inventory, raw materials or components by our non-U.S. subsidiaries are made in U.S. dollars. For the year ended December 31, 2015, approximately 87% of our cost of goods sold incurred by our non-U.S. subsidiaries were denominated in U.S. dollars. Because our non-U.S. subsidiaries incur substantially all of their cost of goods sold in currencies that are different from the currencies in which they generate substantially all of their sales, we are exposed to transaction risk attributable to fluctuations in such exchange rates, which can impact the gross profit of our non-U.S. subsidiaries.

In an effort to protect against adverse changes in foreign exchange rates and minimize foreign currency transaction risk, we take an active approach to currency hedging, which includes among other things, entering into various foreign currency exchange contracts, with the primary goal of providing earnings and cash flow stability. As a result of our active approach to currency hedging, we are able to take a longer term view and more flexible approach towards pricing our products and making

cost-related decisions. In taking this active approach, we coordinate with the management teams of our key non-U.S. subsidiaries on an ongoing basis to share our views on anticipated currency movements and make decisions on securing foreign currency exchange contract positions that are incorporated into our business planning and forecasting processes. Because our hedging activities are designed to reduce volatility, they reduce not only the negative impact of a stronger U.S. dollar but could also reduce the positive impact of a weaker U.S. dollar.

Because our consolidated accounts are reported in U.S. dollars, we are also exposed to currency translation risk when we translate the financial results of our consolidated non-U.S. subsidiaries from their local currency into U.S. dollars. For the years ended December 31, 2013, 2014 and 2015, 48%, 48% and 46%, respectively, of our sales were denominated in foreign currencies. In addition, excluding expenses related to our EAR Plan discussed below, for the years ended December 31, 2013, 2014 and 2015, 32%, 32% and 30%, respectively, of our operating expenses were denominated in foreign currencies (which amounts represent substantially all of the operating expenses incurred by our non-U.S. subsidiaries). Fluctuations in foreign currency exchange rates may positively or negatively affect our reported financial results and can significantly affect period-over-period comparisons. For example, our reported net sales in regions outside the United States for the 2014 and 2015 fiscal years and the three months ended March 31, 2016 were negatively affected by the translation of foreign currency sales into U.S. dollars based on 2014, 2015 and 2016 exchange rates, respectively.

Key Performance Measures

We use various financial metrics to measure and evaluate our business, including, among others: (i) net sales on a constant currency basis, (ii) Adjusted EBITDA on a consolidated basis, (iii) Adjusted EBITDA margin and (iv) segment operating income.

Since approximately 48%, 48% and 46% of our net sales for the years ended December 31, 2013, 2014 and 2015, respectively, were generated outside of the United States, we use net sales on a constant currency basis to evaluate the sales performance of our business in period over period comparisons and for forecasting our business going forward. Constant currency information allows us to estimate what our sales performance would have been without changes in foreign currency exchange rates. This information is calculated by taking the current period local currency sales and translating them into U.S. dollars based upon the foreign currency exchange rates for the applicable comparable prior period. This constant currency information should not be considered in isolation or as a substitute for any measure derived in accordance with GAAP. Our presentation of constant currency information may not be consistent with the manner in which similar measures are derived or used by other companies.

We primarily use Adjusted EBITDA on a consolidated basis to evaluate the effectiveness of our business strategies and to assess our consolidated performance. We define Adjusted EBITDA in a manner consistent with our new credit agreement. Adjusted EBITDA is not a measurement of financial performance under GAAP. It should not be considered an alternative to net income (loss) attributable to Acushnet Holdings Corp. as a measure of our operating performance or any other measure of performance derived in accordance with GAAP. In addition, Adjusted EBITDA should not be construed as an inference that our future results will be unaffected by unusual or non-recurring items, or affected by similar non-recurring items. Adjusted EBITDA has limitations as an analytical tool, and you should not consider such measure either in isolation or as a substitute for analyzing our results as reported under GAAP. Our definition and calculation of Adjusted EBITDA is not necessarily comparable to other similarly titled measures used by other companies due to different methods of calculation. For a reconciliation of Adjusted EBITDA to net income (loss) attributable to Acushnet Holdings Corp., see "—Results of Operations."

We also use Adjusted EBITDA margin, which measures our Adjusted EBITDA as a percentage of net sales, to evaluate the effectiveness of our business strategies and to assess our consolidated performance.

Lastly, we use segment operating income to evaluate and assess the performance of each of our reportable segments and to make budgeting decisions.

Components of Results of Operations

Net Sales

Sales are recognized in accordance with Accounting Standards Codification, or ASC, 605, "Revenue Recognition" upon shipment or upon receipt by the customer depending on the country of the sale and the agreement with the customer, and include the amounts billed to customers for shipping and handling, net of an allowance for discounts, sales returns, customer sales incentives (which include sales-based rebates, off-invoice discounts and in-store price reduction programs) and cooperative advertising.

Our business is seasonal and cyclical. See "[—Overview—Key Factors Affecting Our Results of Operations.](#)" As a result, our net sales fluctuate depending on the quarter, which often affects the comparability of our interim results sequentially. Net sales are historically higher in the first half of the year.

Cost of Goods Sold; Gross Profit and Gross Margin

Cost of goods sold includes all material, labor and packaging costs, inbound freight and duty costs, manufacturing overhead, including electricity, utilities and depreciation expenses associated with assets used in the production of products that we manufacture. Cost of goods sold also includes gains and losses on foreign currency exchange contracts, reserves for estimated warranty expenses, and the write-down of inventory deemed to be obsolete or below net realizable value.

Amounts billed to customers for shipping and handling are included in net sales as discussed above and outbound shipping and handling costs associated with preparing goods to ship to customers are included in selling, general and administrative expenses as discussed below. As a result, our gross profit may not be comparable to that of other companies that include outbound shipping and handling costs in their cost of goods sold. Shipping and handling costs included in selling, general and administrative expenses were \$28.1 million, \$30.5 million, \$32.6 million, \$7.7 million and \$8.1 million for the years ended December 31, 2013, 2014 and 2015 and the three months ended March 31, 2015 and 2016, respectively.

Gross profit is equal to our net sales less cost of goods sold. Gross margin measures our gross profit as a percentage of sales.

On a consolidated basis for the year ended December 31, 2015, approximately 87% of our total cost of goods sold was variable in nature and was comprised of materials and components, direct labor and elements of variable overhead. Of this amount, nearly 82% was material or component costs. Specific to the products that we manufacture, variable costs comprise a substantial portion of the total cost of our golf clubs, golf shoes and golf gloves while variable costs constitute a smaller percentage, though still more than a majority, of the total cost of our golf ball business, with the remainder related to fixed overhead. As such, increases or decreases in actual production volume can have a greater effect on the cost of golf balls produced through higher or lower absorption of fixed overhead. Our Titleist golf gear and FootJoy apparel products are wholly-sourced from third party suppliers.

For products that we manufacture, we purchase raw materials from both domestic and international suppliers. Raw materials include polybutadiene and ionomers for the manufacturing of golf balls, titanium and steel for the manufacturing of golf clubs, leather and synthetic fabrics for the manufacturing of golf shoes and golf gloves, and resin and other petroleum-based materials for a number of our products. Certain of our materials are subject to supply and demand fluctuations in the commodity market and, as such, these fluctuations can have an impact on our cost of goods sold.

While our non-U.S. subsidiaries generate substantially all of their net sales in the applicable local currency, including, but not limited to, the Japanese yen, the Korean won, the British pound sterling, the euro and the Canadian dollar, such subsidiaries purchase substantially all of their inventory, raw materials or components in U.S. dollars. For example, for the year ended December 31, 2015, approximately 87% of our non-U.S. cost of goods sold were denominated in U.S. dollars. If the U.S. dollar strengthens against the applicable local currency, more local currency will be needed to purchase the same amount of cost of goods sold denominated in U.S. dollars which can have a significant impact on our consolidated cost of goods sold, gross profit and gross profit margin. In an effort to protect against adverse changes in foreign exchange rates and minimize foreign currency transaction risk, we take an active approach to currency hedging, which includes among other things, entering into various foreign currency exchange contracts, with the primary goal of providing earnings stability. As a result of our active approach to currency hedging, we are able to take a longer term view and more flexible approach towards pricing our products and making cost-related decisions. See "—Key Factors Affecting Our Results of Operations—Foreign Currency" for further discussion of the impact of foreign currency fluctuations on our cost of goods sold, gross profit and gross profit margin and the actions we take to mitigate such impact.

Gross margin can be impacted by changes in average selling prices (which is driven by changes in the mix of products sold, price increases and closeouts) and increases and decreases in material, labor and overhead costs as well as the effects of foreign currency fluctuations.

Operating Expenses

Our operating expenses consist of selling, general and administrative expenses, R&D expenses, intangible amortization and restructuring charges.

Selling, General and Administrative Expenses

Our selling, general and administrative expenses primarily consist of selling expenses, advertising and promotion expenses and corporate services expenses. All three categories of selling, general and administrative expenses include personnel costs, such as salaries, benefits, share-based compensation and incentives related to our employees.

Because 32.8%, 31.2%, 30.0%, 30.7% and 29.2% of our selling, general and administrative expenses for the years ended December 31, 2013, 2014 and 2015 and the three months ended March 31, 2015 and 2016, respectively, were incurred by our non-U.S. subsidiaries in local currencies, these expenses may be affected by changes in foreign currency exchange rates. We calculate the impact of changes in foreign currency exchange rates on operating expenses to allow us to estimate what operating expenses would have been without changes in foreign currency exchange rates.

Selling expenses include marketing and sales administration compensation and costs, distribution expenses and field sales compensation. Distribution expenses also include outbound shipping and handling costs associated with preparing goods to ship to customers and costs to operate our distribution facilities. For the years ended December 31, 2013, 2014 and 2015 and the three months ended March 31, 2015 and 2016, excluding expenses associated with the EAR Plan, selling expenses were \$225.0 million, \$233.2 million, \$238.5 million, \$60.8 million and \$62.0 million, respectively.

Advertising and promotion expenses include product endorsement arrangements with members of the various professional golf tours, media placement and production costs (television, print and internet), tour support expenses and point-of-sale materials. For the years ended December 31, 2013, 2014 and 2015 and the three months ended March 31, 2015 and 2016, excluding expenses associated with the EAR Plan, advertising and promotion expenses were \$203.3 million, \$200.8 million, \$202.7 million, \$54.1 million and \$54.9 million, respectively.

Corporate services expenses consist of expenses related to company-wide administrative expenses, including finance, information technology, legal and professional fees, human resources and the cost of corporate headquarters. For the years ended December 31, 2013, 2014 and 2015 and the three months ended March 31, 2015 and 2016, excluding expenses associated with the EAR Plan, corporate services expenses were \$113.4 million, \$121.1 million, \$120.3 million, \$29.3 million and \$36.4 million, respectively. We expect to incur additional corporate services expenses in connection with this offering and as a result of preparation to become a public company that will be expensed as incurred. These costs include expenses related to legal fees, certain audit and quarterly financial reviews, compliance with Section 404 of the Sarbanes Oxley Act of 2002, or the Sarbanes Oxley Act, board of director recruitment, and advisory accounting and other costs to ensure that our financial statements comply with applicable SEC rules.

Share-based compensation related to our employees includes the expense associated with equity compensation for key management employees such as our EARs. Pursuant to the EAR Plan, we granted cash-settled EARs to designated employees. The EARs vest over a four year period based on passage of time, Adjusted EBITDA performance and an internal rate of return as defined by the EAR Plan. All outstanding EARs under the EAR Plan vested as of December 31, 2015. Payment is equal to the common stock equivalent (as defined in the EAR Plan), or CSE, value less grant date value multiplied by the number of vested CSEs. The EAR Plan expires on December 31, 2016 and amounts earned under the EAR Plan must be paid within two and a half months after the expiration date. Subsequent to our initial public offering, we will have the option to settle up to 50% of our outstanding EARs using our common stock. The EARs are liability-classified awards and as permitted by ASC 718 for non-public companies are remeasured at each reporting period using the intrinsic value method based on the then-current projection of our CSE. For the years ended December 31, 2013, 2014 and 2015 and the three months ended March 31, 2015, expenses associated with the EARs were \$28.3 million, \$50.7 million, \$45.8 million and \$10.2 million, respectively, of which \$26.7 million, \$47.7 million, \$42.6 million and \$9.6 million, respectively, was included in selling, general and administrative expenses. For the three months ended March 31, 2016, there were no expenses associated with the EARs included in selling, general and administrative expenses. We may incur additional material expenses in 2016 in connection with the outstanding EARs. We expect to incur selling, general and administrative expenses with respect to equity-based grants under the 2015 Incentive Plan beginning in the second quarter of 2016.

Our selling, general and administrative expenses reported on a consolidated basis can also be impacted by fluctuations in foreign currency rates. We expect our selling, general and administrative expenses will increase in future periods due to additional staffing, legal fees, and reporting and compliance costs associated with being a public company, including compliance with the Sarbanes-Oxley Act.

Selling, general and administrative expenses in the aggregate as a percentage of net sales were 38.5%, 39.2%, 40.2%, 36.9% and 34.6% for the years ended December 31, 2013, 2014 and 2015 and the three months ended March 31, 2015 and 2016, respectively. Excluding the expense associated with the EAR Plan and transaction fees discussed above, selling, general and administrative expenses as a percentage of net sales would have been 36.6%, 36.0%, 37.2%, 34.6% and 33.8% for the same respective periods.

Research and Development

R&D expenses include product development, product improvement, product engineering, and process improvement costs and are expensed as incurred. R&D expenses as a percentage of net sales have been generally consistent for the years ended December 31, 2013, 2014 and 2015 and the three months ended March 31, 2015 and 2016, at 2.9%, 2.9%, 3.1%, 2.6% and 2.5%, respectively, reflecting our continuing commitment to investment in product innovation. Excluding the expense associated with EAR Plan discussed above, R&D expenses as a percentage of net sales would have been 2.8%, 2.7%, 2.9%, 2.5% and 2.5% for the same respective periods. For the three months ended March 31, 2016, there were no expenses associated with the EARs included in R&D expenses. We expect to incur R&D expenses with respect to equity-based grants under the 2015 Incentive Plan beginning in the second quarter of 2016.

Intangible Amortization

Intangible assets other than goodwill are amortized over their useful lives in accordance with ASC 350, unless those lives are determined to be indefinite. Intangible amortization expense is primarily related to our completed technology and customer relationships, which arose through purchase accounting related to the Acquisition. The weighted average amortization period is 13 years for completed technology and 20 years for customer relationships.

Restructuring Charges

Restructuring charges represent costs incurred as a result of our reorganization initiatives and include employee severance costs and related benefits.

Interest Expense, Net

Interest expense, net, consists primarily of interest on borrowings under our Convertible Notes, bonds with common stock warrants, secured floating rate notes, former credit facilities and other credit facilities and our capital lease obligations, partially offset by interest earned on our cash and cash equivalents. Our interest income has not been significant due to low interest earned on invested balances.

After giving effect to the conversion of all of our Convertible Notes immediately prior to the closing of this offering, the exercise by Fila Korea Ltd. of all of our outstanding warrants and related redemption of our outstanding 7.5% bonds due 2021, which is expected in July 2016, and the Refinancing, we expect our annual interest expense to be significantly lower than it was prior to such transactions.

Other Income (Expense), Net

Other income (expense) primarily consists of the non-cash change in fair value of our common stock warrants and any change in the value of the indemnification asset related to the Acquisition. Our common stock warrants were issued in connection with our 7.5% bonds due 2021 in connection with the Acquisition. We classify these warrants to purchase common stock as a liability on our consolidated balance sheet as the warrants are free-standing financial instruments that may result in the issuance of a variable number of our common shares. The warrants are re-measured to fair value at each reporting date. There will no longer be an impact to our net income after the exercise of the remaining warrants, which is expected in July 2016.

In connection with the Acquisition, Beam agreed to indemnify us for certain tax obligations that relate to periods during which Beam owned Acushnet Company. These tax obligations are recorded in accrued taxes and other noncurrent liabilities, and the related indemnification receivable is recorded in

other current and noncurrent assets on the consolidated balance sheet. Any changes in the value of these tax obligations are recorded in income tax expense and the related change in the indemnification asset is recorded in other (income) expense, net on the consolidated statement of income.

Income Tax Expense

We are subject to income taxes in the United States and foreign jurisdictions in which we do business. These foreign jurisdictions have statutory tax rates that are lower than the United States, although U.S. tax is provided on certain of our foreign earnings. Our effective tax rate, or ETR, will vary depending upon the relative proportion of foreign to U.S. earnings, changes in the value and realizability of our deferred tax assets and liabilities, changes in indemnified taxes, changes to tax laws and rulings in the jurisdictions in which we do business, as well as changes to well established international tax principles. Our ETR will also vary due to the recording of non-cash fair value gains and losses related to the common stock warrants which are not tax effected.

Noncontrolling Interests

In our consolidated financial statements, we consolidate the accounts of our FootJoy golf shoe joint venture, which is a variable interest entity, or VIE, that is 40% owned by us. The sole purpose of the joint venture is to manufacture our golf shoes and as such we are deemed to be the primary beneficiary of the VIE as defined by ASC 810. The noncontrolling interests represent the 60% interest in the joint venture that we do not own.

Results of Operations

The following table sets forth, for the periods indicated, our results of operations.

	Year ended December 31,			Three months ended March 31,	
	2013	2014	2015	2015	2016
	(in thousands)				
Net sales	\$ 1,477,219	\$ 1,537,610	\$ 1,502,958	\$ 416,298	\$ 442,796
Cost of goods sold	744,090	779,678	727,120	201,040	217,331
Gross profit	733,129	757,932	775,838	215,258	225,465
Operating expenses:					
Selling, general and administrative	568,421	602,755	604,018	153,727	153,348
Research and development	42,152	44,243	45,977	11,014	11,130
Intangible amortization	6,704	6,687	6,617	1,661	1,649
Restructuring charges	955	—	1,643	—	587
Income from operations	114,897	104,247	117,583	48,856	58,751
Interest expense, net	68,149	63,529	60,294	15,331	13,841
Other (income) expense, net	5,285	(1,348)	25,139	(1,824)	1,383
Income before income taxes	41,463	42,066	32,150	35,349	43,527
Income tax expense	17,150	16,700	27,994	18,962	17,317
Net income	24,313	25,366	4,156	16,387	26,210
Less: Net income attributable to noncontrolling interests	(4,677)	(3,809)	(5,122)	(1,585)	(1,530)
Net income (loss) attributable to Acushnet Holdings Corp.	<u>\$ 19,636</u>	<u>\$ 21,557</u>	<u>\$ (966)</u>	<u>\$ 14,802</u>	<u>\$ 24,680</u>
Adjusted EBITDA:					
Net income (loss) attributable to Acushnet Holdings Corp.	\$ 19,636	\$ 21,557	\$ (966)	\$ 14,802	\$ 24,680
Income tax expense	17,150	16,700	27,994	18,962	17,317
Interest expense, net	68,149	63,529	60,294	15,331	13,841
Depreciation and amortization	39,423	43,159	41,702	10,609	10,268
EAR Plan(a)	28,258	50,713	45,814	10,200	—
Shared-based compensation(b)	3,461	1,977	5,789	433	—
One-time executive bonus(c)	—	—	—	—	7,500
Restructuring charges(d)	955	—	1,643	—	587
Thailand golf ball manufacturing plant start-up costs(e)	2,927	788	—	—	—
Transaction fees(f)	551	1,490	2,141	286	3,701
Beam indemnification expense (income)(g)	6,345	1,386	(3,007)	(5,539)	(494)
(Gains) losses on the fair value of our common stock warrants(h)	(976)	(1,887)	28,364	3,770	1,879
Other non-cash gains, net	(149)	(628)	(169)	(57)	(2)
Net income attributable to noncontrolling interests(i)	4,677	3,809	5,122	1,585	1,530
Adjusted EBITDA	<u>\$ 190,407</u>	<u>\$ 202,593</u>	<u>\$ 214,721</u>	<u>\$ 70,382</u>	<u>\$ 80,807</u>
Adjusted EBITDA margin	12.9%	13.2%	14.3%	16.9%	18.2%

- (a) Reflects expenses related to the anticipated full vesting of EARs granted under our EAR Plan and remeasurement to their intrinsic value at each reporting period based on the then-current projection of our common stock equivalent value. We may incur additional material expenses in

2016 in connection with the outstanding EARs. All outstanding EARs under the EAR Plan vested as of December 31, 2015. The EAR Plan expires on December 31, 2016 and amounts earned under the EAR Plan must be paid within two and a half months after the expiration date.

- (b) Reflects compensation expense associated with the exercise of substitute stock options by an executive which were granted in connection with the Acquisition. All such stock options have been exercised.
- (c) In the first quarter of 2016, our President and Chief Executive Officer was awarded a cash bonus in the amount of \$7.5 million as consideration for past performance.
- (d) Reflects restructuring charges incurred in connection with the reorganization of certain of our operations in 2013, 2015 and the three months ended March 31, 2016.
- (e) Reflects expenses incurred in connection with the construction and production ramp-up of our golf ball manufacturing plant in Thailand.
- (f) Reflects legal fees incurred in 2013, 2014, 2015 and the three months ended March 31, 2016 relating to a dispute arising from the indemnification obligations owed to us by Beam in connection with the Acquisition as well as certain fees and expenses we incurred in 2015 and the three months ended March 31, 2016 in connection with this offering.
- (g) Reflects the non-cash charges related to the indemnification obligations owed to us by Beam that are included when calculating net income (loss) attributable to Acushnet Holdings Corp.
- (h) Fila Korea Ltd. is expected to exercise all of our outstanding common stock warrants in July 2016 and we will use the proceeds from such exercise to redeem all of our outstanding 7.5% bonds due 2021.
- (i) Reflects the net income attributable to the interest that we do not own in our FootJoy golf shoe joint venture.

Three Months Ended March 31, 2016 Compared to the Three Months Ended March 31, 2015

Net Sales

Net sales increased by \$26.5 million, or 6%, to \$442.8 million for the three months ended March 31, 2016 compared to \$416.3 million for the three months ended March 31, 2015. On a constant currency basis, net sales would have increased by \$34.0 million, or 8%, to \$450.3 million. The increase in net sales on a constant currency basis was due to an increase in net sales of FootJoy golf wear across all major categories, an increase in net sales of Titleist golf clubs driven by the new wedges and irons introduced in the first quarter of 2016 and fourth quarter of 2015, respectively, and higher net sales of Titleist golf gear. These higher sales were offset partially by a decrease in net sales of Titleist golf balls.

Net sales by reportable segment is summarized as follows:

	Three months ended March 31,		Increase/(Decrease)		Constant Currency Increase/(Decrease)	
	2015	2016	\$ change	% change	\$ change	% change
			(in thousands)			
Titleist golf balls	\$ 135,999	\$ 130,373	\$ (5,626)	(4.1)%	\$ (3,341)	(2.5)%
Titleist golf clubs	111,056	120,323	9,267	8.3%	10,471	9.4%
Titleist golf gear	37,207	39,552	2,345	6.3%	3,251	8.7%
FootJoy golf wear	126,438	144,630	18,192	14.4%	20,935	16.6%

For further discussion of each reportable segment's results, see "—Segment Results—Titleist Golf Balls Segment," "—Segment Results—Titleist Golf Clubs Segment," "—Segment Results—Titleist Golf Gear Segment" and "—Segment Results—FootJoy Golf Wear Segment" results below.

Net sales information by region is summarized as follows:

	Three months ended		Increase/(Decrease)		Constant Currency	
	March 31,				Increase/(Decrease)	
	2015	2016	\$ change	% change	\$ change	% change
			(in thousands)			
United States	\$ 223,355	\$ 234,846	\$ 11,491	5.1%	\$ 11,491	5.1%
EMEA	65,749	73,315	7,566	11.5%	10,332	15.7%
Japan	50,264	55,327	5,063	10.1%	3,006	6.0%
Korea	32,685	36,581	3,896	11.9%	7,332	22.4%
Rest of world	44,245	42,727	(1,518)	(3.4)%	1,849	4.2%
Total sales	<u>\$ 416,298</u>	<u>\$ 442,796</u>	<u>\$ 26,498</u>	6.4%	<u>\$ 34,010</u>	8.2%

Net sales in the United States increased by \$11.5 million, or 5.1%, to \$234.8 million for the three months ended March 31, 2016 compared to \$223.4 million for the three months ended March 31, 2015. This increase in net sales in the United States was due to increases in both FootJoy golf wear and Titleist golf clubs and aided in part by favorable weather conditions in certain regions in the United States, offset partially by lower sales of Titleist golf balls.

Our sales in regions outside of the United States increased by \$15.0 million, or 7.8%, to \$208.0 million for the three months ended March 31, 2016 compared to \$192.9 million for the three months ended March 31, 2015. On a constant currency basis, net sales in such regions would have increased by \$22.5 million, or 11.7%, to \$215.4 million, driven by higher sales in FootJoy golf wear, Titleist golf clubs, and Titleist golf gear and aided in part by the accelerated delivery of spring shipments in the EMEA region, offset partially by lower sales of Titleist golf balls.

More information on our sales by reportable segment and by region can be found in Note 13—*Segment Information* to our unaudited consolidated financial statements.

Gross Profit

Gross profit increased by \$10.2 million to \$225.5 million for the three months ended March 31, 2016 compared to \$215.3 million for the three months ended March 31, 2015. Gross margin decreased to 50.9% for the three months ended March 31, 2016 compared to 51.7% for the three months ended March 31, 2015. The increase in gross profit was largely driven by higher golf club sales and increases in average selling prices of newly introduced wedges and irons. The decrease in gross margin was primarily due to lower gains on foreign currency exchange contracts compared to the three months ended March 31, 2015 coupled with a golf ball mix shift from the Pro V1 franchise to the new performance models.

Selling, General and Administrative Expenses

Selling, general and administrative expenses decreased by \$0.4 million to \$153.3 million for the three months ended March 31, 2016 compared to \$153.7 million for the three months ended March 31, 2015. Excluding the expense associated with our EAR Plan recorded in 2015, selling, general and administrative expenses would have increased by \$9.1 million to \$153.3 million for the three months ended March 31, 2016 compared to \$144.2 million for the three months ended March 31, 2015. This increase was due to a \$11.2 million aggregate increase primarily attributable to a one-time executive bonus, the incurrence of transaction costs related to this offering, higher marketing and promotional costs related to our new golf club product launches, and additional legal and professional fees. This increase was partially offset by lower associate incentive compensation accruals and a \$2.0 million favorable impact of changes in foreign currency exchange rates.

Research and Development

R&D expenses increased slightly by \$0.1 million to \$11.1 million for the three months ended March 31, 2016 compared to \$11.0 million for the three months ended March 31, 2015. Excluding the expense associated with our EAR Plan recorded in 2015, R&D expenses would have increased by \$0.6 million to \$11.1 million for the three months ended March 31, 2016 compared to \$10.5 million for the three months ended March 31, 2015. As a percentage of consolidated net sales, R&D expenses excluding expenses associated with our EAR Plan were 2.5%, unchanged from the three months ended March 31, 2015.

Intangible Amortization

Intangible amortization expenses were \$1.6 million for the three months ended March 31, 2016, unchanged, compared to \$1.6 million for the three months ended March 31, 2015.

Restructuring Charges

Restructuring charges were \$0.6 million for the three months ended March 31, 2016 compared to no restructuring changes for the three months ended March 31, 2015.

Interest Expense, net

Interest expense decreased by \$1.5 million to \$13.8 million for the three months ended March 31, 2016 compared to \$15.3 million for the three months ended March 31, 2015. This decrease was primarily due to lower average outstanding borrowings during the three months ended March 31, 2016 as a result of the redemption of a portion of our outstanding 7.5% bonds due 2021 using the proceeds of the exercise of a portion of our outstanding common stock warrants in July 2015, as well as a scheduled repayment of principal on our secured floating rate notes.

Other (Income) Expense, net

Other expense increased by \$3.2 million to \$1.4 million for the three months ended March 31, 2016 compared to other income of \$1.8 million for the three months ended March 31, 2015. This change was primarily due to a decrease in the gain related to the adjustment of indemnified tax obligations for tax periods prior to the Acquisition from \$5.5 million recorded for the three months ended March 31, 2015 to \$0.5 million recorded for the three months ended March 31, 2016. This decrease in gain was offset in part by a decrease in the recognized loss on the fair value of the common stock warrants from \$3.8 million for the three months ended March 31, 2015 to \$1.9 million for the three months ended March 31, 2016.

Income Tax Expense

Income tax expense decreased by \$1.7 million, or 8.9%, to \$17.3 million for the three months ended March 31, 2016 compared to \$19.0 million for the three months ended March 31, 2015. Our ETR was 39.8% for the three months ended March 31, 2016, compared to 53.6% for the three months ended March 31, 2015. The decrease in ETR was primarily driven by a reduction in indemnified tax obligations for tax periods prior to the Acquisition, a reduction in amounts provided on undistributed foreign earnings, a reduction in noncash fair value losses on common stock warrants which are not tax effected, and the enactment of the permanent R&D tax credit, retroactive back to January 1, 2015 offset, in part, by changes to the geographic mix in earnings.

Net Income Attributable to Acushnet Holdings Corp.

Net income attributable to Acushnet Holdings Corp. increased by \$9.9 million to \$24.7 million for the three months ended March 31, 2016 compared to \$14.8 million for the three months ended March 31, 2015 principally as a result of higher income from operations.

Adjusted EBITDA

Adjusted EBITDA increased by \$10.4 million to \$80.8 million for the three months ended March 31, 2016 compared to \$70.4 million for the three months ended March 31, 2015. Adjusted EBITDA margin increased to 18.2% for the three months ended March 31, 2016 from 16.9% for the three months ended March 31, 2015.

Segment Results

Net sales by reportable segment is summarized as follows:

	Three months ended March 31,		Increase/(Decrease)		Constant Currency Increase/(Decrease)	
	2015	2016	\$ change	% change	\$ change	% change
	(in thousands)					
Titleist golf balls	\$ 135,999	\$ 130,373	\$ (5,626)	(4.1)%	\$ (3,341)	(2.5)%
Titleist golf clubs	111,056	120,323	9,267	8.3%	10,471	9.4%
Titleist golf gear	37,207	39,552	2,345	6.3%	3,251	8.7%
FootJoy golf wear	126,438	144,630	18,192	14.4%	20,935	16.6%

Segment operating income by reportable segment is summarized as follows:

	Three months ended March 31,		Increase/(Decrease)	
	2015	2016	\$ change	% change
	(in thousands)			
Segment operating income(1)				
Titleist golf balls	\$ 18,057	\$ 15,499	\$ (2,558)	(14.2)%
Titleist golf clubs	17,027	21,148	4,121	24.2%
Titleist golf gear	5,921	5,456	(465)	(7.9)%
FootJoy golf wear	18,261	19,655	1,394	7.6%

- (1) Expenses relating to the EAR Plan, transactions fees and restructuring charges, to the extent incurred in the applicable period, are not reflected in segment operating income.

More information on our net sales by reportable segment and segment operating income can be found in Note 13— *Segment Information* to our unaudited consolidated financial statements.

Titleist Golf Balls Segment

Net sales in our Titleist golf balls segment decreased by \$5.6 million, or 4.1%, to \$130.4 million for the three months ended March 31, 2016 compared to \$136.0 million for the three months ended March 31, 2015. On a constant currency basis, net sales in our Titleist golf balls segment would have decreased by \$3.3 million, or 2.5%, to \$132.7 million. This decrease was driven by a sales volume decline of our latest generation Pro V1 and Pro V1x golf balls, which were in their second model year. The decrease was offset in part by a sales volume increase of our newly introduced performance golf ball models, which performance golf ball models have a lower average selling price than our Pro V1 franchise.

Titleist golf balls segment operating income decreased by \$2.6 million, or 14.2%, to \$15.5 million for the three months ended March 31, 2016 compared to \$18.1 million for the three months ended March 31, 2015. This decrease was primarily driven by lower gross profit as a result of a golf ball mix shift from the Pro V1 franchise to the performance golf ball models and a one-time executive bonus. This decrease was partially offset by lower operating expenses due to lower advertising and promotion costs and associate incentive compensation accruals.

Titleist Golf Clubs Segment

Net sales in our Titleist golf clubs segment increased by \$9.3 million, or 8.3%, to \$120.3 million for the three months ended March 31, 2016 compared to \$111.1 million for the three months ended March 31, 2015. On a constant currency basis, net sales in our Titleist golf clubs segment would have increased by \$10.5 million, or 9.4%, to \$121.6 million. This increase was primarily driven by higher sales volumes of our new Vokey Design wedges launched in the first quarter of 2016, our new iron series launched in the fourth quarter of 2015, our new Japan-specific VG3 clubs launched in the first quarter of 2016, and an increase in average selling prices on both wedges and irons. This increase was partially offset by lower sales volumes of our drivers and fairways, which were in their second model year.

Titleist golf clubs segment operating income increased by \$4.1 million, or 24.2%, to \$21.1 million for the three months ended March 31, 2016 compared to \$17.0 million for the three months ended March 31, 2015. This increase was driven by higher gross profit on the increased sales as discussed above and an increase in average selling prices on wedges and irons. This was offset in part by higher operating expenses primarily due to increased marketing and promotional costs related to our new product launches and the one-time executive bonus.

Titleist Golf Gear Segment

Net sales in our Titleist golf gear segment increased by \$2.3 million, or 6.3%, to \$39.6 million for the three months ended March 31, 2016 compared to \$37.2 million for the three months ended March 31, 2015. On a constant currency basis, net sales in our Titleist golf gear segment would have increased by \$3.3 million, or 8.7%, to \$40.5 million. This increase was due to sales volume growth in all categories of the gear business.

Titleist golf gear segment operating income decreased by \$0.4 million, or 7.9%, to \$5.5 million for the three months ended March 31, 2016 compared to \$5.9 million for the three months ended March 31, 2015. This decrease was primarily driven by higher operating expenses primarily due to the one-time executive bonus and higher selling and R&D expenses to support future growth of this segment. In addition, there was a decrease in gross margin due to lower gains on foreign currency exchange contracts compared to the three months ended March 31, 2015.

FootJoy Golf Wear Segment

Net sales in our FootJoy golf wear segment increased by \$18.2 million, or 14.4%, to \$144.6 million for the three months ended March 31, 2016 compared to \$126.4 million for the three months ended March 31, 2015. On a constant currency basis, net sales in our FootJoy golf wear segment would have increased by \$20.9 million, or 16.6%, to \$147.3 million. This increase in 2016 was due to sales volume growth in our golf shoes, apparel and gloves categories, which growth was aided in part by the accelerated delivery of spring shipments in the United States.

FootJoy golf wear segment operating income increased by \$1.4 million, or 7.6%, to \$19.7 million for the three months ended March 31, 2016 compared to \$18.3 million for the three months ended March 31, 2015. This increase was attributable to higher gross profit on the increased sales as discussed above, offset in part by lower gross margin and higher operating expenses. The lower gross margin was primarily due to lower gains on foreign currency exchange contracts compared to the three months ended March 31, 2015. The increase in operating expenses in 2016 was driven by the one-time executive bonus, higher marketing and promotional costs and expenses related to our FootJoy eCommerce initiative, offset in part by lower associate incentive compensation accruals.

Year Ended December 31, 2015 Compared to the Year Ended December 31, 2014

Net Sales

Net sales decreased by \$34.7 million, or 2.3%, to \$1,503.0 million for the year ended December 31, 2015 compared to \$1,537.6 million for the year ended December 31, 2014. Net sales were significantly affected by the impact of a strong U.S. dollar on our net sales outside the United States. On a constant currency basis, net sales would have increased by \$54.1 million, or 3.5%, to \$1,591.7 million. This constant currency increase was driven by an increase in net sales of FootJoy golf wear across all major categories and the growth in net sales of Titleist golf balls as a result of the introduction of the latest generation of Pro V1 and Pro V1x golf balls in the first quarter of 2015 as well as growth in net sales of Titleist golf gear, which was offset in part by a decrease in net sales of Titleist golf clubs.

Net sales by reportable segment is summarized as follows:

	Year ended December 31,		Increase/(Decrease)		Constant Currency Increase/(Decrease)		
	2014	2015	\$ change	% change	\$ change	% change	
	(in thousands)						
Titleist golf balls	\$ 543,843	\$ 535,465	\$ (8,378)	(1.5)%	\$ 17,321	3.2%	
Titleist golf clubs	422,383	388,304	(34,079)	(8.1)%	(8,815)	(2.1)%	
Titleist golf gear	127,875	129,408	1,533	1.2%	9,374	7.3%	
FootJoy golf wear	421,632	418,852	(2,780)	(0.7)%	24,446	5.8%	

For further discussion of each reportable segment's results, see "—Segment Results—Titleist Golf Balls Segment," "—Segment Results—Titleist Golf Clubs Segment," "—Segment Results—Titleist Golf Gear Segment" and "—Segment Results—FootJoy Golf Wear Segment" results below.

Net sales information by region is summarized as follows:

	Year ended December 31,		Increase/(Decrease)		Constant Currency Increase/(Decrease)		
	2014	2015	\$ change	% change	\$ change	% change	
	(in thousands)						
United States	\$ 793,328	\$ 805,470	\$ 12,142	1.5%	\$ 12,142	1.5%	
EMEA	216,531	201,106	(15,425)	(7.1)%	16,280	7.5%	
Japan	195,762	182,163	(13,599)	(6.9)%	13,566	6.9%	
Korea	141,168	144,956	3,788	2.7%	14,585	10.3%	
Rest of world	190,821	169,263	(21,558)	(11.3)%	(2,458)	(1.3)%	
Total sales	\$ 1,537,610	\$ 1,502,958	\$ (34,652)	(2.3)%	\$ 54,115	3.5%	

Net sales in the United States increased by \$12.1 million, or 1.5%, to \$805.5 million for the year ended December 31, 2015 compared to \$793.3 million for the year ended December 31, 2014. This increase in net sales in the United States was due to increases in both Titleist golf ball sales and FootJoy golf wear, offset in part by lower sales in Titleist golf clubs.

Our sales in regions outside of the United States decreased by \$46.8 million, or 6.2%, to \$697.5 million for the year ended December 31, 2015 compared to \$744.3 million for the year ended December 31, 2014. This decrease in net sales in regions outside of the United States was largely due to the impact of unfavorable foreign currency translation. On a constant currency basis, net sales in such regions would have increased by \$42.0 million, or 5.6%, to \$786.3 million, driven by higher sales in FootJoy golf wear, Titleist golf gear, and Titleist golf balls, offset partially by lower sales of Titleist golf clubs.

More information on our net sales by reportable segment and by region can be found in Note 21—*Segment Information* to our audited consolidated financial statements.

Gross Profit

Gross profit increased by \$17.9 million to \$775.8 million for the year ended December 31, 2015 from \$757.9 million for the year ended December 31, 2014. Gross margin increased to 51.6% for the year ended December 31, 2015 compared to 49.3% for the year ended December 31, 2014. This increase in gross margin was primarily due to the introduction of the latest generation of Pro V1 and Pro V1x golf balls in the first quarter of 2015 which led to a favorable golf ball mix shift to the Pro V1 franchise. This was coupled with overhead absorption and savings associated with operations at our golf ball manufacturing plant in Thailand achieved as a result of production ramp-up, as well as lower ball raw material cost.

Selling, General and Administrative Expenses

Selling, general and administrative expenses increased by \$1.2 million to \$604.0 million for the year ended December 31, 2015 from \$602.8 million for the year ended December 31, 2014. Excluding the expense associated with our EAR plan, selling, general and administrative expenses would have increased by \$6.3 million to \$561.4 million for the year ended December 31, 2015 from \$555.1 million for the year ended December 31, 2014. This increase was due to a \$27.3 million aggregate increase primarily attributable to higher outbound shipping and handling costs on increased sales volume, increased staffing and related expenses which include investments in our FootJoy eCommerce and Titleist golf gear initiatives, higher tour endorsement costs, increased spending on point-of-sale materials, and higher share-based compensation expense. This increase was largely offset by a \$21.0 million favorable impact of changes in foreign currency exchange rates.

Research and Development

R&D expenses increased by \$1.8 million, or 3.9%, to \$46.0 million for the year ended December 31, 2015 from \$44.2 million for the year ended December 31, 2014. Excluding expenses associated with our EAR Plan, R&D expenses would have increased by \$1.5 million to \$43.4 million for the year ended December 31, 2015 from \$41.9 million for the year ended December 31, 2014. This increase was mainly attributable to increased staffing related to golf club R&D in support of future product launches. As a percentage of consolidated net sales, R&D expenses excluding expenses associated with our EAR Plan were 2.9% in 2015, up slightly from 2.7% in 2014.

Intangible Amortization

Intangible amortization expenses were \$6.6 million for the year ended December 31, 2015 and \$6.7 million for the year ended December 31, 2014.

Restructuring Charges

Restructuring charges were \$1.6 million for the year ended December 31, 2015 compared to no restructuring charges for the year ended December 31, 2014.

Interest Expense, net

Interest expense decreased by \$3.2 million to \$60.3 million for the year ended December 31, 2015 compared to \$63.5 million for the year ended December 31, 2014. This decrease was primarily due to lower average outstanding borrowings in 2015 as a result of the redemption of a portion of our outstanding 7.5% bonds due 2021 using the proceeds of the exercise of a portion of our outstanding common stock warrants in July 2015, as well as a scheduled repayment of principal on our secured floating rate notes.

Other (Income) Expense, net

Other expense increased by \$26.4 million to \$25.1 million for the year ended December 31, 2015 compared to other income of \$1.3 million for the year ended December 31, 2014. This change was primarily due to the recognition of a loss of \$28.4 million on the fair value measurement of the common stock warrants during the year ended December 31, 2015 compared to a gain of \$1.9 million during the year ended December 31, 2014. This increase in other expenses was offset in part by an indemnification gain of \$3.0 million recorded in 2015 related to the adjustment of indemnified tax obligations for tax periods prior to the Acquisition.

Income Tax Expense

Income tax expense increased \$11.3 million, or 67.7%, to \$28.0 million for the year ended December 31, 2015, compared to \$16.7 million for the year ended December 31, 2014. Our ETR was 87.1% for the year ended December 31, 2015, compared to 39.7% for the year ended December 31, 2014. The increase to the ETR was primarily driven by non-cash fair value losses on the common stock warrants which are not tax effected. This increase was offset in part by an increase to indemnified tax obligations for tax periods prior to the Acquisition, an increase to the valuation allowance, and an increase to uncertain tax positions.

Net Income (Loss) Attributable to Acushnet Holdings Corp.

Net income (loss) attributable to Acushnet Holdings Corp. decreased by \$22.6 million to a net loss attributable to Acushnet Holdings Corp. of \$1.0 million for the year ended December 31, 2015 compared to net income attributable to Acushnet Holdings Corp. of \$21.6 million for the year ended December 31, 2014. This change was primarily a result of higher other expense of \$26.4 million and income tax expense of \$11.3 million, which was offset by an increase of \$13.3 million in income from operations and lower interest expense of \$3.2 million, as discussed in more detail above.

Adjusted EBITDA

Adjusted EBITDA increased by \$12.1 million to \$214.7 million for the year ended December 31, 2015 compared to \$202.6 million for the year ended December 31, 2014. Adjusted EBITDA margin increased to 14.3% in 2015 from 13.2% in 2014.

Segment Results

Net sales by reportable segment is summarized as follows:

	<u>Year ended</u> <u>December 31,</u>		<u>Increase/(Decrease)</u>		<u>Constant Currency</u> <u>Increase/(Decrease)</u>	
	<u>2014</u>	<u>2015</u>	<u>\$ change</u>	<u>% change</u>	<u>\$ change</u>	<u>% change</u>
			(in thousands)			
Titleist golf balls	\$ 543,843	\$ 535,465	\$ (8,378)	(1.5)%	\$ 17,321	3.2%
Titleist golf clubs	422,383	388,304	(34,079)	(8.1)%	(8,815)	(2.1)%
Titleist golf gear	127,875	129,408	1,533	1.2%	9,374	7.3%
FootJoy golf wear	421,632	418,852	(2,780)	(0.7)%	24,446	5.8%

Segment operating income by reportable segment is summarized as follows:

	Year ended December 31,		Increase/(Decrease)	
	2014	2015	\$ change	% change
	(in thousands)			
Segment operating income(1)				
Titleist golf balls	\$ 68,489	\$ 92,507	\$ 24,018	35.1%
Titleist golf clubs	45,845	33,593	(12,252)	(26.7)%
Titleist golf gear	16,485	12,170	(4,315)	(26.2)%
FootJoy golf wear	28,639	26,056	(2,583)	(9.0)%

- (1) Expenses relating to the EAR Plan, transaction fees and restructuring charges, to the extent incurred in the applicable period, are not reflected in segment operating income.

More information on our net sales by reportable segment and segment operating income can be found in Note 21— *Segment Information* to our audited consolidated financial statement.

Titleist Golf Balls Segment

Net sales in our Titleist golf balls segment decreased by \$8.4 million, or 1.5%, to \$535.5 million for the year ended December 31, 2015 compared to \$543.8 million for the year ended December 31, 2014. The decrease in net sales was due to unfavorable foreign currency translation. On a constant currency basis, net sales in our Titleist golf balls segment would have increased by \$17.3 million, or 3.2%, to \$561.2 million. This increase in 2015 was driven by a sales volume shift due to the introduction of the latest generation of Pro V1 and Pro V1x golf balls in the first quarter of 2015, which have a higher average selling price than our performance models, which experienced a sales volume decline as a result of being in their second model year.

Titleist golf balls segment operating income increased by \$24.0 million, or 35.1%, to \$92.5 million for the year ended December 31, 2015 compared to \$68.5 million for the year ended December 31, 2014 reflecting an increase in gross profit due to a golf ball mix shift to the Pro V1 and Pro V1x franchise, coupled with overhead absorption and savings associated with operations at our golf ball manufacturing plant in Thailand achieved as a result of production ramp-up, as well as lower ball raw material cost. Operating expenses were down slightly in 2015 compared to 2014 as higher professional tour endorsement costs and outbound shipping and handling costs were offset by the favorable impact of changes in foreign currency exchange rates on expenses.

Titleist Golf Clubs Segment

Net sales in our Titleist golf clubs segment decreased by \$34.1 million, or 8.1%, to \$388.3 million for the year ended December 31, 2015 compared to \$422.4 million for the year ended December 31, 2014. A significant portion of the decrease in net sales was due to unfavorable foreign currency translation. On a constant currency basis, net sales in our Titleist golf clubs segment would have decreased by \$8.8 million, or 2.1%, to \$413.6 million. The decrease in net sales was primarily due to lower sales volumes of our clubs across all product categories, with the exception of hybrids, a category in which we introduced a new model in the fall of 2014. We believe the sales volume decrease in this segment was caused in part by high levels of inventory sold into retail channels by other golf equipment manufacturers, which led to an increase in promotional discounting of such products that, to a certain extent, adversely impacted sales volumes of premium priced products in the market in general. The resulting volume decrease in our drivers and fairways, however, was partially offset by an increase in average selling prices.

Titleist golf clubs segment operating income decreased by \$12.2 million, or 26.7%, to \$33.6 million for the year ended December 31, 2015 compared to \$45.8 million for the year ended December 31, 2014. This decrease was primarily driven by lower gross profit due to the sales decline discussed above, offset partially by higher gross margin. The increase in gross margin was driven by increases in average selling prices of drivers and fairways.

Titleist Golf Gear Segment

Net sales in our Titleist golf gear segment increased by \$1.5 million, or 1.2%, to \$129.4 million for the year ended December 31, 2015 compared to \$127.9 million for the year ended December 31, 2014. On a constant currency basis, net sales in our Titleist golf gear segment would have increased by \$9.4 million, or 7.3%, to \$137.3 million. The constant currency increase was due to sales volume growth in all categories of the gear business.

Titleist golf gear segment operating income decreased by \$4.3 million, or 26.2%, to \$12.2 million for the year ended December 31, 2015 compared to \$16.5 million for the year ended December 31, 2014. This decrease was primarily attributable to higher operating expenses as a result of higher distribution expenses and increased staffing and related expenses as a result of investments to support future growth in this segment. Distribution expenses increased due to higher utilization by the Titleist golf gear segment of our West Coast distribution facility, coupled with increased transportation carrier rates that affected this category.

FootJoy Golf Wear Segment

Net sales in our FootJoy golf wear segment decreased by \$2.8 million, or 0.7%, to \$418.8 million for the year ended December 31, 2015 compared to \$421.6 million for the year ended December 31, 2014. The decrease in net sales was due to unfavorable foreign currency translation. On a constant currency basis, net sales in our FootJoy golf wear segment would have increased by \$24.4 million, or 5.8%, to \$446.0 million. This increase was due to higher average selling prices in our golf shoes and gloves categories and an increase in sales volumes in our apparel category.

FootJoy golf wear segment operating income decreased by \$2.5 million, or 9.0%, to \$26.1 million for the year ended December 31, 2015 compared to \$28.6 million for the year ended December 31, 2014. This decrease was primarily attributable to higher operating expenses, which were primarily due to increased staffing and related expenses which include investments in our FootJoy eCommerce and shoe fitting initiatives, higher professional tour endorsement costs, as well as increased promotional spending for point of sale materials. This decrease was largely offset by the favorable impact of changes in foreign currency exchange rates on our operating expenses.

Year Ended December 31, 2014 Compared to the Year Ended December 31, 2013

Net Sales

Net sales increased by \$60.4 million, or 4.1%, to \$1,537.6 million for the year ended December 31, 2014 compared to \$1,477.2 million for the year ended December 31, 2013. On a constant currency basis, net sales would have increased by \$73.8 million, or 5.0%, to \$1,551.0 million. The increase in net sales on a constant currency basis was due to an increase in Titleist golf club net sales driven by the new wedges and putters introduced in 2014 and continued success of our iron franchise, an increase in FootJoy golf wear sales across all major categories, and higher net sales of Titleist golf gear, which was offset by a modest decrease in net sales of Titleist golf balls.

Net sales by reportable segment is summarized as follows:

	Year ended December 31,		Increase/(Decrease)		Constant Currency Increase/(Decrease)	
	2013	2014	\$ change	% change	\$ change	% change
			(in thousands)			
Titleist golf balls	\$ 551,741	\$ 543,843	\$ (7,898)	(1.4)%	\$ (5,915)	(1.1)%
Titleist golf clubs	395,704	422,383	26,679	6.7%	34,700	8.8%
Titleist golf gear	117,015	127,875	10,860	9.3%	11,460	9.8%
FootJoy golf wear	395,846	421,632	25,786	6.5%	28,474	7.2%

For further discussion of each reportable segment's results, see "—Segment Results—Titleist Golf Balls Segment," "—Segment Results—Titleist Golf Clubs Segment," "—Segment Results—Titleist Golf Gear Segment" and "—Segment Results—FootJoy Golf Wear Segment" results below.

Net sales information by region is summarized as follows:

	Year ended December 31,		Increase/(Decrease)		Constant Currency Increase/(Decrease)	
	2013	2014	\$ change	% change	\$ change	% change
			(in thousands)			
United States	\$ 769,480	\$ 793,328	\$ 23,848	3.1%	\$ 23,848	3.1%
EMEA	195,291	216,531	21,240	10.9%	14,842	7.6%
Japan	196,957	195,762	(1,195)	(0.6)%	15,602	7.9%
Korea	118,957	141,168	22,211	18.7%	16,315	13.7%
Rest of world	196,534	190,821	(5,713)	(2.9)%	3,223	1.6%
Total sales	\$ 1,477,219	\$ 1,537,610	\$ 60,391	4.1%	\$ 73,830	5.0%

Net sales in the United States increased by \$23.8 million, or 3.1%, to \$793.3 million for the year ended December 31, 2014 compared to \$769.5 million for the year ended December 31, 2013. This increase in net sales in the United States was largely due to an increase in Titleist golf club net sales from new wedges and putters introduced in 2014 and the continued success of our iron franchise, as well as an increase in net sales of FootJoy golf wear and Titleist golf gear.

Our net sales in regions outside of the United States increased by \$36.5 million, or 5.2%, to \$744.3 million for the year ended December 31, 2014 compared to \$707.7 million for the year ended December 31, 2013. On a constant currency basis, net sales in such regions would have increased by \$50.0 million, or 7.1%, to \$757.7 million. This increase in net sales in regions outside of the United States was driven by increases across all segments.

More information on our net sales by reportable segment and by region can be found in Note 21— *Segment Information* to our audited consolidated financial statements.

Gross Profit

Gross profit increased by \$24.8 million to \$757.9 million for the year ended December 31, 2014 from \$733.1 million for the year ended December 31, 2013 as a result of the increase in net sales discussed above. Gross margin decreased slightly to 49.3% for the year ended December 31, 2014 compared to 49.6% for the year ended December 31, 2013.

Selling, General and Administrative Expenses

Selling, general and administrative expenses increased by \$34.4 million, or 6.1%, to \$602.8 million for the year ended December 31, 2014 compared to \$568.4 million for the year ended December 31, 2013. Excluding the expense associated with our EAR plan, selling, general and administrative expenses

would have increased by \$13.3 million to \$555.1 million for the year ended December 31, 2014 compared to \$541.8 million for the year ended December 31, 2013. This increase was due to a \$16.5 million aggregate increase primarily attributable to higher selling personnel and related expenses, higher shipping and handling costs as a result of increased sales volume and corporate administrative expenses as a result of costs related to our new enterprise resource planning system and outside consulting services. This increase was partially offset by a \$3.2 million favorable impact of changes in foreign currency exchange rates.

Research and Development

R&D expenses increased by \$2.0 million, or 5.0%, to \$44.2 million for the year ended December 31, 2014 compared to \$42.2 million for the year ended December 31, 2013. Excluding expenses associated with our EAR plan, R&D expenses would have increased by \$0.9 million to \$41.9 million for the year ended December 31, 2014 compared to \$41.0 million for the year ended December 31, 2013. The increase was primarily attributable to increased research staffing and related expenses to support continued growth in our Titleist golf clubs segment. As a percentage of net sales, R&D excluding expenses associated with our EAR plan were 2.7% in 2014, down slightly from 2.8% in 2013.

Intangible Amortization

Intangible amortization expenses were \$6.7 million in both 2014 and 2013.

Restructuring Charges

There were no restructuring charges for the year ended December 31, 2014 compared to \$1.0 million of expenses due to restructuring charges for the year ended December 31, 2013.

Interest Expense, net

Interest expense decreased by \$4.6 million, or 6.8%, to \$63.5 million for the year ended December 31, 2014 compared to \$68.1 million for the year ended December 31, 2013. This decrease was primarily due to lower average outstanding borrowings in 2014 as a result of the redemption of a portion of our outstanding 7.5% bonds due 2021 using the proceeds of the exercise of a portion of our outstanding common stock warrants, as well as a scheduled repayment of principal on our secured floating rate notes.

Other (Income) Expense, net

Other expense decreased by \$6.6 million to other income of \$1.3 million for the year ended December 31, 2014 compared to other expense of \$5.3 million for the year ended December 31, 2013. This decrease was primarily due to an indemnification loss of \$6.3 million recorded in 2013 related to the adjustment of indemnified tax obligations for tax periods prior to the Acquisition.

Income Tax Expense

Income tax expense decreased by \$0.5 million, or 2.9%, to \$16.7 million for the year ended December 31, 2014 compared to \$17.2 million for the year ended December 31, 2013. Our ETR was 39.7% for the year ended December 31, 2014, compared to 41.4% for the year ended December 31, 2013. The decrease to the ETR was primarily driven by an increased proportion of foreign earnings taxed at lower statutory rates, an increase to the valuation allowance, a decrease to the benefit recorded in tax expense for indemnified tax obligations for periods prior to the Acquisition and an increase to uncertain tax positions. The decrease was offset in part by decreased fair value losses on the common stock warrants which are not tax effected.

Net Income Attributable to Acushnet Holdings Corp.

Net income attributable to Acushnet Holdings Corp. increased by \$2.0 million to \$21.6 million for the year ended December 31, 2014 compared to \$19.6 million for the year ended December 31, 2013, principally as a result of the decrease in interest expense and other expense, of \$11.2 million, offset by a decrease of \$10.7 million in income from operations, as discussed in more detail above.

Adjusted EBITDA

Adjusted EBITDA increased by \$12.2 million to \$202.6 million for the year ended December 31, 2014 compared to \$190.4 million for the year ended December 31, 2013. Adjusted EBITDA margin increased to 13.2% in 2014 from 12.9% in 2013.

Segment Results

Net sales by reportable segment is summarized as follows:

(dollars in thousands)	Year ended December 31,		Increase/(Decrease)		Constant Currency Increase/(Decrease)	
	2013	2014	\$ change	% change	\$ change	% change
	(in thousands)					
Titleist golf balls	\$ 551,741	\$ 543,843	\$ (7,898)	(1.4)%	\$ (5,915)	(1.1)%
Titleist golf clubs	395,704	422,383	26,679	6.7%	34,700	8.8%
Titleist golf gear	117,015	127,875	10,860	9.3%	11,460	9.8%
FootJoy golf wear	395,846	421,632	25,786	6.5%	28,474	7.2%

Segment operating income by reportable segment is summarized as follows:

Segment operating income(1)	Year ended December 31,		Increase/(Decrease)	
	2013	2014	\$ change	% change
	(in thousands)			
Titleist golf balls	\$ 69,878	\$ 68,489	\$ (1,389)	(2.0)%
Titleist golf clubs	40,792	45,845	5,053	12.4%
Titleist golf gear	14,922	16,485	1,563	10.5%
FootJoy golf wear	23,109	28,639	5,530	23.9%

- (1) Expenses relating to the EAR Plan, transaction fees and restructuring charges, to the extent incurred in the applicable period, are not reflected in segment operating income.

More information on our net sales by reportable segment and segment operating income can be found in Note 21— *Segment Information* to our audited consolidated financial statement.

Titleist Golf Balls Segment

Net sales in our Titleist golf balls segment decreased by \$7.9 million, or 1.4%, to \$543.8 million for the year ended December 31, 2014 compared to \$551.7 million for the year ended December 31, 2013. On a constant currency basis, net sales in our Titleist golf balls segment would have decreased by \$5.9 million, or 1.1%, to \$545.8 million. The decrease in 2014 was driven by a sales volume decline of our Pro V1 and Pro V1x golf ball models, which were in their second model year. The decrease was offset in part by a sales volume increase of our newly introduced performance golf ball models, which performance golf ball models have a lower average selling price than our Pro V1 franchise.

Titleist golf balls segment operating income decreased by \$1.4 million, or 2.0%, to \$68.5 million for the year ended December 31, 2014 compared to \$69.9 million for the year ended December 31, 2013. This decrease was driven by lower net sales as discussed above, offset by an increase in gross margin which was primarily driven by overhead absorption and savings associated with operations at our golf ball manufacturing plant in Thailand achieved as a result of production ramp-up, as well as lower ball raw material cost.

Titleist Golf Clubs Segment

Net sales in our Titleist golf clubs segment increased by \$26.7 million, or 6.7%, to \$422.4 million for the year ended December 31, 2014 compared to \$395.7 million for the year ended December 31, 2013. On a constant currency basis, net sales in our Titleist golf clubs segment would have increased \$34.7 million, or 8.8%, to \$430.4 million. This increase was primarily due to higher sales volumes of the new Vokey Design wedges launched in the spring of 2014 and the new Scotty Cameron putter models launched in the fall of 2013 and spring of 2014 and our new iron series launched in the fall of 2013, offset by lower sales volumes of our fairways and hybrids.

Titleist golf clubs segment operating income increased by \$5.0 million, or 12.4%, to \$45.8 million for the year ended December 31, 2014 compared to \$40.8 million for the year ended December 31, 2013. This increase was driven by higher gross profit on the increased sales as discussed above, offset by moderately lower gross margin and higher operating expenses. The increase in operating expenses in 2014 was driven by higher custom club fitting and trial expenses, an increase in R&D staffing, expenses related to the opening of our new Scotty Cameron Gallery and higher shipping and handling costs.

Titleist Golf Gear Segment

Net sales in our Titleist golf gear segment increased by \$10.9 million, or 9.3%, to \$127.9 million for the year ended December 31, 2014 compared to \$117.0 million for the year ended December 31, 2013. On a constant currency basis, net sales in our Titleist golf gear segment would have increased \$11.5 million, or 9.8%, to \$128.5 million. This increase was due to sales volume growth in our golf bag, headwear and travel gear categories.

Titleist golf gear segment operating income increased by \$1.6 million, or 10.5%, to \$16.5 million for the year ended December 31, 2014 compared to \$14.9 million for the year ended December 31, 2013. This increase was driven by a higher gross profit on the increased sales as discussed above, partially offset by higher operating expenses. The increase in operating expenses was primarily driven by higher shipping and handling costs on the increased gear shipments worldwide.

FootJoy Golf Wear Segment

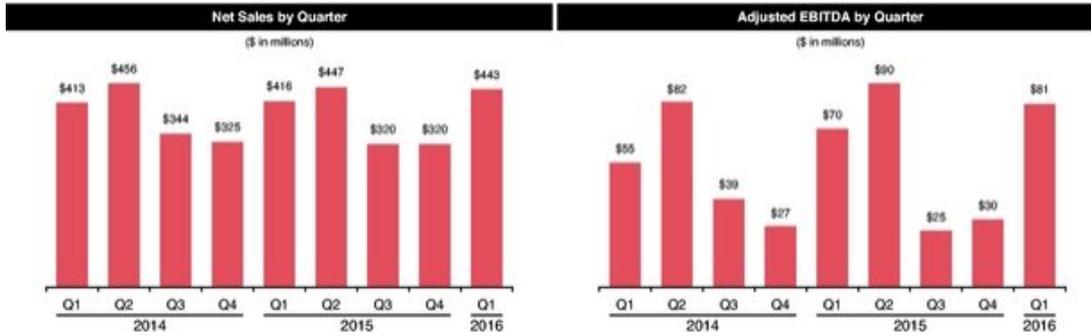
Net sales in our FootJoy golf wear segment increased by \$25.8 million, or 6.5%, to \$421.6 million for the year ended December 31, 2014 compared to \$395.8 million for the year ended December 31, 2013. On a constant currency basis, net sales in our FootJoy golf wear segment would have increased \$28.5 million, or 7.2%, to \$424.3 million. This increase was due to growth in golf shoes and apparel. The golf shoes sales growth was driven by increases in average selling prices in 2014 compared to 2013 as a result of a favorable product mix shift and lower close out activity. The apparel sales growth was driven by higher sales volumes.

FootJoy golf wear segment operating income increased \$5.5 million, or 23.9%, to \$28.6 million for the year ended December 31, 2014 compared to \$23.1 million for the year ended December 31, 2013. This increase was driven by a higher gross profit on the increased sales as discussed above, partially offset by higher operating expenses. The increase in operating expenses was driven by higher shipping and handling costs on the increased golf wear shipments as well as an increase in selling expenses.

Seasonality, Cyclicality and Quarterly Results

Our business is seasonal and cyclical due to product factors such as weather and product launch cycles. See "—Overview—Key Factors Affecting Our Results of Operations."

The following charts and tables set forth our historical quarterly results of operation for each of our most recent nine fiscal quarters. This unaudited quarterly information has been prepared on the same basis as our annual audited consolidated financial statements appearing elsewhere in this prospectus, and in the opinion of management, reflects all adjustments, consisting of only normal recurring adjustments, necessary for a fair statement of the consolidated results of operations for these periods. This unaudited quarterly information should be read in conjunction with our audited consolidated financial statements and the related notes appearing elsewhere in this prospectus.



	Three Months Ended								
	March 31, 2014	June 30, 2014	September 30, 2014	December 31, 2014	March 31, 2015	June 30, 2015	September 30, 2015	December 31, 2015	March 31, 2016
	(in thousands)								
Net sales	\$ 412,984	\$ 455,721	\$ 344,202	\$ 324,703	\$ 416,298	\$ 446,576	\$ 319,868	\$ 320,216	\$ 442,796
Gross profit	204,812	228,191	170,131	154,798	215,258	237,687	157,340	165,553	225,465
Operating expenses:									
Selling, general and administrative	157,628	157,165	139,365	148,598	153,727	159,280	144,246	146,766	153,348
Research and development	10,978	10,142	10,413	12,710	11,014	11,614	11,395	11,954	11,130
Income (loss) from operations	34,534	59,211	18,678	(8,176)	48,856	65,141	46	3,539	58,751
Net income (loss) attributable to Acushnet Holdings Corp.	11,766	27,368	(1,142)	(16,435)	14,802	18,654	(13,986)	(20,436)	24,680
Adjusted EBITDA									
Net income (loss) attributable to Acushnet Holdings Corp.	11,766	27,368	(1,142)	(16,435)	14,802	18,654	(13,986)	(20,436)	24,680
Income tax expense (benefit)	7,193	15,907	1,378	(7,778)	18,962	17,957	(4,273)	(4,652)	17,317
Interest expense, net	15,458	16,231	18,175	13,665	15,331	15,199	17,563	12,201	13,841
Depreciation and amortization	11,078	11,256	9,300	11,525	10,609	10,661	10,297	10,135	10,268
EAR Plan(a)	8,776	10,144	8,982	22,811	10,200	12,465	10,423	12,726	—
Share-based compensation(b)	—	—	1,977	—	433	1,481	3,875	—	—
One-time executive bonus(c)	—	—	—	—	—	—	—	—	7,500
Restructuring charges(d)	—	—	—	—	—	—	—	1,643	587
Thailand golf ball manufacturing plant start-up costs(e)	370	146	105	167	—	—	—	—	—
Transaction fees(f)	381	715	164	230	286	252	127	1,476	3,701
Beam indemnification expense (income) (g)	(35)	57	(45)	1,409	(5,539)	822	272	1,438	(494)
(Gains) losses on the fair value of our common stock warrants(h)	(301)	(862)	(384)	(340)	3,770	11,008	(243)	13,829	1,879
Other non-cash gains, net	(531)	(23)	(41)	(33)	(57)	(64)	34	(82)	(2)
Net income attributable to noncontrolling interests(i)	1,002	704	745	1,358	1,585	1,573	689	1,275	1,530
Adjusted EBITDA	\$ 55,157	\$ 81,643	\$ 39,214	\$ 26,579	\$ 70,382	\$ 90,008	\$ 24,778	\$ 29,553	\$ 80,807

- (a) Reflects expenses related to the anticipated full vesting of EARs granted under our EAR Plan and the remeasurement to their intrinsic value of the liability relating to such EARs at each reporting period based on the then-current projection of our common stock equivalent value. We may incur additional material expenses in 2016 in connection with the outstanding EARs. All outstanding EARs under the EAR Plan vested as of December 31, 2015. The EAR Plan expires on December 31, 2016 and amounts earned under the EAR Plan must be paid within two and a half months after the expiration date.
- (b) Reflects compensation expense associated with the exercise of substitute stock options by an executive which were granted in connection with the Acquisition. All such stock options have been exercised.
- (c) In the first quarter of 2016, our President and Chief Executive Officer was awarded a cash bonus in the amount of \$7.5 million as consideration for past performance.
- (d) Reflects restructuring charges incurred in connection with the reorganization of certain of our operations in 2015 and the three months ended March 31, 2016.
- (e) Reflects expenses incurred in connection with the construction and production ramp-up of our golf ball manufacturing plant in Thailand.
- (f) Reflects legal fees incurred in 2014, 2015 and the three months ended March 31, 2016 relating to a dispute arising from the indemnification obligations owed to us by Beam in connection with the Acquisition as well as certain fees and expenses we incurred in 2015 and the three months ended March 31, 2016 in connection with this offering.
- (g) Reflects the non-cash charges related to the indemnification obligations owed to us by Beam that are included when calculating net income (loss) attributable to Acushnet Holdings Corp.

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- (h) Fila Korea Ltd. is expected to exercise all of our outstanding common stock warrants in July 2016 and we will use the proceeds from such exercise to redeem all of our outstanding 7.5% bonds due 2021.
- (i) Reflects the net income attributable to the interest that we do not own in our FootJoy golf shoe joint venture.

Liquidity and Capital Resources

Historically, our primary cash needs have been working capital, capital expenditures, servicing of our debt, interest payments on our Convertible Notes and 7.5% bonds due 2021, dividends on our Convertible Preferred Stock, and pension contributions and, in the three months ended March 31, 2016, certain payments related to outstanding EARs under our EAR Plan. We have relied on cash flows from operations and borrowings under our former credit facilities and other credit facilities as our primary sources of liquidity.

We made \$4.5 million of capital expenditures in the three months ended March 31, 2016 and plan to make capital expenditures of approximately \$20.5 million in the remainder of 2016, which we expect to fund from cash flows provided by operations. We expect the majority of capital expenditures in 2016 will be used for maintenance projects.

We made \$7.4 million of payments related to outstanding EARs under our EAR Plan in the three months ended March 31, 2016 and expect to make approximately \$16.9 million of payments related to outstanding EARs under our EAR Plan in the remainder of 2016, which we expect to fund from cash flows provided by operations and/or borrowings under our revolving credit facilities.

After giving effect to (i) the automatic conversion of all of our Convertible Notes and the automatic conversion of our Convertible Preferred Stock, in each case immediately prior to the closing of this offering, (ii) the exercise by Fila Korea Ltd. of all of our outstanding warrants and related redemption of our outstanding 7.5% bonds due 2021, which is expected in July 2016, and (iii) the Refinancing, we expect our primary cash needs to continue to be working capital, capital expenditures, servicing of our debt, and pension contributions as well as payments due in the remainder of 2016 and in the first quarter of 2017 in connection with payments related to outstanding EARs under the EAR Plan. See "[—Results of Operations—Selling, General and Administrative Expenses](#)" and "[—Liquidity and Capital Resources—Contractual Obligations](#)." We expect to rely on cash flows from operations and borrowings under our new revolving credit facility and local credit facilities as our primary sources of liquidity and to borrow under our new delayed draw term loan A facility in the first quarter of 2017 to fund the payments due in connection with the final payout of the outstanding EARs under the EAR Plan.

As of March 31, 2016, on a pro forma as adjusted basis, we would have had \$ _____ million of availability under our new revolving credit facility after giving effect to \$ _____ million of outstanding letters of credit and we would have had \$ _____ million available under our local credit facilities that will remain outstanding after the Refinancing.

Our liquidity is cyclical as a result of the general seasonality of our business. Our accounts receivable balance is generally at its highest starting at the end of the first quarter and continuing through the second quarter, and declines during the third and fourth quarters as a result of both an increase in cash collections and lower sales. Our inventory balance also fluctuates as a result of the seasonality of our business. Generally, our buildup of inventory starts during the fourth quarter and continues through the first quarter and into the beginning of the second quarter in order to meet demand for our initial sell-in in the first quarter and reorders in the second quarter. Both accounts receivable and inventory balances are impacted by the timing of new product launches.

We believe that cash expected to be provided by operating activities, together with our cash on hand and the availability of borrowings under our new revolving credit facility and new term loan A facility, will be sufficient to meet our liquidity requirements for at least the next 12 months, subject to customary borrowing conditions. Our ability to generate sufficient cash flows from operations is, however, subject to many risks and uncertainties, including future economic trends and conditions,

demand for our products, foreign currency exchange rates and other risks and uncertainties applicable to our business, as described under "Risk Factors."

As of March 31, 2016, we had \$65.7 million of unrestricted cash (including \$16.4 million attributable to our FootJoy golf shoe joint venture). As of March 31, 2016, approximately 75% of our total unrestricted cash was held at our non-U.S. subsidiaries. We manage our worldwide cash requirements by monitoring the funds available among our subsidiaries and determining the extent to which we can access those funds on a cost effective basis. We are not aware of any restrictions on repatriation of these funds and, subject to the cash payment of additional U.S. income taxes or foreign withholding taxes, those funds could be repatriated, if necessary. At present, any additional taxes could be offset, in whole or in part, by available foreign tax credits. The amount of any taxes required to be paid and the application of tax credits would be determined based on income tax laws in effect at the time of such repatriation. We do not expect any such repatriation to result in additional tax expenses as taxes have been provided for our undistributed foreign earnings that we do not consider permanently reinvested. We have repatriated, and intend to repatriate, funds to the United States from time to time to satisfy domestic liquidity needs arising in the ordinary course of business, including liquidity needs related to debt service requirements.

Cash Flows

The following table presents the major components of net cash flows used in and provided by operating, investing and financing activities for the periods indicated:

	Year ended December 31,			Three months ended March 31,	
	2013	2014	2015	2015	2016
	(in thousands)				
Cash flows provided by (used in):					
Operating activities	\$ 78,795	\$ 54,113	\$ 91,830	\$ (100,445)	\$ (94,010)
Investing activities	(46,360)	(23,164)	(21,839)	(4,584)	(4,523)
Financing activities	(28,179)	(30,154)	(60,057)	103,739	108,688
Effect of foreign exchange rate changes on cash	(606)	(2,385)	(3,192)	(1,312)	1,155
Net increase (decrease) in cash	\$ 3,650	\$ (1,590)	\$ 6,742	\$ (2,602)	\$ 11,310

Cash Flows From Operating Activities

Cash flows from operating activities consist primarily of net income (loss) adjusted for certain non-cash items, including depreciation and amortization, deferred income taxes, gain or loss on the fair value measurement of the common stock warrants, and the effect of changes in operating assets and liabilities. Cash provided by changes in operating assets and liabilities primarily relates to changes in accounts receivable, inventories and accounts payable and accrued expenses.

Net cash used in operating activities was \$94.0 million for the three months ended March 31, 2016, compared to \$100.4 million for the three months ended March 31, 2015, a decrease of \$6.4 million. The decrease in cash used in operating activities was primarily due to an increase in net income after adjustments for non-cash items, lower income taxes paid and a modest increase related to change in our working capital, which were offset by increases in cash payments related to our EAR Plan, our supplemental executive retirement plan and the first installment of a one-time executive bonus.

Net cash provided by operating activities was \$91.8 million for the year ended December 31, 2015, compared to \$54.1 million for the year ended December 31, 2014, an increase of \$37.7 million. The increase in net cash from operating activities was primarily due to an increase of \$26.4 million in net income after adjustments for non-cash items. Net cash provided by operating assets and liabilities increased \$11.3 million in 2015 compared to 2014. Inventory increased year-over-year to support our

first quarter 2016 launches, and was offset by increases in accrued liabilities and other noncurrent liabilities.

Net cash provided by operating activities was \$54.1 million for the year ended December 31, 2014, compared to \$78.8 million for the year ended December 31, 2013, a decrease of \$24.7 million. This decrease was primarily attributable to decreased net cash provided by operating assets and liabilities, which were down \$32.6 million compared to 2014. Accounts receivable and inventory increased year-over-year, and were partially offset by an increase in other noncurrent liabilities. The increase in our accounts receivable was due to higher sales in the fourth quarter of 2014 compared to 2013 and the increases in inventory were to support our first quarter 2015 launches.

Cash Flows From Investing Activities

Cash flows from investing activities relate almost entirely to capital expenditures.

Net cash used in investing activities was \$4.5 million for the three months ended March 31, 2016, compared to \$4.6 million for the three months ended March 31, 2015.

Net cash used in investing activities was \$21.8 million in the year ended December 31, 2015 compared to \$23.2 million in the year ended December 31, 2014, a decrease of \$1.4 million. The decrease in cash used in investing activities was driven by lower spending on our enterprise resource planning system implementation, offset in part by higher capital spending on golf ball and golf club manufacturing maintenance and production efficiency projects.

Net cash used in investing activities was \$23.2 million in 2014 compared to \$46.4 million in 2013, a decrease of \$23.2 million. This decrease was primarily due to lower capital spending related to our golf ball manufacturing plant in Thailand.

Cash Flows From Financing Activities

Cash flows from financing activities consist primarily of principal payments on our former senior term loan facility, dividends paid on our Convertible Preferred Stock, net borrowing under our former senior revolving credit facility and other credit facilities as well as the offsetting effects of cash received from the exercise of common stock warrants and our use of the proceeds from such exercise to redeem a corresponding amount of outstanding 7.5% bonds due 2021.

Net cash provided by financing activities was \$108.7 million for the three months ended March 31, 2016, compared to \$103.7 million for the three months ended March 31, 2015, an increase of \$5.0 million. The increase in cash provided by financing activities was primarily due to a net increase in aggregate borrowings under our revolving credit and working credit facilities and other short-term borrowings.

Net cash used in financing activities was \$60.1 million in the year ended December 31, 2015 compared to \$30.2 million in the year ended December 31, 2014, an increase of \$29.9 million. The increase in net cash used in financing activities was driven by \$30.0 million in lower borrowings on our former senior term loan facility in 2015 compared to 2014.

Net cash used in financing activities was \$30.2 million in 2014 compared to \$28.2 million in 2013, an increase of \$2.0 million. This increase in net cash used in financing activities was primarily attributable to higher principal payments on our secured floating rate notes in 2014, partially offset by proceeds from our former senior term loan facility in 2014.

Indebtedness

On April 27, 2016, Acushnet Holdings Corp., Acushnet Company or, the U.S. Borrower, Acushnet Canada Inc., or the Canadian Borrower, and Acushnet Europe Limited, or the UK Borrower, entered into the new credit agreement with Wells Fargo Bank, National Association, as the administrative

agent, L/C issuer and swing line lender and each lender from time to time party thereto, which provides for (i) a new \$275.0 million multi-currency revolving credit facility, including a \$20.0 million letter of credit sub-facility, a swing line sublimit of \$25.0 million, a C\$25.0 million sub-facility for borrowings by the Canadian Borrower, a £20.0 million sub-facility for borrowings by the UK Borrower and an alternative currency sublimit of \$100.0 million for borrowings in Canadian dollars, euros, pounds sterling and Japanese yen, (ii) a new \$375.0 million term loan A facility and (iii) a new \$100.0 million delayed draw term loan A facility, each of which matures on the fifth anniversary of the initial funding under the new credit agreement.

The new credit agreement was signed and became effective on April 27, 2016 and we expect the initial funding under the new credit agreement to occur on or around July 29, 2016. On the initial funding date, we expect to use the proceeds of the new term loan A facility and borrowings under the new revolving credit facility to repay all amounts outstanding under our secured floating rate notes, our former senior revolving credit facility, and certain of our former working credit facilities and to pay fees and expenses related to the foregoing. The new credit agreement contains conditions precedent to the U.S. Borrower's ability to receive the proceeds of the new term loan A facility and the new delayed draw term loan A facility, including that there shall not have occurred a material adverse effect with respect to the U.S. Borrower. Until the date that is one year after the initial funding date, the commitments under the new delayed draw term loan A facility will be available to make payments in connection with the final payout of the outstanding EARs under the EAR Plan.

In addition, the new credit agreement allows for the incurrence of additional term loans or increases to our new revolving credit facility in an aggregate principal amount not to exceed (i) \$200.0 million, plus (ii) an unlimited amount so long as the Net Average Secured Leverage ratio (as defined in the new credit agreement) does not exceed 2.00:1.00 on a pro forma basis and, subject, in each case, to certain conditions and receipt of commitments by existing or additional financial institutions or institutional lenders.

Borrowings (other than swing line loans) under the new credit agreement will bear interest at a rate per annum equal to an applicable margin plus, at our option, either (1) solely for borrowings in U.S. dollars, a base rate determined by reference to the highest of (a) the Federal Funds rate plus 0.50%, (b) the prime rate of Wells Fargo Bank, National Association and (c) the Eurodollar rate determined by reference to the cost of funds for U.S. dollar deposits for an interest period of one month adjusted for certain additional costs, plus 1.00% or (2) a Eurodollar rate determined by reference to the costs of funds for deposits in the currency of the applicable borrowing for the interest period relevant to such borrowing adjusted for certain additional costs. Swing line loans will bear interest at the base rate plus the applicable margin. The applicable margin for Eurodollar borrowings under the new credit agreement will initially be 1.75% and ranges from 1.25% to 2.00%, and will initially be 0.75% and ranges from 0.25% to 1.00% for base-rate borrowings, and in each case varies based upon a leverage-based pricing grid.

Interest on borrowings under the new credit agreement will be payable (1) on the last day of any interest period with respect to Eurodollar borrowings with an applicable interest period of three months or less, (2) every three months with respect to Eurodollar borrowings with an interest period of greater than three months or (3) on the last business day of each March, June, September and December with respect to base rate borrowings and swing line borrowings. In addition, beginning with the date of the initial funding under the new credit agreement, we will be required to pay a commitment fee on any unutilized commitments under the new revolving credit facility and the new delayed draw term loan A facility and, from the date that is sixty days after the signing date, a ticking fee on all committed amounts earned under the new credit agreement. The initial commitment fee rate is 0.30% per annum and ranges from 0.20% to 0.35% based upon a leverage-based pricing grid. We will also be required to pay customary letter of credit fees.

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

- 100% of the net cash proceeds of all non-ordinary course asset sales or other dispositions of property by the U.S. Borrower and its restricted subsidiaries (including insurance and condemnation proceeds, subject to de minimis thresholds), (1) if we do not reinvest those net cash proceeds in assets to be used in our business or to make certain other permitted investments, within 12 months of the receipt of such net cash proceeds or (2) if we commit to reinvest such net cash proceeds within 12 months of the receipt thereof, but do not reinvest such net cash proceeds within 18 months of the receipt thereof; and
- 100% of the net proceeds of any issuance or incurrence of debt by the U.S. Borrower or any of its restricted subsidiaries, other than debt permitted under the new credit agreement.

The foregoing mandatory prepayments are used to reduce the installments of principal in such order: first, to prepay outstanding loans under the new term loan A facility, the new delayed draw term loan A facility and any incremental term loans on a pro rata basis in direct order of maturity and second, to prepay outstanding loans under the new revolving credit facility.

We may voluntarily repay outstanding loans under the new credit agreement at any time without premium or penalty, other than customary "breakage" costs with respect to Eurodollar loans. Any optional prepayment of term loans will be applied as directed by the U.S. Borrower.

We will be required to make principal payments on the loans under the term loan facilities in quarterly installments in aggregate annual amounts equal to (i) 5.00% of the original principal amount for the first and second year after the initial funding date, (ii) 7.50% of the original principal amount for the third and fourth year after the initial funding date and (iii) 10.0% of the original principal amount for the fifth year after the initial funding date. The remaining outstanding amount is payable on the date that is five years after the initial funding date, the maturity date for the term loan facilities. Principal amounts outstanding under the new revolving credit facility will be due and payable in full on the date that is five years after the initial funding date, the maturity date for the new revolving credit facility.

See "Description of Indebtedness" for a description of the collateral and guarantees.

The new credit agreement contains a number of covenants that at any time after the initial funding date, among other things, restrict the ability of the U.S. Borrower and its restricted subsidiaries to (subject to certain exceptions), incur, assume, or permit to exist additional indebtedness or guarantees; incur liens; make investments and loans; pay dividends, make payments, or redeem or repurchase capital stock or make prepayments, repurchases or redemptions of certain indebtedness; engage in mergers, liquidations, dissolutions, asset sales, and other dispositions (including sale leaseback transactions); amend or otherwise alter terms of certain indebtedness or certain other agreements; enter into agreements limiting subsidiary distributions or containing negative pledge clauses; engage in certain transactions with affiliates; alter the nature of the business that we conduct or change our fiscal year or accounting practices.

The new credit agreement covenants will also restrict the ability of Acushnet Holdings Corp. to engage in certain mergers or consolidations or engage in any activities other than permitted activities. The new credit agreement also contains certain customary affirmative covenants and events of default (including change of control). If an event of default occurs and is continuing, the administrative agent, on behalf of the lenders, may accelerate the amounts and terminate all commitments outstanding under the new credit agreement and may exercise remedies in respect of the collateral. In addition, the new credit agreement includes maintenance covenants that on and after the initial funding date will require compliance by Acushnet Company with leverage and interest coverage ratios. The availability of certain baskets and the ability to enter into certain transactions (including the ability of the U.S. Borrower to

pay dividends to Acushnet Holdings Corp.) may also be subject to the absence of a default and/or compliance with financial leverage ratios.

Contractual Obligations

The following table summarizes our outstanding contractual obligations as of March 31, 2016:

	Total	Payments Due By Period			
		Less than 1 Year	1 - 3 Years (in thousands)	4 - 5 Years	After 5 Years
Debt obligations(1)	\$ 947,549	\$ 554,376	\$ —	\$ —	\$ 393,173
Interest payments related to long-term debt obligations(2)	174,593	38,448	59,548	59,548	17,049
Capital lease obligations	1,536	—	1,536	—	—
Pension and other postretirement benefit obligations	238,796	27,623	36,920	41,795	132,458
EAR Plan liability(3)	164,220	164,220	—	—	—
Purchase obligations(4)	156,029	113,863	34,558	2,863	4,745
Operating lease obligations(5)	33,019	13,144	14,789	4,339	747
Total	<u>\$ 1,715,742</u>	<u>\$ 911,674</u>	<u>\$ 147,351</u>	<u>\$ 108,545</u>	<u>\$ 548,172</u>

- (1) Long-term debt obligations consisted of outstanding principal of the secured floating rate notes, Convertible Notes, 7.5% bonds due 2021 and former senior term loan facility, and exclude scheduled interest payments. All amounts outstanding under our long-term debt obligations associated with (i) the secured floating rate notes and the former senior term loan facility set forth above will be repaid in connection with the Refinancing, (ii) the Convertible Notes will automatically convert into common stock immediately prior to the closing of this offering and (iii) the 7.5% bonds due 2021 set forth above will be redeemed upon the exercise of all of the outstanding warrants.

As of March 31, 2016, on a pro forma basis after giving effect to the conversion of all of our Convertible Notes immediately prior to the closing of this offering, we would have had \$585.0 million of long-term debt obligations, and on a pro forma as adjusted basis after giving further effect to (i) the exercise by Fila Korea Ltd. of all of our outstanding warrants and related redemption of our outstanding 7.5% bonds due 2021, which is expected to occur in July 2016 and (ii) the Refinancing, we would have had \$ million of long-term debt obligations, with substantially all of such long-term debt obligations maturing in 2021.

- (2) Includes interest on the secured floating rate notes, Convertible Notes, 7.5% bonds due 2021 and former senior term loan facility.

Our pro forma total interest expense for the year ended December 31, 2015 and the three months ended March 31, 2016 after giving effect to the conversion of all of our Convertible Notes immediately prior to the closing of this offering would have been \$33.1 million and \$7.1 million, respectively, and our pro forma as adjusted total interest expense for the year ended December 31, 2015 and the three months ended March 31, 2016 after giving further effect to the exercise by Fila Korea Ltd. of all of our outstanding warrants and related redemption of our outstanding 7.5% bonds due 2021, which is expected to occur in July 2016, and the Refinancing would have been \$ million and \$ million, respectively.

- (3) Certain payouts of outstanding EARs under the EAR Plan will be made in 2016 and the final payout of the outstanding EARs under the EAR Plan will be made in the first quarter of 2017.

The outstanding obligation set forth above includes interest of \$1.6 million that will accrete on the EARs for the remainder of the year ended December 31, 2016.

- (4) During the normal course of our business, we enter into agreements to purchase goods and services, including purchase commitments for production materials, finished goods inventory, capital expenditures and endorsement arrangements with professional golfers. The amounts reported in the table above exclude those liabilities included in accounts payable or accrued liabilities on the consolidated balance sheet as of March 31, 2016.
- (5) We lease certain warehouses, distribution and office facilities, vehicles and office equipment under operating leases. Most lease arrangements provide us with the option to renew leases at defined terms. The future operating lease obligations would change if we were to exercise these options or if we were to enter into additional operating leases.

Off-Balance Sheet Arrangements

We do not have any off-balance sheet arrangements.

Critical Accounting Policies and Estimates

Our discussion and analysis of results of operations, financial condition and liquidity are based upon our consolidated financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States. The preparation of these consolidated financial statements requires us to make estimates and judgments that affect the reported amounts of assets, liabilities, shareholders' equity, net sales and expenses, and the disclosure of contingent assets and liabilities in our consolidated financial statements. We base our estimates on historical experience, known trends and events, and various other factors that we believe are reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources.

Management evaluated the development and selection of its critical accounting policies and estimates and believes that the following involve a higher degree of judgment or complexity and are most significant to reporting our results of operations and financial position, and are therefore discussed as critical. The following critical accounting policies reflect the significant estimates and judgments used in the preparation of our consolidated financial statements. With respect to critical accounting policies, even a relatively minor variance between actual and expected experience can potentially have a materially favorable or unfavorable impact on subsequent results of operations. However, our historical results for the periods presented in our consolidated financial statements have not been materially impacted by such variances. More information on all of our significant accounting policies can be found in Note 2— *Summary of Significant Accounting Policies* to our audited consolidated financial statements and Note 1— *Summary of Significant Accounting Policies* to our unaudited consolidated financial statements.

Revenue Recognition

We recognize revenue in accordance with ASC 605, "Revenue Recognition." Revenue is recognized upon shipment or upon receipt by the customer, depending on the country of sale and the agreement with the customer, net of an allowance for discounts, sales returns, customer sales incentives and cooperative advertising. The criteria for recognition of revenue is met when persuasive evidence that an arrangement exists, both title and risk of loss have passed to the customer, the price is fixed or determinable and collectability is reasonably assured. In circumstances where either title or risk of loss pass upon receipt by the customer, we defer revenue until such event occurs based on our estimate of the shipping time from our distribution centers to the customer using historical and expected delivery times by geographic location. Delivery times vary by geographic location, but generally range from the

same day to four days. We review these estimates periodically to test their reasonableness as compared to actual transactions. Historically, our actual shipping times have not been materially different from our estimates. Amounts billed to customers for shipping and handling are included in net sales. Sales tax collected is not recognized as revenue as it is ultimately remitted to governmental authorities.

We record an allowance for anticipated sales returns through a reduction of sales and cost of goods sold in the period that the related sales are recorded. Sales returns are estimated based upon historical rates of product returns, current economic trends and changes in customer demands as well as specific identification of outstanding returns. We do not believe there is a reasonable likelihood that there will be a material change in the assumptions used to calculate the allowance for sales returns. However, if the actual cost of sales returns are significantly different than the estimated allowance, our results of operations could be materially affected.

We offer sales-based incentive programs to certain customers in exchange for certain benefits, including prominent product placement and exclusive stocking by participating retailers. These programs typically provide qualifying customers with rebates for achieving certain purchase goals. The rebates are accounted for as a reduction in sales over the period in which the rebate is earned. Our estimate of the reduction of revenue requires the use of assumptions related to the percentage of customers who will achieve qualifying purchase goals and the level of achievement. These assumptions are based on historical experience, current year program design, current marketplace conditions and sales forecasts, including considerations of our product life cycles. We do not believe there is a reasonable likelihood that there will be a material change in the assumptions used to calculate our estimate of the reduction of revenue.

Allowance for Doubtful Accounts

We make estimates related to our ability to collect our accounts receivable and maintain an allowance for estimated losses resulting from the inability or unwillingness of our customers to make required payments. The allowance includes amounts for certain customers where a risk of default has been specifically identified as well as a provision for customer defaults on a formula basis when it is determined the risk of some default is probable and estimable, but cannot yet be associated with specific customers. The assessment of the likelihood of customer defaults is based on various factors, including credit risk assessments, length of time the receivables are past due, historical experience, customer specific information available to us and existing economic conditions, all of which are subject to change. We do not believe there is reasonable likelihood that there will be a material change in the assumptions used to calculate the allowance for doubtful accounts. However, if the actual uncollected amounts significantly exceed the estimated allowance, our results of operations could be materially affected.

Inventories

Inventories are valued at the lower of cost and net realizable value. Cost is determined using the first-in, first-out inventory method. The inventory balance, which includes material, labor and manufacturing overhead costs, is recorded net of an allowance for obsolete or slow moving inventory. The calculation of our allowance for obsolete or slow moving inventory requires management to make assumptions and to apply judgment regarding the future demand and marketability of products, the impact of new product introductions, inventory turn, product spoilage and specific identification of items, such as product discontinuance, engineering/material changes, or regulatory-related changes. We do not believe there is a reasonable likelihood that there will be a material change in the assumptions used to calculate the allowance for obsolete or slow moving inventory. However, if estimates regarding consumer demand are inaccurate or changes in technology affect demand for certain products in an unforeseen manner, we may need to adjust our allowance for obsolete or slow moving inventory, which could have a material effect on our results of operations.

Impairment of Goodwill, Indefinite-Lived and Long-Lived Assets

Goodwill

We evaluate goodwill annually to determine whether it is impaired. Goodwill is also tested more frequently if an event occurs or circumstances change that would indicate that the fair value of a reporting unit is less than its carrying amount. Conditions that may indicate impairment include, but are not limited to, a significant adverse change in customer demand or business climate that could affect the value of an asset; general economic conditions, such as increasing Treasury rates or unexpected changes in gross domestic product growth; a change in our market shares; budget-to-actual performance and consistency of operating margins and capital expenditures; a product recall or an adverse action or assessment by a regulator; or changes in management or key personnel. If an impairment indicator exists, we test goodwill for recoverability. We have identified five reporting units and selected the fourth fiscal quarter to perform our annual goodwill impairment testing.

We perform a two-step impairment test on goodwill. In the first step, we compare the fair value of the reporting unit to its carrying value. If the fair value of the reporting unit exceeds the carrying value of the net assets assigned to that unit, goodwill is considered not impaired and we are not required to perform further testing. If the carrying value of the net assets assigned to the reporting unit exceeds the fair value of the reporting unit, then we must perform the second step of the impairment test in order to determine the implied fair value of the reporting unit's goodwill. If the carrying value of a reporting unit's goodwill exceeds its implied fair value, then we would record an impairment loss equal to the difference.

The fair value of our reporting units are determined using the income approach. The income approach uses a discounted cash flow analysis, which involves applying appropriate discount rates to estimated future cash flows based on forecasts of sales, costs and capital requirements. The most significant estimates and assumptions inherent in this approach are the enterprise value based on the estimated present value of future net cash flows the business is expected to generate over a forecasted period and an estimate of the present value of cash flows beyond that period, which is referred to as the terminal value. The estimated present value is calculated using a discount rate known as the weighted-average cost of capital, which accounts for the time value of money and the appropriate degree of risks inherent in the business. We estimate future sales growth using a number of critical factors, including among others, our nature and our history, financial and economic conditions affecting us, our industry and the general company, past results and our current operations and future prospects. Forecasts of future operations are based, in part, on operating results and our expectations as to future market conditions. We deem the discount rate used in our analysis to be commensurate with the underlying uncertainties associated with achieving the estimated cash flows we project. This analysis contains uncertainties because it requires us to make assumptions and to apply judgments to estimate industry economic factors and the profitability of future business strategies. If actual results are not consistent with our estimates and assumptions, we may be exposed to future impairment losses that could be material.

Our tests for impairment of goodwill resulted in a determination that the fair value of each reporting unit exceeded the carrying value of our net assets for the years ended December 31, 2013, 2014 and 2015, respectively. We do not anticipate any material impairment charges in the near term.

Indefinite-Lived Intangible Assets

Our trademarks have been assigned an indefinite life as we currently anticipate that these trademarks will contribute cash flows to us indefinitely. We evaluate whether the trademarks continue to have an indefinite life on an annual basis. Trademarks are reviewed for impairment annually in the fourth fiscal quarter and may be reviewed more frequently if indicators of impairment are present. Conditions that may indicate impairment include, but are not limited to, a significant adverse change in

customer demand or business climate that could affect the value of an asset, a product recall or an adverse action or assessment by a regulator.

Impairment losses are recorded to the extent that the carrying value of the indefinite-lived intangible asset exceeds its fair value. We measure the fair value of our trademarks using the relief-from-royalty method, which estimates the present value of the royalty income that could be hypothetically earned by licensing the brand name to a third party over the remaining useful life. The most significant estimates and assumptions inherent in this approach are the growth rate of sales from the businesses that use the subject trademark, the net royalty saving rate and the discount rate. Our tests for impairment of trademarks resulted in a determination that the fair value of the Pinnacle trademark was less than its carrying value of \$3.7 million for the year ended December 31, 2014 and resulted in an impairment charge of \$0.8 million. No impairment charges for our trademarks were recorded for the years ended December 31, 2013 and 2015 or for the three months ended March 31, 2015 and 2016.

Long-Lived Assets

A long-lived asset (including amortizable identifiable intangible assets) or asset group is tested for recoverability whenever events or changes in circumstances indicate that its carrying amount may not be recoverable. Conditions that may indicate impairment include, but are not limited to, a significant adverse change in customer demand or business climate that could affect the value of an asset, a product recall or an adverse action or assessment by a regulator. When such events occur, we compare the sum of the undiscounted cash flows expected to result from the use and eventual disposition of the asset or asset group to the carrying amount of the long-lived asset or asset group. The cash flows are based on the best estimate of future cash flows derived from the most recent business projections. If this comparison indicates that there is impairment, the amount of the impairment is calculated based on the excess of the asset's or the asset group's carrying value over its fair value. Fair value is estimated primarily using discounted expected future cash flows on a market-participant basis. No impairment charges for our long-lived assets were recorded for the years ended December 31, 2013, 2014 and 2015 or for the three months ended March 31, 2015 and 2016.

Pension and Other Postretirement Benefit Plans

We provide U.S. and foreign defined benefit and defined contribution plans to our eligible employees and postretirement benefits to certain retirees, including pensions, postretirement healthcare benefits and other postretirement benefits.

Plan assets and obligations are measured using various actuarial assumptions, such as discount rates, rate of compensation increase, mortality rates, turnover rates and health care cost trend rates, as determined at each year end measurement date. The measurement of net periodic benefit cost is based on various actuarial assumptions, including discount rates, expected return on plan assets and rate of compensation increase, which are determined as of the prior year measurement date. Our actuarial assumptions are reviewed on an annual basis and modified when appropriate.

Approximately 86.1% of our employees are covered by defined benefit pension plans and approximately 29.8% of our employees are covered by other postretirement benefit plans, in each case as of December 31, 2015. Pension plans provide benefits based on plan-specific benefit formulas as defined by the applicable plan documents. Postretirement benefit plans generally provide for the continuation of medical benefits for all eligible employees. Contributions to our postretirement benefit plan are determined based upon amounts needed to cover postretirement benefits paid during the period, net of contributions made by eligible employees. In general, our policy is to fund our pension benefit obligation based on legal requirements, tax and liquidity considerations and local practices.

Our projected benefit obligations related to our pension and other postretirement benefit plans are valued using a weighted-average discount rate of 4.16% and 4.30%, respectively, for the year ended December 31, 2015. The determination of the discount rate is generally based on an index created from a hypothetical bond portfolio consisting of high-quality fixed income securities with durations that match the timing of expected benefit payments. Changes in the selected discount rate could have a material impact on our projected benefit obligations and the unfunded status of our pension and other postretirement benefit plans. Decreasing the discount rate by 100 basis points would have increased the projected benefit obligations of our pension and other postretirement benefit plans by approximately \$36.0 million and \$2.2 million, respectively, for the year ended December 31, 2015.

Our net periodic pension benefit and other postretirement benefit cost is calculated using a variety of assumptions, including a weighted average discount rate and expected return on plan assets. The expected return on plan assets is determined based on several factors, including adjusted historical returns, historical risk premiums for various asset classes and target asset allocations within the portfolio. Adjustments made to the historical returns are based on recent return experience in the equity and fixed income markets and the belief that deviations from historical returns are likely over the relevant investment horizon. Actual cost is also dependent on various other factors related to the employees covered by these plans. Adjustments to our actuarial assumptions could have a material adverse impact on our operating results. Decreasing the discount rate by 100 basis points would increase net periodic pension and other postretirement benefit cost by approximately \$3.1 million and \$0.3 million, respectively, for the year ended December 31, 2015. Decreasing the expected return on plan assets by 100 basis points would increase net periodic pension benefit cost by approximately \$2.0 million for the year ended December 31, 2015.

Product Warranty

Certain of our products have defined warranties ranging from one to two years. Products covered by our defined warranty policies include all Titleist golf products, FootJoy golf shoes, and FootJoy golf outerwear. Our product warranties generally obligate us to pay for the cost of replacement products, including the cost of shipping replacement products to our customers. Our policy is to accrue the estimated cost of satisfying future warranty claims at the time the sale is recorded. In estimating our future warranty obligations, we consider various factors, including our warranty policies and practices, the historical frequency of claims, and the cost to replace or repair products under warranty.

We estimate our warranty cost based on historical warranty claims experience and available product quality data. In cases where there is little or no historical claims experience, we estimate our warranty obligation based upon long-term historical warranty rates of similar products until sufficient data is available. We update our estimates as actual model-specific rates become available to ensure that our expected warranty cost continues to be within the range of likely outcomes. We do not believe there is a reasonable likelihood that there will be a material change in the assumptions used to calculate our warranty obligation. However, if the number of actual warranty claims or the cost of satisfying warranty claims were to significantly exceed the estimated warranty reserve, our results of operations could be materially affected.

Income Taxes

Current income tax expense or benefit is the amount of income taxes expected to be payable or receivable for the current year. Deferred income tax assets and liabilities represent the temporary differences between the tax basis and financial reporting basis of our assets and liabilities and are determined using the tax rates and laws in effect for the periods in which the differences are expected to reverse. We may record valuation allowances for deferred tax assets to reduce our net deferred tax assets to the amount that is more-likely-than-not to be realized.

The determination of whether a deferred tax asset will be realized is made on both a jurisdictional basis and the use of our estimate of the recoverability of the deferred tax asset. In evaluating whether a valuation allowance is required under such rules, we consider all available positive and negative evidence, including our prior operating results, the nature and reason for any losses, our forecast of future taxable income in each respective tax jurisdiction and the dates on which any deferred tax assets are expected to expire. These assumptions require a significant amount of judgment, including estimates of future taxable income. We determined that we would not be able to fully realize the benefits of all our state deferred tax assets. As of December 31, 2014 and 2015, a cumulative valuation allowance of \$13.9 million, and \$20.8 million, respectively, was recorded.

Valuation of Common Stock Warrants

We classify warrants to purchase shares of our common stock as a liability on our consolidated balance sheet as these warrants are free-standing financial instruments that may result in the issuance of a variable number of our common shares. The warrants were initially recorded at fair value on the date of grant, and are subsequently re-measured to fair value at each reporting date. We will continue to adjust the liability until the earlier of the exercise of the warrants or expiration of the warrants occurs.

To arrive at a fair value of the warrants to purchase common stock, we perform a two-step process. We first estimate the aggregate fair value of the Company (our Business Enterprise Value, or BEV) and then allocate this aggregate value to each element of our capital structure under the contingent claims methodology. In determining the fair value of our BEV, we used a combination of the income approach and the market approach to estimate our aggregate BEV at each reporting date. Under the income approach, fair value is estimated based on the discounted present value of the cash flows that the business can be expected to generate in the future. The most significant estimates and assumptions inherent in this approach are the enterprise value based on the estimated present value of future net cash flows the business is expected to generate over a forecasted period and an estimate of the present value of cash flows beyond that period, which is referred to as the terminal value. The estimated present value is calculated using a discount rate known as the weighted-average cost of capital, which accounts for the time value of money and the appropriate degree of risks inherent in the business. We also employ a market approach, which is based on the guideline public company method. The guideline public company method uses the fair value of a peer group of publicly-traded companies and considers multiples of financial metrics to derive a range of indicated values. Determination of the peer group is based on factors including, but not limited to, the similarity of their industry, growth rate and stage of development, business model and financial risk. These types of analyses contain uncertainties because they require us to make assumptions and to apply judgment to estimate industry economic factors and the profitability of future business strategies.

Based on our BEV at each reporting date, our estimated aggregate fair value was then allocated to shares of common stock, shares of redeemable convertible preferred stock, convertible notes, bonds, employee stock options and warrants to purchase common stock using the contingent claims methodology. Under this model, each component of our capital structure is treated as a call option with unique claim on our assets as determined by the characteristics of each security's class. The resulting option claims are then valued using an option pricing model. This model defines the fair value of each class of security based on the current aggregate fair value of the company along with assumptions based on the rights and preferences of each class of security. The rights and preferences of each class of security are based upon an assumed liquidity event, such as an anticipated timing of an initial public offering. The anticipated timing of a liquidity event utilized in these valuations was based on then current plans and estimates of our board of directors and management regarding an initial public offering.

Key assumptions used to value the warrants under the option pricing model were as follows:

	December 31,		Three months
	2014	2015	ended March 31, 2016
Exercise Price	\$	\$	\$
Volatility	30%	30%	40%
Risk-free rate	0.47%	0.53%	0.25%
Dividend yield	0.00%	0.00%	0.00%

We historically have been a private company and lack company-specific historical and implied volatility information of our stock. Therefore, we estimate our expected volatility based on the historical volatility of a set of publicly-traded peer companies for a term equal to the remaining contractual term of the warrants. The risk-free interest rate is determined by reference to the U.S. Treasury yield curve for time periods approximately equal to the remaining time to purchase for each of the tranches of warrants.

Share-Based Compensation

We have historically accounted for compensation expense related to our share-based compensation awards, including EARs and stock options, using the intrinsic value method, as permitted by ASC 718 for nonpublic entities, with changes to the value of the share-based compensation awards recognized as compensation expense at each reporting date. Upon filing of the registration statement of which this prospectus forms a part, ASC 718 requires that we change our methodology for valuing the share-based compensation awards. While the share-based compensation awards will continue to be re-measured at each reporting date, the share-based compensation awards are required to be accounted for prospectively at fair value using a fair value pricing model, such as Black-Scholes. We plan to record the impact of the change in valuation methods in the three months ended June 30, 2016, as a cumulative effect of a change in accounting principle, as permitted by ASC 250.

Recently Issued Accounting Pronouncements

We have reviewed all recently issued standards and have determined that, other than as disclosed in Note 2 to our audited consolidated financial statements and Note 1 to our unaudited consolidated financial statements included elsewhere in this prospectus, such standards will not have a significant impact on our consolidated financial statements or do not otherwise apply to our operations.

Quantitative and Qualitative Disclosures about Market Risk

We are exposed to various market risks, which may result in potential losses arising from adverse changes in market rates, such as interest rates, foreign exchange rates and commodity prices. We do not enter into derivatives or other financial instruments for trading or speculative purposes and do not believe we are exposed to material market risk with respect to our cash and cash equivalents.

Interest Rate Risk

We are exposed to interest rate risk under our various credit facilities which accrue interest at variable rates, as described above under "—Liquidity and Capital Resources—Indebtedness" and in Note 9— *Debt and Financing Arrangements* to our audited consolidated financial statements and Note 5— *Debt and Financing Arrangements* to our unaudited consolidated financial statements in this prospectus. We currently do not engage in any interest rate hedging activity and currently have no intention to do so in the foreseeable future.

Foreign Exchange Risk

In the normal course of business, we are exposed to gains and losses resulting from fluctuations in foreign currency exchange rates relating to transactions outside the United States denominated in foreign currencies, which include, but are not limited to, the Japanese yen, the Korean won, the British pound sterling, the euro and the Canadian dollar. In addition, we are exposed to gains and losses resulting from the translation of the operating results of our non-U.S. subsidiaries into U.S. dollars for financial reporting purposes.

We use financial instruments to reduce the impact of changes in foreign currency exchange rates. The principal financial instruments we enter into on a routine basis are foreign exchange forward contracts. The primary foreign exchange forward contracts pertain to the Japanese yen, the Korean won, the British pound sterling, the euro and the Canadian dollar. Foreign exchange forward contracts are primarily used to hedge purchases denominated in select foreign currencies. The periods of the foreign exchange forward contracts correspond to the periods of the forecasted transactions, which do not exceed 24 months subsequent to the latest balance sheet date. We do not enter into foreign exchange forward contracts for trading or speculative purposes.

The gross U.S. dollar equivalent notional amount of all foreign currency hedges outstanding at March 31, 2016 was \$381.2 million, representing a net settlement liability of \$4.4 million. Gains and losses on the foreign exchange forward contracts that we account for as hedges offset losses and gains on these foreign currency purchases and reduce the earnings and shareholders' equity volatility relating to foreign exchange.

We performed a sensitivity analysis to assess potential changes in the fair value of our foreign exchange forward contracts relating to a hypothetical movement in foreign currency exchange rates. The sensitivity analysis of changes in the fair value of our foreign exchange forward contracts outstanding at March 31, 2016, while not predictive in nature, indicated that if the U.S. dollar uniformly weakened by 10% against all currencies covered by our contracts, the net settlement liability of \$4.4 million would increase by \$0.3 million resulting in a net settlement liability of \$4.7 million.

The sensitivity analysis described above recalculates the fair value of the foreign exchange forward contracts outstanding at March 31, 2016 by replacing the actual foreign currency exchange rates at March 31, 2016 with foreign currency exchange rates that are 10% weaker rates for each applicable foreign currency. All other factors are held constant. The sensitivity analysis disregards the possibility that currency exchange rates can move in opposite directions and that gains from one currency may or may not be offset by losses from another currency. The analysis also disregards the offsetting change in value of the underlying hedged transactions and balances.

The financial markets and currency volatility may limit our ability to cost-effectively hedge these exposures. The counterparties to derivative contracts are major financial institutions. We assess credit risk of the counterparties on an ongoing basis.

Commodity Price Risk

We are exposed to commodity price risk with respect to certain materials and components used by us, our suppliers and our manufacturers, including polybutadiene, urethane and Surlyn for the manufacturing of our golf balls, titanium and steel for the assembly of our golf clubs, leather and synthetic fabrics for our golf shoes, golf gloves, golf gear and golf apparel, and resin and other petroleum-based materials for a number of our products.

Impact of Inflation

Our results of operations and financial condition are presented based on historical cost. While it is difficult to accurately measure the impact of inflation due to the imprecise nature of the estimates

required, we believe the effects of inflation, if any, on our results of operations and financial condition have been immaterial.

Internal Control Over Financial Reporting

The process of improving our internal controls has required and will continue to require us to expend significant resources to design, implement and maintain a system of internal controls that is adequate to satisfy our reporting obligations as a public company. There can be no assurance that any actions we take will be completely successful. We will continue to evaluate the effectiveness of our disclosure controls and procedures and internal control over financial reporting on an on-going basis. As part of this process, we may identify specific internal controls as being deficient.

We have begun documenting and testing our internal control procedures in order to comply with the requirements of Section 404 of the Sarbanes-Oxley Act. Section 404 requires annual management assessments of the effectiveness of our internal control over financial reporting and a report by our independent registered public accounting firm addressing these assessments. We must comply with Section 404 no later than the time we file our Form 10-K with the SEC for the second fiscal year ending after the effectiveness of the registration statement of which this prospectus forms a part.

BUSINESS

Overview

We are the global leader in the design, development, manufacture and distribution of performance-driven golf products, which are widely recognized for their quality excellence. Driven by our focus on dedicated and discerning golfers and the golf shops that serve them, we believe we are the most authentic and enduring company in the golf industry. Our mission—to be the performance and quality leader in every golf product category in which we compete—has remained consistent since we entered the golf ball business in 1932. Today, we are the steward of two of the most revered brands in golf—Titleist, one of golf's leading performance equipment brands, and FootJoy, one of golf's leading performance wear brands. Titleist has been the #1 ball in professional golf for 68 years and FootJoy has been the #1 shoe on the PGA Tour for over six decades.

Our target market is dedicated golfers, who are the cornerstone of the worldwide golf industry. These dedicated golfers are avid and skill-biased, prioritize performance and commit the time, effort and money to improve their game. We believe our focus on innovation and process excellence yields golf products that represent superior performance and consistent product quality, which are the key attributes sought after by dedicated golfers. Many of the game's professional players, who represent the most dedicated golfers, prefer our products thereby validating our performance and quality promise, while driving brand awareness. We leverage a pyramid of influence product and promotion strategy, whereby our products are the most played by the best players, creating aspirational appeal for a broad range of golfers who want to emulate the performance of the game's best players.

Dedicated golfers view premium golf shops, such as on-course golf shops and golf specialty retailers, as preferred retail channels for golf products of superior performance and product quality. As a result, we have committed to being one of the preferred and trusted partners to premium golf shops worldwide. This commitment provides us a retail environment where our product performance and quality advantage can most effectively be communicated to dedicated golfers. In addition, we also service other qualified retailers that sell golf products to consumers worldwide.

Our vision is to consistently be regarded by industry participants, from dedicated golfers to the golf shops that serve them, as the best golf company in the world. We have established leadership positions across all major golf equipment and golf wear categories under our globally recognized brands.

The Titleist logo is written in a classic, elegant cursive script.

- #1 ball in golf
- Golf's Symbol of Excellence
- A leading global golf equipment brand

The FootJoy logo features a stylized 'FJ' monogram followed by the brand name in a bold, sans-serif font.

- #1 shoe in golf
- #1 glove in golf
- A leading global golf wear brand

The BV Vokey Design logo consists of the letters 'BV' in a stylized font with horizontal lines above and below, and 'VOKEY DESIGN' in a smaller font below.

- #1 wedge on the PGA Tour

The Scotty Cameron logo features a crown icon above the brand name 'SCOTTY CAMERON' in a bold, sans-serif font.

- A leading putter on the PGA Tour

For the year ended December 31, 2015 and the three months ended March 31, 2016, we recorded net sales of \$1,503.0 million and \$442.8 million, net income (loss) attributable to Acushnet Holdings Corp. of \$(1.0) million and \$26.7 million and Adjusted EBITDA of \$214.7 million and

\$80.8 million, respectively. See "Prospectus Summary—Summary Consolidated Financial Data" for a reconciliation of Adjusted EBITDA to net income (loss) attributable to Acushnet Holdings Corp., the most directly comparable GAAP financial measure.

Our History and Evolution

Founded in Acushnet, Massachusetts by Phil "Skipper" Young in 1910 and incorporated as the Acushnet Process Company, we manufactured rubber-based products including water bottles, gas masks and bathing caps. Our golf business was established in 1932 when Young, a dedicated golfer himself, missed a critical putt in a golf match. Believing the putt to be well struck, Young took the ball to be x-rayed, where it was discovered that the ball's core was off-center. Following this seminal discovery that many commercially available golf balls frequently had manufacturing inconsistencies, Young set out with Massachusetts Institute of Technology classmate Fred Bommer to develop a superior golf ball. After three years of development, the Titleist golf ball was introduced.

The objective from the very beginning was to produce a golf ball that would set the standard in performance, quality and consistency, and become the preferred choice of dedicated golfers and the preferred trade partners who would serve them. In the early years, many of these preferred trade partners were also some of the first touring golf professionals. Soon the Titleist golf ball was the golf ball of choice wherever competitive golf was played. The core values of serving the game's dedicated golfer with a superior product, in terms of both performance and quality, and having that superior product validated by the game's most dedicated golfers and premium golf retailers, have endured for the past eight decades.

Our Core Focus

Dedicated Golfers

Our target market is dedicated golfers, who are avid and skill-biased, prioritize performance and commit the time, effort and money to improve their game. We believe that dedicated golfers are the most consistent purchasers of golf products and estimate that while they represented only approximately 15% of all United States golfers, they accounted for more than 40% of total rounds played and approximately 70% of all golf equipment and gear spending in the United States during 2014. We also believe dedicated golfers account for an outsize share of golf equipment and gear spending outside the United States and purchase a significant portion of golf wear products worldwide.

Product Platform

Leveraging the success of our golf ball and golf shoe businesses, while maintaining the core values of the Titleist and FootJoy brands, we have strategically entered into product categories such as golf clubs, wedges, putters, golf gloves, golf gear and golf wear with an objective of being the performance and quality leader.

Since the dedicated golfer views each performance product category on its own merits, we have approached each category on its own terms by committing the necessary resources to become the performance and quality leader in each product category where we participate. As a result, we have built an industry leading platform across all performance product categories, driving a market-differentiating mix of consumable products, which we consider to be golf balls and golf gloves, which collectively represented approximately 43% of our net sales in 2015, and more durable products, which we consider to be golf clubs, golf shoes, golf apparel and golf gear, which collectively represented approximately 57% of our net sales in 2015.

We operate under the following four reportable segments.

Titleist Golf Balls (36% of 2015 net sales)

Titleist is the #1 ball in golf. The Titleist golf ball was founded with a purpose of designing and manufacturing a performance oriented, high quality golf ball that was superior to all other products available in the market. We believe the golf ball is the most important piece of equipment in the game, as it is the only piece of equipment used by every player for every shot. The golf ball is also the most important category for us as it generates the largest portion of our sales and profits. Since its introduction in 2000, the Titleist Pro V1 has been the best-selling golf ball globally and continues to set the bar in terms of product design, quality and performance. We also design, manufacture and sell other golf balls under the Titleist brand, such as NXT Tour, Velocity and DT TruSoft, as well as under the Pinnacle brand. We have continually improved our golf balls through innovation in materials, construction and manufacturing processes, which has enabled us to build the #1 golf ball franchise in the world.

Titleist Golf Clubs (26% of 2015 net sales)

We design, assemble and sell golf clubs (drivers, fairways, hybrids and irons) under the Titleist brand, wedges under the Vokey Design brand and putters under the Scotty Cameron brand. The mission of our golf club business is to design and develop the best performing golf clubs in the world for dedicated golfers. We believe dedicated golfers do not buy brands across categories but seek out best-in-class products in each category. This is the reason we have partnered with dedicated engineers and craftsmen such as Bob Vokey and Scotty Cameron, who understand the nuances, subtleties and impact mechanics of their respective golf club categories. Titleist golf clubs, Vokey Design wedges and Scotty Cameron putters are widely used by professional and competitive amateur players, which validates the products' performance and quality excellence. We are also committed to a leading club fitting and trial platform to maximize dedicated golfers' performance experience.

Titleist Golf Gear (9% of 2015 net sales)

We offer a diversified portfolio of Titleist-branded performance golf gear across the golf bags, headwear, gloves, travel gear, head covers and other golf gear categories. Our golf gear is focused on superior performance and quality excellence, which is the mission of any product bearing the Titleist brand name.

FootJoy Golf Wear (28% of 2015 net sales)

We design, manufacture and sell golf shoes and gloves, and we design and sell performance outerwear, apparel and socks under the FootJoy brand. By offering products with premium materials, superior comfort and fit and authentic designs, FootJoy has become the #1 shoe and #1 glove in golf and a leader in the global performance golf outerwear and the U.S. golf apparel markets. We believe FootJoy is seen by golfers around the world as an authentic and definitive golf brand with a consistent, differentiated focus on performance and quality.

Pyramid of Influence

The game of golf is learned by observation and imitation, and golfers improve their own performance by attempting to emulate highly skilled golfers. Golfers are influenced not only by how other golfers swing but also by what they swing with and what they swing at. This is the essence of golf's pyramid of influence, which is deeply ingrained in the mindset of the dedicated golfer. At the top of the pyramid is the most dedicated golfer, who attempts to make a living playing the game professionally. Adoption by most of the best golfers, whose professional success depends on their performance, validates the quality, features and benefits of using the best performing products. This, in turn, creates aspirational appeal for golfers who want to emulate the performance of the best players.

By virtue of the performance and quality excellence of our products, we believe we are best-positioned to leverage the pyramid of influence since most of the best players trust and use Titleist and FootJoy products. Our primary marketing strategy is for our products to be the most played by the best players, including both professional and amateur golfers. This strategy has proven to be enduring and effective in the long-term and is not dependent on the transient success of a few elite players at any given point in time.

Innovation Leadership

We believe innovation is critical to dedicated golfers as they depend on the ability of new and innovative products to drive improved performance. Since we entered the golf ball business in 1932, we believe we have been the design and technology leader in the golf industry with a strategy to develop, implement and protect product and process improvements. We currently employ an R&D team of over 150 scientists, chemists, engineers and technicians. We also introduce new product innovations at a cadence that best aligns with the typical dedicated golfer's replacement cycle within each product category. We spent \$42.2 million, \$44.2 million and \$46.0 million in 2013, 2014 and 2015, respectively, on R&D.

Operational Excellence

The requirements of the game lead the dedicated golfer to seek out products of maximum performance and consistency. We own or control the design, sourcing, manufacturing, packaging and distribution of our products. In doing so, we are able to exercise control over every step of the manufacturing process and supply chain operations, thereby setting the standard for quality and consistency. Our operational excellence also allows us to continually develop innovative new products, bring those products to market more efficiently and ensure high levels of quality control. We have developed and refined distinct and independently managed supply chains for each of our product categories. Our manufacturing facilities include:

- three golf ball manufacturing facilities that collectively produce over 1 million balls per production day;
- six golf club assembly facilities;
- a joint venture facility to manufacture our golf shoes; and
- a facility to manufacture our golf gloves.

Route to Market Leadership

As one of the preferred partners to premium golf shops, we ensure that the performance benefits derived from using our products are showcased and our products are properly merchandised. We have over 350 sales representatives directly servicing over 31,000 accounts in 46 countries and we service over 90 countries in total, directly or through distributors. With an average of almost 20 years of experience, we believe the Titleist U.S. sales team is the largest and most experienced in the industry. Similarly, we believe FootJoy has built the most experienced, highly qualified team in the U.S. golf wear category. As we see our retail partners as a critical connection to dedicated golfers, we place great emphasis on building strong relationships and trust with them. This is the reason our sales associates are expected not simply to be salespeople, but to function as golf experts and enthusiasts in their respective territories, who advise and assist our retail partners to better serve their customers. We help generate golfer demand and sell-through via in-shop merchandising, promotions and advertising, and also provide product education to club professionals, coaches and instructors. Lastly, we place a strong focus on consumer engagement, starting with fitting and trial initiatives across our balls, clubs and

shoes categories. We offer custom products across categories that we believe are better aligned with golfers' personal styles, skill levels and preferences.

Market Overview and Opportunity

Market Overview

We estimate that the sport of golf gives rise to a global commercial opportunity of more than \$85 billion annually, which captures all spending related to golf. There are over 50 million golfers worldwide playing over 800 million rounds annually on over 32,000 golf courses. Our addressable market comprised of golf equipment, golf wear and golf gear represents approximately \$12 billion in retail sales and approximately \$8 billion in wholesale sales. The United States accounted for over 40% of our addressable market, followed by Japan and Korea collectively accounting for over 30% of our addressable market, each in 2014.

Although the number of rounds of golf played in the United States declined overall from 2006 until the end of 2014, we believe that golf industry fundamentals, especially in developed markets such as the United States, Europe and Japan, have shown improvement since the beginning of 2015. We believe that the number of rounds of golf played by our target market of dedicated golfers was relatively stable during this period of overall decline in the golf industry.

We view emerging economies, such as the markets in Southeast Asia, as attractive long-term opportunities based on our assessment through the lens of the five collectively necessary and sufficient conditions for a country to embrace golf: (1) sizeable middle-class population, (2) educational infrastructure, (3) places to play and practice, (4) professional success that inspires the local golfers and (5) corporate support.

We believe the golf industry is mainly driven by golfer demographics, dedicated golfers and weather and economic conditions.

Golfer Demographics. Golf is a recreational activity that requires time and money. The golf industry has been principally driven by the age cohort of 30 and above, currently "gen-x" (age 30 to 49) and "baby boomers" (age 50 to 69), who have the time and money to engage in the sport. In the United States, there are approximately 8.7 million gen-x golfers and approximately 6.6 million baby boomer golfers, representing approximately 63% of total golfers in the United States. Households headed by gen-x and baby boomers also claim an approximately 80% share of the total income dollars in the United States. Since a significant number of baby boomers have yet to retire, we anticipate strong growth in spending from this demographic as it has been demonstrated that rounds of play increase significantly as those in this cohort reach retirement. On average, golfers in the age range of 18 to 34 play 15 rounds per year, whereas those in the age range of 50 to 64 and 65 and above play 29 rounds and 51 rounds per year, respectively. While golf has historically consisted of mostly male players, women accounted for approximately 24% of golfers in the United States in 2015, up from approximately 20% in 2011. Because nearly 40% of beginner golfers in the United States in 2015 were women, we believe that the percentage of women golfers will continue to grow. The future of golf participation beyond the gen-x and baby boomer generation is also very promising. One of the most exciting recent developments in golf has been the generational shift with millennial golfers making their marks at both professional and amateur levels. Golfers under the age of 30 represented 44% of the World Rank Top 50 and 76% of Rolex World Rank Top 50 Women as of May 31, 2016. The largest single age group of beginners in the United States in 2015 was millennials (age 18 to 29). Further, the number of junior golfers (age 6 to 17) in the United States has grown from approximately 2.5 million golfers in 2010 to approximately 3.0 million golfers in 2015.

Dedicated Golfers. Dedicated golfers are largely gen-x and baby boomers who have demonstrated the propensity to pay a premium for products that help them perform better. We believe dedicated

golfers, who comprise our target market, will continue to be a key driver for the global golf industry. The National Golf Foundation estimates that there were 6.4 million, 6.5 million and 6.2 million "avid" golfers in the United States in 2013, 2014 and 2015, respectively, with "avid" golfers defined as those who play 25 rounds or more per year. We estimate that approximately 60% of these avid golfers in the United States are dedicated golfers.

Weather Conditions. Weather conditions determine the number of playable days in a year and thus influence the amount of time people spend on golf. Weather conditions in most parts of the world, including our primary geographic markets, generally restrict golf from being played year-round, with many of our on-course customers closed during the cold weather months. Therefore, favorable weather conditions generally result in more playable days in a given year and thus more golf rounds played, which generally results in increased demand for all golf products.

Economic Conditions. The state of the economy influences the amount of money people spend on golf. Golf equipment, including clubs, balls and accessories, is recreational in nature and is therefore a discretionary purchase for consumers. Consumers are generally more willing to make discretionary purchases of golf products when economic conditions are favorable and when consumers are feeling confident and prosperous.

Our Opportunity

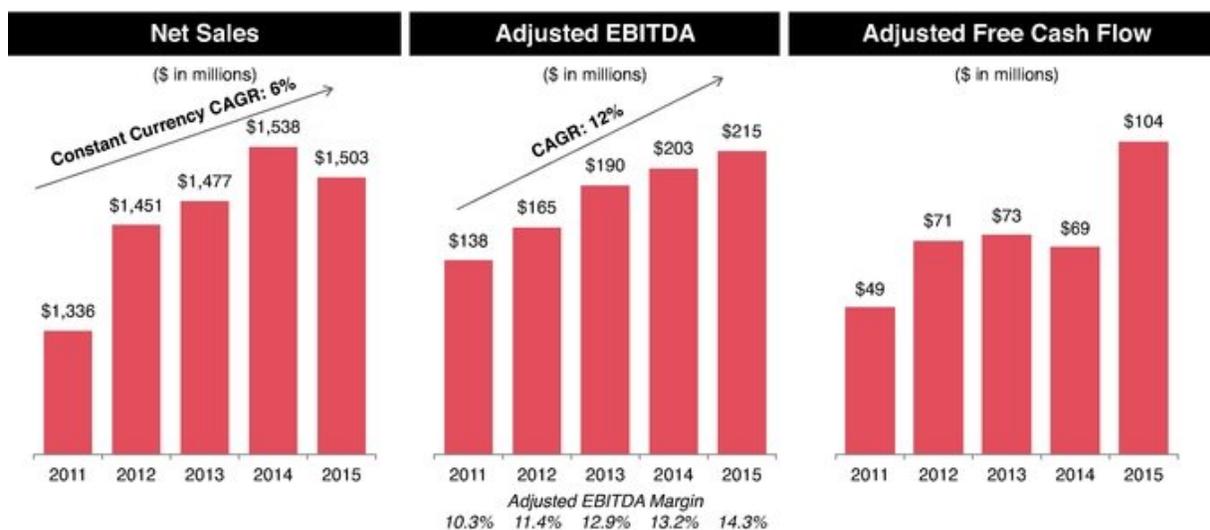
We have demonstrated sustained, resilient and stable revenue and Adjusted EBITDA growth over the past five years, despite challenges related to demographic, macroeconomic and weather related conditions. Our differentiated focus on performance and quality excellence, enduring connections with dedicated golfers and favorable and market-differentiating mix of consumable and durable products have been the key drivers of our strong performance. We believe this focus, along with the overall stabilization of the golf industry, positions us to continue to generate industry-leading performance.

Strong Financial Performance

Since 2011, we have driven strong financial performance across our product portfolio in the aggregate and in each of our reportable segments of Titleist golf balls, Titleist golf clubs, Titleist golf gear and FootJoy golf wear. From 2011 to 2015:

- our net sales increased from \$1,336.1 million (on a combined basis) to \$1,503.0 million, representing a compound annual growth rate, or CAGR, of 3%, or 6% on a constant currency basis;
- our net income (loss) attributable to Acushnet Holdings Corp. was \$(31.2) million in 2011 (on a combined basis), \$13.9 million in 2012, \$19.6 million in 2013, \$21.6 million in 2014 and \$(1.0) million in 2015;
- our Adjusted EBITDA increased from \$138.4 million (on a combined basis) to \$214.7 million, representing a CAGR of 12%;
- we achieved 400 basis points of Adjusted EBITDA margin expansion;
- our Adjusted Net Income increased from \$46.7 million (on a combined basis) to \$86.7 million, representing a CAGR of 17%;
- our cash flows provided by operating activities increased from \$51.1 million (on a combined basis) to \$91.8 million; and
- our Adjusted Free Cash Flow increased from \$48.8 million (on a combined basis) to \$104.0 million.

See "Selected Consolidated Financial Data" for a reconciliation of Adjusted EBITDA and Adjusted Net Income to net income (loss) attributable to Acushnet Holdings Corp. and a reconciliation of Adjusted Free Cash Flow to cash flows provided by (used in) operating activities, the most directly comparable GAAP financial measures, and for a presentation of our results of operations for 2011 on a combined basis. See "Management's Discussion and Analysis of Financial Condition and Results of Operations—Overview—Key Performance Measures" for a description of how we calculate constant currency information.



Our Competitive Strengths

Steward of Golf's Most Revered Brands. We have long been the trusted steward of two of golf's most revered and recognized brands, and have enjoyed the longest running record of market leadership in the golf category. We believe the Titleist and FootJoy brands deliver superior performance and quality excellence in their respective product categories and are widely regarded as the strongest and most identifiable brands among premium golf equipment and golf wear manufacturers. Titleist has been the #1 ball in professional golf for 68 years while FootJoy has been the leading brand on the PGA Tour in golf shoes for over six decades and golf gloves for over three decades. The performance and quality of our brands are validated by the widespread adoption of our products by the world's best professional and amateur golfers, which generates exceptional brand loyalty among our core customers and drives repeat purchases.

Market-Leading Portfolio of Products Designed for Dedicated Golfers. The Titleist Pro V1 golf ball was launched in 2000 and in four months became the #1 selling ball on the market, a position it still holds, and is the #1 golf ball played at every level of competitive golf today. We estimate that we held nearly one-half of the 2015 global top grade wholesale golf ball market, which we estimate was approximately \$1.0 billion, including over two-thirds of the premium performance market segment. Pro V1 models are the longest running #1 of any golf equipment since Golf Datatech began tracking this metric in 1997. It is rare when a brand's highest priced product in a particular category is also the industry volume leader. In 2015, the number of Titleist balls played on professional tours was more than five times the number of balls of our nearest competitor. Titleist records even higher ball counts at most amateur championships than on the worldwide professional tours, a further testament to the performance and quality of Titleist. Since amateurs are not allowed to receive compensation for the use or endorsement of any brand's equipment, they freely choose what golf ball they believe will help them shoot their lowest scores. Faithful to the brand promise of the Titleist ball, we believe our golf clubs

are also best-in-class in terms of performance and quality. Our Vokey Design wedges and Scotty Cameron putters are recognized worldwide as leaders in their respective categories. Our Vokey Design wedges are the most widely used on the PGA Tour. Under our FootJoy brand, we are the #1 shoe in golf, with the leading usage on all of the world's major professional golf tours and twice as many stock keeping units, or SKUs, as our nearest competitors. FootJoy gloves also have the leading market share, enjoy the #1 position on all the world's major professional golf tours, and offer the largest selection of golf gloves in the industry. FootJoy is also a global leader in golf outerwear and has a rapidly growing presence in golf apparel.

Favorable Consumable / Durable Mix. We have developed a product portfolio with a favorable mix of consumables and durables, which we believe differentiates us from other pure golf equipment manufacturers. Consumable purchases are largely driven by the number of rounds played, while durable purchases are subject to technology replacement cycles. We believe our favorable product mix is less economically cyclical and more working capital efficient than that of our peers. Our sales reflect a favorable and market-differentiating mix of consumable products, which we consider to be golf balls and golf gloves, which collectively represented approximately 43% of our net sales in 2015, and more durable products, which we consider to be golf clubs, golf shoes, golf apparel and golf gear, which collectively represented approximately 57% of our net sales in 2015.

Best-in-Class Design Innovation. Driven by our commitment to perpetual innovation, we believe we are the innovation leader in the golf industry. Golf's most regulated and technically-driven categories are golf balls and golf clubs, and therefore require strong intellectual property to create differentiated products with superior performance and quality. We hold the largest patent portfolio in the golf industry, with close to 1,200 active U.S. utility patents in golf balls, over 300 active U.S. utility patents in golf clubs, wedges and putters and 284 active patents (including ex-U.S. and design patents) in golf shoes and gloves. As of December 31, 2015, we have 35% and 15% market shares of active golf ball and club patents, respectively. Over 90% of our current products incorporate technologies or designs developed in the last five years. The Titleist Pro V1 franchise is an example of our innovation leadership. We have sold over 110 million dozen Pro V1 and Pro V1x golf balls, generating over \$4 billion of revenue, since the introduction of the Pro V1 in 2000. We believe our ability to develop and implement innovation drives superior product performance and our patent portfolio allows us to protect our product and process improvements in an industry where success is driven by product performance and quality improvements.

Operational Excellence. Our differentiated manufacturing processes and connectivity between our manufacturing and R&D teams foster integration throughout the design and manufacturing process. This allows us to continually develop innovative new products that we can bring to market efficiently while ensuring consistency and high levels of quality control. Unlike many other golf companies, we own or control the design, sourcing, manufacturing, packaging and distribution of our products. Our vertically integrated approach delivers a consistent product quality and results in very high customer satisfaction. There are over 90 quality checks for Titleist Pro V1 and 120 quality checks that go into Titleist Pro V1x to ensure every ball is worthy of bearing the Titleist brand name. An example of this is our product quality return percentage—for every 10 million Titleist Pro V1 golf balls produced, only one is returned on average. By controlling key aspects of the design and manufacturing processes, we are better able to protect our intellectual property as well as offer customization capabilities and efficient turn times. Furthermore, we are able to provide custom fitted products to individuals in a short timeframe and facilitate regional market customization.

Unparalleled Route to Market Leadership. The foundation of our go-to-market strategy is to continue to be the preferred partner for premium golf shops worldwide and to provide customization and fitting that optimize our customers' post-purchase experiences. In doing so, we ensure that the performance benefits derived from using our products are showcased and our products are properly merchandised, while deepening our customers' connections with the Titleist and FootJoy brands. We believe these initiatives, in turn, increase sales and profitability for our retail partners, leading to a mutually beneficial economic relationship. Today, we deploy over 20,000 displays that are designed and adapted to local needs, and there are over 3,400 premium golf shops that exclusively stock or display Titleist balls. By virtue of our strong relationship with retail partners, we are able to build the strong connections with and gain deep understanding of dedicated golfers. We are able to closely track the replacement cycles of our customers' equipment and effectively market our new products in a timely manner.

Deep Stewardship Culture and Experienced Management Team. Behind our exceptional products and organizational infrastructure lies an authentic and enduring organizational culture validated by the longevity of our management team, sales force and associates. Our management team members, many of whom have dedicated their entire careers to our company, average over 20 years of employment with us. They are supported by a deep and talented team of associates across product categories, functions, markets and geographies, who serve as strong brand and cultural ambassadors. Approximately 50% of our U.S. associates have over ten years of employment with us, highlighting the depth of our talent and future leaders. We are the stewards of our brands, and we are committed to maintaining the culture of excellence that defines us and our products.

Our Growth Strategies

We plan to continue to pursue organic growth initiatives across all product categories, brands, geographies and marketing channels.

Introduce New Products and Extend Market Share Leadership in Equipment Categories. We expect to sustain our strong performance in our core categories of golf balls and golf clubs through several targeted strategies:

- ***Titleist Golf Balls.*** To ensure sustained long-term market leadership, we are continuously investing in design innovation and refining our sell-in and sell-through route to market capabilities and effectiveness in the golf ball product category. We are currently focused on improving our sales team training in product, merchandising, local promotion and selling skills, as well as enhancing trade partnerships in those channels where dedicated golfers shop. To grow our custom golf ball business, we have in place several new initiatives designed to develop strategic partnerships with corporations heavily invested in golf and to drive growth with a particular focus on the areas of corporate, country club, tournament and personalized sales. The 2016 launch of the "My Pro V1 Shop" online golf shop will allow golfers to create and purchase their own unique Titleist Pro V1 / Pro V1x golf balls with special play numbers, logos or personalization. We believe the website will increase the likelihood of repeat purchases, thereby strengthening the link with golfers and loyalty to Titleist golf balls.
- ***Titleist Clubs, Wedges and Putters.*** We intend to continue to launch innovative, performance golf clubs by further leveraging Titleist clubs' leading R&D platform. We believe concept and specialty products and premium quality digital content will further drive customer awareness and market share gains across all premium club categories. To enhance trial and fitting, we plan to continue our leading consumer connection initiatives, grow our fitting network in opportunistic markets and further promote the utilization of our distinctive fitting operations. We are also executing several initiatives to further elevate Vokey Design wedges and Scotty Cameron putters as golf's leaders in short-game performance, technology, craftsmanship, and selection.

Increase Penetration in Golf Gear and Wear Categories. We intend to build on the brand loyalty that the dedicated golfer has developed for our Titleist ball and club categories and FootJoy shoe and glove categories in order to increase our penetration in the adjacent categories of golf gear and golf wear. We expect to continue to drive growth across these categories by employing the following initiatives:

- ***Titleist Golf Gear.*** We are committed to providing dedicated golfers with golf gear—including golf bags, headwear, gloves, travel gear, head covers and other accessories—of performance and quality excellence that is faithful to the Titleist brand promise. We are making significant investments in design and engineering resources and are leveraging dedicated player research methodologies and insights to drive innovation in this product category. We also plan to expand custom and limited edition product offerings and launch a U.S. eCommerce website for Titleist golf gear in 2017.
- ***FootJoy Women's Apparel Initiative.*** We are currently building out a focused, performance-based FootJoy women's apparel line consistent with the brand's successful positioning in men's apparel. The women's apparel line, which launched in early 2016, pairs sophisticated performance fabrics and design with layering technology pioneered by FootJoy to create maximum comfort and protection. By leveraging our existing FootJoy sales force in an adjacent category, we believe we can offer a compelling and authentic solution to female golfers and capitalize on the trend of casual, athletic styling that is driving success in the broader women's apparel space.
- ***FootJoy eCommerce Launch.*** We recently launched a U.S. eCommerce website for FootJoy. Over 6,000 SKUs are offered across all FootJoy categories, including shoes, gloves and apparel. The eCommerce initiative is expected to yield incremental sales and profitability, enriched data on preferences and trends as well as foster a deeper and more real time connection with the dedicated golfer.

Strategically Pursue Global Growth. The Titleist and FootJoy brands are both global brands that are well positioned where golf's growth is anticipated. While we believe that a majority of the near-term growth will be driven by the developed economies, emerging economies, such as the markets in Southeast Asia, represent longer-term growth opportunities. To meet future demand, we are ensuring that local capabilities and expertise in sales, customer service, merchandising, online presence, golf education and fitting initiatives are in place to support our operations. We continue to hire local talent across all functions in order to better position the products of Titleist and FootJoy in those markets where participation and popularity of the sport are expected to increase.

Our Products

We design, manufacture and market a broad range of products under the Titleist and FootJoy brands. Both brands are recognized as industry leaders in performance, quality, innovation and design. Our products include golf balls, golf clubs, wedges and putters, golf shoes, golf gloves, golf gear and golf outerwear and apparel.

Titleist

Titleist Golf Balls



- Pro V1
- Pro V1x
- NXT Tour
- Velocity
- DT TruSoft
- Pinnacle

Titleist Golf Clubs, Wedges and Putters



- Drivers
- Fairways
- Hybrids
- Irons
- Vokey Design wedges
- Scotty Cameron putters

Titleist Golf Gear



- Golf bags
- Headwear
- Golf gloves
- Travel gear
- Head covers
- Other golf gear

FJ FOOTJOY

FootJoy Shoes



- Traditional
- Spikeless
- Athletic

- Casual

FootJoy Gloves



- Leather construction
- Synthetic
- Leather/synthetic combination
- Specialty

FootJoy Outerwear and Apparel



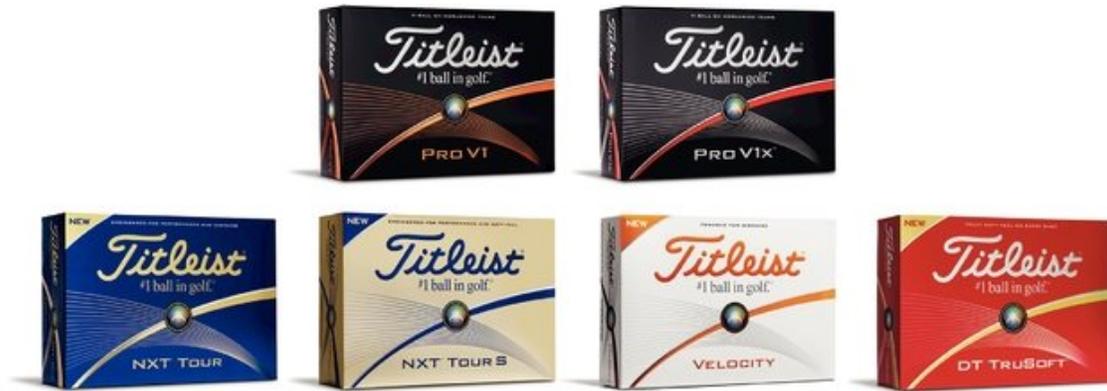
- Performance outerwear
- Performance golf apparel
- Golfleisure women's apparel

Titleist

We design, manufacture and sell golf balls, golf clubs, wedges and putters and golf gear under the Titleist brand. Net sales of Titleist products for the years ended December 31, 2013, 2014 and 2015 were \$1,081.4 million, \$1,116.0 million, and \$1,084.1 million, respectively, in each case approximately 73% of our total net sales.

Titleist Golf Balls

Titleist is the #1 ball in golf. The 2016 Titleist golf ball product line consists of six major models, each designed to deliver different performance characteristics, such as distance, flight, short game control, feel and durability.



Pro V1 and Pro V1x are designed to be the highest performing and quality golf balls for golfers at every level of the game and best demonstrate Titleist's design, innovation and technology leadership. The first Pro V1 golf ball was introduced on the PGA Tour in October 2000 and launched to the market in December 2000. It represented the coalescence of three of Titleist's industry leading technologies: large solid core; multi-component construction; and high performance, thermoset cast urethane elastomer covers. In its first four months, the Pro V1 golf ball became the best-selling golf ball and holds that position to this day. During this time, we also set out to create a ball that produced lower driver spin and higher launch characteristics than the Pro V1 while retaining its high performance scoring spin. With its four-piece, dual core design, the Pro V1x golf ball was introduced in 2003. We also provide best-in-class performance with the NXT Tour, NXT Tour S, Velocity and DT TruSoft models.

By competing at a lower price point, Pinnacle completes a full product offering for us. With two major models, Rush and Soft, Pinnacle golf balls are also available in different optic colors and play numbers. Our Pinnacle Brand competes in the price market segment, which allows the Titleist brand to focus on the premium performance and performance market segments and reduces the need to extend the Titleist brand to the price market segment. This also helps to support the thousands of golf shops that choose to exclusively stock Titleist and Pinnacle golf balls, allowing them to offer golf balls in each market segment which market segments we discussed and defined below.

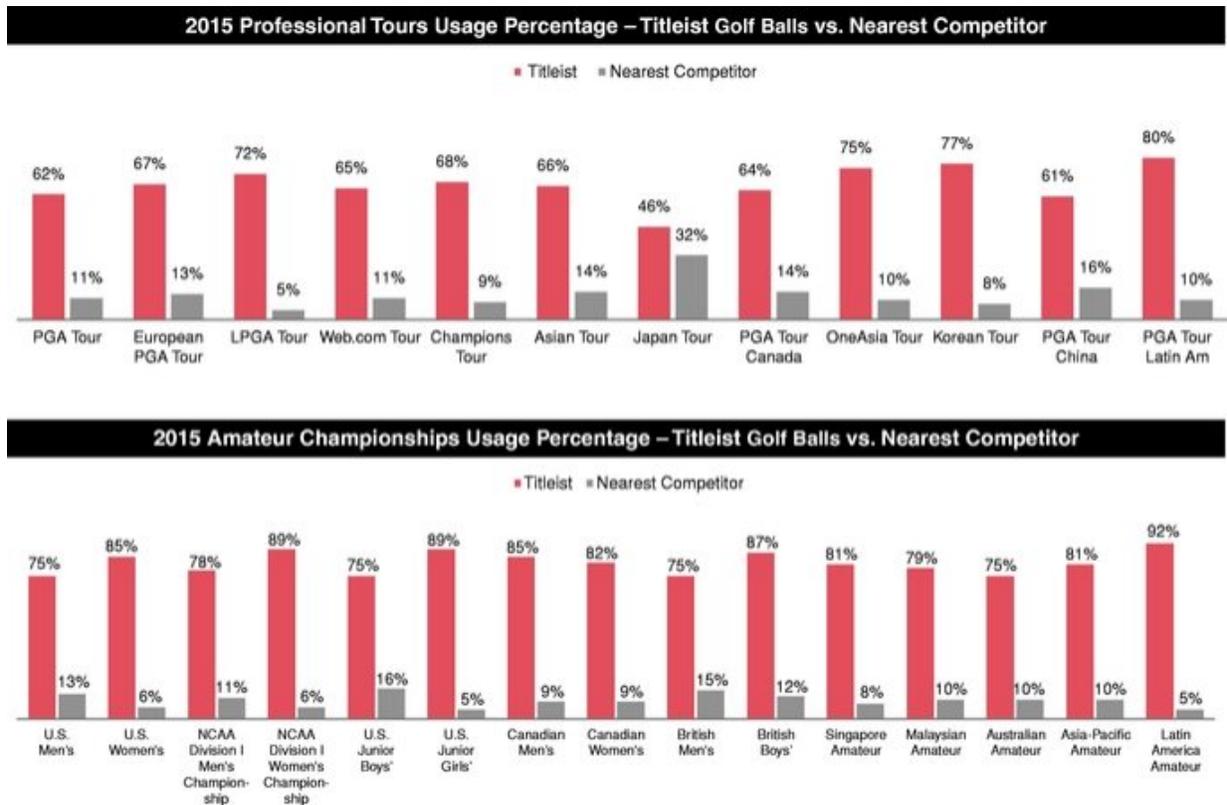


Titleist and Pinnacle golf balls accounted for \$551.7 million, or 37.3%, \$543.8 million, or 35.4%, and \$535.5 million, or 35.6%, of our total net sales for the years ended December 31, 2013, 2014 and 2015, respectively.

We estimate that we held nearly one-half of the 2015 global top grade wholesale golf ball market (which does not include range golf balls, practice golf balls or downgraded or repurposed golf balls, which accounts for a small portion of our golf ball net sales), which we estimate was approximately \$1.0 billion, and held leadership positions across the most profitable market segments.

- The premium performance market segment (which we estimate was approximately \$490 million of the 2015 global top grade wholesale golf ball market), which we consider to be golf balls that are designed to maximize total performance across all product attributes, including distance, short game spin and control, feel and durability. Titleist Pro V1 and Pro V1x golf balls led the premium performance segment with over two-thirds of this market segment.
- The performance market segment (which we estimate was approximately \$380 million of the 2015 global top grade wholesale golf ball market), which we consider to be golf balls that are designed to prioritize distance, good short game spin and control, feel and durability, while maintaining a lower price point than balls that compete in the premium performance market segment. Titleist NXT Tour, Velocity and DT golf balls led the performance segment with approximately one-third of this market segment.
- The price market segment (which we estimate was approximately \$180 million of the 2015 global top grade wholesale golf ball market), which we consider to be golf balls that are designed to prioritize distance, feel and durability, while targeting a more affordable price point than balls that compete in the premium performance and performance market segments. We are a leader in the price market segment.

The table below shows the percentage of golfers that used Titleist golf balls as compared to its nearest competitor for specific professional tours and representative amateur championships in 2015.



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As shown in the table above, at most amateur championships, Titleist records even higher ball counts than on the worldwide professional tours. Under The Rules of Golf established by the game's governing bodies, the USGA and R&A, amateurs are not allowed to receive compensation for the use or endorsement of any brand's equipment. Amateurs freely choose what golf ball they believe will help them shoot their lowest scores. We believe their choice of the Titleist golf ball further validates the superior performance and superior quality of Titleist.

We are also a leader in custom imprinted golf balls. This includes printing high quality reproductions of corporate logos, tournament logos, country club or resort logos, and personalization on Titleist and Pinnacle golf balls. Our service includes design capabilities, special packaging options and fast turnaround times. Custom imprinted golf balls represented over 25% of our global net golf ball sales for the year ended December 31, 2015. The majority of custom imprinting is done for corporate logos as there has long been a strong connection between the business community and golf.

Titleist Golf Clubs, Wedges and Putters

We view and operate the Titleist golf club business in three distinct categories: clubs (which includes drivers, fairways, hybrids and irons), wedges and putters. Our products are generally priced at or above the premium price points in the marketplace, driven by higher-end technologies (including design, materials and processes) we employ to generate superior quality and performance. We have different models within each category to address the distinct performance needs of our dedicated golfer target audience. Titleist golf clubs, wedges and putters accounted for \$395.7 million, or 26.8%, \$422.4 million, or 27.5%, and \$388.3 million, or 25.8%, of our total net sales for the years ended December 31, 2013, 2014 and 2015, respectively.

The table below shows the usage percentages and ranks of Titleist golf clubs, wedges and putters on the 2015 PGA Tour and representative 2015 championships in the United States.

	Clubs				Wedges	Putters
	Drivers	Fairways	Hybrids	Irons		
PGA Tour	23% #2	21% #2	25% #1	25% #1	38% #1	34% #2
PGA Professional National Championship	36% #2	34% #2	41% #1	37% #2	40% #2	32% #2
U.S. Men's Amateur Championship	30% #2	35% #1	47% #1	36% #1	53% #1	47% #1
NCAA Division 1 Men's Championship	32% #1	37% #1	57% #1	38% #1	44% #1	42% #1
U.S. Junior Boys' Championship	33% #2	39% #1	47% #1	40% #1	51% #1	43% #1

Titleist Clubs

Our current global club line consists of the 915 product lines of drivers and fairways, the 816 product line of hybrids and the 716 product line of irons. Every product in our global club line features premium, tour-proven stock shafts and grips, complemented by a full range of custom options.

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Titleist 915 drivers and fairways are designed to deliver performance through tour-proven technologies that increase ball speed and decrease spin without sacrificing launch and forgiveness. We design our drivers and fairways to deliver total performance with tour-preferred looks, sound and feel, and we offer the ability to precisely fit individual golfers' needs.



Titleist 816 hybrids generate long game performance through advanced technology. The advanced features of our hybrids aim to facilitate precision fitting and generate high ball speed, low spin and high launch for increased distance and forgiveness.

Titleist 716 irons are innovative, technologically advanced products designed to deliver distance, forgiveness, proper shot control and feel. While we offer stock set configurations for our iron sets, approximately 40% of our worldwide iron sales are custom fit to help deliver a better fit and performance.



We also sell our VG3 line of clubs, which consist of men's and women's drivers, fairways, hybrids and irons offered in Japan only. These products feature design and construction specifically targeted to dedicated golfers in Japan.

Vokey Design Wedges

Bob Vokey champions the Titleist wedge effort by creating high performance wedges to meet the demands of dedicated golfers and the best players in the world. The Vokey Design wedge product offering is a compilation of the most popular wedges resulting from Bob Vokey's hands-on work with golf's best players to develop shapes and soles that address varying techniques and course conditions. In total, we offer 21 unique loft, sole grind and bounce combinations and three unique finishes to create golf's most complete wedge product performance range. In addition, Vokey's online Wedgeworks program promotes limited edition models and allows golfers to customize and personalize their wedges. Vokey Design wedges are the most played wedges by tour professionals. In 2015, they accounted for over 38% of all wedges in play on the PGA Tour, where they have been #1 every year since 2004.



Scotty Cameron Putters

Scotty Cameron Fine Milled Putters are developed through a specialized and iterative process that blends art and science to create high performance putters. Scotty's design inspiration begins with studying the best players in the world and working with them to identify the consistent strengths and attributes of their putting. Scotty Cameron encourages a selection process that identifies the putter length, toe flow and appearance to deliver proper balance, shaft flex and feel to golfers and to encourage proper technique. Scotty Cameron putters consist of a range of products for each of these key selection criteria. In 2015, over one-third of the putters played on the PGA Tour were Scotty Cameron putters, and over the past 21 years, Scotty Cameron putters have helped players win over 1,100 tournaments on the worldwide professional tours.

Using the scottycameron.com website as an information and services hub, we offer loyal brand fans the opportunity to connect more closely with the Scotty Cameron brand. Golfers can customize and personalize their putter(s) in the on-line Scotty Cameron Custom Shop. Through the popular "Club Cameron" loyalty program and Scotty's on-line "Studio Store," brand fans can purchase unique Scotty Cameron accessories. In 2014, we also opened the Scotty Cameron Gallery in Encinitas, California, a premium retail boutique which offers consumers the ability to experience the tour fitting process as well as purchase unique accessory items.



Titleist Golf Gear

Titleist golf gear products are designed and engineered using premium materials, paying particular attention to superior performance, function and style. We focus on the design and development of golf bags, headwear, gloves, travel gear, head covers and other golf gear. We provide personalization and customization within each category of Titleist golf gear, as well as certain licensed products, in order to meet the needs of the dedicated golfer and as part of our service to our accounts. Titleist golf gear accounted for \$117.0 million, or 7.9%, \$127.9 million, or 8.3%, and \$129.4 million, or 8.6%, of our net sales for the years ended December 31, 2013, 2014 and 2015, respectively.

Titleist golf gear includes:

- **Golf Bags.** Our golf bags are designed and engineered with a variety of models possessing distinct features and benefits, including our Tour Staff, Cart and Carry models. The Titleist Tour Staff, Cart and Carry golf bags are leading products sold at premium prices throughout our worldwide distribution network.



- **Headwear.** Titleist headwear is designed and developed with advanced fabrications and construction to provide performance benefits as well as desirable styling for the dedicated golfer. Our headwear seeks to deliver benefits such as moisture management, UV protections, a secure fit and durability. We offer many unique product models within our headwear lines that include fitted headwear, adjustable headwear, visors and weather protection, including waterproof and cold weather styles.



- **Golf Gloves.** Our Titleist golf glove product portfolio is led by the Players Glove, which is the choice of many leading professionals around the globe and a top model with accounts. We offer a select group of models in most markets that includes the Players Glove, the Players-Flex Glove and the Perma-Soft Glove as well as the Players Custom Glove and the Q-Mark Custom Glove, which are customizable models. The Titleist glove business is strategically aligned with the FootJoy glove business to ensure a comprehensive product portfolio for our accounts and complementary benefit to us.



- **Travel Gear.** Titleist travel gear is offered to serve the business and lifestyle needs of our dedicated golfer audience. Meticulously constructed with premium materials, our different models of travel gear are thoughtfully designed with advanced fabrications and construction to

provide functionality, quality and durability. We offer a range of models including golf club travel bags, cabin bags, backpacks, duffel bags and wheeled roller bags, as well as messenger bags and briefcases.



- **Head Covers and Other Golf Gear.** Titleist serves the lifestyle and performance needs of our dedicated golfer audience with a variety of other products including head covers, umbrellas, towels, bag covers, shag bags, valuable pouches and cold weather gear.



FootJoy Golf Wear

FootJoy is one of golf's leading performance wear brands, which consists collectively of golf shoes, gloves and apparel. Net sales for FootJoy products for the years ended December 31, 2013, 2014 and 2015 were \$395.8 million, or 26.8%, \$421.6 million, or 27.4%, and \$418.9 million, or 27.9%, respectively, of our net sales.

FootJoy Golf Shoes

FootJoy is the #1 shoe in golf and has been the #1 shoe on the PGA Tour for over six decades. With an exclusive focus on golf, FootJoy shoes are designed, developed and manufactured for all golfers in all golf shoe categories, including traditional, casual, athletic and spikeless. We are the global leader in golf shoes with approximately one-third of the 2015 global wholesale golf shoe market, which we estimate was approximately \$600 million.



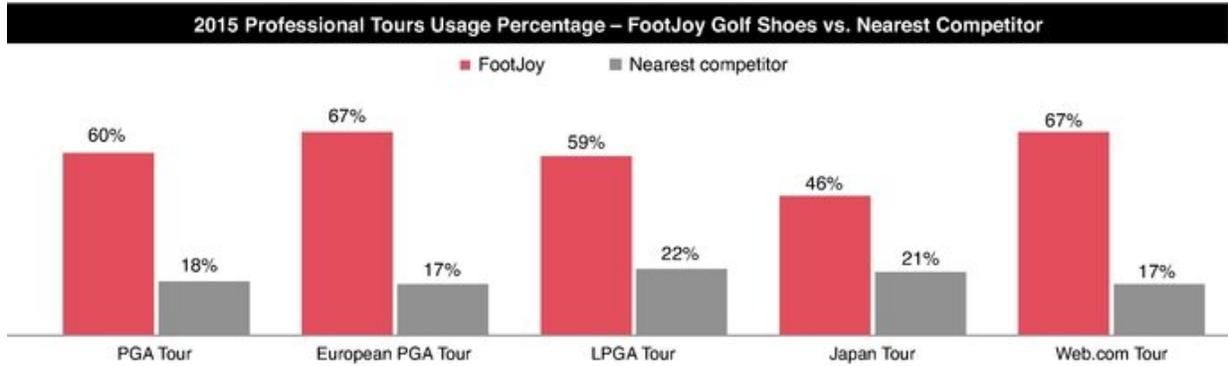
The golf shoe category is one of the most demanding of all wearables as golf shoes must perform in all weather conditions, including extreme temperature and moisture exposure; be resistant to pesticides and fungicides; withstand frequent usage and extensive rounds of play; and provide consistent comfort, support and protection to the golfer in an average of over five miles in a walked round. Hence, golf shoes require extensive knowledge and expertise in foot morphology, walking and swing biomechanics, material science and application and sophisticated manufacturing and construction techniques.

Golf shoes are also a style and fashion driven category. FootJoy offers a large assortment of styles to suit the needs and tastes of all golfers. Although it has products that cater to all segments of the

value chain, 88% of its 171 styles in the United States golf shoe offering as of December 31, 2015 were in the super premium (greater than \$150 MSRP) or premium (greater than \$100 MSRP) revenue categories. The breadth and scope of the FootJoy product line is commensurate with its leading sales position. To maintain and grow this leadership position in the category, new product launches and new styles comprise over 60% of its offerings each year in all significant markets around the world.



Although FootJoy seeks the greatest use at all levels of the game, it enjoys the leading usage by the most of the best players. The table below shows the percentage of professional golfers that used FootJoy shoes as compared to its nearest competitor for representative professional tours in 2015.



In addition to its stock offerings, FootJoy is a leader in the customization of golf shoe styles and designs. FootJoy's MyJoys custom golf shoe portal provides individual choices for style, color, personal IDs and team logos that are produced to order for golfers around the world. We believe it is the largest choice offering in the golf shoe category and provides a service and personal expression capability that creates brand loyalty and repeat purchases.

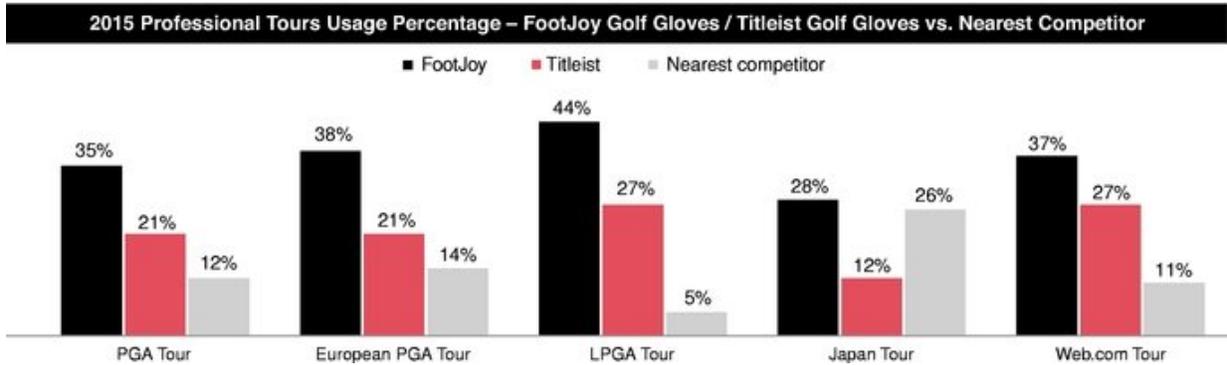
FootJoy Gloves

FootJoy is the #1 glove in golf. We are the global leader in golf gloves with approximately one-third of the 2015 global wholesale golf glove market, which we estimate was approximately \$230 million. FootJoy is over three times larger than Titleist in the category, which is the #2 brand worldwide in sales. FootJoy is the leader in sales for all sub-categories of the glove business, including

leather construction, synthetic, leather/synthetic combinations and all specialty gloves including rain and winter specific offerings.



As in the golf shoe category, FootJoy has a long standing leadership position in the glove business that is the result of a deep understanding of golfer needs and expectations for performance, fit, comfort and quality. FootJoy offers the largest variety of glove designs and specifications to meet the needs of all golfers, including high quality, thin leather construction, advanced synthetics and leather/synthetic combinations, and specialty applications such as the world's leading rain and winter golf gloves. FootJoy has enjoyed leadership of the category since the mid-1980s and is the market leader in every significant golf market around the world. The table below shows the percentage of professional golfers that used FootJoy and Titleist gloves as compared to their nearest competitor for representative professional tours in 2015.



FootJoy Outerwear and Apparel

FootJoy's most recent brand extensions have been the entry into the golf outerwear and golf apparel markets. FootJoy's goal for outerwear is to "make every day playable" and extend the golf season by providing products for rain, wind and cold conditions. FootJoy entered the outerwear category in 1996 with innovative designs and materials and became the leader in net sales in the United

States by 2005 and still holds this position today. The brand's longer term goal is to establish itself as the #1 golf outerwear product worldwide.



The FootJoy outerwear line is predicated on the FootJoy Layering System with three layers: base layer for moisture management, mid layer for temperature control and an outer layer for weather protection. The layer system allows for easy adjustment on the course with maximum comfort and protection. As in its successful golf shoe and glove categories, FootJoy outerwear built its leadership position in the United States by utilizing premium materials and design know-how to build a complete offering of specialized products to meet the unique needs of the golfer in all weather extremes.

FootJoy fully entered the adjacent category of general golf apparel in 2012 with a tightly focused offering for men in the U.S. market. The line was extended to markets in Europe and Asia in the following years and now enjoys wide appeal and a growing share in most markets around the world. We believe it is one of the fastest growing brands in the men's general golf apparel market.



FootJoy more broadly entered the U.S. women's golf apparel market in early 2016 under the trademark Golfleisure. The styling is appropriate for golf and inspired by the current athleisure

segment of women's apparel in other categories and uses. Plans include expansion of distribution to other markets in Europe and Asia during 2017.



Product Launch Cycles

We maintain differentiated and disciplined product launch cycles across our portfolio, which has contributed to stable and resilient growth over the long-run. This approach gives our R&D teams a period of time we believe is necessary to develop superior performing products versus the prior generation models. As a result, we are able to manage our product transitions and inventory from one generation to the next more efficiently and effectively, both internally and with our trade partners.

Product introductions generally stimulate net sales as the golf retail channel takes on inventory of new products. Reorders of these new products then depend on the rate of sell-through. Announcements of new products can often cause our customers to defer purchasing additional golf equipment until our new products are available. The varying product introduction cycles described below may cause our results of operations to fluctuate as each product line has different volumes, prices and margins.

Titleist Golf Balls Segment

We launch new Titleist golf ball models on a two-year cycle, with new product launches of Pro V1 and Pro V1x, our premium performance models, generally occurring in the first quarter of odd-numbered years and new product launches of NXT Tour, Velocity and DT, our performance models, generally occurring in the first quarter of even-numbered years. For new golf ball models, sales occur at a higher rate in the year of the initial launch than in the second year. Given the Pro V1 franchise is our highest volume and our highest priced product, we typically have higher net sales in our Titleist golf ball segment in odd-numbered years.

Titleist Golf Clubs Segment

We generally launch new Titleist golf club models on a two-year cycle. Since the fall of 2014, we have generally used the following product launch cycle, and at present we anticipate continuing to use

this product launch cycle going forward because we believe it aligns our launches with the purchase habits of dedicated golfers. In general, we launch:

- drivers and fairways in the fourth quarter of even-numbered years, which typically results in an increase in sales of drivers and fairways during such quarter because retailers take on initial supplies of these products as stock inventory, with increased sales generated by such new products continuing the following spring or summer of odd-numbered years;
- irons and hybrids in the fourth quarter of odd-numbered years, with the majority of sales generated by such new products occurring in the following spring or summer of even-numbered years because a higher percentage of our new irons and hybrids as compared to our drivers and fairways are sold through on a custom fit basis and the spring or summer is when golfers tend to make such custom fit purchases;
- Vokey Design wedges in the first quarter of even-numbered years, with the majority of sales generated by such new products occurring in the spring or summer of such even-numbered years;
- Scotty Cameron putters in the first quarter, with the Select models launched in even-numbered years and the Futura models launched in odd-numbered years, with the majority of sales generated by such new products occurring in the spring or summer of the year in which they are launched; and
- Japan-specific VG3 drivers, fairways, hybrids and irons in the first quarter of even-numbered years, with the majority of sales generated by such new products occurring in the spring and summer of such even-numbered years.

As a result of this product launch cycle, we generally expect to have higher net sales in our Titleist golf club segment in even-numbered years due to the following factors:

- the majority of sales generated by new irons and hybrids launched in the fourth quarter of odd-numbered years is expected to occur in the spring and summer of the following even-numbered years;
- the majority of sales generated by new Vokey Design wedges launched in the first quarter of even-numbered years is expected to occur in such even-numbered years;
- the majority of sales generated by new Scotty Cameron Select line of putters launched in the first quarter of even-numbered years is expected to occur in such even-numbered years;
- the majority of sales generated by new Japan-specific VG3 drivers, fairways, hybrids and irons launched in the first quarter of even-numbered years is expected to occur in such even-numbered years; and

- the increase in sales of new drivers and fairways launched in the fourth quarter of even-numbered years due to the initial sell-in of these products during such quarter.



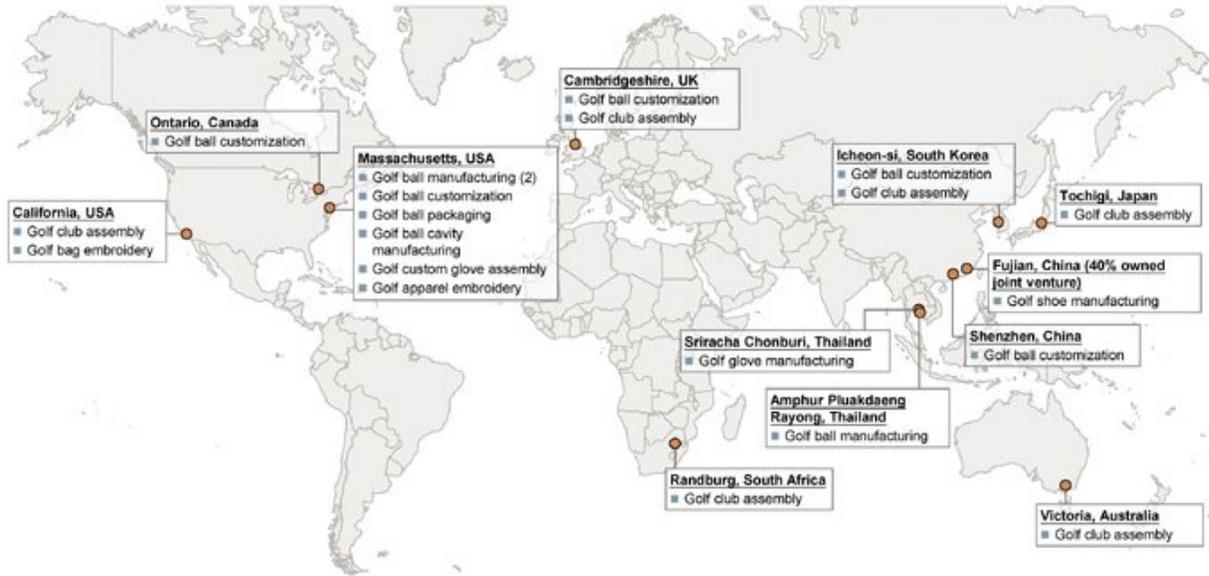
Titleist Golf Gear and FootJoy Golf Wear Segments

Our FootJoy golf wear and Titleist golf gear businesses are not subject to the same degree of cyclical fluctuation as our golf ball and golf club businesses as new product offerings and styles are generally introduced each year and at different times during the year.

Manufacturing Excellence

Our manufacturing processes and management of supply chain operations ensure consistency of product performance and quality. We own or control the design, sourcing, manufacturing, packaging and distribution of our products.

Manufacturing Network



Our manufacturing network is comprised of our owned facilities and select partners around the globe. Our scale and global reach enable us to maximize cost efficiency, reduce lead time, provide regional customization and gain insights into local markets.

We are the largest scope and scale golf ball manufacturer in the world with three company-owned and operated manufacturing facilities, two located in the United States and one in Thailand, encompassing 600,000 total square feet with sufficient production capacity to meet anticipated growth. We also have local custom golf ball imprinting operations in the United States, Canada, the U.K. (servicing the U.K., Ireland and continental Europe), Korea and China to deliver superior reproduction quality and service. We utilize qualified local vendors for imprinting capabilities in other geographic markets.

We assemble clubs at six strategic global locations, allowing us to provide custom fitted golf clubs with regional customization with efficient turnaround times. Each of our six custom manufacturing locations is responsible for supply chain execution for golf clubs and wedges, from forecast generation to component procurement to club assembly and distribution, allowing each region to respond to market specific needs or trends. Scotty Cameron putters are assembled solely at our Carlsbad, California manufacturing facility.

We own and operate the largest golf glove manufacturing operation in the world in Chonburi, Thailand which employs nearly 1,500 workers, where we manufacture both FootJoy and Titleist golf gloves. The factory produces over 10 million FootJoy and Titleist gloves per annum.

All of our FootJoy golf shoes are manufactured in a 525,000 square foot facility in Fuzhou, China, owned by a joint venture in which we have a 40% interest with the remaining 60% owned by our long-standing Taiwan supply partners. The joint venture was established in 1995 and has been in its

current facility since 2000. The multi-floor/multi-building complex is devoted exclusively to FootJoy golf shoes, has production capacity of nearly 5 million pairs per annum and is staffed by over 2,700 workers.

Vertical Integration

Our vertically integrated approach to manufacturing is at the core of our consistent product quality and resulting high customer satisfaction. Our golf balls, golf gloves and golf shoes operations enjoy significant vertical integration, whereby we design each product, source the raw materials, and then manufacture, finish and package at our owned facilities. We design our golf clubs, golf wear and golf gear products internally and source the components or finished goods from select vendors that develop and manufacture our designs. We structure our manufacturing and sourcing operations based on the availability of best-in-class manufacturers and vendors. We choose to maintain a vertically integrated approach in those product categories where we believe there are no third party vendors who meet our high standards and where we are able to achieve economies of scale.

The golf ball supply chain is our most vertically integrated and our golf ball operations team works closely with our R&D teams and key raw material suppliers. We design every Titleist and Pinnacle golf ball, source the raw materials, and then manufacture, finish and package over one million golf balls per production day.

FootJoy has a long standing history of successful vertically integrated manufacturing in its shoe and glove businesses. We design all facets of the shoe, including upper patterns, insoles, outsoles and traction elements. Raw materials for the uppers and insoles and component parts for the outsoles and traction elements are sourced around the world through independent third party suppliers. All of our golf shoes are then manufactured in our joint venture facility in Fuzhou, China. In our golf glove business, we design each product, source all raw materials and then manufacture substantially all of the finished products.

Our Titleist golf club operations team works closely with our R&D teams and key component suppliers to design and produce technologically advanced and high quality clubs, wedges and putters. Their collective efforts continue to identify and employ new materials, new processes and new machinery that are used to improve performance and quality, as well as to reduce lead times and product costs. Lastly, each product is inspected prior to shipment at point of origin by the supplier, and in the case of heads, also by our own quality personnel, and all products are audited at the receiving facility.

A coordinated internal team designs and sources the finished goods for all FootJoy outerwear and apparel products. Over the last twenty years, we have created long-standing relationships with several independent supply groups that have expertise and quality capabilities consistent with FootJoy's high standards and specifications. No one source of supply provides more than 50% of our annual needs in these categories.

Raw Materials, Product Components and Finished Goods Supply and Sourcing

We have aligned with a select few industry leaders capable of meeting our quality standards and performance requirements with respect to the supply of our raw materials, product components and finished goods.

For our golf balls business, we carefully select our raw materials as well as our sources based on quality, cost efficiency and risk management. Our highest raw material consumption for golf balls, in order, is polybutadiene, ionomers, zinc diacrylate (ZDA), urethane, and coatings. To mitigate risk of supply disruption of polybutadiene or ionomers, we manage inventory levels and store additional inventory during the traditional hurricane season in the United States because certain significant suppliers have in the past and may in the future be impacted by hurricanes. For polybutadiene, ZDA,

urethane and coatings, we use either multiple suppliers or multiple production facilities, some with geographic separation, to reduce the risk of raw material shortages. Additionally, we utilize a cloud-based global supplier risk monitoring tool which provides alerts in our supply chain in areas such as financial/credit, geographic/climactic, political, organizational changes, transportation and labor/wages.

We source the raw materials for our golf glove and golf shoe businesses, and certain of the components for our golf shoe business, from a select group of third party suppliers.

We have excellent long term relationships with our Titleist golf club supplier partners, and they supply the majority of our more than 4,000 component SKUs. These key partnerships have allowed us to reduce lead times by an average of 60% over the past 5 years, while also reducing component and finished goods inventory, ensuring on-hand availability, increasing our responsiveness to customer demand and improving supply chain continuity.

For our golf gear businesses, we source the finished products from select third party vendors that have the necessary quality capabilities.

FootJoy operates an apparel and accessory commercial office in Hong Kong that is staffed with eight associates. These individuals are highly trained in all aspects of apparel design and development, production, and quality control functions, directing all commercial sourcing activities among contract factories throughout the region. In addition to the eight associates in Hong Kong, FootJoy also employs two quality control inspectors in China and one in Vietnam for careful monitoring of all FootJoy apparel production.

Sales and Distribution

Our accounts consist of premium golf shops, which include on-course golf shops and golf specialty retailers, as well as other qualified retailers that sell golf products to consumers worldwide. We have a selective sales and distribution strategy, differentiated by product line and geography, which focuses on effectively serving those accounts that provide best access to our dedicated golfer target market in each geographic market.

We operate, and have our own field sales representation, in those countries that represent the substantial majority of golf equipment and wearable sales, including the United States, Japan, Korea, the United Kingdom, Canada, Germany, Sweden, France, Greater China, Australia, New Zealand, Thailand, Singapore and Malaysia. In other countries in which we sell our products, we rely on select distributors in order to deepen our reach into those markets. Each country administers its own in-country channel of distribution strategy given the unique characteristics of each market.

As we see our retail partners as a critical connection to dedicated golfers, we place great emphasis on building strong relationships and trust with them. As a result, our sales and distribution takes a "category management" approach that encompasses all aspects of customer service and fulfillment, including product selection; space and display planning; sales staff training; and inventory control and replenishment. Each sales representative is seen as a trusted partner and skilled consultant, including on topics such as shop layout, merchandise display techniques and effective use of signage and product information and methods of improving inventory turns and sales conversions through merchandising. Our sales force has been recognized worldwide for its professionalism and service excellence.

We employ over 350 sales representatives worldwide, who are compensated through a combination of salary and a performance bonus. In the United States, members of our Titleist and FootJoy sales team average almost 20 years of experience. We currently service more than 31,000 direct accounts worldwide. In both our direct sales and distributor markets, our trade partners are subject to our redistribution policy.

Titleist has developed a global distribution network in which most of the major golf regions have local distribution operations that maintain inventories for exceptional service and fulfillment of stock products. Local custom operations, for both golf balls and golf clubs, provide efficient turnaround time on custom imprinted or custom fitted products. In addition, Titleist promotes its partners as the equipment and fitting experts and encourages golfers to seek their expertise and advice. Together, Titleist and its partners enrich the golfer experience with better products, education, equipment fitting and service.

FootJoy's trade partners in every region are provided with regular educational seminars in product features and benefits; inventory control methods; proper merchandising and display techniques; and even training in shoe and glove fitting. The seminars are supplemented by online training modules that extend the content to a much wider audience of floor sales associates in all accounts.

Supplementing our core field sales partnerships are certain Internet-based initiatives. We also launched a U.S. eCommerce website for FootJoy in early 2016, plan to launch the MyProV1.com online golf shop in 2016, and plan to launch a U.S. eCommerce website for Titleist golf gear in 2017.

Marketing

Throughout our history, a commitment to marketing has helped further elevate our brands and strengthen our reputation for product performance and quality, with a particular focus on the perception of dedicated golfers. Our strategy begins with delivering equipment that is superior in performance and quality, validated by the pyramid of influence. It is best-in-class performance and quality products that earn and maintain dedicated golfers' loyalty and trust. Our marketing strategy, developed and refined over many years, helps reinforce this loyalty and trust, driving connectivity with our brands.

The key cornerstones to build and strengthen golfer connections with our brands are: pyramid of influence validation; merchandising; advertising; and education and fitting. We believe that a more educated golfer is more likely to be a Titleist and FootJoy golfer. Our efforts contribute to consistent, responsive and rapid sell-through of Titleist equipment and FootJoy wear for our trade partners.

Pyramid of Influence Validation

Broad usage and acceptance by the game's best players, including tour players, club professionals and competitive amateurs, is fundamental to our mission and purpose. We have a global leadership team dedicated to servicing and supporting these golfers throughout the pyramid of influence. At professional and amateur events, the leadership team provides technical fitting expertise, product support and service to effectively represent, exhibit, recommend and communicate our premium performance and quality story. Our associates are trained product experts, many of whom are product category-specific, whose goal is to arm players with the equipment that will enable them to perform at their highest level.

Communicating the strength and depth of Titleist's and FootJoy's pyramid of influence usage to the dedicated golfer is another essential part of our leadership strategy. Within our advertising, merchandising, websites and other digital media content, we share the equipment counts, specific products and specifications and the results of our players. Our products enjoy broad usage and acceptance throughout the pyramid of influence. Dedicated golfers are interested in what products most of the world's best players trust.

Merchandising

Excellence in merchandising, the retail format in which our products are presented to the consumer, is another sell-through competency. The role of merchandising varies by product category.

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We believe Titleist is the golf ball leader in its in-shop merchandising, and that Titleist golf balls make the first impression, best impression and longest lasting impression in premium golf shops. We also believe that these premium golf shops are where our dedicated golfer target audience is most likely to shop for their golf equipment needs. We have placed over 20,000 golf ball displays globally in order to effectively merchandise Titleist and Pinnacle golf balls.



Titleist golf clubs, wedges and putters also maintain a premium merchandising presence in golf shops. Given that our core strategy is focused on selling custom fit golf clubs and wedges, we utilize displays to promote the product offering and offer demo trial sets, in many cases not in an attempt to generate an immediate sale but rather with the ultimate goal of encouraging golfers to schedule a fitting session.

We are committed to ensuring that Titleist golf gear is prominently merchandised. We continue to invest in both displays and training for each of the golf bag, headwear, glove, travel and head cover product categories.

FootJoy devotes considerable resources to the appearance of its products and displays at point of sale. This includes an extensive offering of fixed and temporary product displays, brand and product signing and graphics and a wide variety of visual tools to create a "shop in shop" environment that conveys the brand's market leadership image.

Advertising

We drive brand and product awareness with a communication strategy that targets dedicated golfers in all forms of media, including television, print, and a wide variety of digital and social media forums. Our advertising strategy is focused on communicating the launch of new products to generate awareness and highlight our product performance and quality competitive advantage. Our advertising serves as another educational tool to convey the technology and innovation behind our products and the resulting performance benefits for golfers.

We have developed strong relationships with our media partners in order to secure prominent and effective positioning. We use broader reach golf media vehicles for golf ball, golf shoe and golf glove advertising and a more targeted approach for golf clubs, wedges and putters and apparel.

Titleist.com and FootJoy.com are vital parts of our communication strategy with rich product, technology and fitting content. Our sites also provide locators for golf shops, advanced fitting centers

and certified custom club fitters. We develop a significant amount of digital educational content, featuring tour players, club professionals and our R&D associates, that is distributed to dedicated golfers via our social media platforms. Over the last several years we have cultivated a large and growing following on social media platforms including Facebook, Twitter and Instagram as a result of this content. In 2016, Titleist plans to launch the MyProVI.com online golf shop to develop a stronger link with dedicated Titleist brand fans. This microsite will allow golfers to create and purchase their own unique, custom imprinted Pro VI or Pro V1x golf balls with special play numbers, logos or personalization. We believe this tool will increase the likelihood of repurchase and loyalty to Titleist golf balls.

Team Titleist is a growing online community of avid golfers and Titleist fans that has been instrumental in establishing the direct communication link between us and our most loyal customers. Members of Team Titleist are given exclusive access to interact with Titleist associates as well as other Team Titleist members both in person and online. Team Titleist also provides us the platform for directly communicating new product information, tour news, custom fitting education and referrals and event schedules.

The FJ Community is an online group of avid golfers who share a passion for the game of golf and FootJoy golf wear. What began 10 years ago as a method of reaching golfers on a direct basis has evolved into an open community of 50,000 committed golfers who connect with the brand and one another. As engagement levels increase, members earn access to new product introductions and opportunities to participate in unique promotions and events.

Education and Fitting

One of our core strategies and competencies is golf ball and golf club education and fitting. We also have in place several golf shoe fitting initiatives aimed at educating golfers on the importance of proper shoe fitting. We are committed to educating our trade partners and dedicated golfers on our product performance and technology. Playing with properly fit equipment helps golfers shoot lower scores. When golfers play better, they want to play more.

Golf Ball Education and Fitting

We believe performance and quality differences between golf ball brands and models are game changing. In order for golfers to shoot their lowest scores, it is important that they find the best ball suited to their game, as it is the only piece of equipment that they will use on every shot. As the golf ball category leader and a global leader in golf ball fitting and education, we are committed to help golfers understand and appreciate the differentiating and defining characteristics of Titleist golf balls, as well as the differences between the various Titleist golf ball products.

Titleist golf ball education and fitting is performance-based and focuses on improving scores. Our methodology is green-to-tee with an emphasis not on shots hit off of the tee but rather on shots hit into the green as that is where the vast majority of shots per round are made. Prioritizing short game spin performance helps golfers hit more shots closer to the pin to enable them to convert more putts. Our education program also reinforces the importance of golf ball to golf ball consistency. Golfers trust that a Titleist golf ball will perform exactly the way they expect it to if they hit their shot properly.

Our approach to golf ball education and fitting is holistic and includes broad communication messaging in Titleist golf ball advertising, in-shop merchandising, website and other digital media, trade partner golf ball certification and in-field golfer education. In-field golfer education is conducted by dedicated mobile golf ball fitting teams or Titleist tech reps, supplemented by the Titleist sales team. For example, in 2015, we provided over 100,000 golf ball recommendations by connecting in person with golfers at golf courses and golf shops. Over 500,000 additional golfers viewed our ball fitting and education materials at Titleist.com.

Custom Club Fitting and Trial

We believe that fundamental to achieving maximum performance from any golf club is the need to custom fit the club to the player's individual needs and preferences. Augmenting excellent design and construction with customized specifications and components such as lie angle, shaft type, length and flex, as well as grip type and size, provides the player with the ability to maximize the performance potential of the club.

To this end, providing golfers with the ability to try and be expertly fit for their clubs is a core go-to-market strategy for Titleist clubs. Over the past 20 years we have developed and improved our comprehensive fitting system and we deploy that system through a global "Good, Better, Best" network of carefully selected, trained, outfitted and certified custom club fitters.

The global Titleist club fitting network includes over 4,000 trade partners. Each is outfitted with a SureFit interchangeable matrix of clubs in popular shaft types, lengths and flexes, along with a broad selection of Vokey Design wedges, thus providing them with the necessary tools to conduct high level fittings. Combined with annual training and certification, these partners are skilled and equipped to custom fit dedicated golfers.

For golfers who want a higher level fitting experience, we have also developed a global network of approximately 180 advanced fitting partners. These fitting specialists are outfitted with a larger matrix of fitting tools. They receive priority referrals when golfers conduct an online search for a Titleist fitting location or contact us directly for referrals. In addition to our global network of fitting partners, we also deploy a global associate team of approximately 250 Titleist fitting technicians who conduct advanced level fittings directly with golfers at fitting and trial events. Collectively, we expect they will conduct an estimated 100,000 fittings at over 10,000 events in 2016.

Finally, at the peak of the Titleist fitting services network, is the Titleist Performance Institute in Oceanside, California. The mission of the Titleist Performance Institute is to be the world's most comprehensive and advanced golf performance center. Built in 1997, this approximately 30 acre property comprises three fairways with tour quality greens and bunkers, a state of the art fitness facility and a 3-dimensional motion capture studio. The facility serves as headquarters for our tour fitting efforts, conducted by a team of elite fitters, and is also our primary club developmental testing site. Golf consumers who want the ultimate, tour-level custom fitting experience can visit the Titleist Performance Institute for a fee and by appointment only.



Golf Shoe Fitting

We believe that a properly fit golf shoe is the most important element to optimizing comfort and product durability. As a global leader in golf shoe fitting, we hold events and seminars in key markets throughout North America, Europe and Asia. Golfer education is handled by dedicated fitting specialists and members of the FootJoy sales team.

While a shoe that fits a golfer's foot is essential for comfort, we believe that finding a shoe that fits a golfer's swing can lead to increased performance and we believe there is a correlation between individual swing biomechanics and golfer performance. We expect to deploy the FootJoy Performance Fitting System in the third quarter of 2016. The FootJoy Performance Fitting System is designed to capture the center-of-pressure movement during a golfer's swing and help recommend the proper shoe construction type that can deliver additional club head speed. The FootJoy Performance Fitting System aims to eliminate the need for visual, anecdotal evidence to determine whether or not a golfer would benefit from a shoe constructed with more flexibility versus more rigidity or structure and instead relies upon a scientific solution. It is expected to be available in every major golf market as a performance supplement to shoe fitting for size and width.



Seasonality

Weather conditions in most parts of the world, including our primary geographic markets, generally restrict golf from being played year-round, with many of our on-course customers closed during the cold weather months. In general, during the first quarter, we begin selling our products into the golf retail channel for the new golf season. This initial sell-in generally continues into the second quarter. Our second-quarter sales are significantly affected by the amount of sell-through, in particular the amount of higher value discretionary purchases made by customers, which drives the level of reorders of the products sold during the first quarter. Our third-quarter sales are generally dependent on reorder business, and are generally less than the second quarter as many retailers begin decreasing their inventory levels in anticipation of the end of the golf season. Our fourth-quarter sales are generally less than the other quarters due to the end of the golf season in many of our key markets, but can also be affected by key product launches, particularly golf clubs. This seasonality, and therefore quarter to quarter fluctuations, can be affected by many factors, including the timing of new product introductions as discussed above under "—Our Products—Product Launch Cycles," as well as weather

conditions. This seasonality affects sales in each of our reportable segments differently. In general, however, because of this seasonality, a majority of our sales and most of our profitability generally occurs during the first half of the year.

Research and Product Development

Innovating within a highly regulated environment presents unique challenges and opportunities that require a significant investment in people, facilities and financial resources. We have six R&D facilities and/or test centers supported by over 150 scientists, chemists, engineers and technicians in aggregate. We are committed to continuous improvement and each R&D team is tasked to develop technology that will deliver better quality and performance products in each generation.

For the years ended December 31, 2013, 2014 and 2015, we invested \$42.2 million, \$44.2 million and \$46.0 million, respectively, in R&D.

We have separate dedicated R&D teams for each product category.

Titleist Golf Balls

Titleist golf ball R&D has a disciplined product development process. The R&D team consists of approximately 80 scientists, chemists, engineers and technicians. Their role is to innovate in all areas of golf ball design, materials and constructions by incorporating new technologies to widen our performance and quality competitive advantage. A dedicated team also works specifically on new process technologies for our golf ball manufacturing operations. They work closely with raw material suppliers to create standards and specifications. They establish quality systems, protocols and analysis and support Titleist ball operations in new product implementation.

The golf ball R&D team is responsible for:

- player research
- product and process research
- aerodynamics
- testing
- test equipment
- data analytics
- product development and implementation
- analytical and competitive research
- intellectual property
- central quality

Titleist has three golf ball dedicated research facilities in the greater New Bedford, Massachusetts area that design, test, implement and support new product development and implementation:

- the Titleist golf ball R&D team is based in our Fairhaven, Massachusetts headquarters facility;
- Titleist Engineering and Technology Center in North Dartmouth, Massachusetts houses our advanced engineering associates as well as precision golf ball cavity manufacturing; and
- Titleist Manchester Lane in Acushnet, Massachusetts is a state-of-the-art testing facility for R&D to conduct extensive robot and player testing.

In addition, we conduct additional golf ball product testing at our Oceanside, California test facility. We have dedicated R&D associates who work closely throughout the pyramid of influence, from PGA Tour players all the way to amateur Team Titleist members, to gather feedback on product performance expectations, conduct prototype testing and validate new products prior to market launch. This is a continuous iterative and collaborative process that impacts next generation golf balls as well as long-term research and product direction.

Titleist Golf Clubs, Wedges and Putters

Our golf club R&D team and processes are structured in a manner that aims to create products which are innovative in design and superior in performance. The performance and quality of our products are a direct result of the commitment to golf clubs, wedges and putters R&D. Significant investment in R&D has led to a team size which has more than doubled since 2007. The department's technical disciplines include computer-aided design engineers, industrial designers, product development engineers, research engineers, lab technicians and testing staff. We have 67 associates dedicated to clubs and wedges R&D.

We have distinct teams working on the concept creation and development for drivers, fairways, hybrids, irons, wedges and putters. These products are initially tested and validated at our state-of-the-art testing facility in Oceanside, California.

Scotty Cameron works from the Putter Studio in San Marcos, California which allows him to maximize his creativity and develop designs which are rich in craftsmanship as well as performance. This structure is necessary given there are unique expertise and performance requirements for each of the product categories.

The product category teams all work with the following support teams: advanced research, shaft development, industrial design, lab analysis and mechanical testing, player testing and an Asia-based support team working with our key suppliers.

FootJoy

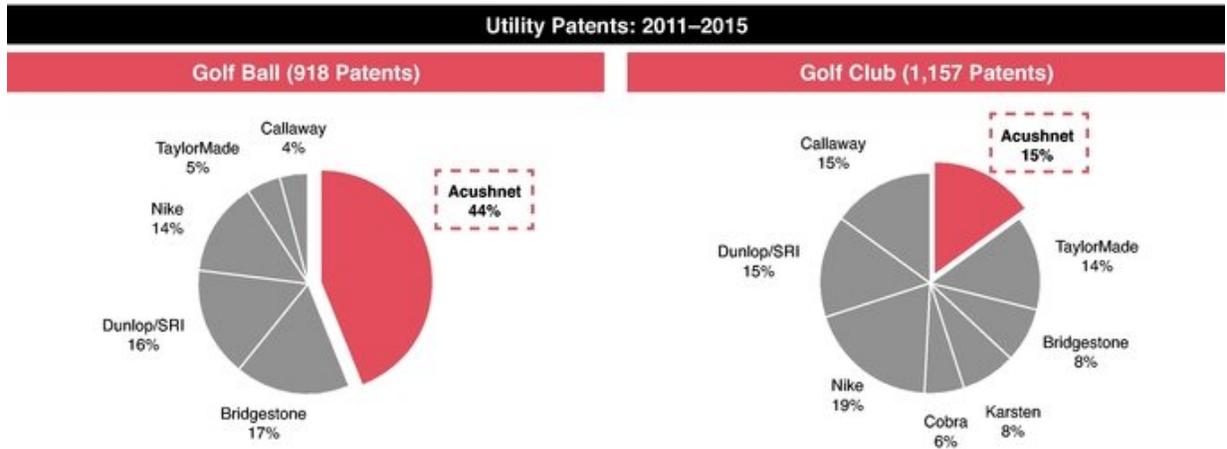
We have approximately 10 product designers and development engineers in the golf shoe team located in Brockton, Massachusetts, with an additional three product development specialists located in our Taichung, Taiwan office. We have two golf apparel designers located in Fairhaven, Massachusetts.

Patents, Trademarks and Licenses

We consider our patents and trademarks to be among our most valuable assets. We are dedicated to protecting the innovations created by our R&D teams by developing broad and deep patent and trademark portfolios across all product categories.

As a result, we have strong patent positions across our product categories and innovation spaces that we operate in, and have become the leader in obtaining golf ball and golf club patents worldwide. In addition, we believe we have more combined golf shoe and golf glove utility patents than all competitors combined. We have close to 1,200 active U.S. utility patents in golf balls, over 300 active U.S. utility patents in golf clubs, wedges and putters and 284 active patents (including ex-U.S. and design patents) in golf shoes and gloves.

The following charts show our percentage of golf ball and golf club patents obtained in the last 5 years compared to our peers.



We own or license a large portfolio of trademarks, including for Titleist, Pro V1, Pro V1x, Pinnacle, AP1, AP2, Vokey Design, Scotty Cameron, FootJoy, FJ, DryJoys, StaSof and ProDry. We protect our trademarks by obtaining registrations where appropriate and opposing or cancelling material infringements. We also have rights in several common law marks.

Competition

There are unique aspects to the competitive dynamic in each of our product categories.

The golf ball business is highly competitive. There are a number of well-established and well-financed competitors, including Callaway, SRI Sports Limited (Dunlop and Srixon brands) and Bridgestone (Bridgestone and Precept brands).

The golf club, wedge and putters markets in which we compete are also highly competitive and are served by a number of well-established and well-financed companies with recognized brand names, including Callaway, TaylorMade and Ping.

For golf balls and golf clubs, wedges and putters, we generally compete on the basis of technology, quality, performance and customer service.

In the golf gear market, there are numerous competitors in each product category and geographical market. Titleist golf gear generally competes on the basis of quality, performance, styling and customer service.

FootJoy's significant worldwide competitors in golf shoes include Nike, Adidas and Ecco. FootJoy's primary worldwide competitors in golf gloves include Callaway, Nike and TaylorMade/Adidas and a significant number of smaller companies with regional offerings and specialized golf glove products. In the golf apparel category, FootJoy has numerous competitors in each geographical market, including Nike, Adidas and Under Armour. FootJoy products generally compete on the basis of quality, performance, styling and price.

Regulation

The Rules of Golf

The Rules of Golf set forth the rules of play and the rules for equipment used in the game of golf. The first documented rules of golf date to 1744 and the modern Rules of Golf have been in place for over 100 years. Dedicated golfers respect the traditions of the game and play by the Rules of Golf. As a result, premium-positioned products are designed and manufactured to conform to the Rules of Golf.

The United States Golf Association, or the USGA, is the governing body for golf in the United States and Mexico. The USGA, in conjunction with the Royal and Ancient, or R&A, in St. Andrews, Scotland, writes, interprets and maintains the Rules of Golf. The R&A is the governing body for golf in all jurisdictions outside of the United States and Mexico. The R&A jointly writes, interprets and maintains the Rules of Golf with the USGA.

In addition to their role as rule makers, both the USGA and R&A conduct national championships and are involved in other efforts to maintain the history of golf and promote the health of the game.

The Rules of Golf set the standards and establish limitations for the design and performance of all balls and clubs. Many new regulations on golf balls and golf clubs have been introduced in the past 10 to 15 years, which we believe was one of the most active periods for golf equipment regulation in the history of golf.

Golf Balls

Historically, the USGA and R&A have regulated the size, weight, spherical symmetry, initial velocity and overall distance performance of golf balls. The overall distance standard was then revised in 2004.

Golf Clubs

The USGA and R&A have also focused on golf club regulations. In 1998, a limitation was placed on the spring-like effect of driver faces. In 2003, limits were placed on club head dimensions and volume, as well as shaft length. In 2007, club head moment of inertia was limited. A rule change to allow greater adjustability in golf clubs went into effect January 1, 2008. In August 2008, the USGA and R&A adopted a rule change further restricting golf club grooves by reducing the groove volume and limiting the groove edge angle allowable on irons and wedges. This rule change will not apply to most golfers until January 1, 2024. It was implemented on professional tours beginning in 2010 and was implemented in elite amateur competitions beginning in 2014. All products manufactured after December 31, 2010 must comply with the new groove specifications.

Our Position

In response to this regulatory dynamic, our senior management and R&D teams spend significant time and effort in developing and maintaining relationships with the USGA and R&A. We are an active participant in discussions with the ruling bodies regarding potential new rules and the rule making process. More importantly, our R&D teams are driven to innovate and continuously improve product technology and performance within the Rules of Golf. The development and protection of these innovations through aggressive patenting are essential to competing in the current market. As a long-time industry participant and market leader, we are well-positioned to continue to outperform the market in a rules constrained environment.

Environmental Matters

Our operations are subject to federal, state and local environmental laws and regulations that impose limitations on the discharge of pollutants into the environment and establish standards for the handling, generation, emission, release, discharge, treatment, storage and disposal of certain materials, substances and wastes and the remediation of environmental contaminants. In the ordinary course of our manufacturing processes, we use paints, chemical solvents and other materials, and generate waste by-products that are subject to these environmental laws.

We estimate incurring future costs for past and current environmental issues relating to ongoing closure activities at the following sites: (i) our former Titleist Ball Plant 1 in Acushnet, Massachusetts, which is subject to ongoing remediation of past contamination under the oversight of the federal Environmental Protection Agency and the Massachusetts Department of Environmental Protection; (ii) our Ball Plant C in New Bedford, Massachusetts, which is subject to an ongoing investigation related to contamination that is evidently migrating from an adjacent third-party facility; and (iii) investigations and cleanups at four third-party disposal facilities. We do not expect that any of the future anticipated expenditures at these sites will have a material adverse effect on our business.

We have also incurred expenses in connection with environmental compliance. Historically, the costs of environmental compliance have not had a material adverse effect upon our business. We believe that our operations are in substantial compliance with all applicable environmental laws.

Employees

As of March 31, 2016, we employed 5,244 associates worldwide (5,209 full time and 35 part time). The geographic concentration of associates is as follows: 2,445 in the Americas, 414 in EMEA, and 2,385 employed in Asia Pacific. Associates with over ten years of employment with us account for approximately 50% of our total associate count in the United States. The employment of all associates is at will and none of our associates are represented by a union. We believe that relations with our associates are positive.

Facilities

Our facilities are located worldwide as shown in the table below.

<u>Location</u>	<u>Type</u>	<u>Facility Size(1)</u>	<u>Leased/Owned</u>
Fairhaven, Massachusetts	Headquarters and Golf Ball R&D	222,720	Owned
<i>Golf Balls</i>			
North Dartmouth, Massachusetts	Golf ball manufacturing	179,602	Owned
New Bedford, Massachusetts	Golf ball manufacturing	244,091	Owned
Amphur Pluakdaeng Rayong, Thailand	Golf ball manufacturing	230,003	Owned
New Bedford, Massachusetts	Golf ball customization and distribution center	438,007	Owned
Fairhaven, Massachusetts	Golf ball packaging	49,580	Owned
New Bedford, Massachusetts	Golf ball advanced engineering and ball cavity manufacturing	34,000	Leased
<i>Golf Clubs, Wedges and Putters</i>			
Carlsbad, California	Golf club assembly and R&D	161,310	Leased
San Marcos, California	Putter research	19,200	Leased
Encinitas, California	Putter fitting and sales	3,754	Leased
Tochigi, Japan	Golf club assembly	20,376	Leased
<i>FootJoy</i>			
Fujian, China (40% owned joint venture)	Golf shoe manufacturing and distribution center	525,031	Building Owned/Land Leased
Brockton, Massachusetts	Golf shoe R&D, custom glove assembly, apparel embroidery and distribution center	146,000	Owned
Sriracha Chonburi, Thailand	Golf glove manufacturing	112,847	Building Owned/Land Leased
<i>Sales Offices and Distribution Centers (used by multiple reportable segments)</i>			
Fairhaven, Massachusetts	East Coast distribution center	185,370	Owned
Vista, California	West Coast distribution center and golf bag embroidery	102,319	Leased
Cambridgeshire, United Kingdom	Sales office and distribution center, as well as golf club assembly and golf ball customization	156,326	Owned
Helmond, The Netherlands	Sales office and distribution center	69,965	Leased
Victoria, Australia	Sales office and distribution center, as well as golf club assembly	37,027	Leased

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Location	Type	Facility Size(1)	Leased/Owned
Ontario, Canada	Sales office and distribution center, as well as golf ball customization	102,057	Leased
Shenzhen, China	Distribution center and golf ball customization	73,194	Leased
Randburg, South Africa	Sales office and distribution center, as well as golf club assembly	25,060	Leased
Icheon-si, Korea	Distribution center, golf ball customization and golf club assembly	155,151	Leased
<i>Product Testing and Fitting Centers (Golf Balls and Golf Clubs)</i>			
Acushnet, Massachusetts	East Coast product testing and fitting for golf balls and golf clubs	22 acres total, including 7,662 square foot building	Owned
Oceanside, California	West Coast product testing and fitting for golf balls and golf clubs (Titleist Performance Institute)	30 acres total, including 20,539 square foot building	Owned

(1) Facility size represents square footage of the building, unless otherwise noted.

We have additional sales offices and facilities in Hawaii, New Zealand, Malaysia, Singapore, Hong Kong, Taiwan, Japan, Korea, Thailand, Sweden, France, Germany and Switzerland.

Legal Proceedings

We are defendants in lawsuits associated with the normal conduct of our businesses and operations. It is not possible to predict the outcome of the pending actions, and, as with any litigation, it is possible that some of these actions could be decided unfavorably. We believe that there are meritorious defenses to these actions and that these actions will not have a material adverse effect upon our results of operations, cash flows, or financial condition. These actions are being vigorously contested.

MANAGEMENT

Executive Officers and Directors

The following table sets forth our executive officers and directors who will be in place immediately following the pricing of this offering, as well as their ages as of May 31, 2016.

<u>Name</u>	<u>Age</u>	<u>Position</u>
Walter (Wally) Uihlein	67	President and Chief Executive Officer and Director Nominee
David Maher	48	Chief Operating Officer
Mary Lou Bohn	55	President, Titleist Golf Balls
Steve Pelisek	55	President, Titleist Golf Clubs
John (Jay) Duke, Jr.	47	President, Titleist Golf Gear
James Connor(1)	65	President, FootJoy
William Burke	57	Executive Vice President, Chief Financial Officer and Treasurer
Dennis Doherty	59	Executive Vice President, Chief Human Resources Officer
Joseph Nauman	63	Executive Vice President, Chief Legal and Administrative Officer and Secretary
Yoon Soo (Gene) Yoon	70	Chairman
Jennifer Estabrook	55	Director Nominee

(1) James Connor is expected to retire effective as of December 31, 2016.

Walter (Wally) Uihlein, 67, joined the company in 1976 and was appointed President and Chief Executive Officer of Acushnet Company in 1995 and was appointed President and Chief Executive Officer of Acushnet Holdings Corp. in May 2016. Mr. Uihlein has served as a member of the board of directors of Acushnet Company, our operating subsidiary, since 1984, and will become a member of our board of directors immediately following the pricing of this offering. In 2005, Mr. Uihlein received the PGA of America's Distinguished Service Award, the organization's highest honor. Mr. Uihlein was selected to serve as a director because he is our President and Chief Executive Officer and has extensive experience as an executive in the golf industry, as well as due to his experience as a director of Acushnet Company since 2011.

David Maher, 48, joined the company in 1991 and was appointed Chief Operating Officer in June 2016. Prior to that, Mr. Maher was Senior Vice President, Titleist Worldwide Sales and Global Operations from February 2016 to June 2016 and Vice President, Titleist U.S. Sales from 2001 to 2015.

Mary Lou Bohn, 55, joined the company in 1987 and was appointed President, Titleist Golf Balls in June 2016. Prior to that, Ms. Bohn was Executive Vice President, Titleist Golf Balls and Titleist Communications from February 2016 to June 2016, Vice President, Golf Ball Marketing and Titleist Communications from 2010 to 2015 and Vice President, Advertising and Communications from 2000 to 2010.

Steve Pelisek, 55, joined the company in 1993 and was appointed President, Titleist Golf Clubs in March 2016. From 2008 to March 2016, he was General Manager, Titleist Golf Clubs. Prior to that, Mr. Pelisek served as Vice President, Club Sales for both the Titleist and Cobra Club brands.

John (Jay) Duke, Jr., 47, joined the company in 2014 and was appointed President, Titleist Golf Gear in 2014. Prior to that, Mr. Duke worked at Hasbro, Inc. from 2012 to 2014 where he was Vice President and Global Franchise Leader for Transformers Global Brand. Prior to Hasbro, Mr. Duke was President of Karhu Holdings BV from 2008 to 2012 and prior to that he held various general management positions with Converse Inc. (a subsidiary of Nike). Mr. Duke also spent time earlier in his career working for Morgan Stanley and Reebok.

James Connor, 65, joined the company in 1987 and was appointed President of FootJoy in 2000. Prior to that, Mr. Connor held several positions at Acushnet Company, including Executive Vice President, FootJoy and Vice President Golf Footwear, FootJoy. Prior to joining Acushnet Company, Mr. Connor spent 14 years with the JCPenney Company.

William Burke, 57, joined the company in 1997 and was appointed Executive Vice President, Chief Financial Officer and Treasurer in April 2016 after serving as Senior Vice President and Chief Financial Officer of Acushnet Company since 2003. Prior to that, he served as Vice President and Controller of Acushnet Company. Before joining the company, Mr. Burke held various finance positions at predecessor parent companies Fortune Brands Inc. and American Brands Inc.

Dennis Doherty, 59, joined the company in 1994 and was appointed Executive Vice President, Chief Human Resources Officer in June 2016 after serving as Senior Vice President, Human Resources since 2000. Before joining Acushnet Company, Mr. Doherty held human resource positions at American Brands Inc. and Revlon Health Care Group.

Joseph Nauman, 63, joined the company in 2000 and was appointed Executive Vice President, Chief Legal and Administrative Officer and Secretary in June 2016. Prior to that, Mr. Nauman was Executive Vice President, Corporate and Legal from 2005 to June 2016. Prior to 2000, Mr. Nauman held legal positions at Fortune Brands Inc. and Chadbourne & Parke LLP.

Yoon Soo (Gene) Yoon, 70, has been the Chief Executive Officer of Fila Korea Ltd. since 1991 and the Chairman of Fila Korea Ltd. since 1994. Fila Korea Ltd. is a public company listed on the Korea Exchange. Mr. Yoon has served as the chairman of our board of directors and as the chairman of the board of directors of Acushnet Company, our operating subsidiary, since 2011 and served as the President of Acushnet Holdings Corp. from 2011 until May 2016. Mr. Yoon was selected to serve as a director because of his affiliation with Fila, his knowledge and experience in consumer products and his experience as the chairman of Acushnet Holdings Corp. and Acushnet Company since 2011.

Jennifer Estabrook, 55, has been the Chief Operating Officer of Fila North America since December 2015 and was the Executive Vice President, Business Operations of Fila USA, Inc. from September 2010 until December 2015. Ms. Estabrook has also been the Head of Global Licensing for Fila Luxembourg S.à.r.l. since 2014 and a member of the Board of Managers of Fila Luxembourg S.à.r.l. since 2007 and has held several other positions at Fila USA, Inc. and its affiliates since 2005. Fila USA, Inc. and Fila Luxembourg S.à.r.l. are wholly-owned subsidiaries of Fila Korea, Ltd., a public company listed on the Korea Exchange. Ms. Estabrook has served as a member of the board of directors of Acushnet Company, our operating subsidiary, since 2011. Ms. Estabrook is currently a director nominee and will become a member of our board of directors immediately following the pricing of this offering. Ms. Estabrook was selected to serve as a director because of her affiliation with Fila, her knowledge and experience in consumer products and her experience as a director of Acushnet Company since 2011.

Board Leadership Structure and the Board's Role in Risk Oversight

Composition of our Board of Directors Immediately Following the Pricing of this Offering

Our business and affairs are managed under the direction of our board of directors. We believe our board of directors should be composed of individuals with sophistication and experience in many substantive areas that impact our business. We believe experience, qualifications or skills in the following areas are most important: prior CEO experience; strategic matters; financial management; operations management; human resources and executive compensation; risk management; external relations; consumer brands; and global business experience.

Other than our chairman, the members of our board of directors in place immediately prior to the pricing of this offering will each resign from our board of directors contingent upon, and effective

immediately following, the pricing of this offering. As of the time immediately following the pricing of this offering, our board of directors will consist of nine directors, including our President and Chief Executive Officer. Our amended and restated certificate of incorporation and amended and restated bylaws that will become effective immediately prior to the closing of this offering will provide that our board of directors shall consist of such number of directors as determined from time to time by resolution adopted by a majority of the total number of authorized directors, whether or not there exist any vacancies in previously authorized directorships. Any additional directorships resulting from an increase in the number of directors may only be filled by the directors then in office unless otherwise required by law or by a resolution passed by our board of directors. The term of office for each director will be until his or her successor is elected at our annual meeting or his or her death, resignation or removal, whichever is earliest to occur.

Committees of our Board of Directors

As of the time immediately following the pricing of this offering, the standing committees of our board of directors will consist of an audit committee, a compensation committee and a nominating and corporate governance committee. Our board of directors may also establish from time to time any other committees that it deems necessary or desirable.

Our President and Chief Executive Officer and other executive officers will regularly report to the non-executive directors and the audit committee, the compensation committee and the nominating and corporate governance committee to ensure effective and efficient oversight of our activities and to assist in proper risk management and the ongoing evaluation of management controls. We believe that the leadership structure of our board of directors provides appropriate risk oversight of our activities.

Audit Committee

As of the time immediately following the pricing of this offering, our audit committee will consist of _____, _____ and _____, who will serve as chair. Under _____ listing standards and applicable SEC rules, we are required to have three members of the audit committee. Subject to phase-in rules, _____ and Rule 10A-3 of the Exchange Act require that the audit committee of a listed company be comprised solely of independent directors. _____, _____ and _____ qualify as independent directors under _____ listing standards and the independence requirements of Rule 10A-3 of the Exchange Act. In addition, our board of directors has determined that _____ is an audit committee financial expert within the meaning of Item 407(d) of Regulation S-K under the Securities Act.

The purpose of the audit committee will be to prepare the audit committee report required by the SEC to be included in our proxy statement and to assist our board of directors in overseeing:

- accounting, financial reporting and disclosure processes and adequacy of systems of disclosure and internal control established by management;
- the quality and integrity of our financial statements;
- our independent registered public accounting firm's qualifications and independence;
- the performance of our internal audit function and independent registered public accounting firm; and
- overall risk management profile.

Our board of directors will adopt a written charter for the audit committee, which will be available on our website upon the closing of this offering.

Compensation Committee

As of the time immediately following the pricing of this offering, our compensation committee will consist of _____, _____ and _____, who will serve as chair. The composition of our compensation committee meets the requirements for independence under _____ listing standards and SEC rules and regulations. Each member of the compensation committee is also a non-employee director, as defined pursuant to Rule 16b-3 promulgated under the Exchange Act and an outside director, as defined pursuant to Section 162(m) of the Internal Revenue Code of 1986, as amended, or the Code.

The purpose of the compensation committee is to assist our board of directors in discharging its responsibilities relating to:

- setting our compensation program and compensation of our executive officers, directors and key personnel;
- monitoring our incentive-compensation and share-based compensation plans;
- appointing and overseeing any compensation consultants; and
- preparing the compensation committee report required to be included in our proxy statement under the rules and regulations of the SEC.

Our board of directors will adopt a written charter for the compensation committee, which will be available on our website upon the closing of this offering.

Nominating and Corporate Governance Committee

As of the time immediately following the pricing of this offering, our nominating and corporate governance committee will consist of _____, _____ and _____, who will serve as chair. The composition of the nominating and corporate governance committee meets the requirements for independence under _____ listing standards and SEC rules and regulations.

The purpose of the nominating and corporate governance committee is to, among other things:

- identify, evaluate and select, or make recommendations to our board of directors regarding, nominees for election to our board of directors and its committees;
- evaluate the performance of our board of directors and of individual directors;
- consider and make recommendations to our board of directors regarding the composition of our board of directors and its committees;
- review developments in corporate governance practices;
- evaluate the adequacy of our corporate governance practices and reporting; and
- develop and make recommendations to our board of directors regarding corporate governance guidelines and matters.

Our board of directors will adopt a written charter for the nominating and corporate governance committee, which will be available on our website upon the closing of this offering.

Director Independence

Our board of directors has determined that, under _____ listing standards and taking into account any applicable committee standards and rules under the Exchange Act, _____ are independent directors.

Code of Business Conduct and Ethics

We will adopt a new code of business conduct and ethics that applies to all of our directors, officers and employees, including our principal executive officer, our principal financial officer and our principal accounting officer. Our code of ethics and business conduct will be available on our website upon the closing of this offering. Our code of ethics and business conduct is a "code of ethics," as defined in Item 406(b) of Regulation S-K. We will make any legally required disclosures regarding amendments to, or waivers of, provisions of our code of ethics on our website.

Indemnification of Officers and Directors

Our amended and restated bylaws provide that we will indemnify our directors and officers to the fullest extent permitted by the Delaware General Corporation Law, or the DGCL. We have established directors' and officers' liability insurance that insures such persons against the costs of defense, settlement or payment of a judgment under certain circumstances.

Our amended and restated certificate of incorporation provides that our directors will not be liable for monetary damages for breach of fiduciary duty, except for liability relating to any breach of the director's duty of loyalty, acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law, violations under Section 174 of the DGCL or any transaction from which the director derived an improper personal benefit.

EXECUTIVE COMPENSATION

Unless we state otherwise or the context otherwise requires, in this Executive Compensation section the terms "Acushnet," "we," "us," "our" and the "Company" refer to Acushnet Company, a direct and wholly-owned subsidiary of Acushnet Holdings Corp., for the period up to this offering, and for all periods following this offering, to Acushnet Holdings Corp.

Compensation Discussion and Analysis

Introduction

This Compensation Discussion and Analysis is designed to explain our compensation philosophy and describe the decisions made with respect to the fiscal 2015 compensation for each of our President and Chief Executive Officer, our Executive Vice President, Chief Financial Officer and Treasurer and the three other most highly compensated executive officers who were serving as such as of December 31, 2015. These five executives are referred to as our named executive officers:

Name	Title
Walter (Wally) Uihlein	President and Chief Executive Officer
William Burke	Executive Vice President, Chief Financial Officer and Treasurer
Gerald Bellis	President, Titleist Golf Balls
James Connor	President, FootJoy
Yoon Soo (Gene) Yoon	Chairman of the board of directors of Acushnet Company Chairman of the board of directors of Acushnet Holdings Corp. President of Acushnet Holdings Corp.

Mr. Burke was promoted from Senior Vice President, Chief Financial Officer and Treasurer to Executive Vice President, Chief Financial Officer and Treasurer on April 29, 2016. Mr. Bellis retired from the Company effective February 29, 2016. Mr. Connor is expected to retire effective December 31, 2016. Mr. Yoon served as President of Acushnet Holdings Corp. until May 11, 2016 when Mr. Uihlein, the President and Chief Executive Officer of Acushnet Company, was appointed President and Chief Executive Officer of Acushnet Holdings Corp.

Executive Compensation Governance Practices and Principles

Our executive compensation program, similar to our non-executive compensation programs, is aligned with our business strategy and culture. The key priorities of our executive compensation program are to attract, motivate and retain world class talent to drive the success of our Company and support and steward two of the most revered brands in golf, Titleist and FootJoy. We have designed our executive compensation program to align the compensation actually earned by our named executive officers with our performance by competitively rewarding good performance and more aggressively rewarding outperformance.

Our objective is to provide an opportunity for total direct compensation (consisting of base salary, annual incentive compensation and long-term incentive compensation) that:

- aligns the interests of management with those of our shareholders;
- attracts, retains and motivates executive talent by providing competitive levels of salary and total direct compensation;
- provides incentive compensation that promotes desired behavior without encouraging unnecessary and excessive risk; and
- motivates and rewards executives for outperformance when compared to the market.

In developing appropriate executive compensation programs, we are generally guided by the following principles:

- **Compensation levels should be sufficiently competitive to attract and retain the executive talent needed .**

The Company's overall compensation levels are targeted to attract the management talent needed to achieve and maintain a leadership position in the markets where the Company competes. The Company does not formulaically target or position executive compensation at a specific percentile relative to market data but seeks to set compensation at a competitive level within the industry.

- **A significant portion of total compensation should be related to Company performance.**

The Company's annual incentive and long-term incentive compensation elements represent a significant percentage of each of the named executive officer's compensation and are tied directly to corporate performance. Under the Company's plans, performance above targeted goals generally results in compensation above targeted levels, and performance below targeted goals generally results in compensation below targeted levels.

- **Compensation should reflect position and responsibility, and incentive compensation should be a greater proportion of total compensation for more senior positions.**

Total compensation should generally increase with position and responsibility. At the same time, a greater percentage of total compensation should be tied to corporate performance, and therefore at risk, as position and responsibility increases. Accordingly, individuals with greater roles and responsibility for achieving the Company's performance goals bear a greater proportion of the risk that those goals are not achieved and receive a greater proportion of the reward if those goals are met or surpassed.

- **Incentive compensation should strike a balance between short-term and long-term performance.**

The Company's compensation plans focus management on achieving strong annual performance in a manner that supports the Company's long-term success and profitability. Accordingly, the Company uses both annual incentives and long-term incentives. In addition, the Company's compensation plans are designed to reward executives based on the achievement of corporate-wide goals rather than individual business unit performance to encourage decision making based on what is in the best interests of the Company as a whole rather than any particular business unit.

Role of the Board and Compensation Committee in Compensation Decisions

Historically the board of directors of Acushnet Company, after receiving input from the Company's President and Chief Executive Officer and Executive Vice President, Chief Human Resources Officer, has approved the level of base salaries and short-term and long-term incentives, including stock-based awards, for the named executive officers as well as any other compensation programs, arrangements and agreements applicable to the named executive officers. Beginning in July 2014, a compensation committee of the board of directors of Acushnet Company (the "Compensation Committee") was formed to consider certain compensation matters with input from the Company's President and Chief Executive Officer and Executive Vice President, Chief Human Resources Officer.

Following this offering, it is expected that the board of directors of Acushnet Holdings Corp. will establish a compensation committee (the "Holdings Compensation Committee") and will delegate to the Holdings Compensation Committee similar responsibilities and oversight with respect to the Company's compensation programs. It is anticipated that the Holdings Compensation Committee will establish a similar executive compensation philosophy with respect to our named executive officers and

implement compensation programs that reflect an overarching business rationale and are designed to be reasonable, fair, fully disclosed, and consistently aligned with long-term value creation.

Additional information concerning these responsibilities is set forth in "Management—Board Leadership Structure and the Board's Role in Risk Oversight—Compensation Committee."

Resources Guiding Compensation Decisions

Executive officer compensation for 2015 was set using the following references:

<u>Internal References</u>	<u>External References</u>
<ul style="list-style-type: none">• Historical company performance• Business strategy and outlook• Position criticality and demand	<ul style="list-style-type: none">• Direct competitor pay data• Industry/broader market pay data• Performance compared to competitors/market• Compensation practices of outperformance in other industries

Some references were given more weight than others depending on the nature of the decision being made.

Most of the Company's major competitors are not stand-alone public golf companies; rather, they are part of larger corporate conglomerates and/or are privately owned. Thus, it is difficult to obtain meaningful specific comparative data on their golf businesses. In addition, the Company often competes for executive talent with corporations outside the golf industry. Accordingly, with respect to compensation decisions for 2015, generally available information regarding executive compensation levels for executives in similar positions in other industries was also considered.

Beginning with compensation decisions for 2016, the Compensation Committee has engaged Pearl Meyer as its independent outside compensation consultant to provide advice about whether the Company's executive compensation programs are generally consistent with the Company's guiding principles and continue to be aligned with shareholder interests and with evolving best practices. Pearl Meyer representatives report directly to the Compensation Committee and have assisted the Compensation Committee in an assessment of comparative market data and compensation trends relevant to the setting of the Company's compensation levels for 2016 and beyond. Part of this assessment included comparing the total targeted direct compensation of the Company's named executive officers to market reference information, including, when appropriate, broad industry survey data, and the development of a compensation comparison group. The compensation comparison group is comprised of 15 companies and was recommended by Pearl Meyer. The corporations that comprise the compensation comparison group are as follows:

Callaway Golf Company	Helen of Troy	Quiksilver, Inc.
Crocs, Inc.	Kate Spade & Co	Skechers USA, Inc.
Columbia Sportswear Companies	La-Z-Boy	Steve Madden
Deckers Outdoor Corporation	Lululemon Athletica	Tempur Sealy International
G-III Apparel Group	Performance Sports Group Ltd.	Wolverine Worldwide

It is expected that the compensation comparison group will be reviewed periodically as warranted and revised as appropriate to ensure that the corporations in the group continue to be a reasonable comparison for compensation purposes.

Components of the 2015 Executive Compensation Program

The 2015 executive compensation program consists of direct compensation comprised of following elements: base salary, annual and long-term cash incentives and an equity appreciation rights ("EARs") plan (as amended from time to time, the "EAR Plan"). Each element, which is further discussed below, is intended to reward and motivate executives in different ways consistent with the Company's

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overall guiding principles for compensation (as described above). The amount of total direct compensation intended to come from each element varies with position and level of responsibility, reflecting the principles that total compensation should increase with position and responsibility and a greater percentage of an executive's compensation should be tied to corporate performance, and therefore be at risk, as position and responsibility increase.

<u>Element of Pay</u>	<u>Summary</u>	<u>Purpose</u>
Base Salary	✓ Fixed compensation provided to employees for service in role	✓ Provide a secure form of income for employees
Annual Cash Incentive	✓ Plan Adjusted EBITDA(1) based incentive plan	✓ Incentivize achievement of the annual operating plan
Long Term Cash Incentive Plan ("LTIP")	<p>✓ One-year, cash based long-term incentive plan for each of Mr. Uihlein and Mr. Yoon based on Plan Adjusted EBITDA performance versus goals</p> <p>✓ Two-year, cash based long-term incentive plan for Messrs. Burke, Bellis and Connor based on Plan Adjusted EBITDA performance versus goals</p>	✓ Promote consistent Plan Adjusted EBITDA performance over performance period
EARs	<p>✓ Time-and-performance vesting equity-based awards</p> <p>✓ Represents a right to share in the appreciation in the value of the Company from the date of grant until payout date</p>	<p>✓ Align management with investor interests</p> <p>✓ Participant EAR payout values predicated on increase in the value of the Company, as well as multi-year Plan Adjusted EBITDA goals and, for certain EAR awards, investor internal rate of return ("IRR") levels.</p>
Other	<p>✓ The Company provides limited perquisites which may include annual life insurance premiums, the reimbursement of country club dues, financial planning, a 401(k) Plan participant match and sporting equipment and apparel.</p> <p>✓ The Company provides a tax gross-up for Mr. Uihlein with regard to Company contributions to fund his supplemental retirement plan.</p>	✓ Enhance productivity and encourage work/life balance.

- (1) "Plan Adjusted EBITDA" represents income from operations of Acushnet Company and its subsidiaries plus depreciation and amortization, expenses relating to our EAR Plan, share-based compensation expenses, restructuring charges, certain transaction fees, and certain foreign currency adjustments, less net income relating to a non-controlling interest in one of Acushnet Company's consolidated entities. Plan Adjusted EBITDA is utilized as the performance metric for the annual cash incentive awards and LTIP awards to the named executive officers and as one of the performance metrics for the EARs as it serves to align the interests of the Company's named executive officers with the interests of its shareholders and incentivize the named executive officers to achieve corporate goals in the context of the Company's overall corporate strategy. Plan Adjusted EBITDA is not a measure of financial

performance under GAAP. It should not be considered an alternative to income from operations of Acushnet Company, as a measure of operating performance or any other measure of performance derived in accordance with GAAP.

The following table provides a reconciliation of income from operations of Acushnet Company to Plan Adjusted EBITDA for the year ended December 31, 2015. The information presented below is derived from the audited consolidated financial statements of Acushnet Company that are not included in this prospectus.

	<u>Year ended</u> <u>December 31, 2015</u> (in thousands)
Income from operations	\$ 117,923
Depreciation and amortization	41,702
EAR Plan(a)	45,814
Share-based compensation(b)	5,789
Restructuring charges(c)	1,643
Transaction fees(d)	2,141
Foreign currency reclassification	859
Net income attributable to non-controlling interests(e)	(5,122)
Plan Adjusted EBITDA	\$ 210,749

- (a) Reflects expenses related to the anticipated full vesting of EARs granted under our EAR Plan and the remeasurement to their intrinsic value at each reporting period based on the then-current projection of our common stock equivalent value. The EAR Plan expires on December 31, 2016 and amounts earned under the EAR Plan must be paid within two and a half months after the expiration date.
- (b) Reflects compensation expense associated with the exercise of substitute stock options by an executive which were granted in connection with the Acquisition. All such stock options have been exercised.
- (c) Reflects restructuring charges incurred in connection with the reorganization of certain of our operations.
- (d) Reflects legal fees incurred in 2015 relating to a dispute arising from the indemnification obligations owed to us by Beam in connection with the Acquisition as well as certain fees and expenses we incurred in connection with this offering.
- (e) Reflects the net income attributable to the interest that we do not own in our FootJoy golf shoe joint venture.

Consistent with the Company's compensation philosophy, the 2015 executive compensation program incorporated a balance between guaranteed and at-risk compensation. Set forth below is an analysis of each of the elements of the 2015 executive compensation program. More detailed information concerning the compensation paid to the named executive officers for 2015 is set forth in the compensation tables and related footnotes and narrative disclosure following this Compensation Discussion and Analysis.

Analysis of Base Salary

Base salaries serve as the guaranteed cash portion of executive compensation. Base salary is intended to compensate each named executive officer for performing his job responsibilities on a day-to-day basis. Each named executive officer's base salary was initially established when he became an executive officer and is set at a competitive level based upon the named executive officer's

experience, position, and responsibility. In setting the base salary, the complexity of the job requirements and performance expectations and the general market data described are considered as well as each named executive officer's base salary relative to the other executive officers. Following this offering, it is expected that Holdings Compensation Committee will review base salaries annually and make adjustments as appropriate in light of individual performance as well as any changes in nature or scope of a named executive officer's duties and/or the competitive marketplace.

The base salary for each of the named executive officers during 2015 was as follows:

<u>Name</u>	2015
	<u>Base Salary</u>
Wally Uihlein	\$ 995,200
William Burke	\$ 401,100
Gerald Bellis	\$ 537,700
James Connor	\$ 487,100
Gene Yoon	\$ 1,092,900

In 2015, each of the named executive officers listed above received a base salary increase of three percent from the prior year. These merit increases were made after a review of individual performance and relevant market data and as a reflection of the named executive officer's individual performance.

Analysis of Annual Cash Incentives

In addition to a base salary, the Company's executive compensation program includes the opportunity to earn an annual cash incentive. The annual cash incentive serves as the short-term incentive compensation element of the executive compensation program. As noted above, the annual cash incentive payment is based upon the Company's Plan Adjusted EBITDA achieved for the fiscal year and is intended to provide an incentive for a named executive officer to drive a high level of corporate performance without excessive risk-taking.

Annual Cash Incentive Opportunity. For 2015, the target incentive for each of the named executive officers represented a percentage of the named executive officer's base salary (the "incentive target") which the named executive officer could earn based on the amount of Plan Adjusted EBITDA earned by the Company for 2015. Incentive payouts for each named executive officer under the program would vary from 0% of the incentive target, if the Company earned Plan Adjusted EBITDA of \$183 million or less in 2015, to a maximum of 200% of the incentive target, if the Company earned Plan Adjusted EBITDA of \$215 million or more in 2015. In setting the level of the Plan Adjusted EBITDA performance goal for 2015, the Company's performance in 2014, the Company's 2015 operational goals and the competitive climate in the marketplace were each taken into account. The targeted incentive amounts were based on each named executive officer's position and were set to be generally consistent with the range of total direct compensation targeted for each of the named executive officers.

Incentive targets for 2015 for each of the named executive officers were as follows:

<u>Name</u>	<u>Targeted % of</u>		<u>Incentive Target</u>
	<u>Base Salary</u>	<u>Base Salary</u>	
Wally Uihlein	75%	\$ 995,200	\$ 746,400
William Burke	50%	\$ 401,100	\$ 200,550
Gerald Bellis	50%	\$ 537,700	\$ 268,850
James Connor	50%	\$ 487,100	\$ 243,550
Gene Yoon	75%	\$ 1,092,900	\$ 819,675

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Actual 2015 Annual Cash Incentive Payout. For 2015 the Company achieved Plan Adjusted EBITDA of \$210 million which resulted in an achievement level of 170% of the incentive target for each of the named executive officers.

<u>Name</u>	<u>Incentive Target</u>	<u>Achievement Level</u>	<u>Incentive Payout(1)</u>
Wally Uihlein	\$ 746,400	170%	\$ 1,268,900
William Burke	\$ 200,550	170%	\$ 341,000
Gerald Bellis	\$ 268,850	170%	\$ 457,100
James Connor	\$ 243,550	170%	\$ 414,100
Gene Yoon	\$ 819,675	170%	\$ 1,393,500

(1) Awards are rounded up to the nearest hundred.

Analysis of Long-Term Incentives (LTIP and EAR)

Consistent with the philosophy of aligning executive compensation with the Company's long-term performance (as discussed above), in addition to the annual cash incentive opportunity, we have granted performance-based awards to each of the named executive officers under our LTIP. In addition, in connection with the 2011 sale of the Company by Beam, we adopted the EAR Plan which expires on December 31, 2016. These long-term incentives were selected to motivate the named executive officer to remain with the Company, increase shareholder value through the achievement of targeted long-term operating performance and align the interests of the Company's named executive officers with the interests of the Company's shareholders.

2014-2015 and 2015-2016 LTIP Awards. The 2014-2015 long-term incentive plan ("2014-2015 LTIP") and the 2015-2016 long-term incentive plan ("2015-2016 LTIP"), in which Messrs. Burke, Bellis and Connor participate, provide cash payments upon the achievement of specified Plan Adjusted EBITDA goals over two-year performance periods ending December 31, 2015 and December 31, 2016, respectively. Plan Adjusted EBITDA is calculated as, and was selected for the reasons, described above under "Components of the 2015 Executive Compensation Program." A two-year performance period was selected because it is consistent with the Company's two-year product introduction cycle. See "Business—Product Life Cycles."

Under each of the 2014-2015 LTIP and 2015-2016 LTIP, at the beginning of each performance period, participants are awarded performance units. The actual value of each performance unit is determined at the end of the performance period based on the Company's financial performance compared to the Plan Adjusted EBITDA performance goals. For the 2014-2015 LTIP, the performance units would have no value (\$0 per unit) unless cumulative two-year Plan Adjusted EBITDA was at least \$366 million and would achieve maximum value (\$1,000 per unit) if two-year cumulative Plan Adjusted EBITDA was at least \$415 million. For the 2015-2016 LTIP, the performance units would have no value (\$0 per unit) unless cumulative two-year Plan Adjusted EBITDA was at least \$370 million and would achieve maximum value (\$1,000 per unit) if two-year cumulative Plan Adjusted EBITDA was at least \$435 million.

In determining the number of units to award to each of the participants, the value of the anticipated LTIP awards relative to applicable broad market compensation data was considered. Consideration was also given to the effect the LTIP award would have upon the executive's total direct compensation and the named executive officer's position and responsibility. LTIP awards are paid from the Company's general assets as soon as practicable after the end of the performance period and after the verification of achievement of the performance goals.

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Messrs. Burke, Bellis and Connor received the following number of performance units (with the corresponding maximum values based on a maximum value of \$1,000 per unit) for each of the 2014-2015 LTIP and the 2015-2016 LTIP:

<u>Name</u>	<u>LTIP Units</u>	<u>LTIP Award Maximum Value</u>
William Burke	300	\$ 300,000
Gerald Bellis	400	\$ 400,000
James Connor	350	\$ 350,000

The Company earned cumulative two-year Plan Adjusted EBITDA of \$410 million for 2014-2015 LTIP performance period. Actual payout under the 2014-2015 LTIP was therefore at 90.6% of the maximum value, or \$906 per performance unit. The payout under the 2015-2016 LTIP will be determined following the conclusion of the performance period as of December 31, 2016.

2015 Special LTIP Award. In 2015, each of Mr. Uihlein and Mr. Yoon participated in a modified LTIP plan (the "2015 Special LTIP") which operates similarly to the 2015-2016 LTIP for the other named executive officers but had a one-year performance period ending on December 31, 2015. Under the 2015 Special LTIP each of Mr. Uihlein and Mr. Yoon was awarded (1) 2,800 performance units with a fixed payout value of \$400 per unit and (2) 750 performance units which would have no value (\$0 per unit) unless the Company earned Plan Adjusted EBITDA for 2015 of at least \$183 million and would achieve maximum value (\$1,000 per unit) if the Company earned Plan Adjusted EBITDA for 2015 of at least \$215 million.

The Company earned Plan Adjusted EBITDA of \$210 million in 2015 which resulted in a payout to each of Mr. Uihlein and Mr. Yoon of (1) 2,800 performance units at \$400 per unit (\$1,120,000) and (2) 750 performance units at \$850 per performance unit (\$637,500) or 85% of maximum value. No LTIP is expected to be awarded to Mr. Uihlein or Mr. Yoon with respect to 2016.

EARs. In addition to the LTIP awards, in 2011 the Company granted the named executive officers EARs which consist of common stock equivalents under the EAR Plan. The EAR Plan is designed to allow key employees to participate in the future success and growth of the Company, as EARs are intended to represent the appreciation in the value of a share of Acushnet Holdings Corp. common stock measured from the grant date through the applicable payout event (as described below).

Vesting of the EARs. Except for Mr. Uihlein's and Mr. Yoon's second grant of EARs as described below, the EARs are divided into three separate tranches which generally vest over a four-year period based on either (1) the passage of time, (2) Plan Adjusted EBITDA performance or (3) a specified IRR (as defined and calculated in accordance with the EAR Plan and the applicable award agreement), in each case generally subject to the named executive officer's continued employment with the Company on the relevant vesting date, as follows:

- forty percent (40%) of the EARs time vested in four equal installments on each of December 31, 2012, December 31, 2013, December 31, 2014 and December 31, 2015;
- thirty percent (30%) of the EARs vested in four equal installments on each of December 31, 2012, December 31, 2013, December 31, 2014 and December 31, 2015 based on the achievement of an annual Plan Adjusted EBITDA performance goal for the applicable vesting period, which was achieved for each vesting period;
- thirty percent (30%) of the EARs vest based on achievement of specified IRR thresholds for the period beginning July 29, 2011 and ending on December 31, 2015, which was achieved at the maximum vesting level.

In addition, each of Mr. Uihlein and Mr. Yoon received a second grant of EARs which vested in four equal installments on each of December 31, 2012, December 31, 2013, December 31, 2014 and

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December 31, 2015 based on the achievement of an annual Plan Adjusted EBITDA performance goal for the applicable vesting period, which was achieved for each vesting period.

Payout of the EARs. Shortly after the occurrence of a specified "payout event," the Company will pay the named executive officer the payout value of the EARs as described below. Generally, a "payout event" is defined as the first to occur of (1) a named executive officer's "separation from service" (under Section 409A of the Code) other than for cause (a "qualifying termination"), (2) the sale of the Company or (3) the expiration of the EAR Plan on December 31, 2016 (the "expiration date"). The payout value for each EAR will be the positive excess (if any) of the value of the vested EARs as of the date of payout event less the value of the EAR on the date of grant (which was \$ per EAR). The value of each EAR as of the date of the payout event is determined as follows:

- If the applicable payout event is a qualifying termination, (x) prior to an IPO, the value of each EAR is determined by dividing (1) an enterprise value (as defined in the EAR Plan) generally based on the Company's Plan Adjusted EBITDA for the applicable fiscal year by (2) the number of shares of Acushnet Holdings Corp. common stock outstanding, on a fully diluted basis, as of the date of the qualifying termination; and (y) after an IPO, the value of each EAR is the greater of (1) the average per share closing price of the publicly traded common stock for the first full three trading days following the pricing of the common stock in the IPO or (2) the value obtained by dividing (x) an enterprise value (as defined in the EAR Plan) generally based on the Company's Plan Adjusted EBITDA for the applicable fiscal year by (y) the number of shares of Acushnet Holdings Corp. common stock outstanding, on a fully diluted basis, as of the date of the qualifying termination.
- If the applicable payout event is a sale of the Company, the value of each EAR is the greater of (1) an amount determined by our board of directors in good faith based on the transaction consideration and (2) the value obtained by dividing (x) an enterprise value (as defined in the EAR Plan) generally based on the Company's Plan Adjusted EBITDA for the preceding twelve months by (y) the number of shares of Acushnet Holdings Corp. common stock outstanding, on a fully diluted basis, as of the date of the sale transaction.
- If the applicable payout event is the expiration date, the value of each EAR is the greatest of (1) an enterprise value (as defined in the EAR Plan) generally based on the Company's Plan Adjusted EBITDA for fiscal 2015 divided by the number of shares of Acushnet Holdings Corp. common stock outstanding, on a fully diluted basis, as of December 31, 2015; (2) an enterprise value (as defined in the EAR Plan) generally based on the Company's Plan Adjusted EBITDA for fiscal 2016 divided by the number of shares of Acushnet Holdings Corp. common stock outstanding, on a fully diluted basis, as of December 31, 2016; and (3) if an IPO has occurred prior to the expiration date, a value based on the average per share closing price of the publicly traded common stock for the first full three trading days following the pricing of common stock in the IPO.

The amounts due to the named executive officer for the EARs will be paid to the executive in cash, or, if the applicable payout event follows an IPO, the Company may, in its sole discretion, pay up to 50% of the payout amount in the publicly traded equity securities with the remainder in cash.

See "Outstanding Equity Awards as of December 31, 2015" for information about the number of EARs held by each of the named executive officers as of December 31, 2015 and "Potential Payments Upon Termination or Change in Control" for the payout value of the EARs as of December 31, 2015. See "Equity Compensation Plans—Summary of our EAR Plan" for additional detail regarding the EAR Plan and the EARs.

Benefits and Perquisites

The named executive officers receive various benefits in order to enhance their productivity, provide for healthcare needs and encourage work/life balance. The Company's primary benefits for the

named executive officers include the Company's health, dental and vision plans, and various insurance plans, including life, long-term disability, and accidental death and dismemberment insurance, as well as paid time off. The Company covers the costs of tax and estate planning fees, and, consistent with the Company's position as a leader in the golf industry, the named executive officers other than Mr. Yoon receive subsidized country club memberships. Each of the named executive officers also receives a limited amount of the Company's golf equipment, gear and wear.

In addition, the Company provides Mr. Uihlein with a tax-gross up to cover the taxes due by Mr. Uihlein with respect to the Company's contribution to his supplemental retirement plan trust.

The Company from time to time provides other benefits to employees or officers as a group or to an individual officer as warranted. See the "Summary Compensation Table" and related footnotes below for additional information about the value of benefits and perquisites provided to our named executive officers in 2015.

Retirement Plans

The Company has a qualified defined benefit pension plan, a nonqualified defined benefit pension plan, a qualified defined contribution plan and post-employment welfare plans which provide for payment of retirement benefits to participants mainly commencing between the ages of 50 and 65, and for payment of certain disability benefits. After meeting certain qualifications, an employee acquires a vested right to future benefits. The benefits payable under the defined benefit pension plans are generally determined on the basis of an employee's length of service and/or earnings.

Pension Plan. The Company has historically provided retirement plan benefits to its employees under the Acushnet Company Pension Plan, which we refer to as the "Pension Plan." The Pension Plan is a qualified defined benefit pension plan that provides retirement benefits commencing on the participant's normal retirement date, which is the first day of the calendar month coincident with or next following a participant's 65th birthday, based on participant earnings. Each of our named executive officers other than Mr. Yoon is a participant in the Pension Plan and is fully vested in his benefits under the Pension Plan. Payouts under the pension plan are normally made in the form of a life annuity, unless another payment option is elected. Effective December 31, 2015, the Pension Plan was closed to new participants and benefit accruals were ceased for members (1) who have not attained 50 years of age and completed at least ten years of service or (2) who do not have a combined age and years of service of 70 or more.

SERP. The Company maintains a supplemental executive retirement plan, which we refer to as the "SERP," which is an unfunded excess benefit plan that supplements the benefits payable under the Pension Plan. Each of our named executive officers other than Mr. Yoon is a participant in the SERP and is fully vested in his benefits under the SERP. Benefits payable under the SERP are paid to participants in a lump sum during the sixty-day period following the participant's retirement date. Effective December 31, 2015, the SERP was amended to cease benefit accruals for participants (1) who have not attained 50 years of age and completed at least ten years of service or (2) who do not have a combined age and years of service of 70 or more. From time to time, the Company may make contributions to a rabbi trust to fund the benefits under the SERP. In addition, the Company maintains a separate trust, pursuant to which it makes annual contributions to fund a portion of Mr. Uihlein's SERP benefit, and provides a tax-gross up to Mr. Uihlein for income attributable to such trust contributions.

Defined Contribution Plan. The Acushnet Company 401(k) Plan (the "401(k) Plan") allows participants to contribute a portion of their compensation into the 401(k) Plan with the Company providing a matching contribution up to 3.5% of the participant's compensation. Each of our named executive officers other than Mr. Yoon participates in the 401(k) Plan.

Retiree Health Benefits

The Company maintains a retiree medical health plan, which provides medical coverage to employees who retire directly from the Company, have achieved the age of 55, have completed 10 or more years of service and were hired prior to January 1, 2004. The costs under the plan are shared between the Company and the retiree with the split costs based on years of service and date of retirement. This split is specific to each retiree and does not change over time. Under the plan, retirees and their spouses under age 65 are eligible for the same medical and dental plans available to active employees and retirees age 65 and over are eligible for retiree-specific plans.

Deferred Compensation

The Company established a deferred compensation plan in 2005 for the purpose of providing deferred compensation for a select group of management or highly compensated employees, including the named executive officers other than Mr. Yoon. As of July 29, 2011, in connection with the sale of the Company by Beam, all Company matching contributions and employee contributions to the plan were frozen and employee salary and incentive deferral accounts were distributed. All that remains in the plan is the portion of participants' accounts attributable to prior Company matching credits to the plan prior to July 29, 2011. See "—Nonqualified Deferred Compensation for 2015" below for information relating to the Excess Deferral Plan accounts of our named executive officers.

Severance and Change in Control Arrangements

Executive Severance Plan

The Company maintains the Acushnet Executive Severance Plan (the "Executive Severance Plan") under which Messrs. Burke, Bellis and Connor are eligible to receive severance benefits upon a termination of employment except terminations due to the named executive officer's resignation (other than a voluntarily termination because the named executive's job location has been relocated more than 35 miles from the participant's former job location, for which severance benefits are payable), retirement, death, disability or cause. See "—Potential Payments Upon Termination or Change in Control" below for information relating to the severance payable to our named executive officers under the Executive Severance Plan.

Mr. Uihlein's Severance and Change in Control Agreement

Mr. Uihlein is party to both a severance agreement and a change in control agreement that provide for benefits in the event of certain qualifying terminations as further described under "Potential Payments Upon Termination or Change in Control."

Other than the severance and change in control agreements between the Company and Mr. Uihlein described above, the Company has not entered into an employment agreement with any of its named executive officers.

Excise Taxes

Mr. Uihlein's change in control agreement provides that to the extent that any or all of the change in control payments and benefits provided to Mr. Uihlein under the change in control agreement or any other plan, arrangement or agreement constitute "parachute payments" within the meaning of Section 280G of the Code and would otherwise be subject to the excise tax imposed by Section 4999 of the Code, the Company will pay Mr. Uihlein an additional amount such that the net amount retained by Mr. Uihlein after the deduction of any excise, federal, state and local income tax will be equal to the payments he is entitled to under the change in control agreement. However, if the value of the payments Mr. Uihlein is entitled to do not exceed 330% of the base amount (as defined in the Code), no gross-up payment will be made and any change in control related payments and benefits would be reduced to equal one dollar less than the amount which would result in such payments and benefits

being subject to such excise tax, but only if the value of the reduction is equal to or less than 30% of Mr. Uihlein's base salary.

Compensation Committee Interlocks and Insider Participation

From January through May 2015, the Compensation Committee was comprised of the following directors: Mr. Uihlein, Mr. Yoon, Mr. Thomas Park, Mr. Prakash Melwani and Ms. Jennifer Estabrook. Beginning in June 2015, the Compensation Committee was comprised of Ms. Estabrook, Mr. Jonathan Epstein, Mr. Park and Mr. Melwani. Mr. Melwani resigned from the board of directors of Acushnet Company and the Compensation Committee in December 2015. Mr. Randall Lee was appointed to the Committee in April 2016.

Mr. Yoon, Chairman of Acushnet Company and Chairman of Acushnet Holdings Corp., who also served as President of Acushnet Holdings Corp. until May 11, 2016, is also Chairman of Fila USA, Inc. and Fila Luxembourg S.à.r.l. Ms. Estabrook, a director and member of the Compensation Committee of Acushnet Company, is an executive officer of Fila USA, Inc. and Fila Luxembourg S.à.r.l.

Key Compensation Actions in 2016

Omnibus Equity Plan

On January 22, 2016, the Acushnet Holdings Corp. board of directors adopted, and its stockholders approved, the Acushnet Holdings Corp. 2015 Omnibus Incentive Plan (the "2015 Omnibus Incentive Plan"). See "Equity Compensation Plans—Summary of our 2015 Omnibus Incentive Plan."

Bonus to Mr. Uihlein

Pursuant to a letter agreement dated February 26, 2016, Mr. Uihlein was awarded a cash bonus in the amount of \$7.5 million as consideration for past performance as the Company's President and Chief Executive Officer. One third of the cash bonus was paid in a lump sum upon execution of the agreement and another third of the cash bonus is payable in a lump sum on December 31, 2016. The last third is payable upon the earliest to occur of (1) the closing of this offering, (2) a change in control (as defined in the Company's 2015 Omnibus Incentive Plan) and (3) December 31, 2016.

Compensation Increases

On April 29, 2016, following the Compensation Committee's consideration of Pearl Meyer's assessment of the named executive officers' compensation as discussed above under "Resources Guiding Compensation Decisions," Mr. Uihlein's base salary was increased to \$1,086,000, Mr. Burke's base salary was increased to \$482,000 and Mr. Connor's base salary was increased to \$502,000. In addition, Mr. Uihlein's targeted annual cash incentive for 2016 was increased to 125% of his base salary and Mr. Burke's targeted annual cash incentive for 2016 was increased to 65% of his base salary. These increases in base salary and targeted annual cash incentive amounts are effective as of January 1, 2016.

Equity Grants Under Omnibus Equity Plan

In order to continue to promote the alignment of executive compensation and long-term shareholder value creation, our board of directors has adopted a new approach to our long-term equity incentive compensation program for 2016. As previously discussed, the Company has previously granted EARs, a portion of which vested based on the achievement of specified financial performance measures (i.e., Plan Adjusted EBITDA and IRR). Commencing with the Company's grant of equity compensation in 2016, the Company's approach to long-term equity incentive compensation has shifted from multi-year appreciation awards to multi-year full value awards, which our board of directors believes more closely aligns, on a going-forward basis, the interests of executive officers with those of the Company's shareholders.

On June 15, 2016, our board of directors approved a grant of multi-year restricted stock units (the "Multi-Year RSUs") and performance stock units (the "Multi-Year PSUs") to certain key members of management, including Messrs. Uihlein, Burke and Connor. The grants were made 50% in Multi-Year RSUs and 50% in Multi-Year PSUs. The Multi-Year RSUs and Multi-Year PSUs are intended to represent three years of equity compensation and, as such, Messrs. Uihlein and Burke are not expected to receive grants of RSUs or PSUs in 2017 or 2018. Mr. Connor is not expected to receive any future grants of RSUs or PSUs as he is expected to retire effective December 31, 2016. Our board of directors believes that the grant of the Multi-Year RSUs and Multi-Year PSUs to Messrs. Uihlein, Burke and Connor, as well as certain other key members of management, will incentivize them to effectively execute the Company's three-year strategic plan and create additional value enhancing corporate development initiatives during this three-year period.

One-third of the Multi-Year RSUs vest on each of January 1 of 2017, 2018 and 2019. The Multi-Year PSUs cliff-vest on December 31, 2018, subject to the executive's continued employment with the Company and the Company's level of achievement of the applicable cumulative Adjusted EBITDA performance metrics (as defined in the applicable award agreements) measured over the three-year performance period. Each Multi-Year PSU reflects the right to receive between 0% and 200% of the target number of shares based on actual three year cumulative Adjusted EBITDA. For Mr. Connor, the vesting of his Multi-Year PSUs is expected to be pro rata based on his retirement date.

In determining the target value of the Multi-Year RSUs and Multi-Year PSUs, our board of directors and the Compensation Committee considered executive officer performance, potential future contributions and peer group analyses. Based on these considerations, our board of directors and the Compensation Committee determined the appropriate annual target value of the long-term incentive grants and then multiplied the annual target value by three because the grants are intended to reflect anticipated compensation for the three year period from 2016 to 2018 and the executives are not expected to receive any additional RSU or PSU grants in 2017 or 2018. The target number of shares underlying the Multi-Year RSU and Multi-Year PSU awards was determined by reference to the fair value of our common stock as of the date our board of directors approved the grants, which fair value was based on calculations prepared by an independent third party valuation company.

Information regarding the Multi-Year RSUs and Multi-Year PSUs for Messrs. Uihlein, Burke and Connor is included below. On the left, the grant date fair value of the Multi-Year RSUs and Multi-Year PSUs has been included. On the right, the grant date fair value of the RSUs and PSUs has been presented on an annualized basis to reflect that awards are intended to reflect anticipated compensation for the three-year period from 2016 to 2018 and our named executive officers are not expected to receive additional grants of RSUs or PSUs in 2017 or 2018—i.e., the RSUs and PSUs have been divided by three to illustrate the annual value of the award for one of the three annual periods within the three-year vesting period.

Name	Grant Date Fair Value		Grant Date Fair Value on an Annualized Basis	
	RSUs	PSUs	RSUs	PSUs
Wally Uihlein	\$ 4,425,000	\$ 4,425,000	\$ 1,475,000	\$ 1,475,000
William Burke	\$ 1,500,000	\$ 1,500,000	\$ 500,000	\$ 500,000
James Connor	\$ 1,200,000	\$ 1,200,000	\$ 400,000	\$ 400,000

Code Section 162(m) Policy

Subject to the transition period described below, once we are a public company Code Section 162(m) will limit our deduction for federal income tax purposes to no more than \$1 million of compensation paid to certain executive officers in a taxable year. However, compensation above \$1 million may be deducted if it is "performance-based compensation" within the meaning of the Code. Following this offering, we expect to be able to claim the benefit of a special exemption that applies to compensation paid during a specified transition period under Section 162(m). This transition period may extend until the first annual shareholders meeting that occurs after the end of the third calendar year following the calendar year in which this offering occurs, unless the transition period is terminated earlier under the Section 162(m) post-offering transition rules. At such time as we are subject to the deduction limitations of Section 162(m), we expect that the Holdings Compensation Committee will take the deductibility limitations of Section 162(m) into account in its compensation decisions; however, the Holdings Compensation Committee may, in its judgment, authorize compensation payments that are not exempt under Section 162(m) when it believes that such payments are appropriate to attract or retain talent.

2015 Summary Compensation Table

The following table summarizes the compensation paid to or earned by the Company's named executive officers. For a description of the components of the Company's 2015 executive compensation program, see "Compensation Discussion and Analysis—Components of the 2015 Executive Compensation Program."

<u>Name and Principal Position</u>	<u>Year</u>	<u>Base Salary</u>	<u>Bonus</u>	<u>Option Awards</u>	<u>Stock Awards</u>	<u>Non-Equity Incentive Plan Compensation(1)</u>	<u>Change in Pension Value and Non-qualified Deferred Compensation Earnings(2)</u>	<u>All Other Compensation</u>	<u>Total</u>
Wally Uihlein President and Chief Executive Officer	2015	\$ 995,200	\$ 1,120,000(3)	—	—	\$ 1,906,400	\$ 449,346	\$ 957,038(4)	\$ 5,427,984
William Burke Executive Vice President, Chief Financial Officer and Treasurer	2015	\$ 401,100	—	—	—	\$ 612,800	\$ 185,036	\$ 61,606(5)	\$ 1,260,542
Gerald Bellis President, Titleist Golf Balls	2015	\$ 537,700	—	—	—	\$ 819,500	\$ 221,365	\$ 47,478(6)	\$ 1,626,043
James Connor President, FootJoy	2015	\$ 487,100	—	—	—	\$ 731,200	\$ 108,562	\$ 62,410(7)	\$ 1,389,272
Gene Yoon Chairman of Acushnet Company, Chairman and President of Acushnet Holdings Corp.	2015	\$ 1,092,900	\$ 1,120,000(3)	—	—	\$ 2,031,000	—	\$ 10,000(8)	\$ 4,253,900

- (1) Represents the actual amounts earned for 2015 under the Company's Annual Cash Incentive Plan and LTIP. For each of Mr. Uihlein and Mr. Yoon, this amount includes the 750 units granted under the 2015 Special LTIP whose value of \$850 per unit was based on Plan Adjusted EBITDA for 2015 and excludes the 2,800 units granted under the 2015 Special LTIP that were subject to a fixed payout, as described in footnote (3) below. For each of Messrs. Burke, Bellis and Connor, this represents the payout amount for his 2014-2015 LTIP award. For additional information regarding these programs, see "Compensation Discussion and Analysis—Components of the 2015 Executive Compensation Program—Analysis of Annual Cash Incentives" and "Compensation Discussion and Analysis—Components of the 2015 Executive Compensation Program—Analysis of Long-Term Incentives (LTIP and EARs)."
- (2) The values that appear in the table are the change in the present value of the retirement benefits in 2015. The change is impacted by additional service and pay, as well as changes in any of the valuation assumptions that are used to prepare the Company's consolidated financial statements. Because of changing actuarial assumptions, these values can vary significantly from year to year.
- (3) Represents the portion of each of Mr. Uihlein's and Mr. Yoon's 2015 Special LTIP award that is subject to a fixed payout value of 2,800 units at \$400 per unit. See "Compensation Discussion and Analysis—Components of the 2015 Executive Compensation Program—Analysis of Long-Term Incentives (LTIP and EARs)—2015 Special LTIP Award."

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- (4) Includes a tax gross-up payment of \$859,539 made by the Company related to the Company's contribution to Mr. Uihlein's SERP trust, Company matching contribution under the 401(k) Plan, an automobile allowance, annual executive life insurance premiums paid by the Company in the amount of \$49,705, annual reimbursement for country club dues and Company golf equipment, gear and wear.
- (5) Includes a Company matching contribution under the 401(k) Plan, annual executive life insurance premiums paid by the Company in the amount of \$26,656, annual reimbursement for country club dues, payments for financial planning services and Company golf equipment, gear and wear.
- (6) Includes a Company matching contribution under the 401(k) Plan, annual executive life insurance premiums paid by the Company in the amount of \$17,923, annual reimbursement for country club dues and payments for financial planning services and Company golf equipment, gear and wear.
- (7) Includes a Company matching contribution under the 401(k) Plan, annual executive life insurance premiums paid by the Company in the amount of \$33,910, annual reimbursement for country club dues and Company golf equipment, gear and wear.
- (8) Represents Company golf equipment, gear and wear. Following the closing of this offering, Mr. Yoon will no longer receive officer compensation.

Grants of Plan-Based Awards in 2015

The following table sets forth certain information with respect to grants of awards to the named executive officers under the Company's non-equity incentive plans during 2015. For additional information concerning the annual and long-term non-equity incentive programs, see "Compensation Discussion and Analysis—Components of the 2015 Executive Compensation Program."

Name	Grant Date	Estimated Payouts Under Non-Equity Incentive Plan Awards			
		Units	Threshold	Target	Maximum
Wally Uihlein	3/6/2015(1)	—	—	\$ 746,400	\$ 1,492,800
	3/6/2015(2)	750	—	(4)\$	750,000
William Burke	3/6/2015(1)	—	—	\$ 200,550	\$ 401,100
	3/6/2015(3)	300	—	(4)\$	300,000
Gerald Bellis	3/6/2015(1)	—	—	\$ 268,850	\$ 537,700
	3/6/2015(3)	400	—	(4)\$	400,000
James Connor	3/6/2015(1)	—	—	\$ 243,550	\$ 487,100
	3/6/2015(3)	350	—	(4)\$	350,000
Gene Yoon	3/6/2015(1)	—	—	\$ 819,675	\$ 1,639,350
	3/6/2015(2)	750	—	(4)\$	750,000

- (1) Represents the executive's annual cash incentive award. See "Compensation Discussion and Analysis—Components of the 2015 Executive Compensation Program—Analysis of Annual Cash Incentives."
- (2) Represents the portion of the 2015 Special LTIP award that is not subject to a fixed payout value. See "Compensation Discussion and Analysis—Components of the 2015 Executive Compensation Program—Analysis of Long-Term Incentives (LTIP and EARS)—2015 Special LTIP Award."
- (3) Represents the named executive officer's 2015-2016 LTIP award. See "Compensation Discussion and Analysis—Components of the 2015 Executive Compensation Program—Analysis of Long-term Incentives (LTIP and EARS)—2014-2015 and 2015-2016 LTIP Awards."
- (4) The portion of the 2015 Special LTIP that is not subject to a fixed payout value and the 2015-2016 LTIP do not have a target value.

Outstanding Equity Awards as of December 31, 2015

<u>Name</u>	<u>Grant Date</u>	<u>Number of Securities Underlying Unexercised Options Exercisable(1)</u>	<u>Option Exercise Price(2)</u>	<u>Option Expiration Date(3)</u>
Wally Uihlein	8/30/2011		\$	12/31/2016
William Burke	8/30/2011		\$	12/31/2016
Gerald Bellis	8/30/2011		\$	12/31/2016
James Connor	8/30/2011		\$	12/31/2016
Gene Yoon	8/30/2011		\$	12/31/2016

- (1) Represents the EARs granted to the named executive officers under the EAR Plan. The EARs become payable upon the first to occur of (a) a named executive officer's "separation from service" (under Section 409A of the Code) other than for cause, (b) the sale of the Company or (c) December 31, 2016. As the EARs would pay out if a named executive officer voluntarily separated from service on December 31, 2015, they are classified as exercisable for purposes of this table. See "Compensation Discussion and Analysis—Components of the 2015 Executive Compensation Program—Analysis of Long-Term Incentives (LTIP and EARs)—EARs"
- (2) Represents the grant date value for the EAR under the applicable EAR award agreement.
- (3) The EAR Plan expires on December 31, 2016 and any vested EARs must be paid out within two and a half months thereafter.

Option Exercises in 2015

The following table sets forth information regarding the exercise of stock option awards during 2015 for the named executive officers. None of the named executive officers other than Mr. Uihlein exercised options in 2015.

<u>Name</u>	<u>Option Awards</u>	
	<u>Number of Shares Acquired on Exercise</u>	<u>Value Realized on Exercise</u>
Wally Uihlein		\$ 8,341,020

- (1) In connection with the 2011 sale of the Company by Beam, Mr. Uihlein's options to purchase Beam stock converted to options to purchase shares of Acushnet Holdings Corp. common stock. On July 31, 2015, Mr. Uihlein exercised all of these remaining options and tendered a portion of the shares underlying the options for the payment of the exercise price and withholding taxes.

Pension Benefits for 2015

The following table shows, as of December 31, 2015, each named executive officer's years of credited service, present value of accumulated benefit and benefits received, if any, under the Company's Pension Plan and the SERP.

Name	Plan Name	Number of Years Credited Service (2)	Present Value of Accumulated Benefit (3)	Payments During Last Fiscal Year
Wally Uihlein	Acushnet Company Pension Plan	38.92	\$ 1,579,871	—
	Acushnet Company Supplemental Retirement Plan	38.92	\$ 11,929,668	—
William Burke(1)	Acushnet Company Pension Plan	31.58	\$ 866,037	—
	Acushnet Supplemental Executive Retirement Plan	31.58	\$ 1,845,753	—
Gerald Bellis	Acushnet Company Pension Plan	32.58	\$ 848,473	—
	Acushnet Supplemental Executive Retirement Plan	32.58	\$ 2,747,036	—
James Connor	Acushnet Company Pension Plan	28.42	\$ 1,239,016	—
	Acushnet Supplemental Executive Retirement Plan	28.42	\$ 3,281,246	—
Gene Yoon	Acushnet Company Pension Plan	—	—	—
	Acushnet Supplemental Executive Retirement Plan	—	—	—

- (1) Mr. Burke's benefit reflects full controlled group benefit service with an offset for a benefit accrued and payable under a former controlled group company pension plan.
- (2) Number of years of credited service represents actual years of service.
- (3) Present value of accumulated benefit is calculated by using a discount rate of 4.45% for the Pension Plan and 3.90% for the SERP.

Pension Plan. The Pension Plan is a tax qualified defined benefit pension plan and the SERP is a nonqualified defined benefit pension plan. Each plan provides for payment of retirement benefits to a plan participant commencing between the ages of 50 and 65, as well as for payment of certain disability pension benefits. After attaining age 50 or completing five years of vesting service a plan participant acquires a vested right to future benefits. The benefits payable under each of the plans are generally determined on the basis of an employee's length of service and/or earnings and are normally paid as an annuity unless a lump sum election is made.

Each of the plans generally provides unreduced retirement benefits commencing on the participant's normal retirement date, which is the first day of the calendar month coincident with or next following a participant's 65th birthday, but a participant can receive reduced pension benefits as early as age 50. The Pension Plan provides benefits payable as either an annuity or a lump sum. Each of the named executive officers other than Mr. Yoon participates in the Pension Plan, is fully vested in his benefits under the Pension Plan and can commence his pension benefits immediately upon termination of employment.

Upon retirement, a salaried participant in the Pension Plan, such as the named executive officers, is entitled to a benefit equal to the sum of (a) 0.9% of his average monthly rate of earnings multiplied by his years of credited service and (b) 0.55% of that portion of his average monthly rate of earnings

that is in excess of his covered compensation, multiplied by the lesser of (1) 35 and (2) his years of credited service as a salaried employee. Average monthly compensation for this calculation is limited in accordance with the IRS compensation limit regulations under Code section 401(a)(17). Plan participants, including Mr. Burke, who transferred directly to the Company from another company in the Company's prior controlled group (prior to July 2011), receive a benefit reflecting all service in the controlled group determined using the plan formula, with an offset for the benefit payable from the pension plan of the former controlled group company. At December 31, 2015, the Pension Plan was amended to freeze benefit accruals for certain participants and limit ongoing benefit accruals for other participants, based on age and service at that date. For participants who at December 31, 2015 had attained age of 50 and had completed at least ten years of service or had a combined age and years of service of 70 or more, the monthly benefit amount payable under the Pension Plan will equal the sum of (a) the participant's frozen accrued pension benefit at December 31, 2015, plus (b) benefit accruals after that time reflecting only service and pay earned in 2016 and the benefit formula described above, but with final average monthly compensation limited to \$150,000.

If a plan participant dies after age 50 and before benefits commence under the Pension Plan, his spouse will generally be entitled to monthly pension benefits commencing on the first day of the month following the named executive officer's death equal to 50% of the named executive officer's assumed retirement pension, which is the monthly amount of pension benefits that he would have received had he retired immediately prior to his death while the joint and survivor annuity was in effect with a provision for continuance of 50% of his reduced amount of retirement benefit to his spouse. The spouse may instead elect to receive a lump distribution equal to an amount that would be actuarially equivalent to the monthly benefit otherwise payable. If the plan participant has no spouse, his beneficiary will be eligible to receive a lump sum distribution of the above. See "—Pension Benefits for 2015" above for information relating to the accumulated benefits of our named executive officers.

SERP. The SERP is a nonqualified, unfunded excess benefit plan that supplements the benefits payable under the Pension Plan. Upon a participant's retirement, the participant will be entitled to a benefit under the SERP equal to the difference between (a) and (b), where (a) is the sum of (A) 0.9% of his average monthly rate of earnings multiplied by his years of credited service and (B) 0.55% of that portion of his average monthly rate of earnings that is in excess of his covered compensation, multiplied by the lesser of (1) 35 and (2) his years of credited service as a salaried employee, and (b) is the benefit payable under the Pension Plan. Monthly average compensation for items (A) and (B) immediately above is not limited. Benefits payable under the SERP are generally paid to participants in a lump sum during the 60-day period following the participant's retirement date.

Each of Mr. Uihlein and Mr. Connor is eligible to receive full retirement benefits under the Pension Plan and SERP. Each of Mr. Burke and Mr. Bellis is eligible to receive early retirement benefits under the Pension Plan and SERP. Mr. Yoon does not participate in the Pension Plan or SERP. If a participant retires early, he will be entitled to elect (1) a monthly retirement benefit as calculated above that commences on his normal retirement date or (2) a reduced benefit payable at his early retirement date. The early retirement benefit is equal to the 0.9% portion of his pension benefit reduced by the number of months by which his annuity starting date precedes his early retirement age (defined as age 64 for Mr. Burke and Mr. Bellis) multiplied by 0.003 and (b) 0.55% of the portion of his benefit reduced by 0.5% for each of the first 60 months that his annuity starting date precedes the early retirement age or (y) 0.3% for each month in excess of 60 that the annuity starting date precedes the early retirement age. Mr. Bellis retired from the Company effective February 29, 2016. Because Mr. Bellis retired prior to his regular retirement date, he is eligible to receive early retirement benefits as described above.

Additionally, the Company has established and partially funded a rabbi trust to provide a source of funds for benefits payable from the SERP. For Mr. Uihlein, the Company makes annual contributions to a trust owned by Mr. Uihlein to fund a portion of Mr. Uihlein's SERP benefit. Upon Mr. Uihlein's

termination of employment, a final contribution will be made to his trust in an amount which when added to the existing balance will equal the present value of the after-tax single sum equivalent of his supplemental retirement benefit to be paid within 60 days following his termination or death, or in the case of a termination for disability, within 60 days of his becoming disabled.

Nonqualified Deferred Compensation for 2015

The following table provides a summary of the named executive officers' accounts that remain outstanding in the Company's nonqualified executive deferral plan ("EDP") for 2015. As of July 29, 2011, in connection with the sale of the Company by Beam all Company matching contributions and employee contributions to the plan were frozen and employee salary and incentive deferral accounts were distributed. All that remains in the plan is the portion of participants' accounts attributable to Company matching credits to the plan prior to July 29, 2011. See "Compensation Discussion and Analysis—Components of the 2015 Executive Compensation Program—Deferred Compensation" above.

Name	Executive Contributions Last Fiscal Year	Company Contributions Last Fiscal Year	Aggregate Earnings in Last Fiscal Year	Aggregate Withdrawals/ Distributions	Aggregate Balance Last Fiscal Year
Wally Uihlein	—	—	\$ (10,654)	—	\$ 281,278
William Burke	—	—	\$ (2,141)	—	\$ 90,160
Gerald Bellis	—	—	\$ 5,122	—	\$ 139,950
James Connor	—	—	\$ (11,458)	—	\$ 138,865
Gene Yoon	—	—	—	—	—

Each of the named executive officers other than Mr. Yoon participates in the EDP and is fully vested in his account balance. Mr. Yoon does not participate in the EDP. Upon a separation from the Company, these named executive officers are entitled to the value of their accounts in a lump sum no later than (1) December 31st of the year in which the separation occurs or (2) 90 days following the date of termination.

Account balances are invested in a variety of mutual funds selected by the plan participants from a list of fund investment options similar to the investment options available under the Company's defined contribution plan. Participants earn annual market rate returns based on the fund's performance.

Potential Payments Upon Termination or Change in Control

The table below quantifies the potential payments and benefits that would be provided to each named executive officer under each of the termination or change in control circumstances listed. The amounts shown are based on the assumption that the triggering event took place on December 31, 2015, which was the last business day of 2015.

The amounts shown in the table below do not include:

- payments and benefits to the extent they are provided generally to all salaried employees upon termination of employment or other circumstance and do not discriminate in scope, terms or operation in favor of the named executive officers;
- regular pension benefits under our Pension Plan or the SERP. See "—Pension Benefits for 2015" above; or
- distributions of plan balances under our 401(k) Plan or the EDP. See "—Nonqualified Deferred Compensation for Fiscal 2015" above for information relating to the distributions of the EDP account balances of our named executive officers.

Potential Payments Upon Termination or Change in Control

	Retirement (1)	Involuntary Termination without Cause or Voluntary Termination with Good Reason	Termination For Cause	Death or Disability	Change in Control followed by Involuntary Termination without Cause or Voluntary Termination with Good Reason
Wally Uihlein					
Annual incentive award(2)	\$ 1,268,900	\$ 1,268,900	—	\$ 1,268,900	\$ 1,268,900
LTIP awards(3)	\$ 1,757,500	\$ 1,757,500	—	\$ 1,757,500	\$ 1,757,500
Payout of EARs(4)	\$ 15,283,000	\$ 15,283,000	—	\$ 15,283,000	\$ 15,283,000
Cash severance payment(5)	—	\$ 4,192,379	—	—	\$ 6,270,878
Life insurance	—	—	—	\$ 5,623,400	—
Health and welfare benefits(6)	—	\$ 128,556	—	—	\$ 192,834
Accrued and unpaid vacation	\$ 114,830	\$ 114,830	\$ 114,830	\$ 114,830	\$ 114,830
Total	\$ 18,424,230	\$ 22,745,165	\$ 114,830	\$ 24,047,630	\$ 24,887,942
William Burke					
Annual incentive award(2)	\$ 341,000	\$ 341,000	—	\$ 341,000	\$ 341,000
LTIP awards(3)	\$ 387,600	\$ 387,600	—	\$ 387,600	\$ 387,600
Payout of EARs(4)	\$ 7,335,840	\$ 7,335,840	—	\$ 7,335,840	\$ 7,335,840
Cash severance payment(5)	—	\$ 601,650	—	—	\$ 802,200
Life insurance	—	—	—	\$ 2,395,500	—
Health and welfare benefits	—	—	—	—	—
Accrued and unpaid vacation	\$ 46,281	\$ 46,281	\$ 46,281	\$ 46,281	\$ 46,281
Total	\$ 8,110,721	\$ 8,712,371	\$ 46,281	\$ 10,506,221	\$ 8,912,921
Gerald Bellis					
Annual incentive award(2)	\$ 457,100	\$ 457,100	—	\$ 457,100	\$ 457,100
LTIP awards(3)	\$ 516,800	\$ 516,800	—	\$ 516,800	\$ 516,800
Payout of EARs(4)	\$ 7,335,840	\$ 7,335,840	—	\$ 7,335,840	\$ 7,335,840
Cash severance payment(5)	—	\$ 806,550	—	—	\$ 1,075,400
Life insurance	—	—	—	\$ 3,210,500	—
Health and welfare benefits	—	—	—	—	—
Accrued and unpaid vacation	\$ 62,042	\$ 62,042	\$ 62,042	\$ 62,042	\$ 62,042
Total	\$ 8,371,782	\$ 9,178,332	\$ 62,042	\$ 11,582,282	\$ 9,447,182
James Connor					
Annual incentive award(2)	\$ 414,100	\$ 414,100	—	\$ 414,100	\$ 414,100
LTIP awards(3)	\$ 452,200	\$ 452,200	—	\$ 452,200	\$ 452,200
Payout of EARs(4)	\$ 7,335,840	\$ 7,335,840	—	\$ 7,335,840	\$ 7,335,840
Cash severance payment(5)	—	\$ 730,650	—	—	\$ 974,200
Life insurance	—	—	—	\$ 2,908,500	—
Health and welfare benefits	—	—	—	—	—
Accrued and unpaid vacation	\$ 46,837	\$ 46,837	\$ 46,837	\$ 46,837	\$ 46,837
Total	\$ 8,248,977	\$ 8,979,627	\$ 46,837	\$ 11,157,477	\$ 9,223,177
Gene Yoon					
Annual incentive awards(2)	\$ 1,393,500	\$ 1,393,500	—	\$ 1,393,500	\$ 1,393,500
LTIP awards(3)	\$ 1,757,500	\$ 1,757,500	—	\$ 1,757,500	\$ 1,757,500
Payout of EARs(4)	\$ 42,792,400	\$ 42,792,400	—	\$ 42,792,400	\$ 42,792,400
Cash severance payment(5)	—	—	—	—	—
Life insurance	—	—	—	—	—
Health and welfare benefits	—	—	—	—	—
Accrued and unpaid vacation	—	—	—	—	—
Total	\$ 45,943,400	\$ 45,943,400	—	\$ 45,943,400	\$ 45,943,400

(1) Each of the named executive officers is retirement eligible under the awards and/or plans applicable to him as of December 31, 2015 and therefore any voluntary termination by the named executive officer, other than a termination for good reason, has been treated as a retirement for purposes of this table.

- (2) Represents value of the annual cash incentive award earned for 2015 as included in the Summary Compensation Table. Other than in the case of a termination by the Company for cause, the named executive officer would receive the annual cash incentive award earned for 2015 even if his employment terminated prior to the actual cash payout date in 2016. See "Compensation Discussion and Analysis—Components of the 2015 Executive Compensation Program—Analysis of Annual Cash Incentives."
- (3) For each of Mr. Uihlein and Mr. Yoon, represents the value of the 2015 Special LTIP award. For Messrs. Burke, Bellis and Connor, represents the value of the 2014-2015 LTIP award plus, in the circumstances specified below, an estimated pro-rata portion of the 2015-2016 LTIP award. Other than in the case of a termination by the Company for cause, the named executive officer would receive the 2015 Special LTIP award or 2014-2015 LTIP award, as applicable, earned through December 31, 2015 even if his employment terminated prior to the actual cash payout date in 2016. Upon a termination other than for cause, Messrs. Burke, Bellis and Connor would be eligible to receive a pro-rated award under the 2015-2016 LTIP, to be paid in 2017 following the end of the performance period, based on the actual results for the performance period and the named executive officer's service during the performance period.
- (4) Upon a termination other than for cause on December 31, 2015, each named executive officer would be entitled to a payout of his EARs. See "Compensation Discussion and Analysis—Components of the 2015 Executive Compensation Program— Analysis of Long-Term Incentives (LTIP and EARs)—EARs—Payout of the EARs."
- (5) For Mr. Uihlein represents the amounts payable under his severance and change in control agreements as described below.

For Messrs. Burke, Bellis and Connor, the cash severance amount represents the amounts payable to the named executive officer under the Executive Severance Plan as described below. Consistent with the terms of the Executive Severance Plan, in determining the amount of severance benefits for each of the named executive officers, the amount of the annual cash incentive to be paid as part of the severance benefits was offset by the annual incentive award earned by the named executive officer for 2015 (as provided in table above and denoted by footnote (2) above) which resulted in the payment of \$0 annual cash incentive as part of the severance benefits.

Mr. Yoon does not participate in the Executive Severance Plan or have any other severance or change in control agreement with the Company.
- (6) For Mr. Uihlein, represents the annual premium amounts for medical, dental, life and disability insurance in accordance with the provisions of his severance and change in control agreements as described below.

Severance and Change in Control Arrangements

Executive Severance Plan

If a Severance Plan participant's employment is terminated (1) by the Company other than for cause or (2) by the participant because the participant's job location has been relocated more than 35 miles from the participant's former job location, the participant will receive (a) 18 months of base salary plus (b) one year of bonus (based on the target bonus for the year of termination) offset by any bonus amount actually paid under the terms of the Company's annual bonus plan for the year of termination, payable in installments.

Under the Severance Plan, "cause" includes but is not limited to misconduct, negligence, dishonesty, criminal act, excessive absenteeism, and willful failure to perform job responsibilities and other conduct determined under the Company's code of conduct or other policies to be "cause".

If a change in control occurs and, within 18 months of the change of control (1) the Company terminates the participant other than for cause, (2) the participant voluntarily terminates employment because his job location has been relocated more than 35 miles from his former job location, or (3) the participant voluntarily terminates his employment due to (a) a material diminution in the duties, authority or responsibilities or (b) a material negative change in the participant's compensation, the participant will receive: (x) 24 months of base salary plus (y) one year of annual cash incentive (based on the greater of (a) target bonus for the year of termination or (b) the annual cash incentive that would have been paid using the Company's most recent financial performance outlook report that is available as of the employee's termination date), in each case offset by any annual cash incentive

amount actually paid under the terms of the Company's annual cash incentive plan for the year of termination, payable in installments.

Payments under the Severance Plan are subject to execution of a release of claims. For a period of twelve months after separation from employment, a participant may not, personally or on behalf of another party, whether directly or indirectly solicit for employment any person employed by the Company in a salaried position during the year before separation from employment.

Mr. Uihlein's Severance and Change in Control Agreements

Under his severance agreement, if Mr. Uihlein is terminated by the Company other than for cause or if he resigns for good reason, he will be entitled to:

- two times the sum of (1) his base salary; (2) his target annual incentive compensation under the annual cash incentive plan and (3) the amount that would have been required to be allocated to his account under the 401(k) Plan and Company contributions under the SERP, paid ratably over a 12 month period (unless payable within two years following a change in control, in which case the payments are made in a lump sum six months following the termination date);
- continued health and welfare benefits for two years following his termination (with Mr. Uihlein paying the active employee rate);
- an amount equal to the excess of (1) the sum of the aggregate monthly amounts of payments he would have been entitled to under the terms of each of the Company's pension plans if he remained a fully vested active participant and accumulated two additional years of service thereunder over (2) the sum of the aggregate monthly amounts of payments he would be entitled to under each of the Company's pension plans, payable at the time payments are made under the SERP; and
- the (1) unpaid portion of his annual incentive compensation under the annual cash incentive plan for the calendar year immediately preceding the year in which the termination occurs and (2) annual cash incentive compensation under the annual cash incentive plan for the calendar year in which the termination occurs, payable at the time the annual incentive awards for that year are normally paid, in an amount equal to Mr. Uihlein's target percentage prorated for the portion of the year through the termination date.

Under Mr. Uihlein's severance agreement, "cause" generally includes (1) an act or acts of dishonesty on Mr. Uihlein's part that results in Mr. Uihlein being indicted for a felony, or (2) Mr. Uihlein's willful and continued failure substantially to perform his duties and responsibilities as an officer of the Company (other than any such failure resulting from his incapacity due to physical or mental illness) after a demand for substantial performance is delivered to Mr. Uihlein by our board of directors which specifically identifies the manner in which our board of directors believes that Mr. Uihlein has not substantially performed his duties and Mr. Uihlein is given a reasonable time after such demand substantially to perform his duties.

Under the severance agreement, Mr. Uihlein has "good reason" to resign if he voluntarily terminates his employment due to (1) a material change in his duties, without his express written consent, except in connection with the termination of his employment as a result of his death or by the Company for disability or cause or by Mr. Uihlein other than for good reason; (2) a reduction by the Company in Mr. Uihlein's then current base salary; (3) the failure of the Company to substantially maintain and to continue Mr. Uihlein's participation in the Company's benefit plans unless participation in such plans ceases for similarly situated senior executives; (4) the relocation of the offices at which Mr. Uihlein is employed to a location more than 35 miles from his location at the time the severance agreement was entered into or requiring Mr. Uihlein to relocate to any office other than the Company's principal executive offices, except for required travel on the Company's business;

(5) any reduction in the number of vacation days provided to Mr. Uihlein, unless such reduction is applicable to officers of the Company generally; (6) any failure of the Company to require any successor to assume and agree to perform his severance agreement; or (7) any purported termination of Mr. Uihlein's employment which is not effected pursuant to a notice of termination satisfying the requirements of his agreement. Mr. Uihlein must provide written notice to the Company of the existence of good reason no later than 90 days after its initial existence and the Company will have 30 days to cure such good reason condition.

Severance benefits are subject to Mr. Uihlein's signing of a release of claims. Under the severance agreement, Mr. Uihlein is subject to 12-month confidentiality, non-compete and non-solicitation covenants under which Mr. Uihlein shall hold all confidential trade secrets in confidence, and shall not (1) engage in nor be competitively employed by or render any services for any business in the United States, Canada, Asia, Mexico or Europe which is directly competitive with any significant business in which the Company or any of its affiliates was engaged during the two-year period preceding Mr. Uihlein's termination, and (2) solicit business from nor cause others to solicit business that competes with the Company's or any affiliate's line of products from any entities which were customers of the Company during Mr. Uihlein's employment or which were targeted as potential customers during his employment.

If a change in control occurs and Mr. Uihlein is subsequently terminated without cause (as defined above for the severance agreement) or resigns for good reason within three years of a change in control, he will be entitled to:

- 2.99 times the sum of (1) his base salary; (2) his target annual incentive compensation under the annual cash incentive plan and (3) the amount that would have been required to be allocated to his account under the 401(k) Plan, payable in a lump sum on the eighth day following the termination date;
- continued health and welfare benefits for three years following his termination (with Mr. Uihlein paying the applicable COBRA rate);
- an amount equal to the excess of (1) the sum of the aggregate monthly amounts of pension payments he would have been entitled to under the terms of the Company's pension plans if he remained a fully vested active participant and accumulated three additional years of age and service thereunder over (2) the sum of the aggregate monthly amounts of pension payments he would be entitled to under such pension plans upon his termination; and
- the (1) unpaid portion of his incentive compensation under the annual cash incentive plan for the calendar year immediately preceding the year in which the termination occurs and (2) incentive compensation under the annual cash incentive plan for the calendar year in which the termination occurs, payable at the time the annual incentive awards for that year are normally paid based on the Company's actual performance.

Any benefits paid under the change in control agreement will be offset by the benefits payable above under Mr. Uihlein's severance agreement. Benefits under the change in control agreement are subject to Mr. Uihlein signing a release of claims.

In addition, Mr. Uihlein's change in control agreement provides that to the extent that any or all of the change in control payments and benefits provided to Mr. Uihlein under the change in control agreement constitute "parachute payments" within the meaning of Section 280G of the Code and would otherwise be subject to the excise tax imposed by Section 4999 of the Code, the Company will pay Mr. Uihlein an additional amount such that the net amount retained by Mr. Uihlein after the deduction of any excise, federal, state and local income tax will be equal to the payments he is entitled to under the change in control agreement. However, if the value of the payments Mr. Uihlein is entitled to do not exceed 330% of the base amount, no gross-up payment will be made and any

payments and benefits would be reduced by the minimum amounts necessary to equal one dollar less than the amount which would result in such payments and benefits being subject to such excise tax, but only if the value of the reduction is equal to or less than 30% of Mr. Uihlein's base salary. For purposes of the quantification of possible payments due to Mr. Uihlein in each of the scenarios set forth in the table under the heading "Potential Payments Upon Termination or Change in Control" above, it is assumed that no excise taxes would be imposed. As such, the amounts in the table do not reflect a gross-up payment with respect to any excise tax imposed by Section 4999 of the Code.

Under the change in control agreement, Mr. Uihlein has "good reason" to resign if he voluntarily terminates his employment due to (1) without Mr. Uihlein's express written consent, the assignment to Mr. Uihlein of any duties inconsistent with his positions, duties, responsibilities and status with the Company at the time of a change in control, or a change in his reporting responsibilities, titles or offices as in effect at the time of a change in control, or any removal of him from, or any failure to re-elect him to, any of such positions, except in connection with the termination of his employment as a result of his death or by the Company for disability or cause or by Mr. Uihlein other than for good reason; (2) a reduction by the Company in Mr. Uihlein's then current base salary; (3) the failure of the Company to substantially maintain and to continue Mr. Uihlein's participation in the Company's benefit plans as in effect at the time of a change in control and with all subsequent improvements (other than those plans or improvements that have expired in accordance with their original terms), or the taking of any action which would materially reduce Mr. Uihlein's benefits under any of such plans or deprive Mr. Uihlein of any material fringe benefit enjoyed by him at the time of a change in control; (4) the target bonus awarded to Mr. Uihlein under the incentive compensation plan of the Company subsequent to a change in control being less than such amount last awarded to him prior to a change in control; (5) the sum of Mr. Uihlein's base salary and amount paid to him as incentive compensation under the incentive compensation plan of the Company for the calendar year in which the change in control occurs or any subsequent year being less than the sum of his base salary and the amount awarded (whether or not fully paid) to him as incentive compensation under the incentive compensation plan of the Company for the calendar year prior to the change in control or any subsequent calendar year in which the sum of such amounts was greater; (6) the relocation of the offices at which Mr. Uihlein is employed to a location more than 35 miles from his location at the time of a change in control or the Company requiring Mr. Uihlein to be based anywhere other than at such offices, except for required travel on the Company's business to an extent substantially consistent with Uihlein's business travel obligations at the time of a change in control; (7) the failure of the Company to provide Mr. Uihlein with a number of paid vacation days at least equal to the number of paid vacation days to which he is entitled at the time of change in control; (8) any purported termination of Mr. Uihlein's employment which is not effected pursuant to a notice of termination satisfying the requirements of his agreement; or (9) Mr. Uihlein's good faith determination that due to a change in control he is not able effectively to discharge his duties.

LTIP

Retirement, death or disability. If a participant retires, dies or becomes disabled during a performance period, the participant will be eligible for a prorated award based on service while an active participant (measured in months with a partial month rounded up) during the performance period, with payment of the award made following the end of the performance period. For purposes of the LTIP, "retire" means to terminate employment on or after attaining age 55 and completing at least ten years of service with the Company and its affiliates, and "disabled" means disabled as defined in the Company's long term disability plan. If a participant's employment with the Company and all of its then-current affiliates is terminated for cause prior to the end of a performance period, no awards for that period will be paid under the LTIP.

Change in control. In the event of a change in control, all outstanding awards under the LTIP will be paid out as soon as practicable following such change in control (1) as if all performance periods have been completed and based on actual performance data to the extent available and the Company's forecast in the performance outlook report for the remainder of the applicable performance period, but (2) prorated (measured in months with a partial month rounded up) for the portion of any relevant performance period ending on the date of such change in control. Under the LTIP, the term "change in control" has the same meaning ascribed to such term in the Severance Plan.

EAR Plan

Upon a termination other than for cause on December 31, 2015, each EAR will entitle the named executive officer to a payment from the Company with respect to such award in an amount equal to the positive excess (if any) of the value of the EAR on the date of the termination less the value of such EAR on the date of grant (which was \$ per EAR). See "Compensation Discussion and Analysis—Components of the 2015 Executive Compensation Program—Analysis of Long-Term Incentives (LTIP and EARs)—EARs."

Director Compensation

For 2015, we did not provide director compensation to our non-executive directors. All of our directors are reimbursed for their reasonable out-of-pocket expenses related to their services as a member of the board of directors of Acushnet Holdings Corp. or Acushnet Company. In connection with this offering, we intend to approve and implement a compensation policy that, effective upon the closing of this offering, will be applicable to our non-employee directors of Acushnet Holdings Corp.

Equity Compensation Plans.

Summary of our EAR Plan

Acushnet sponsors the EAR Plan, which was effective as of August 31, 2011 and amended October 17, 2014 and June 9, 2015. No further awards will be granted under the EAR Plan.

Purpose. The purpose of the EAR Plan is to provide a means through which certain executive officers and other key employees of Acushnet and its subsidiaries can participate in the future success and growth of Acushnet Company and its subsidiaries.

Administration. The EAR Plan is administered by the board of directors of Acushnet Company. The board of directors of Acushnet Company may make or refrain from making awards, establish rules and regulations for the administration of the EAR Plan, and establish the written forms to be used to evidence such awards. The board of directors of Acushnet Company has full authority to construe and interpret the terms and provisions of the EAR Plan and any awards hereunder, to adopt, alter, waive and repeal such administrative rules, guidelines and practices governing the EAR Plan and to perform all acts, including the delegation of its administrative responsibilities as it shall, from time to time, deem advisable, and to otherwise supervise the administration of the EAR Plan. All such rules, regulations and interpretations relating to the EAR Plan which are adopted by the board of directors of Acushnet Company shall be conclusive and binding on all parties. The board of directors of Acushnet Company may correct any defect, supply any omission or reconcile any inconsistency in the EAR Plan or in any award granted hereunder, in the manner and to the extent it shall deem necessary to carry the EAR Plan into effect.

Awards Granted Under the EAR Plan. Awards under the EAR Plan consist of common stock equivalents, which represent the appreciation in the value of a share of Acushnet Holdings Corp. common stock measured from the applicable grant date through the first to occur of a (1) qualifying termination, (2) sale of Acushnet or (3) the expiration date of the award, which is December 31, 2016

(each a "Payout Event"). Once a Payout Event occurs with respect to a participant's EARs, such EARs will be converted into the right to receive an amount in case equal to (1) the positive excess (if any) of the value of the EAR determined based on the applicable Payout Event less the value of the EAR on the date of grant, multiplied by (2) the number of EARs that are vested and subject to such Payout Event; provided upon a Payout Event resulting from a qualifying termination or expiration date occurring following an initial public offering, the Company may elect to pay up to fifty percent of the total payment in equity securities of the publicly traded entity. Such payment is to be paid in a lump sum no later than ninety days following the effective time of the applicable Payout Event, but in no event more than two and a half months following the end of the calendar year in which the applicable Payout Event occurred. Any non-vested EARs that are held by a participant upon the occurrence of the participant's Payout Event resulting from a qualifying termination will be immediately forfeited by the participant for no consideration. Upon the occurrence of a Payout Event resulting from the sale of Acushnet Company, 100% of the EARs awarded under the EAR Plan will be considered vested at the effective time of such sale of Acushnet.

Payout Value. The value of an EAR upon a Payout Event is determined as follows:

- If the applicable payout event is a sale of the Company, the final value is the greater of (i) the amount determined by the Company's board of directors in good faith based on the transaction consideration and (ii) the amount obtained by dividing (x) 10.8 times Company EBITDA (based on the 12 months prior to the sale), with such multiple decreased by Company indebtedness and increased by Company cash (and cash equivalents) and the cumulative interest, dividends and fees paid on or in respect of Convertible Preferred Stock, Convertible Notes and 7.5% bonds due 2021 and any other interest, dividends, distributions or fees paid to the Company's stockholders over a specified period ending at the date of the sale by (y) the number of shares of Acushnet Holdings Corp. common stock, on a fully diluted basis, as of the date of the sale transaction.
- If the applicable payout event is a qualifying termination, the final value is generally the amount obtained by dividing (i) the Enterprise Value for the fiscal year ending immediately prior to the qualifying termination by (ii) the number of shares of Acushnet Holdings Corp. common stock, on a fully diluted basis, as of the date of the qualifying termination; provided that following an IPO, the final value is the greater of (x) such amount and (y) a value based on the average per share closing price of the publicly traded common stock for the first full three trading days following the pricing of the common stock in the IPO.
- If the applicable payout event is the expiration date, the final value is the greatest of:
 - the Enterprise Value based on EBITDA for 2015 divided by the number of shares of Acushnet Holdings Corp. common stock, on a fully diluted basis, as of December 31, 2015;
 - the Enterprise Value based on EBITDA for 2016 divided by the number of shares of Acushnet Holdings Corp. common stock, on a fully diluted basis, as of December 31, 2016; and
 - if an IPO has occurred prior to the expiration date, a value based on the average per share closing price of the publicly traded common stock for the first full three trading days following the pricing of the common stock in the IPO.

"Enterprise Value" means a 10.8 multiple of Company EBITDA for the relevant fiscal year, with such multiple decreased by Company indebtedness and increased by Company cash (and cash equivalents) as of the last day of the relevant fiscal year and the cumulative interest, dividends and fees paid on or in respect of Convertible Preferred Stock, Convertible Notes and 7.5% bonds due 2021 and any other interest, dividends, distributions or fees paid to the Acushnet Holding Corp. stockholders over the period beginning on March 31, 2011 and ending on the last day of the relevant fiscal year.

Effect of Certain Events on EAR Plan and Awards. In the event of any change in the capital structure of the Company or Acushnet Company (such as by stock dividend, stock split, combination, or similar transaction), or any sale of assets, merger, consolidation, combination or other corporate reorganization or restructuring of the Company or Acushnet Company not resulting in the sale of the Company, Acushnet Company's board of directors must make such reasonable and appropriate adjustments in the number of EARS, the value of the award on the date of grant, and the manner in which the value of the EAR on the date of the Payout Event will be subsequently determined, so that the aggregate amount potentially payable with respect to each outstanding award under the EAR Plan as of the time of such transaction will not be changed as a result thereof. Any such adjustments determined by the Acushnet Company board of directors shall be binding and conclusive on each participant and such participant's successors, assigns, heirs and legal representatives for all purposes.

Nontransferability of Awards. Rights or interests in any award granted under the EAR Plan or in any award thereunder are not assignable or transferable by any participant other than to a designated beneficiary in the event of a participant's death, and no rights or interests of the participant may be pledged or made subject to any lien, claim, encumbrance, obligation or liability of a participant without the Company's prior consent.

Tax Withholding. Any payments to be made under the EAR Plan will be net of any taxes required by law or to be withheld with respect to such payment. If Acushnet is required to withhold any taxes in connection with any EARS awarded to a participant prior to the date on which the payments are otherwise to be made to a participant under the EAR Plan, the participant agrees that Acushnet will have the right to withhold such taxes from the participant's base salary or other available cash compensation, or to otherwise require the participant to provide Acushnet with a payment in the amount of such required withholding taxes.

Amendment and Termination. Acushnet Company's board of directors may amend the EAR Plan in any respect, subject to any requirement of stockholder approval required by applicable law, regulation, or agreement, or may terminate the EAR Plan. However, no amendment may adversely affect a participant's rights with respect to any EARS without the consent of the participant.

Summary of our 2015 Omnibus Incentive Plan

On January 22, 2016, the Company's board of directors adopted and stockholders approved, the Acushnet Holdings Corp. 2015 Omnibus Incentive Plan, which we refer to as our 2015 Omnibus Incentive Plan.

Purpose. The purpose of the 2015 Omnibus Incentive Plan is to provide a means through which to attract and retain key personnel and to provide a means whereby our directors, officers, employees, consultants and advisors (and prospective directors, officers, employees, consultants and advisors) can acquire and maintain an equity interest in us, or be paid incentive compensation, including incentive compensation measured by reference to the value of our common stock, thereby strengthening their commitment to our welfare and aligning their interests with those of our stockholders.

Administration. Our 2015 Omnibus Incentive Plan is administered by the Company's board of directors and the Company's compensation committee (each, as applicable, the "Administrator"). The Administrator has the sole and plenary authority to establish the terms and conditions of any award, consistent with the provisions of our 2015 Omnibus Incentive Plan. The Administrator is authorized to interpret, administer, reconcile any inconsistency in, correct any defect in and/or supply any omission in our 2015 Omnibus Incentive Plan and any instrument or agreement relating to, or any award granted under, our 2015 Omnibus Incentive Plan; establish, amend, suspend, or waive any rules and regulations and appoint such agents as the Administrator deems appropriate for the proper administration of our 2015 Omnibus Incentive Plan; and to make any other determination and take any other action that the

Administrator deems necessary or desirable for the administration of our 2015 Omnibus Incentive Plan. Except to the extent prohibited by applicable law or the applicable rules and regulations of any securities exchange or inter-dealer quotation system on which our securities are listed or traded, the Administrator may allocate all or any portion of its responsibilities and powers to any one or more of its members and may delegate all or any part of its responsibilities and powers to any person or persons selected by it in accordance with the terms of our 2015 Omnibus Incentive Plan. Any such allocation or delegation may be revoked by the Administrator at any time. Unless otherwise expressly provided in our 2015 Omnibus Incentive Plan, all designations, determinations, interpretations, and other decisions under or with respect to our 2015 Omnibus Incentive Plan or any award or any documents evidencing awards granted pursuant to our 2015 Omnibus Incentive Plan are within the sole discretion of the Administrator, may be made at any time and are final, conclusive and binding upon all persons or entities, including, without limitation, us, any participant, any holder or beneficiary of any award, and any of our stockholders.

Shares Subject to our 2015 Omnibus Incentive Plan. Our 2015 Omnibus Incentive Plan provides that the total number of shares of common stock that may be issued under our 2015 Omnibus Incentive Plan is . Of this amount, the maximum number of shares for which incentive stock options may be granted is ; the maximum number of shares for which options or stock appreciation rights may be granted to any individual participant during any single fiscal year is ; the maximum number of shares for which performance compensation awards denominated in shares may be granted to any individual participant in respect of a single fiscal year is (or if any such awards are settled in cash, the maximum amount may not exceed the fair market value of such shares on the last day of the performance period to which such award relates); the maximum number of shares of common stock granted during a single fiscal year to any non-employee director, taken together with any cash fees paid to such non-employee director during the fiscal year, will not exceed \$1,000,000 in total value; and the maximum amount that may be paid to any individual participant for a single fiscal year under a performance compensation award denominated in cash is \$10,000,000. Except for substitute awards (as described below), in the event any award expires or is canceled, forfeited, terminated, lapses, or otherwise settles without the delivery of the full number of shares subject to such award, including as a result of net settlement of the award or as a result of the award being settled in cash, the undelivered shares may be granted again under our 2015 Omnibus Incentive Plan, unless the shares are surrendered after the termination of our 2015 Omnibus Incentive Plan, and only if stockholder approval is not required under the then-applicable rules of the exchange on which the shares of common stock are listed. Prior to this offering, the Administrator also had the discretion to require a participant in our 2015 Omnibus Incentive Plan to become a party to the Company's Stockholders' Agreement as a condition to the grant, vesting and/or exercise of an award under this 2015 Omnibus Incentive Plan. Awards may, in the sole discretion of the Administrator, be granted in assumption of, or in substitution for, outstanding awards previously granted by an entity directly or indirectly acquired by us or with which we combine (referred to as "substitute awards"), and such substitute awards will not be counted against the total number of shares that may be issued under our 2015 Omnibus Incentive Plan, except that substitute awards intended to qualify as "incentive stock options" will count against the limit on incentive stock options described above. No award may be granted under our 2015 Omnibus Incentive Plan after the tenth anniversary of the effective date of the plan, but awards theretofore granted may extend beyond that date.

Options. The Administrator may grant non-qualified stock options and incentive stock options, under our 2015 Omnibus Incentive Plan, with terms and conditions determined by the Administrator that are not inconsistent with our 2015 Omnibus Incentive Plan; *provided* , that all stock options granted under our 2015 Omnibus Incentive Plan are required to have a per share exercise price that is not less than 100% of the fair market value of our common stock underlying such stock options on the date such stock options are granted (other than in the case of options that are substitute awards), and all stock options that are intended to qualify as incentive stock options must be granted pursuant to an

award agreement expressly stating that the options are intended to qualify as incentive stock options, and will be subject to the terms and conditions that comply with the rules as may be prescribed by Section 422 of the Code. The maximum term for stock options granted under our 2015 Omnibus Incentive Plan will be ten years from the initial date of grant, or with respect to any stock options intended to qualify as incentive stock options, such shorter period as prescribed by Section 422 of the Code. However, if a non-qualified stock option would expire at a time when trading of shares of common stock is prohibited by our insider trading policy (or "blackout period" imposed by us), the term will automatically be extended to the 30th day following the end of such period. The purchase price for the shares as to which a stock option is exercised may be paid to us, to the extent permitted by law, (i) in cash or its equivalent at the time the stock option is exercised; (ii) in shares having a fair market value equal to the aggregate exercise price for the shares being purchased and satisfying any requirements that may be imposed by the Administrator; or (iii) by such other method as the Administrator may permit in its sole discretion, including, without limitation, (A) in other property having a fair market value on the date of exercise equal to the exercise price, (B) if there is a public market for the shares at such time, through the delivery of irrevocable instructions to a broker to sell the shares being acquired upon the exercise of the stock option and to deliver to us the amount of the proceeds of such sale equal to the aggregate exercise price for the shares being purchased or (C) through a "net exercise" procedure effected by withholding the minimum number of shares needed to pay the exercise price. Any fractional shares of common stock will be settled in cash.

Stock Appreciation Rights. The Administrator may grant stock appreciation rights, with terms and conditions determined by the Administrator that are not inconsistent with our 2015 Omnibus Incentive Plan. Generally, each stock appreciation right will entitle the participant upon exercise to an amount (in cash, shares or a combination of cash and shares, as determined by the Administrator) equal to the product of (i) the excess of (A) the fair market value on the exercise date of one share of common stock, over (B) the strike price per share, times (ii) the number of shares of common stock covered by the stock appreciation right. The strike price per share of a stock appreciation right will be determined by the Administrator at the time of grant but in no event may such amount be less than the fair market value of a share of common stock on the date the stock appreciation right is granted (other than in the case of stock appreciation rights granted in substitution of previously granted awards).

Restricted Shares and Restricted Stock Units. The Administrator may grant restricted shares of our common stock or restricted stock units, representing the right to receive, upon the expiration of the applicable restricted period, one share of common stock for each restricted stock unit, or, in the sole discretion of the Administrator, the cash value thereof (or any combination thereof). As to restricted shares of our common stock, subject to the other provisions of our 2015 Omnibus Incentive Plan, the holder will generally have the rights and privileges of a stockholder as to such restricted shares of common stock, including, without limitation, the right to vote such restricted shares of common stock (except, that if the lapsing of restrictions with respect to such restricted shares of common stock is contingent on satisfaction of performance conditions other than, or in addition to, the passage of time, any dividends payable on such restricted shares of common stock will be retained, and delivered without interest to the holder of such shares when the restrictions on such shares lapse). To the extent provided in the applicable award agreement, the holder of outstanding restricted stock units will be entitled to be credited with dividend equivalent payments (upon the payment by us of dividends on shares of common stock) either in cash or, at the sole discretion of the Administrator, in shares of common stock having a value equal to the amount of such dividends (and interest may, at the sole discretion of the Administrator, be credited on the amount of cash dividend equivalents at a rate and subject to such terms as determined by the Administrator), which will be payable at the same time as the underlying restricted stock units are settled following the release of restrictions on such restricted stock units.

Other Stock-Based and Cash-Based Awards. The Administrator may issue unrestricted common stock, rights to receive grants of awards at a future date, awards that are not stock appreciation rights or restricted stock units or other awards denominated in shares of common stock (including, without limitation, performance shares or performance units) under our 2015 Omnibus Incentive Plan, including performance-based awards, with terms and conditions determined by the Administrator that are not inconsistent with our 2015 Omnibus Incentive Plan.

Performance Compensation Awards. Following this offering, the Administrator may also designate any award as a "performance compensation award" intended to qualify as "performance-based compensation" under Section 162(m) of the Code. The Administrator also has the authority to make an award of a cash incentive to any participant and designate such award as a performance compensation award under our 2015 Omnibus Incentive Plan. The Administrator has the sole discretion to select the length of any applicable performance periods, the types of performance compensation awards to be issued, the applicable performance criteria and performance goals, and the kinds and/or levels of performance goals that are to apply. The performance criteria that will be used to establish the performance goals may be based on the attainment of specific levels of our performance (and/or one or more affiliates, divisions or operational and/or business units, product lines, brands, business segments, administrative departments, or any combination of the foregoing) and are limited to the following: (i) net earnings, net income (before or after taxes) or consolidated net income; (ii) basic or diluted earnings per share (before or after taxes); (iii) net revenue or net revenue growth; (iv) gross revenue or gross revenue growth, gross profit or gross profit growth; (v) net operating profit (before or after taxes); (vi) return measures (including, but not limited to, return on investment, assets, capital, employed capital, invested capital, equity, or sales); (vii) cash flow measures (including, but not limited to, operating cash flows, free cash flows, or cash flows return on capital), which may but are not required to be measured on a per share basis; (viii) actual or adjusted earnings before or after interest, taxes, depreciation and/or amortization (including EBIT and EBITDA); (ix) gross or net operating margins; (x) productivity ratios; (xi) share price (including, but not limited to, growth measures and total stockholder return); (xii) expense targets or cost reduction goals, general and administrative expense savings; (xiii) operating efficiency; (xiv) objective measures of customer/client satisfaction; (xv) working capital targets; (xvi) measures of economic value added or other 'value creation' metrics; (xvii) enterprise value; (xviii) sales; (xix) stockholder return; (xx) customer/client retention; (xxi) competitive market metrics; (xxii) employee retention; (xxiii) objective measures of personal targets, goals or completion of projects (including but not limited to succession and hiring projects, completion of specific acquisitions, dispositions, reorganizations or other corporate transactions or capital-raising transactions, expansions of specific business operations and meeting divisional or project budgets); (xxiv) comparisons of continuing operations to other operations; (xxv) market share; (xxvi) cost of capital, debt leverage year-end cash position or book value; (xxvii) strategic objectives; (xxviii) free cash flow before debt service; (xxix) working capital efficiency or (xxx) any combination of the foregoing. Any one or more of the performance criteria may be stated as a percentage of another performance criteria, or used on an absolute or relative basis to measure our performance as a whole or any of our divisions or operational and/or business units, product lines, brands, business segments, administrative departments or any combination thereof as the Administrator may deem appropriate, or any of the above performance criteria may be compared to the performance of a selected group of comparison companies or a published or special index that the Administrator, in its sole discretion, deems appropriate, or as compared to various stock market indices. Unless otherwise determined by the Administrator at the time a performance compensation award is granted, the Administrator will, during the first 90 days of a performance period (or, within any other maximum period allowed under Section 162(m) of the Code) or at any time thereafter to the extent the exercise of such authority at such time would not cause the performance compensation awards granted to any participant for such performance period to fail to qualify as "performance-based compensation" under Section 162(m) of the Code, specify adjustments or modifications to be made to the calculation of a performance goal for

such performance period, based on and to appropriately reflect the following events: (1) asset write-downs; (2) litigation or claim judgments or settlements; (3) the effect of changes in tax laws, accounting principles, or other laws or regulatory rules affecting reported results; (4) any reorganization and restructuring programs; (5) extraordinary nonrecurring items as described in Accounting Standards Codification Topic 225-20 (or any successor pronouncement thereto) and/or in management's discussion and analysis of financial condition and results of operations appearing in our annual report to stockholders for the applicable year; (6) acquisitions or divestitures; (7) any other specific, unusual or nonrecurring events, or objectively determinable category thereof; (8) foreign exchange gains and losses; (9) discontinued operations and nonrecurring charges; and (10) a change in our fiscal year.

Following the completion of a performance period, the Administrator will review and certify in writing whether, and to what extent, the performance goals for the performance period have been achieved and, if so, calculate and certify in writing that amount of the performance compensation awards earned for the period based upon the performance formula. In determining the actual amount of an individual participant's performance compensation award for a performance period, the Administrator has the discretion to reduce or eliminate the amount of the performance compensation award consistent with Section 162(m) of the Code. Unless otherwise provided in the applicable award agreement, the Administrator does not have the discretion to (A) grant or provide payment in respect of performance compensation awards for a performance period if the performance goals for such performance period have not been attained; or (B) increase a performance compensation award above the applicable limitations set forth in the 2015 Omnibus Incentive Plan.

Effect of Certain Events on 2015 Omnibus Incentive Plan and Awards. In the event of (a) any dividend (other than regular cash dividends) or other distribution (whether in the form of cash, shares of common stock, other securities or other property), recapitalization, stock split, reverse stock split, reorganization, merger, consolidation, split-up, split-off, spin-off, combination, repurchase or exchange of our shares of common stock or other securities, issuance of warrants or other rights to acquire our shares of common stock or other securities, or other similar corporate transaction or event (including, without limitation, a change in control, as defined in our 2015 Omnibus Incentive Plan) that affects the shares of common stock, or (b) unusual or nonrecurring events (including, without limitation, a change in control) affecting us, any affiliate, or the financial statements of us or any affiliate, or changes in applicable rules, rulings, regulations or other requirements of any governmental body or securities exchange or inter-dealer quotation system, accounting principles or law, such that, in either case, an adjustment is determined by the Administrator in its sole discretion to be necessary or appropriate, then the Administrator must make any such adjustments in such manner as it may deem equitable, including, without limitation, any or all of: (i) adjusting any or all of (A) the share limits applicable under our 2015 Omnibus Incentive Plan with respect to the number of awards which may be granted thereunder; (B) the number of our shares of common stock or other securities which may be issued in respect of awards or with respect to which awards may be granted under our 2015 Omnibus Incentive Plan and (C) the terms of any outstanding award, including, without limitation, (1) the number of shares of common stock or other securities subject to outstanding awards or to which outstanding awards relate (with any increase requiring the approval of our board of directors), (2) the exercise price or strike price with respect to any award or (3) any applicable performance measures; (ii) providing for a substitution or assumption of awards, accelerating the exercisability of, lapse of restrictions on, or termination of, awards or providing for a period of time for participants to exercise outstanding awards prior to the occurrence of such event; and (iii) cancelling any one or more outstanding awards and causing to be paid to the holders holding vested awards (including any awards that would vest as a result of the occurrence of such event but for such cancellation) the value of such awards, if any, as determined by the Administrator (which if applicable may be based upon the price per share of common stock received or to be received by other stockholders in such event), including, without limitation, in the case of options and stock appreciation rights, a cash payment equal to the excess, if any, of the fair market value of the shares of common stock subject to the option or stock appreciation

right over the aggregate exercise price or strike price thereof. For the avoidance of doubt, the Administrator may cancel any stock option or stock appreciation right for no consideration if the fair market value of the shares subject to such option or stock appreciation right is less than or equal to the aggregate exercise price or strike price of such stock option or stock appreciation right.

Nontransferability of Awards. An award will not be transferable or assignable by a participant other than by will or by the laws of descent and distribution and any such purported assignment, alienation, pledge, attachment, sale, transfer or encumbrance will be void and unenforceable against us or any affiliate. However, the Administrator may, in its sole discretion, permit awards (other than incentive stock options) to be transferred, including transfers to a participant's family members, any trust established solely for the benefit of a participant or such participant's family members, any partnership or limited liability company of which a participant or such participant and such participant's family members, are the sole member(s), and a beneficiary to whom donations are eligible to be treated as "charitable contributions" for tax purposes.

Amendment and Termination. Our board of directors may amend, alter, suspend, discontinue, or terminate our 2015 Omnibus Incentive Plan or any portion thereof at any time; *provided*, that no such amendment, alteration, suspension, discontinuation or termination may be made without stockholder approval if (i) such approval is necessary to comply with any regulatory requirement applicable to our 2015 Omnibus Incentive Plan or for changes in GAAP to new accounting standards; (ii) it would materially increase the number of securities which may be issued under our 2015 Omnibus Incentive Plan (except for adjustments in connection with certain corporate events) or (iii) it would materially modify the requirements for participation in our 2015 Omnibus Incentive Plan; *provided*, *further*, that any such amendment, alteration, suspension, discontinuance or termination that would materially and adversely affect the rights of any participant or any holder or beneficiary of any award will not, to that extent, be effective without such individual's consent.

The Administrator may also, to the extent consistent with the terms of any applicable award agreement, waive any conditions or rights under, amend any terms of, or alter, suspend, discontinue, cancel or terminate, any award granted or the associated award agreement, prospectively or retroactively, subject to the consent of the affected participant if any such waiver, amendment, alteration, suspension, discontinuance, cancellation or termination would materially and adversely affect the rights of any participant with respect to such award; *provided*, that without stockholder approval, except as otherwise permitted in our 2015 Omnibus Incentive Plan, (i) no amendment or modification may reduce the exercise price of any option or the strike price of any stock appreciation right; (ii) the Administrator may not cancel any outstanding option or stock appreciation right and replace it with a new option or stock appreciation right (with a lower exercise price or strike price, as the case may be) or other award or cash payment that is greater than the intrinsic value (if any) of the cancelled option or stock appreciation right and (iii) the Administrator may not take any other action which is considered a "repricing" for purposes of the stockholder approval rules of any securities exchange or inter-dealer quotation system on which our securities are listed or quoted.

Dividends and Dividend Equivalents. The Administrator, in its sole discretion, may provide part of an award with dividends or dividend equivalents, on such terms and conditions as may be determined by the Administrator in its sole discretion; *provided*, that no dividends or dividend equivalents will be payable in respect of outstanding (i) options or stock appreciation rights or (ii) unearned performance compensation awards or other unearned awards subject to performance conditions (other than or in addition to the passage of time) (although dividends or dividend equivalents may be accumulated in respect of unearned awards and paid within 15 days after such awards are earned and become payable or distributable).

Call Rights and Put Rights. Prior to this offering, an award agreement could provide for call rights and/or put rights in amounts and terms as determined by the Administrator in its sole discretion.

Clawback/Forfeiture. An award agreement may provide that the Administrator may, in its sole discretion, cancel such award if the participant, while employed by or providing services to us or any affiliate or after termination of such employment or service, violates a non-competition, non-solicitation or non-disclosure covenant or agreement or otherwise has engaged in or engages in other detrimental activity that is in conflict with or adverse to our interests or the interests of any affiliate, including fraud or conduct contributing to any financial restatements or irregularities, as determined by the Administrator in its sole discretion. The Administrator may also provide in an award agreement that if the participant otherwise has engaged in or engages in any activity referred to in the preceding sentence, such participant will forfeit any gain realized on the vesting or exercise of such award, and must repay the gain to the Company. Without limiting the foregoing, all awards will be subject to reduction, cancellation, forfeiture or recoupment to the extent necessary to comply with applicable law.

Federal Income Tax Consequences Relating to Awards Granted Pursuant to the EAR Plan and 2015 Omnibus Incentive Plan

The following summary briefly describes current U.S. federal income tax consequences to a participant who is a citizen or resident of the United States under the EAR Plan and the 2015 Omnibus Incentive Plan. This discussion is based on the Code, its legislative history, regulations thereunder and administrative and judicial interpretations thereof, as of the date hereof. We have not obtained a tax ruling or other confirmation from the U.S. Internal Revenue Service (the "IRS") with regard to this information, and it is possible that the IRS may take a different position. The summary is not a detailed or complete description of all U.S. federal tax laws or regulations that may apply and does not address any local, state or other country laws. Therefore, no one should rely on this summary for individual tax compliance, planning or decisions. Participants in the EAR Plan and 2015 Omnibus Incentive Plan are encouraged to consult with their own professional tax advisors concerning tax aspects of rights under the EAR Plan and 2015 Omnibus Incentive Plan and should be aware that tax laws may change at any time.

Stock Options

A participant to whom an incentive stock option that qualifies under Section 422 of the Code is granted generally will not recognize income at the time of grant or exercise of such option (although special alternative minimum tax rules may apply to the participant upon option exercise). No federal income tax deduction will be allowable to the Company upon the grant or exercise of such incentive stock option.

When the participant sells shares acquired through the exercise of an incentive stock option more than one year after the date of transfer of such shares and more than two years after the date of grant of such incentive stock option, the participant will normally recognize a long-term capital gain or loss equal to the difference, if any, between the sale prices of such shares and the option price, for which the Company is not entitled to a federal income tax deduction. If the participant does not hold such shares for this period, when the participant sells such shares, the participant will recognize ordinary compensation income and possibly capital gain or loss in such amounts as are prescribed by the Code and regulations thereunder, and the Company will generally be entitled to a federal income tax deduction in the amount of such ordinary compensation income.

A participant to whom an option that is not an incentive stock option (a "non-qualified option") is granted will not recognize income at the time of grant of such option. When such participant exercises a non-qualified option, the participant will recognize ordinary compensation income equal to the excess, if any, of the fair market value as of the date of a non-qualified option exercise of the shares the participant receives, over the option exercise price. The tax basis of such shares will be equal to the exercise price paid plus the amount includable in the participant's gross income, and the participant's holding period for such shares will commence on the day after which the participant recognized taxable

income in respect of such shares. Subject to applicable provisions of the Code and regulations thereunder, the Company will generally be entitled to a federal income tax deduction in respect of the exercise of non-qualified options in an amount equal to the ordinary compensation income recognized by the participant. Any gain or loss recognized upon a subsequent sale or exchange of the shares is treated as capital gain or loss for which the Company is not entitled to a deduction. Any such compensation includable in the gross income of a participant in respect of a non-qualified option will be subject to appropriate federal, state, local and foreign income and employment taxes.

Stock Appreciation Rights and Equity Appreciation Rights

No federal income tax liability will be realized by a holder upon the grant of a stock appreciation right or equity appreciation right. Upon the exercise of a stock appreciation right or payment in respect of an equity appreciation right, the holder will recognize ordinary income in an amount equal to the fair market value of the shares of stock or cash payment received in respect of the stock appreciation right or equity appreciation right. We will be able to deduct this same amount for federal income tax purposes, but such deduction may be limited under Sections 280G and 162(m) of the Code for compensation paid to certain executives designated in those Sections of the Code. Any gain or loss recognized upon a subsequent sale or exchange of the shares is treated as capital gain or loss, as applicable, for which we are not entitled to a deduction.

Restricted Stock

Unless an election is made by the participant under Section 83(b) of the Code, the grant of an award of restricted stock will have no immediate tax consequences to the participant, and the Company will not be allowed a tax deduction at the time the restricted stock are granted. Generally, upon the lapse of restrictions (as determined by the applicable restricted stock agreement between the participant and the Company), a participant will recognize ordinary income in an amount equal to the product of (1) the fair market value of a share of the Company on the date on which the restrictions lapse, less any amount paid with respect to the award of restricted stock, multiplied by (2) the number of restricted stock with respect to which restrictions lapse on such date. The participant's tax basis will be equal to the sum of the amount of ordinary income recognized upon the lapse of restrictions and any amount paid for such restricted stock. The participant's holding period for tax purposes will commence on the date on which the restrictions lapse.

A participant may make an election under Section 83(b) of the Code within 30 days after the date of grant of an award of restricted stock to recognize ordinary income on the date of award based on the fair market value of ordinary shares of the Company on such date, less any amount the participant paid for the common stock, and the Company will be allowed a corresponding tax deduction at that time. A participant making such an election will have a tax basis in the restricted stock equal to the sum of the amount the participant recognizes as ordinary income and any amount paid for such restricted stock, and the participant's holding period for such restricted stock for tax purposes will commence on the date after such date. Any future appreciation in the common stock will be taxable to the participant at capital gains rates. However, if the restricted stock award is later forfeited, the participant will not be able to recover the tax previously paid pursuant to the participant's Section 83(b) election.

With respect to restricted stock upon which restrictions have lapsed, when the participant sells such shares, the participant will recognize capital gain or loss consistent with the treatment of the sale of shares received upon the exercise of non-qualified options, as described above.

Restricted Stock Units

A participant to whom a restricted stock unit is granted generally will not recognize income at the time of grant (although the participant may become subject to employment taxes when the right to receive shares becomes "vested" due to retirement eligibility or otherwise). Upon delivery of ordinary shares of the Company or cash in respect of a restricted stock unit, a participant will recognize ordinary income in an amount equal to the amount of cash or the product of (1) the fair market value of a share of the Company on the date on which the ordinary shares of the Company are delivered, multiplied by (2) the number of ordinary shares of the Company delivered. Any gain or loss recognized upon a subsequent sale or exchange of the stock (if settled in stock) is treated as capital gain or loss for which the Company is not entitled to a deduction.

Performance Compensation Awards

Performance compensation awards granted in the form of stock options, restricted stock or restricted stock units will be taxable in the same manner as described above with respect to any particular form of award. Generally, when a performance compensation award denominated in cash is granted, there are no income tax consequences to the participant. Upon payment of cash in respect of such award, the participant will recognize compensation equal to the amount of cash received.

Taxable income a participant recognizes from the participant's performance compensation award is subject to federal income tax withholding, as well as any applicable state and local income tax withholding. FICA taxes, which consist of Social Security and Medicare taxes, must be withheld based on the amount of cash received.

Other Stock-Based and Cash-Based Awards

With respect to other stock-based awards paid in cash or ordinary shares, participants will generally recognize income equal to the fair market value of the ordinary shares or the amount of cash paid on the date on which delivery of shares or payment in cash is made to the participant.

Code Section 409A

Section 409A of the Code generally provides rules that must be followed with respect to covered deferred compensation arrangements in order to avoid the imposition of an additional 20% tax (plus interest) upon the service provider who is entitled to receive the deferred compensation. Certain awards that may be granted under the 2015 Omnibus Incentive Plan may constitute "deferred compensation" within the meaning of and subject to Section 409A. While the Committee intends to administer and operate the 2015 Omnibus Incentive Plan and establish terms with respect to awards subject to Section 409A in a manner that will avoid the imposition of additional taxation under Section 409A upon a participant, the Company cannot assure a participant that additional taxation under Section 409A will be avoided in all cases. In the event the Company is required to delay delivery of shares or any other payment under an award in order to avoid the imposition of an additional tax under Section 409A, the Company will deliver such shares (or make such payment) on the first day that would not result in the participant incurring any tax liability under Section 409A.

PRINCIPAL AND SELLING SHAREHOLDERS

The following table and accompanying footnotes set forth information with respect to the beneficial ownership of our common stock, as of May 31, 2016:

- prior to this offering but after giving effect to (i) the automatic conversion of all of our outstanding Convertible Notes into an aggregate of _____ shares of our common stock, and the automatic conversion of all of our outstanding Convertible Preferred Stock into an aggregate of _____ shares of our common stock, each of which will occur immediately prior to the closing of this offering and (ii) the exercise by Fila Korea Ltd. of all of our outstanding common stock warrants into an aggregate of _____ shares of our common stock, which is expected to occur in July 2016; and
- as adjusted to reflect the sale of the shares of common stock in this offering,

by:

- each person, or group of persons, known by us to own beneficially more than 5% of our outstanding shares of common stock or who is selling shares of common stock in this offering;
- each of our named executive officers for 2015;
- each of our directors and director nominees; and
- all of our executive officers, directors and director nominees as a group.

Beneficial ownership and percentage ownership are determined in accordance with the rules and regulations of the SEC and include voting or investment power with respect to shares of stock. This information does not necessarily indicate beneficial ownership for any other purpose. In computing the number of shares beneficially owned by a person and the percentage ownership of that person, shares of common stock subject to restrictions, options or warrants held by that person that are currently exercisable or exercisable within 60 days of the date of this prospectus are deemed outstanding. Such shares, however, are not deemed outstanding for the purposes of computing the percentage ownership of any other person. Except as indicated in the footnotes to the following table or pursuant to applicable community property laws, we believe, based on information furnished to us, that each shareholder named in the table has sole voting and investment power with respect to the shares set forth opposite such shareholder's name.

For further information regarding material transactions between us and the principal shareholders, see "Certain Relationships and Related Party Transactions."

Except as otherwise indicated in the footnotes below, the address of each beneficial owner is c/o Acushnet Holdings Corp., Inc., 333 Bridge Street, Fairhaven, Massachusetts 02719.

Name of beneficial owner	Shares of common stock beneficially owned after the offering					
	Shares of common stock beneficially owned prior to the offering		Assuming the underwriters' option to purchase additional shares is not exercised		Assuming the underwriters' option to purchase additional shares is exercised in full	
	Number	Percentage	Number	Percentage	Number	Percentage
Shareholders:						
Fila Korea Ltd.(1)		%		%		%
Mirae Funds(2)		%		%		%
Woori-Blackstone Korea Opportunity Private Equity Fund 1(3)		%		%		%
Neoplux Co. Ltd.(4)		%		%		%
Named Executive Officers, Directors and Director Nominees:						
Walter (Wally) Uihlein(5)(6)		%		%		%
William Burke(5)(7)		%		%		%
Gerald Bellis(5)(8)		%		%		%
James Connor(5)(9)		%		%		%
Yoo Soo (Gene) Yoon(1)(5)		%		%		%
Sungwoo Ahn(10)		%		%		%
Hugh Lee(11)		%		%		%
Jung-Hun Ryu(12)		%		%		%
Yong Kyu Shin(13)		%		%		%
Keun Chang Yoon(14)		%		%		%
Jennifer Estabrook(15)		%		%		%
All executive officers(16), directors and director nominees as a group (16 persons)		%		%		%

* Less than one percent.

- (1) Represents _____ shares of our common stock owned by Magnus Holdings Co., Ltd., a wholly-owned subsidiary of Fila Korea Ltd., a public company listed on the Korea Exchange. Gene Yoon is the Chairman and Chief Executive Officer of Fila Korea Ltd. and may be deemed to be the beneficial owner and have voting and dispositive power with respect to the shares of our common stock held by Fila Korea Ltd. The address of Fila Korea Ltd. and Mr. Yoon is 6 Myeongdal-Ro, Seocho-Gu Seoul, Korea.
- (2) Represents (A) _____ shares of our common stock owned by Odin 3, LLC, and (B) _____ shares of our common stock owned by Odin 4, LLC, or together with Odin 3, LLC, the Mirae Funds. The Mirae Funds are each wholly owned by Mirae Asset Partners Private Equity Fund VII whose general partners are Mirae Asset Global Investments Co. Ltd. and Mirae Asset Securities Co. Ltd. Voting and investment decisions over the shares of our common stock held by the Mirae Funds are made by an investment committee of Mirae Asset Global Investments Co. Ltd., the members of whom are Sungwoo Ahn and Jung-Hun Ryu, both of whom are members of our board of directors, and six other members. Each of the members of the committee may be deemed to share voting and investment power with respect to the shares owned by the Mirae Funds. The address for the Mirae entities is 26F, East Tower, 26, Eulji-ro 5-gil, Jung-gu, Seoul, Korea.
- (3) Represents _____ shares of our common stock owned by WB Atlas LLC, an investment vehicle of Woori-Blackstone Korea Opportunity Private Equity Fund 1. Voting and investment decisions over the shares of our common stock held by WB Atlas LLC are made by the investment committees of Woori-Blackstone Korea Opportunity Private Equity Fund 1, which is jointly managed by Woori Private Equity Co., Ltd. and Blackstone Korea Advisors Limited as general partners. The address for WB Atlas LLC is 6th Fl., Seoul Finance Center, 136, Sejong-daero, Jung-gu, Seoul, 100-76, Korea.
- (4) Represents _____ shares of our common stock owned by Neoplux No. 1 Private Equity, an affiliate of Neoplux Co. Ltd. Voting and investment decisions over the shares of our common stock held by Neoplux No. 1 Private Equity are made by the Investment Committee of Neoplux No. 1 Private Equity. The Investment Committee of Neoplux No. 1 Private Equity consists of four members: Mr. Lee, Sangha, Mr. Kim, Donghwan, Mr. Min, Kyungmin and Ms. Park, Jiyoung. These individuals may be deemed to beneficially own the shares of our common stock that are owned by Neoplux No. 1 Private

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Equity. Such persons disclaim beneficial ownership of such shares of our common stock. The address for Neoplux No. 1 Private Equity is 18F, Glass Tower Bldg., 534 Teheran-ro, Gangnam-gu, Seoul, Korea.

- (5) Does not reflect any shares that may be issued upon settlement of outstanding EARS.
- (6) Does not reflect any shares that may be issued upon settlement of outstanding RSUs or PSUs. In June 2016, Mr. Uihlein was granted RSUs, which will vest in equal installments on December 31, 2016, 2017 and 2018, and PSUs, which will vest on December 31, 2018 based upon the achievement of certain performance metrics.
- (7) Does not reflect any shares that may be issued upon settlement of outstanding RSUs or PSUs. In June 2016, Mr. Burke was granted RSUs, which will vest in equal installments on December 31, 2016, 2017 and 2018, and PSUs, which will vest on December 31, 2018 based upon the achievement of certain performance metrics.
- (8) Mr. Bellis retired effective February 29, 2016.
- (9) Does not reflect any shares that may be issued upon settlement of outstanding RSUs or PSUs. In June 2016, Mr. Connor was granted RSUs, which will vest in equal installments on December 31, 2016, 2017 and 2018, and PSUs, which will vest on December 31, 2018 based upon the achievement of certain performance metrics. Mr. Connor is expected to retire effective as of December 31, 2016.
- (10) Sungwoo Ahn is a Chief Investment Officer at Mirae Assets Global Investments' PEF Business Unit. Mr. Ahn disclaims beneficial ownership of any shares of our common stock owned by Mirae Assets Global Investments. The address for Mr. Ahn is 26F, East Tower, 26, Eulji-ro 5-gil, Jung-gu, Seoul, Korea. Mr. Ahn will resign from the board of directors contingent upon, and effective immediately following, the pricing of this offering.
- (11) Hugh Lee, who is the son-in-law of the chairman of our board of directors, is President of Acushnet Korea Co., Ltd. The address for Mr. Lee is 8F, 509, Teheran-ro, Gangnam-gu, Seoul, Korea. Mr. Lee will resign from the board of directors contingent upon, and effective immediately following, the pricing of this offering.
- (12) Jung-Hun Ryu is a President at Mirae Assets Global Investments' PEF Business Unit. Mr. Ryu disclaims beneficial ownership of any shares of our common stock owned by Mirae Assets Global Investments. The address for Mr. Ryu is 26F, East Tower, 26, Eulji-ro 5-gil, Jung-gu, Seoul, Korea. Mr. Ryu will resign from the board of directors contingent upon, and effective immediately following, the pricing of this offering.
- (13) Yong-Kyu Shin is a director at Blackstone Korea Advisors, one of the general partners for Woori-Blackstone Korea Opportunity Private Equity Fund 1. Mr. Shin disclaims beneficial ownership of any shares of our common stock owned by Woori-Blackstone Korea Opportunity Private Equity Fund 1. The address for Mr. Shin is C-5302, 57, Eonju-ro 30-gil, Gangnam-gu Seoul, Korea. Mr. Shin will resign from the board of directors contingent upon, and effective immediately following, the pricing of this offering.
- (14) Keun Chang Yoon, who is the son of the chairman of our board of directors, is a Vice President at Fila Korea Ltd., Chief Financial Officer of Fila USA, Inc. and Chief Operating Officer of Fila Sport Hong Kong. Mr. Yoon disclaims beneficial ownership of any shares of our common stock owned by Fila Korea Ltd. The address for Mr. Yoon is 6 Myeongdal-Ro, Seocho-Gu Seoul, Korea. Mr. Yoon will resign from the board of directors contingent upon, and effective immediately following, the pricing of this offering.
- (15) Ms. Estabrook disclaims beneficial ownership of any shares of our common stock owned by Fila Korea Ltd. The address of Ms. Estabrook is c/o Fila North America, 1411 Broadway, New York, New York 10018.
- (16) Includes current executive officers as of May 31, 2016 as well as our named executive officers who are no longer executive officers.

CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS

Convertible Preferred Stock

In 2013, we paid dividends in the amount of (i) \$10.5 million on Convertible Preferred Stock held by the Mirae Funds and (ii) \$2.5 million on Convertible Preferred Stock held by an entity affiliated with Woori-Blackstone Korea Opportunity Private Equity Fund 1.

In 2014, we paid dividends in the amount of (i) \$10.4 million on Convertible Preferred Stock held by the Mirae Funds and (ii) \$2.5 million on Convertible Preferred Stock held by an entity affiliated with Woori-Blackstone Korea Opportunity Private Equity Fund 1.

In 2015, we paid dividends in the amount of (i) \$10.4 million on Convertible Preferred Stock held by the Mirae Funds and (ii) \$2.5 million on Convertible Preferred Stock held by an entity affiliated with Woori-Blackstone Korea Opportunity Private Equity Fund 1.

Immediately prior to the closing of this offering, (i) the Mirae Funds will receive _____ shares of our common stock and \$ _____ of accrued and unpaid dividends upon conversion of 1,388,027 shares of outstanding Convertible Preferred Stock held by such entities and (ii) an entity affiliated with Woori-Blackstone Korea Opportunity Private Equity Fund 1 will receive _____ shares of our common stock and \$ _____ of accrued and unpaid dividends upon conversion of 330,000 shares of outstanding Convertible Preferred Stock held by such entity.

Convertible Notes

During 2013, we paid interest in the amount of (i) \$20.6 million on Convertible Notes held by the Mirae Funds and (ii) \$5.0 million on Convertible Notes held by an entity affiliated with Woori-Blackstone Korea Opportunity Private Equity Fund 1.

During 2014, we paid interest in the amount of (i) \$20.6 million on Convertible Notes held by the Mirae Funds and (ii) \$5.0 million on Convertible Notes held by an entity affiliated with Woori-Blackstone Korea Opportunity Private Equity Fund 1.

During 2015, we paid interest in the amount of (i) \$20.5 million on Convertible Notes held by the Mirae Funds and (ii) \$4.9 million on Convertible Notes held by an entity affiliated with Woori-Blackstone Korea Opportunity Private Equity Fund 1.

Immediately prior to the closing of this offering, (i) the Mirae Funds will receive _____ shares of our common stock and \$ _____ of accrued and unpaid interest upon conversion of \$274.5 million of outstanding Convertible Notes held by such entities and (ii) an entity affiliated with Woori-Blackstone Korea Opportunity Private Equity Fund 1 will receive _____ shares of our common stock and \$ _____ of accrued and unpaid interest upon conversion of \$66.0 million of outstanding Convertible Notes held by such entity.

7.5% Bonds due 2021 with Common Stock Warrants

In July 2013, Fila Korea Ltd. exercised its call option on warrants held by certain existing securityholders to purchase _____ shares of common stock. On August 7, 2013, Fila Korea Ltd. converted the warrants into common stock at the conversion price of \$ _____ per share, or \$34.5 million in the aggregate. We used the proceeds received from this warrant exercise to redeem a pro rata share of our outstanding 7.5% bonds due 2021, resulting in payments of (i) \$26.1 million to the Mirae Funds and (ii) \$6.2 million to an entity affiliated with Woori-Blackstone Korea Opportunity Private Equity Fund 1.

In July 2014, Fila Korea Ltd. exercised its call option on warrants held by certain existing securityholders to purchase _____ shares of common stock. On July 29, 2014, Fila Korea Ltd.

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converted the warrants into common stock at the conversion price of \$ _____ per share, or \$34.5 million in the aggregate. We used the proceeds received from this warrant exercise to redeem a pro rata share of our outstanding 7.5% bonds due 2021, resulting in payments of (i) \$26.1 million to the Mirae Funds and (ii) \$6.2 million to an entity affiliated with Woori-Blackstone Korea Opportunity Private Equity Fund 1.

In July 2015, Fila Korea Ltd. exercised its call option on warrants held by certain existing securityholders to purchase _____ shares of common stock. On July 28, 2015, Fila Korea Ltd. converted the warrants into common stock at the conversion price of \$ _____ per share, or \$34.5 million in the aggregate. We used the proceeds received from this warrant exercise to redeem a pro rata share of our outstanding 7.5% bonds due 2021, resulting in payments of (i) \$26.1 million to the Mirae Funds and (ii) \$6.2 million to an entity affiliated with Woori-Blackstone Korea Opportunity Private Equity Fund 1.

We currently expect that in July 2016, Fila Korea Ltd. will exercise its call option on warrants held by certain existing securityholders to purchase _____ shares of common stock. Such warrants convert into common stock at the conversion price of \$ _____ per share, or \$34.5 million in the aggregate. We will be required to use the proceeds received from this warrant exercise to redeem the remaining portion of our outstanding 7.5% bonds due 2021, which will result in payments of (i) \$26.1 million to the Mirae Funds and (ii) \$6.2 million to an entity affiliated with Woori-Blackstone Korea Opportunity Private Equity Fund 1.

Other

Subsidiaries of Fila Korea Ltd. granted a second lien pledge over shares in certain of Fila Korea Ltd.'s subsidiaries and entered into second lien account pledge agreements, in each case, in favor of Korea Development Bank, as security agent, to secure obligations of Acushnet Company under our former senior revolving credit agreement with Korea Development Bank and our secured floating rate notes. We expect these security interests to be released in connection with the initial funding under the new credit agreement.

We entered into an endorsement arrangement with Peter Uihlein, the son of our President and Chief Executive Officer, in 2012. Peter Uihlein is a professional golfer and an exempt member of the European PGA Tour. Peter Uihlein received aggregate payments of \$275,115, \$361,600 and \$314,000 pursuant to this endorsement arrangement in 2013, 2014 and 2015, respectively, and is expected to receive base retainer payments of \$300,000 in 2016.

Hugh Lee, who is the son-in-law of the chairman of our board of directors and currently a member of our board of directors who will resign from our board of directors contingent upon, and effective immediately following, the pricing of this offering, became the financial controller of our wholly-owned subsidiary, Acushnet Korea Co., Ltd., on September 30, 2015, and was appointed President of Acushnet Korea Co., Ltd. on April 1, 2016. For his services to Acushnet Korea Co., Ltd. in 2015, Mr. Lee received \$76,748 in salary and allowances and an annual cash incentive payment of \$86,652 which was paid in February 2016. Mr. Lee is expected to receive a salary of \$328,390 in 2016 and is eligible for an additional annual cash incentive payment.

Indemnification

See "Description of Capital Stock" for a description of indemnification of our directors and executive officers.

Our Policy Regarding Related Party Transactions

Prior to the completion of this offering, our board of directors will adopt a written statement of policy regarding transactions with related persons, which we refer to as our "related person policy." Our related person policy requires that a "related person" (as defined in paragraph (a) of Item 404 of Regulation S-K) must promptly disclose to the executive vice president, chief legal and administrative officer and secretary any "related person transaction" (defined as any transaction that we anticipate would be reportable by us under Item 404(a) of Regulation S-K in which we were or are to be a participant and the amount involved exceeds \$120,000 and in which any related person had or will have a direct or indirect material interest) and all material facts with respect thereto. The executive vice president, chief legal and administrative officer and secretary will then promptly communicate that information to our board of directors. No related person transaction will be executed without the approval or ratification of our board of directors or a duly authorized committee of our board of directors. It is our policy that directors interested in a related person transaction will recuse themselves from any vote on a related person transaction in which they have an interest.

DESCRIPTION OF INDEBTEDNESS

Senior Secured Credit Facilities

Overview

On April 27, 2016, Acushnet Holdings Corp., Acushnet Company, or the U.S. Borrower, Acushnet Canada Inc., or the Canadian Borrower and Acushnet Europe Limited, or the UK Borrower entered into the new credit agreement with Wells Fargo Bank, National Association, as the administrative agent, L/C issuer and swing line lender and each lender from time to time party thereto, which provides for (i) a new \$275.0 million multi-currency revolving credit facility, including a \$20.0 million letter of credit sub-facility, a swing line sublimit of \$25.0 million, a C\$25.0 million sub-facility for borrowings by the Canadian Borrower, a £20.0 million sub-facility for borrowings by the UK Borrower and an alternative currency sublimit of \$100.0 million for borrowings in Canadian dollars, euros, pounds sterling and Japanese yen, (ii) a new \$375.0 million term loan A facility and (iii) a new \$100.0 million delayed draw term loan A facility, each of which matures on the fifth anniversary of the initial funding under the new credit agreement.

The new credit agreement was signed and became effective on April 27, 2016 and we expect the initial funding under the new credit agreement to occur on or around July 29, 2016. On the initial funding date, we expect to use the proceeds of the new term loan A facility and borrowings under the new revolving credit facility to repay all amounts outstanding under our secured floating rate notes, our former senior revolving credit facility, and certain of our former working credit facilities and to pay fees and expenses related to the foregoing. The new credit agreement contains conditions precedent to the U.S. Borrower's ability to receive the proceeds of the new term loan A facility and the new delayed draw term loan A facility, including that there shall not have occurred a material adverse effect with respect to the U.S. Borrower. Until the date that is one year after the initial funding date, the commitments under the new delayed draw term loan A facility will be available to make payments in connection with the final payout of the outstanding EARs under the EAR Plan.

In addition, the new credit agreement allows for the incurrence of additional term loans or increases to our new revolving credit facility in an aggregate principal amount not to exceed (i) \$200.0 million, plus (ii) an unlimited amount so long as the Net Average Secured Leverage ratio (as defined in the new credit agreement) does not exceed 2.00:1.00 on a pro forma basis and, subject, in each case, to certain conditions and receipt of commitments by existing or additional financial institutions or institutional lenders.

Interest Rate and Fees

Borrowings (other than swing line loans) under the new credit agreement will bear interest at a rate per annum equal to an applicable margin plus, at our option, either (1) solely for borrowings in U.S. dollars, a base rate determined by reference to the highest of (a) the Federal Funds rate plus 0.50%, (b) the prime rate of Wells Fargo Bank, National Association and (c) the Eurodollar rate determined by reference to the cost of funds for U.S. dollar deposits for an interest period of one month adjusted for certain additional costs, plus 1.00% or (2) a Eurodollar rate determined by reference to the costs of funds for deposits in the currency of the applicable borrowing for the interest period relevant to such borrowing adjusted for certain additional costs. Swing line loans will bear interest at the base rate plus the applicable margin. The applicable margin for Eurodollar borrowings under the new credit agreement will initially be 1.75% and ranges from 1.25% to 2.00%, and will initially be 0.75% and ranges from 0.25% to 1.00% for base-rate borrowings, and in each case varies based upon a leverage-based pricing grid.

Interest on borrowings under the new credit agreement will be payable (1) on the last day of any interest period with respect to Eurodollar borrowings with an applicable interest period of three months or less, (2) every three months with respect to Eurodollar borrowings with an interest period of greater than three months or (3) on the last business day of each March, June, September and

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December with respect to base rate borrowings and swing line borrowings. In addition, beginning with the date of the initial funding under the new credit agreement, we will be required to pay a commitment fee on any unutilized commitments under the new revolving credit facility and the new delayed draw term loan A facility and, from the date that is sixty days after the signing date, a ticking fee on all committed amounts earned under the new credit agreement. The initial commitment fee rate is 0.30% per annum and ranges from 0.20% to 0.35% based upon a leverage-based pricing grid. We will also be required to pay customary letter of credit fees.

Prepayments

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

- 100% of the net cash proceeds of all non-ordinary course asset sales or other dispositions of property by the U.S. Borrower and its restricted subsidiaries (including insurance and condemnation proceeds, subject to de minimis thresholds), (1) if we do not reinvest those net cash proceeds in assets to be used in our business or to make certain other permitted investments, within 12 months of the receipt of such net cash proceeds or (2) if we commit to reinvest such net cash proceeds within 12 months of the receipt thereof, but do not reinvest such net cash proceeds within 18 months of the receipt thereof; and
- 100% of the net proceeds of any issuance or incurrence of debt by the U.S. Borrower or any of its restricted subsidiaries, other than debt permitted under the new credit agreement.

The foregoing mandatory prepayments are used to reduce the installments of principal in such order: first, to prepay outstanding loans under the new term loan A facility, the new delayed draw term loan A facility and any incremental term loans on a pro rata basis in direct order of maturity and second, to prepay outstanding loans under the new revolving credit facility.

We may voluntarily repay outstanding loans under the new credit agreement at any time without premium or penalty, other than customary "breakage" costs with respect to Eurodollar loans. Any optional prepayment of term loans will be applied as directed by the U.S. Borrower.

Amortization

We will be required to make principal payments on the loans under the term loan facilities in quarterly installments in aggregate annual amounts equal to (i) 5.00% of the original principal amount for the first and second year after the initial funding date, (ii) 7.50% of the original principal amount for the third and fourth year after the initial funding date and (iii) 10.0% of the original principal amount for the fifth year after the initial funding date. The remaining outstanding amount is payable on the date that is five years after the initial funding date, the maturity date for the term loan facilities. Principal amounts outstanding under the new revolving credit facility will be due and payable in full on the date that is five years after the initial funding date, the maturity date for the new revolving credit facility.

Guarantee and Security

All obligations under the new credit agreement will be unconditionally guaranteed by Acushnet Holdings Corp., the direct parent of the U.S. Borrower, the U.S. Borrower and, subject to certain exceptions, each of our material current and future domestic wholly-owned restricted subsidiaries, or the U.S. guarantors. All obligations under the new credit agreement, and the guarantees of those obligations, will be secured by substantially all of the following assets of the U.S. Borrower and each U.S. guarantor, subject to certain exceptions, including:

- a pledge of 100% of the capital stock of the U.S. Borrower and 100% of the equity interests directly held by the U.S. Borrower and each U.S. guarantor in any wholly-owned subsidiary of the U.S. Borrower or any U.S. guarantor (which pledge, in the case of any subsidiary (i) that is a

"controlled foreign corporation" for United States federal income tax purposes, or (ii) substantially all of the assets of which consist of equity interests in one or more "controlled foreign corporations" (including Acushnet International Inc.), will not include more than 65% of the voting stock of such subsidiary), subject to certain exceptions; and

- a security interest in, and mortgages on, substantially all tangible and intangible assets of the U.S. Borrower and each U.S. guarantor, subject to certain exceptions.

In addition, all obligations under the new credit agreement of the UK Borrower and the Canadian Borrower will be unconditionally guaranteed by Acushnet International Inc., the direct parent of the UK Borrower and the Canadian Borrower, and will be secured by a pledge of the equity interests of the UK Borrower and the Canadian Borrower and a lien on substantially all assets of the UK Borrower and the Canadian Borrower.

Certain Covenants and Events of Default

The new credit agreement contains a number of covenants that at any time after the initial funding date, among other things, restrict the ability of the U.S. Borrower and its restricted subsidiaries to (subject to certain exceptions):

- incur, assume, or permit to exist additional indebtedness or guarantees;
- incur liens;
- make investments and loans;
- pay dividends, make payments, or redeem or repurchase capital stock or make prepayments, repurchases or redemptions of certain indebtedness;
- engage in mergers, liquidations, dissolutions, asset sales, and other dispositions (including sale leaseback transactions);
- amend or otherwise alter terms of certain indebtedness or certain other agreements;
- enter into agreements limiting subsidiary distributions or containing negative pledge clauses;
- engage in certain transactions with affiliates;
- alter the nature of the business that we conduct; or
- change our fiscal year or accounting practices.

The new credit agreement covenants will also restrict the ability of Acushnet Holdings Corp. to engage in certain mergers or consolidations or engage in any activities other than permitted activities. The new credit agreement also contains certain customary affirmative covenants and events of default (including change of control). If an event of default occurs and is continuing, the administrative agent, on behalf of the lenders, may accelerate the amounts and terminate all commitments outstanding under the new credit agreement and may exercise remedies in respect of the collateral. In addition, the new credit agreement includes maintenance covenants that on and after the initial funding date will require compliance by Acushnet Company with leverage and interest coverage ratios.

The covenants in the new credit agreement are subject to certain exceptions and baskets which permit the U.S. Borrower, among other things, to make payments in connection with the final payout of the outstanding EARs under the EAR Plan in an amount of up to \$200.0 million and to make certain investments in an amount of up to \$50.0 million. The U.S. Borrower will also be permitted to pay dividends and make similar payments to Acushnet Holdings Corp. in an amount not to exceed \$125.0 million plus any unused amounts available under the baskets for EAR Plan payments and investments described in the foregoing sentence so as long as the aggregate amount of such dividends and other payments does not exceed \$50.0 million in any fiscal year (with any unused amounts in any fiscal year being carried over to succeeding fiscal years, subject to a maximum of \$100.0 million for any fiscal year). The availability of certain baskets and the ability to enter into certain transactions (including the ability of the U.S. Borrower to pay dividends to Acushnet Holdings Corp.) may also be subject to the absence of default and/or compliance with financial leverage ratios.

DESCRIPTION OF CAPITAL STOCK

The following descriptions summarize the terms of our capital stock, our amended and restated certificate of incorporation and our amended and restated bylaws, each of which will be in effect upon the closing of this offering. As it is only a summary, it does not contain all the information that may be important to you. For a complete description, you should refer to our amended and restated certificate of incorporation and amended and restated bylaws, the forms of which are filed as exhibits to the registration statement of which this prospectus is a part.

Our purpose is to engage in any lawful act or activity for which corporations may now or hereafter be organized under the DGCL. Upon the closing of this offering, our authorized capital stock will consist of _____ shares of common stock, par value \$0.001 per share, and _____ shares of preferred stock, par value \$0.001 per share. As of March 31, 2016, there were _____ shares of common stock outstanding held of record by six shareholders (after giving effect to (i) the automatic conversion of all of our outstanding Convertible Notes into an aggregate of _____ shares of our common stock and the automatic conversion of all of our outstanding Convertible Preferred Stock into an aggregate of _____ shares of our common stock, each of which will occur immediately prior to the closing of this offering and (ii) the exercise by Fila Korea Ltd. of all of our outstanding common stock warrants into an aggregate of _____ shares of our common stock which is expected to occur in July 2016, and without giving effect to (i) any shares of our common stock that are issuable following vesting in settlement of outstanding RSUs and PSUs, which were issued under our 2015 Incentive Plan, and (ii) any shares of our common stock that are issuable in respect of the settlement of up to 50% of the outstanding EARs, which were issued under the EAR Plan).

No shares of preferred stock will be issued or outstanding immediately after this offering. Unless our board of directors determines otherwise, we will issue all shares of our capital stock in uncertificated form.

We, our executive officers, directors, director nominees and all our existing shareholders, including the selling shareholders, will enter into lock-up agreements with the underwriters that will, subject to certain customary exceptions, restrict the sale of the shares of our common stock and certain other securities held by them for 180 days following the date of this prospectus. J.P. Morgan Securities LLC and Morgan Stanley & Co. LLC may, in their sole discretion and at any time without notice, release all or any portion of the shares or securities subject to any such lock-up agreements. See "Underwriting" for a description of these lock-up agreements.

Common Stock

Holders of our common stock are entitled to one vote for each share held of record on all matters on which shareholders are entitled to vote generally, including the election or removal of directors. The holders of our common stock do not have cumulative voting rights in the election of directors.

Upon our liquidation, dissolution or winding up and after payment in full of all amounts required to be paid to creditors and to the holders of preferred stock having liquidation preferences, if any, the holders of our common stock will be entitled to receive pro rata our remaining assets available for distribution. Holders of our common stock do not have preemptive, subscription, redemption or conversion rights. The common stock will not be subject to further calls or assessment by us. There will be no redemption or sinking fund provisions applicable to the common stock. All shares of our common stock that will be outstanding at the time of the closing of the offering will be fully paid and non-assessable. The rights, powers, preferences and privileges of holders of our common stock will be subject to those of the holders of any shares of our preferred stock we may authorize and issue in the future.

Preferred Stock

Our amended and restated certificate of incorporation authorizes our board of directors to establish one or more series of preferred stock (including convertible preferred stock). Unless required by law or by _____, the authorized shares of preferred stock will be available for issuance without further action by you. Our board of directors is able to determine, with respect to any series of preferred stock, the powers (including voting powers), preferences and relative participations, optional or other special rights, and the qualifications, limitations or restrictions thereof, including, without limitation:

- the designation of the series;
- the number of shares of the series, which our board of directors may, except where otherwise provided in the preferred stock designation, increase (but not above the total number of authorized shares of the class) or decrease (but not below the number of shares then outstanding);
- whether dividends, if any, will be cumulative or non-cumulative and the dividend rate of the series;
- the dates at which dividends, if any, will be payable;
- the redemption rights and price or prices, if any, for shares of the series;
- the terms and amounts of any sinking fund provided for the purchase or redemption of shares of the series;
- the amounts payable on shares of the series in the event of any voluntary or involuntary liquidation, dissolution or winding-up of the affairs of the Company;
- whether the shares of the series will be convertible into shares of any other class or series, or any other security, of the Company or any other corporation, and, if so, the specification of the other class or series or other security, the conversion price or prices or rate or rates, any rate adjustments, the date or dates as of which the shares will be convertible and all other terms and conditions upon which the conversion may be made;
- restrictions on the issuance of shares of the same series or of any other class or series; and
- the voting rights, if any, of the holders of the series.

We will be able to issue a series of preferred stock that could, depending on the terms of the series, impede or discourage an acquisition attempt or other transaction that some, or a majority, of the holders of our common stock might believe to be in their best interests or in which the holders of our common stock might receive a premium for your common stock over the market price of the common stock. In addition, the issuance of preferred stock may adversely affect the holders of our common stock by restricting dividends on the common stock, diluting the voting power of the common stock or subordinating the liquidation rights of the common stock. As a result of these or other factors, the issuance of preferred stock could have an adverse impact on the market price of our common stock.

Dividends

The DGCL permits a corporation to declare and pay dividends out of "surplus" or, if there is no "surplus," out of its net profits for the fiscal year in which the dividend is declared and/or the preceding fiscal year. "Surplus" is defined as the excess of the net assets of the corporation over the amount determined to be the capital of the corporation by the board of directors. The capital of the corporation is typically calculated to be (and cannot be less than) the aggregate par value of all issued

shares of capital stock. Net assets equals the fair value of the total assets minus total liabilities. The DGCL also provides that dividends may not be paid out of net profits if, after the payment of the dividend, remaining capital would be less than the capital represented by the outstanding stock of all classes having a preference upon the distribution of assets.

Declaration and payment of any dividend will be subject to the discretion of our board of directors. The time and amount of dividends will be dependent upon our financial condition, operations, cash requirements and availability, debt repayment obligations, capital expenditure needs and restrictions in our debt instruments, industry trends, the provisions of Delaware law affecting the payment of distributions to shareholders and any other factors our board of directors may consider relevant.

See "Dividend Policy," "Management's Discussion and Analysis of Financial Condition and Results of Operations—Indebtedness" and "Description of Indebtedness."

Annual Shareholder Meetings

Our amended and restated certificate of incorporation and our amended and restated bylaws provide that annual shareholder meetings will be held at a date, time and place, if any, as exclusively selected by our board of directors. To the extent permitted under applicable law, we may conduct meetings by remote communications, including by webcast.

Anti-Takeover Effects of Our Amended and Restated Certificate of Incorporation and Amended and Restated Bylaws and Certain Provisions of Delaware Law

Our amended and restated certificate of incorporation and amended and restated bylaws will contain and the DGCL contains provisions, which are summarized in the following paragraphs, that are intended to enhance the likelihood of continuity and stability in the composition of our board of directors. These provisions are intended to avoid costly takeover battles, reduce our vulnerability to a hostile change of control and enhance the ability of our board of directors to maximize shareholder value in connection with any unsolicited offer to acquire us. However, these provisions may have an anti-takeover effect and may delay, deter or prevent a merger or acquisition of the Company by means of a tender offer, a proxy contest or other takeover attempt that a shareholder might consider in its best interest, including those attempts that might result in a premium over the prevailing market price for the shares of common stock held by shareholders.

Authorized but Unissued Capital Stock

Delaware law does not require shareholder approval for any issuance of authorized shares. However, the listing requirements of _____, which would apply if and so long as our common stock remains listed on _____, require shareholder approval of certain issuances equal to or exceeding 20% of the then outstanding voting power or then outstanding number of shares of common stock and certain other circumstances. Additional shares that may be issued in the future may be used for a variety of corporate purposes, including future public offerings, to raise additional capital or to facilitate acquisitions.

Our board of directors may generally issue preferred shares on terms calculated to discourage, delay or prevent a change of control of the Company or the removal of our management. Moreover, our authorized but unissued shares of preferred stock will be available for future issuances without shareholder approval and could be utilized for a variety of corporate purposes, including future offerings to raise additional capital, to facilitate acquisitions and employee benefit plans.

One of the effects of the existence of unissued and unreserved common stock or preferred stock may be to enable our board of directors to issue shares to persons friendly to current management,

which issuance could render more difficult or discourage an attempt to obtain control of the Company by means of a merger, tender offer, proxy contest or otherwise, and thereby protect the continuity of our management and possibly deprive our shareholders of opportunities to sell their shares of common stock at prices higher than prevailing market prices.

No Cumulative Voting

Under Delaware law, the right to vote cumulatively does not exist unless the certificate of incorporation specifically authorizes cumulative voting. Our amended and restated certificate of incorporation will not authorize cumulative voting. Therefore, shareholders holding a majority in voting power of the shares of our stock entitled to vote generally in the election of directors will be able to elect all our directors.

Requirements for Advance Notification of Director Nominations and Shareholder Proposals

Our amended and restated bylaws establish advance notice procedures with respect to shareholder proposals and the nomination of candidates for election as directors, other than nominations made by or at the direction of the board of directors or a committee of the board of directors. In order for any matter to be "properly brought" before a meeting, a shareholder will have to comply with advance notice requirements and provide us with certain information. Generally, to be timely, a shareholder's notice must be received at our principal executive offices not less than 90 days nor more than 120 days prior to the first anniversary date of the immediately preceding annual meeting of shareholders. Our amended and restated bylaws also specify requirements as to the form and content of a shareholder's notice. Our amended and restated bylaws allow the chairman of the meeting at a meeting of the shareholders to adopt rules and regulations for the conduct of meetings which may have the effect of precluding the conduct of certain business at a meeting if the rules and regulations are not followed. These provisions may also defer, delay or discourage a potential acquirer from conducting a solicitation of proxies to elect the acquirer's own slate of directors or otherwise attempting to influence or obtain control of the Company.

Dissenters' Rights of Appraisal and Payment

Under the DGCL, with certain exceptions, our shareholders will have appraisal rights in connection with a merger or consolidation of us. Pursuant to the DGCL, shareholders who properly request and perfect appraisal rights in connection with such merger or consolidation will have the right to receive payment of the fair value of their shares as determined by the Delaware Court of Chancery.

Shareholders' Derivative Actions

Under the DGCL, any of our shareholders may bring an action in our name to procure a judgment in our favor, also known as a derivative action, provided that the shareholder bringing the action is a holder of our shares at the time of the transaction to which the action relates or such shareholder's stock thereafter devolved by operation of law.

Exclusive Forum

Our amended and restated certificate of incorporation will provide that unless we consent to the selection of an alternative forum, the Court of Chancery of the State of Delaware shall, to the fullest extent permitted by law, be the sole and exclusive forum for any:

- derivative action or proceeding brought on behalf of the Company;
- action asserting a claim of breach of a fiduciary duty owed by any director or officer of the Company to the Company or the Company's shareholders, creditors or other constituents;

- action asserting a claim against the Company or any director or officer of the Company arising pursuant to any provision of the DGCL or our amended and restated certificate of incorporation or our amended and restated bylaws; or
- action asserting a claim against the Company or any director or officer of the Company governed by the internal affairs doctrine,

in each such case subject to said Court of Chancery having personal jurisdiction over the indispensable parties named as defendants therein.

Any person or entity purchasing or otherwise acquiring any interest in shares of capital stock of the Company shall be deemed to have notice of and consented to the forum provisions in our amended and restated certificate of incorporation. However, the enforceability of similar forum provisions in other companies' certificates of incorporation has been challenged in legal proceedings, and it is possible that a court could find these types of provisions to be unenforceable.

Limitations on Liability and Indemnification of Officers and Directors

The DGCL authorizes corporations to limit or eliminate the personal liability of directors to corporations and their shareholders for monetary damages for breaches of directors' fiduciary duties, subject to certain exceptions. Our amended and restated certificate of incorporation includes a provision that eliminates the personal liability of directors for monetary damages for any breach of fiduciary duty as a director, except to the extent such exemption from liability or limitation thereof is not permitted under the DGCL. The effect of these provisions is to eliminate the rights of us and our shareholders, through shareholders' derivative suits on our behalf, to recover monetary damages from a director for breach of fiduciary duty as a director, including breaches resulting from grossly negligent behavior. However, exculpation does not apply to any director if the director has acted in bad faith, knowingly or intentionally violated the law, authorized illegal dividends or redemptions or derived an improper benefit from his or her actions as a director.

Our amended and restated bylaws provide that we must indemnify and advance expenses to our directors and officers to the fullest extent authorized by the DGCL. We also are expressly authorized to carry directors' and officers' liability insurance providing indemnification for our directors, officers and certain employees for some liabilities. We believe that these indemnification and advancement provisions and insurance are useful to attract and retain qualified directors and executive officers.

The limitation of liability, indemnification and advancement provisions in our amended and restated certificate of incorporation and amended and restated bylaws may discourage shareholders from bringing a lawsuit against directors for breach of their fiduciary duty. These provisions also may have the effect of reducing the likelihood of derivative litigation against directors and officers, even though such an action, if successful, might otherwise benefit us and our shareholders. In addition, your investment may be adversely affected to the extent we pay the costs of settlement and damage awards against directors and officers pursuant to these indemnification provisions.

There is currently no pending material litigation or proceeding involving any of our directors, officers or employees for which indemnification is sought.

Listing

We intend to apply to have our common stock approved for listing on _____ under the symbol "GOLF."

Transfer Agent and Registrar

The transfer agent and registrar for our common stock will be _____.

SHARES ELIGIBLE FOR FUTURE SALE

General

Prior to this offering, there has not been a public market for shares of our common stock. We cannot predict what effect, if any, future sales of shares of common stock, or the availability for future sales of shares of common stock will have on the market price of our common stock prevailing from time to time. Nevertheless, sales of substantial amounts of common stock, including shares issued upon the exercise of outstanding options, in the public market, or the perception that such sales could occur, could materially and adversely affect the market price of our common stock and could impair our future ability to raise capital through the sale of our equity or equity-related securities at a time and price that we deem appropriate. See "Risk Factors—Risks Related to this Offering and Ownership of Our Common Stock—Future sales, or the perception of future sales, by us or our existing shareholders in the public market following this offering could cause the market price for our common stock to decline."

Upon the closing of this offering, we will have _____ shares of common stock outstanding, after giving effect to (i) the automatic conversion of all of our outstanding Convertible Notes into an aggregate of _____ shares of our common stock and the automatic conversion of all of our outstanding Convertible Preferred Stock into an aggregate of _____ shares of our common stock, each of which will occur immediately prior to the closing of this offering and (ii) the exercise by Fila Korea Ltd. of all of our outstanding common stock warrants into an aggregate of _____ shares of our common stock which is expected to occur in July 2016. All shares sold in this offering will be freely tradable without registration under the Securities Act and without restriction by persons other than our "affiliates" (as defined under Rule 144). The _____ shares of common stock held by certain existing investors and certain of our directors and executive officers after this offering will be "restricted" securities under the meaning of Rule 144 and may not be sold in the absence of registration under the Securities Act, unless an exemption from registration is available, including the exemptions pursuant to Rule 144 under the Securities Act. The restricted securities held by our affiliates will be available for sale in the public market at various times after the date of this prospectus pursuant to Rule 144 following the expiration of the applicable lock-up period.

An aggregate of _____ shares of our common stock have been reserved for issuance under our 2015 Incentive Plan (subject to adjustments for stock splits, stock dividends and similar events). In addition, shares of our common stock are issuable in respect of the settlement of up to 50% of the outstanding EARs, which were issued under the EAR Plan.

We intend to file one or more registration statements on Form S-8 under the Securities Act to register shares of our common stock issued or reserved for issuance under the 2015 Incentive Plan and issuable in respect of the EAR Plan. Any such Form S-8 registration statement will automatically become effective upon filing. Accordingly, shares registered under such registration statements will be available for sale in the open market, unless such shares are subject to vesting restrictions or the lock-up restrictions described below. We expect that the initial registration statement on Form S-8 will cover _____ shares of our common stock issuable pursuant to our 2015 Incentive Plan. We expect to file an additional or amended registration statement on Form S-8 prior to the settlement of our EARs which will cover shares of our common stock issuable pursuant to our EARs.

Rule 144

In general, under Rule 144, as currently in effect, a person (or persons whose shares are aggregated) who is not deemed to be or have been one of our affiliates for purposes of Rule 144 at any time during 90 days preceding a sale and who has beneficially owned the shares proposed to be sold for at least six months, including the holding period of any prior owner other than an affiliate, is entitled to sell such shares without registration, subject to compliance with the public information

requirements of Rule 144. If such a person has beneficially owned the shares proposed to be sold for at least one year, including the holding period of a prior owner other than an affiliate, then such person is entitled to sell such shares without complying with any of the requirements of Rule 144.

In general, under Rule 144, as currently in effect, our affiliates or persons selling shares on behalf of our affiliates, who have met the six month holding period for beneficial ownership of "restricted shares" of our common stock, are entitled to sell within any three-month period, a number of shares that does not exceed the greater of:

- 1% of the number of shares of our common stock then outstanding, which will equal approximately _____ shares immediately after this offering; or
- the average reported weekly trading volume of our common stock on _____ during the four calendar weeks preceding the filing of a notice on Form 144 with respect to such sale.

Sales under Rule 144 by our affiliates or persons selling shares on behalf of our affiliates are also subject to certain manner of sale provisions and notice requirements and to the availability of current public information about us. The sale of these shares, or the perception that sales will be made, could adversely affect the price of our common stock after this offering because a great supply of shares would be, or would be perceived to be, available for sale in the public market.

We are unable to estimate the number of shares that will be sold under Rule 144 since this will depend on the market price for our common stock, the personal circumstances of the shareholder and other factors.

Lock-Up Agreements

There are approximately _____ shares of common stock held by executive officers, directors, director nominees and our existing shareholders, who will be subject to lock-up agreements for a period of 180 days after the date of this prospectus, under which they will agree not to sell or otherwise dispose of their shares of common stock, subject to certain exceptions. J.P. Morgan Securities LLC and Morgan Stanley & Co. LLC may, in their sole discretion and at any time without notice, release all or any portion of the shares subject to any such lock-up agreements. See "Underwriting" for a description of these lock-up agreements.

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

Rule 701

In general, under Rule 701, as currently in effect, any of our employees, directors, officers, consultants or advisors who purchase or receive shares from us in connection with a compensatory stock or option plan or other written agreement before the effective date of this offering is entitled to resell such shares 90 days after the effective date of this offering in reliance on Rule 144.

Securities issued in reliance on Rule 701 are restricted securities and, subject to the contractual restrictions described above, beginning 90 days after the date of this prospectus, may be sold by persons other than "affiliates," as defined in Rule 144, subject only to the manner of sale provisions of Rule 144 and by "affiliates" under Rule 144 without compliance with its one-year minimum holding period requirement.

CERTAIN UNITED STATES FEDERAL INCOME AND ESTATE TAX CONSEQUENCES TO NON-U.S. HOLDERS

The following is a summary of certain United States federal income and estate tax consequences to a non-U.S. holder (as defined below) of the purchase, ownership and disposition of our common stock as of the date hereof. Except where noted, this summary deals only with common stock that is held as a capital asset.

A "non-U.S. holder" means a person (other than an entity treated as a partnership for United States federal income tax purposes) that is not for United States federal income tax purposes any of the following:

- an individual who is a citizen or resident of the United States;
- a corporation (or any other entity treated as a corporation for United States federal income tax purposes) created or organized in or under the laws of the United States, any state thereof or the District of Columbia;
- an estate the income of which is subject to United States federal income taxation regardless of its source; or
- a trust if it (1) is subject to the primary supervision of a court within the United States and one or more United States persons have the authority to control all substantial decisions of the trust or (2) has a valid election in effect under applicable United States Treasury regulations to be treated as a United States person.

This summary is based upon provisions of the Internal Revenue Code of 1986, as amended, and Treasury regulations thereunder, published rulings and administrative announcements of the Internal Revenue Service and judicial decisions, in each case as of the date hereof. Those authorities may be changed, perhaps retroactively, so as to result in United States federal income and estate tax consequences different from those summarized below. This summary does not address all aspects of United States federal income and estate taxes and does not deal with other federal tax laws such as gift tax laws, foreign, state, local or other tax considerations that may be relevant to non-U.S. holders in light of their particular circumstances. In addition, it does not represent a detailed description of the United States federal income tax consequences applicable to you if you are subject to special treatment under the United States federal income tax laws (including if you are a United States expatriate, "controlled foreign corporation," "passive foreign investment company" or a partnership or other pass-through entity for United States federal income tax purposes). We cannot assure you that a change in law will not alter significantly the tax considerations that we describe in this summary or that the Internal Revenue Service or a court will not take a contrary position to those we describe in this summary.

If an entity treated as a partnership for United States federal income tax purposes holds our common stock, the tax treatment of a partner will generally depend upon the status of the partner and the activities of the partnership. If you are a partner of a partnership holding our common stock, you should consult your tax advisors.

This discussion is for informational purposes only and is not tax advice. If you are considering the purchase of our common stock, you should consult your own tax advisors concerning the particular United States federal income and estate tax consequences to you of the ownership of the common stock, as well as the consequences to you arising under other federal tax laws or the laws of any other taxing jurisdiction.

Dividends and Other Distributions

Distributions of cash or property on our common stock will constitute dividends for United States federal income tax purposes to the extent paid from our current or accumulated earnings and profits,

as determined under United States federal income tax principles. Amounts not treated as dividends for United States federal income tax purposes will constitute a return of capital and first be applied against and reduce a non-U.S. holder's adjusted tax basis in its common stock, but not below zero. Any excess will be treated as capital gain and will be treated as described below under "—Gain on Taxable Disposition of Common Stock."

Dividends paid to a non-U.S. holder of our common stock generally will be subject to withholding of United States federal income tax at a 30% rate of the gross amount of the dividends (or such lower rate as may be specified by an applicable income tax treaty). However, dividends that are effectively connected with the conduct of a trade or business by the non-U.S. holder within the United States (and, if required by an applicable income tax treaty, are attributable to a United States permanent establishment) are not subject to the withholding tax, provided certain certification and disclosure requirements are satisfied. Instead, such dividends are subject to United States federal income tax on a net income basis at the regular graduated rates applicable to a United States person as defined under the Code. Any such effectively connected dividends received by a foreign corporation may be subject to an additional "branch profits tax" at a 30% rate or such lower rate as may be specified by an applicable income tax treaty. Non-U.S. holders should consult their tax advisors regarding any applicable tax treaties that may provide for different rules.

A non-U.S. holder of our common stock who wishes to claim the benefit of an applicable treaty rate and avoid backup withholding, as discussed below, for dividends will be required (a) to complete the applicable Internal Revenue Service Form W-8 and certify under penalty of perjury that such holder is not a United States person as defined under the Code and is eligible for treaty benefits and furnish it to the applicable withholding agent or (b) if our common stock is held through certain foreign intermediaries, to satisfy the relevant certification requirements of applicable United States Treasury regulations. Special certification and other requirements apply to certain non-U.S. holders that are pass-through entities rather than corporations or individuals.

A non-U.S. holder of our common stock eligible for a reduced rate of United States withholding tax pursuant to an income tax treaty may obtain a refund of any excess amounts withheld by timely filing an appropriate claim for refund with the Internal Revenue Service.

Gain on Taxable Disposition of Common Stock

Any gain realized on the taxable disposition of our common stock generally will not be subject to United States federal income tax unless:

- the gain is effectively connected with the conduct of a trade or business of the non-U.S. holder in the United States (and, if required by an applicable income tax treaty, is attributable to a United States permanent establishment of the non-U.S. holder);
- the non-U.S. holder is an individual who is present in the United States for 183 days or more in the taxable year of that disposition, and certain other conditions are met; or
- we are or have been a "United States real property holding corporation" for United States federal income tax purposes.

A non-U.S. holder described in the first bullet point immediately above will be subject to tax on the net gain derived from the disposition under regular graduated United States federal income tax rates applicable to a United States person as defined under the Code. An individual non-U.S. holder described in the second bullet point immediately above will be subject to a flat 30% tax on the gain derived from the disposition, which may be offset by United States source capital losses, even though the individual is not considered a resident of the United States. If a non-U.S. holder that is a foreign corporation falls under the first bullet point immediately above, it may also be subject to the branch profits tax equal to 30% (or such lower rate as may be specified by an applicable income tax treaty) of

its effectively connected earnings and profits (which could be increased by such gain), subject to adjustments.

We believe we are not and do not anticipate becoming a "United States real property holding corporation" for United States federal income tax purposes.

Federal Estate Tax

Common stock held by an individual non-U.S. holder at the time of death will be included in such holder's gross estate for United States federal estate tax purposes, unless an applicable estate tax treaty provides otherwise.

Information Reporting and Backup Withholding

We (or the applicable paying agent) must report annually to the Internal Revenue Service and to each non-U.S. holder the amount of dividends paid to such holder and the tax withheld with respect to such dividends, regardless of whether withholding was required. Copies of the information returns reporting such dividends and withholding may also be made available to the tax authorities in the country in which the non-U.S. holder resides under the provisions of an applicable income tax treaty.

A non-U.S. holder will be subject to backup withholding for dividends paid to such holder unless such holder certifies under penalty of perjury that it is a non-U.S. holder (and the applicable withholding agent does not have actual knowledge or reason to know that such holder is a United States person as defined under the Code), or such holder otherwise establishes an exemption.

Information reporting and, depending on the circumstances, backup withholding will apply to the proceeds of a sale of our common stock within the United States or conducted through certain United States-related financial intermediaries, unless the beneficial owner certifies under penalty of perjury that it is a non-U.S. holder (and the applicable withholding agent does not have actual knowledge or reason to know that the beneficial owner is a United States person as defined under the Code), or such owner otherwise establishes an exemption. Proceeds of a disposition of our common stock conducted through a non-United States office of a non-United States broker generally will not be subject to backup withholding or information reporting.

Backup withholding is not an additional tax. Any amounts withheld under the backup withholding rules may be allowed as a refund or a credit against a non-U.S. holder's United States federal income tax liability provided the required information is timely furnished to the Internal Revenue Service.

Additional Withholding Requirements

Under Sections 1471 through 1474 of the Code (such Sections commonly referred to as FATCA), a 30% United States federal withholding tax may apply to any dividends paid on our common stock and, for a disposition of our common stock occurring after December 31, 2018, the gross proceeds from such disposition, in each case paid to (i) a "foreign financial institution" (as specifically defined in the Code) which does not provide sufficient documentation, typically on IRS Form W-8BEN-E, evidencing either (x) an exemption from FATCA, or (y) its compliance (or deemed compliance) with FATCA (which may alternatively be in the form of compliance with an intergovernmental agreement with the United States) in a manner which avoids withholding, or (ii) a "non-financial foreign entity" (as specifically defined in the Code) which does not provide sufficient documentation, typically on IRS Form W-8BEN-E, evidencing either (x) an exemption from FATCA, or (y) adequate information regarding certain substantial United States beneficial owners of such entity (if any). If a dividend payment is both subject to withholding under FATCA and subject to the withholding tax discussed above under "—Dividends and Other Distributions," the withholding under FATCA may be credited against, and therefore reduce, such other withholding tax. You should consult your own tax advisor regarding these requirements and whether they may be relevant to your ownership and disposition of our common stock.

UNDERWRITING

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

<u>Name</u>	<u>Number of Shares</u>
J.P. Morgan Securities LLC	
Morgan Stanley & Co. LLC.	
Nomura Securities International, Inc.	
UBS Securities LLC	
Credit Suisse Securities (USA) LLC	
Daiwa Capital Markets America Inc.	
Deutsche Bank Securities Inc.	
Jefferies LLC	
Wells Fargo Securities, LLC	
Total	

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

The underwriters propose to offer the shares of common stock being sold by the selling shareholders directly to the public at the initial public offering price set forth on the cover page of this prospectus and to certain dealers at that price less a concession not in excess of \$ per share. After the initial public offering of the shares, the offering price and other selling terms may be changed by the underwriters. Certain of the underwriters may sell shares to the public through one or more of their affiliates, including, as selling agents.

We and the selling shareholders have agreed to indemnify the underwriters against certain liabilities, including liabilities under the Securities Act, or to contribute to payments the underwriters may be required to make in respect of those liabilities.

Option to Purchase Additional Shares

The underwriters have an option to buy up to additional shares of common stock from the selling shareholders. The underwriters have 30 days following the date of this prospectus to exercise this option. Any shares purchased by the underwriters will be allocated among the selling shareholders on a pro rata basis based on the number of shares such selling shareholder has agreed to sell pursuant to this option. If any shares are purchased with this option, the underwriters will purchase shares in approximately the same proportion as shown in the table above. If any additional shares of common stock are purchased, the underwriters will offer the additional shares on the same terms as those on which the shares are being offered.

Underwriting Discount and Expenses

The underwriting fee is equal to the public offering price per share of common stock less the amount paid by the underwriters to the selling shareholders per share of common stock sold by the

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selling shareholders. The underwriting fee is \$ _____ per share of common stock sold by the selling shareholders. The following table shows the per share and total underwriting discount to be paid to the underwriters assuming both no exercise and full exercise of the underwriters' over-allotment option to purchase additional shares.

<u>Paid by the selling shareholders</u>	<u>Without over-allotment exercise</u>	<u>With over-allotment exercise</u>
Per share	\$ _____	\$ _____
Total	\$ _____	\$ _____

We estimate that the total expenses of this offering, including registration, filing and listing fees, printing fees and legal and accounting expenses, but excluding the underwriting discount, will be approximately \$ _____ million. We have also agreed to reimburse the underwriters for certain of their expenses related to the filing and clearance of the offering by FINRA as set forth in the underwriting agreement.

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

Lock-up Agreements

We will agree that we will not, subject to certain exceptions, (1) offer, pledge, announce the intention to sell, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, or otherwise transfer or dispose of, directly or indirectly, or file with the SEC a registration statement under the Securities Act relating to, any shares of our common stock or securities convertible into or exchangeable or exercisable for any shares of our common stock, or publicly disclose the intention to make any offer, sale, pledge, disposition or filing, or (2) enter into any swap or other arrangement that transfers all or a portion of the economic consequences associated with the ownership of any shares of common stock or any such other securities (regardless of whether any of these transactions are to be settled by the delivery of shares of common stock or such other securities, in cash or otherwise), in each case without the prior written consent of J.P. Morgan Securities LLC and Morgan Stanley & Co. LLC for a period of 180 days after the date of this prospectus other than the shares of our common stock to be sold or issued hereunder and subject to other limited exceptions.

Our executive officers, directors and all of our existing shareholders, including the selling shareholders, will enter into lock-up agreements with the underwriters prior to the commencement of this offering pursuant to which each of these persons or entities, for a period of 180 days after the date of this prospectus, may not without the prior written consent of J.P. Morgan Securities LLC and Morgan Stanley & Co. LLC, subject to certain exceptions, (1) offer, pledge, announce the intention to sell, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase or otherwise transfer or dispose of, directly or indirectly, any shares of our common stock or any securities convertible into or exercisable or exchangeable for our common stock (including, without limitation, common stock or such other securities which may be deemed to be beneficially owned by such directors, executive officers, managers and members in accordance with the rules and regulations of the SEC and securities which may be issued upon exercise of a stock option or warrant), (2) enter into any swap or other agreement that transfers, in whole or in part, any of the economic consequences of ownership of the common stock or such other securities, whether any such transaction described in clause (1) or (2) above is to be settled

by delivery of common stock or such other securities, in cash or otherwise, or (3) make any demand for or exercise any right with respect to the registration of any shares of our common stock or any security convertible into or exercisable or exchangeable for our common stock, other than the shares of our common stock to be sold or issued hereunder and subject to other limited exceptions.

Listing

We intend to apply to have our common stock listed on _____ under the symbol "GOLF."

Price Stabilization and Short Positions

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

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

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

New Issue of Securities

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

- the information set forth in this prospectus and otherwise available to the representatives;
- our prospects and the history and prospects for the industry in which we compete;
- an assessment of our management;

- our prospects for future earnings;
- the general condition of the securities markets at the time of this offering;
- the recent market prices of, and demand for, publicly traded common stock of generally comparable companies; and
- other factors deemed relevant by the underwriters and the selling shareholders.

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

Other than in the United States, no action has been taken by us or the underwriters that would permit a public offering of the securities offered by this prospectus in any jurisdiction where action for that purpose is required. The securities offered by this prospectus may not be offered or sold, directly or indirectly, nor may this prospectus or any other offering material or advertisements in connection with the offer and sale of any such securities be distributed or published in any jurisdiction, except under circumstances that will result in compliance with the applicable rules and regulations of that jurisdiction. Persons into whose possession this prospectus comes are advised to inform themselves about and to observe any restrictions relating to the offering and the distribution of this prospectus. This prospectus does not constitute an offer to sell or a solicitation of an offer to buy any securities offered by this prospectus in any jurisdiction in which such an offer or a solicitation is unlawful.

Notice to Prospective Investors in Canada

The shares may be sold only to purchasers purchasing, or deemed to be purchasing, as principal that are accredited investors, as defined in National Instrument 45-106 Prospectus Exemptions or subsection 73.3(1) of the Securities Act (Ontario), and are permitted clients, as defined in National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations. Any resale of the shares must be made in accordance with an exemption from, or in a transaction not subject to, the prospectus requirements of applicable securities laws.

Securities legislation in certain provinces or territories of Canada may provide a purchaser with remedies for rescission or damages if this prospectus (including any amendment thereto) contains a misrepresentation, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the Securities legislation of the purchaser's province or territory. The purchaser should refer to any applicable provisions of the Securities legislation of the purchaser's province or territory for particulars of these rights or consult with a legal advisor.

Pursuant to section 3A.3 of National Instrument 33-105 Underwriting Conflicts (NI 33-105), the underwriters are not required to comply with the disclosure requirements of NI 33-105 regarding underwriter conflicts of interest in connection with this offering.

Notice to Prospective Investors in the European Economic Area

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a Relevant Member State), from and including the date on which the European Union Prospectus Directive, or the EU Prospectus Directive, was implemented in that Relevant Member State, or the Relevant Implementation Date, an offer of securities described in this prospectus may not be made to the public in that Relevant Member State prior to the publication of a prospectus in relation to the shares which has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, all in accordance with the EU Prospectus Directive, except that, with effect from and including the Relevant Implementation Date, an

offer of securities described in this prospectus may be made to the public in that Relevant Member State at any time:

- to any legal entity which is a qualified investor as defined under the EU Prospectus Directive;
- to fewer than 100 or, if the Relevant Member State has implemented the relevant provision of the 2010 PD Amending Directive, 150 natural or legal persons (other than qualified investors as defined in the EU Prospectus Directive); or
- in any other circumstances falling within Article 3(2) of the EU Prospectus Directive, provided that no such offer of securities described in this prospectus shall result in a requirement for the publication by us of a prospectus pursuant to Article 3 of the EU Prospectus Directive.

For the purposes of this provision, the expression an "offer of securities to the public" in relation to any securities in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the securities to be offered so as to enable an investor to decide to purchase or subscribe for the securities, as the same may be varied in that Member State by any measure implementing the EU Prospectus Directive in that Member State. The expression "EU Prospectus Directive" means Directive 2003/71/EC (and any amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State) and includes any relevant implementing measure in each Relevant Member State, and the expression "2010 PD Amending Directive" means Directive 2010/73/EU.

Notice to Prospective Investors in the United Kingdom

This document is only being distributed to and is only directed at (1) persons who are outside the United Kingdom, (2) to investment professionals falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, or Order, or (3) high net worth entities, and other persons to whom it may lawfully be communicated, falling within Article 49(2)(a) to (d) of the Order (all such persons together being referred to as relevant persons). The securities are only available to, and any invitation, offer or agreement to subscribe, purchase or otherwise acquire such securities will be engaged in only with, relevant persons. Any person who is not a relevant person should not act or rely on this document or any of its contents.

Notice to Prospective Investors in France

Neither this prospectus nor any other offering material relating to the shares described in this prospectus has been submitted to the clearance procedures of the *Autorité des Marchés Financiers* or of the competent authority of another member state of the European Economic Area and notified to the *Autorité des Marchés Financiers*. The shares have not been offered or sold and will not be offered or sold, directly or indirectly, to the public in France. Neither this prospectus nor any other offering material relating to the shares has been or will be (i) released, issued, distributed or caused to be released, issued or distributed to the public in France; or (ii) used in connection with any offer for subscription or sale of the shares to the public in France.

Such offers, sales and distributions will be made in France only:

- to qualified investors (*investisseurs qualifiés*) and/or to a restricted circle of investors (*cercle restreint d'investisseurs*), in each case investing for their own account, all as defined in, and in accordance with, articles L.411-2, D.411-1, D.411-2, D.734-1, D.744-1, D.754-1 and D.764-1 of the French *Code monétaire et financier* ;
- to investment services providers authorized to engage in portfolio management on behalf of third parties; or

- in a transaction that, in accordance with article L.411-2-II-1°-or-2°-or 3° of the French *Code monétaire et financier* and article 211-2 of the General Regulations (*Règlement Général*) of the *Autorité des Marchés Financiers* , does not constitute a public offer (*appel public à l'épargne*).

The shares may be resold directly or indirectly, only in compliance with articles L.411-1, L.411-2, L.412-1 and L.621-8 through L.621-8-3 of the French *Code monétaire et financier* .

Notice to Prospective Investors in Hong Kong

The shares may not be offered or sold in Hong Kong by means of any document other than (i) in circumstances which do not constitute an offer to the public within the meaning of the Companies Ordinance (Cap. 32, Laws of Hong Kong), (ii) to "professional investors" within the meaning of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) and any rules made thereunder or (iii) in other circumstances which do not result in the document being a "prospectus" within the meaning of the Companies Ordinance (Cap. 32, Laws of Hong Kong) and no advertisement, invitation or document relating to the shares may be issued or may be in the possession of any person for the purpose of issue (in each case whether in Hong Kong or elsewhere), which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the laws of Hong Kong) other than with respect to shares which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" within the meaning of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) and any rules made thereunder.

Notice to Prospective Investors in Japan

The shares have not been and will not be registered under the Financial Instruments and Exchange Act. Accordingly, the securities may not be offered or sold, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organized under the laws of Japan, or to others for re-offering or resale, directly or indirectly, in Japan or to or for the benefit of a resident of Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the Financial Instruments and Exchange Act and any other applicable laws, regulations and ministerial guidelines of Japan.

Notice to Prospective Investors in Singapore

This prospectus has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this prospectus and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the shares may not be circulated or distributed, nor may the shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Section 274 of the Securities and Futures Act, Chapter 289 of Singapore, or the SFA, (ii) to a relevant person pursuant to Section 275(1), or any person pursuant to Section 275(1A), and in accordance with the conditions specified in Section 275 of the SFA or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA, in each case subject to compliance with the conditions set forth in the SFA.

Where the shares are subscribed or purchased under Section 275 of the SFA by a relevant person which is: (a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor, shares, debentures and units of shares and debentures of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be

transferred within six months after that corporation or that trust has acquired the shares pursuant to an offer made under Section 275 of the SFA except: (i) to an institutional investor (for corporations, under Section 274 of the SFA) or to a relevant person defined in Section 275(2) of the SFA, or to any person pursuant to an offer that is made on terms that such shares, debentures and units of shares and debentures of that corporation or such rights and interest in that trust are acquired at a consideration of not less than S\$200,000 (or its equivalent in a foreign currency) for each transaction, whether such amount is to be paid for in cash or by exchange of securities or other assets, and further for corporations, in accordance with the conditions specified in Section 275 of the SFA; (ii) where no consideration is or will be given for the transfer; or (iii) where the transfer is by operation of law.

Notice to Prospective Investors in Australia

No prospectus or other disclosure document (as defined in the Corporations Act 2001 (Cth) of Australia, or Corporations Act) in relation to the common stock has been or will be lodged with the Australian Securities & Investments Commission, or ASIC. This document has not been lodged with ASIC and is only directed to certain categories of exempt persons. Accordingly, if you receive this document in Australia: (a) you confirm and warrant that you are either: (i) a "sophisticated investor" under section 708(8)(a) or (b) of the Corporations Act; (ii) a "sophisticated investor" under section 708(8)(c) or (d) of the Corporations Act and that you have provided an accountant's certificate to us which complies with the requirements of section 708(8)(c)(i) or (ii) of the Corporations Act and related regulations before the offer has been made; (iii) a person associated with the company under section 708(12) of the Corporations Act; or (iv) a "professional investor" within the meaning of section 708(11)(a) or (b) of the Corporations Act, and to the extent that you are unable to confirm or warrant that you are an exempt sophisticated investor, associated person or professional investor under the Corporations Act any offer made to you under this document is void and incapable of acceptance; and (b) you warrant and agree that you will not offer any of the common stock for resale in Australia within 12 months of that common stock being issued unless any such resale offer is exempt from the requirement to issue a disclosure document under section 708 of the Corporations Act.

Notice to Prospective Investors in the Dubai International Financial Centre, or DIFC

This prospectus relates to an Exempt Offer in accordance with the Market Rules 2012 of the Dubai Financial Services Authority, or DFSA. This prospectus is intended for distribution only to persons of a type specified in the Market Rules 2012 of the DFSA. It must not be delivered to, or relied on by, any other person. The DFSA has no responsibility for reviewing or verifying any documents in connection with Exempt Offers. The DFSA has not approved this prospectus nor taken steps to verify the information set forth herein and has no responsibility for this prospectus. The shares to which this prospectus relates may be illiquid and/or subject to restrictions on their resale. Prospective purchasers of the shares offered should conduct their own due diligence on the shares. If you do not understand the contents of this prospectus you should consult an authorized financial advisor.

In relation to its use in the DIFC, this prospectus is strictly private and confidential and is being distributed to a limited number of investors and must not be provided to any person other than the original recipient, and may not be reproduced or used for any other purpose. The interests in the securities may not be offered or sold directly or indirectly to the public in the DIFC.

Notice to Prospective Investors in China

This prospectus does not constitute a public offer of the shares offered by this prospectus, whether by sale or subscription, in the People's Republic of China, or the PRC. The shares are not being offered or sold directly or indirectly in the PRC to or for the benefit of, legal or natural persons of the PRC.

Further, no legal or natural persons of the PRC may directly or indirectly purchase any of the shares without obtaining all prior PRC's governmental approvals that are required, whether statutorily or otherwise. Persons who come into possession of this prospectus are required by the issuer and its representatives to observe these restrictions.

Notice to Prospective Investors in Switzerland

This prospectus is not intended to constitute an offer or solicitation to purchase or invest in the shares described herein. The shares may not be publicly offered, sold or advertised, directly or indirectly, in, into or from Switzerland and will not be listed on the SIX Swiss Exchange or on any other exchange or regulated trading facility in Switzerland. Neither this prospectus nor any other offering or marketing material relating to the shares constitutes a prospectus as such term is understood pursuant to article 652a or article 1156 of the Swiss Code of Obligations and neither this prospectus nor any other offering or marketing material relating to the shares may be publicly distributed or otherwise made publicly available in Switzerland.

Other Relationships

The underwriters and their affiliates are full-service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, investment research, principal investment, hedging, financing and brokerage activities. Certain of the underwriters and their affiliates have provided in the past to us and our affiliates and may provide from time to time in the future certain commercial banking, financial advisory, investment banking and other services for us and such affiliates in the ordinary course of their business, for which they have received and may continue to receive customary fees and commissions. For instance, an affiliate of Wells Fargo Securities, LLC, an underwriter in this offering, acts as the administrative agent under the new credit agreement and certain of the other underwriters or their affiliates act as lenders, and in some cases agents or managers, under our former credit facilities. In addition, from time to time, certain of the underwriters and their affiliates may affect transactions for their own account or the account of customers, and hold on behalf of themselves or their customers, long or short positions in our debt or equity securities or loans, and may do so in the future.

LEGAL MATTERS

The validity of the shares of common stock offered by this prospectus will be passed upon for us by Simpson Thacher & Bartlett LLP, New York, New York. Certain legal matters relating to this offering will be passed upon for the underwriters by Latham & Watkins LLP, New York, New York.

EXPERTS

The financial statements as of December 31, 2014 and December 31, 2015 and for each of the three years in the period ended December 31, 2015 included in this prospectus have been so included in reliance on the report of PricewaterhouseCoopers LLP, an independent registered public accounting firm, given on the authority of said firm as experts in auditing and accounting.

WHERE CAN YOU FIND MORE INFORMATION

We have filed with the SEC a registration statement on Form S-1 under the Securities Act with respect to the common stock offered by this prospectus. This prospectus is a part of the registration statement and does not contain all of the information set forth in the registration statement and its exhibits and schedules, portions of which have been omitted as permitted by the rules and regulations of the SEC. For further information about us and our common stock, you should refer to the registration statement and its exhibits and schedules. Statements contained in this prospectus about the contents of any contract or any other document filed as an exhibit are not complete and in each instance we refer you to the copy of the contract or other document filed as an exhibit to the registration statement. Each of these statements is qualified in all respects by this reference. The agreements and other documents filed as exhibits to this registration statement are not intended to provide factual information or other disclosure other than with respect to the terms of the agreements or other documents themselves, and you should not rely on them for that purpose. In particular, any representations and warranties made by the registrant in these agreements or other documents were made solely within the specific context of the relevant agreement or document and may not describe the actual state of affairs as of the date they were made or at any other time.

Our registration statement on Form S-1 of which this prospectus is a part is available to the public on the SEC's website at <http://www.sec.gov>. You may also read and copy, at SEC prescribed rates, any document we file with the SEC, including the registration statement (and its exhibits) of which this prospectus is a part, at the SEC's Public Reference Room located at 100 F Street, N.E., Washington D.C. 20549. You can call the SEC at 1-800-SEC-0330 to obtain information on the operation of the Public Reference Room.

Upon the closing of this offering, we will become subject to the full informational and periodic reporting requirements under the Exchange Act. We will fulfill our obligations with respect to such requirements by filing annual, quarterly and current reports and other information with the SEC. In addition to the SEC website described above, those filings will also be available to the public on, or accessible through, our website under the heading "Investor Relations" at www.acushnetcompany.com. The information we file with the SEC or contained on or accessible through our corporate website or any other website that we may maintain is not part of this prospectus or the registration statement of which this prospectus is a part. We intend to make available to our common shareholders annual reports containing consolidated financial statements audited by an independent registered public accounting firm.

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Shareholders of Acushnet Holdings Corp.:

In our opinion, the accompanying consolidated balance sheets and the related consolidated statements of operations, comprehensive income (loss), cash flows and redeemable convertible preferred stock and equity present fairly, in all material respects, the financial position of Acushnet Holdings Corp. and its subsidiaries at December 31, 2015 and December 31, 2014, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2015 in conformity with accounting principles generally accepted in the United States of America. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

/s/ PricewaterhouseCoopers LLP

Boston, Massachusetts

June 17, 2016

ACUSHNET HOLDINGS CORP.
CONSOLIDATED BALANCE SHEETS

(in thousands, except share and per share amounts)	December 31,	
	2014	2015
Assets		
Current assets		
Cash (\$7,704 and \$10,029 attributable to the variable interest entity ("VIE"))	\$ 47,667	\$ 54,409
Restricted cash	6,100	4,725
Accounts receivable, net	197,677	192,384
Inventories (\$15,335 and \$15,755 attributable to the VIE)	291,141	326,359
Other assets (\$1,582 and \$15 attributable to the VIE)	94,206	93,646
Total current assets	636,791	671,523
Property, plant and equipment, net (\$11,788 and \$11,147 attributable to the VIE)	266,592	254,894
Goodwill (\$32,312 and \$32,312 attributable to the VIE)	187,580	181,179
Identifiable intangible assets, net	509,412	499,494
Deferred income taxes	131,112	132,265
Other assets (\$2,867 and \$2,738 attributable to the VIE)	31,216	19,618
Total assets	\$ 1,762,703	\$ 1,758,973
Liabilities and Equity		
Current liabilities		
Short-term debt	\$ 81,162	\$ 441,704
Accounts payable (\$9,273 and \$10,250 attributable to the VIE)	94,028	89,869
Payables to related parties	13,566	12,570
Accrued taxes	31,435	29,432
Accrued compensation and benefits (\$822 and \$1,035 attributable to the VIE)	78,245	111,390
Accrued expenses and other liabilities (\$4,480 and \$4,516 attributable to the VIE)	48,417	70,626
Total current liabilities	346,853	755,591
Long-term debt and capital lease obligations	824,179	394,511
Deferred income taxes	6,761	7,112
Accrued pension and other postretirement benefits (\$2,312 and \$2,303 attributable to the VIE)	132,879	119,549
Accrued equity appreciation rights	122,013	145,384
Other noncurrent liabilities (\$2,777 and \$2,841 attributable to the VIE)	10,062	12,284
Total liabilities	1,442,747	1,434,431
Commitments and contingencies (Note 22)		
Series A redeemable convertible preferred stock, \$.001 par value, 1,838,027 shares authorized at December 31, 2014 and 2015, respectively; 1,838,027 shares issued and outstanding at December 31, 2014 and 2015, respectively, actual; liquidation preference of \$197,714,421 at December 31, 2015; no shares issued or outstanding		
	131,036	131,036
Equity		
Common stock, \$.001 par value, 8,688,166 shares authorized at December 31, 2014 and 2015; 2,061,310 and 2,424,584 shares issued and outstanding at December 31, 2014 and 2015, respectively, actual; 7,887,591 shares issued and outstanding	2	2
Additional paid-in capital	264,577	309,130
Accumulated other comprehensive loss, net of tax	(41,058)	(67,234)
Retained deficit	(66,934)	(81,647)
Total equity attributable to Acushnet Holdings Corp.	156,587	160,251
Noncontrolling interests	32,333	33,255
Total equity	188,920	193,506
Total liabilities and equity	\$ 1,762,703	\$ 1,758,973

The accompanying notes are an integral part of these consolidated financial statements.

ACUSHNET HOLDINGS CORP.

CONSOLIDATED STATEMENTS OF OPERATIONS

(in thousands, except share and per share amounts)	Year ended December 31,		
	2013	2014	2015
Net sales	\$ 1,477,219	\$ 1,537,610	\$ 1,502,958
Cost of goods sold	744,090	779,678	727,120
Gross profit	733,129	757,932	775,838
Operating expenses:			
Selling, general and administrative	568,421	602,755	604,018
Research and development	42,152	44,243	45,977
Intangible amortization	6,704	6,687	6,617
Restructuring charges	955	—	1,643
Income from operations	114,897	104,247	117,583
Interest expense, net	68,149	63,529	60,294
Other (income) expense, net	5,285	(1,348)	25,139
Income before income taxes	41,463	42,066	32,150
Income tax expense	17,150	16,700	27,994
Net income	24,313	25,366	4,156
Less: Net income attributable to noncontrolling interests	(4,677)	(3,809)	(5,122)
Net income (loss) attributable to Acushnet Holdings Corp.	19,636	21,557	(966)
Dividends paid to preferred shareholders	(8,045)	(8,045)	(8,045)
Accruing of cumulative dividends	(5,740)	(5,740)	(5,740)
Allocation of undistributed earnings to preferred shareholders	(3,225)	(3,866)	—
Net income (loss) attributable to common shareholders	\$ 2,626	\$ 3,906	\$ (14,751)
Net income (loss) per common share attributable to Acushnet Holdings Corp.— basic and diluted	\$ 1.75	\$ 2.10	\$ (6.66)
Weighted average number of common shares—basic and diluted	1,496,812	1,857,425	2,215,477
Pro forma net income per common share attributable to Acushnet Holdings Corp. (unaudited)—basic and diluted			\$ 2.18
Pro forma weighted average number of common shares (unaudited):			
Basic			7,678,484
Diluted			7,678,605

The accompanying notes are an integral part of these consolidated financial statements.

ACUSHNET HOLDINGS CORP.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

(in thousands)	Year ended December 31,		
	2013	2014	2015
Net income	\$ 24,313	\$ 25,366	\$ 4,156
Other comprehensive income (loss)			
Foreign currency translation adjustments	(14,886)	(23,106)	(19,042)
Foreign exchange derivative instruments			
Unrealized holding gains arising during period	13,439	20,619	14,964
Reclassification adjustments included in net income	(10,671)	(9,916)	(26,805)
Tax benefit (expense)	653	(1,610)	3,836
Foreign exchange derivative instruments, net	3,421	9,093	(8,005)
Available-for-sale securities			
Unrealized holding gains (losses) arising during period	1,726	703	(673)
Tax benefit (expense)	(653)	(248)	160
Available-for-sale securities, net	1,073	455	(513)
Pension and other postretirement benefits adjustments			
Net gain (loss) arising during period	40,113	(23,769)	3,068
Tax benefit (expense)	(14,532)	7,583	(1,684)
Pension and other postretirement benefits adjustments, net	25,581	(16,186)	1,384
Total other comprehensive income (loss)	15,189	(29,744)	(26,176)
Comprehensive income (loss)	39,502	(4,378)	(22,020)
Less: Comprehensive income attributable to noncontrolling interests	(4,693)	(3,774)	(5,017)
Comprehensive income (loss) attributable to Acushnet Holdings Corp.	\$ 34,809	\$ (8,152)	\$ (27,037)

The accompanying notes are an integral part of these consolidated financial statements.

ACUSHNET HOLDINGS CORP.
CONSOLIDATED STATEMENTS OF CASH FLOWS

(in thousands)	Year ended December 31,		
	2013	2014	2015
Cash flows from operating activities			
Net income	\$ 24,313	\$ 25,366	\$ 4,156
Adjustments to reconcile net income to cash provided by operating activities			
Depreciation and amortization	39,423	43,159	41,702
Unrealized foreign exchange (gain) loss	(1,306)	133	2,933
Amortization of debt issuance costs	5,613	3,752	5,157
Amortization of discount on bonds payable	3,773	4,093	4,142
Change in fair value of common stock warrants	(976)	(1,887)	28,364
Share-based compensation	1,138	632	2,033
Loss on disposals of property, plant and equipment	353	690	401
Deferred income taxes	(15,861)	(11,293)	2,188
Changes in operating assets and liabilities			
Accounts receivable	(15,514)	(35,594)	(174)
Inventories	(16,320)	(16,192)	(45,415)
Accounts payable	15,947	(2,585)	(1,998)
Accrued taxes	(11,527)	(881)	540
Accrued expenses and other liabilities	(1,723)	3,442	35,364
Other assets	18,736	(11,376)	1,165
Other noncurrent liabilities	33,810	53,739	12,278
Interest due to related parties	(1,084)	(1,085)	(1,006)
Cash flows provided by operating activities	<u>78,795</u>	<u>54,113</u>	<u>91,830</u>
Cash flows from investing activities			
Additions to property, plant and equipment	(46,459)	(23,527)	(23,201)
Change in restricted cash	99	363	1,362
Cash flows used in investing activities	<u>(46,360)</u>	<u>(23,164)</u>	<u>(21,839)</u>
Cash flows from financing activities			
Increase in short-term borrowings	18,284	8,177	7,890
Proceeds from senior term loan facility	—	30,000	—
Repayment of secured floating rate notes	(25,000)	(50,000)	(50,000)
Proceeds from exercise of stock options	100	100	—
Proceeds from exercise of common stock warrants	34,504	34,503	34,503
Repayment of bonds	(34,504)	(34,503)	(34,503)
Debt issuance costs	(3,469)	(1,045)	—
Dividends paid on Series A redeemable convertible preferred stock	(13,894)	(13,786)	(13,747)
Dividends paid to noncontrolling interests	(4,200)	(3,600)	(4,200)
Cash flows used in financing activities	<u>(28,179)</u>	<u>(30,154)</u>	<u>(60,057)</u>
Effect of foreign exchange rate changes on cash	(606)	(2,385)	(3,192)
Net increase (decrease) in cash	3,650	(1,590)	6,742
Cash, beginning of year	45,607	49,257	47,667
Cash, end of year	<u>\$ 49,257</u>	<u>\$ 47,667</u>	<u>\$ 54,409</u>
Supplemental information			
Cash paid for interest to related parties	\$ 37,538	\$ 34,951	\$ 32,274
Cash paid for interest to third parties	22,803	21,656	20,571
Cash paid for income taxes	35,483	27,987	19,724
Non-cash additions to property, plant and equipment	2,686	2,577	1,913
Non-cash conversion of common stock warrants	—	—	7,298

The accompanying notes are an integral part of these consolidated financial statements.

interests	—	—	—	—	—	—	—	—	(4,200)	(4,200)
Balances at December 31, 2015	<u>1,838</u>	<u>\$ 131,036</u>	<u>2,424</u>	<u>\$ 2</u>	<u>\$ 309,130</u>	<u>\$ (67,234)</u>	<u>\$ (81,647)</u>	<u>\$ 160,251</u>	<u>\$ 33,255</u>	<u>\$ 193,506</u>

The accompanying notes are an integral part of these consolidated financial statements.

ACUSHNET HOLDINGS CORP.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Description of Business

Alexandria Holdings Corp. was incorporated on May 9, 2011. Effective March 31, 2016, Alexandria Holdings Corp.'s name was changed to Acushnet Holdings Corp. (Acushnet or the Company). On July 29, 2011, the Company issued 1,000,000 shares of common stock to Fila Korea Ltd. and issued an aggregate 1,790,000 shares of Series A redeemable convertible preferred stock to Odin 3, LLC; WB Atlas, LLC; and Neoplux No. 1 Private Equity. In addition, the Company issued convertible notes (aggregate principal amount of \$353.0 million) and bonds (aggregate principal amount of \$168.0 million) with warrants to purchase its common stock to Odin 3, LLC; WB Atlas, LLC; and Neoplux No. 1 Private Equity. On January 20, 2012, the Company issued 48,027 shares of Series A redeemable convertible preferred stock to Odin 4, LLC. In addition, the Company issued convertible notes (principal amount of \$9.5 million) and bonds (principal amount of \$4.5 million) with warrants to purchase its common stock to Odin 4, LLC.

On December 24, 2015, Fila Korea Ltd., the owner of 2,380,128 shares of common stock of the Company, transferred its shares to Magnus Holdings Co., Ltd., a wholly owned subsidiary of Fila Korea Ltd.

Acushnet, headquartered in Fairhaven, Massachusetts, is the global leader in the design, development, manufacture and distribution of performance-driven golf products. The Company has established positions across all major golf equipment and golf wear categories under its recognized brands of Titleist, FootJoy, Vokey Design wedges and Scotty Cameron putters. Acushnet products are sold primarily to on-course golf pro shops and selected off-course golf specialty stores, sporting goods stores and other qualified retailers. Acushnet sells products primarily in the United States, Europe (primarily the United Kingdom, Germany, France and Sweden), Asia (primarily Japan, Korea, China and Singapore), Canada and Australia. Acushnet manufactures and sources its products principally in the United States, China, Thailand, the United Kingdom, Japan and Australia.

2. Summary of Significant Accounting Policies

Basis of Presentation

The accompanying consolidated financial statements have been prepared in conformity with accounting principles generally accepted in the United States (U.S. GAAP) and include the accounts of the Company, its wholly owned subsidiaries and a VIE in which the Company is the primary beneficiary. All significant intercompany balances and transactions have been eliminated in consolidation.

Use of Estimates

The preparation of the Company's consolidated financial statements in accordance with U.S. GAAP requires management to make estimates and judgments that affect reported amounts of assets, liabilities, stockholders' equity, net sales and expenses, and the disclosure of contingent assets and liabilities in its consolidated financial statements. Significant estimates relied upon in preparing these consolidated financial statements include, but are not limited to, revenue recognition, including allowance for sales returns and sales-based incentive programs, allowance for doubtful accounts, inventory reserves, impairment of goodwill, indefinite-lived intangible assets and long-lived assets, pension and other postretirement benefit plans, product warranty, valuation allowances for deferred tax assets and uncertain tax positions, valuation of common stock warrants and share-based compensation. Actual results could differ from those estimates.

ACUSHNET HOLDINGS CORP.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2. Summary of Significant Accounting Policies (Continued)

Variable Interest Entities

VIEs are entities that, by design, either (i) lack sufficient equity to permit the entity to finance its activities independently, or (ii) have equity holders that do not have the power to direct the activities of the entity that most significantly impact its economic performance, the obligation to absorb the entity's expected losses, or the right to receive the entity's expected residual returns. The Company consolidates a VIE when it is the primary beneficiary, which is the party that has both (i) the power to direct the activities that most significantly impact the VIE's economic performance and (ii) through its interests in the VIE, the obligation to absorb expected losses or the right to receive expected benefits from the VIE that could potentially be significant to the VIE.

The Company consolidates the accounts of Acushnet Lionscore Limited, a VIE which is 40% owned by the Company. The sole purpose of the VIE is to manufacture the Company's golf shoes and as such, the Company is deemed to be the primary beneficiary as defined by Accounting Standards Codification ("ASC") 810. The Company has presented separately on its consolidated balance sheets, to the extent material, the assets of its consolidated VIE that can only be used to settle specific obligations of its consolidated VIE and the liabilities of its consolidated VIE for which creditors do not have recourse to its general credit. The general creditors of the VIE do not have recourse to the Company. Certain directors of the noncontrolling entities have guaranteed the credit lines of the VIE, for which there were no outstanding borrowings as of December 31, 2014 and 2015.

Cash and Restricted Cash

Cash held in Company checking accounts is included in cash. Book overdrafts not subject to offset with other accounts with the same financial institution are classified as accounts payable. As of December 31, 2014 and 2015, book overdrafts in the amount of \$11.5 million and \$1.7 million, respectively, were recorded in accounts payable. The Company classifies as restricted certain cash that is not available for use in its operations. Restricted cash is primarily related to a standby letter of credit used for insurance purposes.

Accounts Receivable

Accounts receivable are presented net of an allowance for doubtful accounts. The allowance for doubtful accounts is assessed each reporting period by the Company for estimated losses resulting from the inability or unwillingness of its customers to make required payments. The allowance is based on various factors, including credit risk assessments, length of time the receivables are past due, historical experience, customer specific information available to the Company and existing economic conditions.

Allowance for Sales Returns

A sales returns allowance is recorded for anticipated returns through a reduction of sales and cost of goods sold in the period that the related sales are recorded. Sales returns are estimated based upon historical rates of product returns, current economic trends and changes in customer demands as well as specific identification of outstanding returns. In accordance with this policy, the allowance for sales returns was \$6.4 million and \$5.2 million as of December 31, 2014 and 2015, respectively.

Concentration of Credit Risk and of Significant Customers

Financial instruments that potentially expose the Company to concentration of credit risk are cash and accounts receivable. Substantially all of the Company's cash deposits are maintained at large,

ACUSHNET HOLDINGS CORP.**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)****2. Summary of Significant Accounting Policies (Continued)**

creditworthy financial institutions. The Company's deposits, at times, may exceed federally insured limits. The Company does not believe that it is subject to unusual credit risk beyond the normal credit risk associated with commercial banking relationships. As part of its ongoing procedures, the Company monitors its concentration of deposits with various financial institutions in order to avoid any undue exposure. As of December 31, 2014 and 2015, the Company had \$45.8 million and \$54.1 million, respectively, in banks located outside the United States. The risk with respect to the Company's accounts receivable is managed by the Company through its policy of monitoring the creditworthiness of its customers to which it grants credit terms in the normal course of business.

Inventories

Inventories are valued at the lower of cost and net realizable value. Cost is determined using the first-in, first-out inventory method. The inventory balance, which includes material, labor and manufacturing overhead costs, is recorded net of an allowance for obsolete or slow moving inventory. The Company's allowance for obsolete or slow moving inventory contains uncertainties. Estimates require the Company to make assumptions and to apply judgment regarding a number of factors, including market conditions, selling environment, historical results and current inventory trends.

Property, Plant and Equipment

Property, plant and equipment are recorded at cost less accumulated depreciation and amortization. Depreciation is provided on a straight-line basis over the estimated useful lives of the assets. Gains or losses resulting from disposals are included in income from operations. Betterments and renewals, which improve and extend the life of an asset, are capitalized. Maintenance and repair costs are expensed as incurred.

Estimated useful lives of property, plant and equipment asset categories were as follows:

Buildings and improvements	15 - 40 years
Machinery and equipment	3 - 10 years
Furniture, computers and other equipment	3 - 7 years

Leasehold and tenant improvements are amortized over the shorter of the lease term or the estimated useful lives of the assets.

Certain costs incurred in connection with the development of the Company's internal-use software are capitalized. Software development costs are primarily related to the Company's enterprise resource planning system. Costs incurred in the preliminary stages of development are expensed as incurred. Internal and external costs incurred in the application development phase, if direct and incremental, are capitalized until the software is substantially complete and ready for its intended use. Capitalization ceases upon completion of all substantial testing performed to ensure the product is ready for its intended use. Costs such as maintenance and training are expensed as incurred. The capitalized internal-use software costs are included in property, plant and equipment and once the software is placed into service are amortized over the estimated useful life which ranges from three to ten years.

Long-Lived Assets

A long-lived asset (including amortizable identifiable intangible assets) or asset group is tested for recoverability whenever events or changes in circumstances indicate that its carrying amount may not be recoverable. When such events occur, the Company compares the sum of the undiscounted cash

ACUSHNET HOLDINGS CORP.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2. Summary of Significant Accounting Policies (Continued)

flows expected to result from the use and eventual disposition of the asset or asset group to the carrying amount of the long-lived asset or asset group. The cash flows are based on the best estimate of future cash flows derived from the most recent business projections. If the carrying value exceeds the sum of the undiscounted cash flows, an impairment loss is recognized based on the excess of the asset's or asset group's carrying value over its fair value. Fair value is determined based on discounted expected future cash flows on a market participant basis. Any impairment charge would be recognized within operating expenses as a selling, general and administrative expense.

Goodwill and Indefinite-Lived Intangible Assets

Goodwill and indefinite-lived intangible assets are not amortized but instead are measured for impairment at least annually, or more frequently when events or changes in circumstances indicate that the carrying amount of the asset may be impaired.

Goodwill is assigned to reporting units for purposes of impairment testing. A reporting unit may be the same as an operating segment or one level below an operating segment. For purposes of assessing potential impairment, the Company performs a two-step impairment test on goodwill. In the first step, the Company compares the fair value of the reporting unit to its carrying value. If the fair value of the reporting unit exceeds the carrying value of the net assets assigned to that unit, goodwill is considered not impaired and the Company is not required to perform further testing. If the carrying value of the net assets assigned to the reporting unit exceeds the fair value of the reporting unit, then the Company must perform the second step of the impairment test in order to determine the implied fair value of the reporting unit's goodwill. If the carrying value of a reporting unit's goodwill exceeds its implied fair value, then the Company would record an impairment loss equal to the difference. The fair value of the reporting units is determined using the income approach. The income approach uses a discounted cash flow analysis which involves applying appropriate discount rates to estimated future cash flows based on forecasts of sales, costs and capital requirements.

Purchased intangible assets other than goodwill are amortized over their useful lives unless those lives are determined to be indefinite. The Company's trademarks have been assigned an indefinite life as the Company currently anticipates that these trademarks will contribute to its cash flows indefinitely. Trademarks are reviewed for impairment annually and may be reviewed more frequently if indicators of impairment are present. Impairment losses are recorded to the extent that the carrying value of the indefinite-lived intangible asset exceeds its fair value. The Company measures the fair value of its trademarks using the relief-from-royalty method, which estimates the present value of royalty income that could be hypothetically earned by licensing the brand name to a third party over the remaining useful life.

Deferred Financing Costs

The Company defers costs directly associated with acquiring third party financing. These deferred costs are amortized as interest expense over the term of the related indebtedness. Deferred financing costs associated with the revolving credit facilities are included in other current and noncurrent assets and deferred financing costs associated with all other indebtedness are netted against debt on the consolidated balance sheets.

ACUSHNET HOLDINGS CORP.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2. Summary of Significant Accounting Policies (Continued)

Fair Value Measurements

Certain assets and liabilities are carried at fair value under U.S. GAAP. Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. Valuation techniques used to measure fair value must maximize the use of observable inputs and minimize the use of unobservable inputs. Financial assets and liabilities carried at fair value are to be classified and disclosed in one of the following three levels of the fair value hierarchy, of which the first two are considered observable and the last is considered unobservable:

- Level 1—Quoted prices in active markets for identical assets or liabilities.
- Level 2—Observable inputs (other than Level 1 quoted prices), such as quoted prices in active markets for similar assets or liabilities, quoted prices in markets that are not active for identical or similar assets or liabilities, or other inputs that are observable or can be corroborated by observable market data.
- Level 3—Unobservable inputs that are supported by little or no market activity and that are significant to determining the fair value of the assets or liabilities, including pricing models, discounted cash flow methodologies and similar techniques.

The Company's common stock warrants liability and its foreign exchange derivative assets and liabilities are carried at fair value determined according to the fair value hierarchy described above (Note 11). The carrying value of accounts receivable, accounts payable and accrued expenses approximates fair value due to the short-term nature of these assets and liabilities. As permitted under ASC 820, the Company adopted the fair value measurement disclosures for nonfinancial assets and liabilities, such as goodwill and indefinite-lived intangible assets.

In some instances where a market price is available, but the instrument is in an inactive or over-the-counter market, the Company consistently applies the dealer (market maker) pricing estimate and uses a midpoint approach on bid and ask prices from financial institutions to determine the reasonableness of these estimates. Assets and liabilities subject to this fair value valuation approach are typically classified as Level 2.

Pension and Other Postretirement Benefit Plans

The Company provides U.S. and foreign defined benefit and defined contribution plans to eligible employees and postretirement benefits to certain retirees, including pensions, postretirement healthcare benefits and other postretirement benefits.

Plan assets and obligations are measured using various actuarial assumptions, such as discount rates, rate of compensation increase, mortality rates, turnover rates and health care cost trend rates, as determined at each year end measurement date. The measurement of net periodic benefit cost is based on various actuarial assumptions, including discount rates, expected return on plan assets and rate of compensation increase, which are determined as of the prior year measurement date. The determination of the discount rate is generally based on an index created from a hypothetical bond portfolio consisting of high-quality fixed income securities with durations that match the timing of expected benefit payments. The expected return on plan assets is determined based on several factors, including adjusted historical returns, historical risk premiums for various asset classes and target asset allocations within the portfolio. Adjustments made to the historical returns are based on recent return

ACUSHNET HOLDINGS CORP.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2. Summary of Significant Accounting Policies (Continued)

experience in the equity and fixed income markets and the belief that deviations from historical returns are likely over the relevant investment horizon. Actual cost is also dependent on various other factors related to the employees covered by these plans. The effects of actuarial deviations from assumptions are generally accumulated and, if over a specified corridor, amortized over the remaining service period of the employees. The cost or benefit of plan changes, such as increasing or decreasing benefits for prior employee service (prior service cost), is deferred and included in expense on a straight-line basis over the average remaining service period of the related employees. The Company's actuarial assumptions are reviewed on an annual basis and modified when appropriate.

Income Taxes

The Company accounts for income taxes using the asset and liability method, which requires the recognition of deferred tax assets and liabilities for the expected future tax consequences of temporary differences between consolidated financial statement carrying amount and tax basis and using enacted tax rates expected to be in effect when the temporary differences reverse. A valuation allowance is recorded to reduce deferred income tax assets when it is more-likely-than-not that such assets will not be realized. Potential for recovery of deferred tax assets is evaluated by estimating the future taxable profits expected and considering prudent and feasible tax planning strategies.

The Company provides deferred income taxes on undistributed earnings of foreign subsidiaries that it does not expect to permanently reinvest.

The Company records liabilities for uncertain income tax positions based on the two step process. The first step is recognition, where an individual tax position is evaluated as to whether it has a likelihood of greater than 50% of being sustained upon examination based on the technical merits of the position, including resolution of any related appeals or litigation processes. For tax positions that are currently estimated to have a less than 50% likelihood of being sustained, no tax benefit is recorded. For tax positions that have met the recognition threshold in the first step, the Company performs the second step of measuring the benefit to be recorded. The amount of the benefit that may be recognized is the largest amount that has a greater than 50% likelihood of being realized on ultimate settlement. The actual benefits ultimately realized may differ from the estimates. In future periods, changes in facts, circumstances, and new information may require the Company to change the recognition and measurement estimates with regard to individual tax positions. Changes in recognition and measurement estimates are recorded in income tax expense and liability in the period in which such changes occur.

Beam Suntory, Inc. (formerly known as Fortune Brands, Inc.) (Beam) has indemnified certain tax obligations that relate to periods during which Fortune Brands, Inc. owned Acushnet Company (Note 13). These tax obligations are recorded in accrued taxes and other noncurrent liabilities, and the related indemnification receivable is recorded in other current and noncurrent assets on the consolidated balance sheet. Any changes in the value of these specifically identified tax obligations are recorded in income tax expense and the related change in the indemnification asset is recorded in other (income) expense, net on the consolidated statement of operations.

Revenue Recognition

Revenue is recognized upon shipment or upon receipt by the customer depending on the country of the sale and the agreement with the customer, net of an allowance for discounts, sales returns, customer sales incentives and cooperative advertising. The criteria for recognition of revenue is met

ACUSHNET HOLDINGS CORP.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2. Summary of Significant Accounting Policies (Continued)

when persuasive evidence that an arrangement exists, both title and risk of loss have passed to the customer, the price is fixed or determinable and collectability is reasonably assured. In circumstances where either title or risk of loss pass upon receipt by the customer, revenue is deferred until such event occurs based on an estimate of the shipping time from the Company's distribution centers to the customer using historical and expected delivery times by geographic location. Amounts billed to customers for shipping and handling are included in net sales.

Customer Sales Incentives

The Company offers customer sales incentives, including off-invoice discounts and sales-based rebate programs, to its customers which are accounted for as a reduction in sales at the time the revenue is recognized. Sales-based rebates are estimated using assumptions related to the percentage of customers who will achieve qualifying purchase goals and the level of achievement. These assumptions are based on historical experience, current year program design, current marketplace conditions and sales forecasts, including considerations of product life cycles.

Cost of Goods Sold

Cost of goods sold includes all costs to make products saleable, such as inbound freight, purchasing and receiving costs, inspection costs and transfer costs. In addition, all depreciation expense associated with assets used to manufacture products and make them saleable is included in cost of goods sold.

Product Warranty

The Company has defined warranties ranging from one to two years. Products covered by the defined warranty policies include all Titleist golf products, FootJoy golf shoes, and FootJoy golf outerwear. These product warranties generally obligate the Company to pay for the cost of replacement products, including the cost of shipping replacement products to its customers. The estimated cost of satisfying future warranty claims is accrued at the time the sale is recorded. In estimating future warranty obligations, the Company considers various factors, including its warranty policies and practices, the historical frequency of claims, and the cost to replace or repair products under warranty.

Advertising and Promotion

Advertising and promotional costs are included in selling, general and administrative expense on the consolidated statement of operations and include product endorsement arrangements with members of the various professional golf tours, media placement and production costs (television, print and internet), tour support expenses and point-of-sale materials. Advertising production costs are expensed as incurred. Media placement costs are expensed in the month the advertising appears. Product endorsement arrangements are expensed based upon the specific provisions of player contracts. Advertising and promotional expense was \$203.7 million, \$201.6 million and \$203.3 million for the years ended December 31, 2013, 2014 and 2015, respectively.

Selling

Selling expenses including field sales, sales administration and shipping and handling costs are included in selling, general and administrative expense on the consolidated statement of operations.

ACUSHNET HOLDINGS CORP.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2. Summary of Significant Accounting Policies (Continued)

Shipping and handling costs included in selling expenses were \$28.1 million, \$30.5 million and \$32.6 million for the years ended December 31, 2013, 2014 and 2015, respectively.

Research and Development

Research and development expenses include product development, product improvement, product engineering, and process improvement costs and are expensed as incurred.

Foreign Currency Translation and Transactions

Assets and liabilities denominated in foreign currency are translated into U.S. dollars at the actual rates of exchange at the balance sheet date. Revenues and expenses are translated at the average rates of exchange for the reporting period. The related translation adjustments are recorded as a component of accumulated other comprehensive income (loss). Transactions denominated in a currency other than the functional currency are translated into functional currency with resulting transaction gains or losses recorded as selling, general and administrative expense on the consolidated statement of operations.

Derivative Financial Instruments

All derivatives are recognized as either assets or liabilities on the consolidated balance sheet and measurement of these instruments is at fair value. If the derivative is designated as a fair value hedge, the changes in the fair value of the derivative and of the hedged item attributable to the hedged risk are recognized in earnings in the same period. If the derivative is designated as a cash flow hedge, the effective portions of changes in the fair value of the derivative are recorded as a component of accumulated other comprehensive income (loss) and are recognized in the consolidated statement of operations when the hedged item affects earnings. Any portion of the change in fair value that is determined to be ineffective is immediately recognized in earnings as cost of goods sold. Derivative gains or losses included in accumulated other comprehensive income (loss) are reclassified into earnings at the time the hedged transaction occurs.

Valuation of Common Stock Warrants

The Company classifies warrants to purchase common stock as a liability on its consolidated balance sheet as the warrants are free-standing financial instruments that may result in the issuance of a variable number of the Company's common shares. The warrants were initially recorded at fair value on the date of grant, and are subsequently re-measured to fair value at each reporting date. The change in the fair value of the common stock warrants is recognized as a component of other (income) expense, net on the consolidated statement of operations. The Company will continue to adjust the liability until the earlier of exercise of the warrants or expiration of the warrants occurs.

The Company performs a two-step process to determine the fair value of the warrants to purchase common stock. The first step is to estimate the aggregate fair value of the Company (Business Enterprise Value, or BEV), which is then allocated to each element of the Company's capital structure under the contingent claims methodology. In determining the fair value of its BEV, the Company uses a combination of the income approach and the market approach to estimate its aggregate BEV at each reporting date. The income approach uses a discounted cash flow analysis, which involves applying appropriate discount rates to estimated future cash flows based on forecasts of sales, costs and capital requirements. The market approach employs the guideline public company method, which uses the fair value of a peer group of publicly-traded companies. In the second step, the Company's estimated aggregate fair value is allocated to

ACUSHNET HOLDINGS CORP.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2. Summary of Significant Accounting Policies (Continued)

shares of common stock, shares of redeemable convertible preferred stock, convertible notes, bonds, employee stock options and warrants to purchase common stock using the contingent claims methodology. Under this model, each component of the Company's capital structure is treated as a call option with unique claim on the Company's assets as determined by the characteristics of each security's class. The resulting option claims are then valued using an option pricing model.

The Company historically has been a private company and lacks company-specific historical and implied volatility information of its stock. Therefore, it estimates its expected stock volatility based on the historical volatility of publicly-traded peer companies for a term equal to the remaining contractual term of the warrants. The risk-free interest rate is determined by reference to the U.S. Treasury yield curve for time periods approximately equal to the remaining time to purchase for each of the tranches of warrants.

Share-based Compensation

Share-based awards granted under the Company's Equity Appreciation Rights ("EAR") plan are accounted for as liability-classified awards because it is a cash settled plan. The Company elected the intrinsic value method to measure its liability-classified awards and amortizes share-based compensation expense for those awards expected to vest on a straight-line basis over the requisite service period. The Company re-measures the intrinsic value of the awards at the end of each reporting period.

Comprehensive Income (Loss)

Comprehensive income (loss) consists of net income and other comprehensive income (loss). Other comprehensive income (loss) consists of foreign currency translation adjustments, unrealized gains and losses from derivative instruments designated as cash flow hedges, unrealized gains and losses from available-for-sale securities and pension and other postretirement adjustments.

Net Income (Loss) Per Common Share

The Company applies the two-class method to calculate its basic and diluted net income (loss) per common share attributable to Acushnet Holdings Corp., as its redeemable convertible preferred shares are participating securities. The two-class method is an earnings allocation formula that treats a participating security as having rights to earnings that otherwise would have been available to common stockholders. Net income (loss) per common share available to Acushnet Holdings Corp. is determined by allocating undistributed earnings between holders of common shares and redeemable convertible preferred shares, based on the participation rights of the preferred shares. Basic net income (loss) per share attributable to Acushnet Holdings Corp. is computed by dividing the net income (loss) available to Acushnet Holdings Corp. by the weighted-average number of common shares outstanding during the period. Diluted net income (loss) per common share attributable to Acushnet Holdings Corp. is computed by dividing the net income (loss) available to Acushnet Holdings Corp. after giving effect to the diluted securities by the weighted-average number of dilutive shares outstanding during the period.

Diluted net income (loss) per common share attributable to Acushnet Holdings Corp. reflects the potential dilution that would occur if common stock warrants, convertible notes, redeemable convertible preferred stock, stock options or any other dilutive equity instruments were exercised or converted into common shares. The common stock warrants and stock options are included as potential dilutive securities to the extent they are dilutive under the treasury stock method for the applicable periods.

ACUSHNET HOLDINGS CORP.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2. Summary of Significant Accounting Policies (Continued)

The convertible notes and redeemable convertible preferred stock are included as potential dilutive securities to the extent they are dilutive under the if-converted method for the applicable periods.

Unaudited Pro Forma Financial Information

In the accompanying consolidated statements of operations, unaudited pro forma basic and diluted net income per common share attributable to Acushnet Holdings Corp. for the year ended December 31, 2015 has been prepared to give effect, upon the closing of a qualified initial public offering, to the automatic conversion of all the outstanding convertible notes into shares of common stock and the automatic conversion of all the outstanding shares of Series A redeemable convertible preferred stock into shares of common stock as if the qualified initial public offering had occurred on the later of January 1, 2015 or the issuance date.

Recently Adopted Accounting Standards

Income Taxes: Balance Sheet Classification of Deferred Taxes

In November 2015, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2015-17, "*Income Taxes: Balance Sheet Classification of Deferred Taxes*" which requires deferred tax liabilities and assets to be classified as non-current in a classified statement of financial position. The guidance is effective for financial statements issued for annual periods beginning after December 15, 2016, including interim periods within those fiscal years. Earlier adoption is permitted for all entities as of the beginning of an interim or annual reporting period. This amendment may be applied either prospectively or retrospectively to all periods presented. The Company adopted the provisions of this standard in 2015 and retrospectively adjusted the prior periods. The retrospective adoption of this standard resulted in the reclassification of \$38.1 million of deferred income taxes-current to deferred income taxes-long term as of December 31, 2014.

Inventory: Simplifying the Measurement of Inventory

In July 2015, the FASB issued ASU 2015-11, "*Inventory: Simplifying the Measurement of Inventory* ." ASU 2015-11 changes the measurement principle for inventory from the lower of cost or market to the lower of cost and net realizable value. ASU 2015-11 defines net realizable value as the estimated selling prices in the ordinary course of business, less reasonably predictable costs of completion, disposal and transportation. ASU 2015-11 is effective for fiscal years beginning after December 15, 2016, including interim periods within those fiscal years. The amendments should be applied prospectively with earlier application permitted as of the beginning of an interim or annual reporting period. The Company early adopted the provisions of this standard during the year ended December 31, 2015. The adoption of this standard did not have a significant impact on the consolidated financial statements.

Interest—Imputation of Interest

In April 2015, the FASB issued ASU 2015-03, "*Interest—Imputation of Interest: Simplifying the Presentation of Debt Issuance Costs* ." ASU 2015-03 requires that debt issuance costs related to a recognized debt liability be presented in the balance sheet as a direct deduction from the carrying amount of that debt liability, consistent with debt discounts. In August 2015, the FASB issued ASU 2015-15, "*Interest—Imputation of Interest* ." ASU 2015-15 adds paragraphs about the presentation and subsequent measurement of debt issuance costs associated with line-of-credit arrangements. The recognition and measurement guidance for debt issuance costs are not affected by the amendments in

ACUSHNET HOLDINGS CORP.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2. Summary of Significant Accounting Policies (Continued)

these ASUs. ASU 2015-03 and ASU 2015-15 are effective for financial statements issued for fiscal years beginning after December 15, 2015, including interim periods within those fiscal years. Early adoption of the amendment is permitted for financial statements that have not been previously issued. The Company adopted the provisions of this standard in 2015 and retrospectively adjusted the prior period. The retrospective adoption of this standard resulted in the reclassification of \$5.9 million of debt issuance costs from other noncurrent assets, of which \$0.6 million was reclassified to short-term debt and \$5.3 million was reclassified to long-term debt and capital lease obligations.

Recently Issued Accounting Standards

Revenue from Contracts with Customers

In May 2016, the FASB issued ASU 2016-12, "*Revenue from Contracts with Customers: Narrow-Scope Improvements and Practical Expedients.*" ASU 2016-12 addresses narrow-scope improvements to the guidance on collectability, noncash consideration and completed contracts at transition and provides a practical expedient for contract modifications and an accounting policy election related to the presentation of sales taxes and other similar taxes collected from customers. In March 2016, the FASB issued ASU 2016-08, "*Revenue from Contracts with Customers: Principal versus Agent Considerations*" clarifying the implementation guidance on principal versus agent considerations. In August 2015, the FASB issued ASU 2015-14, "*Revenue from Contracts with Customers: Deferral of the Effective Date.*" deferring the adoption of previously issued guidance published in May 2014, ASU 2014-09, "*Revenue from Contracts with Customers.*" ASU 2014-09 amends revenue recognition guidance and requires more detailed disclosures to enable users of financial statements to understand the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers. ASU 2016-08 and 2015-14 are effective for reporting periods beginning after December 15, 2017, including interim periods within those fiscal years. The new standard permits the use of either the retrospective or modified retrospective approach on adoption. The Company is currently evaluating this standard to determine the impact of its adoption on the consolidated financial statements.

Compensation—Stock Compensation

In March 2016, the FASB issued ASU 2016-09, "*Compensation—Stock Compensation: Improvements to Employee Share-Based Payment Accounting*" to simplify accounting for employee share-based payment transactions, including the income tax consequences, classification of awards as either equity or liabilities and classification on the statement of cash flows. The guidance is effective for financial statements issued for annual periods beginning after December 15, 2016, including interim periods within those fiscal years. The Company is currently evaluating this standard to determine the impact of its adoption on the consolidated financial statements.

Leases

In February 2016, the FASB issued ASU 2016-02, "Leases", which will require lessees to recognize right-of-use assets and lease liabilities for leases which were formerly classified as operating leases. The guidance is effective for financial statements issued for annual periods beginning after December 15, 2018, including interim periods within those fiscal years. The Company is currently evaluating this standard to determine the impact of its adoption on the consolidated financial statements.

ACUSHNET HOLDINGS CORP.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2. Summary of Significant Accounting Policies (Continued)

Fair Value Measurement

In May 2015, the FASB issued ASU 2015-07, "*Fair Value Measurement: Disclosures for Investments in Certain Entities that Calculate Net Asset Value per Share (or Its Equivalent)* ." Under ASU 2015-07 investments for which fair value is measured at net asset value per share (or its equivalent) using the practical expedient should not be categorized in the fair value hierarchy. ASU 2015-07 is effective for fiscal years beginning after December 15, 2015, including interim periods within those fiscal years. The Company is currently evaluating this standard to determine the impact of its adoption on the consolidated financial statements.

Intangibles—Goodwill and Other—Internal-Use Software

In April 2015, the FASB issued ASU 2015-05, "*Intangibles—Goodwill and Other—Internal-Use Software: Customer's Accounting for Fees Paid in a Cloud Computing Arrangement* ." ASU 2015-05 provides guidance to customers about whether a cloud computing arrangement includes a software license. If a cloud computing arrangement includes a software license, then the customer should account for the software license element of the arrangement consistent with the acquisition of other software licenses. If a cloud computing arrangement does not include a software license, the customer should account for the arrangement as a service contract. ASU 2015-05 will be effective for annual periods beginning after December 15, 2015, including interim periods within those fiscal years. The adoption of this standard is not expected to have a significant impact on the consolidated financial statements.

Consolidation: Amendments to the Consolidation Analysis

In February 2015, the FASB issued ASU 2015-02, "*Consolidation: Amendments to Consolidation Analysis* ." ASU 2015-02 places more emphasis on risk of loss when determining controlling interest, reduces the frequency of the application of related-party guidance when determining controlling financial interest in a VIE and changes consolidation conclusions for companies in several industries. ASU 2015-02 is effective for reporting periods beginning after December 15, 2015, with early adoption permitted. The Company is currently evaluating this standard to determine the impact of its adoption on the consolidated financial statements.

Presentation of Financial Statements—Going Concern

In August 2014, the FASB issued ASU 2014-15, "*Presentation of Financial Statements—Going Concern: Disclosure of Uncertainties about an Entity's Ability to Continue as a Going Concern* ." ASU 2014-15 requires management to evaluate whether there is substantial doubt about a company's ability to continue as a going concern within one year from the date the financial statements are issued and to provide related footnote disclosures as appropriate. ASU 2014-15 is effective for annual periods ending after December 15, 2016, and interim periods within annual periods beginning after December 15, 2016. Early application is permitted for annual or interim reporting periods for which the financial statements have not previously been issued. The adoption of this standard is not expected to have a significant impact on the consolidated financial statements.

ACUSHNET HOLDINGS CORP.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

3. Allowance for Doubtful Accounts

The change to the allowance for doubtful accounts was as follows:

(in thousands)	Year ended December 31,		
	2013	2014	2015
Balance at beginning of year	\$ 9,712	\$ 8,876	\$ 8,528
Bad debt expense	5,558	2,545	4,771
Amount of receivables written off	(6,190)	(2,485)	(634)
Foreign currency translation	(204)	(408)	(302)
Balance at end of year	<u>\$ 8,876</u>	<u>\$ 8,528</u>	<u>\$ 12,363</u>

4. Inventories

The components of inventories were as follows:

(in thousands)	December 31,	
	2014	2015
Raw materials and supplies	\$ 54,591	\$ 63,119
Work-in-process	16,601	18,210
Finished goods	219,949	245,030
Inventories	<u>\$ 291,141</u>	<u>\$ 326,359</u>

The change to the inventory reserve was as follows:

(in thousands)	Year ended December 31,		
	2013	2014	2015
Balance at beginning of year	\$ (12,332)	\$ (9,038)	\$ (8,291)
Charged to costs and expenses	(3,497)	(6,718)	(5,269)
Deductions from reserves	6,665	7,121	2,753
Foreign currency translation	126	344	387
Balance at end of year	<u>\$ (9,038)</u>	<u>\$ (8,291)</u>	<u>\$ (10,420)</u>

5. Property, Plant and Equipment, Net

The components of property, plant and equipment, net were as follows:

(in thousands)	December 31,	
	2014	2015
Land	\$ 15,293	\$ 14,804
Buildings and improvements	131,215	131,231
Machinery and equipment	133,060	140,042
Furniture, computers and equipment	20,380	24,489
Computer software	10,478	51,042
Construction in progress	52,963	17,554
Property, plant and equipment, gross	363,389	379,162
Accumulated depreciation	(96,797)	(124,268)
Property, plant and equipment, net	<u>\$ 266,592</u>	<u>\$ 254,894</u>

ACUSHNET HOLDINGS CORP.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

5. Property, Plant and Equipment, Net (Continued)

During the years ended December 31, 2013, 2014 and 2015, software development costs of \$12.8 million, \$9.4 million and \$43.0 million were capitalized, consisting of software placed into service of \$1.3 million, \$0.8 million and \$40.6 million and amounts recorded in construction in progress of \$11.5 million, \$8.6 million and \$2.4 million, respectively. Amortization expense was \$2.1 million, \$2.8 million and \$5.5 million for the years ended December 31, 2013, 2014 and 2015, respectively.

The Company capitalizes the cost of interest for long-term property, plant and equipment projects based on the Company's weighted average borrowing rates in place while the projects are in progress. Capitalized interest was \$0.5 million and \$0.8 million for the years ended December 31, 2013 and 2014, respectively. The Company did not capitalize interest for the year ended December 31, 2015.

Total depreciation and amortization expense related to property, plant and equipment was \$30.5 million, \$33.2 million and \$32.5 million for the years ended December 31, 2013, 2014 and 2015, respectively.

6. Goodwill and Identifiable Intangible Assets, Net

The change in the net carrying value of goodwill was as follows:

(in thousands)	December 31,	
	2014	2015
Balances at beginning of year	\$ 194,063	\$ 187,580
Foreign currency translation	(6,483)	(6,401)
Balances at end of year	<u>\$ 187,580</u>	<u>\$ 181,179</u>

Goodwill allocated to the Company's reportable segments and changes in the carrying amount of goodwill were as follows:

(in thousands)	Titleist Golf Balls	Titleist Golf Clubs	Titleist Golf Gear	FootJoy Golf Wear	Other	Total
Balances at December 31, 2013	\$ 113,647	\$ 56,340	\$ 13,656	\$ 1,693	\$ 8,727	\$ 194,063
Foreign currency translation	(3,726)	(2,021)	(488)	67	(315)	(6,483)
Balances at December 31, 2014	109,921	54,319	13,168	1,760	8,412	187,580
Foreign currency translation	(3,360)	(2,566)	(619)	543	(399)	(6,401)
Balances at December 31, 2015	<u>\$ 106,561</u>	<u>\$ 51,753</u>	<u>\$ 12,549</u>	<u>\$ 2,303</u>	<u>\$ 8,013</u>	<u>\$ 181,179</u>

The change in the net carrying value by class of identifiable intangible assets was as follows:

(in thousands)	Weighted Average Useful Life (Years)	December 31, 2014			December 31, 2015		
		Gross	Accumulated Amortization	Net Book Value	Gross	Accumulated Amortization	Net Book Value
Indefinite-lived:							
Trademarks	N/A	\$ 428,100	\$ —	\$ 428,100	\$ 428,100	\$ —	\$ 428,100
Amortizing:							
Completed Technology	13	73,900	(18,895)	55,005	73,900	(24,426)	49,474
Customer Relationships	20	19,926	(3,404)	16,522	19,253	(4,252)	15,001
Licensing Fees and Other	7	32,717	(22,932)	9,785	32,352	(25,433)	6,919
Total intangible assets		<u>\$ 554,643</u>	<u>\$ (45,231)</u>	<u>\$ 509,412</u>	<u>\$ 553,605</u>	<u>\$ (54,111)</u>	<u>\$ 499,494</u>

ACUSHNET HOLDINGS CORP.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

6. Goodwill and Identifiable Intangible Assets, Net (Continued)

During the years ended December 31, 2013 and 2015, no impairment charges were recorded to goodwill or indefinite-lived intangible assets. During the year ended December 31, 2014, the Company recorded an impairment charge of \$0.8 million related to its Pinnacle trademarks. The Company did not record an impairment charge to goodwill during the year ended December 31, 2014.

Amortization expense was \$9.4 million, \$9.4 million and \$9.3 million for the years ended December 31, 2013, 2014 and 2015, respectively, of which \$2.7 million associated with certain licensing fees was included in cost of goods sold in each year.

Amortization expense related to intangible assets as of December 31, 2015 for each of the next five fiscal years and beyond is expected to be as follows:

(in thousands)	
Year ending December 31,	
2016	\$ 9,321
2017	9,220
2018	7,857
2019	6,248
2020	5,905
Thereafter	32,843
Total	<u>\$ 71,394</u>

7. Product Warranty

The activity related to the warranty obligation was as follows:

(in thousands)	Year ended December 31,		
	2013	2014	2015
Balance at beginning of year	\$ 2,953	\$ 2,924	\$ 2,989
Provision	4,432	4,959	5,399
Claims paid/costs incurred	(4,505)	(4,700)	(4,929)
Foreign currency translation	44	(194)	(114)
Balance at end of year	<u>\$ 2,924</u>	<u>\$ 2,989</u>	<u>\$ 3,345</u>

8. Related Party Transactions

The Company has historically incurred interest expense payable to related parties on its outstanding convertible notes and bonds with common stock warrants (Note 9). Related party interest expense totaled \$40.3 million, \$38.0 million and \$35.4 million for the years ended December 31, 2013, 2014 and 2015, respectively.

ACUSHNET HOLDINGS CORP.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

9. Debt and Financing Arrangements

The Company's debt and capital lease obligations were as follows:

(in thousands)	December 31,	
	2014	2015
Secured floating rate notes	\$ 419,583	\$ 372,804
Convertible notes	362,490	362,490
Bonds with common stock warrants	60,901	30,540
Senior term loan facility	29,490	29,836
Revolving credit facility	5,000	24,000
Other short-term borrowings	26,799	15,064
Capital lease obligations	1,078	1,481
Total	905,341	836,215
Less: Short-term debt	81,162	441,704
Total long-term debt and capital lease obligations	\$ 824,179	\$ 394,511

The secured floating rate notes are net of debt issuance costs of \$5.4 million and \$2.2 million as of December 31, 2014 and 2015, respectively. The senior term loan facility is net of debt issuance costs of \$0.5 million and \$0.2 million as of December 31, 2014 and 2015, respectively.

Convertible Notes

In 2011 and 2012, the Company issued convertible notes with an aggregate principal amount of \$362.5 million to shareholders. The convertible notes bear interest at a rate of 7.5% per annum, which is payable in cash semi-annually in arrears on February 1 and August 1. The notes mature upon the earlier of July 29, 2021 or the election of the holder upon a change in control, as defined in the securities purchase agreements governing the notes. Amounts due under the convertible notes can only be repaid upon maturity or upon a change in control.

On March 11, 2013, the Company received approval from the holders of the convertible notes to defer any interest payments due after August 1, 2013 and prior to February 1, 2016 pursuant to the covenants imposed by the secured floating rate notes and the senior revolving and term loan facilities.

The notes are convertible at the option of the holder at any time prior to maturity into a number of shares of the Company's common stock determined by dividing the aggregate outstanding unpaid principal amount of the note by the conversion price of \$100 per share. The conversion price is subject to adjustment if additional shares of common stock are sold subsequent to the issuance of the convertible notes at a price per common share that is lower than \$100 per share or upon a subdivision of the outstanding shares of the Company's common stock. Transfer of the notes to any party, including an affiliate of the noteholder, requires prior written consent of the other noteholders and Fila Korea Ltd.

The Company recorded interest expense related to the convertible notes of \$27.2 million during each of the years ended December 31, 2013, 2014 and 2015.

ACUSHNET HOLDINGS CORP.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

9. Debt and Financing Arrangements (Continued)

Bonds with Common Stock Warrants

In 2011 and 2012, the Company issued bonds with an aggregate principal amount of \$172.5 million to shareholders. The bonds bear interest at a rate of 7.5% per annum, which is payable in cash semi-annually in arrears on February 1 and August 1. The bonds mature upon the earlier of July 29, 2021 or the election of the holder upon a change of control, as defined in the securities purchase agreement governing the bonds. Amounts due under the bonds can only be repaid upon maturity, a change of control, a holder electing to exercise common stock warrants by net settling their bonds or an exercise of common stock warrants by Fila Korea Ltd.

In connection with the issuance of these bonds, the Company issued common stock warrants for the purchase of 1,725,159 shares of the Company's common stock, at an exercise price of \$100 per share. The exercise price is subject to adjustment if additional shares of common stock are sold subsequent to the issuance of the bonds at a price per common share that is lower than \$100 per share or upon a subdivision of the outstanding shares of the Company's common stock. The common stock warrant exercise price can be settled with cash or through tender of an aggregate outstanding principal amount of the bonds and accrued but unpaid interest equal to the exercise price of the common stock warrants.

A discount of \$19.9 million relating to the issuance-date fair value of the common stock warrants was recorded on the issuance date of the bonds and is being accreted to interest expense until the maturity date of the bonds. The unamortized discount was \$8.1 million and \$4.0 million as of December 31, 2014 and 2015, respectively.

On March 11, 2013, the Company received approval from the holders of the bonds to defer any interest payments due after August 1, 2013 and prior to February 1, 2016 pursuant to the covenants imposed by the secured floating rate notes and the senior revolving and term loan facilities.

The common stock warrants are detachable and transferrable by the holders only to Fila Korea Ltd. or its designee at a price equal to the interest accrued on the underlying bonds at the rate of 4.0% per annum calculated on an annual compounded basis. Fila Korea Ltd. has a call option to purchase all of the outstanding common stock warrants held by holders of the bonds in annual installments of 345,032 common stock warrants over a five-year period beginning July 29, 2012. Fila Korea Ltd. must exercise the common stock warrants within 10 days of exercising the call option. The exercise of the common stock warrants by Fila Korea Ltd. triggers the Company to redeem a pro rata share of the bonds payable by using the proceeds received from the exercise of the common stock warrants by Fila Korea Ltd.

In July 2013, 2014 and 2015, Fila Korea, Ltd. exercised its annual call option to purchase 345,032 common stock warrants held by the holders of the bonds and exercised such warrants at the exercise price of \$100 per share. This resulted in proceeds to the Company of \$34.5 million during each of the years ended December 31, 2013, 2014 and 2015. The Company used these proceeds to repay outstanding indebtedness under the bonds of \$34.5 million during each of the years ended December 31, 2013, 2014 and 2015.

The Company recorded interest expense related to the bonds, including the amortization of the discount, of \$13.1 million, \$10.8 million and \$8.2 million during the years ended December 31, 2013, 2014 and 2015, respectively.

ACUSHNET HOLDINGS CORP.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

9. Debt and Financing Arrangements (Continued)

Secured Floating Rate Notes

In October 2011, the Company entered into an agreement with Korea Development Bank to issue secured floating rate notes in an aggregate principal amount of \$500.0 million, which mature on July 29, 2016. The notes bear interest at a rate equal to three-month LIBOR plus a margin of 3.75%, which is required to be paid quarterly in arrears on January 31, April 30, July 31 and October 31. The notes were issued in separate classes with maturity dates ranging from October 2013 to July 2016. Pursuant to an amended and restated pledge and security agreement dated October 31, 2011, the secured floating rate notes are secured by certain assets, including inventory, accounts receivable, fixed assets and intangible assets of the Company, and a second priority security interest in the shares of certain Fila Korea Ltd. entities, trademarks and bank accounts.

In October 2013, the Company entered into an agreement with Korea Development Bank to issue secured floating rate notes in an aggregate principal amount of \$125.0 million, which mature on July 29, 2016. Proceeds from the issuance of the notes were used, along with existing cash on hand, to repay \$150.0 million of the secured floating rate notes issued in October 2011. The notes bear interest at a rate equal to three-month LIBOR plus a margin of 3.75%, which is required to be paid quarterly in arrears on January 31, April 30, July 31 and October 31. Pursuant to an amended and restated pledge and security agreement dated October 31, 2013, the secured floating rate notes are secured by certain assets, including inventory, accounts receivable, fixed assets and intangible assets of the Company, and a second priority security interest in the shares of certain Fila Korea Ltd. entities, trademarks and bank accounts.

The secured floating rate notes agreements contain customary negative covenants, subject to certain exceptions, including limitations on: liens; financial indebtedness; mergers, acquisitions and joint ventures; asset sales, dividends and distributions and repurchase of the Company's capital securities; transactions with affiliates; and changes in the Company's lines of business. The agreement also contains a subjective acceleration clause. The secured floating rate notes agreements require the Company to comply on an annual basis with a consolidated leverage ratio. In addition, the secured floating rate notes agreements contain certain customary events of default. As of December 31, 2015, the Company was in compliance with all covenants.

The Company incurred \$13.2 million of issuance costs in connection with the original issuance of \$500.0 million secured floating rate notes. In addition, the Company incurred \$3.3 million of issuance costs in connection with the issuance of \$125.0 million secured floating rate notes during the year ended December 31, 2013. Of the \$3.3 million, \$1.0 million was immediately recorded as interest expense and \$2.3 million was capitalized as debt issuance costs.

There were outstanding borrowings under the secured floating rate notes of \$425.0 million and \$375.0 million as of December 31, 2014 and 2015, respectively. As of December 31, 2014 and 2015, the interest rate applicable to the outstanding borrowings under the secured floating rate notes was 3.98% and 4.07%, respectively. The Company recorded interest expense related to the secured floating rate notes, including the amortization of debt issuance costs, of \$25.1 million, \$22.4 million and \$20.8 million during the years ended December 31, 2013, 2014 and 2015, respectively.

Senior Revolving and Term Loan Facilities

In July 2011, the Company entered into a senior revolving facility agreement with Korea Development Bank ("Senior Facility Agreement"), which provided for borrowings under a revolving

ACUSHNET HOLDINGS CORP.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

9. Debt and Financing Arrangements (Continued)

credit facility of up to \$50.0 million to be used for general corporate purposes ("Senior Revolving Facility"). The applicable interest rate for borrowings under the Senior Revolving Facility is LIBOR plus a margin of 3.25%. The Senior Facility Agreement requires a commitment fee of 0.3% based on the average daily unused portion of the facility. On February 12, 2014, the Company amended its Senior Facility Agreement and simultaneously executed a joinder agreement with Wells Fargo N.A. to increase the borrowing capacity under the Senior Revolving Facility to \$75.0 million.

On December 24, 2014, the Company further amended the Senior Facility Agreement to increase the borrowing capacity under the Senior Revolving Facility to \$95.0 million, which matures on July 29, 2016. This amendment also provided for borrowings under a new senior term loan agreement with Korea Development Bank of \$30.0 million ("Senior Term Loan"), which matures on July 29, 2016. The applicable interest rate for borrowings under the Senior Term Loan is three-month LIBOR plus a margin of 2.63%, and is increased for any required withholding taxes. The Senior Facility Agreement requires a commitment fee of 0.3% based on the average daily unused portion of the term loan. Upon entry into the amendment, the Company immediately borrowed the entire \$30.0 million under the Senior Term Loan.

Collateralization of borrowings under the Senior Facility Agreement is governed by the terms of an amended and restated pledge and security agreement. Pursuant to the agreement, borrowings under the Senior Facility Agreement are secured by certain assets, including inventory, accounts receivable, fixed assets and intangible assets of the Company, and by a second priority security interest in the shares of certain Fila Korea Ltd. entities, trademarks and bank accounts.

The Senior Facility Agreement contains customary negative covenants, subject to certain exceptions, including limitations on: liens; financial indebtedness; mergers, acquisitions and joint ventures; asset sales, dividends and distributions and repurchase of the Company's capital securities; transactions with affiliates; and changes in the Company's lines of business. The agreement also contains a subjective acceleration clause. The Senior Facility Agreement requires the Company to comply on an annual basis with a consolidated leverage ratio, as defined in the agreement. In addition, the Senior Facility Agreement contains certain customary events of default. As of December 31, 2015, the Company was in compliance with all covenants.

There were no outstanding borrowings under the Senior Revolving Facility as of December 31, 2014 and 2015. The Company recorded interest expense related to the Senior Revolving Facility, including unused commitment fees, of \$0.9 million, \$0.9 million and \$0.8 million during the years ended December 31, 2013, 2014 and 2015, respectively.

There were outstanding borrowings under the Senior Term Loan of \$30.0 million as of December 31, 2014 and 2015. As of December 31, 2014 and 2015, the interest rate applicable to the outstanding borrowings under the Senior Term Loan facility was 3.24% and 3.26%, respectively. The Company recorded interest expense related to the Senior Term Loan of \$1.3 million during the year ended December 31, 2015.

Revolving Credit Facility

In February 2012, the Company entered into a revolving credit facility agreement with Korea Development Bank, which, as amended, provided for working capital borrowing capacity in an amount up to \$50.0 million, subject to certain limitations. As of December 31, 2014 and 2015, \$30.0 million had been made available to the Company. The revolving credit facility matured on February 6, 2016. The

ACUSHNET HOLDINGS CORP.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

9. Debt and Financing Arrangements (Continued)

applicable interest rate for borrowings under the facility is LIBOR plus a margin of 2.9%. In addition, a commitment fee of 0.6% on the average daily unused portion of the facility is payable in arrears on the January 1, April 1, July 1 and October 1.

The revolving credit facility is secured by the Company's intra-group intellectual property license agreements and related deposit account. The revolving credit facility agreement requires the Company to comply with certain financial covenants and contains customary negative covenants, subject to certain exceptions, including limitations on: liens; financial indebtedness; mergers, acquisitions and joint ventures; asset sales, dividends, distributions and repurchase of the Company's capital securities; transactions with affiliates; and changes in the Company's lines of business. In addition, the revolving credit facility agreement contains certain customary events of default. As of December 31, 2015, the Company was in compliance with all covenants.

There were outstanding borrowings under the revolving credit facility of \$5.0 million and \$24.0 million as of December 31, 2014 and 2015, respectively. The Company's additional borrowing capacity under the revolving credit facility was \$25.0 million and \$6.0 million as of December 31, 2014 and 2015, respectively. As of December 31, 2014 and 2015, the weighted average interest rate applicable to the outstanding borrowings under the revolving credit facility was 3.07% and 3.27%, respectively. The Company recorded interest expense related to the revolving credit facility, including unused commitment fees, of \$0.5 million, \$0.9 million and \$0.6 million during the years ended December 31, 2013, 2014 and 2015, respectively.

Working Credit Facility (Canada)

In February 2013, the Company entered into a working credit facility agreement arranged by Wells Fargo N.A., Canadian Branch, which provides for borrowings of up to the lesser of (a) C\$25 million or (b) the sum of 80% of eligible accounts receivable and 60% of eligible inventory. The working credit facility, as amended, matured on February 1, 2016. The applicable interest rate for borrowings under the facility for Canadian dollar borrowings is CDOR plus a margin of 2.0% or Canadian Prime Rate and for U.S. dollar borrowings is LIBOR plus a margin of 2.0% or U.S. Prime Rate. The facility requires a commitment fee equal to 0.25% of the uncanceled and unutilized portion of the facility as of the preceding fiscal quarter.

The working credit facility is secured by the accounts receivable, inventory and cash collections of Acushnet Canada, a wholly owned subsidiary of the Company. The working credit facility agreement requires the Company to comply with certain financial covenants and contains customary negative covenants, subject to certain exceptions, including limitations and restrictions on dispositions, liens, dividends, debt, mergers, transactions with affiliates and changes in the Company's lines of business. In addition, the working credit facility agreement contains certain customary events of default. As of December 31, 2015, the Company was in compliance with all covenants.

There were no outstanding borrowings as of December 31, 2014 and 2015. The Company recorded interest expense related to the working credit facility (Canada), including unused commitment fees, of \$0.3 million for each of the years ended December 31, 2013, 2014 and 2015, respectively.

Working Credit Facility (Europe)

In April 2012, the Company entered into a working credit facility agreement arranged by Wells Fargo Capital Finance (UK) Limited, which provides for borrowings of up to the lesser of

ACUSHNET HOLDINGS CORP.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

9. Debt and Financing Arrangements (Continued)

(a) £30 million or (b) the sum of 85% of eligible accounts receivable and 65% of eligible inventory, of which £5 million can be used for letters of credit. The working credit facility matures on April 4, 2017. The applicable interest rate for borrowings under the facility is LIBOR plus a margin of 3.0%. The facility includes a commitment fee of 0.375% on the average daily unused portion of the facility. The working credit facility is secured by the accounts receivable, inventory and cash collections of Acushnet Europe Limited, a wholly owned subsidiary of the Company.

The working credit facility agreement requires the Company to comply with certain financial covenants and contains customary negative covenants, subject to certain exceptions, including limitations on: liens; financial indebtedness; mergers and acquisitions; asset sales, dividends and distributions; transactions with affiliates; and changes in the Company's lines of business. In addition, the working credit facility agreement contains certain customary events of default. As of December 31, 2015, the Company was in compliance with all covenants.

There were no outstanding borrowings as of December 31, 2014 and 2015. The Company recorded interest expense related to the working credit facility (Europe), including unused commitment fees, of \$0.8 million, \$0.7 million and \$0.6 million during the years ended December 31, 2013, 2014 and 2015, respectively.

Letters of Credit

As of December 31, 2014 and 2015, there were outstanding letters of credit totaling \$14.1 million and \$14.4 million, respectively, of which \$5.1 million and \$4.0 million was secured, respectively, related to agreements which provided a maximum commitment for letters of credit of \$24.2 million.

Available Borrowings

As of December 31, 2015, the Company had available borrowings under its revolving credit facilities, including the revolving credit facility, Senior Revolving Facility and Canadian and European working credit facilities, of \$207.5 million.

Payments of Debt Obligations due by Period

As of December 31, 2015, principal payments on outstanding long-term debt obligations were as follows:

(in thousands)	
Year ending December 31,	
2016	\$ 444,064
2017	—
2018	—
2019	—
2020	—
Thereafter	393,030
Total	<u>\$ 837,094</u>

ACUSHNET HOLDINGS CORP.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

10. Derivative Financial Instruments

Common Stock Warrants

On July 29, 2011, the Company issued bonds in the aggregate principal amount of \$168.0 million and common stock warrants to purchase an aggregate of 1,680,000 shares of the Company's common stock (Note 9). On January 20, 2012, the Company issued \$4.5 million of additional bonds and common stock warrants to purchase 45,159 shares of the Company's common stock (Note 9).

In July 2013, Fila Korea Ltd. exercised its call option to purchase the second annual installment of 345,032 common stock warrants held by the holders of the bonds. On August 7, 2013, Fila Korea Ltd. converted the warrants into common stock at the conversion price of \$100 per share, or \$34.5 million in the aggregate. The Company used the proceeds received from Fila Korea Ltd.'s exercise of common stock warrants to redeem a pro rata share of the outstanding bonds payable.

In July 2014, Fila Korea Ltd. exercised its call option to purchase the third annual installment of 345,032 common stock warrants held by the holders of the bonds. On July 29, 2014, Fila Korea Ltd. converted the warrants into common stock at the conversion price of \$100 per share, or \$34.5 million in the aggregate. The Company used the proceeds received from Fila Korea Ltd.'s exercise of common stock warrants to redeem a pro rata share of the outstanding bonds payable.

In July 2015, Fila Korea Ltd. exercised its call option to purchase the fourth annual installment of 345,032 common stock warrants held by the holders of the bonds. On July 28, 2015, Fila Korea Ltd. converted the warrants into common stock at the conversion price of \$100 per share, or \$34.5 million in the aggregate. The Company used the proceeds received from Fila Korea Ltd.'s exercise of common stock warrants to redeem a pro rata share of the outstanding bonds payable. As of December 31, 2015, 345,032 common stock warrants with an exercise price of \$100 per share were outstanding and are exercisable.

The common stock warrants are recorded at fair value (Note 11) and included in accrued expenses and other liabilities on the consolidated balance sheet. Changes in the fair value of the common stock warrants are recognized as other (income) expense, net on the consolidated statement of operations.

Foreign Exchange Derivative Instruments

The Company principally uses financial instruments to reduce the impact of changes in foreign currency exchange rates. The principal derivative financial instruments the Company enters into on a routine basis are foreign exchange forward contracts. The Company does not enter into foreign exchange forward contracts for trading or speculative purposes.

Foreign exchange contracts are primarily used to hedge purchases denominated in select foreign currencies, thereby limiting currency risk that would otherwise result from changes in exchange rates. The periods of the foreign exchange contracts correspond to the periods of the forecasted transactions, which do not exceed 24 months subsequent to the latest balance sheet date. The effective portions of cash flow hedges are reported in accumulated other comprehensive income (loss) and recognized in the consolidated statement of operations when the hedged item affects earnings. Changes in fair value of all economic hedge transactions are immediately recognized in current period earnings. The primary foreign currency hedge contracts pertain to the U.S. dollar, the Japanese yen, the British pound sterling, the Canadian dollar, the Korean won and the Euro. The gross U.S. dollar equivalent notional amount of all foreign currency derivative hedges outstanding as of December 31, 2015 was \$378.8 million.

ACUSHNET HOLDINGS CORP.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

10. Derivative Financial Instruments (Continued)

The counterparties to derivative contracts are major financial institutions. The Company assesses credit risk of the counterparties on an ongoing basis.

The fair values of foreign exchange derivative instruments on the consolidated balance sheets were as follows:

(in thousands)	Balance Sheet Location	December 31,	
		2014	2015
Asset derivatives	Other current assets	\$ 22,057	\$ 13,824
	Other noncurrent assets	3,389	790
Liability derivatives	Other current liabilities	365	1,265
	Other noncurrent liabilities	14	331

The effect of foreign exchange derivative instruments on accumulated other comprehensive income (loss) and the consolidated statements of operations was as follows:

(in thousands)	Gain (Loss) Recognized in OCI		
	Year ended December 31,		
	2013	2014	2015
Type of hedge			
Cash flow	\$ 13,439	\$ 20,619	\$ 14,964
	<u>\$ 13,439</u>	<u>\$ 20,619</u>	<u>\$ 14,964</u>

(in thousands)	Gain (Loss) Recognized in Statement of Operations		
	Year ended December 31,		
	2013	2014	2015
Location of gain (loss) in statement of operations			
Cost of goods sold	\$ 10,671	\$ 9,916	\$ 26,805
Selling, general and administrative expense	3,713	3,271	3,841
	<u>\$ 14,384</u>	<u>\$ 13,187</u>	<u>\$ 30,646</u>

Based on the current valuation, the Company expects to reclassify net gains of \$12.3 million from accumulated other comprehensive income (loss) into cost of goods sold during the next 12 months.

ACUSHNET HOLDINGS CORP.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

11. Fair Value Measurements

Assets and liabilities measured at fair value on a recurring basis were as follows:

(in thousands)	Fair Value Measurements as of December 31, 2014 using:			Balance Sheet Location
	Level 1	Level 2	Level 3	
Assets				
Rabbi trust	\$ 2,812	\$ —	\$ —	Other current assets
Foreign exchange derivative instruments	—	22,057	—	Other current assets
Rabbi trust	12,178	—	—	Other noncurrent assets
Deferred compensation program assets	2,170	—	—	Other noncurrent assets
Foreign exchange derivative instruments	—	3,389	—	Other noncurrent assets
Total assets	<u>\$ 17,160</u>	<u>\$ 25,446</u>	<u>\$ —</u>	
Liabilities				
Foreign exchange derivative instruments	\$ —	\$ 365	\$ —	Other current liabilities
Common stock warrants	—	—	1,818	Other current liabilities
Deferred compensation program liabilities	2,170	—	—	Other noncurrent liabilities
Foreign exchange derivative instruments	—	14	—	Other noncurrent liabilities
Total liabilities	<u>\$ 2,170</u>	<u>\$ 379</u>	<u>\$ 1,818</u>	

(in thousands)	Fair Value Measurements as of December 31, 2015 using:			Balance Sheet Location
	Level 1	Level 2	Level 3	
Assets				
Rabbi trust	\$ 13,111	\$ —	\$ —	Other current assets
Foreign exchange derivative instruments	—	13,824	—	Other current assets
Rabbi trust	1,442	—	—	Other noncurrent assets
Deferred compensation program assets	2,129	—	—	Other noncurrent assets
Foreign exchange derivative instruments	—	790	—	Other noncurrent assets
Total assets	<u>\$ 16,682</u>	<u>\$ 14,614</u>	<u>\$ —</u>	
Liabilities				
Foreign exchange derivative instruments	\$ —	\$ 1,265	\$ —	Other current liabilities
Common stock warrants	—	—	22,884	Other current liabilities
Deferred compensation program liabilities	2,129	—	—	Other noncurrent liabilities
Foreign exchange derivative instruments	—	331	—	Other noncurrent liabilities
Total liabilities	<u>\$ 2,129</u>	<u>\$ 1,596</u>	<u>\$ 22,884</u>	

During the years ended December 31, 2014 and 2015, there were no transfers between Level 1, Level 2 and Level 3.

Rabbi trust assets are used to fund certain retirement obligations of the Company. The assets underlying the Rabbi trust are equity and fixed income exchange-traded funds.

Deferred compensation program assets and liabilities represent a program where select employees can defer compensation until termination of employment. Effective July 29, 2011, this program was

ACUSHNET HOLDINGS CORP.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

11. Fair Value Measurements (Continued)

amended to cease all employee compensation deferrals and provided for the distribution of all previously deferred employee compensation. The program remains in effect with respect to the value attributable to the employer match contributed prior to July 29, 2011.

Foreign exchange derivative instruments are forward contracts used to hedge currency fluctuations for transactions denominated in a foreign currency. The Company uses the mid-price of foreign exchange forward rates as of the close of business on the valuation date to value each foreign exchange forward contract at each reporting period.

The Company categorizes the common stock warrants derivative liability as Level 3 as there are significant unobservable inputs used in the underlying valuations. The common stock warrants are valued using the contingent claims methodology.

The change in Level 3 fair value measurements was as follows:

(in thousands)	Year ended December 31,	
	2014	2015
Balance at beginning of year	\$ 3,705	\$ 1,818
Common stock warrant exercise	—	(7,298)
Total gains included in earnings	(1,887)	28,364
Balance at end of year	<u>\$ 1,818</u>	<u>\$ 22,884</u>

12. Pension and Other Postretirement Benefits

The Company has various pension and post-employment plans which provide for payment of retirement benefits, mainly commencing between the ages of 50 and 65, and for payment of certain disability benefits. After meeting certain qualifications, an employee acquires a vested right to future benefits. The benefits payable under the plans are generally determined on the basis of an employee's length of service and/or earnings. Employer contributions to the plans are made, as necessary, to ensure legal funding requirements are satisfied. The Company may make contributions in excess of the legal funding requirements.

The Company provides postretirement healthcare benefits to certain retirees. Many employees and retirees outside of the United States are covered by government sponsored healthcare programs.

On November 13, 2015, the Company amended the US pension plan and supplemental executive retirement plan ("SERP") by closing the plans to newly-hired full-time employees who had not yet satisfied the one year service requirement as of January 1, 2016, freezing the accrual of additional benefits on participants who have not attained age 50 with at least 10 years of vesting service, or whose age plus vesting service is less than 70, and shifting benefits for participants who have continued to accrue benefits from the pension plan to the SERP once a cap of \$150,000 has been reached. The plans were re-measured in accordance with ASC 715 resulting in a curtailment gain of \$2.4 million during the year ended December 31, 2015.

ACUSHNET HOLDINGS CORP.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
12. Pension and Other Postretirement Benefits (Continued)

The following tables present the change in benefit obligation, change in plan assets, and funded status for the Company's defined benefit and postretirement benefit plans for the years ended December 31, 2014 and 2015:

(in thousands)	Pension Benefits (Underfunded)	Pension Benefits (Overfunded)	Postretirement Benefits
Change in projected benefit obligation (PBO)			
Benefit obligation at December 31, 2013	\$ 229,918	\$ 33,346	\$ 24,312
Service cost	12,869	467	1,246
Interest cost	10,427	1,546	1,090
Actuarial (gain) loss	36,419	2,957	(2,484)
Plan amendments	—	—	(1,713)
Participants' contributions	—	186	1,182
Benefit payments	(13,644)	(721)	(2,544)
Foreign currency translation	(967)	(1,783)	—
Projected benefit obligation at December 31, 2014	<u>275,022</u>	<u>35,998</u>	<u>21,089</u>
Accumulated benefit obligation (ABO) at December 31, 2014	<u>220,263</u>	<u>33,657</u>	<u>21,089</u>
Change in plan assets			
Fair value of plan assets at December 31, 2013	136,731	41,432	—
Return on plan assets	21,826	1,021	—
Employer contributions	14,602	2,427	1,362
Participants' contributions	—	186	1,182
Benefit payments	(13,644)	(721)	(2,544)
Foreign currency translation	(206)	(2,076)	—
Fair value of plan assets at December 31, 2014	<u>159,309</u>	<u>42,269</u>	<u>—</u>
Funded status (fair value of plan assets less PBO)	<u>\$ (115,713)</u>	<u>\$ 6,271</u>	<u>\$ (21,089)</u>

ACUSHNET HOLDINGS CORP.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

12. Pension and Other Postretirement Benefits (Continued)

(in thousands)	Pension Benefits (Underfunded)	Pension Benefits (Overfunded)	Postretirement Benefits
Change in projected benefit obligation (PBO)			
Benefit obligation at December 31, 2014	\$ 275,022	\$ 35,998	\$ 21,089
Service cost	15,515	168	1,060
Interest cost	10,962	1,376	787
Actuarial (gain) loss	199	2,920	(2,228)
Curtailments	(21,567)	—	—
Plan amendments	1,331	—	—
Participants' contributions	—	55	1,068
Benefit payments	(9,203)	(575)	(1,697)
Foreign currency translation	(797)	(1,655)	—
Projected benefit obligation at December 31, 2015	<u>271,462</u>	<u>38,287</u>	<u>20,079</u>
Accumulated benefit obligation (ABO) at December 31, 2015	<u>228,830</u>	<u>36,004</u>	<u>20,079</u>
Change in plan assets			
Fair value of plan assets at December 31, 2014	159,309	42,269	—
Return on plan assets	(5,182)	1,838	—
Employer contributions	12,827	2,095	629
Participants' contributions	—	55	1,068
Benefit payments	(9,203)	(575)	(1,697)
Foreign currency translation	(22)	(1,914)	—
Fair value of plan assets at December 31, 2015	<u>157,729</u>	<u>43,768</u>	<u>—</u>
Funded status (fair value of plan assets less PBO)	<u>\$ (113,733)</u>	<u>\$ 5,481</u>	<u>\$ (20,079)</u>

Amounts recognized on the consolidated balance sheets were as follows:

(in thousands)	Pension Benefits		Postretirement Benefits	
	December 31,		December 31,	
	2014	2015	2014	2015
Prepaid benefit cost	\$ 6,271	\$ 5,481	\$ —	\$ —
Current benefit liability	(2,964)	(13,419)	(959)	(844)
Noncurrent benefit liability	(112,749)	(100,314)	(20,130)	(19,235)
Net amount recognized	<u>\$ (109,442)</u>	<u>\$ (108,252)</u>	<u>\$ (21,089)</u>	<u>\$ (20,079)</u>

ACUSHNET HOLDINGS CORP.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

12. Pension and Other Postretirement Benefits (Continued)

The amounts in accumulated other comprehensive income (loss) on the consolidated balance sheets that have not yet been recognized as components of net periodic benefit cost were as follows:

(in thousands)	Pension Benefits			Postretirement Benefits		
	Year ended December 31,			Year ended December 31,		
	2013	2014	2015	2013	2014	2015
Net actuarial (gain) loss at beginning of year	\$ 28,401	\$ (7,892)	\$ 19,878	\$ 551	\$ (3,269)	\$ (7,270)
Current year actuarial (gain) loss	(35,487)	28,116	17,835	(3,820)	(2,484)	(2,228)
Amortization of actuarial (gain) loss	(606)	(34)	(1,152)	—	195	490
Curtailement impact	—	—	(19,146)	—	—	—
Prior service cost (credit)	—	—	1,331	—	(1,712)	—
Amortization of prior service cost (credit)	—	—	(22)	—	—	168
Foreign currency translation	(200)	(312)	(350)	—	—	—
Net actuarial (gain) loss at end of year	\$ (7,892)	\$ 19,878	\$ 18,374	\$ (3,269)	\$ (7,270)	\$ (8,840)

The expected prior service cost (credit) that will be amortized from accumulated other comprehensive income (loss) into net periodic benefit cost in the next fiscal year is a cost of \$0.2 million for the pension plans and a credit of \$0.2 million for the postretirement plans. The expected actuarial (gain) loss that will be amortized from accumulated other comprehensive income (loss) into net periodic benefit cost in the next fiscal year is a loss of \$0.5 million for the pension plans and a gain of \$0.7 million for the postretirement plans.

Components of net periodic benefit cost were as follows:

(in thousands)	Pension Benefits			Postretirement Benefits		
	Year ended December 31,			Year ended December 31,		
	2013	2014	2015	2013	2014	2015
Components of net periodic benefit cost						
Service cost	\$ 14,786	\$ 13,336	\$ 15,683	\$ 1,389	\$ 1,246	\$ 1,060
Interest cost	10,899	11,973	12,338	971	1,090	787
Expected return on plan assets	(10,215)	(11,587)	(11,372)	—	—	—
Curtailement gain	—	—	(2,421)	—	—	—
Amortization of net (gain) loss	606	34	1,152	—	(195)	(490)
Amortization of prior service cost (credit)	—	—	22	—	—	(168)
Net periodic benefit cost	\$ 16,076	\$ 13,756	\$ 15,402	\$ 2,360	\$ 2,141	\$ 1,189

ACUSHNET HOLDINGS CORP.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

12. Pension and Other Postretirement Benefits (Continued)

The weighted average assumptions used to determine future benefit obligations benefit cost were as follows:

	Pension Benefits		Postretirement Benefits	
	2014	2015	2014	2015
Weighted-average assumptions used to determine benefit obligations as of December 31,				
Discount rate	3.92%	4.16%	3.90%	4.30%
Rate of compensation increase	4.04%	4.07%	N/A	N/A

The weighted average assumptions used to determine net periodic benefit cost were as follows:

	Pension Benefits			Postretirement Benefits		
	2013	2014	2015	2013	2014	2015
Weighted-average assumptions used to determine net cost for the year ended December 31,						
Discount rate	4.01%	4.73%	3.92%	3.90%	4.80%	3.90%
Expected long-term rate of return on plan assets	6.72%	6.72%	6.15%	N/A	N/A	N/A
Rate of compensation increase	3.99%	4.05%	4.05%	N/A	N/A	N/A

The assumed healthcare cost trend rates used to determine benefit obligations as of December 31 and net cost for the year ended December 31 were as follows:

	Postretirement Benefits Medical and Prescription Drug		
	2013	2014	2015
Healthcare cost trend rate assumed for next year	8.50%	8.00%	5.75/10.00%
Rate that the cost trend rate is assumed to decline (the ultimate trend rate)	5.00%	5.00%	4.50%
Year that the rate reaches the ultimate trend rate	2021	2021	2024

Assumed healthcare cost trend rates have a significant effect on the amounts reported for the healthcare plans. A one-percentage-point change in assumed healthcare cost trend rates would have the following effects:

(in thousands)	2014		2015	
	One-Percentage Point Increase	One-Percentage Point Decrease	One-Percentage Point Increase	One-Percentage Point Decrease
Effect on total of service and interest cost	\$ 150	\$ (131)	\$ 125	\$ (110)
Effect on postretirement benefit obligation	1,268	(1,127)	1,054	(941)

ACUSHNET HOLDINGS CORP.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

12. Pension and Other Postretirement Benefits (Continued)

Plan Assets

Pension assets by major category of plan assets and the type of fair value measurement as of December 31, 2014 were as follows:

(in thousands) Asset category	Pension Benefits—Plan Assets			Total
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
Individual securities				
Fixed income	\$ —	\$ 1,351	\$ —	\$ 1,351
Commingled funds				
US equity	—	24,487	—	24,487
International equity	—	59,629	—	59,629
Global equity	—	16,021	—	16,021
Fixed income	—	87,427	—	87,427
Real estate	—	9,202	—	9,202
Cash and cash equivalents	—	3,380	—	3,380
Mutual funds/other	—	82	—	82
Total	\$ —	\$ 201,579	\$ —	\$ 201,579

Pension assets by major category of plan assets and the type of fair value measurement as of December 31, 2015 were as follows:

(in thousands) Asset category	Pension Benefits—Plan Assets			Total
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
Individual securities				
Fixed income	\$ —	\$ 1,520	\$ —	\$ 1,520
Commingled funds				
US equity	—	24,751	—	24,751
International equity	—	61,344	—	61,344
Global equity	—	16,796	—	16,796
Fixed income	—	82,894	—	82,894
Real estate	—	9,875	—	9,875
Cash and cash equivalents	—	4,231	—	4,231
Mutual funds/other	—	86	—	86
Total	\$ —	\$ 201,497	\$ —	\$ 201,497

Pension assets include fixed income securities and commingled funds. Fixed income securities are valued at daily closing prices or institutional mid-evaluation prices provided by independent industry-recognized pricing sources. Commingled funds are not traded in active markets with quoted prices and

ACUSHNET HOLDINGS CORP.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

12. Pension and Other Postretirement Benefits (Continued)

as a result, are valued using the net asset values provided by the administrator of the fund. The investments underlying the net asset values are based on quoted prices traded in active markets.

The Company's investment strategy is to optimize investment returns through a diversified portfolio of investments, taking into consideration underlying plan liabilities and asset volatility. Asset allocations are based on the underlying liability structure and local regulations. All retirement asset allocations are reviewed periodically to ensure the allocation meets the needs of the liability structure.

Master trusts were established to hold the assets of the Company's U.S. defined benefit plans. During the year ended December 31, 2014, the U.S. defined benefit plan asset allocation of these trusts targeted a return-seeking investment allocation of 60% to 76% and a liability-hedging investment allocation of 24% to 40%. During the year ended December 31, 2015, the U.S. defined benefit plan asset allocation of these trusts targeted a return-seeking investment allocation of 64% to 76% and a liability-hedging investment allocation of 24% to 36%. Return-seeking investments include equities, real estate, high yield bonds and other instruments. Liability-hedging investments include assets such as corporate and government fixed income securities.

The Company's future expected blended long-term rate of return on plan assets of 6.23% is determined based on long-term historical performance of plan assets, current asset allocation, and projected long-term rates of return.

Estimated Contributions

The Company expects to make pension contributions of approximately \$26.5 million during 2016 based on current assumptions as of December 31, 2015.

Estimated Future Retirement Benefit Payments

The following retirement benefit payments, which reflect expected future service, are expected to be paid as follows:

(in thousands)	Pension Benefits	Postretirement Benefits
Year ending December 31,		
2016	\$ 26,779	\$ 844
2017	15,453	969
2018	19,332	1,166
2019	18,803	1,319
2020	20,186	1,487
Thereafter	122,915	9,543
Total	<u>\$ 223,468</u>	<u>\$ 15,328</u>

The estimated future retirement benefit payments noted above are estimates and could change significantly based on differences between actuarial assumptions and actual events and decisions related to lump sum distribution options that are available to participants in certain plans.

ACUSHNET HOLDINGS CORP.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

12. Pension and Other Postretirement Benefits (Continued)

International Plans

Pension coverage for employees of the Company's international subsidiaries is provided, to the extent deemed appropriate, through separate defined benefit plans. The international pension plans are included in the tables above. As of December 31, 2014 and 2015, the defined benefit plans had total projected benefit obligations of \$50.4 million and \$53.5 million, respectively, and fair values of plan assets of \$43.7 million and \$45.4 million, respectively. The majority of the plan assets are invested in equity securities and corporate bonds. The pension expense related to these plans was \$1.6 million, \$1.2 million and \$0.9 million for the years ended December 31, 2013, 2014 and 2015, respectively. The expected actuarial loss that will be amortized from accumulated other comprehensive income (loss) into net periodic benefit cost in the next fiscal year is \$0.1 million.

Defined Contribution Plans

The Company sponsors a number of defined contribution plans. Contributions are determined under various formulas. Cash contributions related to these plans amounted to \$8.4 million, \$8.8 million and \$9.4 million for the years ended December 31, 2013, 2014 and 2015, respectively.

13. Income Taxes

The components of income before income taxes were as follows:

(in thousands)	Year Ended December 31,		
	2013	2014	2015
Domestic operations	\$ 15,023	\$ 2,814	\$ 4,784
Foreign operations	26,440	39,252	27,366
Income before income taxes	\$ 41,463	\$ 42,066	\$ 32,150

The following table represents a reconciliation of income taxes at the 35% federal statutory income tax rate to income tax expense as reported:

(in thousands)	Year ended December 31,		
	2013	2014	2015
Income tax expense computed at federal statutory income tax rate	\$ 14,512	\$ 14,723	\$ 11,252
Foreign taxes, net of credits	(7,014)	2,835	418
Net adjustments for uncertain tax positions	27	525	4,731
State and local taxes	(550)	(1,659)	(1,108)
Equity appreciation rights	—	—	693
Indemnified taxes	—	—	(1,106)
Fair value adjustment for common stock warrants	721	268	10,853
State valuation allowance	10,510	2,476	7,872
Deferred charge	1,925	(1,491)	807
Tax credits	(1,813)	(2,176)	(7,003)
Miscellaneous other, net	(1,168)	1,199	585
Income tax expense as reported	\$ 17,150	\$ 16,700	\$ 27,994
Effective income tax rate	41.4%	39.7%	87.1%

ACUSHNET HOLDINGS CORP.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

13. Income Taxes (Continued)

The Company's unrecognized tax benefits represent tax positions for which reserves have been established. The following table represents a reconciliation of the activity related to the unrecognized tax benefits, excluding accrued interest and penalties:

(in thousands)	Year ended December 31,		
	2013	2014	2015
Unrecognized tax benefits at beginning of year	\$ 4,415	\$ 4,451	\$ 8,845
Gross additions—prior year tax positions	665	—	3,045
Gross additions—current year tax positions	—	4,798	1,605
Gross reductions—prior year tax positions	(648)	(357)	(333)
Impact of change in foreign exchange rates	19	(47)	(42)
Unrecognized tax benefits at end of year	<u>\$ 4,451</u>	<u>\$ 8,845</u>	<u>\$ 13,120</u>

For the years ended December 31, 2013, 2014 and 2015, the unrecognized tax benefits of \$4.5 million, \$8.8 million and \$13.1 million, respectively, would affect the Company's effective tax rate if recognized. The Company does not anticipate a material change in unrecognized tax benefits within the next 12 months.

As of December 31, 2013, 2014 and 2015, the Company had unrecognized tax benefits included in the amounts above of \$4.0 million, \$3.7 million and \$4.2 million, respectively, related to periods prior to the Company's acquisition of Acushnet Company and as such, are indemnified by Beam.

For the years ended December 31, 2013, 2014 and 2015, the Company recognized a liability of \$1.3 million, \$1.5 million and \$1.9 million, respectively for interest and penalties, of which \$1.2 million, \$1.4 million and \$1.6 million is indemnified by Beam.

Prior to the Company's acquisition of Acushnet Company, Acushnet Company or its subsidiaries filed certain combined tax returns with Beam. Those and other subsidiaries' income tax returns are periodically examined by various tax authorities. Beam is responsible for managing United States tax audits related to periods prior to July 29, 2011. Acushnet Company is obligated to support these audits and is responsible for managing all non-U.S. audits. As of December 31, 2015, the U.S. Internal Revenue Service continued to perform its examination of the 2010 and July 29, 2011 Acushnet Company federal income tax returns that were filed as part of the Beam consolidated federal income tax returns.

The Company and certain subsidiaries have tax years that remain open and are subject to examination by tax authorities in the following major taxing jurisdictions: United States for years after July 31, 2011, Canada for years after 2010, Japan for years after 2011, Korea for years after 2008, and the United Kingdom for years after 2010. The Company files income tax returns on a combined, unitary, or stand-alone basis in multiple state and local jurisdictions, which generally have statute of limitations from three to four years. Various states and local income tax returns are currently in the process of examination. These examinations are unlikely to result in any significant changes to the amounts of unrecognized tax benefits on the consolidated balance sheet as of December 31, 2015.

The Company's income tax expense includes a tax benefit of \$3.7 million and \$0.3 million for the years ended December 31, 2013 and 2014, respectively and tax expense of \$3.0 million for the year ended December 31, 2015 related to the tax obligations indemnified by Beam. There is an offsetting

ACUSHNET HOLDINGS CORP.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

13. Income Taxes (Continued)

amount included in other (income) expense, net for the related adjustment to the Beam indemnification asset, resulting in no effect on net income.

Income tax expense was as follows:

(in thousands)	Year ended December 31,		
	2013	2014	2015
Current expense			
United States	\$ 756	\$ (1,125)	\$ 5,455
Foreign	32,255	29,118	20,351
Current income tax expense (benefit)	33,011	27,993	25,806
Deferred expense			
United States	(11,329)	(10,425)	(152)
Foreign	(4,532)	(868)	2,340
Deferred income tax expense (benefit)	(15,861)	(11,293)	2,188
Total income tax expense	<u>\$ 17,150</u>	<u>\$ 16,700</u>	<u>\$ 27,994</u>

ACUSHNET HOLDINGS CORP.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

13. Income Taxes (Continued)

The components of net deferred tax assets (liabilities) were as follows:

(in thousands)	December 31,	
	2014	2015
Deferred tax assets		
Compensation and benefits	\$ 23,586	\$ 24,736
Equity appreciation rights	45,603	62,679
Pension and other postretirement benefits	40,291	39,268
Inventories	6,904	7,011
Accounts receivable	2,828	3,790
Customer sales incentives	2,843	2,761
Transaction costs	4,126	3,601
Other reserves	6,663	6,056
Interest	9,786	5,852
Miscellaneous	636	160
Net operating loss and other tax carryforwards	47,429	47,557
Gross deferred tax assets	190,695	203,471
Valuation allowance	(13,850)	(20,771)
Total deferred tax assets	176,845	182,700
Deferred tax liabilities		
Property, plant and equipment	(10,237)	(15,043)
Identifiable intangible assets	(34,487)	(38,075)
Foreign exchange derivative instruments	(6,603)	(3,600)
Miscellaneous	(1,167)	(829)
Total deferred tax liabilities	(52,494)	(57,547)
Net deferred tax asset	\$ 124,351	\$ 125,153

As of December 31, 2014 and 2015, the Company had state net operating loss (NOL) carryforwards of \$83.0 million and \$103.0 million, respectively. These NOL carryforwards expire between 2017 and 2035. As of December 31, 2014 and 2015, the Company had foreign tax credit carryforwards of \$41.9 million and \$37.9 million, respectively. These foreign tax credits will begin to expire in 2022.

Changes in the valuation allowance for deferred tax assets were as follows:

(in thousands)	Year ended December 31,		
	2013	2014	2015
Valuation allowance at beginning of year	\$ —	\$ 10,510	\$ 13,850
Increases recorded to income tax provision	10,510	3,340	6,921
Valuation allowance at end of year	\$ 10,510	\$ 13,850	\$ 20,771

The changes in the valuation allowance were primarily related to the increase in the state tax deferred tax assets that the Company has determined are not more-likely-than-not realizable. In determining the realizability of these assets, the Company considered numerous factors including

ACUSHNET HOLDINGS CORP.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

13. Income Taxes (Continued)

historical profitability, the character and estimated future taxable income, prudent and feasible tax planning strategies, and the industry in which it operates. The utilization of the Company's net U.S. state deferred tax assets is dependent on future U.S. state taxable earnings, which cannot be projected with certainty at this time.

In connection with the acquisition of Acushnet Company, the Company has determined that its undistributed earnings for most of its foreign subsidiaries are not permanently reinvested and has provided deferred income taxes in connection with the anticipated repatriation.

14. Interest Expense and Other (Income) Expense, Net

The components of interest expense, net were as follows:

(in thousands)	Year ended December 31,		
	2013	2014	2015
Interest expense—related party	\$ 40,276	\$ 37,960	\$ 35,420
Interest expense—third party	28,443	26,493	26,567
Interest income—third party	(570)	(924)	(1,693)
Total interest expense, net	<u>\$ 68,149</u>	<u>\$ 63,529</u>	<u>\$ 60,294</u>

The components of other (income) expense, net were as follows:

(in thousands)	Year ended December 31,		
	2013	2014	2015
(Gain) loss on fair value of common stock warrants	\$ (976)	\$ (1,887)	\$ 28,364
Indemnification (gains) losses	6,345	1,386	(3,007)
Other gains	(84)	(847)	(218)
Total other (income) expense, net	<u>\$ 5,285</u>	<u>\$ (1,348)</u>	<u>\$ 25,139</u>

15. Redeemable Convertible Preferred Stock

The Company has issued Series A redeemable convertible preferred stock ("Series A preferred stock"). As of December 31, 2014 and 2015, the Company's certificate of incorporation, as amended and restated, authorized the Company to issue 1,838,027 shares of \$0.001 par value preferred stock. Given that certain redemption features of the preferred stock are not solely within the control of the Company, the Series A preferred stock is classified outside of stockholders' equity. The Series A preferred stock is only redeemable upon a change in control.

In 2011 and 2012 the Company issued 1,838,027 shares of Series A preferred stock with an aggregate fair value of \$131.0 million upon issuance.

Voting Rights

The holders of the Series A preferred stock are entitled to vote, together with the holders of common stock, on all matters submitted to stockholders for a vote. Holders of all Series A preferred stock have the right to cast the number of votes equal to the number of shares of common stock into

ACUSHNET HOLDINGS CORP.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

15. Redeemable Convertible Preferred Stock (Continued)

which the Series A preferred stock could convert on the record date for determination of stockholders entitled to vote.

Additionally, the vote or consent of holders of at least 90% of the Series A preferred stock, voting together as a single class, is required for any amendment of the certificate of incorporation if the amendment adversely affects these holders.

Dividends

The holders of the Series A preferred stock are entitled to receive cumulative dividends at a rate of 7.5% per year of the Original Issue Price (as defined below) when, as and if declared by the board of directors. The dividends accrue on a daily basis and are payable semi-annually. All unpaid dividends compound annually at a rate of 7.5% per year. These dividends shall be in preference to dividends to the holders of common stock.

The holders of Series A preferred stock are also entitled to receive, on an as-converted basis, a pro rata portion of any additional dividends declared or paid.

The Original Issue Price is \$100 per share of Series A preferred stock, subject to appropriate adjustment in the event of any stock dividend, stock split, combination or other similar recapitalization with respect to the Series A preferred stock.

The Company declared and paid dividends to the holders of the Series A preferred stock of \$13.9 million, \$13.8 million and \$13.7 million during the years ended December 31, 2013, 2014 and 2015, respectively. Cumulative undeclared dividends as of December 31, 2014 and 2015 were \$5.8 million in each year.

Liquidation Preference

In the event of any liquidation, voluntary or involuntary, dissolution or winding up of the Company, the holders of Series A preferred stock are entitled to receive, prior and in preference to any distribution to the holders of the common stock, an amount equal to the greater of the Original Issue Price plus any accrued but unpaid dividends thereon or such amount per share that would be payable if all shares of Series A preferred stock converted into common stock. In the event that proceeds are not sufficient to permit payment in full to these holders, the proceeds will be ratably distributed among the holders of the Series A preferred stock.

As of December 31, 2014 and 2015, the Series A preferred stock had a liquidation preference of \$212.5 million and \$197.7 million, respectively.

Conversion

Each share of Series A preferred stock is convertible into common stock at the option of the stockholder at any time after the date of issuance and until July 29, 2021. Each share of Series A preferred stock will be converted into shares of common stock at the applicable Series A preferred stock conversion ratio.

The conversion ratio of Series A preferred stock is determined by dividing the Original Issue Price by the conversion price. The conversion price is \$100 per share of Series A preferred stock and is subject to adjustment in the event of any deemed issuance of additional shares of common stock for no

ACUSHNET HOLDINGS CORP.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

15. Redeemable Convertible Preferred Stock (Continued)

consideration or for consideration per share less than the Series A preferred stock conversion price, stock dividend, stock split, combination or other similar recapitalization with respect to the Series A preferred stock.

Reissuance

Shares of Series A preferred stock that are redeemed or converted will be canceled and retired and cannot be reissued by the Company.

16. Common Stock

As of December 31, 2014 and 2015, the Company's certificate of incorporation, as amended and restated, authorized the Company to issue 8,688,166 shares of \$0.001 par value common stock. The voting, dividend and liquidation rights of the holders of the Company's common stock are subject to and qualified by rights, powers and preferences of the holders of the Series A preferred stock set forth in Note 15.

Each share of common stock entitles the holder to one vote on all matters submitted to a vote of the Company's shareholders. Common shareholders are entitled to receive dividends whenever funds are legally available and when declared by the board of directors, subject to the prior rights of holders of all classes of stock outstanding. When dividends are declared on shares of common stock, the Company must declare at the same time a dividend payable to the holders of Series A preferred stock equivalent to the dividend amount they would receive if each preferred share were converted into common stock. The Company may not pay dividends to common shareholders until all dividends accrued or declared but unpaid on the Series A preferred stock have been paid in full. No dividends have been declared to date.

As of December 31, 2014 and 2015, the Company had reserved 3,598,100 shares and 3,203,059 shares, respectively, of common stock for the conversion of outstanding shares of Series A preferred stock (Note 15), the exercise of outstanding stock options and number of shares remaining available for grant under the Company's 2011 Equity Incentive Plan (Note 17) and the exercise of common stock warrants (Note 9).

17. Equity Incentive Plans

The Company's 2011 Equity Incentive Plan, as amended, (the "2011 Plan") provides for the Company to sell or issue restricted common stock, or to grant stock options, equity appreciation rights, restricted stock units or performance awards, to employees, members of the board of directors and consultants of the Company. The 2011 Plan is administered by the board of directors or, at the discretion of the board of directors, by a committee of the board. The exercise prices, vesting and other restrictions are determined at the discretion of the board of directors, or their committee if so delegated, except that the exercise price per share of stock options may not be less than 100% of the fair market value of the share of common stock on the date of grant and the term of the stock option may not be greater than ten years.

ACUSHNET HOLDINGS CORP.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

17. Equity Incentive Plans (Continued)

Stock Options

The total number of shares of common stock that may be issued under the 2011 Plan was 147,572 shares as of December 31, 2015. Prior to 2013, the Company issued options to purchase 147,572 shares of common stock with a weighted-average exercise price of \$89.12 per share to an executive officer as replacement awards in connection with a business combination. These awards were fully vested at the time of issuance.

The following table summarizes the Company's stock option activity since December 31, 2013:

	Number of Shares	Weighted- Average Exercise Price	Weighted- Average Remaining Contractual Term	Aggregate Intrinsic Value
Outstanding at December 31, 2013	88,828	\$ 84.47	1.9 years	\$ (1,616)
Exercised	(38,819)	98.84		(1,001)
Outstanding at December 31, 2014	50,009	75.10	1.9 years	(4)
Exercised	(50,009)	75.10		2,301
Outstanding at December 31, 2015	—			

During the years ended December 31, 2013, 2014 and 2015 the Company did not issue any restricted stock and did not grant any stock options, restricted stock units or performance awards. As a result of a modification of the stock options, the Company recorded share-based compensation expense of \$3.4 million, \$2.0 million and \$5.8 million related to outstanding stock options during the years ended December 31, 2013, 2014 and 2015, respectively.

Equity Appreciation Rights

Effective January 1, 2012, the Company's board of directors adopted the equity appreciation rights plan ("EAR Plan") in order to compensate certain key employees. Awards under the plan vest, subject to continued service by the award recipient, as follows: 40% of award based on the recipient's continued service with the Company through December 31, 2015, 30% of the award based on the Company's achievement of a specified target EBITDA, and 30% of the award based on the Company's achievement of specified internal rates of return. Prior to the completion of a qualified public offering, vested awards under the EAR Plan are payable in cash upon the first to occur of (i) a qualifying termination, (ii) a sale of the Company or (iii) the expiration date of the award. In the event that the Company completes a qualified initial public offering, the Company may determine at its discretion to settle up to 50% of the amount payable under each award in shares of the Company's common stock.

During 2012, the Company granted an aggregate of 989,000 EARs with a weighted-average strike price of \$100.00 to certain key employees. There was no intrinsic value at the date of grant. Each EAR vests over a four year period as follows: 40% of award based on the recipient's continued service with the Company through December 31, 2015, 30% of the award based on the Company's achievement of a specified target EBITDA and 30% of the award based on the Company's achievement of specified internal rates of return.

During 2015, the Company granted an aggregate of 31,000 EARs with a weighted-average strike price of \$184.74 to certain key employees. There was no intrinsic value at the date of grant. Each EAR

ACUSHNET HOLDINGS CORP.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

17. Equity Incentive Plans (Continued)

vests retroactively based on the effective date of January 1, 2012 and over the remaining term as follows: 40% of award based on the recipient's continued service with the Company through December 31, 2015, 30% of the award based on the Company's achievement of a specified target EBITDA and 30% of the award based on the Company's achievement of specified internal rates of return.

The following table summarizes the Company's EAR activity since December 31, 2013:

	Number of Awards	Weighted- Average Exercise Price	Weighted- Average Remaining Contractual Term	Aggregate Intrinsic Value
Outstanding at December 31, 2013	989,000	\$ 100.00	3 years	\$ 146,714
Granted	—	—		—
Outstanding at December 31, 2014	989,000	100.00	2 years	166,795
Granted	31,000	184.74		—
Outstanding at December 31, 2015	<u>1,020,000</u>	102.58	1 year	171,712
Vested at December 31, 2015	1,020,000	102.58	1 year	171,712
Awards exercisable at December 31, 2015	1,020,000	102.58	1 year	171,712

The EAR awards are re-measured using the intrinsic value method at each reporting period based on a projection of the Company's future common stock equivalent value. The common stock equivalent value is based on an estimate of the Company's EBITDA multiplied by a defined multiple, and divided by the expected number of common shares outstanding. The intrinsic value is the calculated common stock equivalent value per share compared to the per share exercise price. Effective October 17, 2014, the Company amended the EAR Plan such that (i) payments for vested awards resulting from a qualified termination of the award recipient are determined based on the Company's EBITDA for the fiscal year prior to such termination and (ii) payments for vested awards resulting from an expiration of the award are determined based on the greater of the Company's EBITDA for the year ended December 31, 2015, the Company's EBITDA for the year ending December 31, 2016, or in the case of a qualified initial public offering prior to December 31, 2016, the value of the Company's publicly-traded common stock.

For the years ended December 31, 2013, 2014 and 2015, the Company recorded share-based compensation expense of \$28.3 million, \$50.7 million and \$45.8 million, respectively, related to outstanding EARs. The liability related to the EAR Plan was \$122.0 million as of December 31, 2014 and was recorded within other noncurrent liabilities on the consolidated balance sheet. The liability related to the EAR Plan was \$169.6 million as of December 31, 2015, of which \$24.2 million was recorded within accrued compensation and benefits and \$145.4 million was recorded within other noncurrent liabilities on the consolidated balance sheet.

ACUSHNET HOLDINGS CORP.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

17. Equity Incentive Plans (Continued)

The allocation of share-based compensation expense attributed to EARs and stock options in the consolidated statement of operations was as follows:

(in thousands)	Year ended December 31,		
	2013	2014	2015
Cost of goods sold	\$ 437	\$ 765	\$ 670
Selling, general and administrative expense	29,969	49,631	48,377
Research and development	1,313	2,294	2,556
Income before income taxes	<u>\$ 31,719</u>	<u>\$ 52,690</u>	<u>\$ 51,603</u>

18. Accumulated Other Comprehensive Income (Loss), Net of Tax

Accumulated other comprehensive income (loss), net of tax consists of foreign currency translation adjustments, unrealized gains and losses from foreign exchange derivative instruments designated as cash flow hedges, unrealized gains and losses from available-for-sale securities and pension and other postretirement adjustments.

The components of and changes in accumulated other comprehensive income (loss), net of tax, were as follows:

(in thousands)	Foreign Currency Translation Adjustments	Gains on Foreign Exchange Derivative Instruments	Gains on Available- for-Sale Securities	Pension and Other Postretirement Adjustments	Accumulated Other Comprehensive Income (Loss)
Balances at December 31, 2013	\$ (27,871)	\$ 8,078	\$ 1,562	\$ 6,917	\$ (11,314)
Other comprehensive income (loss) before reclassifications	(23,106)	19,009	455	(16,025)	(19,667)
Amounts reclassified from accumulated other comprehensive loss	—	(9,916)	—	(161)	(10,077)
Balances at December 31, 2014	(50,977)	17,171	2,017	(9,269)	(41,058)
Other comprehensive income (loss) before reclassifications	(19,042)	18,800	(513)	868	113
Amounts reclassified from accumulated other comprehensive loss	—	(26,805)	—	516	(26,289)
Balances at December 31, 2015	<u>\$ (70,019)</u>	<u>\$ 9,166</u>	<u>\$ 1,504</u>	<u>\$ (7,885)</u>	<u>\$ (67,234)</u>

ACUSHNET HOLDINGS CORP.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

19. Net Income (loss) per Common Share

The following is a computation of basic and diluted net income (loss) per common share attributable to Acushnet Holdings Corp. under the two-class method:

(in thousands, except share and per share amounts)	Year ended December 31,		
	2013	2014	2015
Net income (loss) attributable to Acushnet Holdings Corp.	\$ 19,636	\$ 21,557	\$ (966)
Less: dividends paid to preferred shareholders	(8,045)	(8,045)	(8,045)
Less: accruing of cumulative dividends	(5,740)	(5,740)	(5,740)
Less: allocation of undistributed earnings to preferred shareholders	(3,225)	(3,866)	—
Net income (loss) attributable to common stockholders	\$ 2,626	\$ 3,906	\$ (14,751)
Net income (loss) per common share attributable to Acushnet Holdings Corp.— basic and diluted	\$ 1.75	\$ 2.10	\$ (6.66)
Weighted average number of common shares—basic and diluted	1,496,812	1,857,425	2,215,477

The Company's potential dilutive securities for the years ended December 31, 2013, 2014 and 2015 include redeemable convertible preferred stock, stock options, warrants to purchase common stock and convertible notes. Diluted net income per common share attributable to Acushnet Holdings Corp. is the same as basic net income per common share attributable to Acushnet Holdings Corp. for the years ended December 31, 2013 and 2014 because the effect of the potential dilutive securities was determined to be anti-dilutive. For the year ended December 31, 2015, the diluted net loss per common share attributable to Acushnet Holdings Corp. is the same as basic net loss per common share attributable to Acushnet Holdings Corp. as the impact of the potential dilutive securities was determined to be anti-dilutive due to the Company being in a net loss position.

The following securities have been excluded from the calculation of diluted weighted-average common shares outstanding as their impact was determined to be anti-dilutive:

	Year ended December 31,		
	2013	2014	2015
Series A preferred stock	1,838,027	1,838,027	1,838,027
Stock options	—	—	121
Warrants to purchase common stock	—	—	543,543
Convertible notes	3,624,980	3,624,980	3,624,980

20. Unaudited Pro Forma Net Income per Common Share

The unaudited pro forma basic and diluted net income per common share attributable to Acushnet Holdings Corp. for the year ended December 31, 2015 gives effect to the automatic conversion, arising upon the closing of a qualified initial public offering, of all shares of Series A preferred stock and the principal of the convertible notes that are outstanding as of December 31, 2015. The calculation of unaudited pro forma net income per common share attributable to Acushnet Holdings Corp. has been prepared to give effect to the conversion as if the proposed initial public offering occurred on January 1, 2015.

The unaudited pro forma net income attributable to Acushnet Holdings Corp. used in the calculation of unaudited basic and diluted pro forma net income per common share attributable to

ACUSHNET HOLDINGS CORP.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

20. Unaudited Pro Forma Net Income per Common Share (Continued)

Acushnet Holdings Corp. for the year ended December 31, 2015 does not include the effects of the payment or cumulative dividends on the Series A preferred stock or interest expense related to the convertible notes for the year ended December 31, 2015.

The unaudited pro forma basic and diluted weighted average common shares outstanding used in the calculation of unaudited pro forma basic and diluted net income per common share attributable to Acushnet Holdings Corp. for the year ended December 31, 2015 includes 5,463,007 shares of common stock resulting from the automatic conversion.

The unaudited pro forma diluted net income per common share attributable to Acushnet Holdings Corp. for the year ended December 31, 2015 also gives effect to any potentially dilutive securities.

Unaudited pro forma basic and diluted net income per common share attributable to Acushnet Holdings Corp. was calculated as follows:

(in thousands, except share and per share amounts)	Pro forma 2015
Net loss attributable to Acushnet Holdings Corp.	\$ (966)
Pro forma adjustment to add interest on convertible notes, net of tax	17,672
Net income used to compute pro forma net income per common share attributable to Acushnet Holdings Corp.	<u>\$ 16,706</u>
Weighted average number of common shares:	
Basic	2,215,477
Pro forma adjustment to reflect conversion of preferred shares	1,838,027
Pro forma adjustment to reflect conversion of convertible notes	3,624,980
Used in calculating basic pro forma net income per common share attributable to Acushnet Holdings Corp.	<u>7,678,484</u>
Diluted	2,215,477
Pro forma adjustment to reflect conversion of preferred shares	1,838,027
Pro forma adjustment to reflect conversion of convertible notes	3,624,980
Pro forma adjustment to reflect dilutive effect of stock options	121
Used in calculating diluted pro forma net income per common share attributable to Acushnet Holdings Corp.	<u>7,678,605</u>
Pro forma net income per common share attributable to Acushnet Holdings Corp.:	
Basic	\$ 2.18
Diluted	\$ 2.18

21. Segment Information

The Company's operating segments are based on how the Chief Operating Decision Maker ("CODM") makes decisions about assessing performance and allocating resources. The Company has four reportable segments that are organized on the basis of product categories. These segments include Titleist golf balls, Titleist golf clubs, Titleist golf gear and FootJoy golf wear.

ACUSHNET HOLDINGS CORP.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
21. Segment Information (Continued)

The CODM primarily evaluates performance using segment operating income. Segment operating income includes directly attributable expenses and certain shared costs of corporate administration that are allocated to the reportable segments, but excludes interest expense, net; EAR expense; gains and losses on the fair value of common stock warrants; and other non-operating gains and losses as the Company does not allocate these to the reportable segments. The CODM does not evaluate a measure of assets when assessing performance.

Results shown for fiscal years 2013, 2014 and 2015 are not necessarily those which would be achieved if each segment was an unaffiliated business enterprise. There are no intersegment transactions.

Information by reportable segment and a reconciliation to reported amounts are as follows:

(in thousands)	Year ended December 31,		
	2013	2014	2015
Net sales			
Titleist golf balls	\$ 551,741	\$ 543,843	\$ 535,465
Titleist golf clubs	395,704	422,383	388,304
Titleist golf gear	117,015	127,875	129,408
FootJoy golf wear	395,846	421,632	418,852
Other	16,913	21,877	30,929
Total net sales	<u>\$ 1,477,219</u>	<u>\$ 1,537,610</u>	<u>\$ 1,502,958</u>
Segment operating income			
Titleist golf balls	\$ 69,878	\$ 68,489	\$ 92,507
Titleist golf clubs	40,792	45,845	33,593
Titleist golf gear	14,922	16,485	12,170
FootJoy golf wear	23,109	28,639	26,056
Other	(3,123)	(1,759)	4,056
Total segment operating income	<u>145,578</u>	<u>157,699</u>	<u>168,382</u>
Reconciling items:			
Interest expense, net	(68,149)	(63,529)	(60,294)
EAR expense	(28,258)	(50,713)	(45,814)
Gain (loss) on fair value of common stock warrants	976	1,887	(28,364)
Other	(8,684)	(3,278)	(1,760)
Total income (loss) before income tax	<u>\$ 41,463</u>	<u>\$ 42,066</u>	<u>\$ 32,150</u>
Depreciation and amortization			
Titleist golf balls	\$ 24,853	\$ 27,726	\$ 26,962
Titleist golf clubs	6,767	7,172	7,060
Titleist golf gear	1,374	1,446	1,368
FootJoy golf wear	5,787	5,948	5,540
Other	642	867	772
Total depreciation and amortization	<u>\$ 39,423</u>	<u>\$ 43,159</u>	<u>\$ 41,702</u>

ACUSHNET HOLDINGS CORP.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
21. Segment Information (Continued)

Information as to the Company's operations in different geographical areas is presented below. Net sales are categorized based on the location in which the sale originates. Long-lived assets (property, plant and equipment) are categorized based on their location of domicile.

(in thousands)	Year ended December 31,		
	2013	2014	2015
Net sales			
United States	\$ 769,480	\$ 793,328	\$ 805,470
EMEA(1)	195,291	216,531	201,106
Japan	196,957	195,762	182,163
Korea	118,957	141,168	144,956
Rest of world	196,534	190,821	169,263
Total net sales	<u>\$ 1,477,219</u>	<u>\$ 1,537,610</u>	<u>\$ 1,502,958</u>

(in thousands)	December 31,		
	2013	2014	2015
Long-lived assets			
United States	\$ 177,608	\$ 172,709	\$ 168,459
EMEA	10,480	9,725	9,423
Japan	1,674	1,143	767
Korea	3,426	3,058	1,726
Rest of world(2)	84,479	79,957	74,519
Total long-lived assets	<u>\$ 277,667</u>	<u>\$ 266,592</u>	<u>\$ 254,894</u>

(1) Europe, the Middle East and Africa ("EMEA")

(2) Includes manufacturing facilities in Thailand with long lived assets of \$67.2 million, \$64.6 million and \$60.5 million as of December 31, 2013, 2014 and 2015, respectively.

22. Commitments and Contingencies
Purchase Obligations

During the normal course of its business, the Company enters into agreements to purchase goods and services, including purchase commitments for production materials, finished goods inventory, capital expenditures and endorsement arrangements with professional golfers. The reported amounts exclude those liabilities included in accounts payable or accrued liabilities on the consolidated balance sheet as of December 31, 2015.

Purchase obligations by the Company as of December 31, 2015 were as follows:

(in thousands)	Payments Due by Period					
	2016	2017	2018	2019	2020	Thereafter
Purchase obligations	\$ 126,032	\$ 19,504	\$ 8,422	\$ 1,448	\$ 1,435	\$ 4,749

ACUSHNET HOLDINGS CORP.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

22. Commitments and Contingencies (Continued)**Lease Commitments**

The Company leases certain warehouses, distribution and office facilities, vehicles and office equipment under operating leases.

The Company has an operating lease for certain vehicles that provides for a residual value guarantee. The lease has a noncancelable lease term of one year and may be renewed annually over the subsequent five years. The Company has the option to terminate the lease at the annual renewal date. Termination of the lease results in the sale of the vehicles and the determination of the residual value. The residual value is calculated by comparing the net proceeds of the vehicles sold to the depreciated value at the end of the renewal period. The Company is not responsible for any deficiency resulting from the net proceeds being less than 20% of the original cost in the first year and 20% of the depreciated value for all subsequent years. The Company believes that this guarantee will not have a significant impact on the consolidated financial statements.

Future minimum rental payments under noncancelable operating leases as of December 31, 2015 were as follows:

(in thousands)	
Year ending December 31,	
2016	\$ 13,144
2017	8,402
2018	6,387
2019	3,248
2020	1,091
Thereafter	747
Total minimum rental payments	<u>\$ 33,019</u>

Total rental expense for all operating leases amounted to \$14.5 million, \$16.1 million and \$15.8 million for the years ended December 31, 2013, 2014 and 2015, respectively.

Contingencies

In connection with the Company's acquisition of Acushnet Company, Beam indemnified the Company for certain tax related obligations that relate to periods during which Fortune Brands, Inc. owned Acushnet Company. As of December 31, 2015, the Company's estimate of its receivable for these indemnifications is \$9.8 million, of which \$3.8 million is recorded in other current assets and \$6.0 million is recorded in other noncurrent assets on the consolidated balance sheet.

Litigation***Nassau Precision***

On September 10, 2010, Nassau Precision Casting Co., Inc. filed a patent infringement action against Acushnet Company, Cobra Golf Company and Puma North America in the Federal District Court for the Eastern District of New York, seeking unspecified damages. The lawsuit claimed that certain Cobra products infringe claims 1 and 2 of a patent owned by Nassau Precision. Acushnet Company had an obligation to defend and indemnify Cobra and Puma in this action pursuant to a

ACUSHNET HOLDINGS CORP.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

22. Commitments and Contingencies (Continued)

Purchase Agreement between those parties. On April 17, 2013, the District Court granted Acushnet Company's Motion for Summary Judgment on the grounds of noninfringement. Nassau Precision appealed the decision to the Court of Appeals for the Federal Circuit. The Court of Appeals upheld the Summary Judgment decision in Acushnet Company's favor with respect to claim 2, but reversed the District Court's decision with respect to claim 1 and remanded the case to the District Court with further instructions. On April 2, 2015, the District Court granted Acushnet Company's Motion for Summary Judgment with respect to claim 1 on the grounds of non-infringement, which ended the litigation.

Beam

A dispute has arisen between Acushnet Company and Beam with respect to approximately \$16.6 million of value-added tax ("VAT") trade receivables. These receivables were reflected on Acushnet Company's consolidated balance sheet at the time of the Company's acquisition of Acushnet Company. Acushnet Company believes that these VAT trade receivables are assets of the Company; Beam claims that these are tax credits or refunds from the period prior to the acquisition of Acushnet Company which are payable to Beam, pursuant to the terms of the Stock Purchase Agreement that covers the sale of the stock of Acushnet Company. Beam has withheld payments in this amount which the Company believes are payable to Acushnet Company in reimbursement of certain other tax liabilities which existed prior to the acquisition of Acushnet Company. On March 27, 2012, Acushnet Company filed a complaint seeking reimbursement of these funds in the Commonwealth of Massachusetts Superior Court Department, Business Litigation Section and this litigation continues. Each party filed Motions for Summary Judgment, which motions were denied by the Court on July 29, 2015. Trial in this matter commenced on May 31, 2016.

Other Litigation

In addition to the lawsuits described above, the Company and its subsidiaries are defendants in lawsuits associated with the normal conduct of their businesses and operations. It is not possible to predict the outcome of the pending actions, and, as with any litigation, it is possible that some of these actions could be decided unfavorably. Consequently, the Company is unable to estimate the ultimate aggregate amount of monetary loss, amounts covered by insurance or the financial impact that will result from such matters and has not recorded a liability related to potential losses. The Company believes that there are meritorious defenses to these actions and that these actions will not have a material adverse effect on the consolidated financial statements.

23. Subsequent Events

On January 22, 2016, the Company's board of directors adopted the Acushnet Holdings Corp. 2015 Omnibus Incentive Plan ("2015 Plan") which provides for the Company to grant stock options, stock appreciation rights, restricted shares of common stock, restricted stock units, and other stock-based and cash-based awards to members of the board of directors, officers, employees, consultants and advisors of the Company. The 2015 Plan is administered by the Company's board of directors prior to an initial public offering and the compensation committee following an initial public offering (the board or compensation committee, as applicable, the "Administrator"). The Administrator has the authority to establish the terms and conditions of any award issued or granted under the 2015 Plan. The exercise price per share of stock options may not be less than 100% of the fair market value of the share of

ACUSHNET HOLDINGS CORP.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

23. Subsequent Events (Continued)

common stock on the date of the grant term of the stock option may not be greater than ten years (except for an incentive stock options granted to a 10% stockholder, which shall have an exercise price no less than 110% of the fair market value of the share of common stock on the date of the grant and a term not greater than five years). A total of 725,000 authorized shares of the Company's common stock are reserved for issuance under the 2015 Plan. On June 15, 2016, the Company's board of directors approved a grant of multi-year restricted stock units ("RSU") and performance stock units ("PSU") to certain key members of management. The grants were made 50% in RSUs and 50% in PSUs, and represent three years of equity compensation. One-third of the RSUs vest on each January 1 of 2017, 2018 and 2019, and the PSUs cliff-vest on December 31, 2018, subject to the participant's continued employment with the Company and the Company's level of achievement of the applicable cumulative Adjusted EBITDA performance metric (as defined in the award agreement) measured over the three-year performance period. Each PSU reflects the right to receive between 0% and 200% of the target number of shares based on the actual three-year cumulative Adjusted EBITDA. The determination of the target value gave consideration to executive performance, potential future contributions and peer group analysis. The initial fair value of the grant was estimated at \$45.0 million.

On January 29, 2016, the Company received approval from the holders of its outstanding convertible notes and bonds with common stock warrants to defer interest due on February 1, 2016 in the amount of \$15.1 million until August 1, 2016 and approval to waive the compounding of such interest. In addition, the Company received approval from the holders of its Series A preferred stock to waive the compounding of interest related to undeclared and unpaid dividends until August 1, 2016.

On January 29, 2016, the Company amended its working credit facility agreement (Canada) arranged by Wells Fargo, N.A., Canadian Branch to extend the maturity date to July 29, 2016.

On February 5, 2016, the Company entered into a working capital facility agreement arranged by Wells Fargo Bank, National Association which provides for borrowings up to \$30.0 million. The applicable interest rate for borrowings under the facility is daily one-month LIBOR. The working capital facility matures on May 31, 2016. On May 18, 2016, the Company amended its working capital facility agreement to extend the maturity date to July 29, 2016.

On April 27, 2016, the Company entered into a new senior secured credit facilities agreement arranged by Wells Fargo, National Association, which provides for (i) a \$275.0 million multi-currency revolving credit facility, including a \$20.0 million letter of credit sub-facility, a C\$25.0 million sub-facility for Acushnet Canada Inc., a £20.0 million sub-facility for Acushnet Europe Limited and an alternative currency sublimit of 100.0 million for borrowings in Canadian Dollars, Euros, Pounds Sterling and Japanese Yen, (ii) a \$375.0 million term loan A facility, and (iii) a \$100.0 million delayed draw term loan A facility. Each credit facility matures on the fifth anniversary of the initial funding under the credit facility. The credit agreement allows for the incurrence of additional term loans or increases to the revolving credit facility in an aggregate principal amount not to exceed (i) \$200.0 million plus (ii) an unlimited amount so long as the net Average Secured Leverage ratio (as defined in the new credit agreement) does not exceed 2.00:1.00 on a pro forma basis. The credit agreement contains customary affirmative and restrictive covenants, including, among others, financial covenants based on the Company's leverage and interest coverage ratios. The credit agreement includes customary events of default, the occurrence of which, following any applicable cure period, would permit the administrative agent, on behalf of the lenders to, among other things, declare the principal, accrued interest and other obligations to be immediately due and payable.

ACUSHNET HOLDINGS CORP.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

23. Subsequent Events (Continued)

The credit agreement was signed and became effective on April 27, 2016 and the Company expects initial funding under the credit agreement to occur on or around July 29, 2016. The Company expects to use the proceeds of the term loan A facility and a borrowing under the revolving credit facility to repay amounts outstanding under its secured floating rate notes, its existing secured revolving and term loan facility, and certain other secured working capital credit facilities and to pay fees and expenses related to the foregoing. The delayed draw term loan A facility will be available until the date that is one year after the initial funding date to make payments under the Company's EAR Plan, as amended. The credit agreement contains conditions precedent to the Company's ability to receive the proceeds of the term loan A facility and the delayed draw term loan A facility, including that there shall not have occurred a material adverse effect with respect to the Company.

On May 6, 2016, the Company and each of the holders of the convertible notes and Series A preferred stock entered into an agreement requiring the mandatory conversion of the convertible notes and the shares of the Series A preferred stock into fully paid and nonassessable shares of the Company's common stock. This automatic conversion will occur immediately prior to the closing of a qualified initial public offering. Upon conversion, any calculated fractional shares of the Company's common stock will be paid in cash to each of the holders of the convertible notes and the shares of the Series A preferred stock. In addition, all accrued but unpaid interest on the principal of the convertible notes through the later of August 1, 2016 and the closing of a qualified initial public offering will be paid to each holder of the convertible notes and all accrued but unpaid dividends on the shares of the Series A preferred stock through the later of August 1, 2016 and the closing of a qualified initial public offering will be paid to each holder of the shares of the Series A preferred stock.

The Company has evaluated subsequent events from the balance sheet date through June 17, 2016, the date at which the consolidated financial statements were available to be issued, and determined that there are no other material items to disclose.

ACUSHNET HOLDINGS CORP.

CONSOLIDATED BALANCE SHEETS (UNAUDITED)

(in thousands, except share and per share amounts)	December 31, 2015	March 31, 2016	Pro forma March 31, 2016
Assets			
Current assets			
Cash (\$10,029 and \$16,423 attributable to the variable interest entity ("VIE"))	\$ 54,409	\$ 65,719	\$ 47,470
Restricted cash	4,725	4,818	4,818
Accounts receivable, net	192,384	346,599	346,599
Inventories (\$15,755 and \$9,231 attributable to the VIE)	326,359	316,919	316,919
Other assets	93,646	88,548	88,548
Total current assets	671,523	822,603	804,354
Property, plant and equipment, net (\$11,147 and \$11,005 attributable to the VIE)	254,894	249,281	249,281
Goodwill (\$32,312 and \$32,312 attributable to the VIE)	181,179	183,216	183,216
Identifiable intangible assets, net	499,494	497,328	497,328
Deferred income taxes	132,265	122,156	122,156
Other assets (\$2,738 and \$2,714 attributable to the VIE)	19,618	20,829	20,829
Total assets	<u>\$ 1,758,973</u>	<u>\$ 1,895,413</u>	<u>\$ 1,877,164</u>
Liabilities and Equity			
Current liabilities			
Short-term debt	\$ 441,704	\$ 552,773	\$ 552,773
Accounts payable (\$10,250 and \$5,953 attributable to the VIE)	89,869	98,643	98,643
Payables to related parties	12,570	19,993	1,744
Accrued taxes	29,432	32,607	32,607
Accrued compensation and benefits (\$1,035 and \$445 attributable to the VIE)	111,390	226,428	226,428
Accrued expenses and other liabilities (\$4,516 and \$3,152 attributable to the VIE)	70,626	84,633	84,633
Total current liabilities	755,591	1,015,077	996,828
Long-term debt and capital lease obligations	394,511	394,709	32,219
Deferred income taxes	7,112	3,437	3,437
Accrued pension and other postretirement benefits (\$2,303 and \$2,316 attributable to the VIE)	119,549	117,991	117,991
Accrued equity appreciation rights	145,384	—	—
Other noncurrent liabilities (\$2,841 and \$2,858 attributable to the VIE)	12,284	16,680	16,680
Total liabilities	<u>1,434,431</u>	<u>1,547,894</u>	<u>1,167,155</u>
Commitments and contingencies (Note 14)			
Series A redeemable convertible preferred stock, \$.001 par value, 1,838,027 shares authorized at December 31, 2015 and March 31, 2016; 1,838,027 shares issued and outstanding at December 31, 2015 and March 31, 2016 actual; liquidation preference of \$197,587,903 at March 31, 2016; no shares issued or outstanding, pro forma as of March 31, 2016	131,036	131,036	—
Equity			
Common stock, \$.001 par value, 8,688,166 shares authorized at December 31, 2015 and March 31, 2016; 2,424,484 shares issued and outstanding at December 31, 2015 and March 31, 2016 actual; 7,887,591 shares issued and outstanding, pro forma as of March 31, 2016	2	2	8
Additional paid-in capital	309,130	309,130	802,650
Accumulated other comprehensive loss, net of tax	(67,234)	(70,467)	(70,467)
Retained deficit	(81,647)	(56,967)	(56,967)
Total equity attributable to Acushnet Holdings Corp.	160,251	181,698	675,224
Noncontrolling interests	33,255	34,785	34,785
Total equity	<u>193,506</u>	<u>216,483</u>	<u>710,009</u>
Total liabilities and equity	<u>\$ 1,758,973</u>	<u>\$ 1,895,413</u>	<u>\$ 1,877,164</u>

The accompanying notes are an integral part of these unaudited consolidated financial statements.

ACUSHNET HOLDINGS CORP.

CONSOLIDATED STATEMENTS OF OPERATIONS (UNAUDITED)

(in thousands, except share and per share amounts)	Three Months Ended	
	March 31,	
	2015	2016
Net sales	\$ 416,298	\$ 442,796
Cost of goods sold	201,040	217,331
Gross profit	215,258	225,465
Operating expenses		
Selling, general and administrative	153,727	153,348
Research and development	11,014	11,130
Intangible amortization	1,661	1,649
Restructuring charges	—	587
Income from operations	48,856	58,751
Interest expense, net	15,331	13,841
Other (income) expense, net	(1,824)	1,383
Income before income taxes	35,349	43,527
Income tax expense	18,962	17,317
Net income	16,387	26,210
Less: Net income attributable to noncontrolling interests	(1,585)	(1,530)
Net income attributable to Acushnet Holdings Corp.	14,802	24,680
Accruing of cumulative dividends	(3,399)	(3,437)
Allocation of undistributed earnings to preferred shareholders	(5,375)	(9,160)
Net income attributable to common shareholders—basic	6,028	12,083
Adjustments to net income for dilutive securities	5,887	7,589
Net income attributable to common shareholders—diluted	\$ 11,915	\$ 19,672
Net income per common share attributable to Acushnet Holdings Corp.:		
Basic	\$ 2.92	\$ 4.98
Diluted	\$ 2.09	\$ 3.25
Weighted average number of common shares:		
Basic	2,061,310	2,424,584
Diluted	5,695,487	6,049,564
Pro forma net income per common share attributable to Acushnet Holdings Corp.—basic and diluted		\$ 3.69
Pro forma weighted average number of common shares—basic and diluted		7,887,591

The accompanying notes are an integral part of these unaudited consolidated financial statements.

ACUSHNET HOLDINGS CORP.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (UNAUDITED)

(in thousands)	Three Months Ended	
	March 31,	
	2015	2016
Net income	\$ 16,387	\$ 26,210
Other comprehensive income (loss)		
Foreign currency translation adjustments	(11,626)	6,977
Foreign exchange derivative instruments		
Unrealized holding gains (losses) arising during period	7,309	(11,489)
Reclassification adjustments included in net income	(8,654)	(4,911)
Tax benefit	880	6,019
Foreign exchange derivative instruments, net	(465)	(10,381)
Available-for-sale securities		
Unrealized holding losses arising during period	(91)	(303)
Tax benefit	32	115
Available-for-sale securities, net	(59)	(188)
Pension and other postretirement benefits adjustments		
Net gain arising during period	202	300
Tax benefit (expense)	(34)	59
Pension and other postretirement benefits adjustments, net	168	359
Total other comprehensive loss	(11,982)	(3,233)
Comprehensive income	4,405	22,977
Less: Comprehensive income attributable to noncontrolling interests	(1,585)	(1,530)
Comprehensive income attributable to Acushnet Holdings Corp.	\$ 2,820	\$ 21,447

The accompanying notes are an integral part of these unaudited consolidated financial statements.

ACUSHNET HOLDINGS CORP.

CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)

(in thousands)	Three Months Ended	
	March 31,	
	2015	2016
Cash flows from operating activities		
Net income	\$ 16,387	\$ 26,210
Adjustments to reconcile net income to cash used in operating activities		
Depreciation and amortization	10,609	10,268
Unrealized foreign exchange gain	(109)	(618)
Amortization of debt issuance costs	1,600	1,095
Amortization of discount on bonds payable	241	143
Change in fair value of common stock warrants	3,770	1,879
Share-based compensation	433	—
Loss on disposals of property, plant and equipment	2	96
Deferred income taxes	6,630	12,853
Changes in operating assets and liabilities		
Accounts receivable	(129,744)	(149,428)
Inventories	(9,952)	11,951
Accounts payable	9,009	9,706
Accrued taxes	7,524	1,831
Accrued expenses and other liabilities	(23,264)	121,119
Other assets	(15,438)	(1,934)
Other noncurrent liabilities	13,854	(146,604)
Interest due to related parties	8,003	7,423
Cash flows used in operating activities	(100,445)	(94,010)
Cash flows from investing activities		
Additions to property, plant and equipment	(5,258)	(4,508)
Change in restricted cash	674	(15)
Cash flows used in investing activities	(4,584)	(4,523)
Cash flows from financing activities		
Increase in short-term borrowings, net	63,739	45,688
Proceeds from revolver loan	40,000	63,000
Cash flows provided by financing activities	103,739	108,688
Effect of foreign exchange rate changes on cash	(1,312)	1,155
Net increase (decrease) in cash	(2,602)	11,310
Cash, beginning of year	47,667	54,409
Cash, end of period	\$ 45,065	\$ 65,719
Supplemental information		
Non-cash additions to property, plant and equipment	\$ 1,147	\$ 149

The accompanying notes are an integral part of these unaudited consolidated financial statements.

ACUSHNET HOLDINGS CORP.
CONSOLIDATED STATEMENTS OF REDEEMABLE CONVERTIBLE PREFERRED STOCK AND EQUITY (UNAUDITED)

(in thousands)	Redeemable Convertible Preferred Stock		Common Stock			Accumulated Other Comprehensive Loss	Retained Deficit	Total Stockholders' Equity Attributable to Acushnet Holdings Corp.	Noncontrolling Interest	Total Equity
	Shares	Amount	Shares	Amount	Additional Paid-in Capital					
Balances at December 31, 2015	1,838	\$ 131,036	2,424	\$ 2	\$ 309,130	\$ (67,234)	\$ (81,647)	\$ 160,251	\$ 33,255	\$ 193,506
Net income	—	—	—	—	—	—	24,680	24,680	1,530	26,210
Other comprehensive income	—	—	—	—	—	(3,233)	—	(3,233)	—	(3,233)
Balances at March 31, 2016	<u>1,838</u>	<u>\$ 131,036</u>	<u>2,424</u>	<u>\$ 2</u>	<u>\$ 309,130</u>	<u>\$ (70,467)</u>	<u>\$ (56,967)</u>	<u>\$ 181,698</u>	<u>\$ 34,785</u>	<u>\$ 216,483</u>

The accompanying notes are an integral part of these unaudited consolidated financial statements.

ACUSHNET HOLDINGS CORP.

NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

Basis of Presentation

The accompanying consolidated financial statements have been prepared in conformity with accounting principles generally accepted in the United States (U.S. GAAP) and include the accounts of Acushnet Holdings Corp. (the Company), its wholly owned subsidiaries and a VIE in which the Company is the primary beneficiary. All significant intercompany balances and transactions have been eliminated in consolidation.

Certain information in footnote disclosures normally included in annual financial statements has been condensed or omitted for the interim periods presented in accordance with the rules and regulations of the Securities and Exchange Commission and U.S. GAAP. In the opinion of management, the financial statements contain all normal and recurring adjustments necessary to present fairly the financial position and results of operations of the Company. The consolidated balance sheet as of December 31, 2015 is derived from the audited consolidated balance sheet for the year then ended. The results of operations for the quarter are not necessarily indicative of results to be expected for the full year ended December 31, 2016, nor were those of the comparable 2015 period representative of those actually experienced for the full year ended December 31, 2015. These interim consolidated financial statements should be read in conjunction with the consolidated financial statements for the year ended December 31, 2015 and the related notes thereto included elsewhere in this prospectus.

Use of Estimates

The preparation of the Company's consolidated financial statements in accordance with U.S. GAAP requires management to make estimates and judgments that affect reported amounts of assets, liabilities, stockholders' equity, net sales and expenses, and the disclosure of contingent assets and liabilities in its consolidated financial statements. Actual results could differ from those estimates.

Variable Interest Entities

VIEs are entities that, by design, either (i) lack sufficient equity to permit the entity to finance its activities independently, or (ii) have equity holders that do not have the power to direct the activities of the entity that most significantly impact its economic performance, the obligation to absorb the entity's expected losses, or the right to receive the entity's expected residual returns. The Company consolidates a VIE when it is the primary beneficiary, which is the party that has both (i) the power to direct the activities that most significantly impact the VIE's economic performance and (ii) through its interests in the VIE, the obligation to absorb expected losses or the right to receive expected benefits from the VIE that could potentially be significant to the VIE.

The Company consolidates the accounts of Acushnet Lionscore Limited, a VIE which is 40% owned by the Company. The sole purpose of the VIE is to manufacture the Company's golf footwear and as such, the Company is deemed to be the primary beneficiary as defined by Accounting Standards Codification ("ASC") 810. The Company has presented separately on its consolidated balance sheets, to the extent material, the assets of its consolidated VIE that can only be used to settle specific obligations of its consolidated VIE and the liabilities of its consolidated VIE for which creditors do not have recourse to its general credit. The general creditors of the VIE do not have recourse to the Company. Certain directors of the noncontrolling entities have guaranteed the credit lines of the VIE, for which there were no outstanding borrowings as of December 31, 2015 and March 31, 2016.

ACUSHNET HOLDINGS CORP.

NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

1. Summary of Significant Accounting Policies (Continued)

Unaudited Pro Forma Financial Information

The accompanying unaudited pro forma consolidated balance sheet as of March 31, 2016 has been prepared to give effect, immediately prior to the closing of a qualified initial public offering, to the automatic conversion of all of the outstanding convertible notes into an aggregate of 3,624,980 shares of common stock, the payment in cash of accrued and unpaid interest of \$18.2 million on the convertible notes and the automatic conversion of all of the outstanding shares of the Series A redeemable convertible preferred stock into an aggregate of 1,838,027 shares of common stock as if the proposed initial public offering had occurred on March 31, 2016.

In the accompanying consolidated statements of operations, unaudited pro forma basic and diluted net income per common share attributable to Acushnet Holdings Corp. for the three months ended March 31, 2016 has been prepared to give effect, upon the closing of a qualified initial public offering, to the automatic conversion of all the outstanding convertible notes into shares of common stock and the automatic conversion of all the outstanding shares of Series A redeemable convertible preferred stock into shares of common stock as if the proposed initial public offering had occurred on the later of January 1, 2016 or the issuance date.

Accounts Receivable

As of December 31, 2015 and March 31, 2016, the allowance for doubtful accounts was \$12.4 million and \$12.1 million, respectively.

Recently Adopted Accounting Standards

Fair Value Measurement

In May 2015, the FASB issued ASU 2015-07, "*Fair Value Measurement: Disclosures for Investments in Certain Entities that Calculate Net Asset Value per Share (or Its Equivalent)*." Under ASU 2015-07 investments for which fair value is measured at net asset value per share (or its equivalent) using the practical expedient should not be categorized in the fair value hierarchy. ASU 2015-07 is effective for fiscal years beginning after December 15, 2015, including interim periods within those fiscal years. The Company adopted the provisions of this standard during the three months ended March 31, 2016. The retrospective adoption of this standard did not have a significant impact on the consolidated financial statements.

Intangibles—Goodwill and Other—Internal-Use Software

In April 2015, the FASB issued ASU 2015-05, "*Intangibles—Goodwill and Other—Internal-Use Software: Customer's Accounting for Fees Paid in a Cloud Computing Arrangement*." ASU 2015-05 provides guidance to customers about whether a cloud computing arrangement includes a software license. If a cloud computing arrangement includes a software license, then the customer should account for the software license element of the arrangement consistent with the acquisition of other software licenses. If a cloud computing arrangement does not include a software license, the customer should account for the arrangement as a service contract. ASU 2015-05 is effective for annual periods beginning after December 15, 2015, including interim periods within those fiscal years. The Company prospectively adopted the provisions of this standard during the three months ended March 31, 2016.

ACUSHNET HOLDINGS CORP.

NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

1. Summary of Significant Accounting Policies (Continued)

The adoption of this standard did not have a significant impact on the consolidated financial statements.

Consolidation: Amendments to the Consolidation Analysis

In February 2015, the FASB issued ASU 2015-02, " *Consolidation: Amendments to Consolidation Analysis* ." ASU 2015-02 places more emphasis on risk of loss when determining controlling interest, reduces the frequency of the application of related-party guidance when determining controlling financial interest in a VIE and changes consolidation conclusions for companies in several industries. ASU 2015-02 is effective for reporting periods beginning after December 15, 2015, with early adoption permitted. The Company retrospectively adopted the provisions of this standard during the three months ended March 31, 2016. The retrospective adoption of this standard did not have a significant impact on the consolidated financial statements.

Recently Issued Accounting Standards

Revenue from Contracts with Customers

In May 2016, the FASB issued ASU 2016-12, " *Revenue from Contracts with Customers: Narrow-Scope Improvements and Practical Expedients* ." ASU 2016-12 addresses narrow-scope improvements to the guidance on collectability, noncash consideration and completed contracts at transition and provides a practical expedient for contract modifications and an accounting policy election related to the presentation of sales taxes and other similar taxes collected from customers. In March 2016, the FASB issued ASU 2016-08, " *Revenue from Contracts with Customers: Principal versus Agent Considerations* " clarifying the implementation guidance on principal versus agent considerations. In August 2015, the FASB issued ASU 2015-14, " *Revenue from Contracts with Customers: Deferral of the Effective Date* ." deferring the adoption of previously issued guidance published in May 2014, ASU 2014-09, " *Revenue from Contracts with Customers* ." ASU 2014-09 amends revenue recognition guidance and requires more detailed disclosures to enable users of financial statements to understand the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers. ASU 2016-08 and 2015-14 are effective for reporting periods beginning after December 15, 2017, including interim periods within those fiscal years. The new standard permits the use of either the retrospective or modified retrospective approach on adoption. The Company is currently evaluating this standard to determine the impact of its adoption on the consolidated financial statements.

Compensation—Stock Compensation

In March 2016, the FASB issued ASU 2016-09, " *Compensation—Stock Compensation: Improvements to Employee Share-Based Payment Accounting* " to simplify accounting for employee share-based payment transactions, including the income tax consequences, classification of awards as either equity or liabilities and classification on the statement of cash flows. The guidance is effective for financial statements issued for annual periods beginning after December 15, 2016, including interim periods within those fiscal years. The Company is currently evaluating this standard to determine the impact of its adoption on the consolidated financial statements.

ACUSHNET HOLDINGS CORP.

NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

1. Summary of Significant Accounting Policies (Continued)**Leases**

In February 2016, the FASB issued ASU 2016-02, "Leases", which will require lessees to recognize right-of-use assets and lease liabilities for leases which were formerly classified as operating leases. The guidance is effective for financial statements issued for annual periods beginning after December 15, 2018, including interim periods within those fiscal years. The Company is currently evaluating this standard to determine the impact of its adoption on the consolidated financial statements.

Presentation of Financial Statements—Going Concern

In August 2014, the FASB issued ASU 2014-15, "Presentation of Financial Statements—Going Concern: Disclosure of Uncertainties about an Entity's Ability to Continue as a Going Concern." ASU 2014-15 requires management to evaluate whether there is substantial doubt about a company's ability to continue as a going concern within one year from the date the financial statements are issued and to provide related footnote disclosures as appropriate. ASU 2014-15 is effective for annual periods ending after December 15, 2016, and interim periods within annual periods beginning after December 15, 2016. Early application is permitted for annual or interim reporting periods for which the financial statements have not previously been issued. The adoption of this standard is not expected to have a significant impact on the consolidated financial statements.

2. Inventories

Inventories are valued at the lower of cost and net realizable value. Cost is determined using the first-in, first-out inventory method. The inventory balance, which includes material, labor and manufacturing overhead costs, is recorded net of an estimated allowance for obsolete or slow moving inventory.

The components of inventories were as follows:

(in thousands)	December 31, 2015	March 31, 2016
Raw materials and supplies	\$ 63,119	\$ 57,587
Work-in-process	18,210	19,029
Finished goods	245,030	240,303
Inventories	<u>\$ 326,359</u>	<u>\$ 316,919</u>

3. Product Warranty

The Company has defined warranties ranging from one to two years. Products covered by the defined warranty policies include all Titleist golf products, FootJoy golf shoes, and FootJoy golf outerwear. The estimated cost of satisfying future warranty claims is accrued at the time the sale is recorded. In estimating future warranty obligations, the Company considers various factors, including its warranty policies and practices, the historical frequency of claims, and the cost to replace or repair products under warranty.

ACUSHNET HOLDINGS CORP.

NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

3. Product Warranty (Continued)

The activity related to the Company's warranty obligation for accrued warranty expense was as follows:

(in thousands)	Three Months Ended March 31,	
	2015	2016
Balance at beginning of period	\$ 2,989	\$ 3,345
Provision	1,104	1,272
Claims paid/costs incurred	(815)	(1,030)
Foreign currency translation	(60)	8
Balance at end of period	<u>\$ 3,218</u>	<u>\$ 3,595</u>

4. Related Party Transactions

The Company has historically incurred interest expense payable to related parties on its outstanding convertible notes and bonds with common stock warrants (Note 5). Related party interest expense totaled \$8.0 million and \$7.4 million for the three months ended March 31, 2015 and 2016, respectively.

5. Debt and Financing Arrangements

The Company's debt and capital lease obligations were as follows:

(in thousands)	December 31,	March 31,
	2015	2016
Secured floating rate notes	\$ 372,804	\$ 373,397
Convertible notes	362,490	362,490
Bonds with common stock warrants	30,540	30,684
Senior term loan facility	29,836	30,000
Revolving credit facility	24,000	—
Senior revolving credit facility	—	63,000
Line of credit facility	—	30,000
Other short-term borrowings	15,064	56,376
Capital lease obligations	1,481	1,535
Total	836,215	947,482
Less: Short-term debt	441,704	552,773
Total long-term debt and capital lease obligations	<u>\$ 394,511</u>	<u>\$ 394,709</u>

The secured floating rate notes are net of debt issuance costs of \$2.2 million and \$1.6 million as of December 31, 2015 and March 31, 2016, respectively.

Convertible Notes

In 2011 and 2012, the Company issued convertible notes with an aggregate principal amount of \$362.5 million to shareholders. The convertible notes bear interest at a rate of 7.5% per annum, which is payable in cash semi-annually in arrears on February 1 and August 1. The notes mature upon the

ACUSHNET HOLDINGS CORP.

NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

5. Debt and Financing Arrangements (Continued)

earlier of July 29, 2021 or the election of the holder upon a change in control, as defined in the securities purchase agreements governing the notes. Amounts due under the convertible notes can only be repaid upon maturity or upon a change in control.

On March 11, 2013, the Company received approval from the holders of the convertible notes to defer any interest payments due after August 1, 2013 and prior to February 1, 2016 pursuant to the covenants imposed by the secured floating rate notes and the senior revolving and term loan facilities.

The notes are convertible at the option of the holder at any time prior to maturity into a number of shares of the Company's common stock determined by dividing the aggregate outstanding unpaid principal amount of the note by the conversion price of \$100 per share. The conversion price is subject to adjustment if additional shares of common stock are sold subsequent to the issuance of the convertible notes at a price per common share that is lower than \$100 per share or upon a subdivision of the outstanding shares of the Company's common stock. Transfer of the notes to any party, including an affiliate of the noteholder, requires prior written consent of the other noteholders and Fila Korea Ltd. per the Shareholder Agreement.

The Company recorded interest expense related to the convertible notes of \$6.7 million and \$6.8 million during the three months ended March 31, 2015 and 2016, respectively.

Bonds with Common Stock Warrants

In 2011 and 2012, the Company issued bonds with an aggregate principal amount of \$172.5 million to shareholders. The bonds bear interest at a rate of 7.5% per annum, which is payable in cash semi-annually in arrears on February 1 and August 1. The bonds mature upon the earlier of July 29, 2021 or the election of the holder upon a change of control, as defined in the securities purchase agreement governing the bonds. Amounts due under the bonds can only be repaid upon maturity, a change of control, a holder electing to exercise common stock warrants by net settling their bonds or an exercise of common stock warrants by Fila Korea Ltd.

In connection with the issuance of these bonds, the Company issued common stock warrants for the purchase of 1,725,159 shares of the Company's common stock, at an exercise price of \$100 per share. The exercise price is subject to adjustment if additional shares of common stock are sold subsequent to the issuance of the bonds at a price per common share that is lower than \$100 per share or upon a subdivision of the outstanding shares of the Company's common stock. The common stock warrant exercise price can be settled with cash or through tender of an aggregate outstanding principal amount of the bonds and accrued but unpaid interest equal to the exercise price of the common stock warrants.

A discount of \$19.9 million relating to the issuance-date fair value of the common stock warrants was recorded on the issuance date of the bonds and is being accreted to interest expense until the maturity date of the bonds. The unamortized discount was \$4.0 million and \$3.8 million as of December 31, 2015 and March 31, 2016, respectively.

On March 11, 2013, the Company received approval from the holders of the bonds to defer any interest payments due after August 1, 2013 and prior to February 1, 2016 pursuant to the covenants imposed by the secured floating rate notes and the senior revolving and term loan facilities.

ACUSHNET HOLDINGS CORP.

NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

5. Debt and Financing Arrangements (Continued)

The common stock warrants are detachable and transferrable by the holders only to Fila Korea Ltd. or its designee at a price equal to the interest accrued on the underlying bonds at the rate of 4.0% per annum calculated on an annual compounded basis. The shareholders agreement provides Fila Korea Ltd. with a call option to purchase all of the outstanding common stock warrants held by holders of the bonds in annual installments of 345,032 common stock warrants over a five-year period beginning July 29, 2012. Fila Korea Ltd. must exercise the common stock warrants within 10 days of the transfer. The exercise of the common stock warrants by Fila Korea Ltd. triggers the Company to redeem a pro rata share of the bonds payable by using the proceeds received from the exercise of the common stock warrants by Fila Korea Ltd.

During the three months ended March 31, 2015 and 2016, no warrants to purchase the Company's common stock were exercised.

The Company recorded interest expense related to the bonds, including the amortization of the discount, of \$1.5 million and \$0.8 million during the three months ended March 31, 2015 and 2016, respectively.

Secured Floating Rate Notes

In October 2011, the Company issued secured floating rate notes with Korea Development Bank in an aggregate principal amount of \$500.0 million, which mature on July 29, 2016. The notes bear interest at a rate equal to three-month LIBOR plus a margin of 3.75%, which is required to be paid quarterly in arrears on January 31, April 30, July 31 and October 31. The notes were issued in separate classes with maturity dates ranging from October 2013 to July 2016. Pursuant to an amended and restated pledge and security agreement dated October 31, 2011, the secured floating rate notes are secured by certain assets, including inventory, accounts receivable, fixed assets and intangible assets of the Company, and a second priority security interest in the shares of certain Fila Korea Ltd. entities, trademarks and bank accounts.

ACUSHNET HOLDINGS CORP.

NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

5. Debt and Financing Arrangements (Continued)

In October 2013, the Company issued secured floating rate notes with Korea Development Bank in an aggregate principal amount of \$125.0 million, which mature on July 29, 2016. Proceeds from the issuance of the notes were used, along with existing cash on hand, to repay \$150.0 million of the secured floating rate notes issued in October 2011. The notes bear interest at a rate equal to three-month LIBOR plus a margin of 3.75%, which is required to be paid quarterly in arrears on January 31, April 30, July 31 and October 31. Pursuant to an amended and restated pledge and security agreement dated October 31, 2013, the secured floating rate notes are secured by certain assets, including inventory, accounts receivable, fixed assets and intangible assets of the Company, and a second priority security interest in the shares of certain Fila Korea Ltd. entities, trademarks and bank accounts.

The secured floating rate notes agreements contain customary negative covenants, subject to certain exceptions, including limitations on: liens; financial indebtedness; mergers, acquisitions and joint ventures; asset sales, dividends and distributions and repurchase of the Company's capital securities; transactions with affiliates; and changes in the Company's lines of business. The agreement also contains a subjective acceleration clause. The secured floating rate notes agreements require the Company to comply on an annual basis with a consolidated leverage ratio. In addition, the secured floating rate notes agreements contain certain customary events of default. As of March 31, 2016, the Company was in compliance with all covenants.

The Company incurred \$13.2 million of issuance costs in connection with the original issuance of \$500.0 million secured floating rate notes. In addition, the Company incurred \$3.3 million of issuance costs in connection with the issuance of \$125.0 million secured floating rate notes during the year ended December 31, 2013. Of the \$3.3 million, \$1.0 million was immediately recorded as interest expense and \$2.3 million was capitalized as debt issuance costs.

There were outstanding borrowings under the secured floating rate notes of \$375.0 million as of December 31, 2015 and March 31, 2016, respectively. As of December 31, 2015 and March 31, 2016, the interest rate applicable to the outstanding borrowings under the secured floating rate notes was 4.07% and 4.37%, respectively. The Company recorded interest expense related to the secured floating rate notes, including the amortization of debt issuance costs, of \$5.1 million and \$4.9 million during the three months ended March 31, 2015 and 2016, respectively.

Senior Revolving and Term Loan Facilities

In July 2011, the Company entered into a senior revolving facilities agreement with Korea Development Bank ("Senior Facility Agreement"), which provided for borrowings under a revolving credit facility of up to \$50.0 million to be used for general corporate purposes ("Senior Revolving Facility"). The applicable interest rate for borrowings under the Senior Revolving Facility is LIBOR plus a margin of 3.25%. The Senior Facility Agreement requires a commitment fee of 0.3% based on the average daily unused portion of the facility. On February 12, 2014, the Company amended its Senior Facility Agreement and simultaneously executed a joinder agreement with Wells Fargo N.A. to increase the borrowing capacity under the Senior Revolving Facility to \$75.0 million.

On December 24, 2014, the Company further amended the Senior Facility Agreement to increase the borrowing capacity under the Senior Revolving Facility to \$95.0 million, which matures on July 29, 2016. This amendment also provided for borrowings under a new senior term loan agreement with Korea Development Bank of \$30.0 million ("Senior Term Loan"), which matures on July 29, 2016. The applicable interest rate for borrowings under the Senior Term Loan is three-month LIBOR plus a

ACUSHNET HOLDINGS CORP.

NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

5. Debt and Financing Arrangements (Continued)

margin of 2.63%, and is increased for any required withholding taxes. The Senior Facility Agreement requires a commitment fee of 0.3% based on the average daily unused portion of the term loan. Upon entry into the amendment, the Company immediately borrowed the entire \$30.0 million under the Senior Term Loan.

Collateralization of borrowings under the Senior Facility Agreement is governed by the terms of an amended and restated pledge and security agreement. Pursuant to the agreement, borrowings under the Senior Facility Agreement are secured by certain assets, including inventory, accounts receivable, fixed assets and intangible assets of the Company, and by a second priority security interest in the shares of certain Fila Korea Ltd. entities, trademarks and bank accounts.

The Senior Facility Agreement contains customary negative covenants, subject to certain exceptions, including limitations on: liens; financial indebtedness; mergers, acquisitions and joint ventures; asset sales, dividends and distributions and repurchase of the Company's capital securities; transactions with affiliates; and changes in the Company's lines of business. The agreement also contains a subjective acceleration clause. The Senior Facility Agreement requires the Company to comply on an annual basis with a consolidated leverage ratio, as defined in the agreement. In addition, the Senior Facility Agreement contains certain customary events of default. As of March 31, 2016, the Company was in compliance with all covenants.

There were no outstanding borrowings under the Senior Revolving Facility as of December 31, 2015 and outstanding borrowings of \$63.0 million as of March 31, 2016. As of March 31, 2016, the weighted average interest rate applicable to the outstanding borrowings under the Senior Revolving Facility was 3.69%. The Company recorded interest expense related to the Senior Revolving Facility, including unused commitment fees, of \$0.3 million during the three months ended March 31, 2015 and 2016, respectively.

There were outstanding borrowings under the Senior Term Loan of \$30.0 million as of December 31, 2015 and March 31, 2016. As of December 31, 2015 and March 31, 2016, the interest rate applicable to the outstanding borrowings under the Senior Term Loan facility was 3.26%, and 3.23%, respectively. The Company recorded interest expense related to the Senior Term Loan of \$0.3 million during the three months ended March 31, 2015 and 2016, respectively.

Line of Credit Facility

On February 5, 2016, the Company entered into a working capital facility agreement arranged by Wells Fargo Bank, National Association which provides for borrowings up to \$30.0 million. The applicable interest rate for borrowings under the facility is daily one-month LIBOR. The facility requires a commitment fee equal to 0.35% of the unused portion of the facility as of the preceding fiscal quarter.

The working capital facility matures on May 31, 2016. There were outstanding borrowings under the working capital facility of \$30.0 million as of March 31, 2016 and the interest rate applicable to the outstanding borrowings was 2.94%.

Working Credit Facility (Canada)

In February 2013, the Company entered into a working credit facility agreement arranged by Wells Fargo N.A., Canadian Branch, which provides for borrowings of up to the lesser of (a) C\$25 million or

ACUSHNET HOLDINGS CORP.

NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

5. Debt and Financing Arrangements (Continued)

(b) the sum of 80% of eligible accounts receivable and 60% of eligible inventory. The working credit facility, as amended, matures on July 29, 2016. The applicable interest rate for borrowings under the facility for Canadian dollar borrowings is CDOR plus a margin of 2.0% or Canadian Prime Rate and for U.S. dollar borrowings is LIBOR plus a margin of 2.0% or U.S. Prime Rate. The facility requires a commitment fee equal to 0.25% of the uncanceled and unutilized portion of the facility as of the preceding fiscal quarter.

The working credit facility is secured by the accounts receivable, inventory and cash collections of Acushnet Canada, a wholly owned subsidiary of the Company. The working credit facility agreement requires the Company to comply with certain financial covenants and contains customary negative covenants, subject to certain exceptions, including limitations and restrictions on dispositions, liens, dividends, debt, mergers, transactions with affiliates and changes in the Company's lines of business. In addition, the working credit facility agreement contains certain customary events of default. As of March 31, 2016, the Company was in compliance with all covenants.

There were no outstanding borrowings under the working credit facility (Canada) as of December 31, 2015 and outstanding borrowings of \$15.9 million as of March 31, 2016. The Company recorded interest expense related to the working credit facility (Canada), including unused commitment fees, of \$0.1 million for the three months ended March 31, 2016.

Working Credit Facility (Europe)

In April 2012, the Company entered into a working credit facility agreement arranged by Wells Fargo Capital Finance (UK) Limited, which provides for borrowings of up to the lesser of (a) £30 million or (b) the sum of 85% of eligible accounts receivable and 65% of eligible inventory, of which £5 million can be used for letters of credit. The working credit facility matures on April 4, 2017. The applicable interest rate for borrowings under the facility is LIBOR plus a margin of 3.0%. The facility includes a commitment fee of 0.375% on the average daily unused portion of the facility. The working credit facility is secured by the accounts receivable, inventory and cash collections of Acushnet Europe Limited, a wholly owned subsidiary of the Company.

The working credit facility agreement requires the Company to comply with certain financial covenants and contains customary negative covenants, subject to certain exceptions, including limitations on: liens; financial indebtedness; mergers and acquisitions; asset sales, dividends and distributions; transactions with affiliates; and changes in the Company's lines of business. In addition, the working credit facility agreement contains certain customary events of default. As of March 31, 2016, the Company was in compliance with all covenants.

There were no outstanding borrowings under the working credit facility (Europe) as of December 31, 2015 and outstanding borrowings of \$19.8 million as of March 31, 2016. The Company recorded interest expense related to the working credit facility (Europe), including unused commitment fees, of \$0.2 million and \$0.1 million during the three months ended March 31, 2015 and 2016, respectively.

6. Derivative Financial Instruments

The Company classifies warrants to purchase common stock as a liability on its consolidated balance sheet as the warrants are free-standing financial instruments that may result in the issuance of

ACUSHNET HOLDINGS CORP.

NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

6. Derivative Financial Instruments (Continued)

a variable number of the Company's common shares. The warrants were initially recorded at fair value on grant date, and are subsequently re-measured to fair value at each reporting date. The change in the fair value of the common stock warrants is recognized as a component of other (income) expense, net on the consolidated statement of operations. The Company will continue to adjust the liability until the earlier of exercise of the warrants or expiration of the warrants occurs.

On July 29, 2011, the Company issued bonds in the aggregate principal amount of \$168.0 million and common stock warrants to purchase an aggregate of 1,680,000 shares of the Company's common stock. On January 20, 2012, the Company issued \$4.5 million of additional bonds and common stock warrants to purchase 45,159 shares of the Company's common stock (Note 5). As of March 31, 2016, 345,032 common stock warrants with an exercise price of \$100 per share were outstanding and are exercisable.

Common stock warrants are recorded at fair value (Note 7) and included in accrued expenses and other liabilities on the consolidated balance sheet. Changes in the fair value of the common stock warrants are recognized as other (income) expense, net on the consolidated statement of operations.

Foreign Exchange Derivative Instruments

The Company principally uses financial instruments to reduce the impact of changes in foreign currency exchange rates. The principal derivative financial instruments the Company enters into on a routine basis are foreign exchange forward contracts. The Company does not enter into foreign exchange forward contracts for trading or speculative purposes.

Foreign exchange contracts are primarily used to hedge purchases denominated in select foreign currencies, thereby limiting currency risk that would otherwise result from changes in exchange rates. The periods of the foreign exchange contracts correspond to the periods of the forecasted transactions, which do not exceed 24 months subsequent to the latest balance sheet date. The effective portions of cash flow hedges are reported in accumulated other comprehensive income (loss) and recognized in the consolidated statement of operations when the hedged item affects earnings. Changes in fair value of all economic hedge transactions are immediately recognized in current period earnings. The primary foreign currency hedge contracts pertain to the U.S. dollar, the Japanese yen, the British pound sterling, the Canadian dollar, the Korean won and the Euro. The gross U.S. dollar equivalent notional amount of all foreign currency derivative hedges outstanding as of March 31, 2016 was \$381.2 million.

The counterparties to derivative contracts are major financial institutions. The Company assesses credit risk of the counterparties on an ongoing basis.

The fair values of foreign exchange derivative instruments on the consolidated balance sheets were as follows:

(in thousands)	Balance Sheet Location	December 31, 2015	March 31, 2016
Asset derivatives	Other current assets	\$ 13,824	\$ 6,789
	Other noncurrent assets	790	32
Liability derivatives	Other current liabilities	1,265	7,029
	Other noncurrent liabilities	331	4,183

ACUSHNET HOLDINGS CORP.

NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

6. Derivative Financial Instruments (Continued)

The effect of foreign exchange derivative instruments on accumulated other comprehensive income (loss) and the consolidated statements of operations was as follows:

(in thousands)	Gain (Loss)	
	Recognized in OCI	
	Three Months Ended	
Type of hedge	March 31,	
	2015	2016
Cash flow	\$ 7,309	\$ (11,489)
	<u>\$ 7,309</u>	<u>\$ (11,489)</u>

(in thousands)	Gain (Loss)	
	Recognized in	
	Statement of	
Location of gain (loss) in statement of operations	Operations	
	Three Months Ended	
	March 31,	
	2015	2016
Cost of goods sold	\$ 8,654	\$ 4,911
Selling, general and administrative expense	2,453	(1,755)
	<u>\$ 11,107</u>	<u>\$ 3,156</u>

Based on the current valuation, the Company expects to reclassify net gains of \$0.5 million from accumulated other comprehensive income (loss) into cost of goods sold during the next 12 months.

7. Fair Value Measurements

Certain assets and liabilities are carried at fair value under U.S. GAAP. Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. Valuation techniques used to measure fair value must maximize the use of observable inputs and minimize the use of unobservable inputs.

ACUSHNET HOLDINGS CORP.

NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

7. Fair Value Measurements (Continued)

Assets and liabilities measured at fair value on a recurring basis were as follows:

(in thousands)	Fair Value Measurements as of December 31, 2015 using:			Balance Sheet Location
	Level 1	Level 2	Level 3	
Assets				
Rabbi trust	\$ 13,111	\$ —	\$ —	Other current assets
Foreign exchange derivative instruments	—	13,824	—	Other current assets
Rabbi trust	1,442	—	—	Other noncurrent assets
Deferred compensation program assets	2,129	—	—	Other noncurrent assets
Foreign exchange derivative instruments	—	790	—	Other noncurrent assets
Total assets	<u>\$ 16,682</u>	<u>\$ 14,614</u>	<u>\$ —</u>	
Liabilities				
Foreign exchange derivative instruments	\$ —	\$ 1,265	\$ —	Other current liabilities
Common stock warrants	—	—	22,884	Other current liabilities
Deferred compensation program liabilities	2,129	—	—	Other noncurrent liabilities
Foreign exchange derivative instruments	—	331	—	Other noncurrent liabilities
Total liabilities	<u>\$ 2,129</u>	<u>\$ 1,596</u>	<u>\$ 22,884</u>	

(in thousands)	Fair Value Measurements as of March 31, 2016 using:			Balance Sheet Location
	Level 1	Level 2	Level 3	
Assets				
Rabbi trust	\$ 9,194	\$ —	\$ —	Other current assets
Foreign exchange derivative instruments	—	6,789	—	Other current assets
Rabbi trust	3,473	—	—	Other noncurrent assets
Deferred compensation program assets	1,981	—	—	Other noncurrent assets
Foreign exchange derivative instruments	—	32	—	Other noncurrent assets
Total assets	<u>\$ 14,648</u>	<u>\$ 6,821</u>	<u>\$ —</u>	
Liabilities				
Foreign exchange derivative instruments	\$ —	\$ 7,029	\$ —	Other current liabilities
Common stock warrants	—	—	24,763	Other current liabilities
Deferred compensation program liabilities	1,981	—	—	Other noncurrent liabilities
Foreign exchange derivative instruments	—	4,183	—	Other noncurrent liabilities
Total liabilities	<u>\$ 1,981</u>	<u>\$ 11,212</u>	<u>\$ 24,763</u>	

During the year ended December 31, 2015 and the three months ended March 31, 2016, there were no transfers between Level 1, Level 2 and Level 3.

Rabbi trust assets are used to fund certain retirement obligations of the Company. The assets underlying the Rabbi trust are equity and fixed income exchange-traded funds.

Deferred compensation program assets and liabilities represent a program where select employees can defer compensation until termination of employment. Effective July 29, 2011, this program was

ACUSHNET HOLDINGS CORP.

NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

7. Fair Value Measurements (Continued)

amended to cease all employee compensation deferrals and provided for the distribution of all previously deferred employee compensation. The program remains in effect with respect to the value attributable to the employer match contributed prior to July 29, 2011.

Foreign exchange derivative instruments are forward contracts used to hedge currency fluctuations for transactions denominated in a foreign currency. The Company uses the mid-price of foreign exchange forward rates as of the close of business on the valuation date to value each foreign exchange forward contract at each reporting period.

The Company categorizes the common stock warrants derivative liability as Level 3 as there are significant unobservable inputs used in the underlying valuations. The common stock warrants are valued using the contingent claims methodology.

The change in Level 3 fair value measurements was as follows:

(in thousands)	December 31, 2015	March 31, 2016
Balance at beginning of period	\$ 1,818	\$ 22,884
Common stock warrant exercise	(7,298)	—
Total gains included in earnings	28,364	1,879
Balance at end of period	<u>\$ 22,884</u>	<u>\$ 24,763</u>

8. Pension and Other Postretirement Benefits

Components of net periodic benefit cost were as follows:

(in thousands)	Pension Benefits		Postretirement Benefits	
	Three months ended March 31,			
	2015	2016	2015	2016
Components of net periodic benefit cost				
Service cost	\$ 4,030	\$ 2,453	\$ 313	\$ 250
Interest cost	3,009	3,171	218	211
Expected return on plan assets	(2,889)	(3,139)	—	—
Curtailement gain	—	—	—	—
Amortization of net (gain) loss	61	125	(94)	(174)
Amortization of prior service cost (credit)	—	44	—	(42)
Net periodic benefit cost	<u>\$ 4,211</u>	<u>\$ 2,654</u>	<u>\$ 437</u>	<u>\$ 245</u>

9. Income Taxes

The effective rates for income taxes were 53.6% and 39.8% for the three months ended March 31, 2015 and 2016, respectively. Reflected in each quarter are discrete items that pertain to tax obligations related to periods prior to the Company's acquisition of Acushnet Company which are indemnified by Beam Suntory, Inc. (formerly known as Fortune Brands, Inc.) (Beam) in the amounts of \$4.9 million and \$0.6 million for the three months ended March 31, 2015 and 2016, respectively. The decrease in the effective tax rate was further impacted by a reduction in amounts provided on undistributed foreign

ACUSHNET HOLDINGS CORP.

NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

9. Income Taxes (Continued)

earnings, a reduction in non-cash fair value losses on common stock warrants which are not tax effected and the enactment of the permanent R&D tax credit, retroactive back to January 1, 2015 offset, in part, by changes to the geographic mix in earnings.

10. Accumulated Other Comprehensive Income (Loss), Net of Tax

Accumulated other comprehensive income (loss), net of tax consists of foreign currency translation adjustments, unrealized gains and losses from foreign exchange derivative instruments designated as cash flow hedges, unrealized gains and losses from available-for-sale securities and pension and other postretirement adjustments.

The components of and changes in accumulated other comprehensive income (loss), net of tax, were as follows:

(in thousands)	Foreign Currency Translation Adjustments	Gains on Foreign Exchange Derivative Instruments	Gains on Available- for-Sale Securities	Pension and Other Postretirement Adjustments	Accumulated Other Comprehensive Income (Loss)
Balances at December 31, 2015	\$ (70,019)	\$9,166	\$ 1,504	\$ (7,885)	\$ (67,234)
Other comprehensive income (loss) before reclassifications	6,977	(5,470)	(188)	359	1,678
Amounts reclassified from accumulated other comprehensive loss	—	(4,911)	—	(47)	(4,958)
Balances at March 31, 2016	<u>\$ (63,042)</u>	<u>\$ (1,215)</u>	<u>\$ 1,316</u>	<u>\$ (7,573)</u>	<u>\$ (70,514)</u>

11. Net Income per Common Share

The following is a computation of basic and diluted net income per common share attributable to Acushnet Holdings Corp. under the two-class method:

(in thousands, except share and per share amounts)	Three Months Ended March 31,	
	2015	2016
Net income attributable to Acushnet Holdings Corp.	\$ 14,802	\$ 24,680
Less: accruing of cumulative dividends	(3,399)	(3,437)
Less: allocation of undistributed earnings to preferred shareholders	(5,375)	(9,160)
Net income attributable to common stockholders—basic	6,028	12,083
Adjustments to net income for dilutive securities	5,887	7,589
Net income attributable to common stockholders—diluted	<u>\$ 11,915</u>	<u>\$ 19,672</u>
Weighted average number of common shares:		
Basic	2,061,310	2,424,584
Diluted	5,695,487	6,049,564
Net income per common share attributable to Acushnet Holdings Corp.:		
Basic	\$ 2.92	\$ 4.98
Diluted	\$ 2.09	\$ 3.25

ACUSHNET HOLDINGS CORP.**NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS (Continued)****11. Net Income per Common Share (Continued)**

The Company's potential dilutive securities for the three months ended March 31, 2015 and 2016 include redeemable convertible preferred stock, stock options, warrants to purchase common stock and convertible notes.

The following securities have been excluded from the calculation of diluted weighted-average common shares outstanding as their impact was determined to be anti-dilutive:

	Three Months Ended	
	March 31,	
	2015	2016
Redeemable convertible preferred stock	1,838,027	1,838,027
Stock options	—	—
Warrants to purchase common stock	690,064	345,032
Convertible notes	—	—

12. Unaudited Pro Forma Net Income per Common Share

The pro forma basic and diluted net income per share attributable to Acushnet Holdings Corp. for the three months ended March 31, 2016 gives effect to the automatic conversion, arising upon the closing of a qualified initial public offering, of all shares of redeemable convertible preferred stock and the principal of the convertible notes that are outstanding as of March 31, 2016. The calculation of unaudited pro forma net income per common share attributable to Acushnet Holdings Corp. has been prepared to give effect to the conversion as if the proposed initial public offering occurred on January 1, 2015.

The unaudited pro forma net income attributable to Acushnet Holdings Corp. used in the calculation of unaudited basic and diluted pro forma net income per common share attributable to Acushnet Holdings Corp. for the three months ended March 31, 2016 does not include the effects of the payment or cumulative dividends on the convertible preferred stock or interest expense related to the convertible notes for the three months ended March 31, 2016.

The unaudited pro forma basic and diluted weighted average common shares outstanding used in the calculation of unaudited pro forma basic and diluted net income per common share attributable to Acushnet Holdings Corp. for the three months ended March 31, 2016 includes 5,463,007 shares of common stock resulting from the automatic conversion.

The unaudited pro forma diluted net income per common share attributable to Acushnet Holdings Corp. for the three months ended March 31, 2016 also gives effect to any potentially dilutive securities.

ACUSHNET HOLDINGS CORP.

NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

12. Unaudited Pro Forma Net Income per Common Share (Continued)

Unaudited pro forma basic and diluted net income per common share attributable to Acushnet Holdings Corp. was calculated as follows:

(in thousands, except share and per share amounts)	Pro forma March 31, 2016
Net income attributable to Acushnet Holdings Corp.	\$ 24,680
Pro forma adjustment to add interest on convertible notes, net of tax	4,406
Net income used to compute pro forma net income per common share attributable to Acushnet Holdings Corp.	<u>\$ 29,086</u>
Weighted average number of common shares:	
Basic	2,424,584
Pro forma adjustment to reflect conversion of preferred shares	1,838,027
Pro forma adjustment to reflect conversion of convertible notes	<u>3,624,980</u>
Used in calculating basic pro forma net income per common share attributable to Acushnet Holdings Corp.	<u>7,887,591</u>
Diluted	6,049,564
Pro forma adjustment to reflect conversion of preferred shares	1,838,027
Used in calculating diluted pro forma net income per common share attributable to Acushnet Holdings Corp.	<u>7,887,591</u>
Pro forma net income per common share attributable to Acushnet Holdings Corp.—basic and diluted	\$ 3.69

13. Segment Information

The Company's operating segments are based on how the Chief Operating Decision Maker ("CODM") makes decisions about assessing performance and allocating resources. The Company has four reportable segments that are organized on the basis of product categories. These segments include Titleist golf balls, Titleist golf clubs, Titleist golf gear and FootJoy golf wear.

The CODM primarily evaluates performance using segment operating income. Segment operating income includes directly attributable expenses and certain shared costs of corporate administration that are allocated to the reportable segments, but excludes interest expense, net; EAR expense; gains and losses on the fair value of common stock warrants and other non-operating gains and losses as the Company does not allocate these to the reportable segments. The CODM does not evaluate a measure of assets when assessing performance.

Results shown for the quarter are not necessarily those which would be achieved if each segment was an unaffiliated business enterprise. There are no intersegment transactions.

ACUSHNET HOLDINGS CORP.

NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

13. Segment Information (Continued)

Information by reportable segment and a reconciliation to reported amounts are as follows:

(in thousands)	Three Months Ended	
	March 31,	
	2015	2016
Net sales		
Titleist golf balls	\$ 135,999	\$ 130,373
Titleist golf clubs	111,056	120,323
Titleist golf gear	37,207	39,552
FootJoy golf wear	126,438	144,630
Other	5,598	7,918
Total net sales	<u>\$ 416,298</u>	<u>\$ 442,796</u>
Segment operating income		
Titleist golf balls	\$ 18,057	\$ 15,499
Titleist golf clubs	17,027	21,148
Titleist golf gear	5,921	5,456
FootJoy golf wear	18,261	19,655
Other	100	1,183
Total segment operating income	<u>59,366</u>	<u>62,941</u>
Reconciling items:		
Interest expense, net	(15,331)	(13,841)
EAR expense	(10,200)	—
Loss on fair value of common stock warrants	(3,770)	(1,879)
Other	5,284	(3,694)
Total income before income tax	<u>\$ 35,349</u>	<u>\$ 43,527</u>

14. Commitments and Contingencies

Purchase Obligations

During the normal course of its business, the Company enters into agreements to purchase goods and services, including purchase commitments for production materials, finished goods inventory, capital expenditures and endorsement arrangements with professional golfers. The reported amounts exclude those liabilities included in accounts payable or accrued liabilities on the consolidated balance sheet as of March 31, 2016.

Purchase obligations by the Company as of March 31, 2016 were as follows:

(in thousands)	Payments Due by Period					
	Remainder of 2016	2017	2018	2019	2020	Thereafter
Purchase obligations	\$ 113,863	\$ 22,104	\$ 12,454	\$ 1,436	\$ 1,427	\$ 4,745

ACUSHNET HOLDINGS CORP.

NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

14. Commitments and Contingencies (Continued)

Lease Commitments

The Company leases certain warehouses, distribution and office facilities, vehicles and office equipment under operating leases.

The Company has an operating lease for certain vehicles that provides for a residual value guarantee. The lease has a noncancelable lease term of one year and may be renewed annually over the subsequent five years. The Company has the option to terminate the lease at the annual renewal date. Termination of the lease results in the sale of the vehicles and the determination of the residual value. The residual value is calculated by comparing the net proceeds of the vehicles sold to the depreciated value at the end of the renewal period. The Company is not responsible for any deficiency resulting from the net proceeds being less than 20% of the original cost in the first year and 20% of the depreciated value for all subsequent years. The Company believes that this guarantee will not have a significant impact on the consolidated financial statements.

Contingencies

In connection with the Company's acquisition of Acushnet Company, Beam indemnified the Company for certain tax related obligations that relate to periods during which Fortune Brands, Inc. owned Acushnet Company. As of March 31, 2016, the Company's estimate of its receivable for these indemnifications is \$10.0 million, of which \$3.4 million is recorded in other current assets and \$6.6 million is recorded in other noncurrent assets on the consolidated balance sheet.

Litigation

Beam

A dispute has arisen between Acushnet Company and Beam with respect to approximately \$16.6 million of value-added tax ("VAT") trade receivables. These receivables were reflected on Acushnet Company's consolidated balance sheet at the time of the Company's acquisition of Acushnet Company. Acushnet Company believes that these VAT trade receivables are assets of the Company; Beam, Inc. claims that these are tax credits or refunds from the period prior to the acquisition of Acushnet Company which are payable to Beam, Inc., pursuant to the terms of the Stock Purchase Agreement that covers the sale of the stock of Acushnet Company. Beam, Inc. has withheld payments in this amount which the Company believes are payable to Acushnet Company in reimbursement of certain other tax liabilities which existed prior to the acquisition of Acushnet Company. On March 27, 2012, Acushnet Company filed a complaint seeking reimbursement of these funds in the Commonwealth of Massachusetts Superior Court Department, Business Litigation Section and this litigation continues. Each party filed Motions for Summary Judgment, which motions were denied by the Court on July 29, 2015. Trial in this matter commenced on May 31, 2016.

Other Litigation

In addition to the lawsuits described above, the Company and its subsidiaries are defendants in lawsuits associated with the normal conduct of their businesses and operations. It is not possible to predict the outcome of the pending actions, and, as with any litigation, it is possible that some of these actions could be decided unfavorably. Consequently, the Company is unable to estimate the ultimate aggregate amount of monetary loss, amounts covered by insurance or the financial impact that will

ACUSHNET HOLDINGS CORP.

NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

14. Commitments and Contingencies (Continued)

result from such matters and has not recorded a liability related to potential losses. The Company believes that there are meritorious defenses to these actions and that these actions will not have a material adverse effect on the consolidated financial statements.

15. Subsequent Events

On April 27, 2016, the Company entered into a new senior secured credit facilities agreement arranged by Wells Fargo, National Association which provides for (i) a \$275.0 million multi-currency revolving credit facility, including a \$20.0 million letter of credit sub-facility, a C\$25.0 million sub-facility for Acushnet Canada, Inc., a £20.0 million sub-facility for Acushnet Europe Limited and an alternative currency sublimit of 100.0 million for borrowings in Canadian Dollars, Euros, Pounds Sterling and Japanese Yen, (ii) a \$375.0 million term loan A facility, and (iii) a \$100.0 million delayed draw term loan A facility. Each credit facility matures on July 29, 2021. The credit agreement allows for the incurrence of additional term loans or increases in the revolving credit facility in an aggregate principal amount not to exceed (i) \$200.0 million plus (ii) an unlimited amount so long as the net average secured leverage ratio (as defined in the credit agreement) does not exceed 2.00:1.00 on a pro forma basis. The credit agreement contains customary affirmative and restrictive covenants, including, among others, financial covenants based on the Company's leverage and interest coverage ratios. The credit agreement includes customary events of default, the occurrence of which, following any applicable cure period, would permit the lenders to, among other things, declare the principal, accrued interest and other obligations to be immediately due and payable.

The credit agreement was signed and became effective on April 27, 2016 and the Company expects the closing date and initial funding under the credit agreement to occur on or around July 29, 2016. The Company expects to use the proceeds of the term loan A facility and a draw under the revolving credit facility to repay amounts outstanding under its secured floating rate notes, its existing secured revolving and term loan facility, and certain secured working capital credit facilities and to pay fees and expenses related to the foregoing. The delayed draw term loan A facility will be available until the date that is one year after the closing date to make payments under the Company's EAR Plan, as amended. The credit agreement contains conditions precedent to the Company's ability to receive the proceeds of the term loan A facility and the delayed draw term loan A facility, including that there shall not have occurred a material adverse effect with respect to the Company.

On May 6, 2016, the Company and each of the holders of the convertible notes and Series A preferred stock entered into an agreement requiring the mandatory conversion of the convertible notes and the shares of the Series A preferred stock into fully paid and nonassessable shares of the Company's common stock. This automatic conversion will occur immediately prior to the closing of a qualified initial public offering. Upon conversion, any calculated fractional shares of the Company's common stock will be paid in cash to each of the holders of the convertible notes and the shares of the Series A preferred stock. In addition, all accrued but unpaid interest on the principal of the convertible notes will be paid to each holder of the convertible notes and all accrued but unpaid dividends on the shares of the Series A preferred stock will be paid to each holder of the shares of the Series A preferred stock.

On May 18, 2016, the Company amended its working capital facility agreement arranged by Wells Fargo Bank, National Association to extend the maturity date to July 29, 2016.

ACUSHNET HOLDINGS CORP.

NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

15. Subsequent Events (Continued)

On June 15, 2016, the Company's board of directors, in accordance with the Acushnet Holdings Corp. 2015 Omnibus Incentive Plan, approved a grant of multi-year restricted stock units ("RSU") and performance stock units ("PSU") to certain key members of management. The grants were made 50% in RSUs and 50% in PSUs, and represent three years of equity compensation. One-third of the RSUs vest on each January 1 of 2017, 2018 and 2019, and the PSUs cliff-vest on December 31, 2018, subject to the participant's continued employment with the Company and the Company's level of achievement of the applicable cumulative Adjusted EBITDA performance metric (as defined in the award agreement) measured over the three-year performance period. Each PSU reflects the right to receive between 0% and 200% of the target number of shares based on the actual three-year cumulative Adjusted EBITDA. The determination of the target value gave consideration to executive performance, potential future contributions and peer group analysis. The initial fair value of the grant was estimated at \$45.0 million.

The Company has evaluated subsequent events from the balance sheet date through June 17, 2016, the date at which the unaudited consolidated financial statements were available to be issued, and determined that there are no other material items to disclose.

ACUSHNET COMPANY

Titleist

FJ FOOTJOY

Shares

Acushnet Holdings Corp.

Common Stock

Prospectus

J.P. Morgan

Morgan Stanley

Nomura

UBS Investment Bank

Credit Suisse

Daiwa Capital Markets

Deutsche Bank Securities

Jefferies

Wells Fargo Securities

Through and including _____, 2016 (the 25th day after the date of this prospectus), all dealers that effect transactions in these securities, whether or not participating in this offering, may be required to deliver a prospectus. This is in addition to the dealers' obligation to deliver a prospectus when acting as underwriters and with respect to their unsold allotments or subscriptions.

PART II**INFORMATION NOT REQUIRED IN PROSPECTUS****Item 13. Other Expenses of Issuance and Distribution**

The following table sets forth the expenses payable by the Registrant expected to be incurred in connection with the issuance and distribution of common stock being registered hereby (other than underwriting discounts and commissions). All of such expenses are estimates, except for the Securities and Exchange Commission, or SEC, registration fee, the Financial Industry Regulatory Authority Inc., or FINRA, filing fee and filing fee and listing fee.

SEC registration fee	\$	*
FINRA filing fee		*
listing fee		*
Printing fees and expenses		*
Legal fees and expenses		*
Accounting fees and expenses		*
Blue Sky fees and expenses (including legal fees)		*
Transfer agent and registrar fees and expenses		*
Miscellaneous		*
Total	\$	*

* To be provided by amendment.

Item 14. Indemnification of Directors and Officers

Section 102(b)(7) of the Delaware General Corporation Law, or DGCL, allows a corporation to provide in its certificate of incorporation that a director of the corporation will not be personally liable to the corporation or its shareholders for monetary damages for breach of fiduciary duty as a director, except where the director breached the duty of loyalty, failed to act in good faith, engaged in intentional misconduct or knowingly violated a law, authorized the payment of a dividend or approved a stock repurchase in violation of Delaware corporate law or obtained an improper personal benefit. Our amended and restated certificate of incorporation will provide for this limitation of liability.

Section 145 of the DGCL, or Section 145, provides, among other things, that a Delaware corporation may indemnify any person who was, is or is threatened to be made, party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (other than an action by or in the right of such corporation), by reason of the fact that such person is or was an officer, director, employee or agent of such corporation or is or was serving at the request of such corporation as a director, officer, employee or agent of another corporation or enterprise. The indemnity may include expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by such person in connection with such action, suit or proceeding, provided such person acted in good faith and in a manner he or she reasonably believed to be in or not opposed to the corporation's best interests and, with respect to any criminal action or proceeding, had no reasonable cause to believe that his or her conduct was unlawful. A Delaware corporation may indemnify any persons who were or are a party to any threatened, pending or completed action or suit by or in the right of the corporation by reason of the fact that such person is or was a director, officer, employee or agent of another corporation or enterprise. The indemnity may include expenses (including attorneys' fees) actually and reasonably incurred by such person in connection with the defense or settlement of such action or suit, provided such person acted in good faith and in a manner he or she reasonably believed to be in or not opposed to the

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corporation's best interests, provided further that no indemnification is permitted without judicial approval if the officer, director, employee or agent is adjudged to be liable to the corporation. Where an officer or director is successful on the merits or otherwise in the defense of any action referred to above, the corporation must indemnify him or her against the expenses (including attorneys' fees) which such officer or director has actually and reasonably incurred.

Section 145 further authorizes a corporation to purchase and maintain insurance on behalf of any person who is or was a director, officer, employee or agent of the corporation or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation or enterprise, against any liability asserted against such person and incurred by such person in any such capacity, or arising out of his or her status as such, whether or not the corporation would otherwise have the power to indemnify such person under Section 145.

Our amended and restated bylaws will provide that we must indemnify and advance expenses to our directors and officers to the full extent authorized by the DGCL.

The indemnification rights set forth above shall not be exclusive of any other right which an indemnified person may have or hereafter acquire under any statute, any provision of our amended and restated certificate of incorporation, our amended and restated bylaws, agreement, vote of shareholders or disinterested directors or otherwise. Notwithstanding the foregoing, we shall not be obligated to indemnify a director or officer in respect of a proceeding (or part thereof) instituted by such director or officer, unless such proceeding (or part thereof) has been authorized by the board of directors pursuant to the applicable procedure outlined in the amended and restated bylaws.

Section 174 of the DGCL provides, among other things, that a director, who willfully or negligently approves of an unlawful payment of dividends or an unlawful stock purchase or redemption, may be held jointly and severally liable for such actions. A director who was either absent when the unlawful actions were approved or dissented at the time may avoid liability by causing his or her dissent to such actions to be entered in the books containing the minutes of the meetings of the board of directors at the time such action occurred or immediately after such absent director receives notice of the unlawful acts.

We expect to maintain standard policies of insurance that provide coverage (1) to our directors and officers against loss rising from claims made by reason of breach of duty or other wrongful act and (2) to us with respect to indemnification payments that we may make to such directors and officers.

The underwriting agreement provides for indemnification by the underwriters of us and our officers and directors and the selling shareholders, and by us and the selling shareholders of the underwriters, for certain liabilities arising under the Securities Act or otherwise in connection with this offering.

Item 15. Recent Sales of Unregistered Securities

In July 2013, Fila Korea Ltd. exercised its call option on warrants held by certain existing securityholders to purchase _____ shares of common stock. On August 7, 2013, Fila Korea Ltd. converted the warrants into common stock at the conversion price of \$ _____ per share, or \$34.5 million in the aggregate. We used the proceeds received from this warrant exercise to redeem a pro rata share of our outstanding 7.5% bonds due 2021.

In September 2013, we issued _____ shares of our common stock to Walter Uihlein, our President and Chief Executive Officer, upon exercise of outstanding stock options.

In July 2014, Fila Korea Ltd. exercised its call option on warrants held by certain existing securityholders to purchase _____ shares of common stock. On July 29, 2014, Fila Korea Ltd. converted the warrants into common stock at the conversion price of \$ _____ per share, or \$34.5 million in

the aggregate. We used the proceeds received from this warrant exercise to redeem a pro rata share of our outstanding 7.5% bonds due 2021.

In July 2014, we issued _____ shares of our common stock to Walter Uihlein, our President and Chief Executive Officer, upon exercise of outstanding stock options.

In July 2015, Fila Korea Ltd. exercised its call option on warrants held by certain existing securityholders to purchase _____ shares of common stock. On July 28, 2015, Fila Korea Ltd. converted the warrants into common stock at the conversion price of \$ _____ per share, or \$34.5 million in the aggregate. We used the proceeds received from this warrant exercise to redeem a pro rata share of our outstanding 7.5% bonds due 2021.

In July 2015, we issued _____ shares of our common stock to Walter Uihlein, our President and Chief Executive Officer, upon exercise of outstanding stock options.

During 2015, we granted an aggregate of _____ EARs with a weighted-average strike price of \$ _____ per share to certain key employees.

In June 2016, we granted an aggregate of _____ restricted stock units and an aggregate of _____ performance stock units to certain of our employees under our 2015 Omnibus Incentive Plan.

We currently expect that in July 2016, Fila Korea Ltd. will exercise its call option on warrants held by certain existing securityholders to purchase _____ shares of common stock. Such warrants convert into common stock at the conversion price of \$ _____ per share, or \$34.5 million in the aggregate. We will be required to use the proceeds received from this warrant exercise to redeem the remaining portion of our outstanding 7.5% bonds due 2021.

The sales of the above securities were deemed to be exempt from registration under the Securities Act in reliance upon Section 4(a)(2) of the Securities Act or Regulation D promulgated thereunder, or Rule 701 promulgated under Section 3(b) of the Securities Act as transactions by an issuer not involving any public offering.

Item 16. Exhibits and Financial Statement Schedules

(a) *Exhibits.* See the Exhibit Index immediately following the signature page hereto, which is incorporated by reference as if fully set forth herein.

(b) *Financial Statement Schedules.* All schedules are omitted because the required information is either not present, not present in material amounts or presented within our audited consolidated financial statements included elsewhere in this prospectus and are incorporated herein by reference.

Item 17. Undertakings.

(1) Insofar as indemnification for liabilities arising under the Securities Act of 1933 may be permitted to directors, officers and controlling persons of the registrant pursuant to the foregoing provisions, or otherwise, the registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Securities Act of 1933 and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the registrant of expenses incurred or paid by a director, officer or controlling person of the registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question of whether such indemnification by it is against public policy as expressed in the Securities Act of 1933 and will be governed by the final adjudication of such issue.

(2) The undersigned Registrant hereby undertakes that:

(A) For purposes of determining any liability under the Securities Act of 1933, the information omitted from the form of prospectus filed as part of this registration statement in reliance upon Rule 430A and contained in a form of prospectus filed by the registrant pursuant to Rule 424(b) (1) or (4) or 497(h) under the Securities Act shall be deemed to be part of this registration statement as of the time it was declared effective.

(B) For the purpose of determining any liability under the Securities Act of 1933, each post-effective amendment that contains a form of prospectus shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, as amended, the registrant has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Fairhaven, Commonwealth of Massachusetts, on June 17, 2016.

ACUSHNET HOLDINGS CORP.

By: /s/ WALTER UIHLEIN

Name: Walter Uihlein

Title: *President and Chief Executive Officer*

POWER OF ATTORNEY

The undersigned directors and officers of Acushnet Holdings Corp. hereby constitute and appoint Joseph J. Nauman and Roland A. Giroux and each of them, any of whom may act without joinder of the other, the individual's true and lawful attorneys-in-fact and agents, with full power of substitution and resubstitution, for the person and in his name, place and stead, in any and all capacities, to sign this Registration Statement and any or all amendments, including post-effective amendments to the Registration Statement, including a prospectus or an amended prospectus therein and any Registration Statement for the same offering that is to be effective upon filing pursuant to Rule 462(b) under the Securities Act, and all other documents in connection therewith to be filed with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite and necessary to be done in and about the premises, as fully to all intents and purposes as he might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact as agents or any of them, or their substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Act of 1933, this Registration Statement and power of attorney have been signed by the following persons in the capacities indicated on June 17, 2016.

<u>Signature</u>	<u>Capacity</u>
<u>/s/ WALTER UIHLEIN</u> Walter Uihlein	President and Chief Executive Officer (Principal Executive Officer)
<u>/s/ WILLIAM BURKE</u> William Burke	Executive Vice President, Chief Financial Officer and Treasurer (Principal Financial Officer)
<u>/s/ ERIC SODERLUND</u> Eric Soderlund	Vice President, Finance and Controller (Principal Accounting Officer)
<u>/s/ GENE YOON</u> Gene Yoon	Chairman

<u>Signature</u>	<u>Capacity</u>
<hr/> <u>/s/ SUNGWOO AHN</u> Sungwoo Ahn	Director
<hr/> <u>/s/ HUGH LEE</u> Hugh Lee	Director
<hr/> <u>/s/ JUNG-HUN RYU</u> Jung-Hun Ryu	Director
<hr/> <u>/s/ YONG KYU SHIN</u> Yong Kyu Shin	Director
<hr/> <u>/s/ KEUN CHANG YOON</u> Keun Chang Yoon	Director

EXHIBITS INDEX

Exhibit Number	Description
1.1*	Form of Underwriting Agreement.
3.1*	Form of Amended and Restated Certificate of Incorporation of Acushnet Holdings Corp.
3.2*	Form of Amended and Restated Bylaws of Acushnet Holdings Corp.
5.1*	Opinion of Simpson Thacher & Bartlett LLP.
10.1†	Acushnet Company Equity Appreciation Rights Plan dated as of August 30, 2011, as amended November 24, 2014, June 9, 2015 and May 18, 2016.
10.2†	Form of Equity Appreciation Rights Award Agreement, as amended.
10.3†	Equity Appreciation Rights Agreement between Acushnet Company and Yoo Soo (Gene) Yoon, dated as of August 30, 2011, as amended.
10.4†	Equity Appreciation Rights Agreement between Acushnet Company and Walter R. Uihlein, dated as of August 30, 2011, as amended.
10.5†	Acushnet Company Long-Term Incentive Plan (effective January 1, 2009).
10.6†	Acushnet Holdings Corp. 2015 Omnibus Incentive Plan.
10.7†	Form of Restricted Stock Unit Grant Notice and Restricted Stock Unit Agreement under the Acushnet Holdings Corp. 2015 Omnibus Incentive Plan.
10.8†	Form of Performance Stock Unit Grant Notice and Performance Stock Unit Agreement under the Acushnet Holdings Corp. 2015 Omnibus Incentive Plan.
10.9†	Acushnet Executive Severance Plan (as amended and restated effective April 29, 2016).
10.10†	Acushnet Company Supplemental Retirement Plan (as amended and restated effective December 31, 2015).
10.11*†	Acushnet Company Trust Agreement, dated as of June 1, 2001.
10.12†	Amended and Restated Change in Control Agreement between Acushnet Company and Walter R. Uihlein, dated as of July 19, 2013, as amended April 29, 2016.
10.13†	Amended and Restated Severance Agreement between Acushnet Company and Walter R. Uihlein, dated as of July 19, 2013, as amended April 29, 2016.
10.14†	Acushnet Company Walter R. Uihlein Trust Agreement dated as of January 1, 2003.
10.15†	Cash Bonus Agreement between Acushnet Company and Walter R. Uihlein, dated as of February 25, 2016.
10.16†	Amended and Restated Acushnet Company Excess Deferral Plan II (effective July 29, 2011).
10.17	Senior Secured Credit Agreement dated as of April 27, 2016 among Acushnet Holdings Corp., Acushnet Company, Acushnet Canada Inc., Acushnet Europe Limited, certain other subsidiaries party thereto, Wells Fargo Bank, National Association as the administrative agent, swingline lender and issuing bank, Wells Fargo Securities, LLC, Wells Fargo Securities, LLC and PNC Capital Markets LLC as joint lead arrangers and joint bookrunners, PNC Capital Markets LLC as syndication agents, and the lenders from time to time party thereto.
21.1	List of Subsidiaries.
23.1	Consent of PricewaterhouseCoopers LLP.
23.2*	Consent of Simpson Thacher & Bartlett LLP (included in exhibit 5.1)
23.3	Consent of Jennifer O. Estabrook.

24.1 Power of Attorney (included in the signature page to this Registration Statement)

* To be filed by amendment.

† Identifies exhibits that consist of a management contract or compensatory plan or arrangement.

ACUSHNET COMPANY
EQUITY APPRECIATION RIGHTS PLAN

August 30, 2011

Section 1. Purpose. The purpose of the Acushnet Company Equity Appreciation Rights Plan (the “**Plan**”) is to provide incentives to designated officers (including, for the avoidance of doubt, the Chairman of the Board) and other key employees of Acushnet Company (the “**Company**”) and its Subsidiaries, by allowing them to participate in the future success and growth of the Company and its Subsidiaries on the terms, and subject to the conditions, set forth in this Plan. Capitalized terms not otherwise defined in this Plan have the meanings set forth in **Schedule A** hereto.

Section 2. Equity Appreciation Rights.

(a) Equity Appreciation Rights (“**Awards**”) granted under this Plan will consist of Common Stock Equivalents (hereinafter referred to individually as a “**CSE**,” and collectively, as “**CSEs**”). Subject to the terms and conditions set forth herein and in the participant’s Award, each CSE is intended to represent the appreciation in the value of a share of Common Stock measured from the applicable Grant Date through the applicable Payout Event. Except as may otherwise be provided in the participant’s Award, upon the occurrence of a Payout Event relating to a participant’s CSEs, the Company will become obligated to pay the participant the amount determined under Section 5(a) hereof, payable at the time and in the manner set forth in Section 5 hereof.

(b) Each Award granted under this Plan will be evidenced by a written Award agreement setting forth the Grant Date, the number of CSEs granted to the participant, the Grant Date Value, and any other terms or conditions applicable to such Award, all as determined by the

Board in its sole discretion. In the event of any inconsistency between the terms of this Plan and the terms of any Award, the terms of the Award shall govern to the extent such Award varies the terms set forth in this Plan.

Section 3 . Participants; Number of CSEs.

(a) Participation in the Plan will be limited to those officers (including, for the avoidance of doubt, the Chairman of the Board) and other key employees of the Company and its Subsidiaries, or anyone else, as the Board, in its sole discretion, specifically designates from time to time to receive Awards of CSEs under this Plan.

(b) Each participant will be granted a fixed number of CSEs in an amount to be determined by the Board and set forth in the participant's written Award. The number of CSEs awarded to any participant shall be subject to adjustment as set forth in Section 6(b) hereof.

Section 4. Payout Events.

(a) Except as otherwise provided in a participant's written Award, a "**Payout Event**" shall occur with respect to a participant's CSEs upon the first to occur of (i) a Qualifying Termination, (ii) a Sale of the Company, or (iii) the Expiration Date. The participant's Payout Event shall be with respect to that number of Vested CSEs held by the participant at the effective time of his or her Payout Event (as determined after taking into account any acceleration of vesting of CSEs provided for under this Plan or the participant's Award). Upon the occurrence of a Payout Event with respect to a participant's CSEs, the amount payable, if any, to the participant with respect to such CSEs will be the amount determined under Section 5(a) hereof.

(b) Notwithstanding anything to the contrary herein whether express or implied, any Nonvested CSEs held by a participant upon the occurrence of his or her Payout Event resulting

from a Qualifying Termination will be immediately forfeited by the participant for no consideration.

(c) Once a Payout Event shall have occurred with respect to a participant's CSEs, such CSEs shall be considered to have been terminated and cancelled as of the effective time of such Payout Event. Any CSEs that are thus cancelled as a result of such Payout Event shall be converted into the right to receive the amount determined under Section 5(a) hereof, payable at the time and in the manner set forth in Section 5. The amount determined under Section 5(a), if any, with respect to a participant's CSEs that are subject to a Payout Event shall be in full consideration for and in cancellation of such CSEs.

(d) Notwithstanding anything to the contrary in this Plan or in a participant's written Award whether express or implied, in the event of a participant's Nonqualifying Termination prior to the occurrence of a Payout Event, the participant's Vested CSEs and Nonvested CSEs shall be forfeited and the participant shall have no right to receive any payments under this Plan or the participant's Award(s) with respect to any CSEs held by the participant as of the effective date of such Nonqualifying Termination (whether Vested CSEs or Nonvested CSEs). A participant will not be entitled to any payment or other consideration for any CSEs that are forfeited hereunder.

(e) CSEs that are forfeited may be re-granted by the Board to one or more participants selected by and under terms determined by the Board in its sole discretion.

Section 5. Payments.

(a) Upon the occurrence of a Payout Event with respect to a participant's CSEs, the participant shall be entitled to a payment from the Company with respect to such CSEs in an amount equal to (1) the positive excess (if any) of the CSE Value on the date of the applicable

Payout Event less the Grant Date Value, multiplied by (2) the number of Vested CSEs subject to such Payout Event.

(b) Notwithstanding anything to the contrary in this Plan or any Award granted hereunder, upon the occurrence of a Payout Event resulting from a Qualifying Termination or Expiration Date occurring any time after an IPO, the Company may elect to make a portion (up to 50%) of the payment to be made to a participant under Section 5(a) in shares of common equity securities of the resulting publicly traded entity.

(c) Amounts due to a participant following a Payout Event will be paid in a lump sum payment not later than 90 days following the effective time of the applicable Payout Event, but in any event no such payment shall be made more than 2 and ½ months following the end of the calendar year in which the applicable Payout Event occurred.

Section 6. Other Terms and Conditions .

(a) **Designated Beneficiary**. In the event of the death of a participant prior to the date of payment of any amounts otherwise due to the participant hereunder, any remaining amounts payable under this Plan shall thereafter be made to such person or persons who were specifically designated by the participant as the person or persons (who may be designated successively or contingently) to receive payments under this Plan following the participant's death by filing a written beneficiary designation with the Company during the participant's lifetime. Such beneficiary designation shall be in such form as may be prescribed by the Company and may be amended from time to time or may be revoked by the participant pursuant to written instruments filed with the Company during the participant's lifetime. Beneficiaries designated by a participant may be any natural or legal person or persons, including a fiduciary, such as a trustee of a trust or the legal representative of an estate. Unless otherwise provided by

the beneficiary designation filed by a participant, if all of the persons so designated die before the participant on the occurrence of a contingency not contemplated in such beneficiary designation, then any remaining amounts payable under this Plan, if any, shall thereafter be paid to the participant's estate.

(b) **Adjustments.** In the event of any change in the capital structure of the Company or its parent, Alexandria Holdings Corp., (such as by stock dividend, stock split, combination, or similar transaction), or any sale of assets, merger, consolidation, combination or other corporate reorganization or restructuring of the Company or Alexandria Holdings Corp. not resulting in a Sale of the Company or Alexandria Holdings Corp., the Board shall make such reasonable and appropriate adjustments in the number of CSEs, the Grant Date Value, and the manner in which the CSE Value will be subsequently determined, so that the aggregate amount potentially payable with respect to each outstanding Award as of the time of such transaction shall not be changed as a result thereof. Any such adjustments as determined by the Board shall be conclusive and binding on each participant and each participant's successors, assigns, heirs and legal representatives for all purposes of the Plan. Nothing in this Plan will in any way prohibit the Company or Alexandria Holdings Corp. from merging with or consolidating into another corporation or other entity or from selling or transferring all or substantially all of its assets, or from distributing all or substantially all of its assets to its stockholders in liquidation, or from dissolving and terminating its corporate existence.

(c) **Withholding.** Any payments to be made under this Plan shall be net of any taxes required by law to be withheld with respect to such payment. If the Company shall be required, prior to the date on which payments are otherwise to be made to a participant under this Plan, to withhold any taxes in connection with any CSEs awarded to the participant, the participant

agrees that the Company shall have the right to withhold such taxes from the participant's base salary or other available cash compensation, or to otherwise require the participant to provide the Company with a payment in the amount of such required withholding taxes.

(d) **No Rights of a Shareholder**. The receipt of an Award by a participant and the granting of CSEs thereunder shall not entitle the participant to vote, to receive dividend distributions, to audit or review the Company's or any Affiliate's books and records, or to otherwise act as a shareholder of the Company or any Affiliate, it being understood that CSEs awarded hereunder do not result in or reflect an actual equity interest in the Company or any of its Affiliates.

(e) **Assets**. No assets shall be segregated or earmarked by the Company in respect of any Award of CSEs granted under the Plan. The Plan and the granting of Awards hereunder shall not constitute a trust and shall be solely for the purpose of recording an unsecured contractual obligation of the Company. All amounts payable pursuant to this Plan shall be paid from the general assets of the Company or such other entity as the Board may determine. This Plan is intended to be an unfunded nonqualified deferred compensation arrangement which is neither an "employee welfare benefit plan" nor an "employee pension benefit plan" within the meaning of Section 3(1) or (2) of the Employee Retirement Income Security Act of 1974, as amended, and shall be interpreted and administered to the extent possible in a manner consistent with that intent.

(f) **Expenses**. The Company will bear all expenses incurred by it in administering this Plan but shall not be responsible for the taxes or other expenses incurred by participants in connection with this Plan or any Awards granted hereunder.

(g) **No Obligation**. The Board's designation of an individual as a participant in any year shall not require the Board to designate such person to receive an Award of CSEs in any other year. Neither this Plan nor any Awards granted hereunder shall create any obligation on the part of the Company or any Affiliate to continue any other compensation plans or policies or to establish or continue any other programs, plans or policies of any kind. Neither this Plan nor any Award made hereunder shall give any participant any right with respect to continuance of employment by the Company or any Affiliate, or any specific aggregate amount of compensation, nor shall there be any limitations on the right of the Company or any Affiliate to terminate such participant's employment at any time for any reason whatsoever, subject to the terms of any separate employment agreement to the contrary. Amounts payable under this Plan, if any, shall not be treated as eligible compensation or bonuses for purposes of any qualified or non-qualified retirement plan, any other compensation plans, or any other program maintained by the Company or any Affiliate.

(h) **Liability**. No member of the Board shall be liable for any act or action hereunder, whether of omission or commission, by any other member or employee or by any agent to whom duties in connection with the administration of the Plan have been delegated or, except in circumstances involving his or her bad faith, gross negligence or fraud, for anything done or omitted to be done by such member. The Company will fully indemnify and hold each member of the Board harmless from any liability hereunder, except in circumstances involving his or her bad faith, gross negligence or fraud. The Company or the Board may consult with legal counsel, who may be counsel for the Company, with respect to its obligations or duties hereunder, or with respect to any action or proceeding or any question of law, and shall not be

liable with respect to any action taken or omitted by it in good faith pursuant to the advice of such counsel.

(i) **Nontransferability**. Except as otherwise permitted under Section 6(a), no right or interest in any Award granted under this Plan, or in any CSE awarded hereunder shall be assignable or transferable by any participant, and no right or interest of the participant herein shall be pledged by or otherwise made subject to any lien, claim, encumbrance, obligation or liability of the participant, without the prior written consent of the Company. Except as expressly provided in Section 6(a), any payments required under this Plan during a participant's lifetime shall be made only to the participant.

(j) **Resolution of Disputes**. In the event any conflicting demands are made upon the Company with respect to any payments due as a result of this Plan, provided that the Company shall not have received prior written notice that said conflicting demands have been finally settled by court adjudication, arbitration, joint order or otherwise, the Company may pay to the participant any and all amounts it determines to be due hereunder and thereupon the Company shall stand fully relieved and discharged of any further duties or liabilities under this Plan.

(k) **Amendment or Termination of the Plan**. The Board may at any time and from time to time amend the Plan in any respect, subject to any requirement of stockholder approval required by applicable law, regulation, or agreement, or may terminate this Plan, provided, however, that no such amendment may, without the consent of the participant to whom any Award shall previously have been granted, adversely affect the participant's rights with respect to any CSEs awarded thereunder.

(l) **Governing Law**. This Plan and all actions taken in connection herewith shall be governed and construed in accordance with the substantive laws of the Commonwealth of

Massachusetts (regardless of the law that might otherwise govern under applicable Massachusetts principles of conflict of laws).

(m) **Administration.** This Plan and any Awards granted hereunder shall be administered and interpreted by the Board. The Board may, subject to the terms of the Plan, make or refrain from making Awards, establish rules and regulations for the administration of the Plan, and establish the written form to be used to evidence such Awards. The Board shall have full authority to construe and interpret the terms and provisions of the Plan and any Awards hereunder, to adopt, alter, waive and repeal such administrative rules, guidelines and practices governing this Plan and to perform all acts, including the delegation of its administrative responsibilities as it shall, from time to time, deem advisable, and to otherwise supervise the administration of this Plan. All such rules, regulations and interpretations relating to the Plan which are adopted by the Board shall be conclusive and binding on all parties. The Board may correct any defect, supply any omission or reconcile any inconsistency in the Plan or in any Award granted hereunder, in the manner and to the extent it shall deem necessary to carry the Plan into effect.

(n) **Compliance with Code Section 409A.** It is intended that CSEs awarded under this Plan will either be exempt from the requirements of Code Section 409A as “stock rights” that do not provide for the deferral of compensation pursuant to Treasury Regulation § 1.409A-1(b)(5)(i)(B), or will satisfy the requirements of Code Section 409A. This Plan and any Awards hereunder shall be interpreted in a manner consistent with this intent, and any provision that would cause an Award of CSEs hereunder to fail to either satisfy the “stock rights exception” to Code Section 409A, or the requirements of Code Section 409A, shall have no force and effect until amended to comply with Code Section 409A (which amendment may be retroactive to the

extent permitted by Code Section 409A and may be made by the Company without the participant's consent). Any reference in this Plan or in any Award to Code Section 409A will also include any proposed, temporary or final regulations, or any other guidance, promulgated with respect to such Section by the U.S. Department of the Treasury or the Internal Revenue Service.

(o) **Effective Date.** This Plan was adopted by the Board effective as of August 30, 2011 (the "Effective Date").

IN WITNESS WHEREOF, the Company has caused this instrument to be signed by its duly authorized officer.

/s/ Joseph Nauman

Title: EVP Corporate and Legal

Schedule A

Definitions

“*Affiliate*” shall mean, with respect to a specified Person, a Person which, directly or indirectly, through one or more intermediaries, controls, or is controlled by, or is under common control with, the Person specified.

“*Awards*” shall have the meaning set forth in Section 2 hereof.

“*Board*” shall mean the Board of Directors of the Company, as duly constituted from time to time.

“*Cause*” shall mean (i) an act or acts of dishonesty on a participant’s part that results in the participant being indicted for a felony, or (ii) the participant’s willful and continued failure substantially to perform his or her duties and responsibilities as an officer or employee of the Company (other than any such failure resulting from his or her incapacity due to physical or mental illness) after a demand for substantial performance is delivered to the participant by the Board which specifically identifies the manner in which such Board believes the participant has not substantially performed his or her duties.

“*Code*” means the Internal Revenue Code of 1986, as amended. Any reference to a section of the Code herein shall be a reference to any regulations or other guidance of general applicability promulgated under such section, and shall further be a reference to any successor or amended section of such section of the Code that is so referred to and any regulations thereunder.

“*Common Stock*” means the common stock of Alexandria Holdings Corp., par value U.S.\$0.001 per share.

“*CSE*” or “*CSEs*” shall have the meaning set forth in Section 2 hereof.

“*CSE Value*” shall mean the amount determined by dividing (i) the Enterprise Value as of the effective time of the relevant Payout Event by (ii) the number of shares of Common Stock outstanding, on an as converted, fully diluted basis, as of the effective time of the Payout Event; provided however that (1) in the case of a Payout Event resulting from a Sale of the Company, the *CSE Value* shall mean the Sale Value per CSE and (2) in the case of a Payout Event resulting from a Qualifying Termination or Expiration Date occurring any time after an IPO, the *CSE Value* shall mean the Trading Value per CSE.

“*EBITDA*” shall mean the consolidated operating profit of the Company and its Subsidiaries, before deducting any interest, commission, fees, discounts, prepayment fees, premiums or charges and other finance payments, whether paid, payable or capitalized by the Company or any of its Subsidiaries, not including any accrued interest owing to the Company or any of its Subsidiaries, before taking into account any

Exceptional Items (as defined in that certain Agency Agreement relating to multiple classes of Secured Floating Rates Notes due 2013-2015 between the Company, as Issuer, and KDB Asia Limited, as Fiscal Agent, dated as of October 13, 2011, the "Agency Agreement"), before deducting any Acquisition Costs, as defined in the Agency Agreement, after deducting the amount of any profit (or adding back the amount of any loss) of the Company or any of its Subsidiaries which is attributable to minority interests, before taking into account any unrealized gains or losses on any derivative instrument (other than any derivative instrument which is accounted for on a hedge accounting basis), before taking into account any gain or loss arising from an upward or downward revaluation of any other asset or the sale of any asset outside the ordinary course of business at any time after the date of this Plan, before taking into account any purchase price adjustment relating to the Acquisition or any Permitted Acquisition (as defined in the Agency Agreement), before taking into account any extraordinary items and qualified restructuring charges under GAAP and other excludable expense items, all as set forth in Schedule B hereto, and adding back any amount attributable to the amortization and depreciation of assets of the Company and its Subsidiaries (and taking no account of the reversal of any previous impairment charge).

"*Enterprise Value*" shall mean the amount determined by multiplying (i) the Company's EBITDA for the Fiscal Year ending on or before the relevant Payout Event by (ii) 10.8; provided, however, that such amount shall be reduced by an amount reflecting all outstanding Indebtedness of the Company and its Subsidiaries, and increased by (1) cash and cash equivalents of the Company and its Subsidiaries and (2) the cumulative interest, dividends and fees paid on or in respect of the Alexandria Holdings Corp. Redeemable Cumulative Preferred Stock, 7.5% Convertible Bonds and 7.5% Bonds with Warrants, as issued on August 23, 2011 pursuant to those certain Securities and Note Purchase Agreements in connection with the acquisition of the Company and its Subsidiaries, or thereafter (including the annual fees paid to Woori Blackstone) and any other interest, dividends, distributions or fees paid to the Alexandria Holdings Corp. stockholders over the period beginning on March 31, 2011 and ending at the time of the applicable Payout Event.

"*Expiration Date*" shall mean the date specified in the participant's Award, as determined by the Board in its sole discretion, provided that the Expiration Date specified by the Board shall in no event exceed ten (10) years from the Grant Date of the particular Award.

"*Fiscal Year*" shall mean the fiscal year of the Company as adopted for financial accounting purposes.

"*GAAP*" shall mean generally accepted accounting principles in the U.S., consistently applied during the periods involved.

"*Good Reason*" shall mean:

(i) without the participant's express written consent, a material change in the duties assigned to a participant, except in connection with the termination of his

or her employment as a result of his or her death or by the Company for Disability or Cause or by the participant other than for Good Reason;

(ii) a reduction by the Company in the participant's then current base salary;

(iii) failure by the Company to substantially maintain the participant's participation in the Company's benefit plans; provided that the Company may eliminate the participant's participation in such plans if participation ceases for similarly situated senior executives and further provided that the Company may make adjustments to the participant's level of benefits under such plans;

(iv) relocation of the Company's principal executive offices to a location more than 35 miles from its location on Grant Date of the participant's Award or the Company requiring the participant to relocate to any office other than the Company's principal executive offices, except for required travel on the Company's business; or

(v) any reduction in the number of vacation days provided to the participant, unless such reduction is applicable to officers of the Company generally;

provided, however, that termination of employment by the participant under clauses (ii) or (iii) above shall not be deemed to have occurred for Good Reason if the reason for the compensation reduction or failure of benefit plan coverage thereunder is due to a change in the individual elements of aggregate compensation, which change is applicable to officers of the Company generally, without a material reduction in aggregate compensation; provided, further, that the participant must provide written notice to the Company of the existence of Good Reason no later than 90 days after its initial existence, the Company shall have a period of 30 days following its receipt of such written notice during which it may remedy in all material respects the Good Reason condition identified in such written notice, and the participant must terminate employment with the Company no later than 2 years following the initial existence of the Good Reason condition identified in such written notice.

“ *Grant Date* ” shall mean the date of grant of CSEs to a participant as specified in the participant's Award.

“ *Grant Date Value* ” shall mean the amount specified by the Board as the Grant Date Value, which amount shall not be less than 100% of the fair market value (as determined for purposes of Code Section 409A) of a share of Common Stock as of the Grant Date.

“ *Indebtedness* ” shall mean any and all amounts outstanding in respect of the Notes and the Revolving Facility, each as defined in the Agency Agreement, and any additional notes and refinancings, as measured at the end of the Fiscal Year.

“ *Independent Third Party* ” shall mean any Person who, immediately before the contemplated Sale of the Company, (a) does not own in excess of ten percent (10%) of the Common Stock on a fully-diluted basis (a “10% Holder”), (b) is not an Affiliate of a

10% Holder; and (c) is not the spouse or descendent (by birth or adoption) of a 10% Holder.

“*IPO*” shall mean the initial public offering by the Company or any of its shareholders of common stock of the Company pursuant to a registration statement filed with the United States Securities and Exchange Commission that constitutes a “Qualified IPO” under that certain Shareholders’ Agreement by and among Fila Korea Ltd., Odin 3, LLC and WB Atlas, LLC, as such Shareholders’ Agreement may be amended from time to time.

“*Nonqualifying Termination*” shall mean a participant’s separation from service with the Company and its Subsidiaries within the meaning of Treasury Regulation §1.409A-1(h) by reason of a separation by the Company for Cause.

“*Nonvested CSEs*” shall mean any CSEs awarded hereunder that, as of any date, have not yet become Vested CSEs.

“*Notice of Termination*” Any termination by the Company for Cause shall be communicated by Notice of Termination to the participant and any termination by the participant for Good Reason shall be communicated by Notice of Termination to the Company. For purposes of this Plan, a “Notice of Termination” shall mean a notice in writing which indicates the specific termination provision in this Plan relied upon and sets forth in reasonable detail the facts and circumstances claimed to provide a basis for termination of the participant’s employment under the provision so indicated.

“*Payout Event*” shall have the meaning set forth in Section 4(a) hereof.

“*Person*” means any individual, partnership, corporation, limited liability company, association, joint stock company, trust, estate, joint venture, unincorporated organization, the United States of America or any other nation, state or other political subdivision thereof, or any entity exercising executive, legislative, judicial, regulatory or administrative functions of government.

“*Qualifying Termination*” shall mean a participant’s separation from service with the Company and its Subsidiaries within the meaning of Treasury Regulation §1.409A-1(h) for any reason other than a separation by the Company for Cause.

“*Retirement*” shall mean the attainment of age 55 and achievement of 10 years of consecutive service to the Company or its Subsidiaries.

“*Sale of the Company*” shall mean the sale (in a single transaction or a series of related transactions) of the Company to any Independent Third Party or group of Independent Third Parties pursuant to which such Independent Third Party or group of Independent Third Parties acquires (a) a majority (greater than 50%) of the Company’s Common Stock outstanding, on an as converted, fully diluted basis (whether by merger, consolidation, sale or transfer of Common Stock, reorganization, recapitalization or otherwise), or (b) the majority (greater than 50%) of the assets of the Company and its

Subsidiaries, determined on a consolidated basis, or (c) the right to appoint of the majority of the directors of Company.

“ *Sale Value per CSE* ” shall mean the amount determined by the Board in good faith as the value of a CSE in connection with a Sale of the Company, taking into account the transaction resulting in a Sale of the Company and the amount and type of consideration paid to the Company or its shareholders, as the case may be. The determination by the Board of the Sale Value per CSE shall be final and binding.

“ *Subsidiaries* ” shall mean any other person of which more than 50% of the outstanding voting securities (irrespective of whether at the time capital securities of any other class or classes of such other person shall or might have voting power upon the occurrence of any contingency) is currently or at the time directly or indirectly owned or controlled by the Company, by the Company and one or more other Subsidiaries, or by one or more other Subsidiaries of the Company.

“ *Trading Value per CSE* ” shall mean, in the case of a Payout Event resulting from a Qualifying Termination or Expiration Date occurring any time after an IPO, unless otherwise defined in the participant’s written Award, the market capitalization of the Company as determined by multiplying the total number of shares of the Company’s common stock issued and outstanding immediately after the IPO by the average per share closing price of the Company’s common stock as quoted by the national securities exchange on which the Company’s shares are listed in connection with such IPO for the first three full trading days following the pricing of the Company’s common stock in the IPO.

“ *Vested CSEs* ” shall mean that number of CSEs subject to an Award that have previously vested in accordance with the vesting schedule set out in the participant’s written Award.

Schedule B

EBITDA Adjustments

This Schedule B sets forth certain examples and guidelines for the extraordinary items, qualified restructuring charges under GAAP and other excludable expense items to be excluded from EBITDA.

1. Extraordinary Items

Defined by GAAP as events and transactions which are both unusual in nature and infrequent in occurrence. These costs are not considered part of the Company’s income generated from ordinary operations and are therefore reported on a separate line after operating income on the face of the income statement. Examples of items classified as extraordinary include but are not limited to:

- a. Uninsured losses due to natural disasters, expropriation or political unrest
- b. Costs associated with regulatory changes

2. Restructuring

Defined by GAAP as broad-based programs that result in a significant modification in the debt, operations or structure of an entity. These costs are reported on a separate line before operating income on the face of the income statement. Examples of items classified as restructuring include but are not limited to:

- a. Employee related costs including severance, termination benefits and related taxes
 - b. Costs related to closure of a facility, consolidation of facilities or termination of distribution agreement
-

- c. Costs associated with elimination or exiting of significant product lines or business segments
- d. Write-down or disposal of fixed assets
- e. Expenses associated with termination of contracts, including leasehold abandonment
- f. Intangible write-offs

3. **Other Excludable Expense Items (Non-Recurring Charges)**

- a. Equity Appreciation Rights Plan — Chairman and Chief Executive Officer
 - b. Equity Appreciation Rights Plan — Management Group
 - c. Discontinued Operations (in accordance with US GAAP)
 - d. Litigation settlements (material in nature)
 - e. Transaction expenses
 - f. Blackstone advisory fee
 - g. Costs associated with change of control
 - h. Gains or losses from early extinguishment of debt
 - i. Changes in accounting principles promulgated by financial regulatory authorities
 - j. Costs associated with Alexandria Holdings Corp. corporate governance, administration and other matters
-

FIRST AMENDMENT TO THE
ACUSHNET COMPANY
EQUITY APPRECIATION RIGHTS PLAN

Pursuant to the powers of amendment reserved under Section 6(k) of the Acushnet Company Equity Appreciation Rights Plan effective as of August 31, 2011 (the "Plan"), Acushnet Company, (the "Company"), hereby amends the Plan as follows:

FIRST CHANGE

Effective October 17, 2014, the definition of CSE Value set forth in Schedule A to the Plan is deleted in its entirety and replaced as follows:

"CSE Value" shall mean the amount determined as follows based on the type of Payout Event and time at which such Payout Event occurs:

(1) in the case of a Payout Event resulting from a Sale of the Company, the CSE Value shall mean the Sale Value per CSE;

(2) in the case of a Payout Event resulting from a Qualifying Termination occurring prior to an IPO, the CSE Value shall mean the amount determined by dividing (i) the Enterprise Value determined based on the Company's EBITDA for the Fiscal Year ending immediately prior to such Qualifying Termination (unless the effective time of such Qualifying Termination occurs on the last day of a Fiscal Year, in which case the Enterprise Value for purposes of this clause (i) shall be determined based on the Company's EBITDA for the Fiscal Year ending on the date of such Qualifying Termination) by (ii) the number of shares of Common Stock outstanding, on an as converted, fully diluted basis, as of the effective time of the Qualifying Termination;

(3) in the case of a Payout Event Resulting from a Qualifying Termination occurring after an IPO but prior to the Expiration Date of the participant's Award, the CSE Value shall mean the greater of (x) the Trading Value per CSE divided by the total number of shares of Common Stock outstanding on an as converted, fully diluted basis as of the effective time of the Qualifying Termination and (y) the amount determined in clause (2) above;

(4) in the case of a Payout Event Resulting from the Expiration Date of the participant's Award, the CSE Value shall mean the greater of (x) the amount determined by dividing (i) the Enterprise Value determined based on the Company's EBITDA for the 2015 Fiscal Year by (ii) the number of shares of Common Stock outstanding, on an as converted, fully diluted basis, as of December 31, 2015, (y) the amount determined by dividing (i) the Enterprise Value determined based on the Company's EBITDA for the 2016 Fiscal Year by (ii) the number of shares of Common Stock outstanding, on an as converted, fully diluted basis, as of December 31, 2016, and (z) the Trading Value per CSE,

provided that for purposes of this clause (z), the Trading Value per CSE shall be assumed to be zero if an IPO shall not have occurred prior to the Expiration Date.

SECOND CHANGE

Effective October 17, 2014, the definition of Enterprise Value set forth in Schedule A to the Plan is deleted in its entirety and replaced as follows:

“ *Enterprise Value* ” shall mean the amount determined by multiplying (i) the Company’s EBITDA for the relevant Fiscal Year (as specified in the definition of the CSE Value set out herein) by (ii) 10.8; provided, however, that such amount shall be reduced by an amount reflecting all outstanding Indebtedness of the Company and its Subsidiaries, and increased by (1) cash and cash equivalents of the Company and its Subsidiaries and (2) the cumulative interest, dividends and fees paid on or in respect of the Alexandria Holdings Corp. Redeemable Cumulative Preferred Stock, 7.5% Convertible Bonds and 7.5% Bonds with Warrants, as issued on August 23, 2011 pursuant to those certain Securities and Note Purchase Agreements in connection with the acquisition of the Company and its Subsidiaries, or thereafter and any other interest, dividends, distributions or fees paid to the Alexandria Holdings Corp. stockholders over the period beginning on March 31, 2011 and ending at the time of the applicable Payout Event.

THIRD CHANGE

Effective October 17, 2014, Schedule B to the Plan is deleted in its entirety and replaced with the revised Schedule B attached hereto.

The Plan, as amended by the foregoing changes, is hereby ratified and confirmed in all respects.

IN WITNESS WHEREOF, the Company has caused this First Amendment to be executed by its duly authorized officer this 24th day of November, 2014.

ACUSHNET COMPANY

/s/ Joseph Nauman

By: Joseph Nauman
EVP Corporate & Legal and Secretary

Schedule B

EBITDA Adjustments

This Schedule B sets forth certain examples and guidelines for the extraordinary items, qualified restructuring charges under GAAP and other excludable expense items that are not taken into account when calculating EBITDA.

1. **Extraordinary Items**

Defined by GAAP as events and transactions which are both unusual in nature and infrequent in occurrence. These costs are not considered part of the Company's income generated from ordinary operations and are therefore reported on a separate line after operating income on the face of the income statement. Examples of items classified as extraordinary include but are not limited to:

- a. Uninsured losses due to natural disasters, expropriation or political unrest
- b. Costs associated with regulatory changes

2. **Restructuring**

Defined by GAAP as broad-based programs that result in a significant modification in the debt, operations or structure of an entity. These costs are reported on a separate line before operating income on the face of the income statement. Examples of items classified as restructuring include but are not limited to:

- a. Employee related costs including severance, termination benefits and related taxes
 - b. Costs related to closure of a facility, consolidation of facilities or termination of distribution agreement
 - c. Costs associated with elimination or exiting of significant product lines or business segments
 - d. Write-down or disposal of fixed assets
-

- e. Expenses associated with termination of contracts, including leasehold abandonment
- f. Intangible write-offs

3. Other Excludable Expense Items (Non-Recurring Charges)

- a. Equity Appreciation Rights Plan — Chairman and Chief Executive Officer
 - b. Equity Appreciation Rights Plan — Management Group
 - c. IPO-related Senior Executive Retention Plan
 - d. Replacement Long Term Equity Plan for 2016 and beyond
 - e. Discontinued Operations (in accordance with US GAAP)
 - f. Litigation settlements (material in nature)
 - g. Transaction expenses incurred by the Company associated with a sale, IPO, merger, or reorganization, including but not limited to underwriter fees, advisory/consulting fees, registration and filing fees, transfer and registrar fees, listings fees, legal and accounting fees and expenses, printing and engraving charges, and road show costs
 - h. Transaction expenses incurred by the Company associated with any refinancing or restructuring of the Company's debt, including but not limited to arrangement, syndication, underwriting, funding, commitment, agency or fiscal fees, registration or filing fees, and legal and accounting expenses
 - i. Any costs incurred by the Company in any calendar year for the sole purpose of enabling the Company to comply with the legal, regulatory, investor relations and any other requirements applicable to a publicly traded company, including but not limited to additional legal, accounting, tax, corporate compliance, investor relations and public relations personnel costs, and any expenses associated with operating these and other additional functions that are required to be instituted by virtue of the fact that the Company is publicly traded
 - j. Costs associated with change of control
 - k. Gains or losses from early extinguishment of debt
 - l. Changes in accounting principles promulgated by financial regulatory authorities
-

SECOND AMENDMENT TO THE
ACUSHNET COMPANY
EQUITY APPRECIATION RIGHTS PLAN

Pursuant to the powers of amendment reserved under Section 6(k) of the Acushnet Company Equity Appreciation Rights Plan effective as of August 31, 2011 (the "Plan"), Acushnet Company, (the "Company"), hereby amends the Plan as follows:

Effective June 9, 2015, the definition of Sale Value per CSE set forth in Schedule A to the Plan is deleted in its entirety and replaced as follows:

"*Sale Value per CSE*" shall mean the greater of a) the amount determined by the Board in good faith as the value of a CSE in connection with a Sale of the Company, taking into account the transaction resulting in a Sale of the Company and the amount and type of consideration paid to the Company or its shareholders, as the case may be, and where the determination by the Board of the Sale Value per CSE shall be final and binding and b) the amount determined by (x) multiplying the Company's month end EBITDA, for the latest twelve months ending on or before the date of the Sale of the Company, by 10.8; provided, however, that such amount shall be reduced by an amount reflecting all outstanding Indebtedness of the Company and its Subsidiaries on the date of the Sale of the Company, and increased by (1) cash and cash equivalents of the Company and its Subsidiaries on the date of the Sale of the Company and (2) the cumulative interest, dividends and fees paid on or in respect of the Alexandria Holdings Corp. Redeemable Cumulative Preferred Stock, 7.5% Convertible Bonds and 7.5% Bonds with Warrants, as issued on August 23, 2011 pursuant to those certain Securities and Note Purchase Agreements in connection with the acquisition of the Company and its Subsidiaries, or thereafter and any other interest, dividends, distributions or fees paid to the Alexandria Holdings Corp. stockholders over the period beginning on March 31, 2011 and ending on the date of the Sale of the Company and (y) then dividing that amount by the number of shares of Common Stock outstanding, on an as converted, fully diluted basis, as of the date of the Sale of the Company."

The Plan, as amended by the foregoing changes, is hereby ratified and confirmed in all respects.

IN WITNESS WHEREOF, the Company has caused this Second Amendment to be executed by its duly authorized officer this 9th day of June, 2015.

ACUSHNET COMPANY

/s/ Joseph Nauman

By: Joseph Nauman
EVP Corporate & Legal and Secretary

THIRD AMENDMENT TO THE
ACUSHNET COMPANY
EQUITY APPRECIATION RIGHTS PLAN

Pursuant to the powers of amendment reserved under Section 6(k) of the Acushnet Company Equity Appreciation Rights Plan effective as of August 31, 2011, as amended October 17, 2014 and June 9, 2015 (the "Plan"), Acushnet Company (the "Company") hereby amends the Plan as follows:

Effective May 18, 2016, the definition of "Enterprise Value" set forth in Schedule A to the Plan is deleted in its entirety and replaced as follows:

"*Enterprise Value*" shall mean the amount determined by multiplying (i) the Company's EBITDA for the relevant Fiscal Year (as specified in the definition of the CSE Value set out herein) by (ii) 10.8; provided, however, that such amount shall be reduced by an amount reflecting all outstanding Indebtedness of the Company and its Subsidiaries as of the last day of the relevant Fiscal Year, and increased by (1) cash and cash equivalents of the Company and its Subsidiaries as of the last day of the relevant Fiscal Year and (2) the cumulative interest, dividends and fees paid on or in respect of the Alexandria Holdings Corp. Redeemable Cumulative Preferred Stock, 7.5% Convertible Bonds and 7.5% Bonds with Warrants, as issued on August 23, 2011 pursuant to those certain Securities and Note Purchase Agreements in connection with the acquisition of the Company and its Subsidiaries, or thereafter and any other interest, dividends, distributions or fees paid to the Alexandria Holdings Corp. stockholders over the period beginning on March 31, 2011 and ending on the last day of the relevant Fiscal Year.

The Plan, as amended by the foregoing changes, is hereby ratified and confirmed in all respects.

IN WITNESS WHEREOF, the Company has caused this Third Amendment to be executed by its duly authorized officer this 18th day of May, 2016.

ACUSHNET COMPANY

/s/ Joseph Nauman

By: Joseph Nauman

Title: EVP Corporate & Legal

EQUITY APPRECIATION RIGHTS AWARD AGREEMENT

(Acushnet Executives)

THIS EQUITY APPRECIATION RIGHTS AWARD AGREEMENT (the "Agreement") is made and entered into effective as of this day of , 2011 (the "Grant Date"), by and between Acushnet Company, a Delaware corporation (the "Company") and (the "Employee"). Capitalized terms not otherwise defined herein shall have the meanings set forth in the Acushnet Company Equity Appreciation Rights Plan (the "Plan") attached as Exhibit A hereto.

WHEREAS, the Company has determined to award CSEs to the Employee under the Plan, and on the terms and subject to the conditions set forth herein and in the Plan;

NOW THEREFORE, in consideration of the mutual covenants contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. Grant of CSEs. The Company hereby awards to Employee, effective as of the Grant Date, CSEs with an Expiration Date of December 31, 2016 and a Grant Date Value of \$100.00 per CSE, being not less than 100% of the fair market value (as determined for purposes of Code Section 409A) of a share of Common Stock as of the Grant Date. Employee hereby accepts such award and agrees that the CSEs are, in addition to the terms and conditions set out herein, subject to all the terms and conditions of the Plan, except as specifically modified herein.

2. Vesting of CSEs. The CSEs awarded hereunder shall be considered Vested CSEs for purposes of the Plan in accordance with the following vesting schedules:

Time-Based CSE Vesting Schedule : % of the CSEs awarded hereunder shall become Vested CSEs according to the following vesting schedule (the "Time Vesting CSEs"):

- []% of the Time Vesting CSEs will vest December 31, 2012
- []% of the Time Vesting CSEs will vest on December 31, 2013
- []% of the Time Vesting CSEs will vest on December 31, 2014
- []% of the Time Vesting CSEs will vest on December 31, 2015

Performance-Based CSE Vesting Schedule (EBITDA): % of the CSEs awarded hereunder shall become Vested CSEs according to the following vesting schedule (the "EBITDA-Based Vesting CSEs"):

[]% of the EBITDA-Based Vesting CSEs will vest as of December 31, 2012, if the Company's EBITDA is equal to or greater than \$124.8 million for the fiscal year ending on December 31, 2012.

[]% of the EBITDA-Based Vesting CSEs will vest as of December 31, 2013, if the Company's EBITDA is equal to or greater than \$140.3 million for the fiscal year ending on December 31, 2013.

[]% of the EBITDA-Based Vesting CSEs will vest as of December 31, 2014, if the Company's EBITDA is equal to or greater than \$150.4 million for the fiscal year ending on December 31, 2014.

[]% of the EBITDA-Based Vesting CSEs will vest as of December 31, 2015, if the Company's EBITDA is equal to or greater than \$165.9 million for the fiscal year ending on December 31, 2015.

The Company and the Employee agree that the Performance-Based CSE Vesting Schedule (EBITDA) is intended to be a cumulative vesting schedule such that, to the extent the Company fails to meet one or more of the annual EBITDA performance goals in any given fiscal year, but succeeds in achieving an annual EBITDA performance goal, on a cumulative basis, in a subsequent fiscal year, the Employee will vest in those portions of the award attributable to the prior fiscal year (i.e., a "catch up"). Any EBITDA-Based Vesting CSEs that have not vested as a result of the EBITDA targets being met as of December 31, 2015, shall be terminated as of such date.

Performance-Based CSE Vesting Schedule (Internal Rate of Return): % of the CSEs awarded hereunder shall become Vested CSEs according to the following vesting schedule (the "IRR-Based Vesting CSEs"), it being understood that any IRR-Based Vesting CSEs that do not vest as a result of the following Internal Rate of Return targets not being met shall be immediately terminated:

One-third of the IRR-Based Vesting CSEs will vest if the Internal Rate of Return for the period from July 29, 2011 through and including December 31, 2015 is 19%,

An additional one-third of the IRR-Based Vesting CSEs will vest if the Internal Rate of Return for the period from July 29, 2011 through and including December 31, 2015 is 20%, and

An additional one-third of the IRR-Based Vesting CSEs will vest if the Internal Rate of Return for the period from July 29, 2011 through and including December 31, 2015 is 21%.

For purposes of this Agreement, "Internal Rate of Return" shall be calculated by computing the annualized effective compounded rate of return based on a "Starting Value" and a "Final Value" over the period beginning July 29, 2011 and ending at the time of the applicable Payout Event. For purposes of this Agreement, the "Starting Value" shall be \$800 million. Solely for purposes of the Performance-Based CSE Vesting Schedule, the "Final Value" shall be determined as follows:

a) If the Payout Event is a Sale of the Company, the Final Value shall be defined as the amount determined by the Board in good faith as the value of the total consideration paid to the stockholders of Alexandria Holdings Corp. at closing, taking into account the transaction resulting in a Sale of the Company and the amount and type of consideration paid to the

Company or its shareholders, as the case may be. The determination by the Board of the Final Value shall be final and binding.

b) If the Payout Event is a Qualifying Termination or Expiration Date at any time following an IPO, the Final Value shall be equal to the market capitalization of the Company as determined by multiplying the total number of shares of the Company's common stock issued and outstanding immediately after the IPO by the average per share closing price of the Company's common stock as quoted by the national securities exchange on which the Company's shares are listed in connection with such IPO for the first three full trading days following the pricing of the Company's common stock in the IPO.

c) If neither a Sale of the Company or an IPO occur prior to a Payout Event resulting from a Qualifying Termination or the Expiration Date, the Final Value shall be equal to the amount determined by multiplying EBITDA for the Fiscal Year ending on December 31, 2015, by 10.8; provided, however, that such amount shall be reduced by an amount reflecting all outstanding Indebtedness of the Company and its Subsidiaries and increased by (1) cash and cash equivalents of the Company and its Subsidiaries and (2) the cumulative interest, dividends and fees paid on or in respect of the Alexandria Holdings Corp. Redeemable Cumulative Preferred Stock, 7.5% Convertible Bonds and 7.5% Bonds with Warrants, as issued on August 23, 2011 pursuant to those certain Securities and Note Purchase Agreements in connection with the acquisition of the Company and its Subsidiaries, or thereafter (including the annual fees paid to Woori Blackstone) and any other interest, dividends, distributions or fees paid to the Alexandria Holdings Corp. stockholders over the period beginning on July 29, 2011 and ending at the time of the applicable Payout Event.

Employee acknowledges that the vesting of his or her CSEs as of any such vesting date is expressly conditioned on Employee remaining in the continuous employment of the Company or a Subsidiary at all times from the Grant Date through and including the relevant vesting date. Notwithstanding anything to the contrary herein or in the Plan, upon the occurrence of a Payout Event resulting from a Sale of the Company, 100% of the CSEs awarded hereunder shall be considered Vested CSEs at the effective time of such Sale of the Company.

3. Miscellaneous.

(a) Entire Agreement; Amendment; Termination. Except for the Plan, this Agreement contains the entire understanding and agreement between the parties with respect to the subject matter hereof. This Agreement supersedes any and all other agreements or understandings, either oral or written, among the parties hereto with respect to the subject matter hereof. This Agreement cannot be amended, modified or supplemented in any respect, except as otherwise expressly permitted hereunder or by a subsequent written agreement entered into by both parties. No waiver of any provision of this Agreement shall be valid unless it is in writing.

(b) Binding Effect. This Agreement shall be binding upon the Company, Employee and their respective heirs, legal representatives, executors, administrators, successors and assigns.

(c) Governing Law. This Agreement and all actions taken in connection herewith shall be governed and construed in accordance with the laws of the Commonwealth of Massachusetts (regardless of the law that might otherwise govern under applicable Massachusetts principles of conflict of laws).

IN WITNESS WHEREOF, the parties have entered into this Agreement effective as of the Grant Date.

ACUSHNET COMPANY

EMPLOYEE

By _____
Its _____

Dated: _____, 20

Dated: _____, 20

FIRST AMENDMENT TO THE
EQUITY APPRECIATION RIGHTS AWARD AGREEMENT

First Amendment, dated May 19, 2015, to the Equity Appreciation Rights Award Agreement entered into and effective as of August 31, 2011 (the "Agreement") by and between Acushnet Company, (the "Company") and the undersigned (the "First Amendment"). Defined terms used herein and not otherwise defined shall have the meanings set forth in the Acushnet Company Equity Appreciation Rights Plan (the "Plan").

1. Paragraph b) under the heading "*Performance-Based CSE Vesting Schedule (Internal Rate of Return)*" in Section 2 of the Agreement is hereby deleted in its entirety and replaced as follows:

"b) If the Payout Event is a Qualifying Termination or Expiration Date at any time following an IPO, the Final Value shall be equal to the market capitalization of the Company as determined by multiplying the total number of shares of the Company's common stock issued and outstanding immediately after the IPO by the average per share closing price of the Company's common stock as quoted by the national securities exchange on which the Company's shares are listed in connection with such IPO for the first three full trading days following the pricing of the Company's common stock in the IPO; increased by the cumulative interest, dividends and fees paid on or in respect of the Alexandria Holdings Corp. Redeemable Cumulative Preferred Stock, 7.5% Convertible Bonds and 7.5% Bonds with Warrants, as issued on August 23, 2011 pursuant to those certain Securities and Note Purchase Agreements in connection with the acquisition of the Company and its Subsidiaries, or thereafter and any other interest, dividends, distributions or fees paid to the Alexandria Holdings Corp. stockholders over the period beginning on March 31, 2011 and ending at the time of the applicable Payout Event.

2. Except to the extent modified by Section 1 above, the Agreement is hereby ratified and confirmed in all respects.

IN WITNESS WHEREOF, the parties have executed this First Amendment as of the date first written above.

ACUSHNET COMPANY

EMPLOYEE

By: _____

Name: _____

SECOND AND THIRD AMENDMENTS TO THE
EQUITY APPRECIATION RIGHTS AWARD AGREEMENT

Second and Third Amendment (collectively, the "Amendment"), dated June , 2016, to the Equity Appreciation Rights Award Agreement entered into and effective as of August 30, 2011 and amended May 19, 2015 (the "Agreement"), by and between Acushnet Company (the "Company") and the undersigned employee. Defined terms used herein and not otherwise defined shall have the meanings set forth in the Acushnet Company Equity Appreciation Rights Plan, as amended (the "Plan").

I. *Second Amendment* .

1. A new Section 4 shall be inserted as follows:

"4. Enterprise Value. For purposes of this Agreement and the CSEs awarded hereunder, "Enterprise Value" shall mean the amount determined by multiplying (i) the Company's EBITDA for the relevant Fiscal Year (as specified in the definition of the CSE Value) by (ii) 10.8; provided, however, that such amount shall be reduced by an amount reflecting all outstanding Indebtedness of the Company and its Subsidiaries as of the last day of the relevant Fiscal Year, and increased by (1) cash and cash equivalents of the Company and its Subsidiaries as of the last day of the relevant Fiscal Year and (2) the cumulative interest, dividends and fees paid on or in respect of the Alexandria Holdings Corp. Redeemable Cumulative Preferred Stock, 7.5% Convertible Bonds and 7.5% Bonds with Warrants, as issued on August 23, 2011 pursuant to those certain Securities and Note Purchase Agreements in connection with the acquisition of the Company and its Subsidiaries, or thereafter and any other interest, dividends, distributions or fees paid to the Alexandria Holdings Corp. stockholders over the period beginning on March 31, 2011 and ending on the last day of the relevant Fiscal Year."

II. *Third Amendment* .

1. The paragraph immediately preceding Paragraph (a) under the heading “ *Performance-Based CSE Vesting Schedule (Internal Rate of Return)* in Section 2 of the Agreement is hereby deleted in its entirety and replaced as follows:

“For purposes of this Agreement, “Internal Rate of Return” shall be calculated by computing the annualized effective compounded rate of return based on a “Starting Value” and a “Final Value” over the period beginning July 29, 2011 and ending December 31, 2015. For purposes of this Agreement, the “Starting Value” shall be \$800 million. Solely for purposes of the Performance-Based CSE Vesting Schedule, the “Final Value” shall be determined as follows:”

2. Paragraph (a) under the heading “ *Performance-Based CSE Vesting Schedule (Internal Rate of Return)* in Section 2 of the Agreement is hereby deleted in its entirety and replaced as follows:

“The Final Value shall be equal to the amount determined by multiplying EBITDA for the Fiscal Year ending on December 31, 2015, by 10.8; provided, however, that such amount shall be reduced by an amount reflecting all outstanding Indebtedness of the Company and its Subsidiaries as of December 31, 2015 and increased by (1) cash and cash equivalents of the Company and its Subsidiaries as of December 31, 2015 and (2) the cumulative interest, dividends and fees paid on or in respect of the Alexandria Holdings Corp. Redeemable Cumulative Preferred Stock, 7.5% Convertible Bonds and 7.5% Bonds with Warrants, as issued on August 23, 2011 pursuant to those certain Securities and Note Purchase Agreements in connection with the acquisition of the Company and its Subsidiaries, or thereafter (including the annual fees paid to Woori Blackstone) and any other interest, dividends, distributions or fees paid to the Alexandria Holdings Corp. stockholders over the period beginning on July 29, 2011 and ending December 31, 2015.”

3. Paragraphs (b) and (c) under the heading “ *Performance-Based CSE Vesting Schedule (Internal Rate of Return)* in Section 2 of the Agreement are hereby deleted in their entirety.

III. Except to the extent modified above, the Agreement is hereby ratified and confirmed in all respects.

IV. This Amendment may be executed in counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. A signed copy of the Amendment delivered by facsimile, e-mail, or other means of electronic transmission shall be deemed to have the same legal effect as delivery of an original signed copy of the Amendment.

IN WITNESS WHEREOF, the parties have executed this Amendment as of the date first written above.

ACUSHNET COMPANY

EMPLOYEE

By:

Name:

EQUITY APPRECIATION RIGHTS AWARD AGREEMENT

(Gene Yoon)

THIS EQUITY APPRECIATION RIGHTS AWARD AGREEMENT (the "Agreement") is made and entered into effective as of this 30th day of August, 2011 (the "Grant Date"), by and between Acushnet Company, a Delaware corporation (the "Company") and Gene Yoon ("Mr. Yoon"). Capitalized terms not otherwise defined herein shall have the meanings set forth in the Acushnet Company Equity Appreciation Rights Plan (the "Plan") attached as Exhibit A hereto.

WHEREAS, the Company has determined to award CSEs to Mr. Yoon under the Plan, and on the terms and subject to the conditions set forth herein and in the Plan;

NOW THEREFORE, in consideration of the mutual covenants contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. Grant of CSEs. The Company hereby awards to Mr. Yoon, effective as of the Grant Date, 200,000 CSEs with an Expiration Date of December 31, 2016 and a Grant Date Value of \$100.00 per CSE, being not less than 100% of the fair market value (as determined for purposes of Code Section 409 A) of a share of Common Stock as of the Grant Date. Mr. Yoon hereby accepts such award and agrees that the CSEs are, in addition to the terms and conditions set out herein, subject to all the terms and conditions of the Plan, except as specifically modified herein.

2. Vesting of CSEs. The CSEs awarded hereunder shall be considered Vested CSEs for purposes of the Plan in accordance with the following vesting schedule:

Twenty five percent (25%) of the CSEs awarded hereunder will vest as of December 31, 2012, if the Company's EBITDA is equal to or greater than \$127.9 million for the fiscal year ending on December 31, 2012.

Fifty percent (50%) of the CSEs awarded hereunder will vest as of December 31, 2013, if the Company's EBITDA is equal to or greater than \$143.4 million for the fiscal year ending on December 31, 2013.

Seventy five percent (75%) of the CSEs awarded hereunder will vest as of December 31, 2014, if the Company's EBITDA is equal to or greater than \$160 million for the fiscal year ending on December 31, 2014.

One hundred percent (100%) of the CSEs awarded hereunder will vest as of December 31, 2015, if the Company's EBITDA is equal to or greater than \$180 million for the fiscal year ending on December 31, 2015.

The Company and Mr. Yoon agree that the above vesting schedule is intended to be a cumulative vesting schedule such that, to the extent the Company fails to meet one or more of the annual EBITDA performance goals in any given fiscal year, but succeeds in achieving an

annual EBITDA performance goal, on a cumulative basis, in a subsequent fiscal year, Mr. Yoon will vest in those portions of the award attributable to the prior fiscal year (i.e., a “catch up”). Any CSEs that have not vested as a result of the EBITDA targets being met as of December 31, 2015, shall be terminated as of such date.

Mr. Yoon acknowledges that the vesting of his CSEs as of any such vesting date is expressly conditioned on Mr. Yoon remaining an officer of the Company or a Subsidiary at all times from the Grant Date through and including the relevant vesting date. Notwithstanding anything to the contrary herein or in the Plan, upon the occurrence of a Payout Event resulting from a Sale of the Company, 100% of the CSEs awarded hereunder shall be considered Vested CSEs at the effective time of such Sale of the Company.

3. Miscellaneous.

(a) Entire Agreement; Amendment; Termination. Except for the Plan, this Agreement contains the entire understanding and agreement between the parties with respect to the subject matter hereof. This Agreement supersedes any and all other agreements or understandings, either oral or written, among the parties hereto with respect to the subject matter hereof. This Agreement cannot be amended, modified or supplemented in any respect, except as otherwise expressly permitted hereunder or by a subsequent written agreement entered into by both parties. No waiver of any provision of this Agreement shall be valid unless it is in writing.

(b) Binding Effect. This Agreement shall be binding upon the Company, Mr. Yoon and their respective heirs, legal representatives, executors, administrators, successors and assigns.

(c) Governing Law. This Agreement and all actions taken in connection herewith shall be governed and construed in accordance with the laws of the Commonwealth of Massachusetts (regardless of the law that might otherwise govern under applicable Massachusetts principles of conflict of laws).

IN WITNESS WHEREOF, the parties have entered into this Agreement effective as of the Grant Date.

ACUSHNET COMPANY

GENE YOON

By _____
Its _____

Dated: _____, 20

Dated: _____, 20

FIRST AMENDMENT TO THE
EQUITY APPRECIATION RIGHTS AWARD AGREEMENT

First Amendment, dated June , 2016, to the Equity Appreciation Rights Award Agreement entered into and effective as of August 30, 2011 (the "Agreement"), by and between Acushnet Company (the "Company") and the undersigned employee (the "First Amendment"). Defined terms used herein and not otherwise defined shall have the meanings set forth in the Acushnet Company Equity Appreciation Rights Plan, as amended (the "Plan").

1. A new Section 4 shall be inserted as follows:

"4. Enterprise Value. For purposes of this Agreement and the CSEs awarded hereunder, "Enterprise Value" shall mean the amount determined by multiplying (i) the Company's EBITDA for the relevant Fiscal Year (as specified in the definition of the CSE Value) by (ii) 10.8; provided, however, that such amount shall be reduced by an amount reflecting all outstanding Indebtedness of the Company and its Subsidiaries as of the last day of the relevant Fiscal Year, and increased by (1) cash and cash equivalents of the Company and its Subsidiaries as of the last day of the relevant Fiscal Year and (2) the cumulative interest, dividends and fees paid on or in respect of the Alexandria Holdings Corp. Redeemable Cumulative Preferred Stock, 7.5% Convertible Bonds and 7.5% Bonds with Warrants, as issued on August 23, 2011 pursuant to those certain Securities and Note Purchase Agreements in connection with the acquisition of the Company and its Subsidiaries, or thereafter and any other interest, dividends, distributions or fees paid to the Alexandria Holdings Corp. stockholders over the period beginning on March 31, 2011 and ending on the last day of the relevant Fiscal Year."

2. Except to the extent modified above, the Agreement is hereby ratified and confirmed in all respects.

3. This First Amendment may be executed in counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. A

signed copy of this First Amendment delivered by facsimile, e-mail, or other means of electronic transmission shall be deemed to have the same legal effect as delivery of an original signed copy of this First Amendment.

IN WITNESS WHEREOF, the parties have executed this First Amendment as of the date first written above.

ACUSHNET COMPANY

EMPLOYEE

By: _____

Name: _____

EQUITY APPRECIATION RIGHTS AWARD AGREEMENT

(Walter Uihlein)

THIS EQUITY APPRECIATION RIGHTS AWARD AGREEMENT (the "Agreement") is made and entered into effective as of this 30th day of August, 2011 (the "Grant Date"), by and between Acushnet Company, a Delaware corporation (the "Company") and Mr. Walter Uihlein ("Mr. Uihlein"). Capitalized terms not otherwise defined herein shall have the meanings set forth in the Acushnet Company Equity Appreciation Rights Plan (the "Plan") attached as Exhibit A hereto.

WHEREAS, the Company has determined to award CSEs to Mr. Uihlein under the Plan, and on the terms and subject to the conditions set forth herein and in the Plan;

NOW THEREFORE, in consideration of the mutual covenants contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. Grant of CSEs. The Company hereby awards to Mr. Uihlein, effective as of the Grant Date, 20,000 CSEs with an Expiration Date of December 31, 2016 and a Grant Date Value of \$100.00 per CSE, being not less than 100% of the fair market value (as determined for purposes of Code Section 409A) of a share of Common Stock as of the Grant Date. Mr. Uihlein hereby accepts such award and agrees that the CSEs are, in addition to the terms and conditions set out herein, subject to all the terms and conditions of the Plan, except as specifically modified herein.

2. Vesting of CSEs. The CSEs awarded hereunder shall be considered Vested CSEs for purposes of the Plan in accordance with the following vesting schedule:

Twenty five percent (25%) of the CSEs awarded hereunder will vest as of December 31, 2012, if the Company's EBITDA is equal to or greater than \$127.9 million for the fiscal year ending on December 31, 2012.

Fifty percent (50%) of the CSEs awarded hereunder will vest as of December 31, 2013, if the Company's EBITDA is equal to or greater than \$143.4 million for the fiscal year ending on December 31, 2013.

Seventy five percent (75%) of the CSEs awarded hereunder will vest as of December 31, 2014, if the Company's EBITDA is equal to or greater than \$160 million for the fiscal year ending on December 31, 2014.

One hundred percent (100%) of the CSEs awarded hereunder will vest as of December 31, 2015, if the Company's EBITDA is equal to or greater than \$180 million for the fiscal year ending on December 31, 2015.

The Company and Mr. Uihlein agree that the above vesting schedule is intended to be a cumulative vesting schedule such that, to the extent the Company fails to meet one or more of

the annual EBITDA performance goals in any given fiscal year, but succeeds in achieving an annual EBITDA performance goal, on a cumulative basis, in a subsequent fiscal year, Mr. Uihlein will vest in those portions of the award attributable to the prior fiscal year (i.e., a “catch up”). Any CSEs that have not vested as a result of the EBITDA targets being met as of December 31, 2015, shall be terminated as of such date.

Mr. Uihlein acknowledges that the vesting of his CSEs as of any such vesting date is expressly conditioned on Mr. Uihlein remaining in the continuous employment of the Company or a Subsidiary at all times from the Grant Date through and including the relevant vesting date. Notwithstanding anything to the contrary herein or in the Plan, upon the occurrence of a Payout Event resulting from a Sale of the Company, 100% of the CSEs awarded hereunder shall be considered Vested CSEs at the effective time of such Sale of the Company.

3. Miscellaneous.

(a) Entire Agreement; Amendment; Termination. Except for the Plan, this Agreement contains the entire understanding and agreement between the parties with respect to the subject matter hereof. This Agreement supersedes any and all other agreements or understandings, either oral or written, among the parties hereto with respect to the subject matter hereof. This Agreement cannot be amended, modified or supplemented in any respect, except as otherwise expressly permitted hereunder or by a subsequent written agreement entered into by both parties. No waiver of any provision of this Agreement shall be valid unless it is in writing.

(b) Binding Effect. This Agreement shall be binding upon the Company, Mr. Uihlein and their respective heirs, legal representatives, executors, administrators, successors and assigns.

(c) Governing Law. This Agreement and all actions taken in connection herewith shall be governed and construed in accordance with the laws of the Commonwealth of Massachusetts (regardless of the law that might otherwise govern under applicable Massachusetts principles of conflict of laws).

IN WITNESS WHEREOF, the parties have entered into this Agreement effective as of the Grant Date.

ACUSHNET COMPANY

WALTER UIHLEIN

By _____
Its _____

Dated: _____, 20

Dated: _____, 20

FIRST AMENDMENT TO THE
EQUITY APPRECIATION RIGHTS AWARD AGREEMENT

First Amendment, dated June , 2016, to the Equity Appreciation Rights Award Agreement entered into and effective as of August 30, 2011 (the "Agreement"), by and between Acushnet Company (the "Company") and the undersigned employee (the "First Amendment"). Defined terms used herein and not otherwise defined shall have the meanings set forth in the Acushnet Company Equity Appreciation Rights Plan, as amended (the "Plan").

1. A new Section 4 shall be inserted as follows:

"4. Enterprise Value. For purposes of this Agreement and the CSEs awarded hereunder, "Enterprise Value" shall mean the amount determined by multiplying (i) the Company's EBITDA for the relevant Fiscal Year (as specified in the definition of the CSE Value) by (ii) 10.8; provided, however, that such amount shall be reduced by an amount reflecting all outstanding Indebtedness of the Company and its Subsidiaries as of the last day of the relevant Fiscal Year, and increased by (1) cash and cash equivalents of the Company and its Subsidiaries as of the last day of the relevant Fiscal Year and (2) the cumulative interest, dividends and fees paid on or in respect of the Alexandria Holdings Corp. Redeemable Cumulative Preferred Stock, 7.5% Convertible Bonds and 7.5% Bonds with Warrants, as issued on August 23, 2011 pursuant to those certain Securities and Note Purchase Agreements in connection with the acquisition of the Company and its Subsidiaries, or thereafter and any other interest, dividends, distributions or fees paid to the Alexandria Holdings Corp. stockholders over the period beginning on March 31, 2011 and ending on the last day of the relevant Fiscal Year."

2. Except to the extent modified above, the Agreement is hereby ratified and confirmed in all respects.

3. This First Amendment may be executed in counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. A

signed copy of this First Amendment delivered by facsimile, e-mail, or other means of electronic transmission shall be deemed to have the same legal effect as delivery of an original signed copy of this First Amendment.

IN WITNESS WHEREOF, the parties have executed this First Amendment as of the date first written above.

ACUSHNET COMPANY

EMPLOYEE

By: _____

Name: _____

**Acushnet Company
Long-Term Incentive Plan
(Effective as of January 1, 2009)**

Purpose

The purpose of this Acushnet Company Long-Term Incentive Plan (the “Plan”) is to aid Acushnet Company (the “Company”) in the hiring and retention of key employees of outstanding ability and to motivate them to achieve specific financial goals over a specified performance period.

Eligibility

Only key employees who, in the opinion of the Chief Executive Officer of the Company, make a critical contribution to the Company’s business will be considered for eligibility in the Plan. Participation is determined at the beginning of each performance period. Participation in one performance period does not guarantee participation in future performance periods.

Performance Units & Target Awards

At the beginning of each performance period, participants will be awarded performance units with a target value of \$400 per unit. A participant’s target award is the number of units awarded times \$400.

The actual value of a performance unit will be determined at the end of the performance period based on the Company’s financial performance against pre-established performance goals. The value of a performance unit can vary from a minimum payout if minimum performance goals are met to \$1,000 if maximum performance goals are met. Performance units will have no value if the minimum performance goals are not achieved.

Performance Periods

The length of a performance period can vary, and overlapping performance periods can run concurrently. A new performance period will begin each year. In no event will a performance period be less than one year. This Plan specifically governs the performance periods commencing in 2009 and 2010 and any performance periods commencing in 2012 or thereafter. The performance period commencing in 2011 is specifically excluded from governance under this Plan and shall be governed exclusively by the terms and conditions of the Acushnet Company 2011-2013 Incentive Plan for Key Employees.

Financial Measures & Achievement Goals

The financial measures and achievement goals required for minimum, target and maximum performance unit values will be established no later than the first quarter of the performance period for all years or no later than the first quarter of each year for each year included in the performance period, as applicable. The financial measures used may include (but are not limited

to) one or more of the following: Operating Income, Return on Net Tangible Assets, Working Capital Efficiency and Return on Invested Capital. Prior to July 29, 2011, the financial measures and achievement goals will be set by the Company and will be approved by the Fortune Brands, Inc. Salary Committee (the “FO Committee”). Following the sale of the Company on July 29, 2011 by Fortune Brands, Inc. (the “Sale”), the financial measures and achievement goals will be set by the Board of Directors of the Company (the “Board”). Financial measures and achievement goals may be adjusted if conditions change significantly after the beginning of the applicable performance period only upon approval by the Board.

New Participants & Changes in Status

Individuals hired or promoted into a position that is eligible to participate in the Plan may be selected to participate in current performance periods. Generally, only participants that become eligible during the first half of the performance period will be extended participation in that performance period. Performance units will be prorated for the portion of the performance period that a participant actually participates.

If a participant retires, dies, becomes disabled during a performance period, he or she will be eligible for a prorated award based on service while an active participant (measured in months with a partial month rounded up) during the performance period. Payment of the award will be made following the end of the performance period. For purposes of this Plan, “retire” means to terminate employment on or after attaining age 55 and completing at least ten years of service with the Company and its affiliates, and “disabled” means disabled as defined in the Company’s long term disability plan. Similarly, if a participant transfers to a non-eligible position or to another affiliate of the Company during a performance period, he or she will be eligible for a prorated award based on service while an active participant (measured in months with a partial month rounded up), provided the participant remains employed by the Company or an affiliate of the Company at the end of the performance period.

Except as provided above, if a participant terminates employment with the Company and all of its then-current affiliates prior to the end of a performance period, no awards for that period will be paid under this Plan.

Payment of Awards

Long-term awards will be paid from the Company’s general assets as soon as practicable after the end of the performance period and after the verification of achievement of the performance goals and corresponding performance unit values by the FO Committee prior to the Sale and by the Board following the Sale. Such awards shall be paid by February 15 (and not before January 1st) of the calendar year following the end of the performance period. The Plan is intended to provide short-term deferrals under Treasury Regulation Section 1.409A-1(b)(4) that are exempt from the requirements of Internal Revenue Code (“Code”) Section 409A. Any Federal, state or local taxes required to be withheld shall be deducted from the payments under the Plan.

Administration of the Plan

The Company is responsible for the administration of the Plan with respect to its employees. The Company reserves absolute discretionary authority to interpret the Plan, subject to the provisions of the Plan. The interpretation of the Plan by the Company will be final and binding on all participants and any persons making a claim on their behalf. The Company may allocate responsibility or to other persons, as it deems appropriate.

At the beginning of each performance period, each key employee approved for participation in the Plan will be notified of his or her selection as a participant, the Company performance goals and their performance units and target award. After the end of the performance period, each participant will be notified of the amount of his or her award, if any, and the performance level attained.

Authority of the FO Committee

Prior to the Sale, the FO Committee is required to approve participation in the Plan, select financial measures, set achievement goals for minimum, target, and maximum payout levels, and verify award payouts.

In addition, prior to the Sale, the FO Committee shall have the authority to adjust the awards in the event of a merger, acquisition, consolidation or other transaction that does not constitute a Change in Control, in order to insure that any such event will not inequitably decrease or increase participants' awards. Any adjustments made under this provision will be determined by the FO Committee in its sole discretion and shall be conclusive.

Following the Sale, the FO Committee shall have no further authority regarding the Plan and all authority outlined in this section shall be assumed by the Board.

Change in Control

For all purposes under the Plan, the term "Change in Control" shall have the same meaning ascribed to such term in the Acushnet Executive Severance Plan (the "Severance Plan"). Upon the Sale, all awards under the Plan that are then-outstanding will become immediately non-forfeitable and will be paid in accordance with the Plan's general payment terms, as described above, subject to the achievement of the applicable performance goals. For the avoidance of doubt, "non-forfeitable" in the prior sentence means that the minimum payment under the Plan will be the amount calculated based on actual performance as of the date of the Sale relative to the minimum, target and maximum targets for the entire performance period pro-rated for the portion of the relevant performance period elapsed as of the date of the Sale.

However, in the event of a Change in Control following the Sale, all awards under the Plan that

are then-outstanding will be paid out as soon as practicable following such Change in Control (i) as if all performance periods have been completed and based on actual performance data to the extent available and the Company's forecast in the performance outlook report for the remainder of the applicable performance period, but (ii) prorated (measured in months with a partial month rounded up) for the portion of any relevant performance period ending on the date of such Change in Control.

Amendment and Termination

The Board shall have the power to amend the Plan and any award granted under the Plan; provided, however that no such amendment may impair the rights of a participant without the consent of the participant whose rights would be affected by such change, except to the extent provided for in the terms of the Plan or in the award, or except as required under applicable law or to avoid the imposition of additional taxes under Internal Revenue Code Section 409A.

Benefit Claims Process

Any and all claims for benefits payable under this Plan shall be administered in accordance with the same claims and appeals procedures set forth in the Severance Plan; provided, however, after exhaustion of such claims and appeals procedures, any further legal action taken against the Plan, the Company, the FO Committee or any Company employees involved in administering the Plan must be filed in a court of law no later than 90 days after the Company's final decision regarding the claim. If any judicial or administrative proceeding is undertaken, the evidence presented will be strictly limited to the evidence timely presented to the Company or its authorized delegate during its administrative review pursuant to such claims and appeals procedures.

**ACUSHNET HOLDINGS CORP.
2015 OMNIBUS INCENTIVE PLAN**

1. **Purpose** . The purpose of the Acushnet Holdings Corp. 2015 Omnibus Incentive Plan is to provide a means through which the Company and the other members of the Company Group may attract and retain key personnel and to provide a means whereby directors, officers, employees, consultants and advisors of the Company and the other members of the Company Group can acquire and maintain an equity interest in the Company, or be paid incentive compensation, including incentive compensation measured by reference to the value of Common Stock, thereby strengthening their commitment to the welfare of the Company Group and aligning their interests with those of the Company's stockholders.

2. **Definitions** . The following definitions shall be applicable throughout the Plan.

(a) "Absolute Share Limit" has the meaning given such term in Section 5(b) of the Plan.

(b) "Adjustment Event" has the meaning given such term in Section 12(a) of the Plan.

(c) "Administrator" means (i) prior to the Company's initial public offering, the Board, unless the Board appoints the Compensation Committee of the Board as Administrator and (ii) upon and following the Company's initial public offering, the Committee.

(d) "Affiliate" means any Person that directly or indirectly controls, is controlled by or is under common control with the Company. The term "control" (including, with correlative meaning, the terms "controlled by" and "under common control with"), as applied to any Person, means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such Person, whether through the ownership of voting or other securities, by contract or otherwise.

(e) "Award" means, individually or collectively, any Incentive Stock Option, Nonqualified Stock Option, Stock Appreciation Right, Restricted Stock, Restricted Stock Unit, Other Equity-Based Award, Other Cash-Based Award and Performance Compensation Award granted under the Plan.

(f) "Award Agreement" means the document or documents by which each Award (other than an Other Cash-Based Award) is evidenced, which may be in written or electronic form.

(g) "Board" means the Board of Directors of the Company.

(h) "Call Right" means any right of the Company to purchase Company Common Stock or other Company equity securities owned by a Participant in accordance with the terms of an applicable Award Agreement.

(i) "Cause" means, as to any Participant, unless otherwise provided in the applicable Award Agreement or in any employment or consulting agreement between the Participant and

the Service Recipient in effect at the time of a Termination, the Participant's (i) willful neglect in the performance of the Participant's duties for the Service Recipient or willful or repeated failure or refusal to perform such duties; (ii) engagement in conduct in connection with the Participant's employment or service with the Service Recipient, which results in, or could reasonably be expected to result in, significant harm to the business or reputation of the Company or any other member of the Company Group; (iii) conviction of, or plea of guilty or no contest to, (A) any felony; or (B) any other crime that results in, or could reasonably be expected to result in, significant harm to the business or reputation of the Company or any other member of the Company Group; (iv) material violation of the written policies of the Service Recipient, including, but not limited to, those relating to sexual harassment or the disclosure or misuse of confidential information, or those set forth in the manuals or statements of policy of the Service Recipient; (v) fraud or misappropriation, embezzlement or misuse of funds or property belonging to the Company or any other member of the Company Group; or (F) act of personal dishonesty that involves personal profit in connection with the Participant's employment or service to the Service Recipient.

(j) "Change in Control" means:

(i) the acquisition (whether by purchase, merger, consolidation, combination or other similar transaction) by any Person of beneficial ownership (within the meaning of Rule 13d-3 promulgated under the Exchange Act) of more than 50% (on a fully diluted basis) of either (A) the then outstanding shares of Common Stock, taking into account as outstanding for this purpose such Common Stock issuable upon the exercise of options or warrants, the conversion of convertible stock or debt, and the exercise of any similar right to acquire such Common Stock; or (B) the combined voting power of the then outstanding voting securities of the Company entitled to vote generally in the election of directors; *provided, however*, that for purposes of this Plan, the following acquisitions shall not constitute a Change in Control: (I) any acquisition by the Company or any of its Subsidiaries; (II) any acquisition by any employee benefit plan sponsored or maintained by the Company or any of its Subsidiaries; (III) in respect of an Award held by a particular Participant, any acquisition by the Participant or any group of Persons including the Participant (or any entity controlled by the Participant or any group of Persons including the Participant); (IV) any acquisition following which the Investor Group, in the aggregate, hold, directly or indirectly, 50% or more of either (A) the then outstanding shares of Common Stock, taking into account as outstanding for this purpose such Common Stock issuable upon the exercise of options or warrants, the conversion of convertible stock or debt, and the exercise of any similar right to acquire such Common Stock; or (B) the combined voting power of the then outstanding voting securities of the Company entitled to vote generally in the election of directors; or (V) the Conversion Event;

(ii) following the Company's initial public offering, during any period of twelve (12) months, individuals who, at the beginning of such period, constitute the Board (the "Incumbent Directors") cease for any reason to constitute at least a majority of the Board, provided that any person becoming a director subsequent to the date hereof, whose election or nomination for election was approved by a vote of at least two-thirds of the Incumbent Directors then on the Board (either by a specific vote or by approval of the

proxy statement of the Company in which such person is named as a nominee for director, without written objection to such nomination) shall be an Incumbent Director; *provided, however*, that no individual initially elected or nominated as a director of the Company as a result of an actual or threatened election contest, as such terms are used in Rule 14a-12 of Regulation 14A promulgated under the Exchange Act, with respect to directors or as a result of any other actual or threatened solicitation of proxies or consents by or on behalf of any person other than the Board shall be deemed to be an Incumbent Director; or

(iii) the sale, transfer or other disposition of all or substantially all of the assets of the Company Group (taken as a whole) to any Person that is not an Affiliate of the Company.

(k) “Code” means the Internal Revenue Code of 1986, as amended, and any successor thereto. Reference in the Plan to any Section of the Code shall be deemed to include any regulations or other interpretative guidance under such Section, and any amendments or successor provisions to such Section, regulations or guidance.

(l) “Committee” means the Compensation Committee of the Board or any properly delegated subcommittee thereof (including, if necessary with respect to any 162(m) Award, a subcommittee comprised of two or more “outside directors” (as defined in Section 162(m) of the Code)) or, if no such Compensation Committee or subcommittee thereof exists, the Board.

(m) “Common Stock” means the common stock of the Company, par value \$0.001 per share (and any stock or other securities into which such Common Stock may be converted or into which it may be exchanged).

(n) “Company” means Acushnet Holdings Corp., a Delaware corporation, and any successor thereto.

(o) “Company Group” means, collectively, the Company and its Subsidiaries.

(p) “Conversion Event” means the conversion of the Company’s redeemable convertible preferred stock, 7.5% convertible bonds and/or 7.5% bonds with warrants, issued on July 29, 2011 and January 20, 2012 in connection with the acquisition of the Acushnet Company and its Subsidiaries or any dividends paid in connection therewith.

(q) “Date of Grant” means the date on which the granting of an Award is authorized, or such other date as may be specified in such authorization in compliance with applicable law.

(r) “Designated Foreign Subsidiaries” means all members of the Company Group that are organized under the laws of any jurisdiction or country other than the United States of America that may be designated by the Board or the Committee from time to time.

(s) “Detrimental Activity” means any of the following: (i) unauthorized disclosure of any confidential or proprietary information of any member of the Company Group; (ii) any activity that would be grounds to terminate the Participant’s employment or service with the Service Recipient for Cause; or (iii) a breach by the Participant of any restrictive covenant, by which such Participant is bound, including without limitation, any covenant not to compete or not to solicit in any agreement with any member of the Company Group.

(t) “Disability” means, as to any Participant, unless otherwise provided in the applicable Award Agreement or in any employment or consulting agreement between the Participant and the Service Recipient in effect at the time of a Termination, a condition entitling the Participant to receive benefits under a long-term disability plan of the Service Recipient or other member of the Company Group in which such Participant is eligible to participate, or, in the absence of such a plan, the complete and permanent inability of the Participant by reason of illness or accident to perform the duties of the occupation at which the Participant was employed or served when such disability commenced. Any determination of whether Disability exists in the absence of a long-term disability plan shall be made by the Company (or designee) in its sole and absolute discretion.

(u) “EAR Plan” means the Achushnet Company Equity Appreciation Rights Plan.

(v) “Effective Date” means January 22, 2016.

(w) “Eligible Person” means any (i) individual employed by any member of the Company Group; *provided, however*, that no such employee covered by a collective bargaining agreement shall be an Eligible Person unless and to the extent that such eligibility is set forth in such collective bargaining agreement or in an agreement or instrument relating thereto; (ii) director or officer of any member of the Company Group; or (iii) consultant or advisor to any member of the Company Group who may be offered securities registrable pursuant to a registration statement on Form S-8 under the Securities Act, who, in the case of each of clauses (i) through (iii) above has entered into an Award Agreement or who has received written notification from the Administrator or its designee that such individual has been selected to participate in the Plan.

(x) “Exchange Act” means the Securities Exchange Act of 1934, as amended, and any successor thereto. Reference in the Plan to any Section of (or rule promulgated under) the Exchange Act shall be deemed to include any rules, regulations or other interpretative guidance under such Section or rule, and any amendments or successor provisions to such Section, rules, regulations or guidance.

(y) “Exercise Price” has the meaning given such term in Section 7(b) of the Plan.

(z) “Fair Market Value” means, on a given date, (i) if the Common Stock is listed on a national securities exchange, the closing sales price of the Common Stock reported on the primary exchange on which the Common Stock is listed and traded on such date, or, if there are no such sales on that date, then on the last preceding date on which such sales were reported; (ii) if the Common Stock is not listed on any national securities exchange but is quoted in an inter-dealer quotation system on a last sale basis, the average between the closing bid price and

ask price reported on such date, or, if there is no such sale on that date, then on the last preceding date on which a sale was reported; or (iii) if the Common Stock is not listed on a national securities exchange or quoted in an inter-dealer quotation system on a last sale basis, the amount determined by the Administrator in good faith to be the fair market value of the Common Stock; *provided, however*, as to any Awards granted on or with a Date of Grant of the date of the pricing of the Company's initial public offering, "Fair Market Value" on such date shall be equal to the per share price at which the Common Stock is offered to the public in connection with such initial public offering.

(aa) "Full Career Retirement" means a Termination other than under circumstances involving a Termination for Cause and other than due to a Participant's death or Disability on or after the date that the Participant meets any of the following criteria:

(i) age fifty-five (55) with ten (10) years with the Company Group; or

(ii) any Termination so designated by the Administrator in the applicable Award Agreement.

(bb) "GAAP" has the meaning given such term in Section 7(d) of the Plan.

(cc) "Immediate Family Members" has the meaning given such term in Section 14(b) of the Plan.

(dd) "Incentive Stock Option" means an Option which is designated by the Administrator as an incentive stock option as described in Section 422 of the Code and otherwise meets the requirements set forth in the Plan.

(ee) "Indemnifiable Person" has the meaning given such term in Section 4(e) of the Plan.

(ff) "Investor Group" means, collectively, FILA Korea Ltd. and any Person controlled by or under common control with FILA Korea Ltd.

(gg) "Negative Discretion" means the discretion authorized by the Plan to be applied by the Administrator to eliminate or reduce the size of a Performance Compensation Award consistent with Section 162(m) of the Code.

(hh) "Nonqualified Stock Option" means an Option which is not designated by the Administrator as an Incentive Stock Option.

(ii) "Non-Employee Director" means a member of the Board who is not an employee of any member of the Company Group.

(jj) "Option" means an Award granted under Section 7 of the Plan.

(kk) "Option Period" has the meaning given such term in Section 7(c) of the Plan.

(ll) “Other Cash-Based Award” means an Award that is not a Stock Appreciation Right or Restricted Stock Unit granted under Section 10 of the Plan that is denominated and/or payable in cash.

(mm) “Other Equity-Based Award” means an Award that is not an Option, Stock Appreciation Right, Restricted Stock, Restricted Stock Unit or Performance Compensation Award, that is granted under Section 10 of the Plan and is (i) payable by delivery of Common Stock and/or (ii) measured by reference to the value of Common Stock.

(nn) “Participant” means an Eligible Person who has been selected by the Administrator to participate in the Plan and to receive an Award pursuant to the Plan.

(oo) “Performance Compensation Award” means any Award designated by the Administrator as a Performance Compensation Award pursuant to Section 11 of the Plan.

(pp) “Performance Criteria” means the criterion or criteria that the Administrator shall select for purposes of establishing the Performance Goals for a Performance Period with respect to any Performance Compensation Award under the Plan.

(qq) “Performance Formula” means, for a Performance Period, the one or more objective formulae applied against the relevant Performance Goal to determine, with regard to the Performance Compensation Award of a particular Participant, whether all, some portion but less than all, or none of the Performance Compensation Award has been earned for the Performance Period.

(rr) “Performance Goals” means, for a Performance Period, the one or more goals established by the Administrator for the Performance Period based upon the Performance Criteria.

(ss) “Performance Period” means the one or more periods of time of not less than 12 months, as the Administrator may select, over which the attainment of one or more Performance Goals will be measured for the purpose of determining a Participant’s right to, and the payment of, a Performance Compensation Award.

(tt) “Permitted Transferee” has the meaning given such term in Section 14(b) of the Plan.

(uu) “Person” means any individual, entity or group (within the meaning of Section 13(d)(3) or 14(d)(2) of the Exchange Act).

(vv) “Plan” means this Acushnet Holdings Corp. 2015 Omnibus Incentive Plan, as it may be amended and restated from time to time.

(ww) “Put Right” means any right of a Participant to sell Company Common Stock or other Company equity securities owned by such Participant to the Company in accordance with the terms of an applicable Award Agreement.

(xx) “Qualifying Director” means a person who is (i) with respect to actions intended to obtain an exemption from Section 16(b) of the Exchange Act pursuant to Rule 16b-3 under the Exchange Act, a “non-employee director” within the meaning of Rule 16b-3 under the Exchange Act; and (ii) with respect to actions intended to obtain the exception for performance-based compensation under 162(m) of the Code, an “outside director” within the meaning of Section 162(m) of the Code.

(yy) “Restricted Period” means the period of time determined by the Administrator during which an Award is subject to restrictions, including vesting conditions.

(zz) “Restricted Stock” means Common Stock, subject to certain specified restrictions (which may include, without limitation, a requirement that the Participant remain continuously employed or provide continuous services for a specified period of time), granted under Section 9 of the Plan.

(aaa) “Restricted Stock Unit” means an unfunded and unsecured promise to deliver shares of Common Stock, cash, other securities or other property, subject to certain restrictions (which may include, without limitation, a requirement that the Participant remain continuously employed or provide continuous services for a specified period of time), granted under Section 9 of the Plan.

(bbb) “SAR Period” has the meaning given such term in Section 8(c) of the Plan.

(ccc) “Securities Act” means the Securities Act of 1933, as amended, and any successor thereto. Reference in the Plan to any Section of (or rule promulgated under) the Securities Act shall be deemed to include any rules, regulations or other interpretative guidance under such Section or rule, and any amendments or successor provisions to such Section, rules, regulations or guidance.

(ddd) “Service Recipient” means, with respect to a Participant holding a given Award, the member of the Company Group by which the original recipient of such Award is, or following a Termination was most recently, principally employed or to which such original recipient provides, or following a Termination was most recently providing, services, as applicable.

(eee) “Stock Appreciation Right” or “SAR” means an Award granted under Section 8 of the Plan.

(fff) “Stockholders’ Agreement” means a stockholders’ agreement, by and among the Company and management shareholders who receive an Award, as may be in effect from time to time.

(ggg) “Strike Price” has the meaning given such term in Section 8(b) of the Plan.

(hhh) “Subsidiary” means, with respect to any specified Person:

(i) any corporation, association or other business entity of which more than 50% of the total voting power of shares of such entity’s voting securities (without regard

to the occurrence of any contingency and after giving effect to any voting agreement or stockholders' agreement that effectively transfers voting power) is at the time owned or controlled, directly or indirectly, by that Person or one or more of the other Subsidiaries of that Person (or a combination thereof); and

(ii) any partnership (or any comparable foreign entity) (A) the sole general partner (or functional equivalent thereof) or the managing general partner of which is such Person or Subsidiary of such Person or (B) the only general partners (or functional equivalents thereof) of which are that Person or one or more Subsidiaries of that Person (or any combination thereof).

(iii) “Substitute Award” has the meaning given such term in Section 5(e) of the Plan.

(jjj) “Sub-Plans” means any sub-plan to this Plan that has been adopted by the Board or the Committee for the purpose of permitting the offering of Awards to employees of certain Designated Foreign Subsidiaries or otherwise outside the United States of America, with each such sub-plan designed to comply with local laws applicable to offerings in such foreign jurisdictions. Although any Sub-Plan may be designated a separate and independent plan from the Plan in order to comply with applicable local laws, the Absolute Share Limit and the other limits specified in Section 5(b) shall apply in the aggregate to the Plan and any Sub-Plan adopted hereunder.

(kkk) “Termination” means the termination of a Participant's employment or service, as applicable, with the Service Recipient for any reason (including death, Disability and Full Career Retirement).

3. Effective Date; Duration . The Plan shall be effective as of the Effective Date. The expiration date of the Plan, on and after which date no Awards may be granted hereunder, shall be the tenth (10th) anniversary of the Effective Date; *provided, however* , that such expiration shall not affect Awards then outstanding, and the terms and conditions of the Plan shall continue to apply to such Awards.

4. Administration .

(a) The Administrator shall administer the Plan. Following the Company's initial public offering, to the extent required to comply with the provisions of Rule 16b-3 promulgated under the Exchange Act (if the Board is not acting as the Committee under the Plan) or necessary to obtain the exception for performance-based compensation under Section 162(m) of the Code, as applicable, it is intended that each member of the Committee shall, at the time such member takes any action with respect to an Award under the Plan that is intended to qualify for the exemptions provided by Rule 16b-3 promulgated under the Exchange Act or to qualify as performance-based compensation under Section 162(m) of the Code, as applicable, be a Qualifying Director. However, the fact that a Committee member shall fail to qualify as a Qualifying Director shall not invalidate any Award granted by the Administrator that is otherwise validly granted under the Plan.

(b) Subject to the provisions of the Plan and applicable law, the Administrator shall have the sole and plenary authority, in addition to other express powers and authorizations

conferred on the Administrator by the Plan, to (i) designate Participants; (ii) determine the type or types of Awards to be granted to a Participant; (iii) determine the number of shares of Common Stock to be covered by, or with respect to which payments, rights, or other matters are to be calculated in connection with, Awards; (iv) determine the terms and conditions of any Award; (v) determine whether, to what extent, and under what circumstances Awards may be settled in, or exercised for, cash, shares of Common Stock, other securities, other Awards or other property, or canceled, forfeited, or suspended and the method or methods by which Awards may be settled, exercised, canceled, forfeited, or suspended; (vi) determine whether, to what extent, and under what circumstances the delivery of cash, shares of Common Stock, other securities, other Awards or other property and other amounts payable with respect to an Award shall be deferred either automatically or at the election of the Participant or of the Administrator; (vii) interpret, administer, reconcile any inconsistency in, correct any defect in and/or supply any omission in the Plan and any instrument or agreement relating to, or Award granted under, the Plan; (viii) establish, amend, suspend, or waive any rules and regulations and appoint such agents as the Administrator shall deem appropriate for the proper administration of the Plan; (ix) adopt Sub-Plans; and (x) make any other determination and take any other action that the Administrator deems necessary or desirable for the administration of the Plan.

(c) Except to the extent prohibited by applicable law or the applicable rules and regulations of any securities exchange or inter-dealer quotation system on which the securities of the Company are listed or traded, the Administrator may allocate all or any portion of its responsibilities and powers to any one or more of its members and may delegate all or any part of its responsibilities and powers to any person or persons selected by it. Any such allocation or delegation may be revoked by the Administrator at any time. Without limiting the generality of the foregoing, the Administrator may delegate to one or more officers of any member of the Company Group, the authority to act on behalf of the Administrator with respect to any matter, right, obligation, or election which is the responsibility of, or which is allocated to, the Administrator herein, and which may be so delegated as a matter of law, except for grants of Awards to Non-Employee Directors. Notwithstanding the foregoing in this Section 4(c), it is intended that any action under the Plan intended to qualify for an exemption provided by Rule 16b-3 promulgated under the Exchange Act, and/or the exception under Section 162(m) of the Code related to persons who are subject to Section 16 of the Exchange Act and/or who are, or who are reasonably expected to be, “covered employees” for purposes of Section 162(m) of the Code, will be taken only by the Board or by a committee or subcommittee of two (2) or more Qualifying Directors. However, the fact that any member of such committee or subcommittee shall fail to qualify as a Qualifying Director shall not invalidate any action that is otherwise valid under the Plan.

(d) Unless otherwise expressly provided in the Plan, all designations, determinations, interpretations, and other decisions under or with respect to the Plan, any Award or any Award Agreement shall be within the sole discretion of the Administrator, may be made at any time and shall be final, conclusive and binding upon all Persons, including, without limitation, any member of the Company Group, any Participant, any holder or beneficiary of any Award, and any stockholder of the Company.

(e) No member of the Board, the Committee or any employee or agent of any member of the Company Group (each such Person, an “Indemnifiable Person”) shall be liable

for any action taken or omitted to be taken or any determination made with respect to the Plan or any Award hereunder (unless constituting fraud or a willful criminal act or omission). Each Indemnifiable Person shall be indemnified and held harmless by the Company against and from any loss, cost, liability, or expense (including attorneys' fees) that may be imposed upon or incurred by such Indemnifiable Person in connection with or resulting from any action, suit or proceeding to which such Indemnifiable Person may be a party or in which such Indemnifiable Person may be involved by reason of any action taken or omitted to be taken or determination made with respect to the Plan or any Award hereunder and against and from any and all amounts paid by such Indemnifiable Person with the Company's approval, in settlement thereof, or paid by such Indemnifiable Person in satisfaction of any judgment in any such action, suit or proceeding against such Indemnifiable Person, and the Company shall advance to such Indemnifiable Person any such expenses promptly upon written request (which request shall include an undertaking by the Indemnifiable Person to repay the amount of such advance if it shall ultimately be determined, as provided below, that the Indemnifiable Person is not entitled to be indemnified); *provided*, that the Company shall have the right, at its own expense, to assume and defend any such action, suit or proceeding and once the Company gives notice of its intent to assume the defense, the Company shall have sole control over such defense with counsel of the Company's choice. The foregoing right of indemnification shall not be available to an Indemnifiable Person to the extent that a final judgment or other final adjudication (in either case not subject to further appeal) binding upon such Indemnifiable Person determines that the acts, omissions or determinations of such Indemnifiable Person giving rise to the indemnification claim resulted from such Indemnifiable Person's fraud or willful criminal act or omission or that such right of indemnification is otherwise prohibited by law or by the organizational documents of any member of the Company Group. The foregoing right of indemnification shall not be exclusive of or otherwise supersede any other rights of indemnification to which such Indemnifiable Persons may be entitled under the organizational documents of any member of the Company Group, as a matter of law, under an individual indemnification agreement or contract or otherwise, or any other power that the Company may have to indemnify such Indemnifiable Persons or hold such Indemnifiable Persons harmless.

(f) Notwithstanding anything to the contrary contained in the Plan, the Board may, in its sole discretion, at any time and from time to time, grant Awards and administer the Plan with respect to such Awards. Any such actions by the Board shall be subject to the applicable rules of the securities exchange or inter-dealer quotation system on which the Common Stock is listed or quoted. In any such case, the Board shall have all the authority granted to the Committee under the Plan.

5. Grant of Awards; Shares Subject to the Plan; Limitations .

(a) The Administrator may, from time to time, grant Awards to one or more Eligible Persons.

(b) Awards granted under the Plan shall be subject to the following limitations: (i) subject to Section 12 of the Plan, no more than 725,000 shares of Common Stock (the "Absolute Share Limit") shall be available for Awards under the Plan; (ii) subject to Section 12 of the Plan, grants of Options or SARs under the Plan in respect of no more than 165,000 shares of Common Stock may be made to any individual Participant during any single fiscal

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year of the Company (for this purpose, if a SAR is granted in tandem with an Option (such that the SAR expires with respect to the number of shares of Common Stock for which the Option is exercised), only the shares underlying the Option shall count against this limitation); (iii) subject to Section 12 of the Plan, no more than the number of shares of Common Stock equal to the Absolute Share Limit may be issued in the aggregate pursuant to the exercise of Incentive Stock Options granted under the Plan; (iv) subject to Section 12 of the Plan, no more than 165,000 shares of Common Stock may be issued in respect of Performance Compensation Awards denominated in shares of Common Stock granted pursuant to Section 11 of the Plan to any individual Participant for a single fiscal year during a Performance Period (or with respect to each single fiscal year in the event a Performance Period extends beyond a single fiscal year), or in the event such share-denominated Performance Compensation Award is paid in cash, other securities, other Awards or other property, no more than the Fair Market Value of such shares of Common Stock on the last day of the Performance Period to which such Award relates; (v) the maximum number of shares of Common Stock subject to Awards granted during a single fiscal year to any Non-Employee Director, taken together with any cash fees paid to such Non-Employee Director during the fiscal year, shall not exceed \$1,000,000 in total value (calculating the value of any such Awards based on the grant date fair value of such Awards for financial reporting purposes); and (vi) the maximum amount that can be paid to any individual Participant for a single fiscal year during a Performance Period (or with respect to each single fiscal year in the event a Performance Period extends beyond a single fiscal year) pursuant to a Performance Compensation Award denominated in cash (described in Section 11(a) of the Plan) shall be \$10,000,000.

(c) Other than with respect to Substitute Awards, to the extent that an Award expires or is canceled, forfeited, terminated, settled in cash, or otherwise is settled without delivery to the Participant of the full number of shares of Common Stock to which the Award related, the undelivered shares will again be available for grant. Shares of Common Stock withheld in payment of the Exercise Price or Strike Price, or taxes relating to an Award and shares equal to the number of shares surrendered in payment of any Exercise Price or Strike Price, or taxes relating to an Award, shall be deemed to constitute shares not issued to the Participant and shall be deemed to again be available for Awards under the Plan; *provided, however*, that such shares shall not become available for issuance hereunder if either (i) the applicable shares are withheld or surrendered following the termination of the Plan; or (ii) at the time the applicable shares are withheld or surrendered, it would constitute a material revision of the Plan subject to stockholder approval under any then-applicable rules of the national securities exchange on which the Common Stock is listed.

(d) Shares of Common Stock issued by the Company in settlement of Awards may be authorized and unissued shares, shares held in the treasury of the Company, shares purchased on the open market or by private purchase or a combination of the foregoing. Following the Effective Date, no further awards shall be granted under the EAR Plan.

(e) Awards may, in the sole discretion of the Administrator, be granted under the Plan in assumption of, or in substitution for, outstanding awards previously granted by an entity directly or indirectly acquired by the Company or with which the Company combines ("Substitute Awards"). Substitute Awards shall not be counted against the Absolute Share Limit; *provided*, that Substitute Awards issued in connection with the assumption of, or in

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substitution for, outstanding options intended to qualify as “incentive stock options” within the meaning of Section 422 of the Code shall be counted against the aggregate number of shares of Common Stock available for Awards of Incentive Stock Options under the Plan. Subject to applicable stock exchange requirements, available shares under a stockholder-approved plan of an entity directly or indirectly acquired by the Company or with which the Company combines (as appropriately adjusted to reflect the acquisition or combination transaction) may be used for Awards under the Plan and shall not reduce the number of shares of Common Stock available for issuance under the Plan.

(f) In connection with the grant, vesting, and/or exercise of any Award prior to an initial public offering, to the extent that a Participant is not already a party to the Stockholders’ Agreement, the Administrator may require such Participant to execute and become a party to such Stockholders’ Agreement as a condition of such grant, vesting, and/or exercise of any Award by executing and delivering to the Company a joinder to the Stockholders’ Agreement. To the extent that there is any conflict between the terms of the Plan and the Stockholders’ Agreement, the Stockholders’ Agreement shall govern and control.

6. **Eligibility** . Participation in the Plan shall be limited to Eligible Persons.

7. **Options** .

(a) General. Each Option granted under the Plan shall be evidenced by an Award Agreement, which agreement need not be the same for each Participant. Each Option so granted shall be subject to the conditions set forth in this Section 7, and to such other conditions not inconsistent with the Plan as may be reflected in the applicable Award Agreement. All Options granted under the Plan shall be Nonqualified Stock Options unless the applicable Award Agreement expressly states that the Option is intended to be an Incentive Stock Option. Incentive Stock Options shall be granted only to Eligible Persons who are employees of a member of the Company Group, and no Incentive Stock Option shall be granted to any Eligible Person who is ineligible to receive an Incentive Stock Option under the Code. No Option shall be treated as an Incentive Stock Option unless the Plan has been approved by the stockholders of the Company in a manner intended to comply with the stockholder approval requirements of Section 422(b)(1) of the Code, *provided* that if an Incentive Stock Option granted under the Plan does not qualify as such for any reason, then to the extent of such non-qualification, the Option represented thereby shall be regarded as a Nonqualified Stock Option duly granted under the Plan. In the case of an Incentive Stock Option, the terms and conditions of such grant shall be subject to, and comply with, such rules as may be prescribed by Section 422 of the Code. If for any reason an Option intended to be an Incentive Stock Option (or any portion thereof) shall not qualify as an Incentive Stock Option, then, to the extent of such nonqualification, such Option or portion thereof shall be regarded as a Nonqualified Stock Option appropriately granted under the Plan.

(b) Exercise Price. Except as otherwise provided by the Administrator in the case of Substitute Awards, the exercise price (“Exercise Price”) per share of Common Stock for each Option shall not be less than 100% of the Fair Market Value of such share (determined as of the Date of Grant); *provided, however* , that in the case of an Incentive Stock Option granted to an employee who, at the time of the grant of such Option, owns stock representing more than 10%

of the voting power of all classes of stock of any member of the Company Group, the Exercise Price per share shall be no less than 110% of the Fair Market Value per share on the Date of Grant.

(c) Vesting and Expiration; Termination.

(i) Options shall vest and become exercisable in such manner and on such date or dates or upon such event or events as determined by the Administrator; *provided, however*, that notwithstanding any such vesting dates or events, the Administrator may, in its sole discretion, accelerate the vesting of any Options at any time and for any reason. Options shall expire upon a date determined by the Administrator, not to exceed ten (10) years from the Date of Grant (the "Option Period"); *provided*, that if the Option Period (other than in the case of an Incentive Stock Option) would expire at a time when trading in the shares of Common Stock is prohibited by the Company's insider trading policy (or Company-imposed "blackout period"), then the Option Period shall be automatically extended until the thirtieth (30th) day following the expiration of such prohibition. Notwithstanding the foregoing, in no event shall the Option Period exceed five (5) years from the Date of Grant in the case of an Incentive Stock Option granted to a Participant who on the Date of Grant owns stock representing more than 10% of the voting power of all classes of stock of any member of the Company Group.

(ii) Unless otherwise provided by the Administrator, whether in an Award Agreement or otherwise, in the event of (A) a Participant's Termination by the Service Recipient for Cause, all outstanding Options granted to such Participant shall immediately terminate and expire; (B) a Participant's Termination due to death or Disability, each outstanding unvested Option granted to such Participant shall immediately terminate and expire, and each outstanding vested Option shall remain exercisable for one (1) year thereafter (but in no event beyond the expiration of the Option Period); (C) a Participant's Termination due to Full Career Retirement, each outstanding unvested Option granted to such Participant shall immediately terminate and expire, and each outstanding vested Option shall remain exercisable for three (3) years thereafter (but in no event beyond the expiration of the Option Period); and (D) a Participant's Termination for any other reason, each outstanding unvested Option granted to such Participant shall immediately terminate and expire, and each outstanding vested Option shall remain exercisable for ninety (90) days thereafter (but in no event beyond the expiration of the Option Period).

(d) Method of Exercise and Form of Payment. No shares of Common Stock shall be issued pursuant to any exercise of an Option until payment in full of the Exercise Price therefor is received by the Company and the Participant has paid to the Company an amount equal to any Federal, state, local and non-U.S. income, employment and any other applicable taxes required to be withheld. Options which have become exercisable may be exercised by delivery of written or electronic notice of exercise to the Company (or telephonic instructions to the extent provided by the Administrator) in accordance with the terms of the Option accompanied by payment of the Exercise Price. The Exercise Price shall be payable: (i) in cash, check, cash equivalent and/or shares of Common Stock valued at the Fair Market Value at the time the Option is exercised (including, pursuant to procedures approved by the Administrator, by means

of attestation of ownership of a sufficient number of shares of Common Stock in lieu of actual issuance of such shares to the Company); *provided*, that such shares of Common Stock are not subject to any pledge or other security interest and have been held by the Participant for at least six (6) months (or such other period as established from time to time by the Administrator in order to avoid adverse accounting treatment applying generally accepted accounting principles (“GAAP”)); or (ii) by such other method as the Administrator may permit in its sole discretion, including, without limitation: (A) in other property having a fair market value on the date of exercise equal to the Exercise Price; (B) if there is a public market for the shares of Common Stock at such time, by means of a broker-assisted “cashless exercise” pursuant to which the Company is delivered (including telephonically to the extent permitted by the Administrator) a copy of irrevocable instructions to a stockbroker to sell the shares of Common Stock otherwise issuable upon the exercise of the Option and to deliver promptly to the Company an amount equal to the Exercise Price; or (C) a “net exercise” procedure effected by withholding the minimum number of shares of Common Stock otherwise issuable in respect of an Option that are needed to pay the Exercise Price. Any fractional shares of Common Stock shall be settled in cash.

(e) Notification upon Disqualifying Disposition of an Incentive Stock Option. Each Participant awarded an Incentive Stock Option under the Plan shall notify the Company in writing immediately after the date the Participant makes a disqualifying disposition of any Common Stock acquired pursuant to the exercise of such Incentive Stock Option. A disqualifying disposition is any disposition (including, without limitation, any sale) of such Common Stock before the later of (i) the date that is two (2) years after the Date of Grant of the Incentive Stock Option or (ii) the date that is one (1) year after the date of exercise of the Incentive Stock Option. The Company may, if determined by the Administrator and in accordance with procedures established by the Administrator, retain possession, as agent for the applicable Participant, of any Common Stock acquired pursuant to the exercise of an Incentive Stock Option until the end of the period described in the preceding sentence, subject to complying with any instructions from such Participant as to the sale of such Common Stock.

(f) Compliance With Laws, etc. Notwithstanding the foregoing, in no event shall a Participant be permitted to exercise an Option in a manner which the Administrator determines would violate the Sarbanes-Oxley Act of 2002, as it may be amended from time to time, or any other applicable law or the applicable rules and regulations of the Securities and Exchange Commission or the applicable rules and regulations of any securities exchange or inter-dealer quotation system on which the securities of the Company are listed or traded.

8. Stock Appreciation Rights .

(a) General. Each SAR granted under the Plan shall be evidenced by an Award Agreement. Each SAR so granted shall be subject to the conditions set forth in this Section 8, and to such other conditions not inconsistent with the Plan as may be reflected in the applicable Award Agreement. Any Option granted under the Plan may include tandem SARs. The Administrator also may award SARs to Eligible Persons independent of any Option.

(b) Strike Price. Except as otherwise provided by the Administrator in the case of Substitute Awards, the strike price (“Strike Price”) per share of Common Stock for each SAR

shall not be less than 100% of the Fair Market Value of such share (determined as of the Date of Grant). Notwithstanding the foregoing, a SAR granted in tandem with (or in substitution for) an Option previously granted shall have a Strike Price equal to the Exercise Price of the corresponding Option.

(c) Vesting and Expiration; Termination.

(i) A SAR granted in connection with an Option shall become exercisable and shall expire according to the same vesting schedule and expiration provisions as the corresponding Option. A SAR granted independent of an Option shall vest and become exercisable in such manner and on such date or dates or upon such event or events as determined by the Administrator; *provided, however*, that notwithstanding any such vesting dates or events, the Administrator may, in its sole discretion, accelerate the vesting of any SAR at any time and for any reason. SARs shall expire upon a date determined by the Administrator, not to exceed ten (10) years from the Date of Grant (the “SAR Period”); *provided*, that if the SAR Period would expire at a time when trading in the shares of Common Stock is prohibited by the Company’s insider trading policy (or Company-imposed “blackout period”), then the SAR Period shall be automatically extended until the 30th day following the expiration of such prohibition.

(ii) Unless otherwise provided by the Administrator, whether in an Award Agreement or otherwise, in the event of (A) a Participant’s Termination by the Service Recipient for Cause, all outstanding SARs granted to such Participant shall immediately terminate and expire; (B) a Participant’s Termination due to death or Disability, each outstanding unvested SAR granted to such Participant shall immediately terminate and expire, and each outstanding vested SAR shall remain exercisable for one (1) year thereafter (but in no event beyond the expiration of the SAR Period); (C) a Participant’s Termination due to Full Career Retirement, each outstanding unvested SAR granted to such Participant shall immediately terminate and expire, and each outstanding vested SAR shall remain exercisable for three (3) years thereafter (but in no event beyond the expiration of the SAR Period) and (D) a Participant’s Termination for any other reason, each outstanding unvested SAR granted to such Participant shall immediately terminate and expire, and each outstanding vested SAR shall remain exercisable for ninety (90) days thereafter (but in no event beyond the expiration of the SAR Period).

(d) Method of Exercise. SARs which have become exercisable may be exercised by delivery of written or electronic notice of exercise to the Company in accordance with the terms of the Award, specifying the number of SARs to be exercised and the date on which such SARs were awarded.

(e) Payment. Upon the exercise of a SAR, the Company shall pay to the Participant an amount equal to the number of shares subject to the SAR that is being exercised multiplied by the excess of the Fair Market Value of one (1) share of Common Stock on the exercise date over the Strike Price, less an amount equal to any Federal, state, local and non-U.S. income, employment and any other applicable taxes required to be withheld. The Company shall pay such amount in cash, in shares of Common Stock valued at Fair Market Value, or any

combination thereof, as determined by the Administrator. Any fractional shares of Common Stock shall be settled in cash.

9. Restricted Stock and Restricted Stock Units .

(a) General. Each grant of Restricted Stock and Restricted Stock Units shall be evidenced by an Award Agreement. Each Restricted Stock and Restricted Stock Unit so granted shall be subject to the conditions set forth in this Section 9, and to such other conditions not inconsistent with the Plan as may be reflected in the applicable Award Agreement.

(b) Stock Certificates and Book-Entry; Escrow or Similar Arrangement. Upon the grant of Restricted Stock, the Administrator shall cause a stock certificate registered in the name of the Participant to be issued or shall cause share(s) of Common Stock to be registered in the name of the Participant and held in book-entry form subject to the Company's directions and, if the Administrator determines that the Restricted Stock shall be held by the Company or in escrow rather than issued to the Participant pending the release of the applicable restrictions, the Administrator may require the Participant to additionally execute and deliver to the Company (i) an escrow agreement satisfactory to the Administrator, if applicable; and (ii) the appropriate stock power (endorsed in blank) with respect to the Restricted Stock covered by such agreement. If a Participant shall fail to execute and deliver (in a manner permitted under Section 14(a) of the Plan or as otherwise determined by the Administrator) an agreement evidencing an Award of Restricted Stock and, if applicable, an escrow agreement and blank stock power within the amount of time specified by the Administrator, the Award shall be null and void. Subject to the restrictions set forth in this Section 9 and the applicable Award Agreement, a Participant generally shall have the rights and privileges of a stockholder as to shares of Restricted Stock, including, without limitation, the right to vote such Restricted Stock; *provided*, that if the lapsing of restrictions with respect to any grant of Restricted Stock is contingent on satisfaction of performance conditions (other than, or in addition to, the passage of time), any dividends payable on such shares of Restricted Stock shall be held by the Company and delivered (without interest) to the Participant within fifteen (15) days following the date on which the restrictions on such Restricted Stock lapse (and the right to any such accumulated dividends shall be forfeited upon the forfeiture of the Restricted Stock to which such dividends relate). To the extent shares of Restricted Stock are forfeited, any stock certificates issued to the Participant evidencing such shares shall be returned to the Company, and all rights of the Participant to such shares and as a stockholder with respect thereto shall terminate without further obligation on the part of the Company. A Participant shall have no rights or privileges as a stockholder as to Restricted Stock Units.

(c) Vesting; Termination .

(i) Restricted Stock and Restricted Stock Units shall vest, and any applicable Restricted Period shall lapse, in such manner and on such date or dates or upon such event or events as determined by the Administrator; *provided*, *however*, that, notwithstanding any such dates or events, the Administrator may, in its sole discretion, accelerate the vesting of any Restricted Stock or Restricted Stock Unit or the lapsing of any applicable Restricted Period at any time and for any reason.

(ii) Unless otherwise provided by the Administrator, whether in an Award Agreement or otherwise, in the event of a Participant's Termination for any reason prior to the time that such Participant's Restricted Stock or Restricted Stock Units, as applicable, have vested, (A) all vesting with respect to such Participant's Restricted Stock or Restricted Stock Units, as applicable, shall cease; and (B) unvested shares of Restricted Stock and unvested Restricted Stock Units, as applicable, shall be forfeited to the Company by the Participant for no consideration as of the date of such Termination.

(d) Issuance of Restricted Stock and Settlement of Restricted Stock Units .

(i) Upon the expiration of the Restricted Period with respect to any shares of Restricted Stock, the restrictions set forth in the applicable Award Agreement shall be of no further force or effect with respect to such shares, except as set forth in the applicable Award Agreement. If an escrow arrangement is used, upon such expiration, the Company shall issue to the Participant, or the Participant's beneficiary, without charge, the stock certificate (or, if applicable, a notice evidencing a book-entry notation) evidencing the shares of Restricted Stock which have not then been forfeited and with respect to which the Restricted Period has expired (rounded down to the nearest full share). Dividends, if any, that may have been withheld by the Administrator and attributable to any particular share of Restricted Stock shall be distributed to the Participant in cash or, in the sole discretion of the Administrator, in shares of Common Stock having a Fair Market Value (on the date of distribution) equal to the amount of such dividends, upon the release of restrictions on such share and, if such share is forfeited, the Participant shall have no right to such dividends.

(ii) Unless otherwise provided by the Administrator in an Award Agreement or otherwise, upon the expiration of the Restricted Period with respect to any outstanding Restricted Stock Units, the Company shall issue to the Participant or the Participant's beneficiary, without charge, one (1) share of Common Stock (or other securities or other property, as applicable) for each such outstanding Restricted Stock Unit; *provided, however* , that the Administrator may, in its sole discretion, elect to (A) pay cash or part cash and part shares of Common Stock in lieu of issuing only shares of Common Stock in respect of such Restricted Stock Units; or (B) defer the issuance of shares of Common Stock (or cash or part cash and part shares of Common Stock, as the case may be) beyond the expiration of the Restricted Period if such extension would not cause adverse tax consequences under Section 409A of the Code. If a cash payment is made in lieu of issuing shares of Common Stock in respect of such Restricted Stock Units, the amount of such payment shall be equal to the Fair Market Value per share of the Common Stock as of the date on which the Restricted Period lapsed with respect to such Restricted Stock Units. To the extent provided in an Award Agreement, the holder of outstanding Restricted Stock Units shall be entitled to be credited with dividend equivalent payments (upon the payment by the Company of dividends on shares of Common Stock) either in cash or, in the sole discretion of the Administrator, in shares of Common Stock having a Fair Market Value equal to the amount of such dividends (and interest may, in the sole discretion of the Administrator, be credited on the amount of cash dividend equivalents at a rate and subject to such terms as determined by the Administrator), which accumulated dividend equivalents (and interest thereon, if applicable) shall be payable at the same

time as the underlying Restricted Stock Units are settled following the date on which the Restricted Period lapses with respect to such Restricted Stock Units, and, if such Restricted Stock Units are forfeited, the Participant shall have no right to such dividend equivalent payments (or interest thereon, if applicable).

(e) Legends on Restricted Stock. Each certificate, if any, or book entry representing Restricted Stock awarded under the Plan, if any, shall bear a legend or book entry notation substantially in the form of the following, in addition to any other information the Company deems appropriate, until the lapse of all restrictions with respect to such shares of Common Stock:

TRANSFER OF THIS CERTIFICATE AND THE SHARES REPRESENTED HEREBY IS RESTRICTED PURSUANT TO THE TERMS OF THE ACUSHNET HOLDINGS CORP. 2015 OMNIBUS INCENTIVE PLAN AND A RESTRICTED STOCK AWARD AGREEMENT BETWEEN ACUSHNET HOLDINGS CORP. AND PARTICIPANT. A COPY OF SUCH PLAN AND AWARD AGREEMENT IS ON FILE AT THE PRINCIPAL EXECUTIVE OFFICES OF ACUSHNET HOLDINGS CORP.

10. Other Equity-Based Awards and Other Cash-Based Awards. The Administrator may grant Other Equity-Based Awards and Other Cash-Based Awards under the Plan to Eligible Persons, alone or in tandem with other Awards, in such amounts and dependent on such conditions as the Administrator shall from time to time in its sole discretion determine. Each Other Equity-Based Award granted under the Plan shall be evidenced by an Award Agreement and each Other Cash-Based Award granted under the Plan shall be evidenced in such form as the Administrator may determine from time to time. Each Other Equity-Based Award or Other Cash-Based Award, as applicable, so granted shall be subject to such conditions not inconsistent with the Plan as may be reflected in the applicable Award Agreement or other form evidencing such Award, including, without limitation, those set forth in Section 14(c) of the Plan.

11. Performance Compensation Awards

(a) General. Following the Company's initial public offering, the Administrator shall have the authority, at or before the time of grant of any Award, to designate such Award as a Performance Compensation Award intended to qualify as "performance-based compensation" under Section 162(m) of the Code (such Performance Compensation Award, a "162(m) Award"). Notwithstanding anything in the Plan to the contrary, if the Company determines that a Participant who has been granted a 162(m) Award that is an Other Cash Based Award is not (or is no longer) a "covered employee" (within the meaning of Section 162(m) of the Code), the terms and conditions of such 162(m) Award may be modified without regard to any restrictions or limitations set forth in this Section 11 (but subject otherwise to the provisions of Section 13 of the Plan).

(b) Discretion of Administrator with Respect to Performance Compensation Awards. With regard to a particular Performance Period, the Administrator shall have sole discretion to select the length of such Performance Period, the type(s) of Performance Compensation Awards

to be issued, the Performance Criteria that will be used to establish the Performance Goal(s), the kind(s) and/or level(s) of the Performance Goal(s) that is (are) to apply and the Performance Formula(e). Within the first ninety (90) days of a Performance Period relating to a 162(m) Award (or, within any other maximum period allowed under Section 162(m) of the Code), the Administrator shall, with regard to the 162(m) Award to be issued for such Performance Period, exercise its discretion with respect to each of the matters enumerated in the immediately preceding sentence and record the same in writing.

(c) Performance Criteria. The Performance Criteria that will be used to establish the Performance Goal(s) may be based on the attainment of specific levels of performance of the Company (and/or one or more members of the Company Group, divisions or operational and/or business units, product lines, brands, business segments, administrative departments, or any combination of the foregoing) and shall be limited to the following, which may be determined in accordance with GAAP or on a non-GAAP basis: (i) net earnings, net income (before or after taxes) or consolidated net income; (ii) basic or diluted earnings per share (before or after taxes); (iii) net revenue or net revenue growth; (iv) gross revenue or gross revenue growth, gross profit or gross profit growth; (v) net operating profit (before or after taxes); (vi) return measures (including, but not limited to, return on investment, assets, capital, employed capital, invested capital, equity, or sales); (vii) cash flow measures (including, but not limited to, operating cash flow, free cash flow, or cash flow return on capital), which may but are not required to be measured on a per share basis; (viii) actual or adjusted earnings before or after interest, taxes, depreciation and/or amortization (including EBIT and EBITDA); (ix) gross or net operating margins; (x) productivity ratios; (xi) share price (including, but not limited to, growth measures and total stockholder return); (xii) expense targets or cost reduction goals, general and administrative expense savings; (xiii) operating efficiency; (xiv) objective measures of customer/client satisfaction; (xv) working capital targets; (xvi) measures of economic value added or other 'value creation' metrics; (xvii) enterprise value; (xviii) sales; (xix) stockholder return; (xx) customer/client retention; (xxi) competitive market metrics; (xxii) employee retention; (xxiii) objective measures of personal targets, goals or completion of projects (including but not limited to succession and hiring projects, completion of specific acquisitions, dispositions, reorganizations or other corporate transactions or capital-raising transactions, expansions of specific business operations and meeting divisional or project budgets); (xxiv) comparisons of continuing operations to other operations; (xxv) market share; (xxvi) cost of capital, debt leverage year-end cash position or book value; (xxvii) strategic objectives; (xxviii) free cash flow before debt service; (xxix) working capital efficiency or (xxx) any combination of the foregoing. Any one or more of the Performance Criteria may be stated as a percentage of another Performance Criteria, or used on an absolute or relative basis to measure the performance of one or more members of the Company Group as a whole or any divisions or operational and/or business units, product lines, brands, business segments or administrative departments of one or more members of the Company Group or any combination thereof, as the Administrator may deem appropriate, or any of the above Performance Criteria may be compared to the performance of a selected group of comparison companies, or a published or special index that the Administrator, in its sole discretion, deems appropriate, or as compared to various stock market indices. The Administrator also has the authority to provide for accelerated vesting of any Award based on the achievement of Performance Goals pursuant to the Performance Criteria specified in this paragraph. To the extent required under Section 162(m) of the Code, the Administrator shall, within the first ninety (90) days of a Performance

Period (or, within any other maximum period allowed under Section 162(m) of the Code), define in an objective fashion the manner of calculating the Performance Criteria it selects to use for such Performance Period.

(d) Modification of Performance Goal(s). In the event that applicable tax and/or securities laws change to permit Administrator discretion to alter the governing Performance Criteria without obtaining stockholder approval of such alterations, the Administrator shall have sole discretion to make such alterations without obtaining stockholder approval. Unless otherwise determined by the Administrator at the time a Performance Compensation Award is granted, the Administrator shall, during the first ninety (90) days of a Performance Period relating to any 162(m) Award (or, within any other maximum period allowed under Section 162(m) of the Code), or at any time thereafter to the extent the exercise of such authority at such time would not cause the 162(m) Awards granted to any Participant for such Performance Period to fail to qualify as “performance-based compensation” under Section 162(m) of the Code, specify adjustments or modifications to be made to the calculation of a Performance Goal for such Performance Period, based on and in order to appropriately reflect the following events: (i) asset write-downs; (ii) litigation or claim judgments or settlements; (iii) the effect of changes in tax laws, accounting principles, or other laws or regulatory rules affecting reported results; (iv) any reorganization and restructuring programs; (v) acquisitions or divestitures; (vi) any other specific, unusual or nonrecurring events, or objectively determinable category thereof; (vii) foreign exchange gains and losses; (viii) discontinued operations and nonrecurring charges; and (ix) a change in the Company’s fiscal year.

(e) Payment of Performance Compensation Awards.

(i) Condition to Receipt of Payment. Unless otherwise provided in the applicable Award Agreement, a Participant must be employed by the Company on the last day of a Performance Period to be eligible for payment in respect of a Performance Compensation Award for such Performance Period.

(ii) Limitation. Unless otherwise provided in the applicable Award Agreement, a Participant shall be eligible to receive payment in respect of a Performance Compensation Award only to the extent that (A) the Performance Goals for such period are achieved, and (B) all or some portion of such Participant’s Performance Compensation Award has been earned for the Performance Period based on the application of the Performance Formula to such achieved Performance Goals.

(iii) Certification. Following the completion of a Performance Period, the Administrator shall review and certify in writing whether, and to what extent, the Performance Goals for the Performance Period have been achieved and, if so, calculate and certify in writing that amount of the Performance Compensation Awards earned for the period based upon the Performance Formula. The Administrator shall then determine the amount of each Participant’s Performance Compensation Award actually payable for the Performance Period and, in so doing, may apply Negative Discretion.

(iv) Use of Negative Discretion. In determining the actual amount of an individual Participant’s Performance Compensation Award for a Performance Period,

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solely to the extent a Performance Compensation Award is an Other Cash Based Award, the Administrator may reduce or eliminate the amount of the Performance Compensation Award earned under the Performance Formula in the Performance Period through the use of Negative Discretion. Unless otherwise provided in the applicable Award Agreement, the Administrator shall not have the discretion to (A) grant or provide payment in respect of Performance Compensation Awards for a Performance Period if the Performance Goals for such Performance Period have not been attained or (B) increase a Performance Compensation Award above the applicable limitations set forth in Section 5 of the Plan.

(f) Timing of Award Payments. Unless otherwise provided in the applicable Award Agreement, Performance Compensation Awards granted for a Performance Period shall be paid to Participants as soon as administratively practicable following completion of the certifications required by this Section 11. Any Performance Compensation Award that has been deferred shall not (between the date as of which the Award is deferred and the payment date) increase (i) with respect to a Performance Compensation Award that is payable in cash, by a measuring factor for each fiscal year greater than a reasonable rate of interest set by the Administrator; or (ii) with respect to a Performance Compensation Award that is payable in shares of Common Stock, by an amount greater than the appreciation of a share of Common Stock from the date such Award is deferred to the payment date. Any Performance Compensation Award that is deferred and is otherwise payable in shares of Common Stock shall be credited (during the period between the date as of which the Award is deferred and the payment date) with dividend equivalents (in a manner consistent with the methodology set forth in the last sentence of Section 9(d)(ii) of the Plan).

12. Changes in Capital Structure and Similar Events. Notwithstanding any other provision in this Plan to the contrary, the following provisions shall apply to all Awards granted hereunder (other than Other Cash-Based Awards):

(a) General. In the event of (i) any dividend (other than regular cash dividends) or other distribution (whether in the form of cash, shares of Common Stock, other securities or other property), recapitalization, stock split, reverse stock split, reorganization, merger, consolidation, split-up, split-off, spin-off, combination, repurchase or exchange of shares of Common Stock or other securities of the Company, issuance of warrants or other rights to acquire shares of Common Stock or other securities of the Company, or other similar corporate transaction or event that affects the shares of Common Stock (including a Change of Control); or (ii) unusual or nonrecurring events affecting the Company, including changes in applicable rules, rulings, regulations or other requirements, that the Administrator determines, in its sole discretion, could result in substantial dilution or enlargement of the rights intended to be granted to, or available for, Participants (any event in (i) or (ii), other than the Conversion Event or any event related to the Conversion Event, an “Adjustment Event”), the Administrator shall, in respect of any such Adjustment Event, make such proportionate substitution or adjustment, if any, as it deems equitable, to any or all of (A) the Absolute Share Limit, or any other limit applicable under the Plan with respect to the number of Awards which may be granted hereunder; (B) the number of shares of Common Stock or other securities of the Company (or number and kind of other securities or other property) which may be issued in respect of Awards or with respect to which Awards may be granted under the Plan or any Sub-Plan; and (C) the terms of any outstanding Award, including, without limitation, (I) the number of shares

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of Common Stock or other securities of the Company (or number and kind of other securities or other property) subject to outstanding Awards or to which outstanding Awards relate, (II) the Exercise Price or Strike Price with respect to any Award, or (III) any applicable performance measures (including, without limitation, Performance Criteria and Performance Goals); *provided*, that in the case of any “equity restructuring” (within the meaning of the Financial Accounting Standards Board Accounting Standards Codification Topic 718 (or any successor pronouncement thereto)), the Administrator shall make an equitable or proportionate adjustment to outstanding Awards to reflect such equity restructuring. Any adjustment under this Section 12 shall be conclusive and binding for all purposes.

(b) Adjustment Events. Without limiting the foregoing, except as may otherwise be provided in an Award Agreement, in connection with any Adjustment Event, the Administrator may, in its sole discretion, provide for any one or more of the following:

(i) a substitution or assumption of Awards (or awards of an acquiring company), acceleration of the exercisability of, lapse of restrictions on, or termination of, Awards, or a period of time (which shall not be required to be more than ten (10) days) for Participants to exercise outstanding Awards prior to the occurrence of such event (and any such Award not so exercised shall terminate upon the occurrence of such event); and

(ii) subject to any limitations or reductions as may be necessary to comply with Section 409A of the Code, cancellation of any one or more outstanding Awards and causing payment to the holders of such Awards that are vested as of such cancellation (including, without limitation, any Awards that would vest as a result of the occurrence of such event but for such cancellation or for which vesting is accelerated by the Administrator in connection with such event), the value of such Awards, if any, as determined by the Administrator (which value, if applicable, may be based upon the price per share of Common Stock received or to be received by other stockholders of the Company in such event), including, without limitation, in the case of an outstanding Option or SAR, a cash payment in an amount equal to the excess, if any, of the Fair Market Value (as of a date specified by the Administrator) of the shares of Common Stock subject to such Option or SAR over the aggregate Exercise Price or Strike Price of such Option or SAR (it being understood that, in such event, any Option or SAR having a per share Exercise Price or Strike Price equal to, or in excess of, the Fair Market Value of a share of Common Stock subject thereto may be canceled and terminated without any payment or consideration therefor), or in the case of Restricted Stock, Restricted Stock Units or Other Equity-Based Awards that are not vested as of such cancellation, a cash payment or equity subject to deferred vesting and delivery consistent with the vesting restrictions applicable to such Restricted Stock, Restricted Stock Units or Other Equity-Based Awards prior to cancellation, or the underlying shares in respect thereof.

Payments to holders pursuant to clause (ii) above shall be made in cash or, in the sole discretion of the Administrator, in the form of such other consideration necessary for a Participant to receive property, cash, or securities (or combination thereof) as such Participant would have been entitled to receive upon the occurrence of the transaction if the Participant had been, immediately prior to such transaction, the holder of the number of shares of Common Stock covered by the Award at such time (less any applicable Exercise Price or Strike Price).

(c) Other Requirements. Prior to any payment or adjustment contemplated under this Section 12, the Administrator may require a Participant to (i) represent and warrant as to the unencumbered title to the Participant's Awards, (ii) bear such Participant's pro rata share of any post-closing indemnity obligations, and be subject to the same post-closing purchase price adjustments, escrow terms, offset rights, holdback terms, and similar conditions as the other holders of Common Stock, subject to any limitations or reductions as may be necessary to comply with Section 409A of the Code; and (iii) deliver customary transfer documentation as reasonably determined by the Administrator.

13. Amendments and Termination .

(a) Amendment and Termination of the Plan. The Board may amend, alter, suspend, discontinue, or terminate the Plan or any portion thereof at any time; *provided*, that no such amendment, alteration, suspension, discontinuance or termination shall be made without stockholder approval if (i) such approval is necessary to comply with any regulatory requirement applicable to the Plan (including, without limitation, as necessary to comply with any rules or regulations of any securities exchange or inter-dealer quotation system on which the securities of the Company may be listed or quoted) or for changes in GAAP to new accounting standards; (ii) it would materially increase the number of securities which may be issued under the Plan (except for increases pursuant to Section 5 or 12 of the Plan); or (iii) it would materially modify the requirements for participation in the Plan; *provided, further*, that any such amendment, alteration, suspension, discontinuance or termination that would materially and adversely affect the rights of any Participant or any holder or beneficiary of any Award theretofore granted shall not to that extent be effective without the consent of the affected Participant, holder or beneficiary. Notwithstanding the foregoing, no amendment shall be made to the last proviso of Section 13(b) of the Plan without stockholder approval.

(b) Amendment of Award Agreements. The Administrator may, to the extent consistent with the terms of any applicable Award Agreement, waive any conditions or rights under, amend any terms of, or alter, suspend, discontinue, cancel or terminate, any Award theretofore granted or the associated Award Agreement, prospectively or retroactively (including after a Participant's Termination); *provided*, that, other than pursuant to Section 12, any such waiver, amendment, alteration, suspension, discontinuance, cancellation or termination that would materially and adversely affect the rights of any Participant with respect to any Award theretofore granted shall not to that extent be effective without the consent of the affected Participant; *provided, further*, that without stockholder approval, except as otherwise permitted under Section 12 of the Plan, (i) no amendment or modification may reduce the Exercise Price of any Option or the Strike Price of any SAR; (ii) the Administrator may not cancel any outstanding Option or SAR and replace it with a new Option or SAR (with a lower Exercise Price or Strike Price, as the case may be) or other Award or cash payment that is greater than the intrinsic value (if any) of the cancelled Option or SAR; and (iii) the Administrator may not take any other action which is considered a "repricing" for purposes of the stockholder approval rules of any securities exchange or inter-dealer quotation system on which the securities of the Company are listed or quoted.

14. **General .**

(a) Award Agreements. Each Award (other than an Other Cash-Based Award) under the Plan shall be evidenced by an Award Agreement, which shall be delivered to the Participant to whom such Award was granted and shall specify the terms and conditions of the Award and any rules applicable thereto, including, without limitation, the effect on such Award of the death, Disability or Termination of a Participant, or of such other events as may be determined by the Administrator. For purposes of the Plan, an Award Agreement may be in any such form (written or electronic) as determined by the Administrator (including, without limitation, a Board or Committee resolution, an employment agreement, a notice, a certificate or a letter) evidencing the Award. The Administrator need not require an Award Agreement to be signed by the Participant or a duly authorized representative of the Company.

(b) Nontransferability.

(i) Each Award shall be exercisable only by such Participant to whom such Award was granted during the Participant's lifetime, or, if permissible under applicable law, by the Participant's legal guardian or representative. No Award may be assigned, alienated, pledged, attached, sold or otherwise transferred or encumbered by a Participant (unless such transfer is specifically required pursuant to a domestic relations order or by applicable law) other than by will or by the laws of descent and distribution and any such purported assignment, alienation, pledge, attachment, sale, transfer or encumbrance shall be void and unenforceable against any member of the Company Group; *provided*, that the designation of a beneficiary shall not constitute an assignment, alienation, pledge, attachment, sale, transfer or encumbrance.

(ii) Notwithstanding the foregoing, the Administrator may, in its sole discretion, permit Awards (other than Incentive Stock Options) to be transferred by a Participant, without consideration, subject to such rules as the Administrator may adopt consistent with any applicable Award Agreement to preserve the purposes of the Plan, to: (A) any person who is a "family member" of the Participant, as such term is used in the instructions to Form S-8 under the Securities Act or any successor form of registration statement promulgated by the Securities and Exchange Commission (collectively, the "Immediate Family Members"); (B) a trust solely for the benefit of the Participant and the Participant's Immediate Family Members; (C) a partnership or limited liability company whose only partners or stockholders are the Participant and the Participant's Immediate Family Members; or (D) a beneficiary to whom donations are eligible to be treated as "charitable contributions" for federal income tax purposes (each transferee described in clauses (A), (B), (C) and (D) above is hereinafter referred to as a "Permitted Transferee"); *provided*, that the Participant gives the Administrator advance written notice describing the terms and conditions of the proposed transfer and the Administrator notifies the Participant in writing that such a transfer would comply with the requirements of the Plan.

(iii) The terms of any Award transferred in accordance with clause (ii) above shall apply to the Permitted Transferee and any reference in the Plan, or in any applicable Award Agreement, to a Participant shall be deemed to refer to the Permitted Transferee, except that (A) Permitted Transferees shall not be entitled to transfer any Award, other than by will or the laws of descent and distribution; (B) Permitted Transferees shall not

be entitled to exercise any transferred Option unless there shall be in effect a registration statement on an appropriate form covering the shares of Common Stock to be acquired pursuant to the exercise of such Option if the Administrator determines, consistent with any applicable Award Agreement, that such a registration statement is necessary or appropriate; (C) neither the Administrator nor the Company shall be required to provide any notice to a Permitted Transferee, whether or not such notice is or would otherwise have been required to be given to the Participant under the Plan or otherwise; and (D) the consequences of a Participant's Termination under the terms of the Plan and the applicable Award Agreement shall continue to be applied with respect to the Participant, including, without limitation, that an Option shall be exercisable by the Permitted Transferee only to the extent, and for the periods, specified in the Plan and the applicable Award Agreement.

(c) Dividends and Dividend Equivalents. The Administrator may, in its sole discretion, provide a Participant as part of an Award with dividends, dividend equivalents, or similar payments in respect of Awards, payable in cash, shares of Common Stock, other securities, other Awards or other property, on a current or deferred basis, on such terms and conditions as may be determined by the Administrator in its sole discretion, including, without limitation, payment directly to the Participant, withholding of such amounts by the Company subject to vesting of the Award or reinvestment in additional shares of Common Stock, Restricted Stock or other Awards; *provided*, that no dividends, dividend equivalents or other similar payments shall be payable in respect of outstanding (i) Options or SARs; or (ii) unearned Performance Compensation Awards or other unearned Awards subject to performance conditions (other than, or in addition to, the passage of time) (although dividends, dividend equivalents or other similar payments may be accumulated in respect of unearned Awards and paid within fifteen (15) days after such Awards are earned and become payable or distributable). For the avoidance of doubt, any dividends paid in connection with the Conversion Event do not constitute the payment of an ordinary cash dividend on the Company's Common Stock and no dividend or dividend equivalents shall be earned or paid in respect of an Award in connection with the Conversion Event.

(d) Tax Withholding.

(i) A Participant shall be required to pay to the Service Recipient or any other member of the Company Group, and the Service Recipient or any other member of the Company Group shall have the right and is hereby authorized to withhold, from any cash, shares of Common Stock, other securities or other property issuable or deliverable under any Award or from any compensation or other amounts owing to a Participant, the amount (in cash, shares of Common Stock, other securities or other property) of any required withholding or any other applicable taxes in respect of an Award, its exercise, or any payment or transfer under an Award or under the Plan and to take such other action as may be necessary in the opinion of the Administrator or the Company to satisfy all obligations for the payment of such withholding or any other applicable taxes.

(ii) Without limiting the generality of clause (i) above, the Administrator may (but is not obligated to), in its sole discretion, permit a Participant to satisfy, in whole or in part, the foregoing withholding liability by (A) the delivery of shares of Common

Stock (which are not subject to any pledge or other security interest) that have been held by the Participant for at least six (6) months (or such other period as established from time to time by the Administrator in order to avoid adverse accounting treatment applying GAAP) having a Fair Market Value equal to such withholding liability; or (B) having the Company withhold from the number of shares of Common Stock otherwise issuable or deliverable pursuant to the exercise or settlement of the Award a number of shares with a Fair Market Value equal to such withholding liability, provided that with respect to shares withheld pursuant to clause (B), the number of such shares may not have a Fair Market Value greater than the minimum required statutory withholding liability unless determined by the Administrator not to result in adverse accounting consequences.

(e) Call Rights and Put Rights. The Administrator may provide for Call Rights and/or Put Rights in an Award Agreement, in such amounts and on such terms and conditions as the Administrator may determine in its sole discretion; *provided* that no Call Right or Put Right may be exercised or completed upon or following the Company's initial public offering.

(f) Data Protection. By participating in the Plan or accepting any rights granted under it, each Participant consents to the collection and processing of personal data relating to the Participant so that the Company and its Affiliates can fulfill their obligations and exercise their rights under the Plan and generally administer and manage the Plan. This data will include, but may not be limited to, data about participation in the Plan and shares offered or received, purchased, or sold under the Plan from time to time and other appropriate financial and other data (such as the date on which the Awards were granted) about the Participant and the Participant's participation in the Plan.

(g) No Claim to Awards; No Rights to Continued Employment; Waiver. No employee of any member of the Company Group, or other Person, shall have any claim or right to be granted an Award under the Plan or, having been selected for the grant of an Award, to be selected for a grant of any other Award. There is no obligation for uniformity of treatment of Participants or holders or beneficiaries of Awards. The terms and conditions of Awards and the Administrator's determinations and interpretations with respect thereto need not be the same with respect to each Participant and may be made selectively among Participants, whether or not such Participants are similarly situated. Neither the Plan nor any action taken hereunder shall be construed as giving any Participant any right to be retained in the employ or service of the Service Recipient or any other member of the Company Group, nor shall it be construed as giving any Participant any rights to continued service on the Board. The Service Recipient or any other member of the Company Group may at any time dismiss a Participant from employment or discontinue any consulting relationship, free from any liability or any claim under the Plan, unless otherwise expressly provided in the Plan or any Award Agreement. By accepting an Award under the Plan, a Participant shall thereby be deemed to have waived any claim to continued exercise or vesting of an Award or to damages or severance entitlement related to non-continuation of the Award beyond the period provided under the Plan or any Award Agreement, except to the extent of any provision to the contrary in any written employment contract or other agreement between the Service Recipient and/or any member of the Company Group and the Participant, whether any such agreement is executed before, on or after the Date of Grant.

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(h) International Participants. With respect to Participants who reside or work outside of the United States of America and who are not (and who are not expected to be) "covered employees" within the meaning of Section 162(m) of the Code, the Administrator may, in its sole discretion, amend the terms of the Plan and create or amend Sub-Plans or amend outstanding Awards with respect to such Participants in order to conform such terms with the requirements of local law or to obtain more favorable tax or other treatment for a Participant or any member of the Company Group.

(i) Designation and Change of Beneficiary. Each Participant may file with the Administrator a written designation of one or more Persons as the beneficiary(ies) who shall be entitled to receive the amounts payable with respect to an Award, if any, due under the Plan upon the Participant's death. A Participant may, from time to time, revoke or change the Participant's beneficiary designation without the consent of any prior beneficiary by filing a new designation with the Administrator. The last such designation received by the Administrator shall be controlling; *provided, however*, that no designation, or change or revocation thereof, shall be effective unless received by the Administrator prior to the Participant's death, and in no event shall it be effective as of a date prior to such receipt. If no beneficiary designation is filed by a Participant, the beneficiary shall be deemed to be the Participant's spouse or, if the Participant is unmarried at the time of death, the Participant's estate.

(j) Termination. Except as otherwise provided in an Award Agreement, unless determined otherwise by the Administrator at any point following such event (i) neither a temporary absence from employment or service due to illness, vacation or leave of absence (including, without limitation, a call to active duty for military service through a Reserve or National Guard unit) nor a transfer from employment or service with one Service Recipient to employment or service with another Service Recipient (or vice-versa) shall be considered a Termination; and (ii) if a Participant undergoes a Termination, but such Participant continues to provide services to the Company Group in a non-employee capacity, such change in status shall not be considered a Termination for purposes of the Plan. Further, unless otherwise determined by the Administrator, in the event that any Service Recipient ceases to be a member of the Company Group (by reason of sale, divestiture, spin-off or other similar transaction), unless a Participant's employment or service is transferred to another entity that would constitute a Service Recipient immediately following such transaction, such Participant shall be deemed to have suffered a Termination hereunder as of the date of the consummation of such transaction.

(k) No Rights as a Stockholder. Except as otherwise specifically provided in the Plan or any Award Agreement, no Person shall be entitled to the privileges of ownership in respect of shares of Common Stock which are subject to Awards hereunder until such shares have been issued or delivered to such Person.

(l) Government and Other Regulations.

(i) The obligation of the Company to settle Awards in shares of Common Stock or other consideration shall be subject to all applicable laws, rules, and regulations, and to such approvals by governmental agencies as may be required. Notwithstanding any terms or conditions of any Award to the contrary, the Company shall be under no

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obligation to offer to sell or to sell, and shall be prohibited from offering to sell or selling, any shares of Common Stock pursuant to an Award unless such shares have been properly registered for sale pursuant to the Securities Act with the Securities and Exchange Commission or unless the Company has received an opinion of counsel (if the Company has requested such an opinion), satisfactory to the Company, that such shares may be offered or sold without such registration pursuant to an available exemption therefrom and the terms and conditions of such exemption have been fully complied with. The Company shall be under no obligation to register for sale under the Securities Act any of the shares of Common Stock to be offered or sold under the Plan. The Administrator shall have the authority to provide that all shares of Common Stock or other securities of any member of the Company Group issued under the Plan shall be subject to such stop transfer orders and other restrictions as the Administrator may deem advisable under the Plan, the applicable Award Agreement, the Federal securities laws, or the rules, regulations and other requirements of the Securities and Exchange Commission, any securities exchange or inter-dealer quotation system on which the securities of the Company are listed or quoted and any other applicable Federal, state, local or non-U.S. laws, rules, regulations and other requirements, and, without limiting the generality of Section 9 of the Plan, the Administrator may cause a legend or legends to be put on certificates representing shares of Common Stock or other securities of any member of the Company Group issued under the Plan to make appropriate reference to such restrictions or may cause such Common Stock or other securities of any member of the Company Group issued under the Plan in book-entry form to be held subject to the Company's instructions or subject to appropriate stop-transfer orders. Notwithstanding any provision in the Plan to the contrary, the Administrator reserves the right to add any additional terms or provisions to any Award granted under the Plan that the Administrator, in its sole discretion, deems necessary or advisable in order that such Award complies with the legal requirements of any governmental entity to whose jurisdiction the Award is subject.

(ii) The Administrator may cancel an Award or any portion thereof if it determines, in its sole discretion, that legal or contractual restrictions and/or blockage and/or other market considerations would make the Company's acquisition of shares of Common Stock from the public markets, the Company's issuance of Common Stock to the Participant, the Participant's acquisition of Common Stock from the Company and/or the Participant's sale of Common Stock to the public markets, illegal, impracticable or inadvisable. If the Administrator determines to cancel all or any portion of an Award in accordance with the foregoing, the Company shall, subject to any limitations or reductions as may be necessary to comply with Section 409A of the Code, (A) pay to the Participant an amount equal to the excess of (I) the aggregate Fair Market Value of the shares of Common Stock subject to such Award or portion thereof canceled (determined as of the applicable exercise date, or the date that the shares would have been vested or issued, as applicable); over (II) the aggregate Exercise Price or Strike Price (in the case of an Option or SAR, respectively) or any amount payable as a condition of issuance of shares of Common Stock (in the case of any other Award). Such amount shall be delivered to the Participant as soon as practicable following the cancellation of such Award or portion thereof, or (B) in the case of Restricted Stock, Restricted Stock Units or Other Equity-Based Awards, provide the Participant with a cash payment or equity

subject to deferred vesting and delivery consistent with the vesting restrictions applicable to such Restricted Stock, Restricted Stock Units or Other Equity-Based Awards, or the underlying shares in respect thereof.

(m) No Section 83(b) Elections Without Consent of Company. No election under Section 83(b) of the Code or under a similar provision of law may be made unless expressly permitted by the terms of the applicable Award Agreement or by action of the Administrator in writing prior to the making of such election. If a Participant, in connection with the acquisition of shares of Common Stock under the Plan or otherwise, is expressly permitted to make such election and the Participant makes the election, the Participant shall notify the Company of such election within ten (10) days of filing notice of the election with the Internal Revenue Service or other governmental authority, in addition to any filing and notification required pursuant to Section 83(b) of the Code or other applicable provision.

(n) Payments to Persons Other Than Participants. If the Administrator shall find that any Person to whom any amount is payable under the Plan is unable to care for the Participant's affairs because of illness or accident, or is a minor, or has died, then any payment due to such Person or the Participant's estate (unless a prior claim therefor has been made by a duly appointed legal representative) may, if the Administrator so directs the Company, be paid to the Participant's spouse, child, relative, an institution maintaining or having custody of such Person, or any other Person deemed by the Administrator to be a proper recipient on behalf of such Person otherwise entitled to payment. Any such payment shall be a complete discharge of the liability of the Administrator and the Company therefor.

(o) Nonexclusivity of the Plan. Neither the adoption of the Plan by the Board nor the submission of the Plan to the stockholders of the Company for approval shall be construed as creating any limitations on the power of the Board to adopt such other incentive arrangements as it may deem desirable, including, without limitation, the granting of equity-based awards otherwise than under the Plan, and such arrangements may be either applicable generally or only in specific cases.

(p) No Trust or Fund Created. Neither the Plan nor any Award shall create or be construed to create a trust or separate fund of any kind or a fiduciary relationship between any member of the Company Group, on the one hand, and a Participant or other Person, on the other hand. No provision of the Plan or any Award shall require the Company, for the purpose of satisfying any obligations under the Plan, to purchase assets or place any assets in a trust or other entity to which contributions are made or otherwise to segregate any assets, nor shall the Company be obligated to maintain separate bank accounts, books, records or other evidence of the existence of a segregated or separately maintained or administered fund for such purposes. Participants shall have no rights under the Plan other than as unsecured general creditors of the Company, except that insofar as they may have become entitled to payment of additional compensation by performance of services, they shall have the same rights as other service providers under general law.

(q) Reliance on Reports. Each member of the Committee and each member of the Board shall be fully justified in acting or failing to act, as the case may be, and shall not be liable for having so acted or failed to act in good faith, in reliance upon any report made by the

independent public accountant of any member of the Company Group and/or any other information furnished in connection with the Plan by any agent of the Company or the Committee or the Board, other than himself or herself.

(r) Relationship to Other Benefits. No payment under the Plan shall be taken into account in determining any benefits under any pension, retirement, profit sharing, group insurance or other benefit plan of the Company except as otherwise specifically provided in such other plan or as required by applicable law.

(s) Governing Law. The Plan shall be governed by and construed in accordance with the internal laws of the State of Delaware applicable to contracts made and performed wholly within the State of Delaware, without giving effect to the conflict of laws provisions thereof. EACH PARTICIPANT WHO ACCEPTS AN AWARD IRREVOCABLY WAIVES ALL RIGHT TO A TRIAL BY JURY IN ANY SUIT, ACTION, OR OTHER PROCEEDING INSTITUTED BY OR AGAINST SUCH PARTICIPANT IN RESPECT OF THE PARTICIPANT'S RIGHTS OR OBLIGATIONS HEREUNDER

(t) Severability. If any provision of the Plan or any Award or Award Agreement is or becomes or is deemed to be invalid, illegal, or unenforceable in any jurisdiction or as to any Person or Award, or would disqualify the Plan or any Award under any law deemed applicable by the Administrator, such provision shall be construed or deemed amended to conform to the applicable laws, or if it cannot be construed or deemed amended without, in the determination of the Administrator, materially altering the intent of the Plan or the Award, such provision shall be construed or deemed stricken as to such jurisdiction, Person or Award and the remainder of the Plan and any such Award shall remain in full force and effect.

(u) Obligations Binding on Successors. The obligations of the Company under the Plan shall be binding upon any successor corporation or organization resulting from the merger, consolidation or other reorganization of the Company, or upon any successor corporation or organization succeeding to substantially all of the assets and business of the Company.

(v) Section 409A of the Code.

(i) Notwithstanding any provision of the Plan to the contrary, it is intended that the provisions of the Plan will be exempt from or comply with Section 409A of the Code, and all provisions of the Plan shall be construed and interpreted in a manner consistent with the requirements for avoiding taxes or penalties under Section 409A of the Code. Each Participant is solely responsible and liable for the satisfaction of all taxes and penalties that may be imposed on or in respect of such Participant in connection with the Plan (including any taxes and penalties under Section 409A of the Code), and neither the Service Recipient nor any other member of the Company Group shall have any obligation to indemnify or otherwise hold such Participant (or any beneficiary) harmless from any or all of such taxes or penalties. With respect to any Award that is considered "deferred compensation" subject to Section 409A of the Code, references in the Plan to "termination of employment" (and substantially similar phrases) shall mean "separation from service" within the meaning of Section 409A of the Code. For purposes of Section

409A of the Code, each of the payments that may be made in respect of any Award granted under the Plan is designated as separate payments.

(ii) Notwithstanding anything in the Plan to the contrary, if a Participant is a “specified employee” within the meaning of Section 409A(a)(2)(B)(i) of the Code, no payments in respect of any Awards that are “deferred compensation” subject to Section 409A of the Code and which would otherwise be payable upon the Participant’s “separation from service” (as defined in Section 409A of the Code) shall be made to such Participant prior to the date that is six (6) months after the date of such Participant’s “separation from service” or, if earlier, the date of the Participant’s death. Following any applicable six (6) month delay, all such delayed payments will be paid in a single lump sum on the earliest date permitted under Section 409A of the Code that is also a business day.

(iii) Unless otherwise provided by the Administrator in an Award Agreement or otherwise, in the event that the timing of payments in respect of any Award (that would otherwise be considered “deferred compensation” subject to Section 409A of the Code) would be accelerated upon the occurrence of (A) a Change in Control, no such acceleration shall be permitted unless the event giving rise to the Change in Control satisfies the definition of a change in the ownership or effective control of a corporation, or a change in the ownership of a substantial portion of the assets of a corporation pursuant to Section 409A of the Code; or (B) a Disability, no such acceleration shall be permitted unless the Disability also satisfies the definition of “Disability” pursuant to Section 409A of the Code.

(w) Clawback/Repayment. All Awards shall be subject to reduction, cancellation, forfeiture or recoupment to the extent necessary to comply with (i) any clawback, forfeiture or other similar policy adopted by the Board or Committee and as in effect from time to time; and (ii) applicable law. Further, to the extent that the Participant receives any amount in excess of the amount that the Participant should otherwise have received under the terms of the Award for any reason (including, without limitation, by reason of a financial restatement, mistake in calculations or other administrative error), the Participant shall be required to repay any such excess amount to the Company.

(x) Detrimental Activity. Notwithstanding anything to the contrary contained herein, if a Participant has engaged in any Detrimental Activity, as determined by the Administrator, the Administrator may, in its sole discretion, provide for one or more of the following:

- (i) Cancellation of any or all of such Participant’s outstanding Awards; or
- (ii) Forfeiture by the Participant of any gain realized on the vesting or exercise of Awards, and to repay any such gain to promptly to the Company.

(y) Right of Offset. The Company will have the right to offset against its obligation to deliver shares of Common Stock (or other property or cash) under the Plan or any Award Agreement any outstanding amounts (including, without limitation, travel and entertainment or

advance account balances, loans, repayment obligations under any Awards, or amounts repayable to the Company pursuant to tax equalization, housing, automobile or other employee programs) that the Participant then owes to any member of the Company Group and any amounts the Administrator otherwise deems appropriate pursuant to any tax equalization policy or agreement. Notwithstanding the foregoing, if an Award is “deferred compensation” subject to Section 409A of the Code, the Administrator will have no right to offset against its obligation to deliver shares of Common Stock (or other property or cash) under the Plan or any Award Agreement if such offset could subject the Participant to the additional tax imposed under Section 409A of the Code in respect of an outstanding Award.

(z) Expenses: Titles and Headings. The expenses of administering the Plan shall be borne by the Company Group. The titles and headings of the Sections in the Plan are for convenience of reference only, and in the event of any conflict, the text of the Plan, rather than such titles or headings, shall control.

**RESTRICTED STOCK UNIT GRANT NOTICE
UNDER THE
ACUSHNET HOLDINGS CORP.
2015 OMNIBUS INCENTIVE PLAN**

Acushnet Holdings Corp. (the “Company”), pursuant to its 2015 Omnibus Incentive Plan (the “Plan”), hereby grants to the Participant set forth below the number of Restricted Stock Units (“RSUs”) set forth below. The RSUs are subject to all of the terms and conditions as set forth herein, in the Restricted Stock Unit Agreement (attached hereto), and in the Plan, all of which are incorporated herein in their entirety. Capitalized terms not otherwise defined herein shall have the meaning set forth in the Plan.

Participant: [*Insert Participant Name*]

Date of Grant: [*Insert Date of Grant*]

Number of RSUs: [*Insert No. of Restricted Stock Units Granted*]

Vesting Commencement Date: [*Insert Vesting Commencement Date*]

Vesting Schedule: Provided the Participant has not undergone a Termination prior to an applicable vesting date, 1/3 of the RSUs granted hereunder shall vest on each of the first three anniversaries of the Vesting Commencement Date.

Notwithstanding the above, in the event a Termination by the Service Recipient without Cause or by the Participant for Good Reason, in either case, during the 12 month period following a Change in Control, the RSUs, to the extent not then vested, shall fully vest on the date of such Termination.

For purposes of this notice, “Good Reason” shall mean, as to any Participant, unless otherwise provided in any employment agreement between the Participant and the Service Recipient in effect at the time of a Termination, (i) a material reduction by the Service Recipient in such Participant’s base salary or annual target cash bonus opportunity (other than pursuant to an across-the-board reduction applicable to similarly situated Participants) or (ii) the relocation of such Participant’s principal place of business more than fifty (50) miles from its then current location; provided, however, that no Termination shall be considered a Termination with Good Reason hereunder unless, as to any event of Good Reason, the Participant as provided the Service Recipient with thirty (30) days’ written notice of such alleged event of Good Reason, and the Service Recipient has failed to cure such event prior to the expiration of such thirty (30) day notice period.

* * *

THE UNDERSIGNED PARTICIPANT ACKNOWLEDGES RECEIPT OF THIS RESTRICTED STOCK UNIT GRANT NOTICE, THE RESTRICTED STOCK UNIT AGREEMENT AND THE PLAN, AND, AS AN EXPRESS CONDITION TO THE GRANT OF RESTRICTED STOCK UNITS HEREUNDER, AGREES TO BE BOUND BY THE TERMS OF THIS RESTRICTED STOCK UNIT GRANT NOTICE, THE RESTRICTED STOCK UNIT AGREEMENT AND THE PLAN.

ACUSHNET HOLDINGS CORP.

PARTICIPANT

By:
Title:

Name:

**RESTRICTED STOCK UNIT AGREEMENT
UNDER THE
ACUSHNET HOLDINGS CORP.
2015 OMNIBUS INCENTIVE PLAN**

Pursuant to the Restricted Stock Unit Grant Notice (the “Grant Notice”) delivered to the Participant (as defined in the Grant Notice), and subject to the terms of this Restricted Stock Unit Agreement (this “Restricted Stock Unit Agreement”) and the Acushnet Holdings Corp. 2015 Omnibus Incentive Plan (the “Plan”), Acushnet Holdings Corp. (the “Company”) and the Participant agree as follows. The Grant Notice is incorporated into and deemed a part of this Restricted Stock Unit Agreement. Capitalized terms not otherwise defined herein shall have the same meaning as set forth in the Plan.

1. **Grant of Restricted Stock Units**. Subject to the terms and conditions set forth herein and in the Plan, the Company hereby grants to the Participant the number of Restricted Stock Units (“RSUs”) provided in the Grant Notice (with each RSU representing an unfunded, unsecured right to receive one share of Common Stock upon vesting).
 2. **Vesting**. Subject to the conditions contained herein and in the Plan, the RSUs shall vest as provided in the Grant Notice.
 3. **Settlement of Restricted Stock Units**. The provisions of Section 9(d)(ii) of the Plan are incorporated herein by reference and made a part hereof. Payment in settlement of any vested RSU shall be made in Common Stock as soon as practicable following the applicable vesting date but in no event later than 60 days following such date.
 4. **Treatment of Restricted Stock Units Upon Termination**. Except as provided in the Grant Notice, the provisions of Section 9(c)(ii) of the Plan are incorporated herein by reference and made a part hereof.
 5. **Company; Participant**.
 - (a) The term “Company” as used in this Agreement with reference to employment shall include the Company and its subsidiaries.
 - (b) Whenever the word “Participant” is used in any provision of this Agreement under circumstances where the provision should logically be construed to apply to the executors, the administrators, or the person or persons to whom the RSUs may be transferred by will or by the laws of descent and distribution, the word “Participant” shall be deemed to include such person or persons.
 6. **Non-Transferability**. The RSUs are not transferable by the Participant except to Permitted Transferees in accordance with Section 14(b) of the Plan. Except as otherwise provided herein, no assignment or transfer of the RSUs, or of the rights represented thereby, whether voluntary or involuntary, by operation of law or otherwise, shall vest in the assignee or transferee any interest or right herein whatsoever, but immediately upon such assignment or transfer the RSU shall terminate and become of no further effect.
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7. **Rights as Stockholder**. The Participant or a permitted transferee of the RSUs shall have no rights as a stockholder with respect to any share of Common Stock underlying an RSU unless and until the Participant shall have become the holder of record or the beneficial owner of such Common Stock and, subject to Section 10, no adjustment shall be made for dividends or distributions or other rights in respect of such share of Common Stock for which the record date is prior to the date upon which the Participant shall become the holder of record or the beneficial owner thereof. To the extent that the Participant is not already a party to the Stockholders' Agreement, the Committee may require the Participant to execute and become a party to the Stockholders' Agreement as a condition to the issuance of Common Stock in settlement of the RSUs, by executing and delivering to the Company a joinder to the Stockholders' Agreement.

8. **Tax Withholding**. The provisions of Section 14(d)(i) of the Plan are incorporated herein by reference and made a part hereof. Except in the event the Participant consents in writing to satisfaction of any required withholding in a different manner (which may include the delivery of shares of Common Stock (which are not subject to any pledge or other security interest) that have been held by the Participant for at least six (6) months (or such other period as established from time to time by the Committee in order to avoid adverse accounting treatment applying GAAP) having a Fair Market Value equal to such withholding liability), any required withholding will be satisfied by having the Company withhold from the number of shares of Common Stock otherwise issuable or deliverable pursuant to the settlement of the Award a number of shares with a Fair Market Value equal to such withholding liability, provided that the number of such shares may not have a Fair Market Value greater than the minimum required statutory withholding liability unless determined by the Committee not to result in adverse accounting consequences.

9. **Call Right**. During the 60 day period following (a) the first and second anniversary of any Termination and (b) the date the Company becomes aware of Detrimental Activity (each such period, a "Call Period"), the Company shall have the option, in its sole discretion, to exercise a Call Right with respect to up to 100% of the shares of Common Stock issued in settlement of the RSUs granted pursuant to this Restricted Stock Unit Agreement; *provided* that (i) no shares of Common Stock may be subject to a Call Right unless they have been held by the Participant for at least six (6) months (or such other period as established from time to time by the Administrator in order to avoid adverse accounting treatment applying GAAP) and (ii) no Call Right may be exercised or completed upon or following the Company's initial public offering. The Call Right set forth in this Section 9 shall be exercised by the Company providing a written notice to the Participant during a Call Period (such notice, the "Call Notice"), which shall set forth the number of shares of Common Stock to be purchased from the Participant. The purchase price per share of Common Stock shall be the Fair Market Value of a share of Common Stock determined as of the date the Call Notice is provided (the "Call Purchase Price"), *provided, however*, that if the Participant's Termination was for Cause or the Participant has engaged in Detrimental Activity, the Call Purchase Price shall be zero. In connection with the exercise of a Call Right, by accepting the Call Purchase Price, the Participant shall be deemed to represent and warrant that (A) to the Participant's knowledge, the Participant has good and marketable title to the relevant shares of Common Stock to be redeemed, free and clear of all liens, claims and other encumbrances and (B) the Participant has not engaged in any Detrimental Activity. The Participant hereby consents to the taking of any

steps by the Company which the Company deems are necessary or convenient to effect any legal formalities in relation to such redemption. Within sixty (60) days following the last day of the applicable Call Period, subject to satisfaction of the conditions described herein, the Company shall satisfy the Call Notice delivered pursuant to this Section 9 by redeeming each share of Common Stock specified in the applicable Call Notice for an amount equal to the Call Purchase Price. The Call Purchase Price shall be paid by check or by wire transfer of immediately available funds to the Participant; *provided* that any payment to the Participant pursuant to this Section 9 may be subject to reduction and be applied as a setoff against any loans or advances made by the Company to the Participant that are outstanding as of such date.

10. **Dividend Equivalents**. As of any date that the Company pays an ordinary cash dividend on its Common Stock, the Company shall credit the Participant with a dollar amount equal to (a) the per share cash dividend paid by the Company on its Common Stock on such date, multiplied by (ii) the total number of RSUs subject to the Award that are outstanding immediately prior to the record date for that dividend (a “**Dividend Equivalent Right**”). Any Dividend Equivalent Rights credited pursuant to the foregoing provisions of this Section 10 shall be subject to the same vesting, payment and other terms, conditions and restrictions as the original RSUs to which they relate; provided, however, that the Company will decide on the form of payment and may pay dividend equivalents in shares of Common Stock, in cash or in a combination thereof, in each case, without interest. No crediting of Dividend Equivalent Rights shall be made pursuant to this Section 10 with respect to any RSUs which, immediately prior to the record date for that dividend, have either been settled, cancelled or forfeited.

11. **Clawback/Repayment**. All RSUs shall be subject to reduction, cancellation, forfeiture or recoupment to the extent necessary to comply with (1) any clawback, forfeiture or other similar policy adopted by the Board or the Committee and as in effect from time to time, and (2) applicable law. The Committee may also provide that if the Participant receives any amount in excess of the amount that the Participant should have otherwise received under the terms of the RSUs for any reason (including, without limitation, by reason of a financial restatement, mistake in calculations or other administrative error), the Participant shall be required to repay any such excess amount to the Company.

12. **Detrimental Activity**. Notwithstanding anything to the contrary contained in the Plan, the Grant Notice or this Restricted Stock Unit Agreement, if a Participant has engaged or engages in any Detrimental Activity, the Committee may, in its sole discretion, (1) cancel any or all of the RSUs, and (2) the Participant will forfeit any after-tax gain realized on the vesting of such RSUs, and must repay the gain to the Company.

13. **Notice**. Every notice or other communication relating to this Agreement between the Company and the Participant shall be in writing, and shall be mailed to or delivered to the party for whom it is intended at such address as may from time to time be designated by it in a notice mailed or delivered to the other party as herein provided; *provided* that, unless and until some other address be so designated, all notices or communications by the Participant to the Company shall be mailed or delivered to the Company at its principal executive office, to the attention of the Company Secretary, and all notices or communications by the Company to the Participant may be given to the Participant personally or may be mailed to the Participant at the

Participant's last known address, as reflected in the Company's records. Notwithstanding the above, all notices and communications between the Participant and any third-party plan administrator shall be mailed, delivered, transmitted or sent in accordance with the procedures established by such third-party plan administrator and communicated to the Participant from time to time.

14. **No Right to Continued Service.** This Agreement does not confer upon the Participant any right to continue as an employee or service provider to the Company.

15. **Binding Effect.** This Agreement shall be binding upon the heirs, executors, administrators and successors of the parties hereto.

16. **Waiver and Amendments.** Except as otherwise set forth in Section 13 of the Plan, any waiver, alteration, amendment or modification of any of the terms of this Agreement shall be valid only if made in writing and signed by the parties hereto; *provided, however*, that any such waiver, alteration, amendment or modification is consented to on the Company's behalf by the Committee. No waiver by either of the parties hereto of their rights hereunder shall be deemed to constitute a waiver with respect to any subsequent occurrences or transactions hereunder unless such waiver specifically states that it is to be construed as a continuing waiver.

17. **Governing Law.** This Agreement shall be construed and interpreted in accordance with the laws of the State of Delaware, without regard to the principles of conflicts of law thereof. Notwithstanding anything contained in this Restricted Stock Unit Agreement, the Grant Notice or the Plan to the contrary, if any suit or claim is instituted by the Participant or the Company relating to this Restricted Stock Unit Agreement, the Grant Notice or the Plan, the Participant hereby submits to the exclusive jurisdiction of and venue in the courts of Delaware.

18. **Plan.** The terms and provisions of the Plan are incorporated herein by reference. In the event of a conflict or inconsistency between the terms and provisions of the Plan and the provisions of this Agreement, the Plan shall govern and control.

19. **Section 409A.** It is intended that the RSUs granted hereunder shall be exempt from Section 409A of the Code pursuant to the "short-term deferral" rule applicable to such section, as set forth in the regulations or other guidance published by the Internal Revenue Service thereunder.

**PERFORMANCE STOCK UNIT GRANT NOTICE
UNDER THE
ACUSHNET HOLDINGS CORP.
2015 OMNIBUS INCENTIVE PLAN**

Acushnet Holdings Corp. (the "Company"), pursuant to its 2015 Omnibus Incentive Plan (the "Plan"), hereby grants to the Participant set forth below a target number of Performance Stock Units ("PSUs") set forth below. The PSUs are subject to all of the terms and conditions as set forth herein, in the Performance Stock Unit Agreement (attached hereto), and in the Plan, all of which are incorporated herein in their entirety. Capitalized terms not otherwise defined herein shall have the meaning set forth in the Plan.

Participant: [*Insert Participant Name*]

Date of Grant: [*Insert Date of Grant*]

Target Number of PSUs: [*Insert No. of Performance Stock Units Granted*]

Vesting Commencement Date: [*Insert Vesting Commencement Date*]

Vesting Schedule: Provided the Participant has not undergone a Termination prior to December 31, 2018 (the "Vesting Date"), a number of PSUs will vest as of such Vesting Date, based upon the performance metrics and adjustment schedule specified in the terms and conditions in Exhibit A attached hereto (such number of PSUs to be within a range of 0% to 200% of the number of the target number of PSUs awarded herein).

Performance Period: Three-year period comprised of the 2016, 2017 and 2018 fiscal years.

Notwithstanding the above:

(a) In the event of a Termination as a result of a Full Career Retirement on or after the first anniversary of the Vesting Commencement Date (solely to the extent the Participant satisfies the criteria set forth in Section 2(aa)(i) of the Plan), the PSUs shall remain eligible to vest based upon the performance metrics and adjustment schedule specified in the terms and conditions in Exhibit A attached hereto (as if no such Termination had occurred), but with the actual number of PSUs vesting pro-rated to reflect the period of Participant's service with the Company during the applicable Performance Period.

(b) In the event of a Termination by the Service Recipient without Cause or by the Participant for Good Reason, in either case, during the 12 month period following a

Change in Control, the PSUs, to the extent not then vested, shall fully vest on the date of such Termination.

For purposes of this notice, “Good Reason” shall mean, as to any Participant, unless otherwise provided in any employment agreement between the Participant and the Service Recipient in effect at the time of a Termination, (i) a material reduction by the Service Recipient in such Participant’s base salary or annual target cash bonus opportunity (other than pursuant to an across-the-board reduction applicable to similarly situated Participants) or (ii) the relocation of such Participant’s principal place of business more than fifty (50) miles from its then current location; provided, however, that no Termination shall be considered a Termination with Good Reason hereunder unless, as to any event of Good Reason, the Participant as provided the Service Recipient with thirty (30) days’ written notice of such alleged event of Good Reason, and the Service Recipient has failed to cure such event prior to the expiration of such thirty (30) day notice period.

* * *

THE UNDERSIGNED PARTICIPANT ACKNOWLEDGES RECEIPT OF THIS PERFORMANCE STOCK UNIT GRANT NOTICE, THE PERFORMANCE STOCK UNIT AGREEMENT AND THE PLAN, AND, AS AN EXPRESS CONDITION TO THE GRANT OF PERFORMANCE STOCK UNITS HEREUNDER, AGREES TO BE BOUND BY THE TERMS OF THIS PERFORMANCE STOCK UNIT GRANT NOTICE, THE PERFORMANCE STOCK UNIT AGREEMENT AND THE PLAN.

ACUSHNET HOLDINGS CORP.

PARTICIPANT

By:
Title:

Name:

**PERFORMANCE STOCK UNIT AGREEMENT
UNDER THE
ACUSHNET HOLDINGS CORP.
2015 OMNIBUS INCENTIVE PLAN**

Pursuant to the Performance Stock Unit Grant Notice (the “Grant Notice”) delivered to the Participant (as defined in the Grant Notice), and subject to the terms of this Performance Stock Unit Agreement (this “Performance Stock Unit Agreement”) and the Acushnet Holdings Corp. 2015 Omnibus Incentive Plan (the “Plan”), Acushnet Holdings Corp. (the “Company”) and the Participant agree as follows. The Grant Notice is incorporated into and deemed a part of this Performance Stock Unit Agreement. Capitalized terms not otherwise defined herein shall have the same meaning as set forth in the Plan.

1. **Grant of Performance Stock Units.** Subject to the terms and conditions set forth herein and in the Plan, the Company hereby grants to the Participant a target number of Performance Stock Units (“PSUs”) provided in the Grant Notice (with each PSU representing an unfunded, unsecured right to receive one share of Common Stock upon vesting).

2. **Vesting.** Subject to the conditions contained herein and in the Plan, the PSUs shall vest as provided in the Grant Notice.

3. **Settlement of Performance Stock Units.** The provisions of Section 9(d)(ii) of the Plan are incorporated herein by reference and made a part hereof. Payment in settlement of any vested PSU shall be made in Common Stock as soon as practicable following completion of the Performance Period and no later than the 2 ½ month anniversary of the last day of the Performance Period; *provided* that in the event the PSUs vest in connection with a Termination by the Service Recipient without Cause or by the Participant for Good Reason during the 12 month period following a Change in Control, payment in settlement of any vested PSU shall be made as soon as practicable following the Termination but in no event later than 60 days following such Termination.

4. **Treatment of Performance Stock Units Upon Termination.** Except as provided in the Grant Notice, in the event of a Participant’s Termination for any reason prior to the Vesting Date, all vesting with respect to PSUs shall cease and the PSUs shall be forfeited to the Company for no consideration as of the date of such Termination.

5. **Company; Participant.**

(a) The term “Company” as used in this Agreement with reference to employment shall include the Company and its subsidiaries.

(b) Whenever the word “Participant” is used in any provision of this Agreement under circumstances where the provision should logically be construed to apply to the executors, the administrators, or the person or persons to whom the PSUs may be transferred by will or by the laws of descent and distribution, the word “Participant” shall be deemed to include such person or persons.

6. **Non-Transferability**. The PSUs are not transferable by the Participant except to Permitted Transferees in accordance with Section 14(b) of the Plan. Except as otherwise provided herein, no assignment or transfer of the PSUs, or of the rights represented thereby, whether voluntary or involuntary, by operation of law or otherwise, shall vest in the assignee or transferee any interest or right herein whatsoever, but immediately upon such assignment or transfer the PSU shall terminate and become of no further effect.

7. **Rights as Stockholder**. The Participant or a permitted transferee of the PSUs shall have no rights as a stockholder with respect to any share of Common Stock underlying a PSU unless and until the Participant shall have become the holder of record or the beneficial owner of such Common Stock and, subject to Section 10, no adjustment shall be made for dividends or distributions or other rights in respect of such share of Common Stock for which the record date is prior to the date upon which the Participant shall become the holder of record or the beneficial owner thereof. To the extent that the Participant is not already a party to the Stockholders' Agreement, the Committee may require the Participant to execute and become a party to the Stockholders' Agreement as a condition to the issuance of Common Stock in settlement of the PSUs, by executing and delivering to the Company a joinder to the Stockholders' Agreement.

8. **Tax Withholding**. The provisions of Section 14(d)(i) of the Plan are incorporated herein by reference and made a part hereof. Except in the event the Participant consents in writing to satisfaction of any required withholding in a different manner (which may include the delivery of shares of Common Stock (which are not subject to any pledge or other security interest) that have been held by the Participant for at least six (6) months (or such other period as established from time to time by the Committee in order to avoid adverse accounting treatment applying GAAP) having a Fair Market Value equal to such withholding liability), any required withholding will be satisfied by having the Company withhold from the number of shares of Common Stock otherwise issuable or deliverable pursuant to the settlement of the Award a number of shares with a Fair Market Value equal to such withholding liability, provided that the number of such shares may not have a Fair Market Value greater than the minimum required statutory withholding liability unless determined by the Committee not to result in adverse accounting consequences.

9. **Call Right**. During the 60 day period following (a) the first and second anniversary of any Termination and, if later, the first anniversary of the issuance of Common Stock under Section 3 of this Performance Stock Unit Agreement and (b) the date the Company becomes aware of Detrimental Activity (each such period, a "Call Period"), the Company shall have the option, in its sole discretion, to exercise a Call Right with respect to up to 100% of the shares of Common Stock issued in settlement of the PSUs granted pursuant to this Performance Stock Unit Agreement; *provided* that (i) no shares of Common Stock may be subject to a Call Right unless they have been held by the Participant for at least six (6) months (or such other period as established from time to time by the Administrator in order to avoid adverse accounting treatment applying GAAP) and (ii) no Call Right may be exercised or completed upon or following the Company's initial public offering. The Call Right set forth in this Section 9 shall be exercised by the Company providing a written notice to the Participant during a Call Period (such notice, the "Call Notice"), which shall set forth the number of shares of Common Stock to be purchased from the Participant. The purchase price per share of Common Stock

shall be the Fair Market Value of a share of Common Stock determined as of the date the Call Notice is provided (the “Call Purchase Price”), *provided, however*, that if the Participant’s Termination was for Cause or the Participant has engaged in Detrimental Activity, the Call Purchase Price shall be zero. In connection with the exercise of a Call Right, by accepting the Call Purchase Price, the Participant shall be deemed to represent and warrant that (A) to the Participant’s knowledge, the Participant has good and marketable title to the relevant shares of Common Stock to be redeemed, free and clear of all liens, claims and other encumbrances and (B) the Participant has not engaged in any Detrimental Activity. The Participant hereby consents to the taking of any steps by the Company which the Company deems are necessary or convenient to effect any legal formalities in relation to such redemption. Within sixty (60) days following the last day of the applicable Call Period, subject to satisfaction of the conditions described herein, the Company shall satisfy the Call Notice delivered pursuant to this Section 9 by redeeming each share of Common Stock specified in the applicable Call Notice for an amount equal to the Call Purchase Price. The Call Purchase Price shall be paid by check or by wire transfer of immediately available funds to the Participant; *provided* that any payment to the Participant pursuant to this Section 9 may be subject to reduction and be applied as a setoff against any loans or advances made by the Company to the Participant that are outstanding as of such date.

10. **Dividend Equivalents**. As of any date that the Company pays an ordinary cash dividend on its Common Stock, the Company shall credit the Participant with a dollar amount equal to (a) the per share cash dividend paid by the Company on its Common Stock on such date, multiplied by (ii) the total number of PSUs subject to the Award that are outstanding immediately prior to the record date for that dividend (a “Dividend Equivalent Right”). Any Dividend Equivalent Rights credited pursuant to the foregoing provisions of this Section 10 shall be subject to the same vesting, payment and other terms, conditions and restrictions as the original PSUs to which they relate (and taking into account the performance metrics and adjustment schedule specified in the terms and conditions in Exhibit A); *provided, however*, that the Company will decide on the form of payment and may pay dividend equivalents in shares of Common Stock, in cash or in a combination thereof, in each case, without interest. No crediting of Dividend Equivalent Rights shall be made pursuant to this Section 10 with respect to any PSUs which, immediately prior to the record date for that dividend, have either been settled, cancelled or forfeited.

11. **Clawback/Repayment**. All PSUs shall be subject to reduction, cancellation, forfeiture or recoupment to the extent necessary to comply with (1) any clawback, forfeiture or other similar policy adopted by the Board or the Committee and as in effect from time to time, and (2) applicable law. The Committee may also provide that if the Participant receives any amount in excess of the amount that the Participant should have otherwise received under the terms of the PSUs for any reason (including, without limitation, by reason of a financial restatement, mistake in calculations or other administrative error), the Participant shall be required to repay any such excess amount to the Company.

12. **Detrimental Activity**. Notwithstanding anything to the contrary contained in the Plan, the Grant Notice or this Performance Stock Unit Agreement, if a Participant has engaged or engages in any Detrimental Activity, the Committee may, in its sole

discretion, (1) cancel any or all of the PSUs, and (2) the Participant will forfeit any after-tax gain realized on the vesting of such PSUs, and must repay the gain to the Company.

13. **Notice.** Every notice or other communication relating to this Agreement between the Company and the Participant shall be in writing, and shall be mailed to or delivered to the party for whom it is intended at such address as may from time to time be designated by it in a notice mailed or delivered to the other party as herein provided; *provided* that, unless and until some other address be so designated, all notices or communications by the Participant to the Company shall be mailed or delivered to the Company at its principal executive office, to the attention of the Company Secretary, and all notices or communications by the Company to the Participant may be given to the Participant personally or may be mailed to the Participant at the Participant's last known address, as reflected in the Company's records. Notwithstanding the above, all notices and communications between the Participant and any third-party plan administrator shall be mailed, delivered, transmitted or sent in accordance with the procedures established by such third-party plan administrator and communicated to the Participant from time to time.

14. **No Right to Continued Service.** This Agreement does not confer upon the Participant any right to continue as an employee or service provider to the Company.

15. **Binding Effect.** This Agreement shall be binding upon the heirs, executors, administrators and successors of the parties hereto.

16. **Waiver and Amendments.** Except as otherwise set forth in Section 13 of the Plan, any waiver, alteration, amendment or modification of any of the terms of this Agreement shall be valid only if made in writing and signed by the parties hereto; *provided, however*, that any such waiver, alteration, amendment or modification is consented to on the Company's behalf by the Committee. No waiver by either of the parties hereto of their rights hereunder shall be deemed to constitute a waiver with respect to any subsequent occurrences or transactions hereunder unless such waiver specifically states that it is to be construed as a continuing waiver.

17. **Governing Law.** This Agreement shall be construed and interpreted in accordance with the laws of the State of Delaware, without regard to the principles of conflicts of law thereof. Notwithstanding anything contained in this Performance Stock Unit Agreement, the Grant Notice or the Plan to the contrary, if any suit or claim is instituted by the Participant or the Company relating to this Performance Stock Unit Agreement, the Grant Notice or the Plan, the Participant hereby submits to the exclusive jurisdiction of and venue in the courts of Delaware.

18. **Plan.** The terms and provisions of the Plan are incorporated herein by reference. In the event of a conflict or inconsistency between the terms and provisions of the Plan and the provisions of this Agreement, the Plan shall govern and control.

19. **Section 409A.** It is intended that the PSUs granted hereunder either comply with Section 409A of the Code or are exempt from Section 409A of the Code pursuant to the "short-term deferral" rule applicable to such section, as set forth in the regulations or other guidance published by the Internal Revenue Service thereunder.

EXHIBIT A

[INSERT PERFORMANCE METRICS/ADJUSTMENT SCHEDULE]

ACUSHNET EXECUTIVE SEVERANCE PLAN
(As Amended and Restated Effective April 29, 2016)

The Acushnet Executive Severance Plan (the “Plan”) is intended to provide severance benefits to certain executive employees of Acushnet Company (together with its direct parent and direct and indirect subsidiaries, the “Company”). This Plan supersedes any other severance plan maintained by the Company for executive employees described in the “Eligibility” Section below.

Eligibility

All domestic (U.S.) full-time salaried employees of the Company in a salary grade 9 or above who are terminated under the circumstances described in paragraphs A or B below are covered by the Plan and eligible for severance benefits. Notwithstanding the foregoing, any executive employee that has an individual severance or change in control agreement with the Company will not be eligible for benefits under this Plan.

- A. Involuntary separation from employment by the Company for any reason other than resignation, retirement, death, disability, or cause; provided the employee remains employed until the date designated by the Company as his or her termination date. The term “cause” includes but is not limited to misconduct, negligence, dishonesty, criminal act, excessive absenteeism, and willful failure to perform job responsibilities and other conduct determined under the Company’s Code of Conduct or other policies to be “cause”. The term “retirement” means voluntary termination of employment on or after age 55 and completion of at least 10 years of service. The term “disability” means the employee is considered disabled for purposes of the Company’s long-term disability plan.
- B. Voluntary separation from employment if an employee’s job location has been relocated more than 35 miles from the employee’s former job location; provided that, not later than 30 days after the notification of relocation of the employee’s job, the employee shall provide notice to the Senior Vice President, Human Resources of the Company of the conditions described in this paragraph B and his or her intent to separate from service; upon receipt of such notice, the Company shall have 80 days during which it may remedy such conditions; and in the event of the Company’s failure to do so, the employee separates from service within the 90 day period following the relocation of his or her job.

An employee is not eligible for severance pay if (i) the employee is offered a comparable position (as reasonably determined by the Company) with the Company, an affiliate of the Company, or a successor employer as a result of a reorganization of the Company or the sale of stock or assets of the Company, and (ii) such position is located within a 35 mile radius of the employee’s former job location. In addition, if an employee is offered and accepts another position with the Company or any affiliate of the Company prior to commencement of severance pay benefits, no severance pay will be provided. If an employee accepts a position with the Company or any affiliate of the Company after severance pay begins, no further severance pay benefits will be provided under the Plan upon assumption of the new position.

Amount of Severance Pay — General

The amount of severance pay provided for terminations described in paragraphs A and B above (other than such terminations that occur within 18 months following a Change of Control) will be calculated using the following schedule:

Salary Grade	Amount of Severance
14 and above	18 months of base salary plus one year of bonus
9-13	12 months of base salary plus one year of bonus

For purposes of the above schedule, “base salary” shall be determined as of the date of the employee’s termination of employment and “bonus” shall be based on target bonus for the year of the employee’s termination (to the extent permitted by Section 409A of the Internal Revenue Code, bonus paid as part of severance benefits will be offset by any bonus amount actually paid under the terms of the Company’s annual bonus plan for the year of termination, if any, but not below zero).

Amount of Severance Pay — Change of Control

If any employee’s employment is terminated within 18 months following a Change of Control of the Company, the *Amount of Severance Pay — General* section regarding severance pay (above) will not apply and severance pay will be determined under this *Amount of Severance Pay — Change of Control* section. After such 18-month period, this section will not apply. “Change of Control” means a Change of Control as defined in Appendix A to the Plan.

- A. Payment of severance pay under this Section will be provided if employment terminates under the conditions described in paragraphs A or B under Eligibility above and the employee’s termination occurs within 18 months following a Change of Control.
 - B. Payment of severance pay under this Section also will be provided upon voluntary separation from service if, within 18 months following the Change of Control, there is (i) a material negative change in the employee’s compensation or (ii) a material diminution in the employee’s duties, authority or responsibilities as in effect at the time of the Change of Control, and as determined under Treasury Regulation Section 1.409A-1(n)(2)(ii)(A)(3); provided that, no later than 90 days after such material negative change or material diminution, as applicable, the employee provides notice to the Company of the conditions described in this paragraph B and his or her intent to separate from service; upon receipt of such notice, the Company shall have 30 days during which the Company may remedy such conditions; and in the event of the Company’s failure to do so, the employee separates from service within the 90-day period following the occurrence of the material negative change or material diminution, as applicable (or by the end of the 30(-)day remedy period, if later).
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C. The amount of severance pay provided for terminations following a Change of Control will be calculated using the following schedule:

<u>Salary Grade</u>	<u>Amount of Severance</u>
14 and above	24 months of base salary plus one year of bonus
9-13	18 months of base salary plus one year of bonus

For purposes of the above schedule, “base salary” shall be determined as of the date of the employee’s termination of employment and “bonus” shall be based on the greater of (i) target bonus for the year of the employee’s termination, or (ii) the bonus that would be paid using the Company’s most recent financial performance outlook report that is available as of the employee’s termination date. To the extent permitted by Section 409A of the Internal Revenue Code, bonus paid as part of severance benefits will be offset by any bonus amount actually paid under the terms of the Company’s annual bonus plan for the year of termination, if any, but not below zero.

Payment of Severance

Upon separation from employment, an employee shall be transferred from active to terminated employee status. Eligible separated employees will receive payment of severance in regular pay intervals through the entire severance period. No severance shall be paid under this Plan unless an employee first executes and does not revoke a waiver and release of claims as described below under *Employee Waiver and Release* within 60 days following the date of termination. The severance payments shall be paid or commence on the first payroll period following the date the waiver and release of claims becomes effective (the “Payment Date”). Notwithstanding the foregoing, if the 60th day following the date of termination occurs in the calendar year following the termination, then the Payment Date shall be no earlier than January 1 of such subsequent calendar year. Each severance payment is intended to comply with or be exempt from the requirements of Section 409A of the Internal Revenue Code and, for this purpose, each severance payment hereunder shall be considered a separate payment. Notwithstanding the foregoing, payment of severance for “specified employees” (as described in Appendix B) will be determined in accordance with the requirements of Section 409A of the Internal Revenue Code. The payment procedure for specified employees is described in Appendix B.

Payment is subject to normal payroll taxes and required withholding, and deductions for applicable medical, dental and flexible spending account coverage, and may be reduced by any amounts the employee owes the Company, subject to state laws and in compliance with Section 409A of the Internal Revenue Code. If an employee dies after signing a separation letter along with a waiver and release of claims, but before receipt of severance pay, any remaining payments will be made in a lump sum to the employee’s estate within 90 days of the employee’s death.

If, following the employee’s termination of employment, the Company discovers information that, in the Company’s reasonable judgment, would have provided a basis for termination of the employee for cause (as defined in the “Eligibility” Section above), then the Company will have

no further obligations to make payments under the Plan. In such event, the Company will have the right to recover all amounts previously paid under the Plan, as well as attorneys' fees incurred in connection with such recovery.

Benefit Coverage

Medical, dental, employee life insurance, and healthcare flexible spending account coverage will cease on the last day of employment. Medical, dental and healthcare flexible spending account coverage may then be continued pursuant to the Consolidated Omnibus Budget Reconciliation Act of 1985 ("COBRA") for the severance period on the same terms and conditions and at the same contribution rates that apply to employees except to the extent that state or federal law requires a lower or other contribution amount. For severance periods in excess of 18 months, coverage may be continued for the remainder of the severance period on the same terms and conditions and at the same contribution rates that apply to employees. If COBRA coverage is available after the severance period, such coverage will be at the standard coverage rates. Severance payments will not be considered as pensionable earnings, and the period of time that severance payments are made will not count toward credited service and vesting service under the Company's pension plans. Payments under the Plan are not eligible for contributions to the Company's 401(k)/profit sharing plans. All other employee benefit plans terminate on the separated employee's last day of work.

Notwithstanding anything to the contrary in the foregoing, the Company shall not be required to provide such benefits, may require employee to pay an amount greater than active employee rates, or may impute tax to the employee on the value of Company-provided coverage, if the Company reasonably determines that the Company or such welfare plan could be subjected to any excise tax or penalty for failure to comply with any law applicable to group health plans.

If during a period of severance a former employee accepts employment with a new employer, any health benefits provided under the Company's plans will be discontinued when the former employee commences qualifying coverage under the new employer's plans. A former employee must notify the Human Resources Department in writing when he or she obtains coverage under a new employer's plans.

Vacation

Employees will receive pay for all unused and accrued vacation for the year of termination as a part of their final regular pay. Payment will be made in conformance with prevailing state laws.

Other Company Payments

Notwithstanding any provision of this Plan to the contrary and to the extent permitted under Section 409A of the Internal Revenue Code, the severance pay under this Plan shall be reduced by the severance benefits then payable to an employee under any other agreement, understanding, plan, policy, program or arrangement of the Company or a subsidiary or affiliate of the Company.

Employee Waiver and Release

An employee will forfeit all severance payments under this Plan if the employee fails to timely sign a separation letter along with a waiver and release of claims in the form proposed by the Company or if such waiver and release of claims is revoked within the applicable revocation period. Employees will be required to agree to terms concerning non-solicitation. Such terms will include, without limitation, that for a period of twelve (12) months after separation from employment, an employee will not, personally or on behalf of another party, whether directly or indirectly solicit for employment any person employed by the Company in a salaried position during the year before separation from employment.

Administration

This Plan is administered by Acushnet Company (the "Plan Administrator"). The Plan Administrator may designate persons to carry out its responsibilities under this Plan. The Plan Administrator reserves absolute discretionary authority to determine all matters arising in connection with the administration, interpretation and application of this Severance Plan, including all questions of coverage, facts, eligibility and methods of providing and arranging for any benefits. Benefits will be paid under this Plan only if the Plan Administrator decides in its discretion that an individual is entitled to them.

Amendment and Termination

The statements contained in this Plan are not intended to create nor are they to be construed to constitute conditions of employment or a contract of employment between the Company and any employee. The Company reserves the right to modify, suspend or terminate the Plan or the benefits provided at any time without prior notice to employees; provided, however, (i) no such amendment may adversely affect the rights of any employee who is then receiving benefits under the Plan and (ii) solely with respect to the provisions under "Amount of Severance Pay - Change of Control", no amendment of such provisions will be effective until 27 months following the date a notice of such amendment is provided to employees of the Company.

Benefit Claim Process

The Company will notify eligible employees of any amounts of severance benefits payable under this Plan. If an employee does not receive severance pay benefits within 60 days of his or her date of termination, he or she may assume that the Plan Administrator has determined that such employee is not eligible for severance pay benefits. If any employee believes that he or she has been denied severance pay benefits to which he or she may be entitled, the employee or his or her representative should submit a written claim for severance pay benefits to Acushnet Company, Human Resources Department, 333 Bridge Street, Fairhaven, MA 02719-0965.

The Plan Administrator will notify the employee of any claim for severance pay that is denied, in whole or in part, within 90 days of the date the claim is received (unless special circumstances required additional time for processing the claim). The notice will contain:

- the specific reason(s) why the claim was denied;
 - the specific Plan provision(s) on which the denial was based;
-

- a description of additional information required by the Company in order to approve the claim and the reasons why such information is needed; and
- the procedure for review of the denial.

Benefit Claim Appeal Process

If a claim is denied, the employee and/or his or her authorized representative may file a written appeal with the Senior Vice President Human Resources, Acushnet Company, 333 Bridge Street, Fairhaven, MA 02719-0965 within 60 days of the date the notice of denial is received. The employee and/or his or her authorized representative may review Plan documents and other documents that affect the claim. The request for a review should state the reason(s) why the employee feels the claim was improperly denied. Additional data, questions or comments should also be submitted.

The Senior Vice President Human Resources has the full discretion of the Plan Administrator in deciding claims for benefits. A decision will be rendered on the appeal within 60 days after receipt of a request for review unless special circumstances require an extension of time for review, in which case the time limit will not be later than 120 days after receipt. The decision will be in writing, will include the specific reasons for the decision and specific references to the pertinent Plan provisions on which the decision is based, will include a statement that the employee is entitled to receive upon request and free of charge reasonable access to and copies of all documents, records and other information relevant to the employee's claim for benefits, as well as a statement of the employee's right to bring an action under Section 502(a) of ERISA. If an employee does not receive the appeal decision by the date it is due, the employee may deem his or her appeal to have been denied.

The Plan Administrator will adopt procedures by which initial claims will be considered and appeals will be resolved; different procedures may be established for different claims. All procedures will be designed to afford an employee full and fair consideration of his or her claim.

OTHER TERMS

No Vesting

Neither the use of service time in calculating severance nor any other provision of this Plan shall be construed as giving rise to or granting any vested right to receive severance benefits.

Merger/Acquisition

For purposes of this Plan, in no event does a merger or acquisition of Acushnet Holdings Corp. or its subsidiaries by or with another company constitute termination of employment when employment continues with the merged or acquiring company.

GENERAL INFORMATION

Plan Sponsor and Plan Administrator:

Acushnet Company
333 Bridge Street
Fairhaven, MA 02719-0965

Type of Plan: Severance Pay Employee Welfare Benefit Plan

Funding

Severance pay provided under this Plan is payable solely from the general assets of the Company.

Employer Identification Number: 04-2691836

Plan Number: 567

Plan Year: January 1 through December 31

Agent for Service of Legal Process: Acushnet Company
333 Bridge Street
Fairhaven, MA 02719-0965

YOUR RIGHTS UNDER ERISA

As a participant in the Plan, you are entitled to certain rights and protections under the Employee Retirement Income Security Act of 1974 (ERISA). ERISA provides that all Plan participants shall be entitled to:

- Examine, free of charge, in the Plan Administrator's office or at other specified locations, all official documents related to the Plan such as documents filed by the Plan with the U.S. Department of Labor, such as annual reports and Plan descriptions.
- Obtain, upon written request to the Plan Administrator, copies of documents governing the operation of the Plan and updated summary plan description. The Plan Administrator may make a reasonable charge for the copies.
- Obtain upon written request to the Plan Administrator information as to whether a particular employer or employer organization is a sponsor of the Plan and the address of any employer or employer organization that is a plan sponsor. Your beneficiaries also have a right to obtain this information upon written request to the Plan Administrator.
- Receive a written explanation of why a claim for benefits has been denied, in whole or in part, and a review and reconsideration of the claim.
- Continue health care coverage for yourself, spouse or dependent if there is a loss of coverage as a result of a qualifying event. You or your dependents may have to pay for such coverage. Review this Plan and summary plan description on the rules governing your COBRA continuation coverage rights.

In addition to creating rights for Plan participants, ERISA imposes duties upon the people who are responsible for the operation of the Plan. These people, called the "fiduciaries" of the Plan, have a duty to handle their responsibilities prudently and in the best interests of you, the other

Plan participants, and your beneficiaries. No one, including the Company or any other person, may fire you or otherwise discriminate against you in any way to prevent you from obtaining a welfare benefit or exercising your right under ERISA. However, this rule neither guarantees continued employment, nor affects the Company's right to terminate your employment for other reasons.

Enforce Your Rights

If your claim for severance benefits is denied or ignored, in whole or in part, you have a right to know why this was done, to obtain copies of documents relating to the decision without charge, and to appeal any denial, all within certain time schedules.

Under ERISA, there are steps you can take to enforce the above rights. For instance, if you request a copy of plan documents or the latest annual report from the Plan and do not receive them within 30 days, you may file suit in a Federal court. In such a case, the court may require the Plan Administrator to provide the materials and pay you up to \$110 a day until you receive the materials, unless the materials were not sent because of reasons beyond the control of the Administrator. If you have a claim for benefits which is denied or ignored, in whole or in part, you may file suit in a state or Federal court. If you are discriminated against for asserting your rights, you may seek assistance from the U.S. Department of Labor, or you may file suit in a Federal court. The court will decide who should pay court costs and legal fees. If you are successful the court may order the person you have sued to pay these costs and fees. If you lose, the court may order you to pay these costs and fees, for example, if it finds your claim is frivolous.

Assistance with Your Questions

If you have any questions about your Plan, you should contact the Plan Administrator. If you have any questions about this statement or about your rights under ERISA, or if you need assistance in obtaining documents from the Plan Administrator, you should contact the nearest office of the Employee Benefits Security Administration, U.S. Department of Labor, listed in your telephone directory or the Division of Technical Assistance and Inquiries, Employee Benefits Security Administration, U.S. Department of Labor, 200 Constitution Avenue, NW, Washington, DC 20210. You may also obtain certain publications about your rights and responsibilities under ERISA by calling the publications hotline of the Employee Benefits Security Administration.

APPENDIX A

“ **Change in Control** ” means:

(i) the acquisition (whether by purchase, merger, consolidation, combination or other similar transaction) by any Person of beneficial ownership (within the meaning of Rule 13d-3 promulgated under the Securities Exchange Act of 1934, as amended, and any successor thereto (the “Exchange Act”)) of more than 50% (on a fully diluted basis) of either (A) the then outstanding shares of Common Stock, taking into account as outstanding for this purpose such Common Stock issuable upon the exercise of options or warrants, the conversion of convertible stock or debt, and the exercise of any similar right to acquire such Common Stock; or (B) the combined voting power of the then outstanding voting securities of Acushnet Holdings Corp., a Delaware corporation (including any successor thereto, “Acushnet Holdings”) entitled to vote generally in the election of directors; *provided, however* , that for purposes of this Plan, the following acquisitions shall not constitute a Change in Control: (I) any acquisition by Acushnet Holdings or any of its Subsidiaries; (II) any acquisition by any employee benefit plan sponsored or maintained by Acushnet Holdings or any of its Subsidiaries; (III) any acquisition following which the Investor Group, in the aggregate, hold, directly or indirectly, 50% or more of either (A) the then outstanding shares of Common Stock, taking into account as outstanding for this purpose such Common Stock issuable upon the exercise of options or warrants, the conversion of convertible stock or debt, and the exercise of any similar right to acquire such Common Stock; or (B) the combined voting power of the then outstanding voting securities of Acushnet Holdings entitled to vote generally in the election of directors; or (IV) the Conversion Event;

(ii) following Acushnet Holdings' initial public offering, during any period of twelve (12) months, individuals who, at the beginning of such period, constitute the Board of Directors of Acushnet Holdings (the “Board” and such directors, the “Incumbent Directors”) cease for any reason to constitute at least a majority of the Board, *provided* that any person becoming a director subsequent to the date hereof, whose election or nomination for election was approved by a vote of at least two-thirds of the Incumbent Directors then on the Board (either by a specific vote or by approval of the proxy statement of the Company in which such person is named as a nominee for director, without written objection to such nomination) shall be an Incumbent Director; *provided, however* , that no individual initially elected or nominated as a director of the Company as a result of an actual or threatened election contest, as such terms are used in Rule 14a-12 of Regulation 14A promulgated under the Exchange Act, with respect to directors or as a result of any other actual or threatened solicitation of proxies or consents by or on behalf of any person other than the Board shall be deemed to be an Incumbent Director; or

(iii) the sale, transfer or other disposition of all or substantially all of the assets of the Company Group (taken as a whole) to any Person that is not an Affiliate of the Company.

Capitalized terms used in this Appendix A shall have the following meanings:

“ **Affiliate** ” means any Person that directly or indirectly controls, is controlled by or is under common control with Acushnet Holdings. The term “control” (including, with correlative meaning, the terms “controlled by” and “under common control with”), as applied to any Person, means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such Person, whether through the ownership of voting or other securities, by contract or otherwise.

“ **Common Stock** ” means the common stock Acushnet Holdings, par value \$0.001 per share (and any stock or other securities into which such Common Stock may be converted or into which it may be exchanged).

“ **Company Group** ” means, collectively, Acushnet Holdings and its Subsidiaries.

“ **Conversion Event** ” means the conversion of the Acushnet Holdings’ redeemable convertible preferred stock, 7.5% convertible bonds and/or 7.5% bonds with warrants, issued on July 29, 2011 and January 20, 2012 in connection with the acquisition of the Acushnet Company and its Subsidiaries or any dividends paid in connection therewith.

“ **Investor Group** ” means, collectively, FILA Korea Ltd. and any Person controlled by or under common control with FILA Korea Ltd.

“ **Person** ” means any individual, entity or group (within the meaning of Section 13(d)(3) or 14(d)(2) of the Exchange Act).

“ **Subsidiary** ” means, with respect to any specified Person:

(i) any corporation, association or other business entity of which more than 50% of the total voting power of shares of such entity’s voting securities (without regard to the occurrence of any contingency and after giving effect to any voting agreement or stockholders’ agreement that effectively transfers voting power) is at the time owned or controlled, directly or indirectly, by that Person or one or more of the other Subsidiaries of that Person (or a combination thereof); and

(ii) any partnership (or any comparable foreign entity) (A) the sole general partner (or functional equivalent thereof) or the managing general partner of which is such Person or Subsidiary of such Person or (B) the only general partners (or functional equivalents thereof) of which are that Person or one or more Subsidiaries of that Person (or any combination thereof)

APPENDIX B

“Specified employees” shall be determined in accordance with the *Procedures for Determining Specified Employees under Code Section 409A*, as adopted, and as amended from time to time, by Acushnet Holdings Corp. or a person or committee authorized by the Board of Directors of Acushnet Holdings Corp. for this purpose. For “specified employees”, the following rules shall apply:

- A. To the extent an employee’s severance benefit otherwise payable in the first six months following the employee’s separation from service is equal to or less than the lesser of the amounts described in Treasury Regulations Sections 1.409A-1(b)(9)(iii)(A)(1) and (2), qualifies under the short-term deferral exception to Section 409A, or otherwise does not constitute “nonqualified deferred compensation” subject to Section 409A, such severance benefit shall be paid in regular pay intervals through the entire severance period.
 - B. Any portion of the employee’s severance benefit that constitutes “nonqualified deferred compensation” subject to Section 409A shall be delayed until the first payroll date of the 7th month following the employee’s separation date. Any delayed payments shall then be paid in a lump sum without interest. Thereafter, the remainder of an employee’s severance benefit shall be payable in installments according to the normal payroll schedule of the Company.
 - C. Each severance payment hereunder shall be considered a separate payment in accordance with Section 409A of the Internal Revenue Code.
 - D. A termination of employment shall not be deemed to have occurred for purposes of any provision of this Plan providing for the payment of any amounts or benefits that constitute “nonqualified deferred compensation” under Section 409A upon or following a termination of employment unless such termination is also a “separation from service” within the meaning of Section 409A, and, for purposes of any such provision of this Agreement, references to a “termination,” “termination of employment,” “date of termination” or like terms shall mean or refer to “separation from service.”
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ACUSHNET COMPANY SUPPLEMENTAL RETIREMENT PLAN

(As Amended and Restated Effective as of December 31, 2015)

Purpose

The Acushnet Company Supplemental Retirement Plan (the “Plan”) is an unfunded excess benefit plan maintained by Acushnet Company (herein referred to as the “Company”) for the purpose of providing deferred compensation for a select group of management or highly compensated employees as referred to in Sections 201(a)(2), 301(a)(3) and 401(a)(1) of ERISA, to induce employees of outstanding ability to join or continue in the employ of the Company and to increase their efforts for its welfare by providing them with retirement benefits to supplement the benefits payable under the Acushnet Company Pension Plan (the “Pension Plan”). The Plan is amended and restated, effective as of December 31, 2015.

The provisions of the Plan as set forth herein shall apply to eligible employees in the employ of the Company on and after December 31, 2015. On and after such date, employees who do not meet the 50/70 Rule no longer earn additional Plan benefits. The Plan benefits for any employee whose employment with the Company terminated shall, except as otherwise specifically provided in the Plan, be governed in all respects by the terms of the Plan in effect as of the date of the employee’s termination of employment.

Section 409A of the Code shall apply to all Plan benefits payable to or on behalf of eligible employees, including benefits earned and vested prior to January 1, 2005. The rights of an employee who terminated employment with the Company or terminated Affiliated Employment before 2005 shall be determined under the terms of the Plan as in effect on the date of the employee’s termination of employment and shall not be subject to Section 409A of the Code.

Definitions

As used in this Plan, the following words shall have the following meanings:

“Actuarial Equivalent” or “Actuarially Equivalent” shall be determined using the actuarial assumptions applied under the Pension Plan when calculating lump sum benefits.

“Affiliated Employment” means employment by a corporation which, at the time of such employment, is or was an affiliate of the Company, or thereafter becomes or became an affiliate of the Company. An affiliate means any corporation or other business entity which is included in a controlled group of corporations within which the Company is also included, as provided in Section 414(b) of the Code (as modified by Section 415(h) of the Code), or which is a trade or business under common control with the Company, as provided in Section 414(c) of the Code (as modified by Section 415(h) of the Code), or which constitutes a member of an affiliated service group within which the Company is also included, as provided

in Section 414(m) of the Code, or which is required to be aggregated with the Company pursuant to regulations issued under Section 414(o) of the Code.

“Affiliated Plan” means a tax-qualified defined benefit pension plan by which an employee of the Company had been covered during Affiliated Employment.

“Code” means the Internal Revenue Code of 1986, as amended.

“Committee” means the Committee administering the Pension Plan.

“Company” means Acushnet Company, a Delaware corporation, and its successors and assigns.

“Disability” means a condition such that the employee is determined to be totally disabled by the Social Security Administration.

“ERISA” means the Employee Retirement Income Security Act of 1974, as amended.

“Executive Participant” means a Member who, during the current Plan Year or the prior Plan Year, was a participant in an executive incentive plan covering employees of the Company.

“415 Limitations” means the Pension Plan provisions adopted pursuant to Section 415 of the Code to limit annual Pension Plan benefits pursuant to Section 415(b) thereof.

“401(a)(17) Limitations” means the Pension Plan provisions adopted pursuant to Section 401(a)(17) of the Code to limit the annual compensation considered for purposes of computing Pension Plan benefits as required by said Section.

“50/70 Rule” is met by a Member if as of December 31, 2015 the Member has satisfied either of the following requirements:

The Member has attained age 50 years and completed at least 10 years of Service, or

The sum of the Member’s age plus years of Service totals 70 or more.

For this purpose, “Service” shall have the meaning set forth in the Pension Plan.

“Grantor Trust” means a trust for the benefit of an Executive Participant established pursuant to Section 6 to provide for the payment of benefits under this Plan and which is intended to result in income to the Executive Participant subject to tax for the period during which the contributions are made.

“Member” means (i) an employee of the Company whose benefits under the Pension Plan are limited due to the 415 Limitations or 401(a)(17) Limitations; and (ii) any other employee who met the 50/70 Rule and whose Earnings (as defined in the Pension Plan) exceed \$150,000 in any Plan Year after 2015.

“Normal Retirement Date” shall have the meaning set forth in the Pension Plan.

“Pension Plan” means the Acushnet Company Pension Plan, as amended from time to time.

“Plan Year” means the calendar year.

“Retirement Date” means the later of the Member’s Separation from Service or his 50th birthday.

“Section 409A” means Section 409A of the Code and applicable regulations and other guidance issued under such Section.

“Segregated Account” means an account established with a bank or other financial institution approved by the Committee, or other form of segregated account approved by the Committee, established pursuant to Section 6 by or for the benefit of an Executive Participant to provide for the payment of benefits under this Plan.

“Separation from Service” means the employee’s termination of employment with the Company and the termination of all Affiliated Employment by reason of resignation, discharge, or retirement. The term “Separation from Service” shall be interpreted consistent with the requirements of Section 409A of the Code and shall be determined by substituting “at least 50 percent” for “at least 80 percent” when identifying the members of the controlled group as permitted by Treasury regulations section 1.409A-1(h)(3). For purposes of determining whether a Separation from Service has occurred, an individual’s employment relationship with the Company will be treated as continuing intact while the individual is on military leave, sick leave, or other bona fide leave of absence if the period of the leave does not exceed six months or, if longer, so long as the individual retains the right to reemployment with the Company under an applicable statute or contract.

“Specified Employee” means an employee identified as a specified employee pursuant to the “Procedures for Determining Specified Employees under Code Section 409A” as adopted, and as amended from time to time, by the Board of Directors of the Company, by the Committee, or by an individual authorized by said Board of Directors for this purpose.

“Surviving Spouse” means the surviving husband or wife of an employee of the Company. Effective as of June 26, 2013, the term “Surviving Spouse” includes, but is not limited to, a person of the same sex as the employee, provided the couple was legally married in a jurisdiction that authorizes same-sex marriage (even if the couple resides in a jurisdiction that does not recognize same-sex marriage).

Supplemental Retirement Benefits

Each Member to whom benefits are payable under the Pension Plan shall be paid a supplemental retirement benefit under this Plan as follows, with the Plan benefit of a Member who does not meet the 50/70 Rule determined under Section 3(a)(i), and the Plan benefit of a Member who meets the 50/70 Rule determined under Section 3(a)(ii).

The Plan benefit shall equal the difference between (A) the single life annuity benefit accrued under the Pension Plan as of December 31, 2015 and payable at the Member’s Normal Retirement Date, and (B) the single life annuity benefit, payable at the Member’s Normal Retirement Date, that would have been accrued under the Pension Plan as of December 31, 2015 if the 401(a)(17) Limitations and the 415 Limitations did not apply to the Pension Plan.

The Plan benefit shall equal the difference between (A) the single life annuity benefit payable under the Pension Plan at the Member’s Normal Retirement Date, and (B) the single life annuity benefit that would have been payable under the Pension Plan at the Member’s Normal Retirement Date if the 401(a)(17) Limitations and the 415 Limitations did not apply to the Pension Plan and if the Pension Plan benefit was determined without regard to changes in the benefit formula that would otherwise be effective for benefits earned after December 31, 2015.

Except as provided in Section 6, the supplemental retirement benefit provided by this Plan shall be paid to the Member in an Actuarially Equivalent lump sum during the 60-day period following the Member’s Retirement Date. In the case of a Specified Employee, however, no payment may be made before the end of the six-month period following the Specified Employee’s Separation from Service, except in the event of the Specified Employee’s death before the end of such period. Upon expiration of the six-month period (or the Specified Employee’s death), the Specified Employee (or his spouse or beneficiary, as applicable) will receive payment of the Specified Employee’s Plan benefit, adjusted with interest from the Specified Employee’s Retirement Date using the applicable interest rate described in Section 2(a) for the month in which the Specified Employee’s Retirement Date occurs, except that effective as of January 1, 2008 only the first segment rate determined pursuant to Section 417(e)(3)(C) of the Code shall be applicable.

Notwithstanding the foregoing, in the event a Member's employment terminates due to Disability, he shall continue to accrue Plan benefits until he attains age 65 or until his earlier death or the cessation of his Disability, provided he met the 50/70 Rule. If the Member did not meet the 50/70 Rule, then Plan benefits shall cease to accrue as of December 31, 2015. Subject to Section 6, the Member's Plan benefits shall be paid in an Actuarially Equivalent lump sum on the 60th day following the Member's 65th birthday. In the event of the Member's death before age 65, benefits may be payable to his Surviving Spouse or other designated beneficiary pursuant to Section 3(d).

In the event of a Member's death before Plan benefits have been paid, the Plan may provide a pre-retirement death benefit to the Member's Surviving Spouse, or other beneficiary designated or deemed designated by the Member in accordance with the Pension Plan. If a pre-retirement death benefit is payable under the Pension Plan on behalf of a Member entitled to a supplemental retirement benefit under Section 3(a), then the Member's Surviving Spouse or beneficiary shall be paid a pre-retirement death benefit based on the supplemental retirement benefit determined under Section 3(a). Payment of a pre-retirement death benefit shall be made to the Surviving Spouse or beneficiary in the form of an Actuarially Equivalent lump sum on the 60th day following the date that would have been the Member's Retirement Date.

If a Member has a Separation from Service after becoming entitled to a Plan benefit (or becomes entitled to a benefit pursuant to Section 3(c)) and is reemployed by the Company before the applicable payment date, his Plan benefit based on his prior period of employment shall be paid at the applicable payment date even if he is then employed by the Company. If a reemployed Member becomes a Plan participant again following his reemployment, his Plan benefit determined as of his subsequent Separation from Service shall be adjusted to reflect Plan benefits previously paid with respect to prior periods of employment, to avoid duplication of benefits.

In the event that a Member earns a right to benefits under more than one non-qualified defined benefit pension plan of the Company and its affiliates (as defined in Section 2(b)), benefits shall be determined and paid under the terms of the respective plans, except as provided below:

If, on or before December 31, 2008, a Member is transferred from employment with an affiliate of the Company to employment with the Company and liability for the Member's benefits earned under the affiliate's non-qualified defined benefit pension plan is transferred to this Plan, then all non-qualified benefits earned through December 31, 2008 shall be provided by this Plan, at the time and in the form specified in this Section 3.

If, after December 31, 2008, a Member is transferred from employment with an affiliate of the Company to employment with the Company and liability

for the Member's benefits earned under the affiliate's non-qualified defined benefit pension plan is also transferred to this Plan, such benefits shall be provided by this Plan, but at the time and in the form specified in the non-qualified defined benefit pension plan under which such benefits were earned.

No benefit shall be provided by this Plan to the extent that liability for such benefit has been transferred to another non-qualified defined benefit plan maintained by the Company or an affiliate.

If a benefit payable to or on behalf of a Member under the Plan is required to be offset by benefits provided under an Affiliated Plan, the amount of such offset shall be determined as of the date the sponsor of the Affiliated Plan ceases to be an affiliate (as defined in Section 2(b) but without regard to the provisions of Section 415(h) of the Code).

Funding

Except as provided in Section 6, benefits under this Plan shall be payable only from the general assets of the Company, which assets may be held in a trust or other arrangement established by the Company for such purpose; provided that, no funds shall be set aside or reserved in a trust or other such arrangement: (a) in connection with a change in the financial health of the Company or an affiliate; or (b) during any restricted period with respect to a qualified defined benefit plan maintained by the Company or an affiliate. The Committee or its delegate shall maintain records for the calculation of supplemental retirement benefits.

Payment of Taxes

If a Member has a grantor trust, as described in Section 6, and receives a contribution or payment under that Section, the employee shall also receive payment of an amount equal to the Federal Insurance Contributions Act (FICA) tax imposed on the Member as a result of receiving such award, contribution or payment, plus the additional amount of federal and state income taxes imposed on the Member as a result of the Company's payment of the FICA tax. Payment shall be made to the Member under this Section 5 during the calendar year in which the FICA tax is imposed on the Member.

In the event of the Plan's failure to satisfy Code Section 409A, payment of a Member's benefit under this Plan may be accelerated in an amount equal to the amount required to be included in the Member's income as a result of said failure.

Grantor Trusts and Segregated Accounts

Notwithstanding Section 4 of this Plan, the Company may provide for the establishment of Grantor Trusts and Segregated Accounts by or for the benefit of individual Executive Participants to provide for the payment of benefits under this Plan, consistent with the following provisions:

The Trustee of the Grantor Trusts shall be a bank or trust company approved by the Committee and established under the laws of the United States or a state within the United States and having either total assets of at least \$15 billion or trust assets of at least \$25 billion. Each Grantor Trust shall be established pursuant to a trust agreement having terms and provisions approved by the Company and consistent with this Section. The Grantor Trust shall be for the purpose of providing benefits under the Plan with respect to the Executive Participant, and neither the Company nor any creditors of the Company shall have any interest in the assets of the Grantor Trust. The Committee shall be the administrator of the Grantor Trust, and shall have such powers as are granted by the trust agreement.

Each Segregated Account shall be a savings or other type of account approved by the Committee established with a bank or trust company approved by the Committee and established under the laws of the United States or a state within the United States and having either total assets of at least \$15 billion or trust assets of at least \$25 billion, or other form of segregated account with such a bank or trust company or other financial institution approved by the Committee, in each case with such terms and provisions as are approved by the Committee and consistent with this Section.

Effective beginning with the 2009 Plan Year, the Company may from time to time make a contribution to an Executive Participant's Grantor Trust, or Segregated Account if directed by the Executive Participant, in an amount determined by the Company, or its delegate, before the beginning of the Plan Year to which the contribution relates. Any contribution payable pursuant to this Section 6(c) shall be made during the Plan Year immediately following the end of the Plan Year to which the contribution relates. Contributions may be made under this Section 6(c) for Plan Years through the Plan Year in which the Executive Participant's Separation from Service occurs. In the event of the Executive Participant's Disability, however, contributions may be made with respect to the Executive Participant's supplemental retirement benefit for Plan Years through the Plan Year in which the Executive Participant attains age 65, but only so long as his Disability continues.

For the 2005 through 2008 Plan Years, the Company made contributions to Executive Participants' Grantor Trusts in an amount equal to the excess, if any, of the lesser of the amounts determined under (i) and (ii) below, over the balance of the Executive Participant's Grantor Trust and Segregated Account, increased by any amounts previously withdrawn therefrom (with earnings credited on the withdrawn amounts as computed in accordance with Section 6(f)).

The "full grantor trust funding requirement," which shall be equal to (A) the Executive Participant's accrued supplemental retirement benefit determined under Section 3, payable as a single life annuity at the Executive Participant's earliest possible retirement age or immediately if the Executive Participant has attained retirement age; (B) reduced by the assumed applicable federal and state income taxes, calculated using the

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maximum individual federal tax rate and the appropriate state tax rate; (C) with the resulting amount converted to its after-tax present value using a 7.00% interest rate (adjusted to its after-tax equivalent using the assumed federal and state tax rates described in (B) above) and the mortality table used for the Pension Plan's accrued liability valuation.

The "grantor trust funding limit," which shall be equal to (A) the Executive Participant's projected age 65 supplemental retirement benefit determined under Section 3 and payable as a single life annuity, with such benefit calculated by assuming a 3.50% annual salary increase until the Executive Participant's age 65; (B) reduced by the assumed applicable federal and state income taxes (calculated in the same manner as described in (i)(B) above); (C) with the resulting amount first converted to the 100% joint and survivor annuity form using the applicable factor specified in the Pension Plan; then converted to its after-tax present value at age 65 in the same manner as described in (i)(C) above, and finally converted to its present value as of the end of the applicable Plan Year using a 7.00% interest rate and with no mortality assumed.

After an Executive Participant's Separation from Service or death (or in the case of an Executive Participant whose employment terminated due to Disability, after the Executive Participant's attainment of age 65 or his earlier death), the Company shall make a final contribution to the Executive Participant's Grantor Trust, or Segregated Account if directed by the Executive Participant, in an amount determined as of the Executive Participant's Separation from Service or death (or age 65 for an Executive Participant then entitled to benefits due to Disability) (the "determination date"), which amount, when added to the existing balance in the Executive Participant's Grantor Trust and Segregated Account (including contributions payable under Section 6(c) or (d) above), shall be equal to (i) the present value of the after-tax equivalent of the Executive Participant's supplemental retirement benefit under Section 3 (which present value shall be equal to the full grantor trust funding requirement determined under Section 6(d)(i) as of the applicable determination date, except that the rate specified in Section 6(f) shall be used instead of the 7.00% interest rate referenced in Section 6(d)(i)(C)); offset by (B) any amounts previously withdrawn by the Executive Participant from his Grantor Trust or Segregated Account, plus income earned thereon, calculated as provided in Section 6(f). The contribution determined under this Section 6(e) shall be paid within 60 days after the Executive Participant's Separation from Service or death, as the case may be, or, in the case of an Executive Participant with a Disability, within 60 days after his 65th birthday or his earlier death.

Amounts previously withdrawn from an Executive Participant's Grantor Trust or Segregated Account shall be adjusted by the amounts of income which would have been earned on such withdrawn amounts from the time of withdrawal until the applicable determination date, calculated by applying an earnings rate that is the after-tax equivalent of an interest rate equal to the average monthly yield on

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ten-year coupon U.S. Treasury bonds (as published by the Federal Reserve) for the month of termination of service and the prior five months.

Notwithstanding any Plan provision to the contrary, in the event of a contribution payable on behalf of a Specified Employee due to his Separation from Service, the contribution shall not be paid before the date that is six months after the Specified Employee's Separation from Service, except in the event of the Specified Employee's death before the end of such period. Any payment that is delayed pursuant to the foregoing shall be adjusted with interest at the rate specified in Section 6(f).

Supplemental retirement benefit amounts invested in a Grantor Trust shall be invested solely in the Northern Trust Institutional Funds Intermediate Bond Portfolio to the extent practicable and otherwise in the Northern Trust Institutional Funds Diversified Assets Portfolio. As soon as practicable after the Executive Participant's 60th birthday, one-half of the amounts held in the Northern Trust Institutional Funds Intermediate Bond Portfolio, and as soon as practicable after the Executive Participant's 63rd birthday, the remainder of the amounts held in the Northern Trust Institutional Funds Intermediate Bond Portfolio, shall be invested solely in the Northern Trust Institutional Funds Diversified Asset Portfolio, provided that amounts shall not be transferred from the Northern Trust Institutional Funds Intermediate Bond Portfolio to the Northern Trust Institutional Funds Diversified Asset Portfolio after the Executive Participant's 60th birthday or the Executive Participant's 63rd birthday if the amount held in the Northern Trust Institutional Funds Intermediate Bond Portfolio is in a "loss position." The amount held in the Northern Trust Institutional Funds Intermediate Bond Portfolio shall be in a "loss position" on the Executive Participant's 60th birthday if the current market value thereof at the Executive Participant's 60th birthday is less than 95% of the actuarial present value of the Executive Participant's supplemental retirement benefit calculated as of the end of the prior calendar year. The amount held in the Northern Trust Institutional Funds Intermediate Bond Portfolio shall be in a "loss position" on the Executive Participant's 63rd birthday if the current market value thereof at the Executive Participant's 63rd birthday is less than 50% of 95% of the actuarial present value of the Executive Participant's supplemental retirement benefit calculated as of the end of the prior calendar year. The Committee shall notify the Trustee promptly after the end of each calendar year of the actuarial present value of the Executive Participant's supplemental retirement benefit. In the event that transfers cannot be made as soon as practicable after the Executive Participant's 60th or 63rd birthday because the amount of the Northern Trust Institutional Funds Intermediate Bond Portfolio is then in a "loss position," the amounts shall be transferred as soon as practicable after the amount of the Northern Trust Institutional Funds Intermediate Bond Portfolio is no longer in a "loss position." Supplemental retirement benefit amounts invested in a Segregated Account shall be invested solely in the Northern Trust Institutional Funds Diversified Asset Portfolio.

The Executive Participant may designate a beneficiary to receive amounts held in his Grantor Trust in the event of his death. The designation shall be made in a writing filed with the Committee or its delegate on a form approved by it and signed by the Executive Participant. The Committee or its delegate shall notify the Trustee as to any such designation or changes therein. Section 3(d) shall not apply to amounts in the Executive Participant's Grantor Trust or Segregated Account.

The Company shall make payments to the Executive Participant (or his beneficiary), in the amount and at the time set forth below in this Section 6(j), of amounts intended to compensate the Executive Participant (or his beneficiary) for additional federal and state taxes on income resulting from the inclusion in the Executive Participant's or beneficiary's taxable income of:

Contributions to the Executive Participant's Grantor Trust and Segregated Account (including amounts payable directly to the Executive Participant or his beneficiary pursuant to Section 6(m)); and

The income of the Grantor Trust and Segregated Account for periods prior to the Executive Participant's termination of employment.

Amounts payable to an Executive Participant (or his beneficiary) under this Section 6(j) shall be determined using the assumed applicable federal and state income tax rates specified in Section 6(d)(i)(B). Payments shall be made on or before the last day of the taxable year in which the respective amounts described above are includible in the individual's income.

An Executive Participant may elect to transfer all or any portion of the funds in his Grantor Trust to his Segregated Account, or to transfer all or any portion of the funds in his Segregated Account to his Grantor Trust, upon written notice of not less than 60 days to the Committee and the Trustee and the financial institution with which the Segregated Account is established.

An Executive Participant may withdraw all or any portion of the funds in his Grantor Trust or Segregated Account at any time upon not less than 60 days' written notice to the Committee and to the Trustee, or the financial institution with which the Segregated Account is established, as the case may be.

The Grantor Trust shall terminate upon the expiration of 60 days following the termination of employment of the Executive Participant, unless continued by agreement between the Executive Participant and the Trustee. In the event that the Executive Participant's Grantor Trust is terminated before all required payments have been made to the Grantor Trust under this Section 6, any remaining payments shall be made directly to the Executive Participant or his Surviving Spouse, estate or other beneficiary, as applicable, at the time specified under this Section 6.

Upon the making of all payments required by this Section 6, the Committee and the Company shall have no further liability for benefits otherwise payable under

Section 3 to the Executive Participant or his Surviving Spouse, estate or other beneficiaries.

The provisions of this Section 6 shall supersede the provisions of any other Section of this Plan to the extent such other provisions might be considered to conflict with the provisions of this Section 6.

Administration

This Plan shall be administered by the Committee or its delegate. The Committee or its delegate shall have the sole discretionary authority to make such rules and regulations, to find facts, and to take such actions, as may be necessary to carry out the provisions of the Plan. The Committee or its delegate shall have sole discretionary authority to decide any questions arising in the administration, interpretation and application of the Plan (including remedy of inconsistencies or omissions in the Plan), which decisions shall be conclusive and binding on all persons. Any claim for supplemental retirement benefits under the Plan shall be handled by the Committee or its delegate, pursuant to the claims procedures applicable under the Pension Plan, and such procedures are incorporated herein by this reference. No action at law or in equity shall be brought to recover benefits under the Plan until the Member has exercised all appeal rights and the Plan benefits requested in such appeal have been denied in whole or in part. Benefits under the Plan shall be paid only if the Committee or its delegate, in its discretion, determines that a claimant is entitled to them.

If any judicial proceeding is undertaken to appeal the denial of a claim or bring any other action under ERISA other than a breach of fiduciary duty claim, the evidence presented will be strictly limited to the evidence timely presented to the Committee or its delegate. In addition, any such judicial proceeding must be filed within 90 days after the final decision of the Committee or its delegate.

Amendment and Termination

The Plan may be amended or terminated by the Board of Directors of the Company at any time; provided, however, that no such amendment or termination shall deprive any Member of supplemental retirement benefits accrued to the date of such amendment or termination. Any amendment or termination of the Plan shall comply with the restrictions of Section 409A. Specifically, no amendment or termination of the Plan may accelerate a scheduled payment unless permitted by Treasury regulations section 1.409A-3(j)(4), nor may any amendment permit a subsequent deferral unless such amendment complies with the requirements of Treasury regulations section 1.409A-2(b).

Nonassignability

Subject to Section 6, no Member shall have the right to assign, pledge or otherwise dispose of any benefits payable to him under the Plan nor shall any benefit under the Plan be subject to garnishment, attachment, transfer by operation of law, or any legal process. This Section shall also apply to the creation, assignment or recognition of a right to any benefit payable pursuant to a domestic relations order, unless such order meets the requirements of Section 414(p)(1)(B) of the Code as determined by the Committee or its delegate.

IN WITNESS WHEREOF, the Company has caused this restated document to be executed this 30th day of December, 2015.

ACUSHNET COMPANY

By: /s/ Dennis D. Doherty

Its: SR Vice President, Human Resources

AMENDED AND RESTATED CHANGE IN CONTROL AGREEMENT

AGREEMENT dated as of July 19, 2013, between ACUSHNET COMPANY, a Delaware corporation (the "Company"), and Walter R. Uihlein (the "Executive"),

WITNESSETH:

WHEREAS, the Executive is currently employed by the Company and has throughout his period of employment rendered valuable service to the Company;

WHEREAS, the Company recognizes that the possibility of a change in control may exist and that, in the event action is taken to bring about a change in control, uncertainty and questions may arise among management that could result in the distraction or departure of management personnel to the detriment of the Company and its stockholders; and

WHEREAS, the Company has determined that appropriate steps should be taken to reinforce and encourage the continued attention and dedication of senior members of the Company's management to their assigned duties without distraction in the face of the potentially disruptive circumstances arising from the possibility of a change in control; and

WHEREAS, the Executive desires to continue in full-time employment with the Company, but desires to be provided with the assurance of receiving certain severance benefits in the event the Company were to take certain actions resulting in the termination of his employment following a change in control; and

WHEREAS, the Company and the Executive entered into that certain Change in Control Agreement, dated as of October 1, 2007 and amended effective as of January 1, 2009, which sets forth terms and conditions of such severance benefits (the "Original COC Agreement"); and

WHEREAS, the Company and the Executive desire to further amend and also restate the Original COC Agreement;

NOW, THEREFORE, in consideration of the premises and of the mutual agreements hereinafter contained, the parties agree as follows:

1. Termination Following Change in Control.

(a) Entitlement to Benefits. If and only if a Change in Control (as defined in this Section 1) of the Company, Fortune Brands, Inc. ("Fortune"), or subsequent to July 29, 2011, Alexandria Holdings Corp. ("Alexandria") (Fortune or Alexandria, hereafter the "Parent") occurs and if subsequent to such Change in Control and during the term of this Agreement the Executive's employment with the Company is terminated by the Company other than for Disability or Cause or by the Executive for Good Reason (as defined in this Section 1), the Executive shall be entitled to benefits as provided in Section 2. The Executive shall not be entitled to any benefits under this Agreement in the event his employment with the Company is terminated as a result of his death, by the Company for Disability or Cause or by the Executive other than for Good Reason.

(b) Change in Control. For purposes of this Agreement, a “Change in Control” of the Company shall be deemed to have occurred if (i) any person (as that term is used in Sections 13(d) and 14(d) of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), as in effect on the date of this Agreement) other than the Parent is or becomes the beneficial owner (as that term is used in Section 13(d) of the Exchange Act, and the rules and regulations promulgated thereunder, as in effect on the date of this Agreement) of 20% or more of the combined voting power of the outstanding voting securities entitled to vote generally in the election of directors (“Voting Securities”) of the Company, and the Parent ceases to own at least 60% directly or indirectly of the Voting Securities, excluding, however (A) any acquisition by an employee benefit plan (or related trust) sponsored or maintained by the Parent or an entity (including the Company) controlled by the Parent, or (B) any acquisition by an entity controlled by the Parent; (ii) the Company shall be merged or consolidated with, or, in any transaction or series of transactions, substantially all of the business or assets of the Company shall be sold or otherwise acquired by, another corporation or entity unless, as a result thereof, the Parent shall beneficially own, directly or indirectly, at least 60% of the combined Voting Securities of the surviving, resulting or transferee corporation or entity (including without limitation, a corporation that as a result of such transaction owns the Company or all or substantially all of the Company’s assets either directly or through one or more subsidiaries); or (iii) the approval of a complete liquidation or dissolution of the Company by its stockholder(s). A “Change in Control” of the Parent shall be deemed to have occurred if (i) any person (as that term is used in Sections 13(d) and 14(d) of the Securities Exchange Act of 1934, as amended (the “Exchange Act”) as in effect on the date of this Agreement) is or becomes the beneficial owner (as that term is used in Section 13(d) of the Exchange Act, and the rules and regulations promulgated thereunder, as in effect on the date of this Agreement) of 20% or more of the combined voting power of the then outstanding voting securities entitled to vote generally in the election of directors (“Voting Securities”) of the Company, excluding, however, the following: (A) any acquisition directly from the Company, other than an acquisition by virtue of the exercise of a conversion privilege unless the security being so converted was itself acquired directly from the Company, (B) any acquisition by the Company, (C) any acquisition by an employee benefit plan (or related trust) sponsored or maintained by the Parent or entity controlled by the Company, or (D) any acquisition pursuant to a transaction that complies with clauses (A), (B) and (C) of clause (iii) below, (ii) more than 50% of the members of the Board of Directors of the Parent shall not be Continuing Directors (which term, as used herein, means the directors of the Parent (A) who were members of the Board of Directors of the Parent on the date hereof or (B) who subsequently became directors of the Parent and who were elected or designated to be candidates for election as nominees of the Board of Directors, or whose election or nomination for election by the Company’s stockholders was otherwise approved, by a vote of a majority of the Continuing Directors then on the Board of Directors but shall not include, in any event, any individual whose initial assumption of office occurs as a result of either an actual or threatened election contest (as such terms are used in Rule 14(a)-11 of Regulation 14A promulgated under the Exchange Act) or other actual or threatened solicitation of proxies or consents by or on behalf of a person other than the Board of Directors), (iii) the Parent shall be merged or consolidated with, or, in any transaction or series of transactions, substantially all of the business or assets of the Parent shall be sold or otherwise acquired by, another corporation or entity unless, as a result thereof, (A) the stockholders of the Parent immediately prior thereto shall beneficially own, directly or indirectly, at least 60% of the combined Voting Securities of the

surviving, resulting or transferee corporation or entity (including, without limitation, a corporation that as a result of such transaction owns the Parent or all or substantially all of the Company's assets either directly or through one or more subsidiaries) ("Newco") immediately thereafter in substantially the same proportions as their ownership immediately prior to such corporate transaction, (B) no person beneficially owns (as such terms are used in Sections 13(d) and 14(d) of the Exchange Act, and the rules and regulations promulgated thereunder (as in effect on the date hereof), directly or indirectly, 20% or more of the combined Voting Securities of Newco immediately after such corporate transaction except to the extent that such ownership of the Parent existed prior to such corporate transaction and (C) more than 50% of the members of the Board of Directors of Newco shall be Continuing Directors or (iv) the stockholders of the Parent approve a complete liquidation or dissolution of the Parent.

(c) Disability. Termination of employment by the Company for Disability hereunder shall be deemed to have occurred only if, as a result of the Executive's incapacity due to physical or mental illness, the Executive shall have been absent from his duties with the Company on a full-time basis for 180 consecutive days and, within 30 days after Notice of Termination (as defined in Section 1(d)) is given to the Executive by the Company, the Executive shall not have returned to the full-time performance of his duties.

(d) Cause. Termination of employment by the Company shall be deemed to be for Cause only if (i) termination shall have been the result of (A) an act or acts of dishonesty on the Executive's part that results in Executive being indicted for a felony, or (B) the Executive's willful and continued failure substantially to perform his duties and responsibilities as an officer of the Company (other than any such failure resulting from his incapacity due to physical or mental illness) after a demand for substantial performance is delivered to the Executive by the Board of Directors of the Company which specifically identifies the manner in which such Board believes that the Executive has not substantially performed his duties and the Executive is given a reasonable time after such demand substantially to perform his duties, and (ii) there shall have been delivered to the Executive a copy of a resolution duly adopted by the affirmative vote of not less than two-thirds (2/3) of the members of the Board of Directors of the Company at a meeting called and held for the purpose (after reasonable notice to the Executive and an opportunity for him, together with his counsel, to be heard before such Board), finding that in the good faith opinion of the Board of Directors of the Company that the Executive was guilty of conduct set forth above in clause (i)(A) or (i)(B) of this Section i(d) and specifying the particulars thereof in detail. The Executive's employment shall in no event be considered to have been terminated by the Company for Cause if the act or failure to act upon which such termination is based (x) was done or omitted to be done (1) as a result of bad judgment or negligence on his part, or (2) as a result of his good faith belief that such act or failure to act was in or was not opposed to the interests of the Company, or (y) is an act or failure to act in respect of which the Executive meets the applicable standard of conduct prescribed for indemnification or reimbursement or payment of expenses under the By-laws of the Company or the laws of the state of its incorporation or the directors' and officers' liability insurance of the Company, in each case as in effect at the time of such act or failure to act.

(e) Notice of Termination. Any termination by the Company for Disability or Cause shall be communicated by Notice of Termination to the Executive and any termination by the Executive for Good Reason shall be communicated by Notice of Termination to the

Company. For purposes of this Agreement, a “Notice of Termination” shall mean a notice in writing which indicates the specific termination provision in this Agreement relied upon and sets forth in reasonable detail the facts and circumstances claimed to provide a basis for termination of the Executive’s employment under the provision so indicated.

(f) Termination Date. As used herein, “Termination Date” shall mean (i) if employment is terminated by the Company for Disability, 30 days after Notice of Termination is given (provided that the Executive shall not have returned to the performance of his duties on a full-time basis during such 30-day period), (ii) if employment is terminated by the Company for Cause, the date on which a Notice of Termination is given, (iii) if employment is terminated for Good Reason, the date specified in the Notice of Termination, and (iv) if employment is terminated for any other reason, the date on which the Executive ceases to perform his duties for the Company; provided, however, that, if within 30 days after any Notice of Termination is given the party receiving such Notice of Termination notifies the other party that a dispute exists concerning the termination, the Termination Date shall be the date finally determined to be the Termination Date, either by written agreement of the parties or by a final judgment, order or decree of court of competent jurisdiction (the time for appeal having expired and no appeal having been perfected); provided further, however, that if the dispute is resolved in favor of the Company, the Termination Date shall be the date determined under clauses (i) through (iv) of this Section 1(f).

(g) Good Reason. Termination of employment by the Executive for Good Reason shall be deemed to have occurred only if the Executive terminates his employment and provides a Notice of Termination to the Company prior to such date for any of the following reasons:

(i) without Executive’s express written consent, the assignment to Executive of any duties inconsistent with his positions, duties, responsibilities and status with the Company at the time of a Change in Control, or a change in Executive’s reporting responsibilities, titles or offices as in effect at the time of a Change in Control, or any removal of him from, or any failure to re-elect Executive to, any of such positions, except in connection with the termination of his employment as a result of Executive’s death or by the Company for Disability or Cause or by Executive other than for Good Reason;

(ii) a reduction by the Company in Executive’s then current base salary;

(iii) the failure of the Company substantially to maintain and to continue Executive’s participation in the Company’s benefit plans as in effect at the time of a Change in Control and with all subsequent improvements (other than those plans or improvements that have expired in accordance with their original terms), or the taking of any action which would materially reduce Executive’s benefits under any of such plans or deprive him of any material fringe benefit enjoyed by Executive at the time of a Change in Control. Such benefit plans shall include, but not be limited to, the provisions for incentive compensation under the Annual Executive Incentive Compensation Plan of the Company, the Acushnet Company Pension Plan (the “Retirement Plan”), the

Acushnet Company Supplemental Plan (the "Supplemental Plan"), the Acushnet Retirement Savings Plan (including tax deferred and related Company matching contributions), the Long-Term Incentive Plan and the Equity Appreciation Rights Plan ("EAR Plan");

(iv) the target bonus awarded to Executive under the Annual Executive Incentive Compensation Plan of the Company subsequent to a Change in Control is less than such amount last awarded to Executive prior to a Change in Control;

(v) the sum of the Executive's base salary and amount paid to him as incentive compensation under the Annual Executive Incentive Compensation Plan of the Company for the calendar year in which the Change in Control occurs or any subsequent year is less than the sum of the Executive's base salary and the amount awarded (whether or not fully paid) to him as incentive compensation under the Annual Executive Incentive Compensation Plan of the Company for the for the calendar year prior to the Change in Control or any subsequent calendar year in which the sum of such amounts was greater;

(vi) the relocation of the offices at which Executive is employed to a location more than 35 miles from his location at the time of a Change in Control or the Company requiring Executive to be based anywhere other than at such offices, except for required travel on the Company's business to an extent substantially consistent with Executive's business travel obligations at the time of a Change in Control;

(vii) the failure of the Company to provide Executive with a number of paid vacation days at least equal to the number of paid vacation days to which Executive is entitled at the time of Change in Control;

(viii) any purported termination of Executive's employment which is not effected pursuant to a Notice of Termination satisfying the requirements of subsection (e) of this Section 1 (and, if applicable, subsection (d) of this Section 1), and for purposes of this Agreement, no such purported termination shall be effective; or

(ix) Executive's good faith determination that due to a Change in Control he is not able effectively to discharge his duties.

2. Compensation Upon Termination.

(a) If the Executive's employment is terminated by the Company for Disability or Cause or by the Executive for other than Good Reason, the Company shall have no obligation to pay any compensation to the Executive under this Agreement in respect of periods beginning on and after the Termination Date, but this Agreement shall have no effect on any other obligation the Company may have to pay the Executive compensation to which he may otherwise be entitled.

(b) If the Company terminates the Executive's employment other than for Disability or Cause, or if the Executive terminates his employment for Good Reason, and if Executive has delivered and has not revoked an executed release of claims in the form attached hereto as Exhibit A (as such release is updated from time to time to reflect legal requirements),

then in addition to the Company paying the Executive his base salary and accrued but unpaid vacation pay through the Termination Date:

- (i) the Company shall pay to the Executive as severance pay in a lump sum on the eighth day following the Executive's Termination Date, subject to the provisions of paragraphs 2(g) and (j), an amount equal to the product of 2.99 times the sum of:
 - (A) his annual base salary at the rate in effect on the date of Change in Control, plus
 - (B) his target annual bonus under the Annual Executive Incentive Compensation Plan in effect in the calendar year in which the Termination Date occurs, plus
 - (C) the amount that would have been required to be allocated to the Executive's account (assuming that he elected the maximum employee contribution) for the year immediately preceding the year in which the Termination Date occurs under the Acushnet Retirement Savings Plan, including the Company 401(k) matching contribution ; and
- (ii) the Company shall pay the cost of legal fees and expense incurred by Executive in order to obtain or enforce any right or benefit provided by this Agreement, which payment shall be made directly to the provider of services, provided that such expenses shall be paid within the time period required by Section 409A.

(c) If the Company terminates the Executive's employment other than for Disability or Cause, or if the Executive terminates his employment for Good Reason, the Company shall maintain in full force and effect, for the Executive's continued benefit for a three (3) year period after the Termination Date, all employee life, health, accident, disability, and medical plan coverage in which he was participating immediately prior to the Termination Date, provided that his continued participation is possible under the terms and provisions of such plans. With respect to health coverage (medical, dental and vision), Executive shall be required to pay the applicable active employee rate of coverage for similar coverage, and such coverage shall run concurrent with coverage required to be provided under the Consolidated Omnibus Budget Reconciliation Act of 1985 ("COBRA"). After the period of COBRA coverage, Executive may be taxed on the value of the Company-provided coverage. No other welfare or fringe benefits shall be provided except as specifically provided in this Section.

(d) If the Company terminates the Executive's employment other than for Disability or Cause, or if the Executive terminates his employment for Good Reason, then in addition to the retirement benefits to which the Executive is entitled under the Retirement Plan, the pension provisions of the Supplemental Plan and any other defined benefit pension plan maintained by the Company or any affiliate, and any other program, practice or arrangement of the Company or any affiliate to provide the Executive with a defined pension benefit after termination of employment, and any successor plans thereto (all such plans being collectively referred to herein as the "Pension Plans"), the Company shall pay the Executive, at the same time

that pension benefits are paid under the Supplemental Plan, an amount equal to the excess of (i) over (ii) below where:

- (i) equals the sum of the aggregate monthly amounts of pension payments (determined as a straight life annuity) to which the Executive would have been entitled under the terms of each of the Pension Plans in which he was an active participant as of the Termination Date determined as if he were fully vested thereunder and had accumulated three (3) additional years of age and Service thereunder (subsequent to his Termination Date) at his rate of Earnings in effect on the date of a Change in Control plus any increases subsequent thereto, and where
- (ii) equals the sum of the aggregate monthly amounts of pension payments (determined as a straight life annuity) to which the Executive is entitled under the terms of each of the Pension Plans in which he was an active participant at the date of the Change in Control.

For purposes of clause (i), the amounts payable pursuant to Sections 2(b)(i)(A) and (B) shall be considered as part of the Executive's Earnings and such amounts shall be deemed to represent three (3) years of Earnings for purposes of determining his highest consecutive five year average rate of Earnings. The supplemental pension benefits determined under this Section 2(d) shall be payable by the Company to the Executive and his contingent annuitant, if any, or to the Executive's surviving spouse as a spouse's benefit if the Executive dies prior to commencement of benefits under this Agreement, in the same manner and for as long as his pension benefits under the Supplemental Plan and shall be adjusted actuarially to reflect payment in a form other than a straight life annuity. Benefits which commence prior to the age at which benefits may be paid without actuarial reduction for early payment under the Retirement Plan shall be actuarially reduced to reflect early commencement to the extent, if any, provided in the Retirement Plan as if the Executive's Termination Date were an Early Retirement Date. In the event that an employee grantor trust ("Grantor Trust") has been established among the Company, the Executive and a Trustee, the Company shall provide the additional pension benefits payable under this Section 2(d) in the same manner as Supplemental Plan benefits are provided after termination of employment to executives with Grantor Trusts and shall be calculated using the same assumptions as used to provide Supplemental Plan benefits. All capitalized terms used in this Section 2(d) have the same meaning as in the Retirement Plan as in effect on the date of this Agreement, unless otherwise defined herein or otherwise required by the context.

(e) If the Company terminates the Executive's employment other than for Disability or Cause, or the Executive terminates his employment for Good Reason, the Executive shall be entitled to the following as incentive compensation through the Termination Date:

- (i) the unpaid portion of the amount awarded to him as incentive compensation under the Annual Executive Incentive Compensation Plan for the calendar year immediately preceding the year in which the Termination Date occurs, payable at the time annual incentive awards are normally paid; and
- (ii) incentive compensation under the Annual Executive Incentive Compensation Plan for the calendar year in which the Termination Date occurs, payable

at the time annual incentive awards are normally paid, in an amount equal the Executive's target percentage prorated for the portion of the year through the Termination Date.

(f) If the Company terminates Executive's employment other than for Disability or Cause or if the Executive terminates his employment for Good Reason subsequent to a Change in Control and a dispute exists concerning the termination as set forth in subsection (f) of Section 1, the Company shall continue to pay Executive's full base salary through the date the dispute is resolved.

(g) If the Executive is a "specified employee" of the Company (as defined in the Supplemental Plan), amounts that would otherwise have been paid to or on behalf of the Executive under the foregoing provisions of this Section 2 and Section 10 (but excluding amounts described in paragraph 2(b)(ii) and paragraph 2(c) above) during the six (6)-month period immediately following the Termination Date shall be paid on the first regular payroll date immediately following the six (6)-month anniversary of the Termination Date.

(h) The Executive shall not be required to mitigate the amount of any payment provided for in this Section 2 by seeking other employment or otherwise, nor shall the amount of any payment provided for in this Section 2 be reduced by any compensation earned by the Executive as the result of employment by another employer after the Termination Date or by any other compensation.

(i) Subject to Section 2(j), this Agreement and the obligations of the Company under it shall not be in derogation of any other obligations of the Company not set forth herein to pay any compensation or to pay or provide any benefit to the Executive.

(j) No benefits shall be provided to the Executive under the Company's severance pay program covering salaried or executive employees generally. Moreover, benefits determined under Section 2(b)(1) shall be offset by benefits payable to the Executive pursuant to the Amended and Restated Severance Agreement between the Executive and the Company dated as of July [], 2013 and as subsequently amended (the "Severance Agreement"). When computing this offset, the multiplier determined pursuant to Section 2(b) of this Agreement shall be reduced by the corresponding multiplier applied under the Severance Agreement (but not below zero), with the "net" multiplier used to determine the lump sum severance pay benefit to be provided pursuant to Section 2(b) of this Agreement. This Agreement supersedes any prior change in control agreement with the Executive.

3. Successors: Binding Agreement

(a) The Company shall require any successor (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business or assets of the Company, and any parent company thereof, by agreement or agreements in form and substance satisfactory to the Executive, expressly to assume and agree to perform this Agreement, and in the case of any such parent company expressly to guarantee and agree to cause the performance of this Agreement, in the same manner and to the same extent as the Company would be required to perform it if no such succession had taken place. As used in this

Agreement, "Company" shall mean the Company as defined in the first sentence of this Agreement and any successor to all or substantially all its business or assets or which otherwise becomes bound by all the terms and provisions of this Agreement, whether by the terms hereof, by operation of law or otherwise.

(b) This Agreement is personal to the Executive and without the prior written consent of the Company shall not be assignable by the Executive otherwise than by will or the laws of descent and distribution. This Agreement shall inure to the benefit of and be enforceable by the Executive and his personal or legal representatives and successors in interest under this Agreement.

4. Term. This Agreement may be terminated by the Company as of a date set forth in a notice to Executive given at any time at least six months prior to the execution of a definitive agreement which would lead to a Change in Control, provided that if a Change in Control occurs within such six month period subsequent to the delivery of the notice of termination of this Agreement by the Company, then this Agreement shall continue in effect in accordance with its terms notwithstanding such notice. The provisions of this Agreement shall be effective, as to a specific Change in Control, until the third anniversary of that Change in Control unless a Notice of Termination shall have been given prior thereto and provided further that, notwithstanding anything to the contrary in this Agreement, the provisions of this Agreement shall also continue in effect notwithstanding such notice if the notice is given at the instance or suggestion of a third party following commencement of discussions with the Company that ultimately result in a Change in Control.

5. Notice. Any notice, demand or other communication required or permitted under this Agreement shall be effective only if it is in writing and delivered personally or sent by registered or certified mail, return receipt requested, postage prepaid, addressed as follows:

If to the Company:

Acushnet

Company

333 Bridge Street
Fairhaven, MA 02719
Attention: Secretary

If to the Executive:

At the address most recently on file with the Company

or to such other address as either party may designate by notice to the other and shall be deemed to have been given as of the date so personally delivered or mailed.

6. Miscellaneous. This Agreement shall be governed by and construed in accordance with the laws of the State of Delaware. This Agreement cannot be modified or any term or condition waived in whole or in part except by a writing signed by the party against whom

enforcement of the modification or waiver is sought. No waiver by either party at any time of any breach of this Agreement by the other party, or compliance with, any condition or provision of this Agreement to be performed by such other party shall be deemed a waiver of similar or dissimilar provisions or conditions at the same or at any prior or subsequent time. The headings in this Agreement are included for convenience of reference only and shall not in any way affect the meaning or interpretation of this Agreement.

7. Separability. The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement.

8. Counterparts. This Agreement may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, and such counterparts will together constitute but one Agreement.

9. Withholding of Taxes. The Company may withhold from any benefits payable under this Agreement all federal, state, city or other taxes as shall be required pursuant to any law or governmental regulation or ruling.

10. Excise Taxes. In the event that Executive becomes entitled to payments under Section 2 of this Agreement, or as a result of acceleration of awards under the Company's Long-Term Incentive Plan or any successor plan, or awards under the EAR Plan, or any other payments or benefits received or treated as having been received by Executive in connection with a change in the ownership or effective control of the Company or in the ownership of a substantial portion of its assets within the meaning of Section 280G(b)(2)(A) of the Internal Revenue Code of 1986, as amended (the "Code") (whether pursuant to the terms of this Agreement, the Severance Agreement, or any other plan, arrangement or agreement with the Company, any person whose actions result in such a change or any person affiliated with the Company or such person) ("the Agreement Payments"), if any of the Agreement Payments will be subject to the tax (the "Excise Tax") imposed by Section 4999 of the Code, the Company shall pay to Executive an additional amount (the "Gross-Up Payment") such that the net amount retained by Executive after deduction of any Excise Tax on the Agreement Payments and any federal, state and local income tax and Excise Tax upon the payment provided for by this Section 10, shall be equal to the Agreement Payments. If Executive's employment has terminated, such Gross-Up Payment shall be made on the eighth day following Executive's termination; provided that any portion of the Gross-Up Payment that relates to Agreement Payments made pursuant to Section 2 of this Agreement or severance pay benefits under the Severance Agreement may not be made earlier than the date specified in Section 2(g), if applicable; and further provided that Executive has delivered (and has not revoked) an executed release of claims in the form attached to this Agreement as Exhibit A (as such release is updated from time to time to reflect legal requirements). If Executive's employment has not terminated, the Gross-up Payment shall be made on the fifth day following Executive's receipt of the Agreement Payment. For purposes of determining whether payments or benefits of the types referred to above are Agreement Payments and whether any of the Agreement Payments will be subject to the Excise Tax and the amount of such Excise Tax, (i) any such payments or benefits received or to be received by Executive shall be treated as "parachute payments" within the meaning of Section 280G(b)(2) of the Code, and all "excess parachute payments" within the meaning of Section 280G(b)(1) of the

Code shall be treated as subject to the Excise Tax, unless in the opinion of tax counsel selected by one of the “Big 4” independent registered public accounting firms and acceptable to Executive such other payments or benefits (in whole or in part) do not constitute parachute payments, or such excess parachute payments (in whole or in part) represent reasonable compensation for services actually rendered within the meaning of Section 280G(b)(4) of the Code in excess of the base amount within the meaning of Section 280G(b)(3) of the Code, or are otherwise not subject to the Excise Tax, (ii) the amount of the Agreement Payments which shall be treated as subject to the Excise Tax shall be equal to the lesser of (A) the total amount of the Agreement Payments or (B) the amount of excess parachute payments within the meaning of Section 280G(b)(1) of the Code (after applying clause (i), above), and (iii) the value of any non-cash benefits or any deferred payment or benefit shall be determined by one of the “Big 4” independent registered public accounting firms in accordance with the principles of Sections 280G(d)(3) and (4) of the Code. Notwithstanding the foregoing provisions of this Section 10, if it shall be determined that Executive is entitled to the Gross-Up Payment, but that the value of the Agreement Payments does not exceed 330% of the base amount (as defined in Section 280G(d)(3) of the Code), then, subject to the following sentence, no Gross-Up Payment shall be made to Executive and the amounts payable under this Agreement shall be reduced so that the value of the Agreement Payments, in the aggregate, equals one dollar less than 300% of the base amount. The reduction described in the preceding sentence shall apply only if the value of the reduction is equal to or less than 30% of the Executive’s base salary as of the Change in Control; otherwise there shall be no reduction and the Executive will be entitled to the Gross-Up Payment. To the extent applicable, the reduction in Agreement Payments contemplated by this Section shall be implemented by reducing the Agreement Payments in the following order: (I) the additional pension benefit payable pursuant to Section 2(d), (II) Gross-Up Payments determined under this Section 10, (III) cash severance benefits payable pursuant to Section 2(b), and (IV) cash severance benefits payable pursuant to the Severance Agreement. For purposes of determining the amount of the Gross-Up Payment, the Executive shall be deemed to pay federal income taxes at the highest marginal rate of federal income taxation in the calendar year in which the Gross-Up Payment is to be made and state and local income taxes at the highest marginal rate of taxation in the state and locality of Executive’s residence on the Termination Date, net of the maximum reduction in federal income taxes which could be obtained from deduction of such state and local taxes. The Gross-Up Payment required in respect of Agreement Payments other than under Section 2 of this Agreement and severance pay provided under the Severance Agreement shall be payable whether or not Executive’s employment terminates. In the event that the Excise Tax is subsequently determined to be less than the amount taken into account hereunder at the time of Executive’s termination of employment, the Executive shall repay to the Company at the time that the amount of such reduction in Excise Tax is finally determined the portion of the Gross-Up Payment attributable to such reduction (plus the portion of the Gross-Up Payment attributable to the Excise Tax and federal and state and local income tax imposed on the Gross-Up Payment being repaid by him if such repayment results in a reduction in Excise Tax and/or a federal and state and local income tax deduction) plus interest on the amount of such repayment at the rate provided in Section 1274(b)(2)(B) of the Code. In the event that the Excise Tax and any interest or penalties in respect thereof is determined to exceed the amount taken into account hereunder (including by reason of any payment the existence or amount of which cannot be determined at the time of the Gross-Up Payment), the Company shall make an additional

gross-up payment in respect of such excess (plus any interest or penalties payable with respect to such excess) at the time that the amount of such excess is finally determined.

11. Section 409A. Notwithstanding anything in the foregoing to the contrary, in the event that any amounts payable (or benefits provided) under this Agreement are subject to the provisions of Section 409A of the Code, to the extent determined necessary, the parties agree to amend this Agreement in the least restrictive manner necessary to avoid imposition of any additional tax or income recognition on Executive under Section 409A of the Code, the final Treasury Regulations and other Internal Revenue Service guidance thereunder. In addition, to the extent necessary to comply with Code Section 409A, references to termination of employment (and similar phrases) in this Agreement shall be interpreted in a manner that is consistent with the term "separation from service" under Code Section 409A(a) (2) (A) (i) and final Treasury Regulations and other Internal Revenue Service guidance thereunder.

IN WITNESS WHEREOF, the Company has caused this Agreement to be executed by a duty authorized officer and attested to and the Executive has set his hand as of the date first above written.

Acushnet Company

By: /s/ Joseph Nauman

Name: Joseph Nauman

Its: EVP & Secretary

ATTEST:

/s/ Dennis D. Doherty

Print Name: Dennis D. Doherty

/s/ Walter Uihlein

Walter R. Uihlein

AMENDMENT TO THE AMENDED AND RESTATED CHANGE IN CONTROL AGREEMENT

This Amendment to the Amended and Restated Change in Control Agreement (the “**Amendment**”), dated as of April 29, 2016 (the “**Execution Date**”), is entered into by and among Walter R. Uihlein (“**Executive**”) and Acushnet Company, a Delaware corporation (the “**Company**”). All capitalized terms not otherwise defined herein shall have the meaning set forth in the Agreement (defined below).

WHEREAS, Executive and the Company entered into an Amended and Restated Change in Control Agreement, dated as of July 19, 2013 (the “**Agreement**”);

WHEREAS, Executive and the Company wish to amend the Agreement, effective as of the Execution Date, with all other terms not specifically mentioned below remaining unchanged in such Agreement;

WHEREAS, the Agreement may be amended by a written agreement executed by the parties thereto;

NOW, THEREFORE, in consideration of the promises and mutual agreements contained herein, Executive and the Company agree as follows:

1. The first sentence of Section 1(a) of the Agreement shall be deleted and replaced in its entirety with the following:

If and only if a Change in Control occurs and if subsequent to such Change in Control and during the term of this Agreement (and in accordance with Section 4), the Executive’s employment with the Company is terminated by the Company other than for Disability or Cause or by the Executive for Good Reason (as defined in Section 1(g)), the Executive shall be entitled to benefits as provided in Section 2.

2. Section 1(b) of the Agreement shall be deleted and replaced in its entirety with the following:

(b) Change in Control. For purposes of this Agreement, a “Change in Control” shall have the meaning ascribed to such term in the Acushnet Holding Corp. 2015 Omnibus Incentive Plan.

3. A new penultimate sentence shall be added to Section 2(c) to read as follows:

Notwithstanding the foregoing, the Company shall not be required to provide the benefits provided in this Section 2(c), may require Executive to pay an amount greater than active employee rates, or may impute tax to the Executive on the value of Company-provided coverage, if the Company reasonably determines that the Company or the applicable benefit plan could be subjected to any excise tax or penalty for failure to comply with any law applicable to group health plans.

4. Section 2(g) of the Agreement shall be deleted and replaced in its entirety with the following:

Notwithstanding anything herein to the contrary, if at the time of Executive’s termination of employment with the Company, Executive is a “specified employee” as defined in Section

409A of the Code and the deferral of the commencement of any payments or benefits otherwise payable hereunder as a result of such termination of employment is necessary in order to prevent any accelerated or additional tax under Section 409A of the Code, then the payments to which Executive would otherwise be entitled during the first six months following Executive's termination of employment shall be deferred and accumulated (without any reduction in such payments or benefits ultimately paid or provided to Executive) for a period of six months from the date of termination of employment and paid in a lump sum on the first day of the seventh month following such termination of employment (or, if earlier, the date of Executive's death).

5. The second sentence of Section 2(j) shall be deleted and replaced in its entirety with the following:

Moreover, benefits determined under this Agreement shall be offset by benefits payable to the Executive pursuant to the Amended and Restated Severance Agreement between the Executive and the Company, dated as of July 19, 2013 (as amended from time to time, the "Severance Agreement").

6. Section 11 of the Agreement shall be deleted and replaced in its entirety with the following:

If any payments of money or other benefits due to Executive hereunder would cause the application of an accelerated or additional tax under Section 409A of the Code, such payments or other benefits shall be deferred if deferral will make such payment or other benefits compliant under Section 409A of the Code, or otherwise, to the extent determined necessary, the parties agree to amend this Agreement in the least restrictive manner necessary to avoid imposition of any additional tax or income recognition on Executive under Section 409A of the Code, the final Treasury Regulations and other Internal Revenue Service guidance thereunder. The Company intends that this Agreement shall comply with Section 409A and shall be interpreted, operated and administered accordingly, it being understood and acknowledged by Executive that taxes, interest or penalties pursuant to Section 409A are liabilities of Executive and not of the Company. A termination of employment shall not be deemed to have occurred for purposes of any provision of this Agreement providing for the payment of any amounts or benefits that are considered nonqualified deferred compensation under Section 409A of the Code upon or following a termination of employment, unless such termination is also a "separation from service" within the meaning of Section 409A of the Code and the payment thereof prior to a "separation from service" would violate Section 409A of the Code. For purposes of any such provision of this Agreement relating to any such payments or benefits, references to a "termination," "termination of employment" or like terms shall mean "separation from service." Each payment in a series of payments hereunder shall be deemed to be a separate payment for purposes of Section 409A of the Code. With respect to any payment constituting nonqualified deferred compensation subject to Section 409A of the Code: (A) all expenses or other reimbursements provided herein shall be payable in accordance with the Company's policies in effect from time to time, but in any event shall be made on or prior to the last day of the taxable year following the taxable year in which such expenses were incurred by Executive; (B) no such reimbursement or expenses eligible for reimbursement in any taxable year shall in any way affect the expenses eligible for reimbursement in any other taxable year; and (C) the right to reimbursement or in-kind benefits shall not be subject to liquidation or exchanged for another benefit.

7. Except as provided herein, all other terms and conditions in the Agreement remain in full force and effect.

8. This Amendment may be executed in counterparts, each of which shall be deemed an original but which together shall constitute one and the same instrument.

[*Signature Page follows*]

IN WITNESS WHEREOF, the parties hereto have executed this Amendment to the Agreement effective as of the date first above written.

ACUSHNET COMPANY

/s/ Joseph J. Nauman

By: Joseph J. Nauman

Title: Executive Vice President Corporate and Legal

WALTER R. UIHLEIN

/s/ Walter R. Uihlein

[*Signature Page to Amendment to Uihlein Amended and Restated Change in Control Agreement*]

AMENDED AND RESTATED SEVERANCE AGREEMENT

AGREEMENT dated as of July 19, 2013 between ACUSHNET COMPANY, a Delaware corporation (the “Company”), and Walter R. Uihlein (the “Executive”).

WITNESSETH:

WHEREAS, the Executive is currently employed by the Company and has throughout his period of employment rendered valuable service to the Company; and

WHEREAS, the Executive desires to continue in full-time employment with the Company, but desires to be provided with the assurance of receiving certain severance benefits in the event the Company were to take certain actions resulting in the termination of his employment; and

WHEREAS, in order for the Company to continue to have the benefit of the Executive’s knowledge and experience as a full-time employee of the Company, the Company desires to provide him with the assurance of receiving severance benefits to be a vital element in protecting and enhancing the best interests of the Company and its stockholders; and

WHEREAS, the Company and the Executive entered into that certain Severance Agreement, dated as of October 1, 2007 and amended effective as of January 1, 2009, which sets forth terms and conditions of such severance benefits (the “Original Severance Agreement”); and

WHEREAS, the Company and the Executive desire to further amend and also restate the Original Severance Agreement;

WHEREAS, simultaneously with the execution of this Agreement, Executive and the Company are entering into an Amended and Restated Change in Control Agreement (the “Change in Control Agreement”);

NOW, THEREFORE, in consideration of the premises and of the mutual agreements hereinafter contained, the parties agree as follows:

1. Termination of Employment.

(a) Entitlement to Benefits. If and only if during the term of this Agreement the Executive’s employment with the Company is terminated by the Company other than for Disability or Cause or by the Executive for Good Reason (as defined in this Section 1), the Executive shall be entitled to benefits as provided in Section 2. The Executive shall not be entitled to any benefits under this Agreement in the event his employment with the Company is terminated as a result of his death, by the Company for Disability or Cause or by the Executive other than for Good Reason.

(b) Disability. Termination of employment by the Company for Disability hereunder shall be deemed to have occurred only if, as a result of the Executive’s incapacity due to physical or mental illness, the Executive shall have been absent from his duties with the Company on a full-time basis for 180 consecutive days and, within 30 days after Notice of

Termination (as defined in Section 1(d)) is given to the Executive by the Company, the Executive shall not have returned to the full-time performance of his duties.

(c) Cause. Termination of employment by the Company shall be deemed to be for Cause only if (i) termination shall have been the result of (A) an act or acts of dishonesty on the Executive's part that results in Executive being indicted for a felony, or (B) the Executive's willful and continued failure substantially to perform his duties and responsibilities as an officer of the Company (other than any such failure resulting from his incapacity due to physical or mental illness) after a demand for substantial performance is delivered to the Executive by the Board of Directors of the Company which specifically identifies the manner in which such Board believes that the Executive has not substantially performed his duties and the Executive is given a reasonable time after such demand substantially to perform his duties, and (ii) there shall have been delivered to the Executive a copy of a resolution duly adopted by the affirmative vote of not less than two-thirds (2/3) of the members of the Board of Directors of the Company at a meeting called and held for the purpose (after reasonable notice to the Executive and an opportunity for him, together with his counsel, to be heard before such Board), finding that in the good faith opinion of the Board of Directors of the Company that the Executive was guilty of conduct set forth above in clause (i)(A) or (i)(B) of this Section 1(c) and specifying the particulars thereof in detail. The Executive's employment shall in no event be considered to have been terminated by the Company for Cause if the act or failure to act upon which such termination is based (x) was done or omitted to be done (1) as a result of bad judgment or negligence on his part, or (2) as a result of his good faith belief that such act or failure to act was in or was not opposed to the interests of the Company, or (y) is an act or failure to act in respect of which the Executive meets the applicable standard of conduct prescribed for indemnification or reimbursement or payment of expenses under the By-laws of the Company or the laws of the state of its incorporation or the directors' and officers' liability insurance of the Company, in each case as in effect at the time of such act or failure to act.

(d) Notice of Termination. Any termination by the Company for Disability or Cause shall be communicated by Notice of Termination to the Executive and any termination by the Executive for Good Reason shall be communicated by Notice of Termination to the Company. For purposes of this Agreement, a "Notice of Termination" shall mean a notice in writing which indicates the specific termination provision in this Agreement relied upon and sets forth in reasonable detail the facts and circumstances claimed to provide a basis for termination of the Executive's employment under the provision so indicated.

(e) Termination Date. "Termination Date" shall mean (i) if employment is terminated by the Company for Disability, 30 days after Notice of Termination is given (provided that the Executive shall not have returned to the performance of his duties on a full-time basis during such 30-day period), (ii) if employment is terminated by the Company for Cause, the date on which a Notice of Termination is given, (iii) if employment is terminated for Good Reason, the date specified in the Notice of Termination, and (iv) if employment is terminated for any other reason, the date on which the Executive ceases to perform his duties for the Company; provided, however, that, if within 30 days after any Notice of Termination is given the party receiving such Notice of Termination notifies the other party that a dispute exists concerning the termination, the Termination Date shall be the date finally determined to be the Termination Date, either by written agreement of the parties or by a final judgment, order or

decree of court of competent jurisdiction (the time for appeal having expired and no appeal having been perfected); provided further, however, that if the dispute is resolved in favor of the Company, the Termination Date shall be the date determined under clauses (i) through (iv) of this Section 1(e).

(f) Good Reason. Termination of employment by the Executive for Good Reason shall be deemed to have occurred only if the Executive terminates his employment and provides a Notice of Termination to the Company prior to such date for any of the following reasons:

(i) without Executive's express written consent, a material change in the duties assigned to Executive, except in connection with the termination of his employment as a result of Executive's death or by the Company for Disability or Cause or by Executive other than for Good Reason;

(ii) a reduction by the Company in the Executive's then current base salary;

(iii) failure by the Company to substantially maintain Executive's participation in the Company's benefit plans; provided that the Company may eliminate Executive's participation in such plans if participation ceases for similarly situated senior executives and further provided that the Company may make adjustments to Executive's level of benefits under such plans. Such benefit plans shall include, but not be limited to, the provisions for incentive compensation under the Annual Executive Incentive Compensation Plan of the Company and the Company's Retirement Plan, the Supplemental Retirement Plan (the "Supplemental Plan"), the Acushnet Company Retirement Savings Plan (including the related Company matching contributions), the Long-Term Incentive Plan and the Equity Appreciation Rights Plan (the "EAR Plan");

(iv) the relocation of the Company's principal executive offices to a location more than 35 miles from its location on the date of this Agreement or the Company requiring the Executive to relocate to any office other than the Company's principal executive offices, except for required travel on the Company's business;

(v) any reduction in the number of vacation days provided to the Executive, unless such reduction is applicable to officers of the Company generally;

(vi) any failure of the Company to comply with and satisfy Section 7;

(vii) any purported termination of the Executive's employment by the Company which is not effected pursuant to a Notice of Termination and for purposes of this Agreement, no such purported termination shall be effective;

provided, however, that termination of employment by the Executive under clauses (ii) or (iii) above shall not be deemed to have occurred for Good Reason if the reason for the compensation reduction or failure of benefit plan coverage thereunder is due to a change in the individual elements of aggregate compensation, which change is applicable to officers of the Company generally, without a material reduction in aggregate compensation; provided, further, that the

Executive must provide written notice to the Company of the existence of Good Reason no later than 90 days after its initial existence, the Company shall have a period of 30 days following its receipt of such written notice during which it may remedy in all material respects the Good Reason condition identified in such written notice and the Executive must terminate employment with the Company no later than 2 years following the initial existence of the Good Reason condition identified in such written notice.

2. Compensation Upon Termination .

(a) If the Executive's employment is terminated by the Company for Disability or Cause or by the Executive for other than Good Reason, the Company shall have no obligation to pay any compensation to the Executive under this Agreement in respect of periods beginning on and after the Termination Date, but this Agreement shall have no effect on any other obligation the Company may have to pay the Executive compensation to which he may otherwise be entitled.

(b) If the Company terminates the Executive's employment other than for Disability or Cause, or if the Executive terminates his employment for Good Reason, then the Company shall pay to the Executive as severance pay ratably (or as otherwise provided under subsection (f) or (j) below) over the 12-month period commencing on the Executive's Termination Date (provided that Executive has delivered and has not revoked an executed release of claims in the form attached hereto as Exhibit A (as such release is updated from time to time to reflect legal requirements) an amount equal to the product of two (2) times the sum of:

(i) his annual base salary at the rate in effect on the date hereof plus any increases therein subsequent thereto, plus

(ii) his target annual bonus under the Annual Executive Incentive Compensation Plan in effect in the calendar year in which the Termination Date occurs, plus

(iii) the amount that would have been required to be allocated to the Executive's account (assuming that he elected the maximum employee contribution) for the year immediately preceding the year in which the Termination Date occurs under the Acushnet Company Retirement Savings Plan, including the Company 401(k) matching contributions, and the Company contributions under the Supplemental Plan.

(c) If the Company terminates the Executive's employment other than for Disability or Cause, or if the Executive terminates his employment for Good Reason, and if Executive has delivered and has not revoked an executed release of claims in the form attached hereto as Exhibit A (as such release is updated from time to time to reflect legal requirements), the Company shall maintain in full force and effect, for the Executive's continued benefit for a two (2) year period after the Termination Date, all employee life, health, accident, disability, and medical plan coverage in which he was participating immediately prior to the Termination Date, provided that his continued participation is possible under the terms and provisions of such plans. With respect to health coverage (medical, dental and vision), Executive shall be required to pay the applicable active employee rate of coverage for similar coverage, and such coverage

shall run concurrent with coverage required to be provided under the Consolidated Omnibus Budget Reconciliation Act of 1985 (“COBRA”). If health coverage is required to be provided under this Section 2(c) beyond the end of the applicable COBRA period, Executive may be taxed on the value of the Company-provided premium. No other welfare or fringe benefits shall be provided except as specifically provided in this Section.

(d) If the Company terminates the Executive’s employment other than for Disability or Cause, or if the Executive terminates his employment for Good Reason, and if the Executive has delivered and has not revoked an executed release of claims in the form attached hereto as Exhibit A (as such release is updated from time to time to reflect legal requirements), then in addition to the retirement benefits to which the Executive is entitled under the Retirement Plan, the pension provisions of the Supplemental Plan and any other defined benefit pension plan maintained by the Company or any affiliate, and any other program, practice or arrangement of the Company or any affiliate to provide the Executive with a defined pension benefit after termination of employment, and any successor plans thereto (all such plans being collectively referred to herein as the “Pension Plans”), the Company shall pay the Executive, at the same time that pension benefits are paid under the Supplemental Plan, an amount equal to the excess of (i) over (ii) below where:

(i) equals the sum of the aggregate monthly amounts of pension payments (determined as a straight life annuity) to which the Executive would have been entitled under the terms of each of the Pension Plans in which he was an active participant as of the Termination Date determined as if he were fully vested thereunder and had accumulated two (2) additional years of Service thereunder (subsequent to his Termination Date) at his rate of Earnings in effect on the Termination Date, and where;

(ii) equals the sum of the aggregate monthly amounts of pension payments (determined as a straight life annuity) to which the Executive is entitled under the terms of each of the Pension Plans in which he was an active participant at the date hereof or subsequently.

For purposes of clause (i), the amounts payable pursuant to Sections 2(b)(i) and (ii) shall be considered as part of the Executive’s Earnings and such amounts shall be deemed to represent two (2) years of Earnings for purposes of determining his highest consecutive five year average rate of Earnings. The supplemental pension benefits determined under this Section 2(d) shall be payable by the Company to the Executive and his contingent annuitant, if any, or to the Executive’s surviving spouse as a spouse’s benefit if the Executive dies prior to commencement of benefits under this Agreement, in the same manner and for as long as his pension benefits under the Supplemental Plan and shall be adjusted actuarially to reflect payment in a form other than a straight life annuity. Benefits which commence prior to the age at which benefits may be paid without actuarial reduction for early payment under the Retirement Plan shall be actuarially reduced to reflect early commencement to the extent, if any, provided in the Retirement Plan as if the Executive’s Termination Date were an Early Retirement Date. In the event that an employee grantor trust (“Grantor Trust”) has been established among the Company, the Executive and a Trustee, the Company shall provide the additional pension benefits payable under this Section 2(d) in the same manner as Supplemental Plan benefits are provided after termination of employment to executives with Grantor Trusts and shall be calculated using the

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same assumptions as used to provide Supplemental Plan benefits. All capitalized terms used in this Section 2(d) shall have the same meaning as in the Retirement Plan as in effect on the date hereof, unless otherwise defined herein or otherwise required by the context.

(e) If the Company terminates the Executive’s employment other than for Disability or Cause, or the Executive terminates his employment for Good Reason, and if Executive has delivered and has not revoked an executed release of claims in the form attached hereto as Exhibit A (as such release is updated from time to time to reflect legal requirements), the Executive shall be entitled to the following as incentive compensation through the Termination Date:

(i) the unpaid portion of the amount awarded to him as incentive compensation under the Annual Executive Incentive Compensation Plan for the calendar year immediately preceding the year in which the Termination Date occurs, payable at the time annual incentive awards are normally paid; and

(ii) incentive compensation under the Annual Executive Incentive Compensation Plan for the calendar year in which the Termination Date occurs, payable at the time annual incentive awards for that year are normally paid (but subject to Section 2(f)), based on actual performance of the Company.

(f) If the Executive is a “specified employee” of the Company (as defined in the Supplemental Plan), amounts that would otherwise have been paid to the Executive under the foregoing provisions of this Section 2 (except paragraph (c)) during the six (6)-month period immediately following the Termination Date shall be paid on the first regular payroll date immediately following the six (6)-month anniversary of the Termination Date.

(g) If the Company terminates Executive’s employment other than for Disability or Cause or if the Executive terminates his employment for Good Reason and a dispute exists concerning the termination as set forth in subsection (e) of Section 1, the Company shall continue to pay Executive’s full base salary through the date finally determined to be the Termination Date as provided in subsection (e) of Section 1.

(h) The Executive shall not be required to mitigate the amount of any payment provided for in this Section 2 by seeking other employment or otherwise, nor shall the amount of any payment provided for in this Section 2 be reduced by any compensation earned by the Executive as the result of employment by another employer after the Termination Date or by any other compensation.

(i) Subject to Section 2(j), this Agreement and the obligations of the Company under it shall not be in derogation of any other obligations of the Company not set forth herein to pay any compensation or to pay or provide any benefit to the Executive.

(j) Notwithstanding any other provision of this Agreement,

(i) if the Executive is entitled to severance pay benefits both under this Agreement and under the Change in Control Agreement, severance pay benefits shall be paid under this Agreement as follows:

(A) if the Executive's Termination Date occurs within two (2) years following the change in control, the severance pay benefit determined under Section 2(b) shall be paid in a lump sum on the first regular payroll date immediately following the six (6)-month anniversary of the Termination Date; and

(B) if the Executive's Termination Date occurs more than two (2) years following the change in control, the severance pay benefit determined under this Agreement shall be paid as specified in Sections 2(b) and (f); and

(ii) no benefits shall be provided to the Executive under the Company's severance pay program covering salaried or executive employees.

3. Confidential Information .

(a) The Executive acknowledges that given his high level position with the Company, he has had and will have access to highly confidential information of the Company and its affiliates, including, but not limited to, financial information, supply and service information, marketing information, personnel data, customer lists, business and financial plans and strategies, and product costs, sources and pricing. The Company and the Executive consider their relation to be one of high confidence with respect to all such information ("Confidential Trade Secrets"). Accordingly, the Executive agrees that during and for a period of twelve (12) months after the termination of his employment with the Company, regardless of the reasons that such employment might end, the Executive will:

(i) Hold all Confidential Trade Secrets in confidence and not discuss, communicate, disclose or transmit to others, or make any unauthorized copy of or use the Confidential Trade Secrets in any capacity, position or business unrelated to the Company;

(ii) Use the Confidential Trade Secrets only in furtherance of proper Company employment related business reasons; and

(iii) Take all reasonable action that the Company deems necessary and appropriate to prevent unauthorized use or disclosure of or to protect the Company's interests in the Confidential Trade Secrets.

(b) It is understood and agreed that the Executive's obligations under Section 3(a) do not extend to any knowledge or information which is or may become available to the public or to competitors otherwise than by disclosure by the Executive in breach of this Agreement nor to disclosure compelled by judicial or administrative proceeding after the Executive diligently tries to avoid each disclosure and affords the Company the opportunity to obtain assurance that compelled disclosures will receive confidential treatment.

4. Loyalty . The Executive further acknowledges that the loyalty and dedicated service of the Company's and its affiliates' employees is critical to the Company's business. Accordingly, the Executive agrees that during and after his employment by the Company, regardless of the reasons the employment might end, he will not, without the prior written

consent of the Company, induce or attempt to induce any employee or agency representative of the Company or any of its affiliates to leave the employment or representation of the Company or of any affiliate. The Executive also agrees that during and after his employment, he will not take any action, or make any statements, that discredit or disparage the Company or its affiliates, or its or their officers, directors, employees or products. The Company agrees that it will not take any action or make any statements during and after Executive's employment that discredit or disparage the Executive. The two preceding sentences shall not apply to statements made in papers filed in good faith with a court of law in connection with a lawsuit between the Executive and the Company.

5. Non-Competition.

(a) The Executive acknowledges that the Company and its affiliates have invested time and money in establishing or planning to establish one or more aspects of its business throughout the United States, Canada, Asia, Mexico and Europe. Therefore, the Executive agrees that during his employment by the Company and for a period of twelve (12) months after the termination of his employment, the Executive will not, directly or indirectly, individually engage in nor be competitively employed or retained by, or render any competing services for, or be financially interested in, any firm or corporation engaged in any business in the United States, Canada, Asia, Mexico or Europe which is directly competitive with any significant business in which the Company or any of its affiliates was engaged during the two-year period preceding the date the Executive's employment terminates, including, but not limited to any significant business in which, during such two-year period, the Executive was involved in the Company's or any affiliate's planning to enter such business.

(b) The restriction in Section 5(a) shall not apply to:

(i) The purchase by the Executive of stock not to exceed 5% of the outstanding shares of capital stock or any corporation whose securities are listed on any national securities exchange; or

(ii) The employment of the Executive by a non-competitive subsidiary or non-competitive affiliated entity of a competitor of the Company or any affiliate upon written consent of the Company, which consent shall not be unreasonably withheld.

(c) The Executive also agrees that for a period of twelve (12) months after the termination of his employment with the Company he will not solicit business from nor directly or indirectly cause others to solicit business that competes with the Company's or any affiliate's line of products from any entities which have been customers of the Company during the Executive's employment or which were targeted as potential customers during Executive's employment.

6. Remedies. The Executive recognizes and agrees:

(a) That the covenants and restrictions in Sections 3, 4 and 5 of this Agreement are reasonable and valid and all defenses to the strict enforcement of such sections by the Company are waived by the Executive to the full extent permitted by law. In the event, however, that a court of competent jurisdiction should determine in any case that the

enforcement of any provision contained in such paragraphs would not be reasonable, it is intended that enforcement of a provision which is determined by such court to be reasonable shall be given effect; and

(b) That a breach of the covenants and restrictions in Sections 3, 4 and 5 of this Agreement would result in irreparable harm to the Company which could not be compensated by money damages alone. Accordingly, the Executive agrees that should there be a breach of any or all of these provisions or a threatened breach, the Company shall be entitled to cease paying amounts under Section 2 and to offset any amounts it owes to Executive against any damage that it has suffered as a result of the breach of any of the covenants and restrictions in Sections 3, 4 and 5 and, in addition to its other remedies, to an order enjoining any such breach or threatened breach without bond. In addition, the Executive agrees that, in the event he breaches any of the covenants or restrictions in Section 3, 4 or 5 of this Agreement, he will promptly repay to the Company upon demand of the Company any amounts paid to him pursuant to Section 2. The Executive further agrees that if the Company prevails in any action to enforce these provisions, he will reimburse the Company for its attorney fees and costs incurred in pursuing such action.

The Company agrees that it will seek enforcement of Sections 3, 4 and 5 of this Agreement only in a good faith, reasonable manner and will not seek to enforce such sections solely for malicious and punitive reasons.

7. Successors; Binding Agreement.

(a) The Company shall require any successor (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business or assets of the Company, and any parent company thereof, by agreement or agreements in form and substance satisfactory to the Executive, expressly to assume and agree to perform this Agreement, and in the case of any such parent company expressly to guarantee and agree to cause the performance of this Agreement, in the same manner and to the same extent as the Company would be required to perform it if no such succession had taken place. As used in this Agreement, "Company" shall mean the Company as defined in the first sentence of this Agreement and any successor to all or substantially all its business or assets or which otherwise becomes bound by all the terms and provisions of this Agreement, whether by the terms hereof, by operation of law or otherwise.

(b) This Agreement is personal to the Executive and without the prior written consent of the Company shall not be assignable by the Executive otherwise than by will or the laws of descent and distribution. This Agreement shall inure to the benefit of and be enforceable by the Executive and his personal or legal representatives and successors in interest under this Agreement.

8. Term. This Agreement shall continue in full force and effect until the third anniversary of the date that notice of termination of this Agreement is given by the Company to the Executive or by the Executive to the Company.

9. Notice. Any notice, demand or other communication required or permitted under this Agreement shall be effective only if it is in writing and delivered personally or sent by registered or certified mail, return receipt requested, postage prepaid, addressed as follows:

If to the Company:
Acushnet Company
333 Bridge Street
Fairhaven, MA 02719
Attention: Secretary

If to the Executive:

At the address most recently on file with the Company

or to such other address as either party may designate by notice to the other and shall be deemed to have been given as of the date so personally delivered or mailed.

10. Miscellaneous. This Agreement shall be governed by and construed in accordance with the laws of the State of Delaware. This Agreement cannot be modified or any term or condition waived in whole or in part except by a writing signed by the party against whom enforcement of the modification or waiver is sought. No waiver by either party at any time of any breach of this Agreement by the other party, or compliance with, any condition or provision of this Agreement to be performed by such other party shall be deemed a waiver of similar or dissimilar provisions or conditions at the same or at any prior or subsequent time. The headings in this Agreement are included for convenience of reference only and shall not in any way affect the meaning or interpretation of this Agreement.

11. Separability. The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement.

12. Counterparts. This Agreement may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, and such counterparts will together constitute but one Agreement.

13. Withholding of Taxes. The Company may withhold from any benefits payable under this Agreement all federal, state, city or other taxes as shall be required pursuant to any law or governmental regulation or ruling.

14. Section 409A. Notwithstanding anything in the foregoing to the contrary, in the event that any amounts payable (or benefits provided) under this Agreement are subject to the provisions of Section 409A of the Code, to the extent determined necessary, the parties agree to amend this Agreement in the least restrictive manner necessary to avoid imposition of any additional tax or income recognition on Executive under Section 409A of the Code and any final

Treasury Regulations and Internal Revenue Service guidance thereunder. In addition, to the extent necessary to comply with Code Section 409A, references to termination of employment (and similar phrases) in this Agreement shall be interpreted in a manner that is consistent with the term "separation from service" under Code Section 409A(a)(2)(A)(i) and final Treasury Regulations and other Internal Revenue Service guidance thereunder.

IN WITNESS WHEREOF, the Company has caused this Agreement to be executed by a duly authorized-officer and attested to and the Executive has set his hand as of the date first above written.

Acushnet Company

By: /s/ Joseph Nauman
Name: Joseph Nauman
Its: EVP & Secretary

ATTEST:

/s/ Dennis D. Doherty
Print Name: Dennis D. Doherty

/s/ Walter Uihlein
Walter R. Uihlein

AMENDMENT TO THE AMENDED AND RESTATED SEVERANCE AGREEMENT

This Amendment to the Amended and Restated Severance Agreement (the “**Amendment**”), dated as of April 29, 2016 (the “**Execution Date**”), is entered into by and among Walter R. Uihlein (“**Executive**”) and Acushnet Company, a Delaware corporation (the “**Company**”). All capitalized terms not otherwise defined herein shall have the meaning set forth in the Agreement (defined below).

WHEREAS, Executive and the Company entered into an Amended and Restated Severance Agreement, dated as of July 19, 2013 (the “**Agreement**”);

WHEREAS, Executive and the Company wish to amend the Agreement, effective as of the Execution Date, with all other terms not specifically mentioned below remaining unchanged in such Agreement;

WHEREAS, the Agreement may be amended by a written agreement executed by the parties thereto;

NOW, THEREFORE, in consideration of the promises and mutual agreements contained herein, Executive and the Company agree as follows:

1. A new penultimate sentence shall be added to Section 2(c) to read as follows:

Notwithstanding the foregoing, the Company shall not be required to provide the benefits provided in this Section 2(c), may require Executive to pay an amount greater than active employee rates, or may impute tax to the Executive on the value of Company-provided coverage, if the Company reasonably determines that the Company or the applicable benefit plan could be subjected to any excise tax or penalty for failure to comply with any law applicable to group health plans.

2. Section 2(f) of the Agreement shall be deleted and replaced in its entirety with the following:

Notwithstanding anything herein to the contrary, if at the time of Executive’s termination of employment with the Company, Executive is a “specified employee” as defined in Section 409A of the Code and the deferral of the commencement of any payments or benefits otherwise payable hereunder as a result of such termination of employment is necessary in order to prevent any accelerated or additional tax under Section 409A of the Code, then the payments to which Executive would otherwise be entitled during the first six months following Executive’s termination of employment shall be deferred and accumulated (without any reduction in such payments or benefits ultimately paid or provided to Executive) for a period of six months from the date of termination of employment and paid in a lump sum on the first day of the seventh month following such termination of employment (or, if earlier, the date of Executive’s death).

3. Section 14 of the Agreement shall be deleted and replaced in its entirety with the following:

If any payments of money or other benefits due to Executive hereunder would cause the application of an accelerated or additional tax under Section 409A of the Code, such payments or other benefits shall be deferred if deferral will make such payment or other benefits compliant under Section 409A of the Code, or otherwise, to the extent determined

necessary, the parties agree to amend this Agreement in the least restrictive manner necessary to avoid imposition of any additional tax or income recognition on Executive under Section 409A of the Code, the final Treasury Regulations and other Internal Revenue Service guidance thereunder. The Company intends that this Agreement shall comply with Section 409A and shall be interpreted, operated and administered accordingly, it being understood and acknowledged by Executive that taxes, interest or penalties pursuant to Section 409A are liabilities of Executive and not of the Company. A termination of employment shall not be deemed to have occurred for purposes of any provision of this Agreement providing for the payment of any amounts or benefits that are considered nonqualified deferred compensation under Section 409A of the Code upon or following a termination of employment, unless such termination is also a "separation from service" within the meaning of Section 409A of the Code and the payment thereof prior to a "separation from service" would violate Section 409A of the Code. For purposes of any such provision of this Agreement relating to any such payments or benefits, references to a "termination," "termination of employment" or like terms shall mean "separation from service." Each payment in a series of payments hereunder shall be deemed to be a separate payment for purposes of Section 409A of the Code. With respect to any payment constituting nonqualified deferred compensation subject to Section 409A of the Code: (A) all expenses or other reimbursements provided herein shall be payable in accordance with the Company's policies in effect from time to time, but in any event shall be made on or prior to the last day of the taxable year following the taxable year in which such expenses were incurred by Executive; (B) no such reimbursement or expenses eligible for reimbursement in any taxable year shall in any way affect the expenses eligible for reimbursement in any other taxable year; and (C) the right to reimbursement or in-kind benefits shall not be subject to liquidation or exchanged for another benefit.

4. Except as provided herein, all other terms and conditions in the Agreement remain in full force and effect.

5. This Amendment may be executed in counterparts, each of which shall be deemed an original but which together shall constitute one and the same instrument.

[*Signature Page follows*]

IN WITNESS WHEREOF, the parties hereto have executed this Amendment to the Agreement effective as of the date first above written.

ACUSHNET COMPANY

/s/ Joseph J. Nauman

By: Joseph J. Nauman

Title: Executive Vice President Corporate and Legal

WALTER R. UIHLEIN

/s/ Walter R. Uihlein

[*Signature Page to Amendment to Uihlein Amended and Restated Severance Agreement*]

ACUSHNET COMPANY

WALTER R. UIHLEIN

TRUST AGREEMENT

THIS AGREEMENT, made as of the first day of January 2003, among WALTER R. UIHLEIN, ACUSHNET COMPANY, a Delaware corporation (the "Company"), and THE NORTHERN TRUST COMPANY, an Illinois banking corporation (the "Trustee").

W I T N E S S E T H :

WHEREAS, the Company has offered full-time employment to WALTER R. UIHLEIN (the "Executive") with assurance of receiving benefits pursuant to the terms of the Company's Supplemental Plan as well as pension benefits under any other agreements or arrangements for the payment of additional pension or other deferred compensation benefits to or on behalf of the Executive (the Supplemental Plan and such other agreements or arrangements are herein collectively referred to as the "Plan"); and

WHEREAS, the Company has induced the Executive to join its full-time employ by establishing a trust, and wishes to continue with the Trustee a trust, for the Executive in order to provide a source of payment of the benefits payable to the Executive under the terms of the Plan;

NOW, THEREFORE, in consideration of the premises and mutual and independent promises herein, the parties hereto covenant and agree as follows:

ARTICLE I

1.1 The Executive and the Company hereby establish with the Trustee a Trust consisting of such sums of money and such property acceptable to the Trustee as shall from time to time be paid or delivered to the Trustee by the Company and the earnings and profits thereon. All such money and property, all investments made therewith and proceeds thereof, less the payments or other distributions which, at the time of reference, shall have been made by the Trustee, as authorized herein, are referred to herein as the "Fund" and shall be held by the Trustee, IN TRUST, in accordance with the provisions of this Agreement. The Trust shall be solely for the purpose of providing benefits under the Plan with respect to the Executive, and neither the Company nor any creditors of the Company shall have any interest in the Fund.

1.2 The Trustee shall hold, manage, invest and otherwise administer the Fund pursuant to the terms of this Agreement. The Trustee shall be responsible only for contributions actually received by it hereunder and shall have no responsibility for the correctness of the amount thereof. Upon the establishment of this Trust, and from time to time thereafter, the Company may contribute to the Trust, unless otherwise directed by the Executive to make such contributions to a segregated account established with the Trustee or other bank, trust company or other financial institution by or for the benefit of the Executive pursuant to the Plan ("Segregated Account"), such amount in cash as the Company shall determine to be appropriate to provide a source of the payments required under the terms of the Plan. Prior to the making of any contribution to the Trust, the Company shall have approved the establishment of a Segregated Account of the Executive, the terms and provisions thereof, and the bank, trust company or other financial institution with which such Segregated Account may be established. The initial contribution by the Company shall be in an amount approximately equal to the

present value of the after tax equivalent of the aggregate maximum benefits that would be due to the Executive as of such date under the retirement provisions of the Plan, or such lesser amount as the Company shall determine. The Company will make additional annual contributions to the Trust or Segregated Account in amounts such that the amount of the Fund, together with the amount in the Executive's Segregated Account, at such time will be approximately equal to the present value of the after tax equivalent of the Executive's accrued benefits under the Plan at that time, or in such lesser amounts as the Company shall determine. The Company also may make a final contribution to the Trust as promptly as practicable after the Executive's termination of employment in an amount such that the amount of the Fund, together with the amount, if any, in the Executive's Segregated Account will be equal to (i) the sum of the present value of the after tax equivalent of (y) the Executive's benefit under the supplemental retirement provisions of the Plan or, if the termination of employment is by reason of the death of the Executive, the Executive's benefit under the supplemental retirement provisions of the Plan immediately prior to his death, and (z) any other benefits payable to the Executive, reduced by (ii) the amounts of any actual withdrawals from the Fund or from the Executive's Segregated Account by the Executive as provided in Section 2.4 plus the income which would have been earned on such withdrawn amounts from the time of withdrawal to the time of the Executive's termination of employment, assuming earnings at an interest rate equal to the after tax equivalent of the average monthly yield on ten year coupon U.S. Treasury bonds (as published by the Federal Reserve) for the month of termination of Qualifying Employment and the prior five months.

1.3 The Company shall certify to the Trustee and the Executive at the time of each contribution to the Fund the amount of such contribution being made in respect of the Executive's supplemental retirement benefit under the Plan, and other benefits, under the Plan.

The Fund shall be revalued by the Trustee quarterly as of the last business day of each March, June, September and December, or at such other times as agreed to by the Company and the Trustee, at current market values, as determined by the Trustee, which shall deliver as soon as practicable a copy of such quarterly valuation to the Company and the Executive.

ARTICLE II

2.1 The Company shall act as Administrator of the Trust. Except for the records dealing solely with the Fund and its investment, which shall be maintained by the Trustee, the Company as Administrator shall maintain all the Executive's records contemplated by this Agreement, including records of the Executive's compensation and benefits from the Company, the amount of his benefits accrued under the Plan, the Company's contributions to the Fund, withdrawals from the Fund as provided in Section 2.4 or from the Executive's Segregated Account, the Executive's beneficiary designation and such other records as may be necessary for determining the amount payable to the Executive or his Surviving Spouse or other beneficiary under the Plan. All such records shall be made available promptly upon the request of the Executive. The Company shall give written notice to the Trustee of the Executive's termination of employment, and as to whether such termination is by reason of the death of the Executive. The Company as Administrator shall also prepare and distribute the Executive's annual estimated benefit statements specified in Section 2.2 and shall perform such other duties and responsibilities in connection with the administration of the Trust as the Company or the Trustee determines is necessary or advisable to achieve the objectives of this Agreement.

2.2 The Company as Administrator shall prepare an annual estimated benefits statement in respect of the Executive and shall furnish a copy of same to the Executive by no later than May 15 of each year.

2.3 The Company shall have full responsibility for the proper remittance of all withholding taxes on contributions by the Company to the Trust to the appropriate taxing authority and shall furnish the Executive with the appropriate tax information form reporting the amounts of such contributions and any withholding taxes. The Trustee shall have the responsibility for the preparation and filing with the appropriate taxing authorities of all tax returns required to be filed for the Trust.

2.4 Subject to the next to the last sentence of Section 5.2, the Executive may withdraw all or any portion of the Fund, in cash or, to the extent practicable, in kind at any time upon written notice of not less than sixty (60) days to the Company and the Trustee. Prior to any such withdrawal, the Trustee shall notify the Company in writing of such withdrawal and the amount thereof.

2.5 The Executive may elect to transfer all or any portion of the Fund to his Segregated Account, in cash or, to the extent practicable, in kind, at any time upon written notice of not less than sixty (60) days to the Company and the Trustee and the financial institution with which the Segregated Account is established. The Executive also may elect to transfer funds, in cash, from his Segregated Account to the Trust upon written notice of not less than sixty (60) days to the Company and the Trustee, and funds so transferred shall be held by the Trustee as part of the Fund.

2.6 The Executive may designate a beneficiary to receive all or any portion of the Fund in the event of his death. Such designation shall be in writing filed with the Company as Administrator on a form approved by it and signed by the Executive. The Company shall promptly notify the Trustee of any such beneficiary designation and any changes therein.

ARTICLE III

3.1 After the execution of this Agreement, the Company shall promptly file with the Trustee a certified list of the names and specimen signatures of the officers of the Company and any delegate authorized to act for it. The Company shall promptly notify the Trustee of the addition or deletion of any person's name to or from such list, respectively. Until receipt by the Trustee of notice that any person is no longer authorized so to act, the Trustee may continue to rely on the authority of the person. All certifications, notices and directions by any such person or persons to the Trustee shall be in writing signed by such person or persons. The Trustee may rely on any such certification, notice or direction purporting to have been signed by or on behalf of such person or persons that the Trustee believes to have been signed thereby. The Trustee may rely on any certification, notice or direction of the Company that the Trustee believes to have been signed by a duly authorized officer or agent of the Company. The Trustee shall have no responsibility for acting or not acting in reliance upon any notification believed by the Trustee to have been so signed by a duly authorized officer or agent of the Company. The Company shall be responsible for keeping accurate books and records with respect to the Executive, his compensation and his rights and interests in the Fund under the Plan.

3.2 The Company (which has the authority to do so under the laws of its state of incorporation) shall indemnify The Northern Trust Company, and defend it and hold it

harmless from and against any and all liabilities, losses, claims, suits or expenses (including reasonable attorneys' fees) of whatsoever kind and nature which may be imposed upon, asserted against or incurred by The Northern Trust Company at any time (1) by reason of its carrying out its responsibilities or providing services under this Trust Agreement, or its status as Trustee, or by reason of any act or failure to act under this Trust Agreement, except to the extent that any such liability, loss, claim, suit or expense arises directly from Trustee's negligence or willful misconduct in the performance of responsibilities specifically allocated to it under the Trust Agreement, or (2) by reason of the Trust's failure to qualify as a grantor trust under the IRS grantor trust rules. This paragraph shall survive the termination of this Trust Agreement.

ARTICLE IV

4.1 The Trustee shall not be liable in discharging its duties hereunder if it acts in good faith and in accordance with the terms of this Agreement including, without limitation, the making of any investment directed by the Company. The Trustee shall have no liability for following the directions of the Company, other than negligence in carrying out the directions as given by the Company, nor shall the Trustee have any responsibility or obligation to review such directions and determine whether or not such directions comply with Section 4.2.

4.2 The Trustee shall not have any discretion for the investment of the Fund, but shall invest as directed in writing by the Company, which direction shall be in accordance with this Section 4.2. The Company shall direct that the assets of the Fund shall be invested separately as to amounts representing the Executive's supplemental retirement benefit and any other benefits under the Plan.

The Company shall direct the Trustee to invest supplemental retirement benefit amounts solely in the Northern Institutional Funds Intermediate Bond Portfolio, to the extent such fund exists or continues to exist, and otherwise in the Northern Trust Institutional Funds Diversified Asset Portfolio. As soon as practicable after the Executive's 60th birthday, the Company may direct the Trustee in writing to invest one-half of the amounts held in the Northern Institutional Funds Intermediate Bond Portfolio attributable to supplemental retirement benefits, and as soon as practicable after the Executive's 63rd birthday, the Company may direct the Trustee to invest the remainder of the amounts held in the Northern Institutional Funds Intermediate Bond Portfolio attributable to supplemental retirement benefits, solely in the Northern Trust Institutional Funds Diversified Asset Bond Portfolio.

If any of the above funds for which The Northern Trust Company or any of its affiliates serves as investment advisor shall cease to exist, the Trustee shall notify the Executive in writing, with a copy to the Company.

Subject to such written directions, the Trustee shall have the power and right:

- (a) To receive and hold all contributions made to it by the Company;
 - (b) To participate in and use a book-entry system for the deposit and transfer of securities;
 - (c) To sell or exchange any property held by it at public or private sale, for cash or on credit, to grant and exercise options for the purchase or exchange thereof, to exercise all conversion or subscription rights pertaining to any such property and to enter into any covenant or agreement to purchase any property in the future;
 - (d) To participate in any plan of reorganization, consolidation, merger, combination, liquidation or other similar plan relating to property held by it and to consent to or
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oppose any such plan or any action thereunder or any contract, lease, mortgage, purchase, sale or other action by any person;

- (e) To deposit any property held by it with any protective, reorganization or similar committee, to delegate discretionary power thereto, and to pay part of the expenses and compensation thereof and any assessments levied with respect to any such property so deposited;
- (f) To extend the time of payment of any obligation held by it;
- (g) To hold uninvested any moneys received by it, without liability for interest thereon, until such moneys shall be invested, reinvested or disbursed;
- (h) To exercise all voting or other rights with respect to any property held by it and to grant proxies, discretionary or otherwise; and
- (i) For the purposes of the Trust, to borrow money from others, including The Northern Trust Company, to issue its promissory note or notes therefor, and to secure the repayment thereof by pledging any property held by it.

4.3 Solely in its discretion, and in no way as a limitation to the other rights and powers granted by the law, the Trustee has the following rights and powers:

- (a) To employ suitable agents and counsel, who may be counsel to the Company or the Trustee, and to pay their reasonable expenses and compensation from the Fund to the extent not paid by the Company;
- (b) To cause any property held by it to be registered and held in the name of one or more nominees, with or without the addition of words indicating that such securities are held in a fiduciary capacity, and to hold securities in bearer form;
- (c) To settle, compromise or submit to arbitration any claims, debts or damages due or owing to or from the Trust, respectively, to commence or defend suits or legal

proceedings to protect any interest of the Trust, and to represent the Trust in all suits or legal proceedings in any court or before any other body or tribunal; provided, however, that the Trustee shall not be required to take any such action unless it shall have been indemnified by the Company to its reasonable satisfaction against liability or expenses it might incur therefrom;

- (d) To organize under the laws of any state a corporation or trust for the purpose of acquiring and holding title to any property which it is authorized to acquire hereunder and to exercise with respect thereto any or all of the powers set forth herein; and
- (e) Generally, to do all acts, whether or not expressly authorized, that the Trustee may deem necessary or desirable for the protection of the Fund.

4.4 The Trustee shall furnish to the Company and the Executive such information, in the form maintained by the Trustee in its ordinary course of business, as may be needed for tax or other purposes.

4.5 No person dealing with the Trustee shall be under any obligation to see to the proper application of any money paid or property delivered to the Trustee or to inquire into the Trustee's authority as to any transaction.

4.6 The Trustee shall distribute cash or other assets from the Fund in accordance with Articles II and VIII hereof.

The Trustee may make any distribution required hereunder by mailing its check for the specified amount or, if distribution is to be made in kind, by making other appropriate distribution, to the person to whom such distribution or payment is to be made, at such address as may be specified pursuant to Section 10.5, or if no such address shall have been so furnished, to

such person in care of the Company, or (if so directed by the recipient) by crediting the account of such person or by transferring funds to such person's account by bank or wire transfer.

4.7 If at any time there is no person authorized to act under this Agreement on behalf of the Company, the Board of Directors of the Company or its Executive Committee or Compensation and Stock Option Committee shall have the authority and responsibility to act hereunder.

ARTICLE V

5.1 The Executive, or in the event of the Executive's death the Executive's personal representative, shall be responsible for the payment of any federal, state or local taxes on the Fund, or any part thereof, and on the income therefrom, subject to the Company's obligation under the Plan to reimburse the Executive in respect of such taxes.

5.2 For all periods prior to the Executive's termination of employment, and for a period of sixty (60) days thereafter and for any further period as may be authorized by the Company, the Company shall pay to the Trustee its reasonable expenses for the management and administration of the Fund, including without limitation advances for or prompt reimbursement of reasonable expenses of counsel and other agents employed by the Trustee, and reasonable compensation for its services as Trustee hereunder, the amount of which shall be agreed upon from time to time by the Company and the Trustee in writing; provided, however, that if the Trustee forwards an amended fee schedule to the Company requesting its agreement thereto and the Company fails to object thereto within thirty (30) days of its receipt, the amended fee schedule shall be deemed to be agreed upon by the Company and the Trustee. Such expenses and compensation shall be paid from the Fund unless paid by the Company. The Company and the

Executive acknowledge that the Trustee, or an affiliate thereof, will, in addition to the compensation provided by this Article 5.2, receive compensation with regard to the administration and investment of certain funds referred to in Article 4.2 hereof, and the Company and the Executive agree that the Trustee, or any affiliate thereof, shall receive such compensation in addition to the compensation provided by this Article 5.2.

ARTICLE VI

6.1 The Trustee shall maintain records with respect to the Fund that show all its receipts and disbursements hereunder. The records of the Trustee with respect to the Fund shall be open to inspection by the Company or its representatives and by the Executive at all reasonable times during normal business hours of the Trustee and may be audited not more frequently than once each fiscal year by an independent certified public accountant engaged by the Company; provided, however, the Trustee shall be entitled to additional compensation from the Company in respect of audits or auditors' requests which the Trustee determines to exceed the ordinary course of the usual scope of such examinations of its records.

6.2 Within a reasonable time after the close of each fiscal year of the Company (or, in the Trustee's discretion, at more frequent intervals), or of any termination of the duties of the Trustee hereunder, the Trustee shall prepare and deliver to the Company and the Executive a statement of transactions reflecting its acts and transactions as Trustee during such fiscal year, portion thereof or during such period from the close of the last fiscal year or last statement period to the termination of the Trustee's duties, respectively, including a statement of the then current value of the Fund. Any such statement shall be deemed an account stated and accepted and approved by the Company and the Executive, and the Trustee shall be relieved and

discharged, as if such account had been settled and allowed by a judgment or decree of a court of competent jurisdiction, unless protested by written notice to the Trustee within sixty (60) days of receipt thereof by the Company or the Executive.

The Trustee shall have the right to apply at any time to a court of competent jurisdiction for judicial settlement of any account of the Trustee not previously settled as herein provided or for the determination of any question of construction or for instructions. In any such action or proceeding it shall be necessary to join as parties only the Trustee, the Company and the Executive (although the Trustee may also join such other parties as it may deem appropriate), and any judgment or decree entered therein shall be conclusive.

ARTICLE VII

7.1 The Trustee may resign at any time by delivering written notice thereof to the Company and the Executive; provided, however, that no such resignation shall take effect until the earlier of (i) sixty (60) days from the date of delivery of such notice to the Company and the Executive or (ii) the appointment of a successor trustee.

7.2 The Trustee may be removed at any time by the Company, pursuant to a resolution of the Board of Directors of the Company or its Executive Committee or Compensation and Stock Option Committee, upon delivery to the Trustee of a certified copy of such resolution and sixty (60) days' written notice to the Trustee and the Executive of (i) such removal and (ii) the appointment of a successor trustee, unless such notice period is waived in whole or in part by the Trustee and the Executive.

7.3 Upon the resignation or removal of the Trustee, a successor trustee shall be appointed by the Company. Such successor trustee shall be a bank or trust company

established under the laws of the United States or a state within the United States and having either total assets of at least \$15 billion or trust assets of at least \$25 billion. Such appointment shall take effect upon the delivery to the Trustee and the Executive of (a) a written appointment of such successor trustee, duly executed, by the Company and (b) a written acceptance by such successor trustee, duly executed thereby. Any successor trustee shall have all the rights, powers and duties granted the Trustee hereunder.

7.4 If, within sixty (60) days of the delivery of the Trustee's written notice of resignation, a successor trustee shall not have been appointed, the Trustee shall apply to any court of competent jurisdiction for the appointment of a successor trustee.

7.5 Upon the resignation or removal of the Trustee and the appointment of a successor trustee, and after the acceptance and approval of its account, the Trustee shall transfer and deliver the Fund to such successor trustee. The Trustee shall not transfer or deliver the Fund to any successor trustee unless and until such successor trustee provides the Trustee with a written certification that it is a bank or trust company having either total assets of at least \$15 billion or trust assets of at least \$25 billion. The Trustee may conclusively rely on such written certification from the successor trustee that it meets the criteria specified in the immediately preceding sentence.

ARTICLE VIII

8.1 The Trust shall terminate upon the later of (1) receipt by the Trustee of written notice from the Company of the Executive's termination and reason for such termination, and (2) upon the expiration of sixty (60) days following the Executive's date of termination of employment (by retirement or otherwise). Subject to Section 10.3, the Trust shall also terminate

if the Company ceases to exist. Nevertheless, the Trustee and the Executive may agree to continue the Trust thereafter upon such terms as they may agree in writing, but in the event of such continuation the Company shall have no further obligations under this Agreement with respect to matters relating to such continuation, including expenses and compensation of the Trustee, as provided in Section 5.2, and indemnification of the Trustee as provided in Section 3.2.

8.2 Upon the termination of the Trust, the Trustee shall distribute the Fund as directed by the Executive or, in the absence of such direction, shall distribute all of the Fund to the Executive's Segregated Account established with the Trustee, if any, or if there is no such Segregated Account to the Executive, or in the event of the Executive's death his personal representative, after deducting therefrom any amounts owing to the Trustee under this Agreement which have not been paid by the Company. Upon any termination of the Trust in accordance with Article VIII, the Trustee shall, after the acceptance and approval of its account, in accordance with Section 6.2, be relieved and discharged. The powers of the Trustee as provided in Section 5.2, shall continue as long as any part of the Fund remains in its possession.

ARTICLE IX

9.1 This Agreement may be amended, in whole or in part, at any time and from time to time, by the Company with the written consent of the Executive and the Trustee. Any such amendment by the Company shall be pursuant to a resolution of the Board of Directors of the Company or its Executive Committee or Compensation and Stock Option Committee by delivery to the Trustee of a certified copy of such resolution and a written instrument duly executed and acknowledged by the Company and the Executive in the same form as this Agreement.

ARTICLE X

10.1 This Agreement shall be construed and interpreted under, and the Trust hereby created shall be governed by, the laws of the State of Illinois insofar as such laws do not contravene any applicable federal laws, rules or regulations.

10.2 Neither the gender nor the number (singular or plural) of any word shall be construed to exclude another gender or number when a different gender or number would be appropriate.

10.3 This Agreement shall be binding upon and inure to the benefit of the Executive, his estate, personal representative, beneficiary, heirs and assigns. This Agreement also shall be binding upon and inure to the benefit of any successor to the Company or its business as the result of merger, consolidation, reorganization, transfer of assets or otherwise and any subsequent successor thereto. In the event of any such merger, consolidation, reorganization, transfer of assets or other similar transaction, the successor to the Company or its business or any subsequent successor thereto shall promptly notify the Trustee in writing of its successorship and furnish the Trustee with the information specified in Section 3.1 of this Agreement. In no event shall any such transaction described herein suspend or delay the rights of the Executive to receive benefits hereunder.

10.4 This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original, but all of which shall together constitute only one Agreement.

10.5 All notices and other communications provided for in this Agreement shall be in writing and shall be deemed to have been duly given when actually delivered to the respective addresses set forth below:

Company: ACUSHNET COMPANY
333 Bridge Street
Fairhaven, MA 02719

Trustee: The Northern Trust Company
Attn: Martin Mulcrone (or current
RM for Acushnet Company
50 South LaSalle Street
Chicago, Illinois 60675

Executive: Walter R. Uihlein
19 Hastings Court
North Dartmouth, MA 02747

or at such other address as such person may specify in writing by notice as set forth above to the other persons listed above.

IN WITNESS WHEREOF, the parties hereto have caused this Trust Agreement to be duly executed as of the first day of January, 2003.

Attest: ACUSHNET, INC.

By: /s/ Dennis D. Doherty
Print Name: Dennis D. Doherty
Title: SR Vice President, Human Resources

Attest: The Northern Trust Company

By: /s/ Martin Mulcrone
Print Name: Martin Mulcrone
Title: Vice President

Witness: WALTER R. UIHLEIN

/s/ Walter R. Uihlein

COMMONWEALTH OF MASSACHUSETTS

, 2003

)
: ss.: Fairhaven , MA
)

COUNTY OF BRISTOL

Personally appeared Dennis Doherty, Senior Vice President - Human Resources of ACUSHNET COMPANY, signer and sealer of the foregoing instrument, and acknowledged the same to be his free act and deed as such Senior Vice President - Human Resources, and the free act and deed of said Corporation, before me.

[Official Seal of Eugene D. Boyer, Jr., Notary Public]

/s/ Eugene D. Boyer

Notary Public

STATE OF ILLINOIS)

COUNTY OF COOK)

: ss.: Chicago, IL 12/18/2003

Personally appeared Martin Mulcrone, Vice President of THE NORTHERN TRUST COMPANY, signer and sealer of the foregoing instrument, and acknowledged the same to be his free act and deed as such Vice President and the free act and deed of said Company, before me.

[Official Seal of
ROBERT MICHAEL VERNILLE
NOTARY PUBLIC STATE OF ILLINOIS]

/s/ Robert Michael Vernille

Notary Public

COMMONWEALTH OF MASSACHUSETTS

)

: ss.: November 26, 2003

COUNTY OF BRISTOL

)

Personally appeared WALTER R. UIHLEIN, signer and sealer of the foregoing instrument, and acknowledged the same to be his free act and deed before me.

[Official Seal of Eugene D. Boyer, Jr., Notary Public]

/s/ Eugene D. Boyer

Notary Public

February 25, 2016

PERSONAL AND CONFIDENTIAL

Walter R. Uihlein
Chief Executive Officer
Acushnet Company
333 Bridge Street
Fairhaven, MA 02719

Dear Wally:

Acushnet Company (the “Company”) is pleased to provide you with this cash bonus agreement (the “Agreement”) in consideration for past performance as the Company’s Chief Executive Officer.

1. Cash Bonus Amount/Payment Date. You will receive a bonus in an aggregate amount equal to \$7,500,000 (the “Bonus”), which bonus will be payable as follows:

- (i) \$2,500,000 upon your execution of this Agreement;
- (ii) \$2,500,000 upon the earliest to occur of (i) the closing of the contemplated initial public offering of Alexandria Holdings Corp. (“Alexandria”), (ii) a Change of Control (as defined in Alexandria’s 2015 Omnibus Incentive Plan) and (iii) December 31, 2016; and
- (iii) \$2,500,000 on December 31, 2016 (each of clauses (i), (ii) and (iii), a “Payment Event”).

Each portion of the Bonus will be paid by the Company in a cash lump sum on the first regularly scheduled payroll date immediately following the applicable Payment Event.

2. No Assignment. This Agreement, and all of our respective rights hereunder, shall not be assignable or delegable by either of us. Any purported assignment or delegation by either of us in violation of the foregoing shall be null and void *ab initio* and of no force and effect.

3. Successors; Binding Agreement. This Agreement shall inure to the benefit of and be binding upon personal or legal representatives, executors, administrators, successors, heirs, distributees, devisees and legatees.

4. Withholding. The Company will be authorized to withhold from the payment of your Bonus the amount of any applicable federal, state and local taxes as may be required to be withheld pursuant to any applicable law or regulation.

5. No Right to Employment or Other Benefits. This Agreement will not be construed as giving you the right to be retained in the employ of the Company or any of its subsidiaries or affiliates.

6. Entire Agreement. This Agreement constitutes the entire agreement between the Company and you concerning the subject matter hereof.
7. Unfunded Bonus. The Bonus shall be unfunded. This Agreement will not be construed to create a trust or separate fund of any kind or a fiduciary relationship between the Company and any of its affiliates and you or any other person or entity. Your right to receive payments from the Company under this Agreement is no greater than the right of any unsecured general creditor of the Company.
8. Section 409A of the Internal Revenue Code. The Company intends that this Agreement be exempt from Section 409A of the Internal Revenue Code of 1986, as amended (“Section 409A”), pursuant to the short term deferral exception under Treas. Reg. Section 1.409A - 1(b)(4). However, if any amount paid under this Agreement is determined to be “non-qualified deferred compensation” within the meaning of Section 409A, then this Agreement will be interpreted or reformed in the manner necessary to achieve compliance with Section 409A.
9. Titles and Headings. The titles and headings of the sections in this Agreement are for convenience of reference only, and in the event of any conflict, the text of the Agreement, rather than such titles or headings, shall control.
10. Entire Agreement. This Agreement constitutes the entire agreement of the parties with regard to the subject matter hereof, and supersedes all previous written or oral representations, agreements and understandings between the parties, whether expressed or implied.
11. Other Plans. The Bonus payable to you hereunder will not be taken into account in computing your salary or other compensation for purposes of determining any benefits or compensation payable to you or your beneficiaries or estate under (i) any retirement, life insurance, severance or other benefit arrangement of the Company or any of its affiliates or (ii) any other agreement between you and the Company or any of its affiliates, unless otherwise required by applicable law.
12. Governing Law. The validity, construction, and effect of this Agreement will be determined in accordance with the laws of the State of Delaware, without reference to principles of conflict of laws.
13. Counterparts. This Agreement may be signed in counterparts, each of which shall be an original, with the same effect as if the signatures thereto and hereto were upon the same instrument. We look forward to your acceptance of this letter agreement, which you can indicate by promptly signing and dating below.

[The remainder of this page intentionally left blank .]

/s/ Gene Yoon

By: Gene Yoon

Title: Chairman

Acknowledged and Agreed:

/s/ Walter R. Uihlein

Walter R. Uihlein

Dated: February 25, 2016

[*Signature Page to Uihlein Bonus Agreement*]

AMENDED AND RESTATED
ACUSHNET COMPANY EXCESS DEFERRAL PLAN II
(Effective July 29, 2011)

Acushnet Company (the "Company") established this Acushnet Company Excess Deferral Plan (the "Plan") effective as of January 1, 2005 for the purpose of providing deferred compensation for a select group of management or highly compensated employees as referred to in Sections 201(a)(2), 301(a)(3) and 401(a)(1) of the Employee Retirement Income Security Act of 1974, as amended ("ERISA"). The Plan has been amended, effective July 29, 2011, to cease all deferrals and to provide for distribution of employee salary and bonus deferral accounts, as a result of the change in control of Acushnet Company pursuant to Treas. Reg. § 1.409A-3(j)(4)(ix)(B). The Plan is hereby amended and restated, effective July 29, 2011, to provide for its continuation with respect to that portion of Participants' Accounts attributable to prior Employer matching credits to the Plan.

SECTION 1. Definitions. The following terms shall have the meanings assigned by this Section when used in this Plan, which shall be equally applicable to the singular and plural forms of such terms.

"Account" means the Account maintained by the Committee for a Participant to or against which amounts are credited or charged under the Plan.

"Base Plan" means the tax qualified 401(k) Plan in which the Participant is eligible to participate.

"Beneficiary" means the person entitled to receive a Participant's benefits in the event of the Participant's death pursuant to Section 6.

"Code" means the Internal Revenue Code of 1986, as amended.

"Committee" means the committee appointed by the Company to administer this Plan pursuant to Section 8 which, for the avoidance of doubt, shall mean (i) the Investment Transition Committee prior to July 29, 2011, and (ii) the Acushnet Company Benefits Administration and Investment Committee on and after such date.

"Company" means Acushnet Company or any successor company.

"Deferral Credit" means the Company's matching contributions credited to the Participant's Account for payroll periods beginning before July 29, 2011.

"Disability" means that the Participant is (i) unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment that can be expected to result in death or can be expected to last for a continuous period of not less than twelve (12) months; (ii) by reason of any medically determinable physical or mental impairment that can be expected to result in death or can be expected to last for a continuous period of not

less than twelve (12) months, receiving income replacement benefits for a period of not less than three (3) months under an accident and health plan covering employees of the Employer; or (iii) determined to be totally disabled by the Social Security Administration. Determinations of Disability are made by the Committee in its sole discretion.

“Employee” means a management or highly compensated employee of an Employer.

“Employer” means the Company and any affiliate of the Company.

“Participant” means an Employee on whose behalf the Committee maintains an Account under the Plan.

“Plan” means this Acushnet Company Excess Deferral Plan II.

“Plan Year” means the calendar year.

“Separation from Service” means the date of a Participant’s “separation from service” (as defined in Treas. Reg. §1.409A-1(h)) with the Employer and shall include separation from service for any reason, unless expressly indicated otherwise.

“Specified Employee” means a Participant who, at the time of his or her distribution, is a “specified employee” as defined in Code Section 409A. Specified Employees will be identified as of the 12-month period ending on each December 31 (the “Identification Date”), and will be considered Specified Employees for the 12-month period beginning on April 1 of the year following the Identification Date and ending on the following March 31.

SECTION 2. Eligibility. Each Participant in the Plan on July 29, 2011 will continue as a Participant in the Plan subject to applicable Plan provisions, but no Employee may become a Participant thereafter.

SECTION 3. Plan Credits and Accounts.

3.1 Plan Credits. No Deferral Credits shall be made under the Plan on behalf of any Participant for any payroll period beginning on or after July 29, 2011.

3.2 Accounts. The Employer and the Committee shall maintain an Account for each Participant to reflect prior Deferral Credits to such Account and any distributions pursuant to Sections 5.1, 5.2 or 11.4. The Participant may direct the investment of his or her Account among the investment fund options selected by the Committee in the Committee’s sole discretion. However, the Committee reserves the right to invest all Participants’ Accounts as it deems best. The Participant’s Account shall be valued daily.

The Participant’s Account shall also be charged with expenses of the Account as determined by the Committee. Neither the Employer nor the Committee shall be responsible for any decrease in the amount of a Participant’s Account. If the Participant fails to direct 100% of his or her Account, the balance not directed shall be invested in a government securities fund.

3.3 Reports. A report of the total amount credited to a Participant's Account shall be furnished by the Committee to each Participant not more than 90 days after the end of each Plan Year reflecting the amount of the Account as of the end of such Plan Year.

SECTION 4. Vesting. A Participant shall be fully vested in the value of his or her Account.

SECTION 5. Payments.

5.1 Separation from Service. The Employer shall pay the Account of a Participant to the Participant or his or her Beneficiary as soon as administratively feasible, but in no event later than i) December 31 of the Plan Year in which the Separation from Service occurs, or ii) 90 days following the date of the Separation from Service, whichever is later; provided that, the Company shall have sole discretion to designate the taxable year of the payment. Notwithstanding the foregoing, if the Participant is a Specified Employee, distribution of the Participant's Account after a Separation from Service will begin no sooner than six (6) months after the Participant's Separation from Service, except for a Separation from Service due to a Participant's death or Disability.

5.2 Distributions Due to Hardship. The Committee may direct that all or a portion of a Participant's Account be distributed to the Participant prior to Separation from Service in the event of an "unforeseeable emergency," subject to the provisions of Treas. Reg. §1.409A-3(i)(3) and the limitations set forth below. An unforeseeable emergency is a severe financial hardship to the Participant resulting from a sudden and unexpected illness or accident of the Participant, the Participant's spouse, or of the Participant's dependent, loss of the Participant's property due to casualty, or other similar extraordinary and unforeseeable circumstances arising as a result of events beyond the control of the Participant. Payment may not be made to the extent that such hardship is or may be relieved (i) through reimbursement or compensation by insurance or otherwise, (ii) by liquidation of the Participant's assets, to the extent that liquidation of such assets would not itself cause severe financial hardship, or (iii) by cessation of participation in the Plan. Examples of what are not considered to be unforeseeable emergencies include the need to send a Participant's child to college or the desire to purchase a home. Withdrawals of amounts because of an unforeseeable emergency must only be permitted to the extent reasonably required to satisfy the emergency need.

5.3 Payment Method. The vested value of a Participant's Account under the Plan shall be paid in a single lump sum cash payment,

5.4 Right of Employer to Withhold and Offset. The Employer shall have the right to withhold from any payments due under the Plan the amounts of any federal, state, or local withholding taxes not paid by the payee at the time of payment. To the extent permitted by Code Section 409A, the Employer shall also have the right to withhold from any payments due under the Plan any amounts owed by the payee to the Employer or any affiliate.

SECTION 6. Beneficiaries.

6.1 Designation of Beneficiaries. A Participant may designate one or more Beneficiaries for any payments that the Participant is entitled to receive under the Plan and that

are unpaid at the time of the Participant's death. If a Participant dies without having completed and filed a proper Beneficiary designation or if none of the Participant's designated Beneficiaries are in existence or can be located at the time of death, the payments due on or after the Participant's death shall be paid to the Participant's beneficiary or beneficiaries under the Base Plan.

6.2 Designation Forms. All Beneficiary designations shall be made in a form prescribed by the Committee and shall be effective on the date filed with the Committee. A Participant may change any Beneficiary at any time by filing a written change of Beneficiary form in accordance with procedures established by the Committee.

SECTION 7. Funding. Benefits under this Plan shall not initially be funded in order that the Plan may be exempt from the provisions of Parts 2, 3 and 4 of Title I of ERISA. However, the Employers may segregate assets that are intended to be a source for payment of benefits to Participants.

SECTION 8. The Committee.

8.1 Authority and Responsibility of Committee. The Committee shall be responsible for the general operation and administration of the Plan and for carrying out the provisions thereof. The Committee shall administer the Plan in accordance with its terms and shall have all powers necessary to carry out the provisions of the Plan. The Committee shall interpret the Plan and determine all questions arising in the administration, interpretation, and application of the Plan, including but not limited to, questions of eligibility and the status and rights of employees, Participants and other persons, all in the Committee's sole discretion. Any such determination by the Committee shall presumptively be conclusive and binding on all persons. The regularly kept records of the Company shall be conclusive and binding upon all persons with respect to a Participant's date and length of service, amount of Compensation and the manner of payment thereof, type and length of any absence from work and all other matters contained therein relating to Participants. All rules and determinations of the Committee shall be uniformly and consistently applied to all persons in similar circumstances.

8.2 Appointment and Tenure. The Board of Directors of the Company shall appoint the Committee, which shall consist of at least three members. The Committee shall serve at the pleasure of such Board of Directors. Any Committee member may resign by delivering a written resignation to the Board of Directors.

8.3 Action by Committee. Any and all acts of the Committee taken at a meeting shall be by a majority of all members of the Committee. The Committee may act by vote taken in a meeting (at which a majority of members shall constitute a quorum) if all members of the Committee have received written notice of such meeting or have waived notice. The Committee may also act by majority consent in writing without a meeting. The Committee may delegate to any one or more of its members authority to sign any documents on its behalf or to act on its behalf, but no person to whom such authority is delegated shall perform any act involving the exercise of any discretion without first obtaining the concurrence of a majority of the members of the Committee, even though he or she alone may sign any document required by third parties.

8.4 Records. The Committee shall keep all individual and group records relating to Participants and Beneficiaries, and all other records necessary for the proper operation of the Plan. Such records shall be made available to the Employer and to each Participant and Beneficiary for examination during business hours. A Participant or Beneficiary may examine only such records as pertain exclusively to the examining Participant or Beneficiary.

8.5 Compensation of the Committee. The members of the Committee shall serve without such, but any expenses of the Committee shall be paid or reimbursed by the Company.

8.6 Indemnification. The Committee will not be liable for any act done or determination made in good faith. The Company shall indemnify and hold harmless the Committee, each member thereof, any employee or director of the Company, or any individual acting as an employee or agent of either of them (to the extent not indemnified or saved harmless under any liability insurance or any other indemnification arrangement) from any and all claims, losses, liabilities, costs and expenses (including attorneys' fees) arising out of any actual or alleged act or failure to act made in good faith pursuant to the provisions of the Plan, including expenses reasonably incurred in the defense of any claim relating thereto with respect to the administration of the Plan, except that no indemnification or defense shall be provided to any person with respect to any conduct that has been judicially determined, or agreed by the parties, to have constituted willful misconduct on the part of such person, or to have resulted in his or her receipt of personal profit or advantage to which he or she is not entitled. The foregoing right to indemnification shall be in addition to such other rights as the Committee member may enjoy as a matter of law, by reason of insurance coverage of any kind, or otherwise.

8.7 Suspension of Payments in Event of Dispute. The Committee, if in doubt concerning the correctness of its action in making a payment, may suspend the continuation of any such payment until satisfied as to the correctness of the amount of payment or the payee, or cause or allow the filing in any court of competent jurisdiction of a suit in such form as the Committee deems appropriate, including an interpleader action, for a legal determination of the payments to be made or the payee. The Company and the Committee shall comply with the final orders of the court in any such suit, subject to any appellate review, and each Participant and Beneficiary shall be similarly bound thereby.

SECTION 9. Claims Procedure.

Any claim for Plan benefits shall be handled by the Committee, pursuant to the claims procedures applicable under the Base Plan, and such procedures are incorporated herein by this reference. Benefits under the Plan shall be paid only if the Committee, in its discretion, determines that a claimant is entitled to them.

No action at law or in equity shall be brought to recover benefits under the Plan until the applicable appeal rights have been exercised and until the Plan benefits requested in such appeal have been denied in whole or in part. If any judicial proceeding is undertaken to appeal the denial of a claim or bring any other action under ERISA other than a breach of fiduciary duty claim, the evidence presented will be strictly limited to the evidence timely

presented to the Committee. In addition, any such judicial proceeding must be filed within 90 days after the Committee's final decision.

SECTION 10. Amendment and Termination.

10.1 No Retroactive Amendment or Termination. The Company may at any time and from time to time by action of its Board of Directors amend, suspend, or terminate this Plan, in whole or with respect to any Account, with or without the consent of any Participant or Beneficiary, provided that no such amendment, suspension or termination shall reduce any benefits accrued under the terms of the Plan prior to the amendment, suspension or termination.

10.2 Continued Responsibility upon Termination. If the Plan is terminated, or if further Deferral Credits are suspended permanently, the Employer shall continue to be responsible for making payments attributable to prior Deferral Credits under the Plan.

10.3 Payment upon Termination. The time and form of a payment to a Participant under the Plan may, in the sole discretion of the Committee, be accelerated where the right to the payment arises due to a termination of the arrangement, in accordance with the provisions of Treas. Reg. §1.409A-3(j)(4) (ix) or any successor provisions thereto.

SECTION 11. Miscellaneous.

11.1 No Contract of Employment. The establishment of the Plan, any modification thereof and the payment of any benefits, shall not give any Participant or other person the right to be retained in the service of the Employer, and all persons shall remain subject to discharge to the same extent as if the Plan had never been adopted.

11.2 Tax Effect. Neither the Employer, the Committee, nor any firm, person, or corporation, represents or guarantees that any particular federal, state or local tax consequences will occur as a result of any Participant's participation in this Plan. Each Participant shall consult with his or her own advisers regarding the tax consequences of participation in this Plan. Notwithstanding anything to the contrary contained herein, and subject to the provisions of Code Section 409A, if (i) the Internal Revenue Service ("IRS") prevails in its claim that all or a portion of the amounts contributed to the Plan, and/or earnings thereon, constitute taxable income to a Participant or Beneficiary for any taxable year that is prior to the taxable year in which such contributions and/or earnings are actually distributed to such Participant or Beneficiary, or (ii) legal counsel selected by the Committee advises the Committee that the IRS would likely prevail in such claim, the applicable Account balance shall be immediately distributed to the Participant or Beneficiary. For purposes of this Section, the IRS shall be deemed to have prevailed in a claim if such claim is upheld by a court of final jurisdiction, or if the Committee, based upon the advice of legal counsel selected by the Committee, fails to appeal a decision of the IRS, or a court of applicable jurisdiction, with respect to such claim, to an appropriate IRS appeals authority or to a court of higher jurisdiction within the appropriate time period. The timing or schedule of a payment to a Participant under the Plan may be accelerated at any time the Plan fails to meet the requirements of Code Section 409A and the regulations. Such payment may not exceed the amount required to be

included in income as a result of the failure to comply with the requirements of Code Section 409A and the regulations.

11.3 Nonalienation of Benefit. None of the payments, benefits, or rights of any Participant or Beneficiary shall be subject to any claim of any creditor, to the fullest extent permitted by law. All such payments, benefits, and rights shall be free from attachment, garnishment, or any other legal or equitable process available to any creditor of such Participant or Beneficiary. No Participant or Beneficiary shall have the right to alienate, anticipate, commute, pledge, encumber, or assign any of the benefits or payments which he may expect to receive, contingently or otherwise, under the Plan, except with respect to (i) the right to designate a Beneficiary, and (ii) a domestic relations order, as described in Section 11.4.

11.4 Domestic Relations Order. The Committee will review a domestic relations order (a "DRO") in accordance with procedures substantially similar to the DRO procedures adopted with respect to the Base Plan. If the Committee determines that the DRO pertains to benefits under the Plan, the Committee will notify the alternate payee that he or she must file an election to receive a lump sum distribution of benefits. Such distribution will be made upon the earlier to occur of: (i) twelve (12) months after the date the alternate payee's election is filed with the Committee; or (ii) the date the Participant receives his or her distribution under the Plan. Where a separate account is maintained for an alternate payee under the Plan in accordance with the provisions of a DRO, the alternate payee, to the extent provided in the DRO, will have the same rights as a Participant under the Plan with respect to directing the investment of his or her Accounts. If the alternate payee fails to direct the investment of his or her Accounts under the Plan, however, the alternate payee's separate account will remain invested among the investment fund(s) in amounts reflecting the investment election in place at the time the separate account was established.

11.5 Acknowledgment. The Participants specifically understand and acknowledge that the value of the Accounts may increase or decrease and that any such decrease will reduce the benefits payable under this Plan.

11.6 Unsecured Status. Participants have the status of general unsecured creditors of the Employer and the Plan constitutes a mere promise by the Employer to make benefit payments in the future. If a trust is established to segregate assets to assist the Employer in meeting its obligation under the Plan, the trust will conform to the terms of the model trust as described in Revenue Procedure 92-64, as amended.

11.7 Payment to Minors. Any amount payable to or for the benefit of a minor, an incompetent person or any other person incapable of receipt thereof may be paid to such person's guardian, to any trustee or custodian holding assets for the benefit of such person, or to any person providing, or reasonably appearing to provide, for the care of such person, and such payment shall fully discharge the Committee and the Employer with respect thereto.

11.8 Entire Agreement; Successors. This Plan as amended and restated herein and as it may be amended from time to time shall constitute the entire agreement between the Employer and the Participants and Beneficiaries regarding the Plan. No oral statement regarding the Plan may be relied upon by the Participant or Beneficiary, This Plan and any amendment

shall be binding on the Employer, Participants and Beneficiaries and their respective heirs, administrators, trustees, successors and assigns. The Plan, as amended and restated as of July 29, 2011, shall not be automatically terminated by a subsequent transfer or sale of assets of the Company, or by a subsequent merger or consolidation of the Company into or with any other corporation or other entity, but the Plan shall be continued after such sale, merger or consolidation only if and to the extent that the transferee, purchaser or successor entity agrees to continue the Plan. If the Plan is not continued by the transferee, purchaser or successor entity, then the Plan shall terminate subject to the provisions of Section 10.

11.9 Applicable Law. To the extent the laws of the United States do not apply, the Plan shall be construed and administered under the laws of the Commonwealth of Massachusetts, other than its laws respecting choice of law. If any provision of this Plan will be held by a court of competent jurisdiction to be invalid or unenforceable, the remaining provisions hereof will continue to be fully effective. The jurisdiction and venue for any disputes arising under, or any action brought to enforce (or otherwise relating to), this Plan will be exclusively in the courts in the Commonwealth of Massachusetts, County of Bristol, including the Federal Courts located therein (should Federal jurisdiction exist).

ACUSHNET COMPANY

By: /s/ Dennis D. Doherty
Name: Dennis D. Doherty
Title: Sr. VP H.R.

\$750,000,000

CREDIT AGREEMENT

Dated as of April 27, 2016

among

ACUSHNET HOLDINGS CORP.,
as Holdings

ACUSHNET COMPANY,
as US Borrower and Borrower Representative

ACUSHNET CANADA INC.,
as Canadian Borrower

ACUSHNET EUROPE LIMITED,
as UK Borrower

WELLS FARGO BANK, NATIONAL ASSOCIATION,
as Administrative Agent, L/C Issuer and Swing Line Lender

and

THE OTHER LENDERS PARTY HERETO

WELLS FARGO SECURITIES, LLC and
PNC CAPITAL MARKETS LLC,
as Joint Lead Arrangers and Joint Bookrunners

PNC CAPITAL MARKETS LLC,
as Syndication Agent

and

JPMORGAN CHASE BANK, N.A.,
MORGAN STANLEY SENIOR FUNDING, INC. and
THE BANK OF TOKYO-MITSUBISHI UFJ, LTD.,
as Documentation Agents

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CREDIT AGREEMENT

This CREDIT AGREEMENT (as amended, restated, amended and restated, supplemented or otherwise modified from time to time, this “**Agreement**”) is entered into as of April 27, 2016 among ACUSHNET HOLDINGS CORP., a Delaware corporation formerly known as Alexandria Holdings Corp. (“**Holdings**”), ACUSHNET COMPANY, a Delaware corporation (the “**US Borrower**”), ACUSHNET CANADA INC., a company incorporated under the laws of Canada (the “**Canadian Borrower**”) and ACUSHNET EUROPE LIMITED, a company incorporated under the laws of England and Wales (the “**UK Borrower**” and, together with the US Borrower and the Canadian Borrower, collectively, the “**Borrowers**” and individually, each a “**Borrower**”), each lender from time to time party hereto (collectively, the “**Lenders**” and individually, each a “**Lender**”) and WELLS FARGO BANK, NATIONAL ASSOCIATION, as Administrative Agent, L/C Issuer and Swing Line Lender.

PRELIMINARY STATEMENTS

The Borrowers have requested that (a) on the Closing Date, the Initial Term Lenders make Initial Term Loans to the US Borrower in an aggregate principal amount of \$375,000,000, (b) on or prior to the date that is one year after the Closing Date, the Delayed Draw Term Lenders make Delayed Draw Term Loans to the US Borrower in an aggregate principal amount of up to \$100,000,000 and (c) from time to time, the Revolving Credit Lenders make Revolving Credit Loans to the US Borrower and the Foreign Borrowers, and the L/C Issuers issue Letters of Credit for the account of the US Borrower and its Restricted Subsidiaries, under a \$275,000,000 Revolving Credit Facility.

The proceeds of the Initial Term Loans made on the Closing Date will be used to (i) consummate the Refinancing and (ii) pay Transaction Expenses (including upfront fees and/or original issue discount). The proceeds of the Revolving Credit Loans made on the Closing Date will be used to (i) consummate the Refinancing, (ii) pay Transaction Expenses (including upfront fees) and (iii) finance the ongoing working capital requirements of the US Borrower and its Subsidiaries.

The proceeds of the Delayed Draw Term Loans will be used to make payments in connection with the Equity Appreciation Rights Plan, including any cash payments in lieu of stock payments.

The proceeds of the Revolving Credit Loans made after the Closing Date will be used (i) to finance the ongoing working capital requirements of the US Borrower and its Subsidiaries, (ii) for general corporate purposes of the US Borrower and its Subsidiaries, including capital expenditures, Restricted Payments, Permitted Acquisitions and any other Investments permitted hereunder and (iii) for any other purpose not prohibited by the Loan Documents.

The US Borrower and the US Guarantors have agreed pursuant to the Guaranty and Security Agreement to secure all of the Secured Obligations by granting to the Administrative Agent, for the benefit of the Secured Parties, first-priority Liens (subject to certain Liens permitted by this Agreement) on substantially all of their assets, including a pledge of all of the Equity Interests of each of their respective Subsidiaries (other than any such Subsidiary that is a CFC or a Foreign Subsidiary Holding Company) and sixty-five percent (65%) of the voting Equity Interests and one hundred percent (100%) of the non-voting Equity Interests (if any) of each of their respective first-tier CFCs and Foreign Subsidiary Holding Companies, subject in each case to certain exceptions.

In addition, solely with respect to the Secured Obligations of the Foreign Borrowers, (a) each Foreign Borrower has agreed pursuant to the relevant Foreign Security Agreements to secure all of the Secured Obligations of such Foreign Borrower by granting to the Administrative Agent, for the benefit of the Secured Parties, first-priority Liens (subject to certain Liens permitted by this Agreement) on

substantially all of the assets of such Foreign Borrower and (b) the Foreign Guarantor has agreed pursuant to the relevant Foreign Security Agreements to secure all of the Secured Obligations of the Foreign Guarantor under the Foreign Guaranty by pledging to the Administrative Agent, for the benefit of the Secured Parties, one hundred percent (100%) of the Equity Interests of each Foreign Borrower.

The US Borrower and the US Guarantors have agreed to guarantee all of the Secured Obligations hereunder pursuant to the Guaranty. In addition, the Foreign Guarantor has agreed to guarantee all of the Secured Obligations of each Foreign Borrower pursuant to the Foreign Guaranty.

The applicable Lenders have indicated their willingness to lend and each of the L/C Issuers has indicated its willingness to issue Letters of Credit, in each case, on the terms and subject to the conditions set forth in this Agreement.

In consideration of the mutual covenants and agreements contained in this Agreement, the parties hereto covenant and agree as follows:

ARTICLE I

DEFINITIONS AND ACCOUNTING TERMS

Section 1.01 *Defined Terms*. As used in this Agreement, the following terms shall have the meanings set forth below:

“**Acushnet Japan**” means Acushnet Japan, Inc., a Delaware corporation.

“**Acushnet Japan Pledge Agreement**” means the Pledge Agreement between the Foreign Guarantor and the Administrative Agent, dated as of the Closing Date and substantially in the form of Exhibit H or otherwise reasonably acceptable to the Administrative Agent.

“**Administrative Agent**” means Wells Fargo Bank, National Association in its capacity as administrative agent under any of the Loan Documents, or any permitted successor administrative agent.

“**Administrative Agent’s Office**” means, with respect to any currency, the Administrative Agent’s address and, as appropriate, account as set forth on Schedule 10.02, with respect to such currency, or such other address or account as the Administrative Agent may from time to time notify in writing to the US Borrower, the Lenders and the L/C Issuers.

“**Administrative Questionnaire**” means an Administrative Questionnaire substantially in the form of Exhibit I.

“**Affiliate**” means, with respect to any Person, another Person that directly, or indirectly through one or more intermediaries, Controls or is Controlled by or is under common Control with the Person specified. “**Control**” means the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of a Person, whether through the ability to exercise voting power, by contract or otherwise. “**Controlling**” and “**Controlled**” have meanings correlative thereto.

“**After Acquired Intellectual Property**” has the meaning specified in the Guaranty and Security Agreement or any Foreign Security Agreement, as applicable.

“ **Agent-Related Person** ” means the Administrative Agent, any Supplemental Administrative Agent, their respective Affiliates and the officers, directors, employees, agents and attorneys-in-fact of such Persons and Affiliates.

“ **Agents** ” means, collectively, the Administrative Agent, the Syndication Agent, the Documentation Agents and the Supplemental Administrative Agents (if any).

“ **Aggregate Commitments** ” means the Commitments of all the Lenders.

“ **Aggregate Exposure** ” means, with respect to any Lender at any time, an amount equal to such Lender’s Total Outstandings.

“ **Aggregate Exposure Percentage** ” means, with respect to any Lender at any time, the ratio (expressed as a percentage) of such Lender’s Aggregate Exposure at such time to the Aggregate Exposure of all Lenders at such time.

“ **Agreement** ” has the meaning specified in the introductory paragraph.

“ **Alternative Currency** ” means each of (a) Canadian Dollars, (b) Euros, (c) Pounds Sterling and (d) Japanese Yen.

“ **Alternative Currency Equivalent** ” means, at any time, with respect to any amount denominated in Dollars, the equivalent amount thereof in the applicable Alternative Currency as determined by the Administrative Agent or the applicable L/C Issuer, as the case may be, at such time on the basis of the Spot Rate (determined in respect of the most recent Revaluation Date) for the purchase of such Alternative Currency with Dollars.

“ **Alternative Currency Sublimit** ” means an amount equal to the lesser of the Aggregate Commitments of all Revolving Credit Lenders in respect of the Revolving Credit Facility and \$100,000,000. The Alternative Currency Sublimit is part of, and not in addition to, the Revolving Credit Facility.

“ **Anti-Corruption Laws** ” means all laws, rules and regulations of any jurisdiction applicable to the Borrowers or any of their Affiliates from time to time concerning or relating to anti-money laundering, bribery or corruption.

“ **Applicable Rate** ” means, from time to time, the following percentages *per annum* , based upon the Net Average Total Leverage Ratio as set forth below:

Pricing Level	Net Average Total Leverage Ratio	Eurodollar Rate Loans	Base Rate Loans
I	Greater than or equal to 2.75:1.00	2.00%	1.00%
II	Greater than or equal to 2.25:1.00 but less than 2.75:1.00	1.75%	0.75%
III	Greater than or equal to 1.75:1.00 but less than 2.25:1.00	1.50%	0.50%
IV	Less than 1.75:1.00	1.25%	0.25%

Any increase or decrease in the Applicable Rate with respect to the Loans resulting from a change in the Net Average Total Leverage Ratio shall become effective as of the first (1st) Business Day immediately following the date on which financial statements are required to be delivered pursuant to Section 6.01(a) or 6.01(b) following the completion of the first full fiscal quarter ending after the Closing Date; provided, however, that (1) if financial statements are not delivered when due in accordance with Section 6.01(a) or 6.01(b), then Pricing Level I shall apply as of the first (1st) Business Day after the date on which financial statements pursuant to Section 6.01(a) or 6.01(b) were required to have been delivered and shall remain in effect until the date on which such financial statements are so delivered and (2) until the delivery of financial statements for the first full fiscal quarter ended after the Closing Date pursuant to Section 6.01(a) or 6.01(b), Pricing Level II shall apply.

Notwithstanding the foregoing, in the event that any financial statement is shown to be inaccurate (regardless of whether (i) this Agreement is in effect, (ii) any Commitments are in effect, or (iii) any Credit Extension is outstanding when such inaccuracy is discovered or such financial statement was delivered), and such inaccuracy, if corrected, would have led to the application of a higher Applicable Rate for any period (an “Applicable Period”) than the Applicable Rate applied for such Applicable Period, then (A) the Applicable Rate for such Applicable Period shall be determined as if the corrected Net Average Total Leverage Ratio was applicable for such Applicable Period and (B) the US Borrower and the Foreign Borrowers shall at the request of the Administrative Agent retroactively be obligated to pay to the Administrative Agent the accrued additional interest and fees owing as a result of such increased Applicable Rate for such Applicable Period, which payment shall be promptly applied by the Administrative Agent in accordance with Section 2.12. Nothing in this paragraph shall limit the rights of the Administrative Agent and Lenders with respect to Sections 2.08(b) and 8.02 nor any of their other rights under this Agreement or any other Loan Document.

“**Applicable Time**” means, with respect to any borrowings and payments in any Alternative Currency, the local time in the place of settlement for such Alternative Currency as may be determined by the Administrative Agent or the applicable L/C Issuer, as the case may be, to be necessary for timely settlement on the relevant date in accordance with normal banking procedures in the place of payment.

“**Appropriate Lender**” means, at any time, (a) with respect to Loans of any Class, the Lenders of such Class, (b) with respect to the Letter of Credit Sublimit, (i) the L/C Issuers and (ii) if any Letters of Credit have been issued pursuant to Section 2.03(a), the Revolving Credit Lenders in respect of the relevant Class and (c) with respect to the Swing Line Sublimit, (i) the Swing Line Lender and (ii) if any Swing Line Loans are outstanding pursuant to Section 2.04(a), the Revolving Credit Lenders in respect of the relevant Class.

“**Approved Domestic Bank**” has the meaning specified in clause (b) of the definition of “Cash Equivalents.”

“**Approved Foreign Bank**” has the meaning specified in clause (f) of the definition of “Cash Equivalents.”

“**Approved Fund**” means any Fund that is administered, advised or managed by (a) a Lender, (b) an Affiliate of a Lender or (c) an entity or an Affiliate of an entity that administers, advises or manages a Lender.

“ **Arrangers** ” means Wells Fargo Securities, LLC and PNC Capital Markets LLC, each in its capacity as an arranger and joint bookrunner for the Facilities.

“ **Assignment and Assumption** ” means an Assignment and Assumption substantially in the form of Exhibit E or in another form reasonably acceptable to the Administrative Agent.

“ **Attorney Costs** ” means and includes all reasonable and documented out-of-pocket fees, expenses and disbursements of any law firm or other external counsel.

“ **Auto-Renewal Letter of Credit** ” has the meaning specified in Section 2.03(b)(iii).

“ **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.

“ **Bankruptcy Code** ” means Title 11 of the United States Code entitled “Bankruptcy,” as now and hereafter in effect, or any successor statute.

“ **Base Rate** ” means, for any day, a fluctuating rate *per annum* equal to the highest of (a) the Federal Funds Rate in effect on such day plus ½ of 1.00%, (b) the Prime Rate and (c) the Eurodollar Rate applicable for an Interest Period of one (1) month beginning on such day (or if such day is not a Business Day, the immediately preceding Business Day) plus 1.00%; provided that in no event shall the Base Rate be less than 0.00% *per annum* . Any change in the Base Rate due to a change in the Federal Funds Rate, the Prime Rate or the Eurodollar Rate, as the case may be, shall be effective as of the opening of business on the effective day of such change in the Federal Funds Rate, Prime Rate or Eurodollar Rate, as the case may be.

“ **Base Rate Loan** ” means a Loan that bears interest based on the Base Rate.

“ **Borrower** ” has the meaning specified in the introductory paragraph to this Agreement.

“ **Borrower Materials** ” has the meaning specified in Section 6.02 .

“ **Borrower Representative** ” has the meaning specified in Section 10.23 .

“ **Borrowing** ” means a Revolving Credit Borrowing, a Swing Line Borrowing or a borrowing of Term Loans or Extended Term Loans, as the context may require.

“ **Business Day** ” means any day other than a Saturday, Sunday or other day on which commercial banks are authorized to close under the Laws of, or are in fact closed in, the state where the Administrative Agent’s Office is located, and (a) if such day relates to any interest rate settings as to a Eurodollar Rate Loan denominated in Dollars, any fundings, disbursements, settlements and payments in respect of any such Eurodollar Rate Loan, or any other dealings in Dollars to be carried out pursuant to this Agreement in respect of any such Eurodollar Rate Loan or in respect of any Letter of Credit denominated in Dollars, that is also a day on which dealings in deposits in Dollars are conducted by and between banks in the London interbank eurodollar market; (b) if such day relates to any interest rate

settings as to a Eurodollar Rate Loan denominated in Euros, any fundings, disbursements, settlements and payments in respect of any such Eurodollar Rate Loan, or any other dealings in Euros to be carried out pursuant to this Agreement in respect of any such Eurodollar Rate Loan or in respect of any Letter of Credit denominated in Euros, that is also a TARGET Day; and (c) if such day relates to any interest rate settings as to a Eurodollar Rate Loan denominated in any Alternative Currency other than Euros, any fundings, disbursements, settlements and payments in such Alternative Currency in respect of any such Loan, or any other dealings in such Alternative Currency to be carried out pursuant to this Agreement in respect of any such Loan or in respect of any Letter of Credit denominated in such Alternative Currency, that is also a day on which commercial banks in the jurisdiction of such other Alternative Currency are not authorized to close under the Laws of, or are in fact not closed in, such other jurisdiction (as applicable) and the London foreign exchange market settles payments in the principal financial center where such Alternative Currency is cleared and settled (as determined by the Administrative Agent).

“ **Canadian Anti-Money Laundering & Anti-Terrorism Legislation** ” or “ **CAML** ” means the anti-money laundering and anti-terrorism provisions of the *Criminal Code* (Canada), the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act* (Canada) and other anti-terrorism laws and “know your client” policies, regulations, laws or rules applicable in Canada, including any guidelines or orders thereunder.

“ **Canadian Borrower** ” has the meaning specified in the introductory paragraph to this Agreement.

“ **Canadian Borrower Sublimit** ” means an amount equal to the lesser of the Aggregate Commitments of all Revolving Credit Lenders in respect of the Revolving Credit Facility and CDN\$25,000,000. The Canadian Borrower Sublimit is part of, and not in addition to, the Revolving Credit Facility.

“ **Canadian Dollar** ” and “ **CDNS** ” mean the lawful currency of Canada.

“ **Canadian Pension Plans** ” means each pension plan that is or would, upon registration under the Canadian Tax Act, be a “registered pension plan,” as defined in subsection 248(1) of the Canadian Tax Act, and that is administered or contributed to by a Loan Party or any Subsidiary of any Loan Party for its employees or former employees, but does not include: (a) the Canada Pension Plan maintained by the Government of Canada; (b) the Quebec Pension Plan maintained by the Province of Quebec; (c) the Ontario Retirement Pension Plan maintained by the Province of Ontario; or (d) any other pension, retirement or social security scheme that is contributed to by a Loan Party or any Subsidiary pursuant to applicable Law and that is maintained by a Governmental Authority in Canada.

“ **Canadian Security Agreement** ” means the General Security Agreement, by the Canadian Borrower and the Foreign Guarantor in favor of the Administrative Agent, dated as of the Closing Date and substantially in the form of Exhibit L or otherwise reasonably acceptable to the Administrative Agent.

“ **Canadian Tax Act** ” means the *Income Tax Act* (Canada) and the regulations thereunder, both as amended.

“ **Capitalized Lease Obligation** ” means, at the time any determination thereof is to be made, the amount of the liability in respect of a Capitalized Lease that would at such time be required to be capitalized and reflected as a liability on a balance sheet (excluding the footnotes thereto) prepared in accordance with GAAP. Capitalized Lease Obligations shall be deemed to be secured by a Lien on the property being leased and such property shall be deemed to be owned by the lessee.

“ **Capitalized Leases** ” means all leases or other agreements conveying a right to use property that have been or should be, in accordance with GAAP, recorded as capitalized leases on a balance sheet of the lessee.

“ **Capitalized Software Expenditures** ” means, for any period, the aggregate of all expenditures (whether paid in cash or accrued as liabilities) during such period in respect of licensed or purchased software or internally developed software and software enhancements that are or are required to be reflected as capitalized costs on the consolidated balance sheet in accordance with GAAP.

“ **Cash Collateral** ” has the meaning specified in Section 2.03(g).

“ **Cash Collateral Account** ” means a deposit account at Wells Fargo Bank, National Association (or at a commercial bank acceptable to the Administrative Agent) in the name of the Administrative Agent and under the control (within the meaning of Section 9-104 of the Uniform Commercial Code or Section 1(2) of the PPSA, as applicable) of the Administrative Agent and otherwise established in a manner reasonably satisfactory to the Administrative Agent.

“ **Cash Collateralize** ” has the meaning specified in Section 2.03(g).

“ **Cash Equivalents** ” means any of the following types of Investments, to the extent owned by the US Borrower or any of its Restricted Subsidiaries free and clear of all Liens (other than Liens permitted pursuant to any Loan Document):

(a) readily marketable obligations issued or directly and fully guaranteed or insured by the United States (provided that the full faith and credit of the United States is pledged in support thereof), any state, commonwealth or territory of the United States or any agency or instrumentality thereof, having maturities of not more than one year from the date of acquisition thereof;

(b) time deposits with, or insured certificates of deposit or bankers’ acceptances of, any commercial bank that (i) (A) is a Lender or (B) is organized under the laws of the United States, any state thereof or the District of Columbia or is the principal banking subsidiary of a bank holding company organized under the laws of the United States, any state thereof, the District of Columbia or the Commonwealth of Puerto Rico and is a member of the Federal Reserve System and (ii) has combined capital and surplus of at least \$250,000,000 (any such bank being an “ **Approved Domestic Bank** ”), in each case, with maturities of not more than one (1) year from the date of acquisition thereof;

(c) commercial paper and variable or fixed rate notes issued by an Approved Domestic Bank (or by the parent company thereof) or any variable rate note issued by, or guaranteed by, a domestic corporation rated “A-1” (or the equivalent thereof) or better by S&P or “P-1” (or the equivalent thereof) or better by Moody’s, in each case with maturities of not more than one (1) year from the date of acquisition thereof;

(d) repurchase agreements entered into by any Person with a bank or trust company (including any Lender) having capital and surplus in excess of \$250,000,000 for direct obligations issued by or fully guaranteed by the United States;

(e) Investments, classified in accordance with GAAP as current assets of the US Borrower or any of its Restricted Subsidiaries, in money market investment programs registered

under the Investment Company Act of 1940, which are administered by financial institutions having capital of at least \$250,000,000, and the portfolios of which are limited such that 95% of such investments are of the character, quality and maturity described in clauses (a), (b), (c), and (d) of this definition;

(f) solely with respect to any Foreign Borrower or Foreign Subsidiary, non-Dollar denominated (i) certificates of deposit of, bankers acceptances of, or time deposits with, any commercial bank which is organized and existing under the laws of the country in which such Foreign Borrower or Foreign Subsidiary maintains its chief executive office and principal place of business (provided such country is a member of the Organization for Economic Cooperation and Development), and whose short-term commercial paper rating from S&P is at least “A-1” or the equivalent thereof or from Moody’s is at least “P-1” or the equivalent thereof (any such bank being an “ **Approved Foreign Bank** ”) and maturing within one (1) year of the date of acquisition and (ii) equivalents of demand deposit accounts which are maintained with an Approved Foreign Bank; and

(g) in the case of any Foreign Borrower or Foreign Subsidiary, other short-term investments that are analogous to the foregoing, are of the same credit quality and are customarily used by companies in the jurisdiction of such Foreign Borrower or Foreign Subsidiary.

“ **Cash Management Obligations** ” means obligations owed by the US Borrower or any Subsidiary Guarantor to a Person that is a Lender, an Agent or an Arranger or an Affiliate of a Lender, an Agent or an Arranger at the time the agreements giving rise to such obligations are entered into (or, with respect to any such agreements that are in existence on the Closing Date, a Person that is a Lender, an Agent or an Arranger or an Affiliate of a Lender, an Agent or an Arranger on the Closing Date), in respect of any overdraft and related liabilities arising from treasury, depository and cash management services or any automated clearing house transfers of funds or in respect of any credit card or similar services designated by the US Borrower as constituting Cash Management Obligations.

“ **Casualty Event** ” means any event that gives rise to the receipt by the US Borrower or any of its Restricted Subsidiaries of any insurance proceeds or condemnation awards in respect of any equipment, fixed assets or real property (including any improvements thereon) excluding, in each case, events affecting any equipment, fixed assets or real property with a fair market value of less than \$1,000,000 in the case of any individual event and \$5,000,000 in the aggregate for all such events per calendar year.

“ **Cayman Mortgage** ” means the Equitable Mortgage over Shares in Acushnet Cayman Limited, by the US Borrower in favor of the Administrative Agent, dated as of the Closing Date and substantially in the form of Exhibit P or otherwise reasonably acceptable to the Administrative Agent.

“ **CDOR Screen Rate** ” means, with respect to any Interest Period, the Canadian deposit offered rate which, in turn means on any day the annual rate of interest determined with reference to the arithmetic average of the discount rate quotations of all institutions listed in respect of the relevant Interest Period for Canadian Dollar-denominated bankers’ acceptances displayed and identified as such on the “CDOR Page” of Reuters Monitor Money Rates Service Reuters Screen, or, in the event such rate does not appear on such page or screen, on any successor or substitute page or screen that displays such rate, or on the appropriate page of such other information service that publishes such rate from time to time, as selected by the Administrative Agent in its reasonable discretion, as of 10:00 a.m. (Toronto, Ontario time) on the Quotation Day for such Interest Period (as adjusted by the Administrative Agent after 10:00 a.m. (Toronto, Ontario time) to reflect any error in the posted rate of interest or in the posted average annual rate of interest).

“ **CERCLA** ” means the Comprehensive Environmental Response, Compensation, and Liability Act of 1980.

“ **CERCLIS** ” means the Comprehensive Environmental Response, Compensation, and Liability Information System maintained by the US Environmental Protection Agency.

“ **CFC** ” has the meaning specified in the definition of “Excluded Subsidiary.”

“ **Change of Control** ” means the earliest to occur of:

(a) at any time prior to a Qualifying Public Offering, the Permitted Holders directly or indirectly cease to beneficially own (within the meaning of Rule 13d-3 and Rule 13d-5 under the Exchange Act) Equity Interests representing more than fifty percent (50%) of the total voting power of all of the outstanding Voting Stock of Holdings; or

(b) at any time on or after a Qualifying Public Offering, the acquisition by any Person or group (within the meaning of Section 13(d)(3) or Section 14(d)(2) of the Exchange Act, or any successor provision), including any group acting for the purpose of acquiring, holding or disposing of securities (within the meaning of Rule 13d-5(b)(1) under the Exchange Act), other than (i) any employee benefit plan and/or any person acting as trustee, agent or other fiduciary therefor or (ii) one or more Permitted Holders, in a single transaction or in a related series of transactions, by way of merger, amalgamation, consolidation or other business combination or purchase of beneficial ownership (within the meaning of Rule 13d-3 under the Exchange Act, or any successor provision) or otherwise of Equity Interests representing more than the greater of (x) thirty-five percent (35%) of the total voting power of all of the outstanding Voting Stock of Holdings and (y) the percentage of the total voting power of all of the outstanding Voting Stock of Holdings owned, directly or indirectly, beneficially by the Permitted Holders; or

(c) during any period of twelve (12) consecutive months, a majority of the board of directors of Holdings ceases to consist of Continuing Directors; or

(d) the US Borrower ceases to be a directly or indirectly Wholly Owned Subsidiary of Holdings; or

(e) any Foreign Borrower ceases to be a directly or indirectly Wholly Owned Subsidiary of the US Borrower.

“ **Class** ” (a) when used with respect to Lenders, refers to whether such Lenders are Revolving Credit Lenders, New Revolving Credit Lenders, Extending

Revolving Credit Lenders, Initial Term Lenders, Delayed Draw Term Lenders, New Term Lenders or Extending Term Lenders with loans or commitments hereunder sharing a common scheduled Maturity Date, (b) when used with respect to Commitments, refers to whether such Commitments are Revolving Credit Commitments, New Revolving Credit Commitments, Extended Revolving Credit Commitments, Initial Term Commitments, Delayed Draw Term Commitments, New Term Commitments or Commitments in respect of Extended Term Loans sharing a common scheduled Maturity Date and (c) when used with respect to Loans or a Borrowing, refers to whether such Loans, or the Loans comprising such Borrowing, are Revolving Credit Loans, New Revolving Credit Loans, Extended Revolving Loans, Initial Term Loans, Delayed Draw Term Loans, New Term Loans or Extended Term Loans sharing a common scheduled Maturity Date, in the case of each of clauses (a), (b) and (c), under this Agreement as originally in effect or as amended or otherwise modified pursuant to Section 2.14, 2.15 or 10.01, of which such Loan, Borrowing or

Commitment shall be a part. On and after the Delayed Draw Term Loan Date, the Initial Term Loans and the Delayed Draw Term Loans and all Borrowings thereunder shall be treated as Loans and Borrowings of one and the same Class.

“ **Closing Date** ” means the first date on which all of the conditions precedent set forth in Section 4.02 are satisfied or waived in accordance with Section 4.02, which date shall be no later than the Commitment Termination Date.

“ **Code** ” means the U.S. Internal Revenue Code of 1986, as amended (unless otherwise specified herein).

“ **Collateral** ” means all of the “Collateral” referred to in the Collateral Documents and all other property of any Loan Party, now existing or hereafter acquired, that may at any time be or become subject to Liens in favor of the Administrative Agent, for the benefit of the Secured Parties, pursuant to the Collateral Documents in order to secure the Secured Obligations (or any of them).

“ **Collateral Documents** ” means, collectively, the Guaranty and Security Agreement, the Foreign Guaranty Agreement, the Acushnet Japan Pledge Agreement, each Foreign Security Agreement, each Intellectual Property Security Agreement, each Mortgage, if any, and each other agreement, instrument or document that creates or purports to create a Lien in favor of the Administrative Agent, for the benefit of the Secured Parties, as security for the Secured Obligations (or any of them), including any collateral assignments, Guaranty and Security Agreement Supplements, security agreements, pledge agreements or other similar agreements delivered to the Administrative Agent and the Secured Parties pursuant to Section 4.02, 6.12, 6.14 or 6.17 or otherwise.

“ **Commitment** ” means a Term Commitment or a Revolving Credit Commitment, as the context may require.

“ **Commitment Termination Date** ” means August 5, 2016.

“ **Commodity Exchange Act** ” means the Commodity Exchange Act (7 U.S.C. § 1 *et seq.*).

“ **Company Parties** ” means the collective reference to Holdings, the US Borrower and its Subsidiaries.

“ **Compensation Period** ” has the meaning specified in Section 2.12(b)(ii).

“ **Compliance Certificate** ” means a certificate substantially in the form of Exhibit D.

“ **Consolidated EBITDA** ” means, for any period, with respect to any Person, the sum of (a) Consolidated Net Income of such Person, plus (b) an amount which, in the determination of such Consolidated Net Income for such period, has been deducted or netted from gross revenues (except with respect to clause (b)(viii) or (b)(x) below) for, without duplication,

(i) interest expense and, to the extent not reflected in such interest expense, any losses with respect to obligations under any Swap Contracts or other derivative instruments (including any applicable termination payment) entered into for the purpose of hedging interest rate risk, any bank and financing fees, any costs of surety bonds in connection with financing activities, commissions, discounts and other fees and charges

owed with respect to letters of credit, bankers' acceptance or any similar facilities or financing and Swap Contracts,

(ii) provision for Taxes based on income or profits or capital, excise Taxes and franchise Taxes, including such Taxes at either the federal, state, provincial, foreign or municipal levels, including any penalties and interest and adjusted for any amounts payable or to be received pursuant to any permitted Tax sharing or Tax indemnification arrangement, in each case, in respect of such Taxes,

(iii) the total amount of depreciation and amortization expense, including amortization of intangibles and expenses related to Capitalized Software Expenditures and Capitalized Leases,

(iv) (A) the Transaction Expenses and (B) any costs and expenses incurred in connection with any Qualifying Public Offering, Investment, Disposition, Equity Issuance or Debt Issuance (including fees and expenses related to the Facilities and any amendments, supplements and modifications thereof or in respect of any refinancing transaction), or repayment of Indebtedness, in each case, permitted hereunder, including the amortization of deferred financing fees, debt issuance costs, commissions, fees and expenses (in each case, whether or not consummated);

(v) any costs, charges, accruals and reserves in connection with any integration, transition, facilities openings, vacant facilities, consolidations, business optimization, entry into new markets, including consulting fees, restructuring, severance and curtailments or modifications to pension or post-retirement employee benefit plans,

(vi) the amount of any expense or deduction associated with income attributable to non-controlling interests,

(vii) any non-cash charges, losses or expenses (including Tax reclassification related to Tax contingencies in a prior period), but excluding any non-cash charge relating to write-offs or write-downs of inventory or accounts receivable or representing amortization of a prepaid cash item that was paid but not expensed in a prior period; provided that, if any such non-cash charges, losses or expenses represent an accrual or reserve for potential cash items in any future period, the US Borrower may elect not to add back such non-cash charges, losses or expenses in the current period,

(viii) cash actually received during such period, and not included in Consolidated Net Income in any period, to the extent that the non-cash gain relating to such cash receipt was deducted in the calculation of Consolidated EBITDA pursuant to clause (c) below for any previous period and not added back,

(ix) extraordinary, unusual or non-recurring losses or charges (including extraordinary losses or charges resulting from legal settlements, fines, judgments or orders),

(x) the amount of cost savings, expense reductions and synergies projected by the US Borrower in good faith to be realized as a result of specified actions taken or expected in good faith to be taken within twelve (12) months in connection with any Permitted Acquisition, Investment, business combination, divestiture or similar

transaction (calculated on a *pro forma* basis as though such cost savings, expense reductions and synergies had been realized on the first day of such period), net of the amount of actual benefits realized during such period from such Permitted Acquisition, Investment, business combination, divestiture or similar transaction ; provided that such cost savings, expense reductions and synergies are reasonably identifiable, factually supportable and certified by the chief financial officer or treasurer of the US Borrower; provided that such benefit is expected to be realized within twelve (12) months of taking such action, and

(xi) the amount of any payments in connection with the Equity Appreciation Rights Plan (including any cash payments in lieu of stock payments), minus

(c) an amount which, in the determination of Consolidated Net Income for such period, has been included for non-cash income or gains during such period (other than with respect to payments actually received and the reversal of any accrual or reserve to the extent not previously added back in any prior period), minus

(d) all cash payments made during such period on account of non-cash charges added to Consolidated Net Income pursuant to clause (b)(vii) above in such period or in a prior period, minus

(e) the amount of additions associated with losses attributable to non-controlling interests, expressed as a positive number, minus

(f) extraordinary, unusual or non-recurring gains (including extraordinary gains resulting from legal settlements, fines, judgments or orders).

The aggregate amount of add backs made pursuant to clauses (b)(v) and (b)(x) above, except for any cost savings and synergies of the type that would be permitted to be included in *pro forma* financial statements prepared in accordance with Regulation S-X under the Securities Act, in any Test Period shall not exceed ten percent (10%) of Consolidated EBITDA (prior to giving effect to such add backs) for such Test Period.

“ **Consolidated Funded Debt** ” means, as of any date of determination, (i) the aggregate stated balance sheet amount of Indebtedness of the US Borrower and its Restricted Subsidiaries outstanding on such date, determined on a consolidated basis in accordance with GAAP (but excluding the effects of any discounting of Indebtedness resulting from the application of purchase accounting in connection with any Permitted Acquisition), consisting of Indebtedness for borrowed money, purchase money Indebtedness, the principal portion of Capitalized Lease Obligations, obligations in respect of letters of credit and similar facilities to the extent of drawn amounts unreimbursed for more than ten (10) days, the principal component of obligations in respect of Indebtedness evidenced by bonds, debentures, notes, loan agreements or similar instruments (but excluding, for the avoidance of doubt, any Secured Hedge Obligations or Cash Management Obligations) and Guarantees in respect of any of the foregoing, minus (ii) the lesser of (x) all unrestricted cash and Cash Equivalents located in the United States included on the balance sheet of the US Borrower and its Restricted Subsidiaries and cash and Cash Equivalents located in the United States that are pledged (whether or not on a perfected basis) in favor of the Secured Obligations, in each case, such domestic unrestricted and restricted cash and Cash Equivalents to be determined in accordance with GAAP, and (y) \$75,000,000.

“ **Consolidated Interest Coverage Ratio** ” means, as of the end of any fiscal quarter of the US Borrower for the Test Period ending on such date, the ratio of (a) Consolidated EBITDA for such Test Period to (b) Consolidated Interest Expense for such Test Period, in each case for the US Borrower and its Restricted Subsidiaries.

“ **Consolidated Interest Expense** ” means, for any period, with respect to any Person, (a) total cash interest expense (including that portion attributable to Capital Leases in accordance with GAAP) of such Person and its Subsidiaries for such period determined on a consolidated basis in accordance with GAAP, including all commissions, discounts and other fees and charges owed with respect to letters of credit and net costs under Swap Contracts, but excluding, (i) any amount not then payable in cash, (ii) costs associated with obtaining, or breakage costs in respect of, swap agreements, (iii) amortization of deferred financing fees, debt issuance costs, commissions, fees and expenses, (iv) any fees and expenses associated with any asset sales, acquisitions, investments, equity issuances or debt issuances (in each case, whether or not consummated), (v) any expensing of bridge, commitment and other financing fees and (vi) the Transaction Expenses and any annual administrative fees), minus (b) interest income paid in cash of such Person for such period determined on a consolidated basis in accordance with GAAP. For the avoidance of doubt, Consolidated Interest Expense shall be net of payments made or received under interest rate Swap Contracts.

Notwithstanding anything to the contrary contained herein, for purposes of determining Consolidated Interest Expense for any period ending prior to the first anniversary of the Closing Date, Consolidated Interest Expense shall be an amount equal to actual Consolidated Interest Expense from the Closing Date through the date of determination multiplied by a fraction the numerator of which is 365 and the denominator of which is the number of days from the Closing Date through the date of determination.

“ **Consolidated Net Income** ” means, for any period, with respect to any Person, net income attributable to such Person and its Subsidiaries on a consolidated basis, as determined in accordance with GAAP; provided that Consolidated Net Income for any such period shall exclude, without duplication,

(i) the cumulative effect of a change in accounting principle(s) during such period,

(ii) any net after-Tax gains or losses realized upon the Disposition of assets outside the ordinary course of business (including any gain or loss realized upon the Disposition of any Equity Interests of any Person) and any net gains or losses on disposed, abandoned and discontinued operations (other than assets held for sale) (including in connection with any disposal thereof) and any accretion or accrual of discounted liabilities,

(iii) the net income (or loss) of (1) any Restricted Subsidiary or other Person (other than a Loan Party) to the extent that the declaration or payment of dividends or similar distributions by such Subsidiary or other Person of that income is not at the time permitted without any prior governmental approval (which the US Borrower believes in good faith is not reasonably likely to be obtained) or, directly or indirectly, by the operation of the terms of its charter or any agreement, instrument, judgment, decree, statute, rule or governmental regulation applicable to such Subsidiary or other Person or its stockholders (which has not been legally waived) and (2) any Subsidiary that is not a Restricted Subsidiary, except in the case of this clause (2) to the extent of the amount of dividends or other distributions actually paid in cash or Cash Equivalents (or converted to cash or Cash Equivalents) to such Person referred to in the lead in to this definition with

respect to which Consolidated Net Income is being calculated or one of its Restricted Subsidiaries by such Subsidiary that is not a Restricted Subsidiary during such period,

(iv) non-cash compensation charges, including any such charges arising from stock options, restricted stock grants or other equity-incentive programs or any deferred compensation programs of such Person or any direct or indirect parent thereof, including in connection with the Transactions,

(v) (A) any charges or expenses pursuant to any management equity plan or stock option plan or any other management or employee benefit plan or agreement, any pension plan or any stock subscription or shareholder agreement and (B) any charges, costs, expenses, accruals or reserves in connection with the rollover, acceleration or payout of Equity Interests held by management of the Company Parties, in the case of each of clauses (A) and (B), to the extent that (in the case of any cash charges, costs and expenses) such charges, costs or expenses are funded with cash proceeds contributed to the capital of such Person or any direct or indirect parent of such Person or Net Cash Proceeds of an issuance of Qualified Equity Interests of such Person or any direct or indirect parent of such Person,

(vi) any net income or loss attributable to the early extinguishment of Indebtedness,

(vii) effects of any adjustments (including the effects of such adjustments pushed down to such Person and its Subsidiaries) in Capitalized Lease Obligations or other obligations or deferrals attributable to the inventory, property and equipment, software, goodwill, other intangible assets, in-process research and development, and any earnout obligations and any other non-cash charges in such Person's consolidated financial statements, in each case pursuant to GAAP resulting from the application of purchase accounting in relation to (A) any consummated acquisition, (B) any Joint Venture investments or (C) the amortization or write-off of any such amounts,

(viii) any impairment charge or asset write-off or write-down related to intangible assets, long-lived assets, investments in debt and equity securities or obligations or any impairment charge or asset write-off or write-down as a result of a change in law or regulation, in each case, pursuant to GAAP, and

(ix) any net unrealized gains and losses resulting from obligations under Swap Contracts or other derivative instruments entered into for the purpose of hedging interest rate risk and the application of GAAP.

In addition, to the extent not already included in the Consolidated Net Income of such Person and its Subsidiaries, notwithstanding anything to the contrary in the foregoing (but without duplication of any of the foregoing exclusions and adjustments), Consolidated Net Income shall include, without duplication, (i) the amount of proceeds received from business interruption insurance in respect of expenses, charges or losses with respect to business interruption and (ii) reimbursements of any expenses and charges (other than from the US Borrower or any Restricted Subsidiary), to the extent reducing Consolidated Net Income, that are actually received and covered by indemnification or other reimbursement provisions or, so long as the US Borrower has made a determination that there exists reasonable expectation that such amount will in fact be reimbursed, and only to the extent that such amount is in fact reimbursed, within three hundred and sixty-five (365) days of the date of such

determination (with a reversal in the applicable future period for any amount so included to the extent not so reimbursed within such three hundred and sixty-five (365) day period), in connection with any acquisition or investment or any sale, conveyance, transfer or other disposition of assets or Equity Interests or repayment, refinancing or modification of Indebtedness, in each case permitted hereunder.

“ **Consolidated Secured Funded Debt** ” means any Consolidated Funded Debt that is secured by a Lien on any assets.

“ **Continuing Directors** ” means the directors (or managers) of Holdings on the Closing Date and each other director (or manager), if, in each case, such other directors’ or managers’ nomination for election to the board of directors (or board of managers) of Holdings is approved by a majority of the then-Continuing Directors or such other director receives the vote of the Permitted Holders in his or her election by the stockholders of Holdings.

“ **Contractual Obligation** ” means, as to any Person, any provision of any security issued by such Person or of any agreement, instrument or other undertaking to which such Person is a party or by which it or any of its property is bound.

“ **Contribution Notice** ” means a contribution notice issued by the Pensions Regulator under section 38 or section 47 of the UK Pensions Act 2004.

“ **Control** ” has the meaning specified in the definition of “Affiliate.”

“ **Controlled Investment Affiliate** ” means, as to any Person, any other Person which directly or indirectly is in control of, is controlled by, or is under common control with such Person and is organized by such Person (or any Person controlling such Person) primarily for making direct or indirect equity or debt investments in the US Borrower and/or other companies.

“ **Copyright** ” has the meaning specified in the Guaranty and Security Agreement or any Foreign Security Agreement, as applicable.

“ **Copyright Security Agreement** ” has the meaning specified in the Guaranty and Security Agreement or any Foreign Security Agreement, as applicable.

“ **Credit Extension** ” means each of the following: (a) a Borrowing and (b) an L/C Credit Extension.

“ **CTA** ” means the UK Corporation Tax Act 2009.

“ **Currency of Payment** ” has the meaning specified in Section 1.10(d).

“ **Debt Issuance** ” means the issuance or incurrence by any Person or any of its Restricted Subsidiaries of any Indebtedness for borrowed money.

“ **Debtor Relief Laws** ” means the Bankruptcy Code, the *Bankruptcy and Insolvency Act* (Canada), the *Companies’ Creditors Arrangement Act* (Canada), the *Winding-up and Restructuring Act* (Canada) and all other liquidation, conservatorship, bankruptcy, winding up, dissolution, general assignment for the benefit of creditors, moratorium, rearrangement, receivership, examinership, insolvency, reorganization, administration, compromise, composition, scheme of arrangement or similar debtor relief Laws (including under any corporate law or other law to the extent it permits a debtor to

obtain a stay or a compromise of the claims of its creditors against it) of the United States, United Kingdom, Canada or other applicable jurisdictions from time to time in effect and affecting the rights of creditors generally.

“ **Default** ” means any event or condition that constitutes an Event of Default or that, with the giving of any notice, the passage of time, or both, would constitute an Event of Default.

“ **Default Rate** ” means, (i) with respect to any overdue Loan or interest, an interest rate equal to 2.00% *per annum* in excess of the interest rate otherwise applicable to such overdue Loan (or the Loan to which such overdue interest relates) or (ii) with respect to any overdue reimbursement obligations in respect of Unreimbursed Amounts or fees, an interest rate that is 2.00% *per annum* in excess of the interest rate otherwise payable hereunder for Revolving Credit Loans which are Base Rate Loans, in each case to the fullest extent permitted by Law.

“ **Defaulting Lender** ” means, at any time, as reasonably determined by the Administrative Agent, a Revolving Credit Lender as to which the Administrative Agent has notified the US Borrower that (i) such Revolving Credit Lender has failed for two (2) or more Business Days to comply with its obligations under this Agreement to (x) make a Revolving Credit Loan, (y) make a payment to any L/C Issuer in respect of an L/C Obligation and/or (z) make a payment to the Swing Line Lender in respect of a Swing Line Loan (each a “ **Lender Funding Obligation** ”), in each case, required to be funded hereunder unless, solely in the case of clause (x), such Revolving Credit Lender notifies the Administrative Agent and the US Borrower in writing that such failure is the result of such Revolving Credit Lender’s good faith determination that one or more conditions precedent to funding set forth in Section 4.03 (each of which conditions precedent, together with any applicable default, shall be specifically identified in such writing) has not been satisfied, (ii) such Revolving Credit Lender has notified the Administrative Agent, or has stated publicly, that it will not comply with any such Lender Funding Obligation hereunder (unless such writing or public statement relates to such Revolving Credit Lender’s obligation to fund a Revolving Credit Loan hereunder and states that such position is based on such Revolving Credit Lender’s good faith determination that a condition precedent to funding set forth in Section 4.03 (each of which conditions precedent, together with any applicable default, shall be specifically identified in such writing or public statement) cannot be satisfied, or has defaulted on its Lender Funding Obligations under other loan agreements or credit agreements or other similar agreements in which it commits to extend credit generally, (iii) such Revolving Credit Lender has, for three (3) or more Business Days, failed to confirm in writing to the Administrative Agent, in response to a written request of the Administrative Agent (based on the reasonable belief that it may not fulfill its Lender Funding Obligations), that it will comply with its Lender Funding Obligations hereunder; provided, that any such Revolving Credit Lender shall cease to be a Defaulting Lender under this clause (iii) upon receipt of such confirmation by the Administrative Agent, (iv) such Revolving Credit Lender has, or has a direct or indirect parent company that has, become the subject of a Bail-in Action or (v) a Lender Insolvency Event has occurred and is continuing with respect to such Revolving Credit Lender (provided that neither the reallocation of Lender Funding Obligations provided for in Section 2.16 as a result of a Revolving Credit Lender’s being a Defaulting Lender nor the performance by Non-Defaulting Lenders of such reallocated Lender Funding Obligations will by themselves cause the relevant Defaulting Lender to become a Non-Defaulting Lender). The Administrative Agent will promptly send to all parties hereto a copy of any notice to the US Borrower provided for in this definition.

“ **Defined Benefit CPP** ” means any Canadian Pension Plan which contains a “defined benefit provision”, as defined in subsection 147.1(1) of the Canadian Tax Act.

“ **Delayed Draw Term Commitment** ” means, as to each Delayed Draw Term Lender, its obligation to make a Term Loan to the US Borrower pursuant to Section 2.01(b) in an aggregate amount not to exceed the amount set forth opposite such Lender’s name in Schedule 2.01(b) under the caption “Delayed Draw Term Commitment” or in the Assignment and Assumption pursuant to which such Lender purchases such Delayed Draw Term Commitment, as applicable, as such amount may be adjusted from time to time in accordance with this Agreement. The aggregate amount of the Delayed Draw Term Commitments as of the Closing Date is \$100,000,000.

“ **Delayed Draw Term Commitment Ticking Fee** ” has the meaning specified in Section 2.09(b).

“ **Delayed Draw Term Lender** ” means, at any time, any Lender that has a Delayed Draw Term Commitment or a Delayed Draw Term Loan at such time.

“ **Delayed Draw Term Loan** ” has the meaning specified in Section 2.01(b).

“ **Delayed Draw Term Loan Date** ” has the meaning specified in Section 2.01(b).

“ **Delayed Draw Term Loan Facility** ” means the facility providing for the Borrowing of Delayed Draw Term Loans.

“ **Designated Non-Cash Consideration** ” means the fair market value (as determined by the US Borrower in good faith) of non-cash consideration received by the US Borrower or any Restricted Subsidiary in connection with a Disposition pursuant to Section 7.05(j) that is designated as Designated Non-Cash Consideration pursuant to a certificate of a Responsible Officer, setting forth the basis of such valuation (which amount will be reduced by the fair market value of the portion of the non-cash consideration converted to cash or Cash Equivalents within one hundred and eighty (180) days following the consummation of the applicable Disposition).

“ **Disposition** ” or “ **Dispose** ” means the sale, transfer, license, lease or other disposition of any property by any Person (including any sale and leaseback transaction, any sale of Equity Interests and any issuance by any Restricted Subsidiary of its own Equity Interests to any Person other than the US Borrower or a Wholly Owned Restricted Subsidiary thereof), including any sale, assignment, transfer or other disposal, with or without recourse, of any notes or accounts receivable or any rights and claims associated therewith, excluding the sale, transfer, license, lease or other disposition of any property or issuance of Equity Interests, in each case, with a fair market value of less than \$1,000,000 in the case of any individual disposition and \$5,000,000 in the aggregate for all such dispositions per calendar year.

“ **Disqualified Equity Interests** ” means any Equity Interest which, by its terms (or by the terms of any security or other Equity Interests into which it is convertible or for which it is exchangeable), or upon the happening of any event or condition (a) matures or is mandatorily redeemable (other than solely for Qualified Equity Interests of the applicable Person) pursuant to a sinking fund obligation or otherwise (except as a result of a change of control, Qualifying Public Offering or asset sale so long as any rights of the holders thereof upon the occurrence of a change of control, Qualifying Public Offering or asset sale shall be subject to the occurrence of the Termination Date), (b) is redeemable at the option of the holder thereof (other than solely for Qualified Equity Interests of the applicable Person), in whole or in part (except as a result of a change of control, Qualifying Public Offering or asset sale so long as any rights of the holders thereof upon the occurrence of a change of control, Qualifying Public Offering or asset sale shall be subject to the occurrence of the Termination Date), (c) provides for the scheduled payments of dividends in cash or (d) is or becomes convertible into or exchangeable for Indebtedness or any other Equity Interests that would constitute Disqualified Equity Interests, in each case, prior to the date that is

ninety-one (91) days after the Latest Maturity Date on the date of determination; provided, that if such Equity Interests are issued pursuant to a plan for the benefit of employees of Holdings or any direct or indirect parent thereof, the US Borrower or its Restricted Subsidiaries or by any such plan to such employees, such Equity Interests shall not constitute Disqualified Equity Interests solely because it may be required to be repurchased by Holdings, the US Borrower or its Restricted Subsidiaries in order to satisfy applicable statutory or regulatory obligations.

“ **Documentation Agents** ” means JPMorgan Chase Bank, N.A., Morgan Stanley Senior Funding, Inc. and The Bank of Tokyo-Mitsubishi UFJ, Ltd., in their respective capacities as co-documentation agents for the Facilities.

“ **Dollar** ” and “ **\$** ” mean the lawful currency of the United States.

“ **Dollar Equivalent** ” means, at any time, (a) with respect to any amount denominated in Dollars, such amount, and (b) with respect to any amount denominated in any Alternative Currency, the equivalent amount thereof in Dollars as determined by the Administrative Agent or the applicable L/C Issuer, as the case may be, at such time on the basis of the Spot Rate (determined in respect of the most recent Revaluation Date) for the purchase of Dollars with such Alternative Currency.

“ **Domestic Subsidiary** ” means any Subsidiary that is organized under the laws of the United States, any state thereof or the District of Columbia.

“ **Dutch Pledge of Moveable Assets** ” means the Deed of First Ranking Pledge of Moveable Assets, by the UK Borrower, the Administrative Agent and Acushnet Nederland B.V., dated as of the Closing Date and substantially in the form of Exhibit O or otherwise reasonably acceptable to the Administrative Agent.

“ **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 clause (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 delegee) having responsibility for the resolution of any EEA Financial Institution.

“ **Eligible Assignee** ” means (a) a Lender; (b) an Affiliate of a Lender; (c) an Approved Fund; and (d) any other Person approved as required by Section 10.07(b); provided that, notwithstanding the foregoing, “Eligible Assignee” shall not include (i) Holdings, any Borrower or any Affiliate or Subsidiary thereof, (ii) any Defaulting Lender or any Affiliate thereof or (iii) any natural person.

“ **Eligible Equity Proceeds** ” means the Net Cash Proceeds received by Holdings from any sale or issuance of any Equity Interests (other than Disqualified Equity Interests) of Holdings or from any capital contributions in respect of Equity Interests (other than Disqualified Equity Interests) of Holdings to the

extent such Net Cash Proceeds or capital contributions are directly or indirectly contributed to, and actually received by, the US Borrower as cash common equity.

“ **EMU Legislation** ” means the legislative measures of the European Council for the introduction of, changeover to or operation of a single or unified European currency.

“ **Environment** ” means ambient air, indoor air, surface water, groundwater, drinking water, soil and subsurface strata, and natural resources, such as wetlands, flora and fauna.

“ **Environmental Laws** ” means any and all applicable federal, state, local, and foreign statutes, laws (including common law), regulations, ordinances, rules, judgments, orders or decrees relating to pollution, the protection of the Environment or of public health (to the extent relating to exposure to Hazardous Materials), or the management, storage, treatment, transport, distribution, presence or Release of any Hazardous Materials.

“ **Environmental Liability** ” means any liability, contingent or otherwise (including any liability for damages, costs of environmental remediation, fines, penalties or indemnities) arising from, resulting from or based upon (a) violation of any Environmental Law, (b) the generation, use, handling, transportation, storage, treatment or Release of Hazardous Materials (c) the presence of or exposure to any Hazardous Materials, (d) the Release or threatened Release of any Hazardous Materials or (e) any contract, agreement or other consensual arrangement pursuant to which liability is assumed or imposed with respect to any of the foregoing.

“ **Environmental Permit** ” means any permit, approval, identification number, license or other authorization required under any Environmental Law.

“ **Equity Appreciation Rights Plan** ” means the US Borrower’s Equity Appreciation Rights Plan, effective as of August 30, 2011, as amended by the First Amendment effective as of October 17, 2014 and the Second Amendment effective as of June 9, 2015.

“ **Equity Interests** ” means, with respect to any Person, all of the shares, interests, rights, participations or other equivalents (however designated) of capital stock of (or other ownership or profit interests or units in) such Person and all of the warrants, options or other rights for the purchase, acquisition or exchange from such Person of any of the foregoing (including through convertible securities but excluding debt securities convertible into or exchangeable for any of the foregoing); provided, for purposes of clause (d)(v) of the definition of “Excluded Assets”, clause (e) of the definition of “Excluded Subsidiary”, Section 6.12(d)(v) and the Guaranty, with respect to any Person, any interest (including Indebtedness) of such Person that is treated as equity for U.S. federal income tax purposes shall be treated as an Equity Interest.

“ **Equity Issuance** ” means any issuance for cash by any Person to any other Person of (a) its Equity Interests, (b) any of its Equity Interests pursuant to the exercise of options or warrants, (c) any of its Equity Interests pursuant to the conversion of any debt securities to equity or (d) any options or warrants relating to its Equity Interests. A Disposition of Equity Interests of any Person by the holder thereof (other than the issuer of such Equity Interests) shall not be deemed to be an Equity Issuance by such Person.

“ **ERISA** ” means the Employee Retirement Income Security Act of 1974, as amended from time to time.

“ **ERISA Affiliate** ” means any trade or business (whether or not incorporated) under common control with the US Borrower within the meaning of Section 414(b) or (c) of the Code (and Sections 414(m) and (o) of the Code solely for purposes of provisions relating to Section 412 of the Code).

“ **ERISA Event** ” means (a) a Reportable Event with respect to a Pension Plan, (b) the existence with respect to any Plan of a non-exempt Prohibited Transaction, (c) a withdrawal by the US Borrower or any ERISA Affiliate from a Pension Plan subject to Section 4063 of ERISA during a plan year in which it was a substantial employer (as defined in Section 4001(a)(2) of ERISA) or a cessation of operations that is treated as such a withdrawal under Section 4062(e) of ERISA, (d) the incurrence by the US Borrower or any ERISA Affiliate of any liability with respect to a complete or partial withdrawal by the US Borrower or any ERISA Affiliate from a Multiemployer Plan, (e) the filing of a notice of intent to terminate, the treatment of a Pension Plan amendment as a termination under Sections 4041 or 4041A of ERISA, or the commencement of proceedings by the PBGC to terminate a Pension Plan or Multiemployer Plan, (f) an event or condition which constitutes grounds under Section 4042 of ERISA for the termination of, or the appointment of a trustee to administer, any Pension Plan or Multiemployer Plan, (g) the imposition of any liability under Title IV of ERISA, other than for PBGC premiums due, upon the US Borrower or any ERISA Affiliate or (h) with respect to a Pension Plan, the failure to satisfy the minimum funding standard of Section 412 of the Code and Section 302 of ERISA, whether or not waived, or the failure to make any contribution to a Multiemployer Plan.

“ **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.

“ **Euro** ” and “ **€** ” mean the lawful currency of the Participating Member States of the European Union introduced in accordance with the EMU Legislation.

“ **Eurodollar Rate** ” means, for any Interest Period with respect to (a) any Eurodollar Rate Loan denominated in any LIBOR Quoted Currency, the LIBOR Screen Rate for such LIBOR Quoted Currency and such Interest Period and (b) any Eurodollar Rate Loan denominated in Canadian Dollars, the CDOR Screen Rate on the Quotation Day for Canadian Dollars and such Interest Period; provided that, if any LIBOR Screen Rate with respect to any LIBOR Quoted Currency or the CDOR Screen Rate, as applicable, shall not be available at such time for such Interest Period (the “ **Impacted Interest Period** ”), then the Eurodollar Rate shall be the Interpolated Rate at such time; provided, further, that in no event shall the Eurodollar Rate be less than 0.00% *per annum* .

“ **Eurodollar Rate Loan** ” means a Loan that bears interest at a rate based on the Eurodollar Rate.

“ **Event of Default** ” has the meaning specified in Section 8.01.

“ **Exchange Act** ” means the Securities Exchange Act of 1934.

“ **Excluded Assets** ” means:

(a) any real property or real property interests (including leasehold interests) other than Material Real Property (except to the extent perfection of a security interest therein is accomplished by the filing of a non-fixture Uniform Commercial Code or PPSA financing statement); provided that, solely with respect to the UK Borrower, none of the foregoing will be an Excluded Asset to the extent included in any floating charge governed by the law of England and Wales;

(b) any assets if the granting of a security interest in such asset would be prohibited by applicable Law;

(c) any written lease, written license, written sublicense or other written agreement (other than any such lease, license, sublicense or other agreement among Holdings and its Subsidiaries) or any property subject to a purchase money security interest or Capitalized Lease Obligation, in each case, to the extent (i) permitted under this Agreement and (ii) that a grant of a security interest therein to secure the Obligations would violate or invalidate (or otherwise trigger any “change of control” or similar provision contained in) such lease, license, sublicense or agreement, purchase money security interest or Capitalized Lease Obligation or create a right of termination in favor of any other party thereto (other than Holdings or any of its Subsidiaries), pursuant to a provision in effect on the Signing Date or the date on which such lease, license, sublicense or agreement, purchase money security interest or Capitalized Lease Obligation (or the asset governed thereby) is acquired (to the extent such restriction or provision is not created in contemplation of the Loan Documents);

(d) Equity Interests (i) constituting margin stock (except to the extent permitted by applicable Law and to the extent perfection of a security interest is accomplished by the filing of a Uniform Commercial Code or PPSA financing statement), (ii) in any Immaterial Subsidiary, any captive insurance subsidiary or any not-for-profit Subsidiary, (iii) in any Unrestricted Subsidiary, (iv) in any Joint Venture or Restricted Subsidiary that is not a Wholly Owned Restricted Subsidiary if the granting of a security interest in such Equity Interests would be prohibited by organizational or governance documents of such Joint Venture or Restricted Subsidiary (in each case that is in effect on the Closing Date or on the date of acquisition or formation of such Joint Venture or Restricted Subsidiary and not created in contemplation of this clause (d)(iv)) or would trigger a termination pursuant to any “change of control” or similar provision in such documents in favor of one or more third party equity holders thereof or (v) that are voting Equity Interests in any first-tier CFC or Foreign Subsidiary Holding Company in excess of sixty-five percent (65%) of the voting Equity Interests in such Subsidiary;

(e) any property and assets the pledge of which would require the consent, approval, license or authorization of any Governmental Authority that has not been obtained (it being understood that no Loan Party is required to seek any such consent);

(f) assets in circumstances where the Administrative Agent and the US Borrower reasonably determine that the cost, burden or consequences of obtaining a security interest in such assets is excessive in relation to the benefit afforded thereby;

(g) any IP Rights for which a security interest therein would require perfection under the law of any jurisdiction other than that in which the Grantor of the security interest is organized (or any nation of which such jurisdiction is a part) (provided that, solely with respect to the UK Borrower, none of the foregoing will be an Excluded Asset to the extent included in any floating charge governed by the law of England and Wales) or any IP Rights to the extent that the attachment of the security interest thereto, or any assignment thereof, would reasonably be expected to result in the forfeiture, invalidation or unenforceability of the Grantors’ rights in such IP Rights including any License pursuant to which the Grantor is Licensee under terms which prohibit the granting of a security interest or under which granting such an interest would give rise to a breach or default by Grantor; any Trademark applications filed in the USPTO on the basis of such Grantor’s “intent-to-use” such Trademark, unless and until acceptable evidence of use of such Trademark has been filed with the USPTO pursuant to Section 1(c) or Section 1(d) of

the Lanham Act (15 U.S.C. 1051, *et seq.*), solely to the extent, if any, that, and solely during the period, if any, in which, granting a lien in such Trademark application prior to such filing would reasonably be expected to adversely affect the enforceability or validity of such Trademark application or any registration issuing therefrom;

(h) deposit accounts of any Loan Party comprised solely of funds specially and exclusively used or to be used for payroll and payroll taxes, healthcare and other employee benefit payments, “zero-balance accounts”, escrow accounts, deposit accounts established for the purpose of paying golf tour professionals, including Professional Golf Association tour players, Ladies Professional Golf Association tour players and other professional golfer, caddie and other tour professionals under promotion contracts with the US Borrower or any Restricted Subsidiary and deposits to secure letters of credit, surety or performance bonds or similar obligations and other cash collateral accounts to the extent constituting Liens permitted by Section 7.01;

(i) such other assets to the extent subject to exceptions and limitations set forth in the Collateral Documents or, to the extent appropriate in the applicable jurisdiction, as reasonably agreed between the Administrative Agent and the applicable Loan Party in writing; and

(j) assets to the extent the grant of security interest therein would result in material adverse Tax consequences to the Loan Parties as reasonably determined by the US Borrower in consultation with the Administrative Agent.

provided that, in the case of clauses (b), (c), (d)(iv) and (e), such exclusion shall not apply (i) to the extent the prohibition or restriction is ineffective under applicable anti-non-assignment provisions of the Uniform Commercial Code or other Law or (ii) to proceeds and receivables of the assets referred to in such clauses, the assignment of which is effective under applicable anti-non-assignment provisions of the Uniform Commercial Code or other Law notwithstanding such prohibition. For purposes of this definition, any capitalized term used but not defined herein shall have the meaning ascribed thereto in the Guaranty and Security Agreement.

“ **Excluded Perfection Assets** ” means:

(a) motor vehicles, airplanes, vessels and other assets subject to certificates of title (except to the extent perfection of a security interest therein is accomplished by the filing of a Uniform Commercial Code or PPSA financing statement);

(b) letter-of-credit rights not constituting supporting obligations (except to the extent perfection of the security interest in such letter of credit rights is accomplished solely by the filing of a Uniform Commercial Code financing statement);

(c) commercial tort claims excluded under Section 6(d) of the Guaranty and Security Agreement;

(d) cash and Cash Equivalents and all deposit, securities and commodities accounts (except to the extent perfection of a security interest therein is accomplished by the filing of a Uniform Commercial Code or PPSA financing statement);

(e) assets in circumstances where the Administrative Agent and the US Borrower reasonably determine in writing that the cost or burden of perfecting a security interest therein outweighs the benefits afforded thereby;

(f) such other assets to the extent subject to exceptions and limitations set forth in the Collateral Documents or, to the extent appropriate in the applicable jurisdiction, as reasonably agreed between the Administrative Agent and the applicable Loan Party; and

(g) assets requiring perfection through a control agreement, landlord lien waiver, estoppel, warehouseman waiver or other collateral access or similar letter or agreement.

“ **Excluded Subsidiary** ” means:

(a) any Subsidiary that is not a Wholly Owned Restricted Subsidiary (other than (i) any Subsidiary that is a Loan Party on the Closing Date and (ii) any Subsidiary that is not Wholly Owned in order to avoid the requirement to provide a Guaranty or grant a security interest under the Loan Documents (except in connection with a bona fide transaction otherwise permitted under this Agreement and the other Loan Documents));

(b) any Subsidiary (i) that is prohibited by contractual requirements in effect on the Signing Date or on the date such Person becomes a Subsidiary (and in each case not created in contemplation of the Loan Documents) or applicable Law from guaranteeing the Secured Obligations or (ii) that would require a governmental (including regulatory) consent, approval, license or authorization for the provision of a guarantee of the Secured Obligations (including under any financial assistance, corporate benefit or thin capitalization rule) unless such consent, approval, license or authorization has been received;

(c) (i) any Foreign Subsidiary that is a “controlled foreign corporation” within the meaning of Section 957 of the Code (any such entity, a “CFC”) or (ii) any Subsidiary of a CFC;

(d) any entity or arrangement treated as a partnership for U.S. Federal income tax purposes in which a CFC is a direct or indirect partner (provided that no existing Guarantor will cease to be a Guarantor solely by operation of this clause (d));

(e) any Subsidiary substantially all the assets of which consist of Equity Interests of one or more CFCs (any such entity, including the Foreign Guarantor, a “ **Foreign Subsidiary Holding Company** ”);

(f) any Immaterial Subsidiary;

(g) any captive insurance subsidiary;

(h) any not-for-profit Subsidiary;

(i) any special purpose entity used for securitization facilities, if any, permitted under this Agreement;

(j) solely in the case of any obligation under any Secured Hedge Agreement that constitutes a “swap” within the meaning of Section 1(a) (47) of the Commodity Exchange Act, any Subsidiary of the US Borrower that is not an “Eligible Contract Participant” as defined under the Commodity Exchange Act and the regulations thereunder;

(k) any Subsidiary acquired pursuant to a Permitted Acquisition or Investment that is subject to Indebtedness permitted to be assumed hereunder and any Subsidiary thereof that

guarantees such Indebtedness, in each case, to the extent, and only for so long as, such Indebtedness prohibits such Subsidiary from becoming a Guarantor; provided that (x) such prohibition is not incurred in contemplation of such Permitted Acquisition or Investment and (y) the aggregate consideration for all Permitted Acquisitions and Investments subject to such prohibition shall not exceed \$85,000,000;

(l) any Subsidiary with respect to which the cost or burden of providing a Guarantee shall outweigh the benefits to be obtained by the Lenders therefrom (as reasonably determined by the US Borrower and the Administrative Agent); and

(m) any Subsidiary for which the provision of a Guaranty would result in material adverse tax consequences to the US Borrower or one of its Subsidiaries (as reasonably determined by the US Borrower in consultation with the Administrative Agent).

“ **Excluded Swap Obligation** ” means, with respect to any Loan Party, any Swap Obligation if, and to the extent that, all or a portion of the liability of such Loan Party for or the guarantee of such Loan Party of, or the grant by such Loan Party of a security interest to secure, such Swap Obligation (or any liability or 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 liability for or the guarantee of such Loan Party or the grant of such security interest becomes effective with respect to such Swap Obligation (such determination being made after giving effect to any applicable keepwell, support or other agreement for the benefit of the applicable Loan Party, including under Section 2(j) of the Guaranty and Security Agreement). If a Swap Obligation arises under a master agreement governing more than one swap, such exclusion shall apply only to the portion of such Swap Obligation that is attributable to swaps for which such guarantee or security interest is or becomes illegal for the reasons identified in the immediately preceding sentence of this definition.

“ **Excluded Taxes** ” means any of the following Taxes imposed on or with respect to any Agent or any Lender (including any L/C Issuer) or any other recipient of any payment to be made by or on account of any obligation of any Loan Party hereunder or under any other Loan Document:

(a) any Taxes imposed on or measured by its net income (however denominated), branch profits Taxes and franchise (and similar) Taxes imposed on it, in each case, by a jurisdiction as a result of such recipient being organized or resident in or having its principal office in, or (in the case of a Lender) maintaining its applicable Lending Office in, such jurisdiction, or that are Other Connection Taxes;

(b) in the case of a Lender, any United States federal withholding Tax that is imposed pursuant to any Law in effect at the time such recipient becomes a party to this Agreement (other than with respect to an assignment pursuant to Section 3.07) or changes its applicable Lending Office (other than in respect of any such change pursuant to Section 3.01(e)) or changes its place of incorporation, except to the extent such Lender’s assignor (if any) was entitled, immediately prior to the assignment, or such Lender was entitled, immediately prior to the change in Lending Office or changes its place of incorporation, to receive payments in respect of such Taxes under Section 3.01;

(c) any Taxes attributable to a recipient’s failure to comply with Sections 10.15(a) through 10.15(c);

(d) any United States federal withholding Taxes imposed under FATCA; or

(e) any Canadian Taxes imposed solely as a result of such Agent, Lender or other recipient, as applicable, not dealing at arm's length (within the meaning of the Canadian Tax Act) with any Loan Party.

“ **Existing Credit Facilities** ” means (a) the Credit Agreement, dated as of February 1, 2013 among the Canadian Borrower, the US Borrower, Wells Fargo Bank, N.A., Canadian Branch and the other parties thereto, (b) the Facility Agreement, dated as of April 4, 2012 among the UK Borrower, the US Borrower, Burdale Financial Limited and the financial institutions and other parties party thereto, (c) the Amended and Restated Senior Facilities Agreement, dated as of December 24, 2014, among Holdings, the US Borrower, the lenders party thereto and Korea Development Bank, New York Branch, as agent and as security agent and (d) the Credit Agreement, dated as of February 5, 2016, by and between the US Borrower and Wells Fargo Bank, National Association, in each case, as amended, restated, amended and restated, supplemented or otherwise modified from time to time.

“ **Existing Letters of Credit** ” means the letters of credit described in Schedule 2.03.

“ **Existing Notes** ” means (a) the Class A4 Secured Floating Rate Notes due 2016 and (b) the Class A5 Secured Floating Rate Notes due 2016.

“ **Extended Revolving Credit Commitment** ” has the meaning specified in Section 2.15(a).

“ **Extended Term Loan Facility** ” means a facility providing for the Borrowing of Extended Term Loans.

“ **Extended Term Loans** ” has the meaning specified in Section 2.15(a).

“ **Extending Revolving Credit Lender** ” has the meaning specified in Section 2.15(a).

“ **Extending Term Lender** ” has the meaning specified in Section 2.15(a).

“ **Extension** ” has the meaning specified in Section 2.15(a).

“ **Extension Offer** ” has the meaning specified in Section 2.15(a).

“ **Facility** ” means the Term Loan Facility, the Revolving Credit Facility, the Swing Line Sublimit or the Letter of Credit Sublimit, as the context may require.

“ **FATCA** ” means Sections 1471 through 1474 of the Code, or any amended version or successor provision that is substantively comparable thereto (and not materially more onerous to comply with), and, in each case, any current or future regulations promulgated thereunder and any official interpretation issued in connection therewith and any agreement entered into pursuant to Section 1471(b)(1) of the Code (or any amended or successor version as described above) and fiscal rules or official interpretations adopted pursuant to any intergovernmental agreement implementing any of the foregoing.

“ **Federal Funds Rate** ” means, for any day, the rate *per annum* equal to the weighted average of the rates on overnight Federal funds transactions with members of the Federal Reserve System arranged by Federal funds brokers on such day, as published by the Federal Reserve Bank of New York on the Business Day next succeeding such day; provided that (a) if such day is not a Business Day, the Federal

Funds Rate for such day shall be such rate on such transactions on the immediately preceding Business Day as so published on the next succeeding Business Day, and (b) if no such rate is so published on such next succeeding Business Day, the Federal Funds Rate for such day shall be the average rate charged to the Administrative Agent on such day on such transactions as determined by the Administrative Agent; provided, further, that in no event shall the Federal Funds Rate be less than 0.00% *per annum* ..

“ **Financial Support Direction** ” means a financial support direction issued by the Pensions Regulator under section 43 of the UK Pensions Act 2004.

“ **Foreign Borrowers** ” means the Canadian Borrower and the UK Borrower.

“ **Foreign Guarantor** ” means Acushnet International Inc., a Delaware corporation.

“ **Foreign Guaranty** ” means the Guaranty (as defined in the Foreign Guaranty Agreement) made by the Foreign Guarantor in favor of the Secured Parties pursuant to Section 2 of the Foreign Guaranty Agreement, together with each other guaranty and guaranty supplement in respect of the Secured Obligations of each Foreign Borrower delivered pursuant to Section 6.12 or 6.14.

“ **Foreign Guaranty Agreement** ” means the Foreign Guaranty and Pledge Agreement between the Foreign Guarantor and the Administrative Agent, dated as of the Closing Date and substantially in the form of Exhibit G or otherwise reasonably acceptable to the Administrative Agent.

“ **Foreign Plan** ” means, other than a plan maintained by a Governmental Authority or a plan required to be maintained or contributed to under applicable Laws, any employee benefit pension plan subject to statutory minimum funding requirements maintained or contributed by the US Borrower or any of its Subsidiaries primarily to provide defined benefit pension benefits to employees employed outside of the United States.

“ **Foreign Security Agreement** ” means (a) each security agreement, pledge agreement or similar agreement that is listed in Schedule 1.01(a) executed by the Foreign Guarantor, any Foreign Borrower or any Foreign Subsidiary, including the Canadian Security Agreement, the UK Share Charge, the UK Debenture, the Dutch Pledge of Moveable Assets, the Thai Share Pledge Agreement and the Cayman Mortgage and (b) each other security agreement, pledge agreement or similar agreement that is executed by the Foreign Guarantor, any Foreign Borrower or any Foreign Subsidiary pursuant to Section 6.12 or 6.14, in form and substance reasonably satisfactory to the Administrative Agent and the US Borrower.

“ **Foreign Subsidiary** ” means any Subsidiary (other than any Foreign Borrower) of the US Borrower which is not a Domestic Subsidiary.

“ **Foreign Subsidiary Holding Company** ” has the meaning specified in the definition of “Excluded Subsidiary.”

“ **FRB** ” means the Board of Governors of the Federal Reserve System of the United States.

“ **Fund** ” means any Person (other than a natural person) that is engaged in making, purchasing, holding or otherwise investing in commercial loans and similar extensions of credit in the ordinary course.

“ **GAAP** ” means generally accepted accounting principles in the United States set forth 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 such other principles as may be approved by a significant segment of the accounting profession in the United States, that are applicable to the circumstances as of the date of determination. If the US Borrower notifies the Administrative Agent that it or Holdings is required to report under IFRS or has elected to do so through an early adoption policy, “GAAP” shall mean international financial reporting standards pursuant to IFRS (provided that after such conversion, the US Borrower cannot elect to report under U.S. generally accepted accounting principles).

“ **Governmental Authority** ” means any nation or government, any state, provincial, territorial or other political subdivision thereof, any agency, authority, instrumentality, regulatory body, court, administrative tribunal, central bank or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government in any jurisdiction (including any supra-national body exercising such powers or functions).

“ **Granting Lender** ” has the meaning specified in Section 10.07(h) .

“ **Guarantee** ” means, as to any Person, without duplication, (a) any obligation, contingent or otherwise, of such Person guaranteeing or having the economic effect of guaranteeing any Indebtedness or other obligation payable or performable by another Person (the “ **primary obligor** ”) in any manner, whether directly or indirectly, and including any obligation of such Person, direct or indirect, (i) to purchase or pay (or advance or supply funds for the purchase or payment of) such Indebtedness or other obligation, (ii) to purchase or lease property, securities or services for the purpose of assuring the obligee in respect of such Indebtedness or other obligation of the payment or performance of such Indebtedness or other obligation, (iii) to maintain working capital, equity capital or any other financial statement condition or liquidity or level of income or cash flow of the primary obligor so as to enable the primary obligor to pay such Indebtedness or other obligation or (iv) entered into for the purpose of assuring in any other manner the obligee in respect of such Indebtedness or other obligation of the payment or performance thereof or to protect such obligee against loss in respect thereof (in whole or in part) or (b) any Lien on any assets of such Person securing any Indebtedness or other obligation of any other Person, whether or not such Indebtedness or other obligation is assumed by such Person (or any right, contingent or otherwise, of any holder of such Indebtedness to obtain any such Lien); provided that the term “Guarantee” shall not include endorsements for collection or deposit, in either case in the ordinary course of business, or customary and reasonable indemnity obligations in effect on the Signing Date or entered into in connection with any acquisition or disposition of assets permitted under this Agreement (other than such obligations with respect to Indebtedness). The amount of any Guarantee shall be deemed to be an amount equal to the stated or determinable amount of the related primary obligation, or portion thereof, in respect of which such Guarantee is made or, if not stated or determinable, the maximum reasonably anticipated liability in respect thereof as determined by the guaranteeing Person in good faith. The term “Guarantee” as a verb has a corresponding meaning.

“ **Guarantors** ” means (a) with respect to the Secured Obligations of the US Borrower, the US Guarantors, (b) with respect to the Secured Obligations of each Foreign Borrower, (i) the US Borrower, (ii) the US Guarantors and (iii) the Foreign Guarantor and (c) with respect to Secured Hedge Obligations and Cash Management Obligations of any Subsidiary Guarantor, (i) the US Borrower and (ii) the US Guarantors.

“ **Guaranty** ” means the Guaranty (as defined in the Guaranty and Security Agreement) made by the US Guarantors in favor of the Secured Parties pursuant to Section 2 of the Guaranty and Security Agreement, together with each other guaranty and guaranty supplement in respect of the Secured Obligations delivered pursuant to Section 6.12 or 6.14 .

“ **Guaranty and Security Agreement** ” means the Guaranty and Security Agreement among the US Borrower, the US Guarantors and the Administrative Agent, dated as of the Closing Date and substantially in the form of Exhibit F or otherwise reasonably acceptable to the Administrative Agent, together with each related Guaranty and Security Agreement Supplement executed and delivered pursuant to Section 6.12 or 6.14.

“ **Guaranty and Security Agreement Supplement** ” has the meaning specified in the Guaranty and Security Agreement.

“ **Hazardous Materials** ” means all substances, materials, wastes, chemicals, pollutants, contaminants, constituents or compounds, in any form, regulated or which would reasonably be expected to give rise to liability, under any Environmental Law, including petroleum, petroleum distillates, asbestos or asbestos containing materials, chlorofluorocarbons, and polychlorinated biphenyls.

“ **Hedge Bank** ” means any Person that was a Lender, the Administrative Agent or an Arranger or an Affiliate of a Lender, the Administrative Agent or an Arranger, in its capacity as a party to a Secured Hedge Agreement, at the time such Secured Hedge Agreement was entered into.

“ **Holdings** ” has the meaning specified in the introductory paragraph to this Agreement (and such term shall include any Successor Holdings).

“ **Honor Date** ” has the meaning specified in Section 2.03(c)(i).

“ **IFRS** ” means international accounting standards within the meaning of the IAS Regulation 1606/2002 to the extent applicable to the relevant financial statements.

“ **Immaterial Subsidiary** ” means each Restricted Subsidiary designated in writing by the US Borrower to the Administrative Agent as an Immaterial Subsidiary; provided that all Immaterial Subsidiaries, taken together, shall not have revenues for any fiscal quarter or total assets as of the last day of any fiscal quarter in an amount that is equal to or greater than 2.5% of the consolidated revenues or total assets, as applicable, of the US Borrower and its Restricted Subsidiaries for, or as of the last day of, such fiscal quarter, as the case may be. No Restricted Subsidiary may be an Immaterial Subsidiary if such Restricted Subsidiary (i) is a Foreign Borrower, (ii) executes a Guaranty of the Secured Obligations or (iii) is a guarantor with respect to any Specified Junior Financing Obligations.

“ **Immediate Family Member** ” means with respect to any individual, such individual’s child, stepchild, grandchild or more remote descendant, parent, stepparent, grandparent, spouse, former spouse, qualified domestic partner, sibling, mother-in-law, father-in-law, son-in-law and daughter-in-law (including adoptive relationships) and any trust, partnership or other bona fide estate-planning vehicle the only beneficiaries of which are any of the foregoing individuals or any private foundation or fund that is controlled by any of the foregoing individuals or any donor-advised fund of which any such individual is the donor.

“ **Impacted Interest Period** ” has the meaning specified in the definition of “Eurodollar Rate.”

“ **Increased Amount Date** ” has the meaning specified in Section 2.14(a).

“ **Incremental Facility Agreement** ” means an amendment to this Agreement that is reasonably satisfactory to the Administrative Agent for purposes of giving effect to Section 2.14 executed by each of (a) the US Borrower, (b) the Administrative Agent and (c) each Lender that agrees to provide all or any

portion of the New Revolving Credit Commitments, New Term Loans or New Term Commitments, as the case may be, being incurred pursuant thereto and in accordance with Section 2.14.

“ **Indebtedness** ” means, as to any Person at a particular time, without duplication, all of the following, whether or not included as indebtedness or liabilities in accordance with GAAP:

- (a) all obligations of such Person for borrowed money and all obligations of such Person evidenced by bonds, debentures, notes, loan agreements or other similar instruments;
- (b) the maximum amount of all letters of credit (including standby and commercial), bankers’ acceptances, bank guaranties, surety bonds, performance bonds and similar instruments issued or created by or for the account of such Person;
- (c) net obligations of such Person under any Swap Contract;
- (d) all obligations of such Person to pay the deferred purchase price of property or services (other than (i) trade accounts payable in the ordinary course of business, (ii) any earnout obligation until such obligation appears in the liabilities section of the balance sheet of such Person in accordance with GAAP and (iii) liabilities associated with customer prepayments and deposits);
- (e) indebtedness (excluding prepaid interest thereon) secured by a Lien on property owned or being purchased by such Person (including indebtedness arising under conditional sales or other title retention agreements and mortgage, industrial revenue bond, industrial development bond and similar financings), whether or not such indebtedness shall have been assumed by such Person or is limited in recourse;
- (f) all Capitalized Lease Obligations;
- (g) all obligations of such Person in respect of Disqualified Equity Interests; and
- (h) all Guarantees of such Person in respect of any of the foregoing.

For all purposes hereof, the Indebtedness of any Person shall include the Indebtedness of any partnership or joint venture (other than a joint venture that is itself a corporation or limited liability company) in which such Person is a general partner or a joint venturer, unless such Indebtedness is expressly made non-recourse to such Person. The amount of any net obligation under any Swap Contract on any date shall be deemed to be the Swap Termination Value thereof as of such date. The amount of Indebtedness of any Person for purposes of clause (e) shall be deemed to be equal to the lesser of (x) the aggregate unpaid amount of such Indebtedness and (y) the fair market value of the property encumbered thereby as determined by such Person in good faith.

“ **Indemnified Liabilities** ” has the meaning specified in Section 10.05.

“ **Indemnitees** ” has the meaning specified in Section 10.05.

“ **Information** ” has the meaning specified in Section 10.08.

“ **Initial Term Commitment** ” means, as to each Initial Term Lender, its obligation to make a Term Loan to the US Borrower pursuant to Section 2.01(a) in an aggregate amount not to exceed the

amount set forth opposite such Lender's name in Schedule 2.01(a) under the caption "Initial Term Commitment" or in the Assignment and Assumption pursuant to which such Lender purchases such Term Loans, as applicable, as such amount may be adjusted from time to time in accordance with this Agreement. The aggregate amount of the Initial Term Commitments as of the Closing Date is \$375,000,000.

" **Initial Term Lender** " means, at any time, any Lender that has an Initial Term Commitment or an Initial Term Loan at such time.

" **Initial Term Loan** " has the meaning specified in Section 2.01(a).

" **Initial Term Loan Facility** " means the facility providing for the Borrowing of Initial Term Loans.

" **Intellectual Property Security Agreements** " means, collectively, the Patent Security Agreement, the Trademark Security Agreement and the Copyright Security Agreement and any corresponding agreements to be entered into by any Foreign Borrower pursuant to the terms of the applicable Foreign Security Agreement, substantially in the forms attached to the Guaranty and Security Agreement or applicable Foreign Security Agreement, together with each other intellectual property security agreement executed and delivered pursuant to Section 6.12 or the Guaranty and Security Agreement or any Foreign Security Agreement.

" **Interest Payment Date** " means, (a) as to any Loan other than a Base Rate Loan, the last day of each Interest Period applicable to such Loan and the Maturity Date of the Facility under which such Loan was made; provided that if any Interest Period for a Eurodollar Rate Loan exceeds three (3) months, the respective dates that fall every three (3) months after the beginning of such Interest Period shall also be Interest Payment Dates and (b) as to any Base Rate Loan (including a Swing Line Loan), the last Business Day of each March, June, September and December and the Maturity Date of the Facility under which such Loan was made.

" **Interest Period** " means, as to each Eurodollar Rate Loan, the period commencing on the date such Eurodollar Rate Loan is disbursed or converted to or continued as a Eurodollar Rate Loan and ending on the date one (1), two (2), three (3) or six (6) months thereafter, or if available and agreed to all relevant Lenders, twelve (12) months thereafter or a shorter period, as selected by the relevant Borrower (or the Borrower Representative on its behalf) in its Loan Notice; provided that:

(a) any Interest Period that would otherwise end on a day that is not a Business Day shall be extended to the next succeeding Business Day unless such Business Day falls in another calendar month, in which case such Interest Period shall end on the immediately preceding Business Day;

(b) any Interest Period that begins on the last Business Day of a calendar month (or 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; and

(c) no Interest Period shall extend beyond the Maturity Date of the Facility under which such Loan was made.

“ **Interpolated Rate** ” means, at any time, for any Interest Period, the rate *per annum* determined by the Administrative Agent (which determination shall be conclusive and binding absent manifest error) to be equal to the rate that results from interpolating on a linear basis between: (a) the applicable Screen Rate for the longest period (for which the applicable Screen Rate is available for the applicable currency) that is shorter than the Impacted Interest Period and (b) the applicable Screen Rate for the shortest period (for which the applicable Screen Rate is available for the applicable currency) that exceeds the Impacted Interest Period, in each case, at such time.

“ **Investment** ” means, as to any Person, any direct or indirect acquisition or investment by such Person in any other Person in the form of (a) the purchase or other acquisition of Equity Interests or debt or other securities of another Person, (b) a loan, advance or capital contribution to, Guarantee or assumption of Indebtedness of, or purchase or other acquisition of any other debt or equity participation or interest in, another Person, including any partnership or joint venture interest in such other Person or (c) the purchase or other acquisition (in one transaction or a series of transactions) of all or substantially all of the property and assets or business of another Person or assets constituting a business unit, line of business or division of such Person. For purposes of covenant compliance, the amount of any Investment shall be the amount actually invested, without adjustment for subsequent increases or decreases in the value of such Investment, less any Returns in respect of such Investment.

“ **IP Rights** ” has the meaning specified in [Section 5.14](#).

“ **IRS** ” means the United States Internal Revenue Service.

“ **Issuer Documents** ” means with respect to any Letter of Credit, the L/C Request, the Letter of Credit Application and any other document, agreement and instrument entered into by any L/C Issuer and the US Borrower or the relevant Restricted Subsidiary, or in favor of any L/C Issuer, and relating to such Letter of Credit.

“ **ITA** ” means the UK Income Tax Act 2007.

“ **Japanese Yen** ” or “ **¥** ” means the lawful currency of Japan.

“ **Joint Venture** ” means (a) any Person which would constitute an “equity method investee” of the US Borrower or any of its Restricted Subsidiaries and (b) any Person in whom the US Borrower or any of its Restricted Subsidiaries beneficially owns any Equity Interest that is not a Subsidiary.

“ **Junior Financing** ” means (a) any Indebtedness of the US Borrower or any of its Restricted Subsidiaries that is (x) expressly subordinated to the prior payment of the Obligations, (y) secured by any of the Collateral on a second-priority (or other junior priority) basis to the Liens securing any of the Secured Obligations or (z) unsecured and (b) any Permitted Refinancing in respect of any of the foregoing.

“ **Junior Financing Documentation** ” means any documentation governing any Junior Financing.

“ **Jurisdictional Requirements** ” means, (a) with respect to a merger, amalgamation or consolidation involving the US Borrower, the US Borrower remains organized under the laws of the United States, any state thereof or the District of Columbia, (b) with respect to a merger, amalgamation or consolidation involving the Canadian Borrower, the Canadian Borrower remains organized under the laws of Canada and (c) with respect to a merger, amalgamation or consolidation involving the UK Borrower, the UK Borrower remains incorporated under the laws of England and Wales.

“ **L/C Advance** ” means, with respect to each Revolving Credit Lender, such Lender’s funding of its participation in any L/C Borrowing in accordance with its Pro Rata Share.

“ **L/C Borrowing** ” means an extension of credit resulting from a drawing under any Letter of Credit which has not been reimbursed on the date when made or refinanced as a Revolving Credit Borrowing.

“ **L/C Commitment** ” means, as to any L/C Issuer, such L/C Issuer’s several and not joint obligation to issue Letters of Credit hereunder. As of the Closing Date, the L/C Commitment of Wells Fargo Bank, National Association is \$20,000,000.

“ **L/C Credit Extension** ” means, with respect to any Letter of Credit, the issuance thereof or extension of the expiry date thereof, or the renewal or increase of the amount thereof.

“ **L/C Issuer** ” means Wells Fargo Bank, National Association, acting through one of its affiliates or branches, in its capacity as issuer of Letters of Credit hereunder and each other Revolving Credit Lender reasonably acceptable to the Administrative Agent (such consent not to be unreasonably withheld or delayed) that has agreed to act as an L/C Issuer, in each case in its capacity as an issuer of Letters of Credit (including Existing Letters of Credit) hereunder, or any successor issuer of Letters of Credit hereunder; provided that no Person shall at any time become an L/C Issuer if after giving effect thereto there would at such time be more than two (2) L/C Issuers unless a higher number is approved by the US Borrower and the Administrative Agent. Each L/C Issuer may, in its discretion, arrange for one or more Letters of Credit (including Existing Letters of Credit) to be issued by Affiliates of such L/C Issuer, in which case the term L/C Issuer shall include any such Affiliate with respect to Letters of Credit issued by such Affiliate. In the event that there is more than one L/C Issuer at any time, references herein and in the other Loan Documents to the L/C Issuer shall be deemed to refer to the L/C Issuer in respect of the applicable Letter of Credit or to all L/C Issuers, as the context requires.

“ **L/C Obligations** ” means, as at any date of determination, the aggregate undrawn amount of all outstanding Letters of Credit plus the aggregate of all Unreimbursed Amounts, including, without duplication, all L/C Borrowings.

“ **L/C Request** ” means a Request for L/C Issuance substantially in the form of [Exhibit A-3](#) or in another form reasonably acceptable to the applicable L/C

Issuer.

“ **Latest Maturity Date** ” means, at any date of determination, the latest maturity or expiration date applicable to any Loan or Commitment hereunder at such time, including the latest maturity or expiration date of any Term Loan or any Revolving Credit Commitment, in each case as extended in accordance with this Agreement from time to time.

“ **Laws** ” means, collectively, all applicable international, foreign, federal, state, provincial, territorial, commonwealth and local statutes, treaties, rules, guidelines, regulations, ordinances, codes and administrative or judicial precedents or authorities, including the interpretation or administration thereof by any Governmental Authority charged with the enforcement, interpretation or administration thereof, and all applicable administrative orders, directed duties, requests, licenses, authorizations and permits of, and agreements with, any Governmental Authority, in each case whether or not having the force of law.

“ **Lender** ” has the meaning specified in the introductory paragraph to this Agreement and, as the context requires, includes the L/C Issuers and the Swing Line Lender.

“ **Lender Funding Obligation** ” has the meaning specified in the definition of “Defaulting Lender.”

“ **Lender Insolvency Event** ” means that (i) a Lender or its Parent Company is determined or adjudicated to be insolvent by a Governmental Authority, or is generally unable to pay its debts as they become due, or admits in writing its inability to pay its debts as they become due, or makes a general assignment for the benefit of its creditors, or (ii) such Lender or its Parent Company is the subject of a bankruptcy, insolvency, reorganization, liquidation or similar proceeding, or a receiver, trustee, conservator, intervenor or sequestrator or the like has been appointed for such Lender or its Parent Company, or such Lender or its Parent Company has taken any action in furtherance of or indicating its consent to or acquiescence in any such proceeding or appointment; provided that a Lender Insolvency Event shall not be deemed to have occurred solely by virtue of the ownership or acquisition of any Equity Interest in any Lender or its Parent Company by a Governmental Authority or an instrumentality thereof.

“ **Lending Office** ” means, as to any Lender, the office or offices of such Lender described as such in such Lender’s Administrative Questionnaire, or such other office or offices as a Lender may from time to time notify the US Borrower and the Administrative Agent.

“ **Letter of Credit** ” means any letter of credit issued hereunder or any Existing Letter of Credit. A Letter of Credit may be a standby letter of credit or, if available to be issued by the applicable L/C Issuer, a trade letter of credit. Letters of Credit may be issued in Dollars or in an Alternative Currency.

“ **Letter of Credit Application** ” means an application and agreement for the issuance or amendment of a Letter of Credit substantially in the form from time to time in use by the applicable L/C Issuer; provided that no Letter of Credit Application shall contain any representations, warranties, covenants, undertakings or defaults other than by reference to the representations, warranties, covenants, undertakings or defaults set forth in this Agreement or the Guaranty and Security Agreement.

“ **Letter of Credit Expiration Date** ” means the day that is five (5) Business Days prior to the Maturity Date for the original Revolving Credit Facility (or, if such day is not a Business Day, the next preceding Business Day), as such date may be extended in accordance with the terms hereof and with the consent of the applicable L/C Issuer.

“ **Letter of Credit Fee** ” has the meaning specified in Section 2.03(i).

“ **Letter of Credit Sublimit** ” means \$20,000,000. The Letter of Credit Sublimit is part of, and not in addition to, the Revolving Credit Facility.

“ **LIBOR Quoted Currency** ” means any of Dollars, Euros, Pounds Sterling and Japanese Yen.

“ **LIBOR Screen Rate** ” means, with respect to any LIBOR Quoted Currency for any Interest Period, the *per annum* London interbank offered rate as administered by ICE Benchmark Administration Limited (or any other Person that takes over the administration of such rate) for such LIBOR Quoted Currency for a period equal in length to such Interest Period as displayed on page LIBOR01 or LIBOR02 of the Thomson Reuters page or screen that displays such rate (or, in the event such rate does not appear on a Thomson Reuters page or screen, on any successor or substitute page on such screen that displays such rate, or on the appropriate page of such other information service that publishes such rate from time to time as selected by the Administrative Agent in consultation with the US Borrower) at approximately 11:00 a.m. (London time) on the Quotation Day for such LIBOR Quoted Currency and such Interest Period.

“ **Lien** ” means any mortgage, pledge, hypothecation, assignment, deposit arrangement, encumbrance, lien (statutory or other), charge, or preference, priority or other security interest or preferential arrangement of any kind or nature whatsoever (including any conditional sale or other title retention agreement, any easement, right of way or other encumbrance on title to real property, and any Capitalized Lease having substantially the same economic effect as any of the foregoing).

“ **Limited Condition Acquisition** ” means any Permitted Acquisition by the US Borrower or one or more Restricted Subsidiaries whose consummation is not conditioned on the availability of, or on obtaining, third party financing.

“ **Loan** ” means an extension of credit by a Lender to a Borrower in the form of a Term Loan, a Revolving Credit Loan or a Swing Line Loan.

“ **Loan Documents** ” means, collectively, (a) this Agreement, (b) the Notes, (c) the Collateral Documents and (d) each Issuer Document.

“ **Loan Notice** ” means a notice of (a) a Borrowing, (b) a conversion of Loans from one Type to the other or (c) a continuation of Eurodollar Rate Loans, pursuant to Section 2.02(a), which shall be substantially in the form of Exhibit A-1.

“ **Loan Parties** ” means, collectively, the Borrowers and the Guarantors.

“ **Master Agreement** ” has the meaning specified in the definition of “Swap Contract.”

“ **Material Adverse Effect** ” means any event or circumstance which has a material adverse effect on (a) the business, assets, financial condition or results of operations of the US Borrower and its Restricted Subsidiaries, taken as a whole, (b) the rights and remedies (taken as a whole) of the Administrative Agent or the Lenders under the Loan Documents or (c) the ability of the Loan Parties (taken as a whole) to perform their applicable payment obligations under the Loan Documents.

“ **Material Real Property** ” means real property owned in fee by any Loan Party (other than the Foreign Guarantor) with a fair market value (as reasonably determined by the US Borrower) in excess of \$5,000,000 (together with improvements thereon and interests in real property that are necessary for the operation of such real property and improvements).

“ **Maturity Date** ” means, (a) with respect to the original Revolving Credit Facility, the date that is five (5) years after the Closing Date, and (b) with respect to the Initial Term Loan Facility and the Delayed Draw Term Loan Facility, the date that is five (5) years after the Closing Date; provided that the reference to Maturity Date (i) with respect to Extended Term Loans and Extended Revolving Credit Commitments shall be the final maturity date as specified in the applicable Extension Offer and (ii) with respect to New Term Loans and New Revolving Credit Loans shall be the final maturity date as specified in the applicable Incremental Facility Agreement.

“ **Maximum Rate** ” has the meaning specified in Section 10.10.

“ **Minimum Extension Condition** ” has the meaning specified in Section 2.15(b).

“ **Moody’s** ” means Moody’s Investors Service, Inc. and any successor thereto.

“ **Mortgage** ” means a deed of trust, deed of mortgage, charge by way of mortgage, trust deed or mortgage, as applicable, made by any Loan Party (other than the Foreign Guarantor) in favor or for the benefit of the Administrative Agent for the benefit of the Secured Parties in respect of Material Real Property in form and substance reasonably acceptable to the Administrative Agent executed and delivered pursuant to Section 6.12; provided that no Mortgage shall contain any representations, warranties, covenants, undertakings or defaults other than by reference to the representations, warranties, covenants, undertakings or defaults set forth in this Agreement or in the Guaranty and Security Agreement or customary representations and warranties relating to the subject property as of the date of execution of the applicable Mortgage.

“ **Mortgage Requirement** ” means, with respect to any Material Real Property owned by any Loan Party (other than the Foreign Guarantor), (a) provision of, (i) with respect to any Material Real Property located in the United States, a policy or policies of title insurance (or unconditional commitment to issue such policy or policies) issued by a nationally recognized title insurance company reasonably acceptable to the Administrative Agent, in an amount not to exceed the fair market value (as reasonably determined by the US Borrower) of such Material Real Property, insuring the Lien of each Mortgage as a first-priority Lien on the Material Real Property described therein free of any other Liens other than those permitted by this Agreement and including such endorsements as the Administrative Agent reasonably requests and as are available in the applicable jurisdiction and at commercially reasonable rates and (ii) a Mortgage executed by the applicable Loan Party in recordable form and otherwise in form and substance reasonably acceptable to the US Borrower and the Administrative Agent, (b) (i) with respect to any Material Real Property located in the United States, recording of such Mortgage in the land records of the county in which such Material Real Property to be so encumbered is located, (ii) with respect to any Material Real Property located in the United Kingdom, recording of such Mortgage by registration of the UK Debenture against the UK Borrower at the registrar of the companies of the United Kingdom and Her Majesty’s Land Registry of the United Kingdom and (iii) with respect to any Material Real Property located in Canada, recording of such Mortgage in the land titles or registry system of the jurisdiction in which such Material Real Property to be so encumbered is located; provided, however, in the event the jurisdiction in which such Mortgage shall be recorded charges mortgage recording taxes, intangible taxes, documentary taxes or other similar taxes and/or charges, such Mortgage shall only secure an amount not to exceed the fair market value (as reasonably determined by the US Borrower, UK Borrower or Canadian Borrower, as applicable) of the Material Real Property subject to such Mortgage, and the Canadian Borrower agrees to execute an affidavit or execute and file other documents as may be required to support or permit such filing (c) each of the Administrative Agent and the title company shall have received, with respect to each Material Real Property located in the United States, (i) ALTA surveys in form and substance reasonably satisfactory to the Administrative Agent or (ii) previously obtained ALTA surveys and affidavits of “no-change” with respect to each such survey, such surveys and affidavits to be sufficient to issue title policies to the Administrative Agent providing all reasonably required survey coverage and survey endorsements, (d) with respect to any Material Real Property located in the United States, acquisition of FEMA standard life-of-loan flood hazard determinations for such Material Real Property, and if any building located on such Material Real Property is determined to be in a special flood hazard area, delivery of (x) a notice with respect to such flood hazard determination duly executed by the applicable Loan Party and (y) evidence of flood insurance in compliance with Section 6.07 hereof and the requirements of the National Flood Insurance Program and (e) a local counsel opinion as to the enforceability of such Mortgage in the state or jurisdiction in which the Material Real Property described in such Mortgage is located and other matters customarily covered in real estate enforceability opinions in form and substance reasonably acceptable to the Administrative Agent; provided, that (i) the applicable Loan Party shall not be required to deliver environmental site assessments, engineering reports or zoning reports in connection with the delivery of such Mortgages (in each case, other than such documentation already in the possession of any Loan Party); and (ii) at the Administrative Agent’s sole discretion, the

Administrative Agent may waive the requirements of clauses (a)(i) and (e) if the Administrative Agent reasonably agrees that the burden, cost or consequences of obtaining title insurance or such opinions is excessive in relation to the benefits to be obtained therefrom by the Lenders under the Loan Documents.

“ **Multiemployer Plan** ” means any employee benefit plan of the type described in Section 4001(a)(3) of ERISA, to which the US Borrower or any ERISA Affiliate makes or is obligated to make contributions, or during the preceding five (5) plan years, has made or been obligated to make contributions.

“ **Net Average Secured Leverage Ratio** ” means as of the end of any fiscal quarter of the US Borrower for the Test Period ending on such date, the ratio of (a) an amount equal to the sum of Consolidated Secured Funded Debt as of the last day of each fiscal quarter of such Test Period divided by 4 to (b) Consolidated EBITDA for such Test Period, in each case for the US Borrower and its Restricted Subsidiaries; provided that, if the US Borrower or any of its Restricted Subsidiaries has made any Permitted Acquisition, any Investments pursuant to Section 7.02(c)(iii), 7.02(m)(i), 7.02(m)(iii) or 7.02(q) or any Restricted Payment pursuant to Section 7.06(e), 7.06(h), 7.06(i) or 7.06(j) during a fiscal quarter (the “ **Specified Quarter** ”) within a Test Period, Consolidated Secured Funded Debt as of the last day of each fiscal quarter within such Test Period that occurred prior to such Specified Quarter shall be increased by an amount equal to the lesser of (x) the amount of cash paid by the US Borrower or any of its Restricted Subsidiaries in respect of such Permitted Acquisition, Investment or Restricted Payment and (y) the increase in the amount of Consolidated Secured Funded Debt at the end of such Specified Quarter from the end of the immediately prior fiscal quarter.

“ **Net Average Total Leverage Ratio** ” means as of the end of any fiscal quarter of the US Borrower for the Test Period ending on such date, the ratio of (a) an amount equal to the sum of Consolidated Funded Debt as of the last day of each fiscal quarter of such Test Period divided by 4 to (b) Consolidated EBITDA for such Test Period, in each case for the US Borrower and its Restricted Subsidiaries; provided that, if the US Borrower or any of its Restricted Subsidiaries has made any Permitted Acquisition, any Investments pursuant to Section 7.02(c)(iii), 7.02(m)(i), 7.02(m)(iii) or 7.02(q) or any Restricted Payment pursuant to Section 7.06(e), 7.06(h), 7.06(i) or 7.06(j) during a Specified Quarter within a Test Period, Consolidated Funded Debt as of the last day of each fiscal quarter within such Test Period that occurred prior to such Specified Quarter shall be increased by an amount equal to the lesser of (x) the amount of cash paid by the US Borrower or any of its Restricted Subsidiaries in respect of such Permitted Acquisition, Investment or Restricted Payment and (y) the increase in the amount of Consolidated Funded Debt at the end of such Specified Quarter from the end of the immediately prior fiscal quarter.

“ **Net Cash Proceeds** ” means:

(a) with respect to the Disposition of any asset by the US Borrower or any of its Restricted Subsidiaries (including any Disposition of Equity Interests by or of such Subsidiaries) or any Casualty Event, the excess, if any, of (i) the sum of cash and Cash Equivalents received in connection with such Disposition or Casualty Event (including any cash or Cash Equivalents received by way of deferred payment pursuant to, or by monetization of, a note receivable or otherwise, but only as and when so received and, with respect to any Casualty Event, any insurance proceeds or condemnation awards in respect of such Casualty Event actually received by or paid to or for the account of the US Borrower or any of its Restricted Subsidiaries) over (ii) the sum of (A) the principal amount of any Indebtedness that is secured by a Lien (other than a Lien that ranks *pari passu* with or is subordinated to the Liens securing the Obligations) on the asset subject to such Disposition or Casualty Event and that is repaid by the US Borrower or any

of its Restricted Subsidiaries in connection with such Disposition or Casualty Event (other than Indebtedness under the Loan Documents), together with any applicable premium, penalty, interest and breakage costs, (B) the out-of-pocket expenses (including attorneys' fees, accountants' fees, investment banking fees, survey costs, title insurance premiums, and related search and recording charges, transfer Taxes, deed or mortgage recording Taxes, other customary expenses and brokerage, consultant and other customary fees) actually incurred by the US Borrower or such Restricted Subsidiary in connection with such Disposition or Casualty Event, (C) Taxes (or distributions for Taxes or any amount payable pursuant to any permitted Tax sharing arrangement) paid or reasonably estimated to be payable in connection therewith by any Loan Party or such Restricted Subsidiary and attributable to such Disposition or Casualty Event (including, where the proceeds are realized by a Subsidiary of the US Borrower, any incremental foreign, federal, state and/or local Taxes imposed as a result of distributing the proceeds in question from any Subsidiary to the US Borrower) and (D) any reserve for adjustment in respect of (1) the sale price of such asset or assets established in accordance with GAAP and (2) any liabilities associated with such asset or assets and retained by the US Borrower or any of its Restricted Subsidiaries after such Disposition thereof, including pension and other post-employment benefit liabilities and liabilities related to environmental matters or against any indemnification obligations associated with such transaction, and it being understood that "Net Cash Proceeds" shall include (i) any cash or Cash Equivalents received upon the Disposition of any non-cash consideration received by the US Borrower or any of its Restricted Subsidiaries in respect of any such Disposition or Casualty Event and (ii) the amount of any reserve upon the reversal (without the satisfaction of any applicable liabilities in cash in a corresponding amount) of such reserve described in clause (D) above or, if such liabilities have not been satisfied in cash and such reserve not reversed within three hundred and sixty-five (365) days after such Disposition or Casualty Event, the amount of such reserve;

(b) with respect to any Debt Issuance by the US Borrower or any of its Restricted Subsidiaries, the excess, if any, of (i) the sum of the cash received in connection with such Debt Issuance over (ii) the investment banking fees, underwriting discounts, commissions, costs and other out-of-pocket expenses (including attorneys' fees) and other customary fees and expenses, incurred by any Loan Party or a Restricted Subsidiary in connection with such Debt Issuance (including, where the proceeds are realized by a Subsidiary of the US Borrower, any incremental foreign, federal, state and/or local Taxes imposed as a result of distributing the proceeds in question from any Subsidiary to the US Borrower); and

(c) with respect to any Equity Issuance by the US Borrower or any of its Restricted Subsidiaries (or any other Person, if the context so requires), the excess of (i) the sum of the cash and Cash Equivalents received in connection with such Equity Issuance over (ii) fees (including investment banking fees, underwriting discounts, commissions, costs and other out-of-pocket expenses (including attorneys' fees) and other customary expenses) incurred by any Loan Party or a Restricted Subsidiary in connection with such Equity Issuance.

" **New Revolving Credit Commitments** " has the meaning specified in Section 2.14(a).

" **New Revolving Credit Lender** " has the meaning specified in Section 2.14(a).

" **New Revolving Credit Loans** " has the meaning specified in Section 2.14(b).

" **New Revolving Credit Note** " means, for each Class of New Revolving Credit Loans, a promissory note in substantially the form of Exhibit C-2 with, subject to Section 2.14, such changes as

shall be agreed to by the US Borrower and the New Revolving Credit Lenders providing such Class of New Revolving Credit Loans and reasonably satisfactory to Administrative Agent, as it may be amended, restated, supplemented or otherwise modified from time to time.

“ **New Term Commitments** ” has the meaning specified in Section 2.14(a).

“ **New Term Lender** ” has the meaning specified in Section 2.14(a).

“ **New Term Loan Facility** ” means a facility providing for the Borrowing of New Term Loans.

“ **New Term Loans** ” has the meaning specified in Section 2.14(c).

“ **New Term Note** ” means, for each Class of New Term Loans, a promissory note in substantially the form of Exhibit C-1 with, subject to Section 2.14, such changes as shall be agreed to by the US Borrower and the New Term Lenders providing such Class of New Term Loans and reasonably satisfactory to Administrative Agent, as it may be amended, restated, supplemented or otherwise modified from time to time.

“ **Non-Consenting Lender** ” has the meaning specified in Section 3.07(d)(iii).

“ **Non-Defaulting Lender** ” means, at any time, a Revolving Credit Lender that is not a Defaulting Lender.

“ **Non-Excluded Taxes** ” means any Taxes other than Excluded Taxes.

“ **Non-US Lender** ” has the meaning specified in Section 10.15(a)(i).

“ **Nonrenewal Notice Date** ” has the meaning specified in Section 2.03(b)(iii).

“ **Note** ” means a Term Note, a New Term Note, a Revolving Credit Note or a New Revolving Credit Note, as the context may require.

“ **NPL** ” means the National Priorities List under CERCLA.

“ **Obligations** ” means all advances to, and debts, liabilities, obligations, covenants and duties of, any Loan Party arising under any Loan Document or otherwise with respect to any Loan or Letter of Credit, whether direct or indirect (including those acquired by assumption), absolute or contingent, due or to become due, now existing or hereafter arising and including interest and fees that accrue after the commencement by or against any Loan Party 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 but excluding (x) all Secured Hedge Obligations and (y) all Cash Management Obligations. Without limiting the generality of the foregoing, the Obligations of the Loan Parties under the Loan Documents include the obligation to pay principal, interest, Letter of Credit commissions, charges, expenses, fees, Attorney Costs, indemnities and other amounts payable by any Loan Party under any Loan Document.

“ **OFAC** ” means the Office of Foreign Assets Control of the United States Department of the Treasury.

“ **Organization Documents** ” means, (a) with respect to any corporation or company, the certificate or articles of incorporation and the bylaws (or equivalent or comparable constitutive documents with respect to any corporation or company incorporated or organized in a non-US jurisdiction), (b) with respect to any limited liability company, the certificate or articles of formation or organization and operating agreement or the memorandum and articles of association (if applicable) and (c) with respect to any partnership, joint venture, trust or other form of business entity, the partnership, joint venture or other applicable agreement of formation or organization and any agreement, instrument, filing or notice with respect thereto filed in connection with its formation or organization with the applicable Governmental Authority in the jurisdiction of its formation or organization and, if applicable, any certificate or articles of formation or organization of such entity.

“ **Other Connection Taxes** ” mean , 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** ” has the meaning specified in Section 3.01(b).

“ **Outstanding Amount** ” means (a) with respect to the Term Loans, Revolving Credit Loans and Swing Line Loans on any date, the aggregate outstanding principal amount thereof after giving effect to any borrowings and prepayments or repayments of Term Loans, Revolving Credit Loans (including any refinancing of outstanding unpaid drawings under Letters of Credit or L/C Credit Extensions as a Revolving Credit Borrowing) and Swing Line Loans, as the case may be, occurring on such date and (b) with respect to any L/C Obligations on any date, the amount thereof on such date after giving effect to any L/C Credit Extension occurring on such date and any other changes thereto as of such date, including as a result of any reimbursements of outstanding unpaid drawings under any Letters of Credit (including any refinancing of outstanding unpaid drawings under Letters of Credit or L/C Credit Extensions as a Revolving Credit Borrowing) or any reductions in the maximum amount available for drawing under Letters of Credit taking effect on such date.

“ **Overnight Rate** ” means, for any day, (a) with respect to any amount denominated in Dollars, the Federal Funds Rate, and (b) with respect to any amount denominated in an Alternative Currency, the rate of interest *per annum* at which overnight deposits in the applicable Alternative Currency, in an amount approximately equal to the amount with respect to which such rate is being determined, would be offered for such day by a branch or Affiliate of the Administrative Agent in the applicable offshore interbank market for such currency to major banks in such interbank market.

“ **Parallel Debt** ” has the meaning specified in Section 9.14(a).

“ **Parent Company** ” means, with respect to a Lender, the bank holding company (as defined in Federal Reserve Board Regulation Y), if any, of such Lender, and/or any Person owning, beneficially or of record, directly or indirectly, a majority of the economic or voting Equity Interests of such Lender.

“ **Participant** ” has the meaning specified in Section 10.07(e).

“ **Participant Register** ” has the meaning specified in Section 10.07(e).

“ **Participating Member State** ” means each state so described in any EMU Legislation.

“ **Patent** ” has the meaning specified in the Guaranty and Security Agreement or any Foreign Security Agreement, as applicable.

“ **Patent Security Agreement** ” has the meaning specified in the Guaranty and Security Agreement or any Foreign Security Agreement, as applicable.

“ **PATRIOT Act** ” means the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001 (Title III of Pub. L. No. 107-56 (signed into Law October 26, 2001)).

“ **PBGC** ” means the Pension Benefit Guaranty Corporation referred to and defined in ERISA and any successor entity performing similar functions.

“ **Pension Plan** ” means any “employee pension benefit plan” (as such term is defined in Section 3(2) of ERISA), other than a Multiemployer Plan, that is subject to Title IV of ERISA or Section 412 of the Code or Section 302 of ERISA and is sponsored or maintained by the US Borrower or any ERISA Affiliate or to which the US Borrower or any ERISA Affiliate contributes or has an obligation to contribute, or in the case of a multiple employer described in Section 4064(a) of ERISA, has made contributions at any time during the immediately preceding five (5) plan years.

“ **Pensions Regulator** ” means the body corporate called the Pensions Regulator established under Part 1 of the UK Pensions Act 2004.

“ **Permitted Acquisition** ” has the meaning specified in Section 7.02(i).

“ **Permitted Equity Issuance** ” means at any time (a) any cash contribution to the common Equity Interests of Holdings and further contributed to the US Borrower and (b) any sale or issuance of any Equity Interests resulting in Eligible Equity Proceeds.

“ **Permitted Holders** ” means (a) the Sponsors and (b) any group (within the meaning of Section 13(d)(3) or Section 14(d)(2) of the Exchange Act or any successor provision) of which any one or more of the Sponsors are members; provided that in the case of clause (b) and without giving effect to the existence of such group or any other group, the Sponsors have beneficial ownership directly or indirectly of more than fifty percent (50%) of the total voting power of the Voting Stock of Holdings (or such direct or indirect parent company) held by such group.

“ **Permitted Refinancing** ” means, with respect to any Person, any modification, refinancing, refunding, renewal, replacement, exchange (including the issuance of any Registered Equivalent Notes) or extension of any Indebtedness of such Person; provided that (a) the principal amount (or accreted value, if applicable) thereof does not exceed the principal amount (or accreted value, if applicable) of the Indebtedness so modified, refinanced, refunded, renewed, replaced, exchanged or extended except by an amount equal to the unpaid accrued interest and premium thereon plus other reasonable amounts paid, and fees and expenses reasonably incurred, in connection with such modification, refinancing, refunding, renewal, replacement, exchange or extension and by an amount equal to any existing commitments unutilized thereunder and as otherwise permitted to be incurred or issued pursuant to Section 7.03, (b) such modification, refinancing, refunding, renewal, replacement, exchange or extension has a final maturity date equal to or later than the final maturity date of, and has a Weighted Average Life to Maturity equal to or greater than the Weighted Average Life to Maturity of, the Indebtedness being modified, refinanced, refunded, renewed, exchanged or extended, (c) if the Indebtedness being modified, refinanced, refunded, renewed, replaced, exchanged or extended is contractually subordinated in right of

payment to the Obligations, such modification, refinancing, refunding, renewal, exchange or extension is contractually subordinated in right of payment to the Obligations on terms at least as favorable to the Lenders, in all material respects, as those contained in the documentation governing the Indebtedness being modified, refinanced, refunded, renewed, replaced, exchanged or extended, taken as a whole, (d) such modification, refinancing, refunding, renewal, replacement, exchange or extension is incurred by the Person or Persons who are the obligors (or who are required by the terms of the Indebtedness being modified, refinanced, refunded, renewed, replaced, exchanged or extended to become obligors) on the Indebtedness being modified, refinanced, refunded, renewed, replaced, exchanged or extended with the same primary obligor, (e) except with respect to the issuance of any Registered Equivalent Notes, at the time thereof, no Event of Default shall have occurred and be continuing, (f) such Indebtedness shall be unsecured if the Indebtedness being modified, refinanced, refunded, renewed, replaced, exchanged or extended is unsecured, (g) such Indebtedness is not secured by any additional property or collateral other than (i) property or collateral securing the Indebtedness being modified, refinanced, refunded, renewed, replaced, exchanged or extended, (ii) after-acquired property that is affixed or incorporated into the property covered by the lien securing such Indebtedness and (iii) proceeds and products thereof, (h) if any Liens securing the Indebtedness being modified, refinanced, refunded, renewed, replaced, exchanged or extended are on all or a portion of the Collateral on a *pari passu* basis to the Liens securing the Obligations (or such modified, refinanced, refunded renewed, replaced, exchanged or extended Indebtedness is all or a portion of the Obligations), (i) if such Indebtedness is secured, the Liens securing such Indebtedness shall be (x) secured by the Collateral on a *pari passu* or second-priority (or other junior priority) basis to the Liens securing the Obligations on terms that are at least as favorable to the Secured Parties as those contained in the documentation governing the Indebtedness being modified, refinanced, refunded, renewed, replaced, exchanged or extended, taken as a whole and (y) subject to intercreditor agreements reasonably satisfactory to the Administrative Agent (including customary European style protections to the extent relevant), or (ii) such Indebtedness shall be unsecured, (j) if any Liens securing the Indebtedness being modified, refinanced, refunded, renewed, replaced, exchanged or extended are on all or a portion of the Collateral on a second-priority (or other junior priority) basis to the Liens securing the Obligations, (i) if such Indebtedness is secured, the Liens securing such Indebtedness shall be (x) secured by the Collateral on a second-priority (or other junior priority) basis to the Liens securing the Obligations on terms that are at least as favorable to the Secured Parties as those contained in the documentation governing the Indebtedness being modified, refinanced, refunded, renewed, replaced, exchanged or extended, taken as a whole and (y) subject to intercreditor agreements reasonably satisfactory to the Administrative Agent (including customary European style protections to the extent relevant), or (ii) such Indebtedness shall be unsecured, and (k) such Indebtedness has covenants and default and remedy provisions that are not, taken as a whole, materially more favorable to the lenders providing such Indebtedness than those set forth in the Loan Documents or in the Indebtedness being modified, refinanced, refunded, renewed, replaced, exchanged or extended.

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

“ **Plan** ” means any employee pension benefit plan (as defined in Section 3(2) of ERISA) in respect of which the US Borrower or, in the case of a Plan that is also a Pension Plan, any ERISA Affiliate is (or, if such Plan were terminated, would under Section 4062 or Section 4069 of ERISA be deemed to be) an “employer” as defined in Section 3(5) of ERISA.

“ **Platform** ” has the meaning specified in [Section 6.02](#).

“ **Pledged Debt Instruments** ” has the meaning specified in the Guaranty and Security Agreement.

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“ **Pledged Equity Interests** ” has the meaning specified in the Guaranty and Security Agreement.

“ **Pound Sterling** ” and “ **£** ” mean the lawful currency of the United Kingdom.

“ **PPSA** ” means the *Personal Property Security Act* (Ontario), including the regulations thereto, provided that, if perfection or the effect of perfection or non-perfection or the priority of any Lien created hereunder on the Collateral is governed by the personal property security legislation or other applicable legislation with respect to personal property security in effect in a jurisdiction in Canada other than Ontario, “PPSA” means the Personal Property Security Act or such other applicable legislation (including the Quebec Civil Code) in effect from time to time in such other jurisdiction for purposes of the provisions hereof relating to such perfection, effect of perfection or non-perfection or priority.

“ **Prepayment Notice** ” has the meaning specified in [Section 2.05\(a\)](#), which shall be substantially in the form of [Exhibit A-2](#).

“ **Pricing Level** ” means a level set out in the first column of the table contained in the definition of “Applicable Rate” and “Revolving Credit Commitment/Ticking Fee Rate” corresponding to the range within which the Net Average Total Leverage Ratio as of any fiscal quarter end falls.

“ **primary obligor** ” has the meaning specified in the definition of “Guarantee”.

“ **Prime Rate** ” means the rate of interest *per annum* publicly announced from time to time by Wells Fargo Bank, National Association as its prime rate in effect at its principal office in New York City (the Prime Rate not being intended to be the lowest rate of interest charged by Wells Fargo Bank, National Association in connection with extensions of credit to debtors).

“ **Pro Forma Basis** ”, “ **Pro Forma Compliance** ” and “ **Pro Forma Effect** ” means, for purposes of calculating the financial covenants set forth in [Section 7.10](#), the Net Average Total Leverage Ratio, the Net Average Secured Leverage Ratio or the Consolidated Interest Coverage Ratio or any other financial ratio or test, that such calculation shall be made in accordance with [Section 1.04](#) hereof.

“ **Pro Rata Share** ” means, with respect to each Lender at any time, a fraction (expressed as a percentage, carried out to the ninth decimal place), the numerator of which is the amount of the Commitments of such Lender under the applicable Facility or Facilities (or in the case of any Term Lender under any Term Loan Facility under which Term Loans have been made, the Outstanding Amount of such Lender’s Term Loans under such Facility) at such time and the denominator of which is the amount of the Aggregate Commitments under the applicable Facility or Facilities (or in the case of any Term Loan Facility under which Term Loans have been made, the Outstanding Amount of all Term Loans under such Facility) at such time; provided that if such Commitments have been

terminated, then the Pro Rata Share of each Lender shall be determined based on the Pro Rata Share of such Lender immediately prior to such termination and after giving effect to any subsequent assignments made pursuant to the terms hereof.

“ **Prohibited Transaction** ” has the meaning specified in Section 406 of ERISA and Section 4975(c) of the Code.

“ **Public Company Costs** ” means charges associated with, or in anticipation of, or preparation for, compliance with the requirements of the Sarbanes-Oxley Act of 2002 and the rules and regulations promulgated in connection therewith and charges relating to compliance with the provisions of the Securities Act and the Exchange Act (and, in each case, similar applicable Law under other jurisdictions),

as applicable to companies with equity or debt securities held by the public, the rules of national securities exchange companies with listed equity or debt securities, listing fees, independent directors' compensation, fees and expense reimbursement, charges relating to investor relations (including investor relations employee compensation), shareholder meetings and reports to shareholders or debtholders, directors' and officers' insurance and legal and other professional fees associated with becoming or being a public company.

“ **Public Lender** ” has the meaning specified in Section 6.02.

“ **Qualified Equity Interests** ” means any Equity Interests that are not Disqualified Equity Interests.

“ **Qualifying Public Offering** ” means the issuance by Holdings of its common Equity Interests in an underwritten primary public offering (other than a public offering pursuant to a registration statement on Form S-8) pursuant to an effective registration statement filed with the SEC in accordance with the Securities Act.

“ **Quotation Day** ” means, with respect to any Borrowing based on the Eurodollar Rate for any Interest Period, (i) if the currency is Pounds Sterling, the first (1st) day of such Interest Period, (ii) if the currency is Canadian Dollars, one (1) Business Day prior to the commencement of such Interest Period, (iii) if the currency is Euros, the day that is two (2) TARGET Days before the first day of such Interest Period, and (iv) if the currency is Dollars or Japanese Yen, two (2) Business Days prior to the commencement of such Interest Period (unless, in each case, market practice differs in the relevant market where the Eurodollar Rate for such currency is to be determined, in which case the Quotation Day will be determined by the Administrative Agent in accordance with market practice in such market (and if quotations would normally be given on more than one day, then the Quotation Day will be the last of those days)).

“ **Refinancing** ” means the repayment in full of all obligations under the Existing Credit Facilities (other than the Existing Letters of Credit) and the Existing Notes with the proceeds of the Loans to be made hereunder on the Closing Date and the termination and release of all commitments, security interests and guarantees in connection therewith.

“ **Register** ” has the meaning specified in Section 10.07(c).

“ **Registered Equivalent Notes** ” means, with respect to any notes originally issued in a Rule 144A or other private placement transaction under the Securities Act, substantially identical notes (having the same Guarantees) issued in a dollar-for-dollar exchange therefor pursuant to an exchange offer registered with the SEC.

“ **Regulation** ” has the meaning specified in Section 5.22.

“ **Related Indemnitee** ” has the meaning specified in Section 10.05.

“ **Related Parties** ” means, with respect to any Person, such Person's Affiliates and the partners, directors, officers, employees, agents and advisors of such Person and of such Person's Affiliates.

“ **Release** ” means any release, spill, emission, discharge, deposit, disposal, leaking, pumping, pouring, dumping, emptying, injection or leaching into the Environment, including into, from or through any structure or facility subject to human occupation.

“ **Reportable Event** ” means any of the events set forth in Section 4043(c) of ERISA, other than events for which the thirty (30) day notice period has been waived with respect to a Pension Plan.

“ **Request for Credit Extension** ” means (a) with respect to a Borrowing, conversion or continuation of Term Loans or Revolving Credit Loans, a Loan Notice, (b) with respect to an L/C Credit Extension, a L/C Request and Letter of Credit Application and (c) with respect to a Swing Line Loan, a Swing Line Loan Notice.

“ **Required Lenders** ” means, as of any date of determination, Lenders having more than fifty percent (50%) of the sum of the (a) Total Outstandings (with the aggregate amount of each Lender’s risk participation and funded participation in L/C Obligations and Swing Line Loans being deemed “held” by such Lender for purposes of this definition), (b) aggregate unused Term Commitments (if any) and (c) aggregate unused Revolving Credit Commitments; provided that the unused Term Commitment and unused Revolving Credit Commitment of, and the portion of the Total Outstandings held or deemed held by, any Defaulting Lender shall be excluded for purposes of making a determination of Required Lenders.

“ **Required Revolving Lenders** ” means, as of any date of determination, Revolving Credit Lenders having more than fifty percent (50%) of the sum of the (a) aggregate Outstanding Amount of all Revolving Credit Loans and all L/C Obligations (with the aggregate amount of each Revolving Credit Lender’s risk participation and funded participation in L/C Obligations and Swing Line Loans being deemed “held” by such Lender for purposes of this definition) and (b) aggregate unused Revolving Credit Commitments; provided that the unused Revolving Credit Commitment of, and the Revolving Credit Loans and L/C Obligations held or deemed held by, any Defaulting Lender shall be excluded for purposes of making a determination of Required Revolving Lenders.

“ **Responsible Officer** ” means the chief executive officer, president, vice president, chief financial officer, chief accounting officer, treasurer, assistant treasurer, controller or other similar officer of a Loan Party or, in the case of any Foreign Borrower or Foreign Subsidiary, any duly appointed authorized signatory or any director or managing member of such Person and, as to any document delivered on the Closing Date, any secretary or assistant secretary. Any document delivered hereunder that is signed by a Responsible Officer of a Loan Party shall be conclusively presumed to have been authorized by all necessary corporate, partnership and/or other action on the part of such Loan Party, and such Responsible Officer shall be conclusively presumed to have acted on behalf of such Loan Party.

“ **Restricted Payment** ” means any dividend or other distribution (whether in cash, securities or other property) with respect to any Equity Interest of the US Borrower or any Restricted Subsidiary, or any payment (whether in cash, securities or other property), including any sinking fund or similar deposit, on account of the purchase, redemption, retirement, defeasance, acquisition, cancellation or termination of any such Equity Interest, or on account of any return of capital to the stockholders, partners or members (or the equivalent Persons thereof) of the US Borrower or any Restricted Subsidiary.

“ **Restricted Subsidiary** ” means any Subsidiary other than an Unrestricted Subsidiary. Unless otherwise specified, all references herein to a “Restricted Subsidiary” or to “Restricted Subsidiaries” shall refer to a Restricted Subsidiary or Restricted Subsidiaries of the US Borrower.

“ **Returns** ” means, with respect to any Investment, any dividends, distributions, interest, fees, premium, return of capital, repayment of principal, income, profits (from a Disposition or otherwise) and other amounts received or realized in respect of such Investment.

“ **Revaluation Date** ” means each of the following: (i) each date of issuance of a Letter of Credit or making of a Revolving Credit Loan denominated in an Alternative Currency, (ii) each date of an amendment of any such Letter of Credit denominated in an Alternative Currency having the effect of increasing the amount thereof (solely with respect to the increased amount), (iii) each date of any payment by the applicable L/C Issuer under any Letter of Credit denominated in an Alternative Currency, (iv) the first day of any calendar month and (v) at any time while a Default or Event of Default has occurred and is continuing, such additional dates as the Administrative Agent or the applicable L/C Issuer shall determine or the Required Lenders shall require.

“ **Revolving Credit Borrowing** ” means a borrowing consisting of simultaneous Revolving Credit Loans of the same Class and Type and, in the case of Eurodollar Rate Loans, having the same Interest Period made by each of the Revolving Credit Lenders pursuant to Section 2.01(c).

“ **Revolving Credit Commitment** ” means, as to each Revolving Credit Lender, its obligation to (a) make Revolving Credit Loans to the US Borrower and the Foreign Borrowers pursuant to Section 2.01(c), (b) purchase participations in L/C Obligations, and (c) purchase participations in Swing Line Loans, in an aggregate principal amount at any one time outstanding not to exceed the amount set forth opposite such Lender’s name in Schedule 2.01(c), under the caption “Revolving Credit Commitment” or in the Assignment and Assumption or Incremental Facility Agreement pursuant to which such Lender becomes a party hereto, as applicable, as such amount may be adjusted from time to time in accordance with this Agreement. The Aggregate Commitments of all Revolving Credit Lenders in respect of the Revolving Credit Facility shall be \$275,000,000 as of the Closing Date. For the avoidance of doubt, any New Revolving Credit Commitments and any Extended Revolving Credit Commitments shall constitute Revolving Credit Commitments.

“ **Revolving Credit Commitment/Ticking Fee** ” has the meaning specified in Section 2.09(a).

“ **Revolving Credit Commitment/Ticking Fee Rate** ” means, from time to time, the following percentages *per annum* , based upon the Net Average Total Leverage Ratio as set forth below:

Pricing Level	Net Average Total Leverage Ratio	Revolving Credit Commitment/Ticking Fee Rate
I	Greater than or equal to 2.75:1.00	0.35%
II	Greater than or equal to 2.25:1.00 but less than 2.75:1.00	0.30%
III	Greater than or equal to 1.75:1.00 but less than 2.25:1.00	0.25%
IV	Less than 1.75:1.00	0.20%

Any increase or decrease in the Revolving Credit Commitment/Ticking Fee Rate with respect to the Loans resulting from a change in the Net Average Total Leverage Ratio shall become effective as of the first Business Day immediately following the date financial statements are required to be delivered pursuant to Section 6.01(a) or 6.01(b) following the completion of the first full fiscal quarter ending after the Closing Date; provided, however, that (1) if financial statements are not delivered when due in accordance with such Sections, then Pricing Level I shall apply as of the first Business Day after the date

on which financial statements pursuant to Section 6.01(a) or 6.01(b) were required to have been delivered and shall remain in effect until the date on which such financial statements are so delivered and (2) until the delivery of financial statements for the first full fiscal quarter ended after the Closing Date pursuant to Section 6.01(a) or 6.01(b). Pricing Level II shall apply.

Notwithstanding the foregoing, in the event that any financial statement is shown to be inaccurate (regardless of whether (i) this Agreement is in effect, (ii) any Commitments are in effect, or (iii) any Credit Extension is outstanding when such inaccuracy is discovered or such financial statement was delivered), and such inaccuracy, if corrected, would have led to the application of a higher Revolving Credit Commitment/Ticking Fee Rate for any period (a “Revolving Commitment/Ticking Fee Period”) than the Revolving Credit Commitment/Ticking Fee Rate applied for such Revolving Commitment/Ticking Fee Period, then (A) the Revolving Credit Commitment/Ticking Fee Rate for such Revolving Commitment/Ticking Fee Period shall be determined as if the corrected Net Average Total Leverage Ratio was applicable for such Revolving Commitment/Ticking Fee Period and (B) the US Borrower and the Foreign Borrowers shall at the request of the Administrative Agent retroactively be obligated to pay to the Administrative Agent the accrued additional interest and fees owing as a result of such increased Revolving Credit Commitment/Ticking Fee for such Revolving Commitment/Ticking Fee Period, which payment shall be promptly applied by the Administrative Agent in accordance with Section 2.12. Nothing in this paragraph shall limit the rights of the Administrative Agent and Lenders with respect to Sections 2.08(b) and 8.02 nor any of their other rights under this Agreement or any other Loan Document.

“**Revolving Credit Commitment Period**” means, (a) with respect to the original Revolving Credit Facility entered into on the Signing Date, the period from and including the Closing Date to but not including the Maturity Date of such Revolving Credit Facility or any earlier date on which the Revolving Credit Commitments shall terminate as provided herein and (b) with respect to any other Revolving Credit Facility established hereunder, the period from and including the date that such Revolving Credit Facility is established to but not including the Maturity Date of such Revolving Credit Facility or any earlier date on which the Revolving Credit Commitments shall terminate as provided herein.

“**Revolving Credit Facility**” means, at any time, the aggregate amount of the Revolving Credit Lenders’ Revolving Credit Commitments of a given Class at such time.

“**Revolving Credit Lender**” means, at any time, any Lender that has a Revolving Credit Commitment or a Revolving Credit Loan at such time.

“**Revolving Credit Loan**” has the meaning specified in Section 2.01(c), together with any New Revolving Credit Loans and Extended Revolving Credit Loans.

“**Revolving Credit Note**” means a promissory note of a Borrower payable to any Revolving Credit Lender or its registered assigns, in substantially the form of Exhibit C-2 hereto, evidencing the aggregate indebtedness of such Borrower to such Revolving Credit Lender resulting from the Revolving Credit Loans made by such Revolving Credit Lender to such Borrower.

“**S&P**” means Standard & Poor’s Financial Services LLC and any successor thereto.

“**Sanctioned Country**” means, at any time, a country, region or territory which is itself the subject or target of any Sanctions.

“ **Sanctioned Person** ” means, at any time, (a) any Person listed in any Sanctions-related list of designated Persons maintained by OFAC, the U.S. Department of State, the United Nations Security Council, the government of Canada, the European Union, the United Kingdom or any other European Union member state, (b) any Person operating, organized or resident in a Sanctioned Country or (c) any Person owned or controlled by any such Person or Persons described in the foregoing clause (a) or (b).

“ **Sanctions** ” means any economic or financial sanctions or trade embargoes imposed, administered or enforced from time to time by (a) the U.S. government, including those administered by OFAC or the U.S. Department of State, or (b) the United Nations Security Council, the government of Canada, the European Union, any European Union member state or Her Majesty’s Treasury of the United Kingdom.

“ **Screen Rate** ” means the LIBOR Screen Rate or the CDOR Screen Rate, as applicable.

“ **SEC** ” means the Securities and Exchange Commission, or any Governmental Authority succeeding to any of its principal functions.

“ **Secured Hedge Agreement** ” means any Swap Contract required or permitted under Article VI or Article VII that is entered into by and between the US Borrower or any Subsidiary Guarantor and any Hedge Bank.

“ **Secured Hedge Obligations** ” means the obligations of the US Borrower or any Subsidiary Guarantor arising under any Secured Hedge Agreement including interest and fees that accrue after the commencement by or against the US Borrower or any Subsidiary Guarantor 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.

“ **Secured Obligations** ” means (a) all Obligations, (b) all Secured Hedge Obligations (other than an Excluded Swap Obligation) and (c) all Cash Management Obligations, including, in each case, interest and fees that accrue after the commencement by or against any Loan Party 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 proceedings (including, for the avoidance of doubt, any change or increase in those obligations pursuant to or in connection with any amendment or supplement or restatement or novation of any Loan Document, in each case whether or not anticipated as of the date of this Agreement) excluding that Loan Party’s Parallel Debts. For the avoidance of doubt, (A) the Secured Obligations secured by the security interests granted by and/or guaranteed by each Foreign Borrower under the Loan Documents shall be limited to the Obligations incurred by such Foreign Borrower, and (B) the Secured Obligations secured by the security interests granted by and/or guaranteed by the Foreign Guarantor under the Loan Documents shall be limited to (x) in the case of the Foreign Guarantor’s pledge of the Equity Interests of each Foreign Borrower, such Foreign Borrower’s Secured Obligations and the Foreign Guarantor’s Secured Obligations in respect thereof and (y) in the case of the Foreign Guarantor’s pledge of the Equity Interests of Acushnet Japan and/or any other Person (other than the Foreign Borrowers) the Equity Interests of which are required to be pledged under the Loan Documents, all of the Secured Obligations.

“ **Secured Parties** ” means, collectively, the Administrative Agent, the L/C Issuers, the Lenders, the Hedge Banks, Lenders, the Agents and the Arrangers, Affiliates of Lenders, Agents or Arrangers under Cash Management Obligations of the US Borrower or any Subsidiary Guarantor, the Indemnitees, the Supplemental Administrative Agents, if any, and each co-agent or sub-agent appointed by the Administrative Agent from time to time pursuant to Section 9.05.

“ **Securities Act** ” means the Securities Act of 1933, as amended.

“ **Series A Preferred Stock** ” means (a) the 1,790,000 shares of Series A redeemable convertible preferred stock issued by Holdings on July 29, 2011 and (b) the 48,027 shares of Series A redeemable convertible preferred stock issued by Holdings on January 20, 2012, in each case outstanding as of the Signing Date.

“ **Signing Date** ” means the date on which the conditions precedent in Section 4.01 are satisfied, which date is April 27, 2016.

“ **Signing Ticking Fee** ” has the meaning specified in Section 2.09(c).

“ **Solvent** ” and “ **Solvency** ” mean, (i) with respect to any Person (other than a Canadian Person) on any date of determination, that on such date (a) the sum of the debts (including contingent liabilities) of such Person does not exceed the present fair saleable value of the present assets of such Person, (b) the present fair salable value of the assets of such Person is not less than the amount that will be required to pay the probable liability of such Person on its debts as they become absolute and matured in the ordinary course of business or become otherwise due, (c) the capital of such Person is not unreasonably small in relation to the business of such Person contemplated as of the date of determination and (d) such Person does not intend to incur, or believe that it will incur, debts (including current obligations and contingent liabilities) beyond its ability to pay such debts as they mature in the ordinary course of business or become otherwise due; provided that, for purposes of calculation under clause (i), the amount of contingent liabilities at any time shall be computed as the amount that, in light of all the facts and circumstances existing at such time, represents the amount that can reasonably be expected to become an actual or matured liability (irrespective of whether such contingent liabilities meet the criteria for accrual under Statement of Financial Accounting Standard No. 5); or (ii) with respect to any Canadian Person on any date of determination, that on such date (a) such Canadian Person is able to meet its obligations as they generally become due, (b) such Canadian Person has not ceased paying its current obligations in the ordinary course of business as they generally become due and (c) the aggregate of such Canadian Person’s property is, at a fair valuation, sufficient, or, if disposed of at a fairly conducted sale under legal process, would be sufficient to enable payment of all its obligations, including contingent liabilities, due and accruing and does not intend to incur, or believe that it will incur, debts (including current obligations and contingent liabilities) beyond its ability to pay such debts as they mature in the ordinary course of business or become otherwise due; provided that, for purposes of calculation under clause (ii), the amount of contingent liabilities (such as litigation, guarantees and pension plan liabilities) at any time shall be computed as the amount which, in light of all the facts and circumstances existing at such time, represents the amount that can reasonably be expected to become an actual or matured liability.

“ **SPC** ” has the meaning specified in Section 10.07(h).

“ **Specified Junior Financing Obligations** ” means any obligations in respect of any Junior Financing in respect of which any Loan Party is an obligor in a principal amount in excess of the Threshold Amount.

“ **Specified Quarter** ” has the meaning specified in the definition of “Net Average Secured Leverage Ratio”.

“ **Specified Representations** ” means the representations and warranties made by any Borrower or Guarantor set forth in Sections 5.01(a), 5.01(b)(ii), 5.02, 5.04, 5.12, 5.15, 5.16, 5.20 and 5.21.

“ **Specified Subsidiary** ” means, at any date of determination, (a) each Restricted Subsidiary of the US Borrower (i) whose total assets at the last day of the most recent Test Period were equal to or greater than 2.5% of Total Assets at such date or (ii) whose gross revenues for such Test Period were equal to or greater than 2.5% of the consolidated gross revenues of the US Borrower and its Restricted Subsidiaries for such period, in each case determined in accordance with GAAP, and (b) each other Restricted Subsidiary of the US Borrower that is the subject of any of the circumstances set forth in Section 8.01(f) or 8.01(g) and that, when such Restricted Subsidiary’s Total Assets or gross revenues are aggregated with the total assets or gross revenues, as applicable, of each other such Restricted Subsidiary that is the subject of any of the circumstances set forth in Section 8.01(f) or 8.01(g), would constitute a Specified Subsidiary under clause (a) above.

“ **Specified Transaction** ” means (a) any Disposition of all or substantially all the assets of or all the Equity Interests of any Restricted Subsidiary or of any business unit, line of business or division of the US Borrower or any of its Restricted Subsidiaries, (b) any Permitted Acquisition, (c) any Investment that results in a Person becoming a Restricted Subsidiary of the US Borrower, (d) any designation of any Restricted Subsidiary as an Unrestricted Subsidiary, or of any Unrestricted Subsidiary as a Restricted Subsidiary, in each case in accordance with Section 6.15 or (e) the proposed incurrence, retirement or repayment of Indebtedness or making of a Restricted Payment or payment in respect of a Junior Financing in respect of which compliance with the financial covenants set forth in Section 7.10 or any other financial ratio is by the terms of this Agreement required to be calculated on a Pro Forma Basis.

“ **Sponsors** ” means, collectively, each of (a) Fila Korea Ltd., (b) Mirae Asset Private Equity, (c) Woori Private Equity Co., Ltd., (d) Neoplux No. 1 Private Equity and (e) Magnus Holdings Co., Ltd. and, in each case, their associated funds (including, in each case, as applicable, related funds, general partners thereof and limited partners thereof, but solely to the extent any such limited partners are directly or indirectly participating as investors pursuant to a side-by-side investing arrangement, but not including, however, any portfolio company of any of the foregoing).

“ **Spot Rate** ” for a currency means the rate determined by the Administrative Agent or the applicable L/C Issuer, as applicable, as the spot rate for the purchase of such currency with another currency through its principal foreign exchange trading office at approximately 11:00 a.m. on the date two (2) Business Days prior to the date as of which the foreign exchange computation is made; provided that the Administrative Agent or the applicable L/C Issuer, as applicable, may obtain such spot rate from another financial institution designated by the Administrative Agent or the applicable L/C Issuer, as applicable, if it does not have as of the date of determination a spot buying rate for any such currency; provided, further, that the applicable L/C Issuer may use such spot rate quoted on the date as of which the foreign exchange computation is made in the case of any Letter of Credit denominated in an Alternative Currency.

“ **Subordinated Indebtedness** ” means any Indebtedness of the US Borrower or any of its Restricted Subsidiaries that is expressly subordinated to the prior payment of the Obligations.

“ **Subsidiary** ” of a Person means a corporation, partnership, joint venture, limited liability company or other business entity of which a majority of the shares of securities or other interests having ordinary voting power for the election of directors or other governing body (other than securities or interests having such power only by reason of the happening of a contingency) are at the time beneficially owned, or the management of which is otherwise controlled, directly, or indirectly through one or more intermediaries, or both, by such Person; provided that, for the avoidance of doubt, Excel Industrial Limited and Acushnet Lionscore Limited shall not be deemed to constitute Subsidiaries of the US Borrower unless and until a majority of the shares of securities or other interests having ordinary voting

power for the election of directors or other governing body (other than securities or interests having such power only by reason of the happening of a contingency) of such entities shall be owned directly or indirectly by the US Borrower. Unless otherwise specified, all references herein to a “Subsidiary” or to “Subsidiaries” shall refer to a Subsidiary or Subsidiaries of the US Borrower.

“ **Subsidiary Guarantor** ” means each Subsidiary of the US Borrower other than any Excluded Subsidiary.

“ **Successor Holdings** ” has the meaning specified in Section 7.14.

“ **Supplemental Administrative Agent** ” has the meaning specified in Section 9.10 and “Supplemental Administrative Agents” shall have the corresponding meaning.

“ **Swap Contract** ” means (a) any and all rate swap transactions, basis swaps, credit derivative transactions, forward rate transactions, commodity swaps, commodity options, forward contracts, future contracts, equity or equity index swaps or options, bond or bond price or bond index swaps or options or forward bond or forward bond price or forward bond index transactions, interest rate options, forward foreign exchange transactions, cap transactions, floor transactions, collar transactions, currency swap transactions, cross-currency rate swap transactions, currency options, spot contracts, repurchase agreements, reverse repurchase agreements, sell buy back and buy sell back agreements, and securities lending and borrowing agreements or any other similar transactions or any combination of any of the foregoing (including any options to enter into any of the foregoing), whether or not any such transaction is governed by or subject to any master agreement and (b) any and all transactions of any kind, and the related confirmations, which are subject to the terms and conditions of, or governed by, any form of master agreement published by the International Swaps and Derivatives Association, Inc., any International Foreign Exchange Master Agreement, or any other master agreement (any such master agreement, together with any related schedules, a “ **Master Agreement** ”), including any such obligations or liabilities under any Master Agreement.

“ **Swap Obligation** ” means, with respect to any Guarantor, any obligation to pay or perform under any agreement, contract or transaction that constitutes a “swap” within the meaning of section 1a(47) of the Commodity Exchange Act.

“ **Swap Termination Value** ” means, in respect of any one or more Swap Contracts, after taking into account the effect of any legally enforceable netting agreement relating to such Swap Contracts, (a) for any date on or after the date such Swap Contracts have been closed out and termination value(s) determined in accordance therewith, such termination value(s), and (b) for any date prior to the date referenced in clause (a), the amount(s) determined as the mark-to-market value(s) for such Swap Contracts, as determined based upon one or more mid-market or other readily available quotations provided by any recognized dealer in such Swap Contracts (which may include a Lender or any Affiliate of a Lender).

“ **Swing Line Borrowing** ” means a borrowing of a Swing Line Loan pursuant to Section 2.04.

“ **Swing Line Lender** ” means Wells Fargo Bank, National Association, acting through one of its affiliates or branches, in its capacity as provider of Swing Line Loans, or any successor Swing Line Lender hereunder.

“ **Swing Line Loan** ” has the meaning specified in Section 2.04(a).

“ **Swing Line Loan Notice** ” means a notice of a Swing Line Borrowing pursuant to Section 2.04(b), which shall be substantially in the form of Exhibit B

“ **Swing Line Sublimit** ” means \$25,000,000. The Swing Line Sublimit is part of, and not in addition to, the Revolving Credit Facility.

“ **Syndication Agent** ” means PNC Capital Markets LLC, in its capacity as syndication agent for the Facilities.

“ **TARGET Day** ” means any day on which the Trans-European Automated Real-time Gross Settlement Express Transfer (TARGET) payment system (or, if such payment system ceases to be operative, such other payment system (if any) determined by the Administrative Agent to be a suitable replacement) is open for the settlement of payments in Euros.

“ **Tax Return** ” means all U.S. federal, state, local, provincial and foreign returns, declarations, claims for refunds, forms, statements, reports, schedules, information returns or similar statements or documents, and any amendments thereof (including any related or supporting information or schedule attached thereto) filed or required to be filed with any Governmental Authority or any quasi-governmental or private body having jurisdiction over the assessment, determination, collection or other imposition of Taxes in connection with the determination, assessment or collection of any Tax or Taxes.

“ **Taxes** ” means any and all present or future taxes, duties, levies, imposts, assessments, deductions, fees, withholdings (including backup withholding) or similar charges imposed by any Governmental Authority, and all liabilities to any Governmental Authority (including interest, penalties or additions to tax) with respect to the foregoing.

“ **Term Borrowing** ” means a borrowing consisting of simultaneous Term Loans of the same Class and Type and, in the case of Eurodollar Rate Loans, having the same Interest Period made by each of the Term Lenders pursuant to Section 2.01(a), 2.01(b), 2.14, 2.15 or 10.01, as applicable.

“ **Term Commitment** ” means an Initial Term Commitment, a Delayed Draw Term Commitment, a New Term Commitment or a commitment in respect of Extended Term Loans.

“ **Term Lender** ” means, at any time, any Lender that has a Term Commitment or a Term Loan at such time.

“ **Term Loan Facility** ” means the Initial Term Loan Facility, the Delayed Draw Term Loan Facility, each New Term Loan Facility and each Extended Term Loan Facility.

“ **Term Loans** ” means Initial Term Loans, Delayed Draw Term Loans, New Term Loans and Extended Term Loans.

“ **Term Note** ” means a promissory note of the US Borrower payable to any Term Lender or its registered assigns, in substantially the form of Exhibit C-1 hereto, evidencing the indebtedness of the US Borrower to such Term Lender resulting from the Term Loans made by such Term Lender.

“ **Termination Date** ” has the meaning specified in Section 9.08(a).

“ **Test Period** ” means a period of four (4) consecutive fiscal quarters (x) ended on the relevant date of determination (in the case of Section 7.10) or (y) otherwise, most recently ended for which annual or quarterly financial statements have been delivered hereunder.

“ **Thai Share Pledge Agreement** ” means the Share Pledge Agreement relating to the shares of Acushnet Footjoy (Thailand) Limited, by the US Borrower in favor of the Administrative Agent, dated as of the Closing Date and substantially in the form of Exhibit Q or otherwise reasonably acceptable to the Administrative Agent.

“ **Threshold Amount** ” means \$17,500,000.

“ **Total Assets** ” means the total assets of the US Borrower and its Restricted Subsidiaries on a consolidated basis, as shown on the most recent balance sheet of the US Borrower delivered pursuant to Section 6.01(a) or (b) or, for the period prior to the time any such statements are so delivered pursuant to Section 6.01(a) or (b), the financial statements delivered to the Arrangers on or prior to the Closing Date.

“ **Total Outstandings** ” means the aggregate Outstanding Amount of all Loans and all L/C Obligations.

“ **Trademark** ” has the meaning specified in the Guaranty and Security Agreement or any Foreign Security Agreement, as applicable.

“ **Trademark Security Agreement** ” has the meaning specified in the Guaranty and Security Agreement or any Foreign Security Agreement, as applicable.

“ **tranche** ” has the meaning specified in Section 2.15(a).

“ **Transaction Expenses** ” means the fees, costs and expenses incurred or payable by the US Borrower or any of its Subsidiaries, Holdings or any direct or indirect parent thereof in connection with the Transactions.

“ **Transactions** ” means, collectively, (a) the execution and delivery and performance by the Loan Parties of each Loan Document to which they are a party executed and delivered or to be executed and delivered on or prior to (i) in the case of this Agreement, the Signing Date, and (ii) in the case of each other Loan Document, the Closing Date, (b) the making of the initial Borrowings hereunder and the issuance of the initial Letters of Credit hereunder, in each case on the

Closing Date, (c) the use of the proceeds of such initial Borrowings, (d) the consummation of the Refinancing, (e) any other transactions in connection with the foregoing (excluding for the avoidance of doubt any refinancing or replacement of any Indebtedness referred to in clause (b) of this definition) and (f) the payment of Transaction Expenses.

“ **Treaty** ” has the meaning specified in the definition of “Treaty State”.

“ **Treaty Lender** ” means a Lender which: (a) is treated as a resident of a Treaty State for the purposes of a Treaty; and (b) does not carry on a business in the United Kingdom through a permanent establishment with which that Lender’s participation in the Loan is effectively connected.

“ **Treaty State** ” means a jurisdiction having a double taxation agreement (a “ **Treaty** ”) with the United Kingdom which makes provision for full exemption from tax imposed by the United Kingdom on interest.

“ **Type** ” means, with respect to a Loan, its character as a Base Rate Loan or a Eurodollar Rate Loan.

“ **UK Borrower** ” has the meaning specified in the introductory paragraph to this Agreement.

“ **UK Borrower Sublimit** ” means an amount equal to the lesser of the Aggregate Commitments of all Revolving Credit Lenders in respect of the Revolving Credit Facility and £20,000,000. The UK Borrower Sublimit is part of, and not in addition to, the Revolving Credit Facility.

“ **UK DB Plan** ” means the Acushnet Europe Management and Senior Staff Pension and Life Assurance Scheme established under irrevocable trust by a resolution dated January 1, 1974, as amended or otherwise modified from time to time.

“ **UK Debenture** ” means the Debenture, by the UK Borrower in favor of the Administrative Agent, dated as of the Closing Date and substantially in the form of Exhibit N or otherwise reasonably acceptable to the Administrative Agent.

“ **UK Loan Party** ” means a Loan Party which is incorporated in England and Wales.

“ **UK Qualifying Lender** ” means a Lender which is beneficially entitled to interest payable to that Lender in respect of an advance to the UK Borrower and is (a) a Lender: (i) which is a bank (as defined for the purpose of section 879 of the ITA) making an advance to the UK Borrower under this Agreement; or (ii) in respect of an advance made under this Agreement to the UK Borrower by a person that was a bank (as defined for the purpose of section 879 of the ITA) at the time the advance was made, and which, with respect to clauses (i) and (ii) above, is within the charge to United Kingdom corporation tax as regards any payment of interest made in respect of that advance or (in the case of clause (i) above), which is a bank (as so designated) that would be within the charge to United Kingdom corporation tax as regards any payment of interest made in respect of that advance apart from section 18A of the CTA; or (b) a Lender which is: (i) a company resident in the United Kingdom for United Kingdom tax purposes or (ii) a partnership each member of which is (1) a company resident in the United Kingdom; or (2) a company not so resident in the United Kingdom which carries on a trade in the United Kingdom through a permanent establishment and which brings into account in computing its chargeable profits (for the purposes of section 19 of the CTA) the whole of any share of interest payable in respect of that advance that falls to it by reason of Part 17 of the CTA; or (iii) a company not so resident in the United Kingdom which carries on a trade in the United Kingdom through a permanent establishment which brings into account interest payable in respect of that advance in computing its chargeable profits (within the meaning given by section 19 of the CTA); or (c) a Treaty Lender.

“ **UK Share Charge** ” means the Share Charge relating to the shares of the UK Borrower, by the Foreign Guarantor in favor of the Administrative Agent, dated as of the Closing Date and substantially in the form of Exhibit M or otherwise reasonably acceptable to the Administrative Agent.

“ **UK Tax Confirmation** ” means a confirmation by a Lender that the person beneficially entitled to interest payable to that Lender in respect of an advance to the UK Borrower under this Agreement is either: (a) a company resident in the United Kingdom for United Kingdom tax purposes; or (b) a partnership each member of which is (1) a company resident in the United Kingdom; or (2) a company not so resident in the United Kingdom which carries on a trade in the United Kingdom through a permanent establishment and which brings into account in computing its chargeable profits (for the purposes of section 19 of the CTA) the whole of any share of interest payable in respect of that advance that falls to it by reason of Part 17 of the CTA; or (c) a company not so resident in the United Kingdom

which carries on a trade in the United Kingdom through a permanent establishment and which brings into account interest payable in respect of that advance in computing its chargeable profits (within the meaning given by section 19 of the CTA).

“ **Unfunded Advances/Participations** ” means (a) with respect to the Administrative Agent, the aggregate amount, if any (i) made available to the Borrowers on the assumption that each Appropriate Lender has made its Pro Rata Share of the applicable Borrowing available to the Administrative Agent and (ii) with respect to which a corresponding amount shall not in fact have been made available to the Administrative Agent by any such Lender, (b) with respect to the Swing Line Lender, the aggregate amount, if any, of participations in respect of any outstanding Swing Line Loan that shall not have been funded by the Appropriate Lenders in accordance with Section 2.04(b), and (c) with respect to the L/C Issuers, the aggregate amount of L/C Borrowings.

“ **Uniform Commercial Code** ” means the Uniform Commercial Code as the same may from time to time be in effect in the State of New York or the Uniform Commercial Code (or similar code or statute) of another jurisdiction, to the extent it may be required to apply to the creation or perfection of a security interest in any item or items of Collateral.

“ **United States** ” and “ **US** ” mean the United States of America.

“ **unreallocated portion** ” has the meaning specified in Section 2.16(a)(ii).

“ **Unreimbursed Amount** ” has the meaning specified in Section 2.03(c)(i).

“ **Unrestricted Subsidiary** ” means (a) any Subsidiary of an Unrestricted Subsidiary and (b) any Subsidiary of the US Borrower designated by the board of directors (or equivalent governing body) of the US Borrower as an Unrestricted Subsidiary pursuant to Section 6.15 on or subsequent to the Closing Date.

“ **US Borrower** ” has the meaning specified in the introductory paragraph to this Agreement.

“ **US Guarantors** ” means, collectively, Holdings and each Subsidiary Guarantor.

“ **US Lender** ” has the meaning specified in Section 10.15(b).

“ **US Loan Parties** ” means, collectively, the US Borrower and the US Guarantors.

“ **USPTO** ” means the U.S. Patent and Trademark Office.

“ **US Tax Certificate** ” has the meaning set forth in Section 10.15(a).

“ **Voting Stock** ” of any Person means the Equity Interests of such Person having ordinary power to vote in the election of the board of directors or similar governing body of such Person.

“ **Weighted Average Life to Maturity** ” means, when applied to any Indebtedness at any date, the number of years obtained by dividing: (a) the sum of the products obtained by multiplying (i) the amount of each then remaining installment, sinking fund, serial maturity or other required payments of principal, including payment at final maturity, in respect thereof, by (ii) the number of years (calculated to the nearest one-twelfth) that will elapse between such date and the making of such payment; by (b) the then outstanding principal amount of such Indebtedness.

“ **Wholly Owned** ” means, with respect to any Subsidiary of any Person, that 100% of the outstanding Equity Interests (other than directors qualifying shares) of such Subsidiary is owned, directly or indirectly, by 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.

Section 1.02 *Other Interpretive Provisions* . With reference to this Agreement and each other Loan Document, unless otherwise specified herein or in such other Loan Document:

- (a) The meanings of defined terms are equally applicable to the singular and plural forms of the defined terms.
- (b) The words “herein,” “hereto,” “hereof” and “hereunder” and words of similar import when used in any Loan Document shall refer to such Loan Document as a whole and not to any particular provision thereof.
- (c) Article, Section, Exhibit and Schedule references are to the Loan Document in which such reference appears.
- (d) The term “including” is by way of example and not limitation.
- (e) 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”.
- (f) Section headings herein and in the other Loan Documents are included for convenience of reference only and shall not affect the interpretation of this Agreement or any other Loan Document.
- (g) The term “manifest error” shall be deemed to include any clearly demonstrable error whether or not obvious on the face of the document containing such error.
- (h) For purposes of determining compliance at any time with Sections 7.01, 7.02, 7.03, 7.05, 7.06, 7.08, 7.09 and 7.13, in the event that any Lien, Investment, Indebtedness, Disposition, Restricted Payment, affiliate transaction, Contractual Obligation or prepayment of Indebtedness meets the criteria of more than one of the categories of transactions permitted pursuant to any clause of such Sections 7.01, 7.02, 7.03 (other than Section 7.03(g)), 7.05, 7.06, 7.08, 7.09 and 7.13, such transaction (or portion thereof) at any time shall be permitted under one or more of such clauses as determined by the US Borrower in its sole discretion at such time of determination.
- (i) The term “parent company” or “parent” means, with respect to any Person, the Person that owns all of the Equity Interests of such Person.

Section 1.03 *Accounting Terms*.

(a) All accounting terms not specifically or completely defined herein shall be construed in conformity with, and all financial data required to be submitted pursuant to this Agreement shall be prepared in conformity with, GAAP, as in effect from time to time. Notwithstanding the foregoing, for

purposes of determining compliance with any covenant (including the computation of any financial covenant) contained herein, Indebtedness of the US Borrower and its Restricted Subsidiaries shall be deemed to be carried at 100% of the outstanding principal amount (or the accreted value thereof in the case of Indebtedness issued at a discount) thereof and the effects of FASB ASC 825 and FASB ASC 470-20 on financial liabilities shall be disregarded.

(b) If at any time any change in GAAP (including conversion to IFRS as described below) or the application thereof would affect the computation of any covenant (including the computation of any financial covenant) set forth in any Loan Document, and either the US Borrower or the Required Lenders shall so request, the Administrative Agent and the US Borrower shall negotiate in good faith to amend such covenant (without the payment of any amendment or similar fees to the Lenders) to preserve the original intent thereof in light of such change in GAAP (or application thereof) (subject to the approval of the Required Lenders not to be unreasonably withheld, conditioned or delayed); provided, that, until so amended, (i) such covenant, financial ratio basket or requirement shall continue to be computed in accordance with GAAP or the application thereof prior to such change therein and (ii) the US Borrower shall provide to the Administrative Agent and the Lenders a written reconciliation in form and substance reasonably satisfactory to the Administrative Agent, between calculations of such covenant made before and after giving effect to such change in GAAP (or application thereof). Without limiting the foregoing, leases shall continue to be classified and accounted for on a basis consistent with that reflected in the financial statements referred to in Section 4.02(h) for all purposes of this Agreement, notwithstanding any change in GAAP relating thereto, unless the parties hereto shall enter into a mutually acceptable amendment addressing such changes, as provided for above.

Section 1.04 *Pro Forma Calculations* .

(a) Notwithstanding anything to the contrary contained herein, financial ratios and tests (including the Net Average Secured Leverage Ratio, the Net Average Total Leverage Ratio, the Consolidated Interest Coverage Ratio and the amount of Total Assets) pursuant to this Agreement shall be calculated in the manner prescribed by this Section 1.04.

(b) In the event that the US Borrower or any Restricted Subsidiary incurs, assumes, guarantees, redeems, repays, retires or extinguishes any Indebtedness (other than Indebtedness incurred or repaid under any revolving credit facility unless such Indebtedness has been permanently repaid and the commitments in respect thereof have been terminated) subsequent to the end of the Test Period for which such financial ratio or test is being calculated but prior to or simultaneously with the event for which such calculation is being made, then such financial ratio or test shall be calculated giving *pro forma* effect to such incurrence, assumption, guarantee, redemption, repayment, retirement or extinguishment of Indebtedness, as if the same had occurred on the last day of the applicable Test Period.

(c) For purposes of calculating any financial ratio or test, Specified Transactions that have been made by the US Borrower or any Restricted Subsidiary during the applicable Test Period or subsequent to such Test Period and prior to or simultaneously with the event for which such calculation is being made shall be calculated on a *pro forma* basis assuming that all such Specified Transactions (and the change in Consolidated EBITDA resulting therefrom) had occurred on the first day of the applicable Test Period and Total Assets shall be calculated after giving effect thereto. If since the beginning of any such Test Period any Person that subsequently became a Restricted Subsidiary or was merged, amalgamated or consolidated with or into the US Borrower or any of its Restricted Subsidiaries since the beginning of such Test Period shall have made any Specified Transaction that would have required adjustment pursuant to this Section 1.04, then any applicable financial ratio or test shall be calculated

giving *pro forma* effect thereto for such period as if such Specified Transaction occurred at the beginning of the applicable Test Period.

(d) Whenever *pro forma* effect is to be given to a Specified Transaction, the *pro forma* calculations shall be made in good faith by a responsible financial or accounting officer of the US Borrower (including the amount of cost savings, expense reductions and synergies resulting from such Specified Transaction that have been or are expected to be realized, and any such adjustments included in the initial *pro forma* calculations shall continue to apply to subsequent calculations of such financial ratios or tests, including, subject to the following proviso, during any subsequent Test Periods in which the effects thereof are expected to be realized); provided that (i) such amounts are reasonably identifiable, and factually supportable, are projected by the US Borrower in good faith to be realizable within twelve (12) months following such Specified Transaction and, in each case, certified by the chief financial officer or treasurer of the US Borrower, (ii) no amounts shall be added pursuant to this Section 1.04(d) to the extent duplicative of any amounts that are otherwise added back in computing Consolidated EBITDA for such Test Period and (iii) any increase to Consolidated EBITDA as a result of cost savings, expense reductions and synergies shall be subject to the limitations set forth in the final sentence of the definition of Consolidated EBITDA.

(e) If any Indebtedness bears a floating rate of interest and is being given *pro forma* effect, the interest on such Indebtedness shall be calculated as if the rate in effect on the date of the event for which the calculation is made had been the applicable rate for the entire period (taking into account any interest hedging arrangements applicable to such Indebtedness). Interest on a Capitalized Lease Obligation shall be deemed to accrue at an interest rate reasonably determined by a Responsible Officer of the US Borrower to be the rate of interest implicit in such Capitalized Lease Obligation in accordance with GAAP. Interest on Indebtedness that may optionally be determined at an interest rate based upon a factor of a prime or similar rate, a eurocurrency interbank offered rate, or other rate, shall be determined to have been based upon the rate actually chosen, or if none, then based upon such optional rate chosen as the US Borrower or any Restricted Subsidiary may designate.

(f) Notwithstanding the foregoing, when calculating the Net Average Total Leverage Ratio and the Consolidated Interest Coverage Ratio for purposes of actual compliance with the financial covenants set forth in Section 7.10 as of the end of any Test Period, the events described in Sections 1.04(b), 1.04(c) and 1.04(d) that occurred subsequent to the end of the Test Period shall not be given *pro forma* effect.

(g) Any *pro forma* calculation required at any time prior to the last day of the first fiscal quarter to which Section 7.10 applies shall be made assuming that compliance with the Net Average Total Leverage Ratio and Consolidated Interest Coverage Ratio set forth in Section 7.10 for the Test Period ending on December 31, 2016, is required with respect to the most recent Test Period prior to such time and references herein to financial statements required to be delivered pursuant to Section 6.01(a) or 6.01(b) before the first time such financial statements would be required to be delivered pursuant to Section 6.01(a) or 6.01(b) shall be deemed to be references to the latest financial statements with respect to the US Borrower and its Subsidiaries delivered pursuant to Section 4.02(h).

Section 1.05 *Rounding*. Any financial ratios required to be maintained by the Borrowers pursuant to this Agreement (or required to be satisfied in order for a specific action to be permitted under this Agreement) shall be calculated by dividing the appropriate component by the other component, carrying the result to one place more than the number of places by which such ratio is expressed herein and rounding the result up or down to the nearest number (with a rounding-up for five (5)).

Section 1.06 *References to Agreements and Laws* . Unless otherwise expressly provided herein, (a) references to Organization Documents, agreements (including the Loan Documents) and other contractual instruments shall be deemed to include all subsequent amendments, restatements, amendments and restatements, extensions, supplements and other modifications thereto, but only to the extent that such amendments, restatements, amendments and restatements, extensions, supplements and other modifications are not prohibited by any Loan Document; and (b) references to any Law shall include all statutory and regulatory provisions consolidating, amending, replacing, supplementing or interpreting such Law.

Section 1.07 *Times of Day* . Unless otherwise specified, all references herein to times of day shall be references to New York City time (daylight or standard, as applicable).

Section 1.08 *Timing of Payment or Performance* . When the payment of any obligation or the performance of any covenant, duty or obligation is stated to be due or performance required on a day which is not a Business Day, the date of such payment (other than as described in the definition of “Interest Period”) or performance shall extend to the immediately succeeding Business Day and such extension of time shall be reflected in computing interest or fees, as the case may be.

Section 1.09 *Exchange Rates; Currency Equivalents* .

(a) The Administrative Agent shall determine the Spot Rates as of each Revaluation Date to be used for calculating Dollar Equivalent amounts of Credit Extensions and Outstanding Amounts denominated in Alternative Currencies. Such Spot Rates shall become effective as of such Revaluation Date and shall be the Spot Rates employed in converting any amounts between the applicable currencies until the next Revaluation Date to occur. Except for purposes of financial statements delivered by Loan Parties hereunder or calculating financial covenants hereunder or except as otherwise provided herein, the applicable amount of any currency (other than Dollars) for purposes of the Loan Documents shall be such Dollar Equivalent amount as so determined by Administrative Agent.

(b) Wherever in this Agreement in connection with a Revolving Credit Borrowing or the issuance, amendment or extension of a Letter of Credit, an amount, such as a required minimum or multiple amount, is expressed in Dollars, but such Revolving Credit Borrowing or Letter of Credit is denominated in an Alternative Currency, such amount shall be the relevant Alternative Currency Equivalent of such Dollar amount (rounded to the nearest unit of such Alternative Currency, with 0.5 of a unit being rounded upward), as determined by the Administrative Agent or the L/C Issuers, as the case may be.

Section 1.10 *Change of Currency; Judgment Currency* .

(a) Each obligation of any Borrower to make a payment denominated in the national currency unit of any member state of the European Union that adopts the Euro as its lawful currency after the date hereof shall be redenominated into Euro at the time of such adoption (in accordance with the EMU Legislation). If, in relation to the currency of any such member state, the basis of accrual of interest expressed in this Agreement in respect of that currency shall be inconsistent with any convention or practice in the London interbank market for the basis of accrual of interest in respect of the Euro, such expressed basis shall be replaced by such convention or practice with effect from the date on which such member state adopts the Euro as its lawful currency.

(b) Each provision of this Agreement shall be subject to such reasonable changes of construction as the Administrative Agent may from time to time specify to be appropriate to reflect the

adoption of the Euro by any member state of the European Union and any relevant market conventions or practices relating to the Euro.

(c) Each provision of this Agreement also shall be subject to such reasonable changes of construction as the Administrative Agent may from time to time specify to be appropriate to reflect a change in currency of any other country and any relevant market conventions or practices relating to the change in currency.

(d) Each payment owing by any Loan Party hereunder shall be made in the relevant currency specified herein or, if not specified herein, specified in any other Loan Document executed by the Administrative Agent and the Lenders (the “**Currency of Payment**”) at the place specified herein (and such requirements are of the essence to this Agreement). If, for the purpose of obtaining judgment in any court, it is necessary to convert a sum due hereunder in a Currency of Payment into another currency, the parties hereto agree that the rate of exchange used shall be that at which in accordance with normal banking procedures the Administrative Agent could purchase such Currency of Payment with such other currency at the Spot Rate on the Business Day preceding that on which final judgment is given. The obligations in respect of any sum due hereunder to any Secured Party shall, notwithstanding any adjudication expressed in a currency other than the Currency of Payment, be discharged only to the extent that, on the Business Day following receipt by such Secured Party of any sum adjudged to be so due in such other currency, such Secured Party may, in accordance with normal banking procedures, purchase the Currency of Payment with such other currency. Each Loan Party agrees that (i) if the amount of the Currency of Payment so purchased is less than the sum originally due to such Secured Party in the Currency of Payment, as a separate obligation and notwithstanding the result of any such adjudication, such Loan Party shall immediately pay the shortfall (in the Currency of Payment) to such Secured Party and (ii) if the amount of the Currency of Payment so purchased exceeds the sum originally due to such Secured Party, such Secured Party shall promptly pay the excess over to such Loan Party in the currency and to the extent actually received.

Section 1.11 *Letter of Credit Amounts* . Unless otherwise specified herein, the amount of a Letter of Credit at any time shall be deemed to be the Dollar Equivalent of the stated amount of such Letter of Credit in effect at such time; provided, however, that with respect to any Letter of Credit that, by its terms or the terms of any Issuer Document related thereto, provides for one or more automatic increases in the stated amount thereof, the amount of such Letter of Credit shall be deemed to be the Dollar Equivalent of the maximum stated amount of such Letter of Credit after giving effect to all such increases, whether or not such maximum stated amount is in effect at such time.

ARTICLE II

THE COMMITMENTS AND CREDIT EXTENSIONS

Section 2.01 *The Loans* .

(a) *The Initial Term Borrowings* . Subject to the terms and conditions set forth herein, each Initial Term Lender severally agrees to make a loan on the Closing Date to the US Borrower (each, an “**Initial Term Loan**” and, collectively, the “**Initial Term Loans**”) in an amount denominated in Dollars equal to such Initial Lender’s Initial Term Commitment. Amounts borrowed under this Section 2.01(a) and repaid or prepaid may not be reborrowed. Initial Term Loans may be Base Rate Loans or Eurodollar Rate Loans, as further provided herein.

(b) *Delayed Draw Term Borrowings* . Subject to the terms and conditions set forth herein, each Delayed Draw Term Lender severally agrees to make a loan to the US Borrower (each, a “ **Delayed Draw Term Loan** ” and, collectively, the “ **Delayed Draw Term Loans** ”) on a date selected by the US Borrower that is (x) no earlier than the Closing Date and (b) no later than the first anniversary of the Closing Date (the “ **Delayed Draw Term Loan Date** ”) in an amount denominated in Dollars equal to such Delayed Draw Term Lender’s Delayed Draw Term Commitment. Amounts borrowed under this Section 2.01(b) and repaid or prepaid may not be reborrowed. Delayed Draw Term Loans may be Base Rate Loans or Eurodollar Rate Loans, as further provided herein.

(c) *Revolving Credit Borrowings* . Subject to the terms and conditions set forth herein, each Revolving Credit Lender severally agrees to make loans in Dollars or any Alternative Currency to the US Borrower and the Foreign Borrowers (each such loan, a “ **Revolving Credit Loan** ”) from time to time, on any Business Day during the applicable Revolving Credit Commitment Period, in an aggregate amount not to exceed at any time outstanding the amount of such Lender’s Revolving Credit Commitment; provided that after giving effect to any Revolving Credit Borrowing, (i) the aggregate Outstanding Amount of the Revolving Credit Loans of any Revolving Credit Lender, plus such Lender’s Pro Rata Share of the Outstanding Amount of all L/C Obligations, plus such Lender’s Pro Rata Share of the Outstanding Amount of all Swing Line Loans, shall not exceed such Lender’s Revolving Credit Commitment, (ii) the Outstanding Amount of the Revolving Credit Loans denominated in Alternative Currencies plus the Outstanding Amount of the L/C Obligations attributable to Letters of Credit denominated in Alternative Currencies shall not exceed the Alternative Currency Sublimit, (iii) the Outstanding Amount of the Revolving Credit Loans made to the Canadian Borrower shall not exceed the Canadian Borrower Sublimit and (iv) the Outstanding Amount of the Revolving Credit Loans made to the UK Borrower shall not exceed the UK Borrower Sublimit. Within the limits of each Lender’s Revolving Credit Commitment, and subject to the other terms and conditions hereof, the Borrowers may borrow under this Section 2.01(c), prepay under Section 2.05 and reborrow under this Section 2.01(c). Revolving Credit Loans may be Base Rate Loans or Eurodollar Rate Loans, as further provided herein; provided that all Revolving Credit Loans made by each of the Lenders pursuant to the same Borrowing shall, unless otherwise specifically provided herein, consist entirely of Revolving Credit Loans of the same Type.

Section 2.02 *Borrowings, Conversions and Continuations of Loans* .

(a) Each Term Borrowing, each Revolving Credit Borrowing, each conversion of Term Loans or Revolving Credit Loans from one Type to the other, and each continuation of Eurodollar Rate Loans shall be made upon the relevant Borrower’s (or the Borrower Representative on its behalf) irrevocable delivery to the Administrative Agent of a Loan Notice, appropriately completed and signed by a Responsible Officer of the relevant Borrower (or the Borrower Representative). Each such notice must be received by the Administrative Agent (i) not later than 11:00 a.m. three (3) Business Days prior to the requested date of any Borrowing of Eurodollar Rate Loans, continuation of Eurodollar Rate Loans or any conversion of Base Rate Loans to Eurodollar Rate Loans, in each case, in Dollars, (ii) not later than 11:00 a.m. four (4) Business Days prior to the requested date of any Borrowing of Eurodollar Rate Loans or continuation of Eurodollar Rate Loans, in each case, in any Alternative Currency, or (iii) not later than 12:00 p.m. (noon) one (1) Business Day prior to the requested date of any Borrowing of Base Rate Loans. Each Borrowing of, conversion to or continuation of Eurodollar Rate Loans shall be in a minimum principal amount of \$1,000,000 or a whole multiple of \$500,000 in excess thereof. Except as provided in Sections 2.03(c)(i) and 2.04(c), each Borrowing of or conversion to Base Rate Loans shall be in a principal amount of \$500,000 or a whole multiple of \$100,000 in excess thereof and each Borrowing of Base Rate Loans shall be denominated in Dollars. Each Loan Notice shall specify (i) whether the relevant Borrower (or the Borrower Representative on its behalf) is requesting a Term Borrowing, a Revolving Credit Borrowing, a conversion of Term Loans or Revolving Credit Loans from one Type to the other, or

a continuation of Eurodollar Rate Loans, (ii) the requested date of the Borrowing, conversion or continuation, as the case may be (which shall be a Business Day), (iii) the principal amount of Loans to be borrowed, converted or continued, (iv) the Type and Class of Loans to be borrowed or to which existing Term Loans or Revolving Credit Loans are to be converted, (v) if applicable, the duration of the Interest Period with respect thereto and (vi) the account of the relevant Borrower to be credited with the proceeds of such Borrowing. If the relevant Borrower (or the Borrower Representative on its behalf) fails to specify a Type of Loan in a Loan Notice or fails to give a timely notice requesting a conversion or continuation, then the applicable New Term Loans or Revolving Credit Loans (if denominated in Dollars) shall be made as, or converted to, Base Rate Loans (and otherwise shall be made as, or converted to, Eurodollar Rate Loans with an Interest Period of one (1) month). Any such automatic conversion shall be effective as of the last day of the Interest Period then in effect with respect to the applicable Eurodollar Rate Loans. If the relevant Borrower (or the Borrower Representative on its behalf) requests a Borrowing of, conversion to, or continuation of Eurodollar Rate Loans in any such Loan Notice but fails to specify an Interest Period, it will be deemed to have specified an Interest Period of one (1) month. Notwithstanding anything to the contrary herein or in the definition of "Interest Period", the US Borrower may designate an Interest Period for the initial funding of the Delayed Draw Term Loan on the Delayed Draw Term Loan Date that ends on the same day as any then applicable Interest Period for any then outstanding Initial Term Loans.

(b) Following receipt of a Loan Notice, the Administrative Agent shall promptly notify each Appropriate Lender of the amount of its Pro Rata Share of the applicable Class of Loans, and if no timely notice of a conversion or continuation is provided by the relevant Borrower, the Administrative Agent shall notify each Lender of the details of any automatic conversion to Base Rate Loans or continuation described in Section 2.02(a). In the case of each Borrowing, each Appropriate Lender shall make the amount of its Loan available to the Administrative Agent in immediately available funds at the Administrative Agent's Office not later than 1:00 p.m. (with respect to Eurodollar Rate Loans) or 2:00 p.m. (with respect to Base Rate Loans) on the Business Day specified in the applicable Loan Notice. Subject to the terms and conditions hereof, the Administrative Agent shall make all funds so received available to the relevant Borrower in like funds as received by the Administrative Agent by wire transfer of such funds in accordance with instructions provided to the Administrative Agent by the relevant Borrower (or the Borrower Representative on its behalf).

(c) A Eurodollar Rate Loan may be continued or converted only on the last day of an Interest Period for such Eurodollar Rate Loan unless the relevant Borrower pays the amount due, if any, under Section 3.05 in connection therewith. During the existence of an Event of Default, the Required Lenders, upon written notice to the Borrowers (or the Borrower Representative on their behalf), may require that no Loans denominated in Dollars may be converted to or continued as Eurodollar Rate Loans.

(d) The Administrative Agent shall promptly notify the Borrowers (or the Borrower Representative on their behalf) and the Appropriate Lenders of the interest rate applicable to any Interest Period for Eurodollar Rate Loans upon determination of such interest rate. The determination of the Eurodollar Rate by the Administrative Agent shall be conclusive in the absence of manifest error. At any time that Base Rate Loans are outstanding, the Administrative Agent shall notify the Borrowers (or the Borrower Representative on their behalf) and the Appropriate Lenders of any change in the Administrative Agent's prime rate used in determining the Base Rate promptly following the determination of such change.

(e) After giving effect to all Borrowings, all conversions of Loans from one Type to the other and all continuations of Loans as the same Type, there shall not be more than twenty (20) Interest Periods in effect.

(f) The failure of any Lender to make the Loan to be made by it as part of any Borrowing shall not relieve any other Lender of its obligation, if any, hereunder to make its Loan on the date of such Borrowing, but no Lender shall be responsible for the failure of any other Lender to make the Loan to be made by such other Lender on the date of any Borrowing.

Section 2.03 *Letters of Credit* .

(a) *The Letter of Credit Commitment* .

(i) Subject to the terms and conditions set forth herein, (A) each of the L/C Issuers agrees, in reliance upon the agreements of the other Revolving Credit Lenders set forth in this Section 2.03, (1) from time to time on any Business Day during the period from the Closing Date until the Letter of Credit Expiration Date, to issue Letters of Credit in an aggregate face value not to exceed such L/C Issuer's L/C Commitment, denominated in Dollars or in one or more Alternative Currencies for the account of the US Borrower (or any Restricted Subsidiary so long as the US Borrower is a joint and several co-applicant, and references to the "US Borrower" in this Section 2.03 shall be deemed to include any such Restricted Subsidiary) and to amend or renew Letters of Credit previously issued by it, in accordance with Section 2.03(b), and (2) to honor drafts under the Letters of Credit issued by it and (B) the Revolving Credit Lenders severally agree to participate in Letters of Credit issued for the account of the US Borrower or any such Restricted Subsidiary; provided that the L/C Issuers shall not be obligated to make any L/C Credit Extension with respect to any Letter of Credit, and no Lender shall be obligated to participate in any Letter of Credit if, as of the date of such L/C Credit Extension or after giving effect to such L/C Credit Extension, (I) the aggregate Outstanding Amount of the Revolving Credit Loans of any Revolving Credit Lender, plus such Lender's Pro Rata Share of the Outstanding Amount of all L/C Obligations, plus such Lender's Pro Rata Share of the Outstanding Amount of all Swing Line Loans, would exceed such Lender's Revolving Credit Commitment, (II) the Outstanding Amount of the L/C Obligations would exceed the Letter of Credit Sublimit, (III) the Outstanding Amount of the Revolving Credit Loans denominated in Alternative Currencies plus the Outstanding Amount of the L/C Obligations attributable to Letters of Credit denominated in Alternative Currencies would exceed the Alternative Currency Sublimit or (IV) the Outstanding Amount of the L/C Obligations attributable to Letters of Credit issued by such L/C Issuer would exceed such L/C Issuer's L/C Commitment. Within the foregoing limits, and subject to the terms and conditions hereof, the US Borrower's ability to obtain Letters of Credit shall be fully revolving, and accordingly the US Borrower may, during the foregoing period, obtain Letters of Credit to replace Letters of Credit that have expired or that have been drawn upon and reimbursed and the US Borrower may request that any given L/C Issuer issue a Letter of Credit. Existing Letters of Credit shall be deemed to have been issued pursuant hereto, and from and after the Closing Date shall be subject to and governed by the terms and conditions hereof.

(ii) The L/C Issuers shall be under no obligation to issue any Letter of Credit if:

(A) such Letter of Credit is to be denominated in a currency other than Dollars or an Alternative Currency;

(B) the applicable L/C Issuer does not as of the issuance date of such requested Letter of Credit issue Letters of Credit in the requested currency;

(C) except as otherwise agreed by the Administrative Agent and the applicable L/C Issuer, such Letter of Credit is in an initial stated amount less than \$5,000;

(D) any order, judgment or decree of any Governmental Authority or arbitrator shall by its terms purport to enjoin or restrain the applicable L/C Issuer from issuing such Letter of Credit, or any Law applicable to such L/C Issuer or any request or directive (whether or not having the force of law) from any Governmental Authority with jurisdiction over such L/C Issuer shall prohibit, or request that such L/C Issuer refrain from, the issuance of letters of credit generally or such Letter of Credit in particular or shall impose upon such L/C Issuer with respect to such Letter of Credit any restriction, reserve or capital requirement (for which such L/C Issuer is not otherwise compensated hereunder) not in effect on the Signing Date, or shall impose upon such L/C Issuer any unreimbursed loss, cost or expense which was not applicable on the Signing Date and which, in each case, such L/C Issuer in good faith deems material to it;

(E) subject to Section 2.03(b)(iii), the expiry date of such requested Letter of Credit, prior to giving effect to any automatic renewal, would occur more than twelve (12) months after the date of issuance or last renewal;

(F) the expiry date of such requested Letter of Credit would occur after the Letter of Credit Expiration Date, unless either (1) all the Revolving Credit Lenders and the applicable L/C Issuer have approved such expiry date and no Revolving Credit Lender shall be required to participate in any such Letter of Credit issued without such approval or (2) such Letter of Credit is Cash Collateralized in a manner consistent with the provisions of Section 2.03(g) below or backstopped by a letter of credit in a face amount at least equal to 103% of the then undrawn amount of such Letter of Credit from an issuer and in form and substance reasonably satisfactory to the applicable L/C Issuer in its sole discretion;

(G) the Letter of Credit contains any provisions for automatic reinstatement of the stated amount after any drawing thereunder;

(H) the issuance of such Letter of Credit would violate any Laws or one or more policies of the applicable L/C Issuer applicable to letters of credit generally, as certified in writing by the applicable L/C Issuer; or

(I) any Revolving Credit Lender is a Defaulting Lender, unless the applicable L/C Issuer has entered into arrangements reasonably satisfactory to it and the US Borrower to eliminate such L/C Issuer's risk with respect to the participation in Letters of Credit by all such Defaulting Lenders, including, first by reallocating such participations in accordance with Section 2.16(a) and, thereafter, by Cash Collateralizing, or obtaining a backstop letter of credit from an issuer reasonably satisfactory to such L/C Issuer to support, each such Defaulting Lender's Pro Rata Share of the L/C Obligations.

(iii) The L/C Issuers shall be under no obligation to amend any Letter of Credit if (A) the applicable L/C Issuer would have no obligation at such time to issue such Letter of Credit in its amended form under the terms hereof or (B) the beneficiary of such Letter of Credit does not accept the proposed amendment to such Letter of Credit.

(iv) Notwithstanding anything herein to the contrary, the L/C Issuers shall have no obligation hereunder to issue, and shall not issue, any Letter of Credit the proceeds of which would be made available to any Person (i) to fund any activity or business of or with any Sanctioned Person, or in any country or territory that, at the time of such funding, is the subject of any Sanctions or (ii) in any manner that would result in a violation of any Sanctions by any party to this Agreement.

(v) Standby letters of credit outstanding under the Existing Credit Facilities on the Closing Date, including those set forth on Schedule 2.03, shall be deemed issued under the Revolving Credit Facility on the Closing Date to the extent the applicable letter of credit issuer under such facility is an L/C Issuer under the Revolving Credit Facility.

(b) *Procedures for Issuance and Amendment of Letters of Credit; Auto-Renewal Letters of Credit .*

(i) Each Letter of Credit shall be issued or amended, as the case may be, upon the request of the US Borrower delivered to the applicable L/C Issuer (with a copy to the Administrative Agent) in the form of a L/C Request and Letter of Credit Application, appropriately completed and signed by a Responsible Officer of the US Borrower. Such L/C Request and Letter of Credit Application must be received by such L/C Issuer and the Administrative Agent not later than 12:00 noon at least three (3) Business Days prior to the proposed issuance date or date of amendment, as the case may be, or such later date and time as such L/C Issuer may agree in a particular instance in its sole discretion. In the case of a request for an initial issuance of a Letter of Credit, such Letter of Credit Application shall specify in form and detail reasonably satisfactory to the applicable L/C Issuer: (A) the proposed issuance date of the requested Letter of Credit (which shall be a Business Day); (B) the amount and currency thereof; (C) the expiry date thereof; (D) the name and address of the beneficiary thereof; (E) the documents to be presented by such beneficiary in case of any drawing thereunder; (F) the full text of any certificate to be presented by such beneficiary in case of any drawing thereunder; and (G) such other matters as such L/C Issuer may reasonably request. In the case of a request for an amendment of any outstanding Letter of Credit, such Letter of Credit Application shall specify in form and detail reasonably satisfactory to the applicable L/C Issuer: (A) the Letter of Credit to be amended; (B) the proposed date of amendment thereof (which shall be a Business Day); (C) the nature of the proposed amendment; and (D) such other matters as such L/C Issuer may reasonably request.

(ii) Promptly after receipt of any L/C Request and Letter of Credit Application, the applicable L/C Issuer will confirm with the Administrative Agent (in writing) that the Administrative Agent has received a copy of such L/C Request and Letter of Credit Application from the US Borrower and, if not, such L/C Issuer will provide the Administrative Agent with a copy thereof. Upon receipt by such L/C Issuer of confirmation from the Administrative Agent that the requested issuance or amendment is permitted in accordance with the terms hereof (such confirmation to be promptly provided by the Administrative Agent), then, subject to the terms and conditions hereof, such L/C Issuer shall, on the requested date, issue a Letter of Credit for the account of the US Borrower or enter into the applicable amendment, as the case may be. Immediately upon the issuance of each Letter of Credit, each Revolving Credit Lender shall be deemed to, and hereby irrevocably and unconditionally agrees to, purchase from the applicable L/C Issuer an unfunded risk participation in such Letter of Credit in an amount equal to the product of such Lender's Pro Rata Share times the amount of such Letter of Credit.

(iii) If the US Borrower so requests in any applicable Letter of Credit Application, the applicable L/C Issuer may, in its sole and absolute discretion, agree to issue a Letter of Credit that has automatic renewal provisions (each, an “**Auto-Renewal Letter of Credit**”); provided that any such Auto-Renewal Letter of Credit must permit such L/C Issuer to prevent any such renewal at least once in each twelve (12) month period (commencing with the date of issuance of such Letter of Credit) by giving prior notice to the beneficiary thereof not later than the date specified in such Letter of Credit (the “**Nonrenewal Notice Date**”). Unless otherwise directed by the applicable L/C Issuer, the US Borrower shall not be required to make a specific request to such L/C Issuer for any such renewal. Once an Auto-Renewal Letter of Credit has been issued, the Lenders shall be deemed to have authorized (but may not require) the applicable L/C Issuer to permit the renewal of such Letter of Credit at any time to an expiry date not later than the Letter of Credit Expiration Date; provided that such L/C Issuer shall not permit any such renewal if (A) such L/C Issuer has determined that it would have no obligation at such time to issue such Letter of Credit in its renewed form under the terms hereof (by reason of the provisions of Section 2.03(a)(i) or (ii)), or (B) it has received notice (which shall be in writing) on or before the Nonrenewal Notice Date (1) from the Administrative Agent that the Required Lenders have elected not to permit such renewal or (2) from the Administrative Agent or the US Borrower that one or more of the applicable conditions specified in Section 4.03 is not then satisfied.

(iv) Promptly after its delivery of any Letter of Credit or any amendment to a Letter of Credit to an advising bank with respect thereto or to the beneficiary thereof, the applicable L/C Issuer will also deliver to the US Borrower and the Administrative Agent a true and complete copy of such Letter of Credit or amendment.

(c) *Drawings and Reimbursements; Funding of Participations .*

(i) Upon receipt from the beneficiary of any Letter of Credit of any notice of a drawing under such Letter of Credit, the applicable L/C Issuer shall notify the US Borrower and the Administrative Agent thereof (the date of notice, the “**Honor Date**”). In the case of a Letter of Credit denominated in Dollars, the US Borrower shall reimburse the applicable L/C Issuer in Dollars. In the case of a Letter of Credit denominated in an Alternative Currency, the US Borrower shall reimburse the applicable L/C Issuer in such Alternative Currency, unless (A) such L/C Issuer (at its option) shall have specified in such notice that it will require reimbursement in Dollars or (B) in the absence of any such requirement for reimbursement in Dollars, the US Borrower shall have notified such L/C Issuer promptly following receipt of the notice of drawing that the US Borrower will reimburse such L/C Issuer in Dollars. In the case of any such reimbursement in Dollars of a drawing under a Letter of Credit denominated in an Alternative Currency, the applicable L/C Issuer shall notify the US Borrower of the Dollar Equivalent of the amount of the drawing promptly following the determination thereof. Not later than 2:00 p.m. on the second (2nd) Business Day after the Honor Date with respect to any Letter of Credit to be reimbursed in Dollars, or the Applicable Time on such date with respect to any Letter of Credit to be reimbursed in an Alternative Currency, the US Borrower shall reimburse the applicable L/C Issuer through the Administrative Agent in an amount equal to the amount of such drawing and in the applicable currency; provided that if such notice is not provided to the US Borrower prior to 10:00 a.m. on the Honor Date with respect to any Letter of Credit to be reimbursed in Dollars, or the Applicable Time on the Honor Date with respect to any Letter of Credit to be reimbursed in an Alternative Currency, then the US Borrower shall reimburse such L/C Issuer through the Administrative Agent in an amount equal to the amount of such drawing and in the applicable currency on or prior to 2:00 p.m. on the third (3rd) Business Day after the Honor Date with respect to any Letter of Credit to be reimbursed in Dollars, or the Applicable Time on such date with

respect to any Letter of Credit to be reimbursed in an Alternative Currency, and such extension of time shall be reflected in computing fees in respect of any such Letter of Credit. If the US Borrower fails to so reimburse such L/C Issuer by such time, the Administrative Agent shall promptly notify each Revolving Credit Lender of the Honor Date, the amount of the unreimbursed drawing (expressed in Dollars in the amount of the Dollar Equivalent thereof in the case of a Letter of Credit denominated in an Alternative Currency) (the “**Unreimbursed Amount**”), and the amount of such Revolving Credit Lender’s Pro Rata Share thereof. In such event, the US Borrower shall be deemed to have requested a Revolving Credit Borrowing of Base Rate Loans to be disbursed on the second (2nd) or third (3rd) Business Day after the Honor Date, as applicable, in an amount equal to the Unreimbursed Amount, without regard to the minimum and multiples specified in Section 2.02(a), for the principal amount of Base Rate Loans but subject to the amount of the unutilized portion of the Revolving Credit Commitments and the conditions set forth in Section 4.03 (other than the delivery of a Loan Notice). Any notice given by the applicable L/C Issuer or the Administrative Agent pursuant to this Section 2.03(c)(i) shall be in writing.

(ii) Each Revolving Credit Lender (including any Lender acting as an L/C Issuer) shall upon any notice pursuant to Section 2.03(c)(i) make funds available to the Administrative Agent for the account of the applicable L/C Issuer, in Dollars, at the Administrative Agent’s Office for Dollar-denominated payments in an amount equal to its Pro Rata Share of the Unreimbursed Amount not later than 2:00 p.m. on the Business Day specified in such notice by the Administrative Agent, whereupon, subject to the provisions of Section 2.03(c)(iii), each Revolving Credit Lender that so makes funds available shall be deemed to have made a Base Rate Loan to the US Borrower in such amount. The Administrative Agent shall remit the funds so received to the applicable L/C Issuer in Dollars.

(iii) With respect to any Unreimbursed Amount that is not fully refinanced by a Revolving Credit Borrowing of Base Rate Loans because the conditions set forth in Section 4.03 cannot be satisfied or for any other reason, the US Borrower shall be deemed to have incurred from the applicable L/C Issuer an L/C Borrowing in the amount of the Unreimbursed Amount that is not so refinanced, which L/C Borrowing shall be due and payable on demand (together with interest) and shall bear interest at the Default Rate. In such event, each Revolving Credit Lender’s payment to the Administrative Agent for the account of the applicable L/C Issuer pursuant to Section 2.03(c)(ii) shall be deemed payment in respect of its participation in such L/C Borrowing and shall constitute an L/C Advance from such Lender in satisfaction of its participation obligation under this Section 2.03.

(iv) Until each Revolving Credit Lender funds its Revolving Credit Loan or L/C Advance pursuant to this Section 2.03(c) to reimburse the applicable L/C Issuer for any amount drawn under any Letter of Credit, interest in respect of such Lender’s Pro Rata Share of such amount shall be solely for the account of such L/C Issuer.

(v) Each Revolving Credit Lender’s obligation to make Revolving Credit Loans or L/C Advances to reimburse the applicable L/C Issuer for amounts drawn under Letters of Credit, as contemplated by this Section 2.03(c), shall be absolute and unconditional and shall not be affected by any circumstance, including (A) any setoff, counterclaim, recoupment, defense or other right which such Lender may have against such L/C Issuer, the US Borrower or any other Person for any reason whatsoever, (B) the occurrence or continuance of a Default or (C) any other occurrence, event or condition, whether or not similar to any of the foregoing; provided that each Revolving Credit Lender’s obligation to make Revolving Credit Loans pursuant to this

Section 2.03(c) (but not L/C Borrowings pursuant to Section 2.03(c)(iii)) is subject to the conditions set forth in Section 4.03 (other than delivery of a Loan Notice). No such making of an L/C Advance shall relieve or otherwise impair the obligation of the US Borrower to reimburse the applicable L/C Issuer for the amount of any payment made by such L/C Issuer under any Letter of Credit, together with interest as provided herein.

(vi) If any Revolving Credit Lender fails to make available to the Administrative Agent for the account of the applicable L/C Issuer any amount required to be paid by such Lender pursuant to the foregoing provisions of this Section 2.03(c) by the time specified in Section 2.03(c)(ii), such L/C Issuer shall be entitled to recover from such Lender (acting through the Administrative Agent), on demand, such amount with interest thereon for the period from the date such payment is required to the date on which such payment is immediately available to such L/C Issuer at a rate *per annum* equal to the applicable Overnight Rate from time to time in effect. A certificate of the applicable L/C Issuer submitted to any Revolving Credit Lender (through the Administrative Agent) with respect to any amounts owing under this Section 2.03(c)(vi) shall be conclusive absent manifest error.

(d) *Repayment of Participations* .

(i) If, at any time after the applicable L/C Issuer has made a payment under any Letter of Credit and has received from any Revolving Credit Lender such Revolving Credit Lender's L/C Advance in respect of such payment in accordance with Section 2.03(c), the Administrative Agent receives for the account of such L/C Issuer any payment in respect of the related Unreimbursed Amount or interest thereon (whether directly from the US Borrower or otherwise, including proceeds of Cash Collateral applied thereto by the Administrative Agent), the Administrative Agent will distribute to such Revolving Credit Lender its Pro Rata Share thereof (appropriately adjusted, in the case of interest payments, to reflect the period of time during which such Revolving Credit Lender's L/C Advance was outstanding) in the same funds as those received by the Administrative Agent.

(ii) If any payment received by the Administrative Agent for the account of the applicable L/C Issuer pursuant to Section 2.03(d)(i) is required to be returned under any of the circumstances described in Section 10.06 (including pursuant to any settlement entered into by such L/C Issuer in its discretion), each Revolving Credit Lender shall pay to the Administrative Agent for the account of such L/C Issuer its Pro Rata Share thereof on demand of the Administrative Agent, plus interest thereon from the date of such demand to the date such amount is returned by such Revolving Credit Lender, at a rate *per annum* equal to the applicable Overnight Rate from time to time in effect.

(e) *Obligations Absolute* . The obligation of US Borrower to reimburse the L/C Issuers for each drawing under each Letter of Credit and to repay each L/C Borrowing relating to any Letter of Credit shall be absolute, unconditional and irrevocable, and shall be paid strictly in accordance with the terms of this Agreement under all circumstances, including the following:

(i) any lack of validity or enforceability of such Letter of Credit, this Agreement or any other agreement or instrument relating thereto;

(ii) the existence of any claim, counterclaim, setoff, defense or other right that the US Borrower or the applicable Restricted Subsidiary may have at any time against any beneficiary or any transferee of such Letter of Credit (or any Person for whom any such

beneficiary or any such transferee may be acting), the applicable L/C Issuer or any other Person, whether in connection with this Agreement, the transactions contemplated hereby or by such Letter of Credit or any agreement or instrument relating thereto, or any unrelated transaction;

(iii) any draft, demand, certificate or other document presented under such Letter of Credit proving to be forged, fraudulent, invalid or insufficient in any respect or any statement therein being untrue or inaccurate in any respect; or any loss or delay in the transmission or otherwise of any document required in order to make a drawing under such Letter of Credit;

(iv) any payment by the applicable L/C Issuer under such Letter of Credit (x) against presentation of a draft or certificate that does not strictly comply with the terms of such Letter of Credit or (y) to any Person purporting to be a trustee in bankruptcy, debtor-in-possession, assignee for the benefit of creditors, liquidator, receiver or other representative of or successor to any beneficiary or any transferee of such Letter of Credit, including any arising in connection with any proceeding under any Debtor Relief Law;

(v) any exchange, release or non-perfection of any Collateral, or any release or amendment or waiver of or consent to departure from the Guaranty or any other guarantee, for all or any of the Obligations of the US Borrower in respect of such Letter of Credit;

(vi) any adverse change in the relevant exchange rates or in the availability of the relevant Alternative Currency to the US Borrower or in the relevant currency markets generally; or

(vii) any other circumstance or happening whatsoever, whether or not similar to any of the foregoing, including any other circumstance that might otherwise constitute a defense available to, or a discharge of, the US Borrower;

provided that the foregoing shall not excuse the L/C Issuers from liability to the US Borrower to the extent of any direct damages (as opposed to special, punitive, indirect, exemplary or consequential damages, claims in respect of which are waived by the US Borrower to the extent permitted by applicable Law) suffered by the US Borrower that are caused by the applicable L/C Issuer's gross negligence, bad faith or willful misconduct or material breach of its obligations when determining whether drafts and other documents presented under a Letter of Credit comply with the terms thereof in each case as determined by a court of competent jurisdiction in a final, non-appealable judgment. The US Borrower shall promptly examine a copy of each Letter of Credit issued for its account or the account of any of its Restricted Subsidiaries as provided for herein and each amendment thereto that is delivered to it and, in the event of any claim of noncompliance with the US Borrower's instructions or other irregularity, the US Borrower will promptly notify the applicable L/C Issuer. The US Borrower shall be conclusively deemed to have waived any such claim against such L/C Issuer and its correspondents unless such notice is given as aforesaid.

(f) *Role of L/C Issuers* . Each Lender and the US Borrower agree that, in paying any drawing under a Letter of Credit, the applicable L/C Issuer shall not have any responsibility to obtain any document (other than any sight draft, certificates and documents expressly required by the Letter of Credit) or to ascertain or inquire as to the validity or accuracy of any such document or the authority of the Person executing or delivering any such document. None of the L/C Issuers, any Agent-Related Person nor any of the respective correspondents, participants or assignees of the L/C Issuers shall be liable to any Lender for (i) any action taken or omitted in connection herewith at the request or with the approval of the Lenders or the Required Lenders, as applicable, (ii) any action taken or omitted in the

absence of gross negligence, bad faith or willful misconduct as determined by a court of competent jurisdiction in a final, non-appealable judgment or (iii) the due execution, effectiveness, validity or enforceability of any document or instrument related to any Letter of Credit or Issuer Document. The US Borrower hereby assumes all risks of the acts or omissions of any beneficiary or transferee with respect to its use of any Letter of Credit; provided that this assumption is not intended to, and shall not, preclude the US Borrower's pursuing such rights and remedies as it may have against the beneficiary or transferee at Law or under any other agreement. None of the L/C Issuers, any Agent-Related Person, nor any of the respective correspondents, participants or assignees of the L/C Issuers, shall be liable or responsible for any of the matters described in Section 2.03(e)(i) through (vii); provided that anything in such clauses to the contrary notwithstanding, the US Borrower may have a claim against the applicable L/C Issuer, and the applicable L/C Issuer may be liable to the US Borrower, to the extent, but only to the extent, of any direct, as opposed to special, punitive, indirect, consequential or exemplary, damages suffered by the US Borrower that a court of competent jurisdiction determines in a final, non-appealable judgment were caused by such L/C Issuer's willful misconduct, bad faith or gross negligence or material breach of its obligations or such L/C Issuer's willful or grossly negligent failure to pay under any Letter of Credit after the presentation to it by the beneficiary of a sight draft and certificate(s) strictly complying with the terms and conditions of a Letter of Credit. In furtherance and not in limitation of the foregoing, the L/C Issuers may accept documents that appear on their face to be in order, without responsibility for further investigation, regardless of any notice or information to the contrary, and the L/C Issuers shall not be responsible for the validity or sufficiency of any instrument transferring or assigning or purporting to transfer or assign a Letter of Credit or the rights or benefits thereunder or proceeds thereof, in whole or in part, which may prove to be invalid or ineffective for any reason.

(g) *Cash Collateral*. (i) Upon the request of the Administrative Agent, if an L/C Issuer has honored any full or partial drawing request under any Letter of Credit and such drawing has resulted in an L/C Borrowing and the conditions set forth in Section 4.03 to a Revolving Credit Borrowing cannot then be met or (ii) automatically on the Letter of Credit Expiration Date, if any Letter of Credit for any reason remains outstanding and partially or wholly undrawn as of the Letter of Credit Expiration Date, the US Borrower shall promptly Cash Collateralize (x) in the case of clause (i), 100% and (y) in the case of clause (ii), 103%, in each case of the then Outstanding Amount of all L/C Obligations (such Outstanding Amount to be determined as of the date of such L/C Borrowing or the Letter of Credit Expiration Date, as the case may be) or, in the case of clause (ii), provide a back-to-back letter of credit in a face amount at least equal to 103% of the then undrawn amount of such Letter of Credit from an issuer and in form and substance reasonably satisfactory to the applicable L/C Issuer in its sole discretion. Any Letter of Credit that is so Cash Collateralized or in respect of which such a back-to-back letter of credit shall have been issued shall be deemed no longer outstanding for purposes of this Agreement. For purposes hereof, "**Cash Collateralize**" means (A) in the case of clause (ii) above, pledge and deposit with or deliver to the applicable L/C Issuer, as collateral for the L/C Obligations and (B) in all other cases to pledge and deposit with or deliver to the Administrative Agent, for the benefit of the applicable L/C Issuer and the Lenders, as collateral for the L/C Obligations, cash or deposit account balances ("**Cash Collateral**") pursuant to documentation in form and substance reasonably satisfactory to such L/C Issuer and, in the case of clause (B), the Administrative Agent (which documents are hereby consented to by the Lenders). Derivatives of such term have corresponding meanings. Cash Collateral shall be maintained in deposit accounts designated by the Administrative Agent and which are under the control (within the meaning of Section 9-104 of the Uniform Commercial Code), of the applicable L/C Issuer and, in the case of clause (B), in a Cash Collateral Account. If at any time the applicable L/C Issuer or, in the case of clause (B), the Administrative Agent determines that any funds held as Cash Collateral are subject to any right or claim of any Person other than such L/C Issuer or Administrative Agent, as applicable, or are subject to claims of the depository bank arising by operation of law, or that the total amount of such funds is less than the amount required by the first sentence of this Section 2.03(g), the US Borrower will,

forthwith upon demand by such L/C Issuer and, in the case of clause (B), the Administrative Agent, pay to such L/C Issuer or the Administrative Agent, as applicable, as additional funds to be deposited and held in the deposit accounts designated by such L/C Issuer and, in the case of clause (B), the Administrative Agent as aforesaid, an amount equal to the excess of (x) 100% or 103%, as applicable, of such aggregate Outstanding Amount over (y) the total amount of funds, if any, then held as Cash Collateral that such L/C Issuer and, in the case of clause (B), the Administrative Agent determines to be free and clear of any such right and claim. Upon the drawing of any Letter of Credit for which funds are on deposit as Cash Collateral, such funds shall be applied, to the extent permitted under applicable Law, to reimburse the applicable L/C Issuer. To the extent the amount of any Cash Collateral exceeds 100% or 103%, as applicable, of the then Outstanding Amount of such L/C Obligations and so long as no Event of Default has occurred and is continuing, the excess shall be refunded to the US Borrower.

(h) *Applicability of ISP98 and UCP* . Unless otherwise expressly agreed by the applicable L/C Issuer and the US Borrower when a Letter of Credit is issued, the rules of the “International Standby Practices 1998” published by the Institute of International Banking Law & Practice (or such later version thereof as may be in effect at the time of issuance) shall apply to each Letter of Credit.

(i) *Letter of Credit Fees* . The US Borrower shall pay to the Administrative Agent for the account of each Revolving Credit Lender in accordance with its Pro Rata Share, in Dollars, a Letter of Credit fee (the “**Letter of Credit Fee**”) for each Letter of Credit issued equal to the Applicable Rate for Revolving Credit Loans that are Eurodollar Rate Loans times the Dollar Equivalent of the daily maximum amount then available to be drawn under such Letter of Credit. For purposes of computing the daily amount available to be drawn under any Letter of Credit, the amount of such Letter of Credit shall be determined in accordance with Section 1.11 . Letter of Credit Fees shall be (x) due and payable on the last Business Day of each March, June, September and December, commencing with the first such date to occur after the issuance of such Letter of Credit and on the Letter of Credit Expiration Date and thereafter on demand, and (y) computed from the date of issuance thereof on a quarterly basis in arrears. Notwithstanding anything to the contrary contained herein, upon the request of the Required Lenders, while any Event of Default exists, all Letter of Credit Fees shall accrue at the Default Rate.

(j) *Fronting Fee and Documentary and Processing Charges Payable to L/C Issuers* . The US Borrower shall pay directly to the applicable L/C Issuer for its own account, in Dollars, a fronting fee with respect to each Letter of Credit issued equal to 0.125% *per annum* of the Dollar Equivalent of the daily maximum amount then available to be drawn under such Letter of Credit. For purposes of computing the daily amount available to be drawn under any Letter of Credit, the amount of such Letter of Credit shall be determined in accordance with Section 1.11 . Such fronting fees shall be (x) due and payable on the last Business Day of each March, June, September and December, commencing with the first such date to occur after the issuance of such Letter of Credit, on the Letter of Credit Expiration Date and thereafter on demand, and (y) computed on a quarterly basis in arrears. In addition, the US Borrower shall pay directly to the applicable L/C Issuer for its own account the customary issuance, presentation, amendment and other processing fees, and other standard costs and charges, of such L/C Issuer relating to letters of credit as from time to time in effect. Such customary fees not related to the fronting fee and standard costs and charges are due and payable within five (5) Business Days of demand and are nonrefundable.

(k) *Conflict with Issuer Documents* . In the event of any conflict between the terms hereof and the terms of any Issuer Document, the terms of this Agreement shall control.

(l) *Provisions Related to Maturing Revolving Credit Commitments* . If the Maturity Date in respect of any tranche of Revolving Credit Commitments occurs prior to the expiration of any Letter of

Credit, then (i) if one or more other tranches of Revolving Credit Commitments in respect of which the Maturity Date shall not have occurred are then in effect, such Letters of Credit shall automatically be deemed to have been issued (including for purposes of the obligations of the Revolving Credit Lenders to purchase participations therein and to make Revolving Credit Loans and payments in respect thereof pursuant to Sections 2.03(c) and 2.03(d)) under (and ratably participated in by Lenders pursuant to) the relevant Revolving Credit Commitments in respect of such non-terminating tranches up to an aggregate amount not to exceed the aggregate principal amount of the unutilized Revolving Credit Commitments thereunder at such time (it being understood that no partial face amount of any Letter of Credit may be so reallocated) and (ii) to the extent not reallocated pursuant to the immediately preceding clause (i), the US Borrower shall Cash Collateralize any such Letter of Credit in accordance with Section 2.03(g). Commencing with the Maturity Date of any tranche of Revolving Credit Commitments, if not previously determined, the sublimit for Letters of Credit shall be agreed with the Administrative Agent under the extended tranches and the L/C Commitments of each L/C Issuer shall be agreed with such L/C Issuer. No L/C Issuer shall have any obligation to issue a Letter of Credit with an expiration date beyond the Letter of Credit Termination Date unless it is satisfied there will be sufficient available Revolving Credit Commitments (or backstopping arrangements reasonably satisfactory to the applicable L/C Issuer have been made) to cover its exposure in respect thereof.

(m) *Letters of Credit Issued for Restricted Subsidiaries* . Notwithstanding that a Letter of Credit issued or outstanding hereunder is in support of any obligations of, or is for the account of, a Restricted Subsidiary, the US Borrower shall be obligated to reimburse the applicable L/C Issuer hereunder for any and all drawings under such Letter of Credit. The US Borrower hereby acknowledges that the issuance of Letters of Credit for the account of its Restricted Subsidiaries inures to the benefit of the US Borrower, and that the US Borrower's business derives substantial benefits from the businesses of such Restricted Subsidiaries.

Section 2.04 *Swing Line Loans* .

(a) *The Swing Line* . Subject to the terms and conditions set forth herein, the Swing Line Lender agrees to make loans (each such loan, a “**Swing Line Loan**”) in Dollars to the US Borrower from time to time on any Business Day (other than the Closing Date) during the Revolving Credit Commitment Period in respect of the Revolving Credit Facility established on the Closing Date (as it may be extended in accordance with Section 2.15) in an aggregate amount not to exceed at any time outstanding the amount of the Swing Line Sublimit, notwithstanding the fact that such Swing Line Loans, when aggregated with the Pro Rata Share of the Outstanding Amount of Loans and L/C Obligations of the Lender acting as Swing Line Lender, may exceed the amount of such Lender's Commitment; provided that after giving effect to any Swing Line Loan, the aggregate Outstanding Amount of the Revolving Credit Loans of any Revolving Credit Lender, plus such Lender's Pro Rata Share of the Outstanding Amount of all L/C Obligations, plus such Lender's Pro Rata Share of the Outstanding Amount of all Swing Line Loans shall not exceed such Lender's Revolving Credit Commitment; provided, further, that the US Borrower shall not use the proceeds of any Swing Line Loan to refinance any outstanding Swing Line Loan. Within the foregoing limits, and subject to the other terms and conditions hereof, the US Borrower may borrow under this Section 2.04, prepay under Section 2.05 and reborrow under this Section 2.04. Each Swing Line Loan shall be a Base Rate Loan. Immediately upon the making of a Swing Line Loan, each Revolving Credit Lender shall be deemed to, and hereby irrevocably and unconditionally agrees to, purchase from the Swing Line Lender an unfunded risk participation in such Swing Line Loan in an amount equal to the product of such Lender's Pro Rata Share and the amount of such Swing Line Loan.

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(b) *Borrowing Procedures* . Each Swing Line Borrowing shall be made upon the US Borrower's irrevocable notice to the Swing Line Lender and the Administrative Agent. Each such notice must be received by the Swing Line Lender and the Administrative Agent not later than 1:00 p.m. on the requested borrowing date, and shall specify (i) the amount to be borrowed, which shall be a minimum of \$100,000, (ii) the requested borrowing date, which shall be a Business Day and (iii) the account of the US Borrower to be credited with the proceeds of such Swing Line Borrowing. Promptly after receipt by the Swing Line Lender of any Swing Line Loan Notice, the Swing Line Lender will confirm with the Administrative Agent (by telephone or in writing) that the Administrative Agent has also received such Swing Line Loan Notice and, if not, the Swing Line Lender will notify the Administrative Agent (by telephone or in writing) of the contents thereof. Unless the Swing Line Lender has received notice (by telephone or in writing) from the Administrative Agent (including at the request of any Revolving Credit Lender) prior to 2:00 p.m. on the date of such proposed Swing Line Borrowing (A) directing the Swing Line Lender not to make such Swing Line Loan as a result of the limitations set forth in the first proviso to the first sentence of Section 2.04(a) or (B) that one or more of the applicable conditions specified in Section 4.03 is not then satisfied, then, subject to the terms and conditions hereof, the Swing Line Lender will, not later than 3:00 p.m. on the borrowing date specified in such Swing Line Loan Notice, make the amount of its Swing Line Loan available to the US Borrower. Notwithstanding anything to the contrary contained in this Section 2.04 or elsewhere in this Agreement, the Swing Line Lender shall not be obligated to make any Swing Line Loan at a time when a Revolving Credit Lender is a Defaulting Lender unless participations therein are reallocated in accordance with Section 2.16(a) or the Swing Line Lender has otherwise entered into arrangements reasonably satisfactory to it and the US Borrower to eliminate the Swing Line Lender's risk with respect to the Defaulting Lender's or Defaulting Lenders' participation in such Swing Line Loans, including by Cash Collateralizing, or obtaining a backstop letter of credit from an issuer reasonably satisfactory to the Swing Line Lender to support, such Defaulting Lender's or Defaulting Lenders' Pro Rata Share of the outstanding Swing Line Loans.

(c) *Refinancing of Swing Line Loans* .

(i) The Swing Line Lender at any time in its sole and absolute discretion may request, on behalf of the US Borrower (which hereby irrevocably authorizes the Swing Line Lender to so request on its behalf), that each Revolving Credit Lender make a Base Rate Loan in an amount equal to such Lender's Pro Rata Share of the amount of Swing Line Loans then outstanding. Each such request shall be made in writing (which written request shall be deemed to be a Loan Notice for purposes hereof) and in accordance with the requirements of Section 2.02(a), without regard to the minimum and multiples specified therein for the principal amount of Base Rate Loans, but subject to the unutilized portion of the aggregate Revolving Credit Commitments and the conditions set forth in Section 4.03. The Swing Line Lender shall furnish the US Borrower with a copy of the applicable Loan Notice promptly after delivering such notice to the Administrative Agent. Each Revolving Credit Lender shall make an amount equal to its Pro Rata Share of the amount specified in such Loan Notice available to the Administrative Agent in immediately available funds for the account of the Swing Line Lender at the Administrative Agent's Office not later than 1:00 p.m. on the day specified in such Loan Notice, whereupon, subject to Section 2.04(c)(iii), each Revolving Credit Lender that so makes funds available shall be deemed to have made a Base Rate Loan to the US Borrower in such amount. The Administrative Agent shall remit the funds so received to the Swing Line Lender.

(ii) If for any reason any Swing Line Loan cannot be refinanced by such a Revolving Credit Borrowing in accordance with Section 2.04(c), the request for Base Rate Loans submitted by the Swing Line Lender as set forth herein shall be deemed to be a request by the Swing Line Lender that

Loan and each such Revolving Credit Lender's payment to the Administrative Agent for the account of the Swing Line Lender pursuant to Section 2.04(c) shall be deemed payment in respect of such participation.

(iii) If any Revolving Credit Lender fails to make available to the Administrative Agent for the account of the Swing Line Lender any amount required to be paid by such Lender pursuant to the foregoing provisions of this Section 2.04(c) by the time specified in Section 2.04(c), the Swing Line Lender shall be entitled to recover from such Lender (acting through the Administrative Agent), on demand, such amount with interest thereon for the period from the date such payment is required to the date on which such payment is immediately available to the Swing Line Lender at a rate *per annum* equal to the applicable Overnight Rate from time to time in effect. A certificate of the Swing Line Lender submitted to any Lender (through the Administrative Agent) with respect to any amounts owing under this Section 2.04(c)(iii) shall be conclusive absent manifest error.

(iv) Each Revolving Credit Lender's obligation to make Revolving Credit Loans or to purchase and fund risk participations in Swing Line Loans pursuant to this Section 2.04(c) shall be absolute and unconditional and shall not be affected by any circumstance, including (A) any setoff, counterclaim, recoupment, defense or other right which such Lender may have against the Swing Line Lender, the US Borrower or any other Person for any reason whatsoever, (B) the occurrence or continuance of a Default, or (C) any other occurrence, event or condition, whether or not similar to any of the foregoing; provided that each Revolving Credit Lender's obligation to make Revolving Credit Loans pursuant to this Section 2.04(c) is subject to the conditions set forth in Section 4.03 (other than delivery of a Loan Notice). No such funding of risk participations shall relieve or otherwise impair the obligation of the US Borrower to repay Swing Line Loans, together with interest as provided herein.

(d) *Repayment of Participations* .

(i) At any time after any Revolving Credit Lender has purchased and funded a risk participation in a Swing Line Loan, if the Swing Line Lender receives any payment on account of such Swing Line Loan, the Swing Line Lender will distribute to such Lender its Pro Rata Share of such payment (appropriately adjusted, in the case of interest payments, to reflect the period of time during which such Lender's risk participation was funded) in the same funds as those received by the Swing Line Lender.

(ii) If any payment received by the Swing Line Lender in respect of principal or interest on any Swing Line Loan is required to be returned by the Swing Line Lender under any of the circumstances described in Section 10.06 (including pursuant to any settlement entered into by the Swing Line Lender in its discretion), each Revolving Credit Lender shall pay to the Swing Line Lender its Pro Rata Share thereof on demand of the Administrative Agent, plus interest thereon from the date of such demand to the date such amount is returned, at a rate *per annum* equal to the applicable Overnight Rate. The Administrative Agent will make such demand upon the request of the Swing Line Lender.

(e) *Interest for Account of Swing Line Lender* . Until each Revolving Credit Lender funds its Base Rate Loan or risk participation pursuant to this Section 2.04 to refinance such Lender's Pro Rata Share of any Swing Line Loan, interest in respect of such Pro Rata Share shall be solely for the account of the Swing Line Lender.

(f) *Payments Directly to Swing Line Lender* . The US Borrower shall make all payments of principal and interest in respect of the Swing Line Loans directly to the Swing Line Lender.

(g) *Provisions Related to Maturing Revolving Credit Commitments* . If the Maturity Date shall have occurred in respect of any tranche of Revolving Credit Commitments at a time when another tranche or tranches of Revolving Credit Commitments is or are in effect with a longer Maturity Date, then on the earliest occurring Maturity Date all then outstanding Swing Line Loans shall be repaid in full on such date (and there shall be no adjustment to the participations in such Swing Line Loans as a result of the occurrence of such Maturity Date); provided, however, that if on the occurrence of such earliest Maturity Date (after giving effect to any repayments of Revolving Credit Loans and any reallocation of Letter of Credit participations as contemplated in Section 2.03(l)), (i) there shall exist one or more tranches of sufficient unutilized Revolving Credit Commitments so that the respective outstanding Swing Line Loans could be incurred pursuant to such Revolving Credit Commitments which will remain in effect after the occurrence of such Maturity Date and (ii) the Swing Line Lender has agreed, then there shall be an automatic adjustment on such date of the participations in such Swing Line Loans and the same shall be deemed to have been incurred solely pursuant to the relevant Revolving Credit Commitments, and such Swing Line Loans shall not be so required to be repaid in full on such earliest Maturity Date.

Section 2.05 *Prepayments* .

(a) *Optional* .

(i) Any Borrower may, upon notice from such Borrower (or the Borrower Representative on its behalf) to the Administrative Agent (a “**Prepayment Notice**”), at any time or from time to time voluntarily prepay one or more Classes or tranches of Loans made to such Borrower, in whole or in part without premium or penalty; provided, that (A) such notice must be received by the Administrative Agent not later than 12:00 p.m. (x) three (3) Business Days prior to any date of prepayment of Eurodollar Rate Loans denominated in Dollars, (y) four (4) Business Days prior to any date of prepayment of Eurodollar Rate Loans denominated in any Alternative Currency or (z) one (1) Business Day prior to any date of prepayment of Base Rate Loans; (B) any prepayment of Eurodollar Rate Loans shall be in a principal amount of \$1,000,000 or a whole multiple of \$500,000 in excess thereof; and (C) any prepayment of Base Rate Loans shall be in a principal amount of \$250,000 or a whole multiple of \$50,000 in excess thereof or, in each case, if less, the entire principal amount thereof then outstanding. Each such notice shall specify the date and amount of such prepayment and the Class(es) and Type(s) of Loans to be prepaid. The Administrative Agent will promptly notify each Appropriate Lender of its receipt of each such notice, and of the amount of such Lender’s Pro Rata Share of such prepayment. The relevant Borrower shall make such prepayment and the payment amount specified in such notice shall be due and payable on the date specified therein. Any prepayment of a Loan shall be accompanied by all accrued interest thereon, and, in the case of a prepayment of a Eurodollar Rate Loan, together with any additional amounts required pursuant to Section 3.05. Each prepayment of the Loans pursuant to this Section 2.05(a) shall be applied among the Facilities in such amounts as the relevant Borrower may direct in its sole discretion (and absent such direction, first to any Revolving Credit Loans, then *pro rata* among the Term Loan Facilities and in direct order of maturity). Each prepayment made by any Borrower in respect of a particular Facility shall be paid to the Administrative Agent for the account of (and to be promptly disbursed to) the Appropriate Lenders in accordance with their respective Pro Rata Shares .

(ii) The US Borrower may, upon notice to the Swing Line Lender (with a copy to the Administrative Agent), at any time or from time to time, voluntarily prepay Swing Line Loans in whole or in part without premium or penalty; provided, that (A) such notice must be received by the Swing Line Lender and the Administrative Agent not later than 11:00 a.m. on the date of the prepayment, and (B) any such prepayment shall be in a minimum principal amount of \$100,000. Each such notice shall specify the date and amount of such prepayment. If such notice is given by the US Borrower, the US Borrower shall make such prepayment and the payment amount specified in such notice shall be due and payable on the date specified therein.

(iii) Notwithstanding anything to the contrary contained in this Agreement, any Borrower may rescind any notice of prepayment under Section 2.05(a)(i) or 2.05(a)(ii) if such prepayment would have resulted from (A) a refinancing of all of the Facilities, (B) issuance of New Term Loans and/or New Revolving Credit Commitments or (C) the refinancing of all of the Facilities, in each case, which refinancing or issuance shall not be consummated or shall otherwise be delayed.

(b) *Mandatory* .

(i) *Dispositions and Casualty Events* .

(A) If (x) the US Borrower or any Restricted Subsidiary Disposes of any property or assets (other than any Disposition permitted by Section 7.05(a) through 7.05(h) or 7.05(l) through 7.05(n)) or (y) any Casualty Event occurs, which results in the realization or receipt by the US Borrower or such Restricted Subsidiary of Net Cash Proceeds, the US Borrower shall cause to be prepaid on or prior to the date which is ten (10) Business Days after the date of the realization or receipt of such Net Cash Proceeds an aggregate principal amount of Term Loans and Revolving Credit Loans (with a permanent reduction in the relevant Revolving Credit Commitment) in an amount equal to 100% of all Net Cash Proceeds received as set forth in Section 2.05(b)(iv); provided that no such prepayment shall be required pursuant to this Section 2.05(b)(i)(A) if, on or prior to the date any such prepayment is required to be made, the US Borrower shall have given written notice to the Administrative Agent of its intention to reinvest or cause to be reinvested such Net Cash Proceeds in accordance with Section 2.05(b)(i)(B) (which election may only be made if no Event of Default has occurred and is then continuing).

(B) With respect to any Net Cash Proceeds realized or received with respect to any Disposition (other than any Disposition specifically excluded from the application of Section 2.05(b)(i)(A)) or any Casualty Event, at the option of the US Borrower, the US Borrower may reinvest or cause to be reinvested all or any portion of such Net Cash Proceeds in assets useful for its business within (x) twelve (12) months following receipt of such Net Cash Proceeds or (y) if the US Borrower enters into a legally binding commitment to reinvest such Net Cash Proceeds within twelve (12) months following receipt thereof, within six (6) months following such twelve (12) month period, and if any Net Cash Proceeds are not so reinvested within such reinvestment period, an amount equal to any such remaining Net Cash Proceeds shall, within ten (10) Business Days of the end of such reinvestment period, be applied to the prepayment of the Term Loans and Revolving Credit Loans (with a permanent reduction in the relevant Revolving Credit Commitment) as set forth in Section 2.05(b)(iv).

(ii) *Issuance of Indebtedness* . If the US Borrower or any Restricted Subsidiary incurs or issues any Indebtedness that is not expressly permitted to be incurred or issued pursuant to Section 7.03, the US Borrower shall cause to be prepaid an aggregate amount of Term Loans and Revolving Credit Loans (with a permanent reduction in the relevant Revolving Credit Commitment) in an amount equal to 100% of all Net Cash Proceeds received therefrom upon incurrence or issuance of such Indebtedness, in each case, as set forth in Section 2.05(b)(iv).

(iii) *Revolving Credit Loans, L/C Obligations and Swing Line Loans* . If, for any reason, (A) the aggregate Outstanding Amount of the Revolving Credit Loans, the L/C Obligations and Swing Line Loans at any time exceeds the aggregate Revolving Credit Commitments then in effect, the Borrowers shall promptly prepay Revolving Credit Loans or Swing Line Loans and/or Cash Collateralize the L/C Obligations in an aggregate amount equal to such excess, (B) the aggregate Outstanding Amount of the Revolving Credit Loans denominated in Alternative Currencies and the L/C Obligations attributable to Letters of Credit denominated in Alternative Currencies at any time exceeds the Alternative Currency Sublimit, the Borrowers shall promptly prepay Revolving Credit Loans and/or Cash Collateralize the L/C Obligations in an aggregate amount equal to such excess, (C) the aggregate Outstanding Amount of the Revolving Credit Loans made to the Canadian Borrower at any time exceeds the Canadian Borrower Sublimit, the Canadian Borrower shall promptly prepay Revolving Credit Loans in an aggregate amount equal to such excess or (D) the aggregate Outstanding Amount of the Revolving Credit Loans made to the UK Borrower at any time exceeds the UK Borrower Sublimit, the UK Borrower shall promptly prepay Revolving Credit Loans in an aggregate amount equal to such excess; provided, in each case, that (x) no Foreign Borrower shall be required to prepay Revolving Credit Loans or Swing Line Loans of the US Borrower or Cash Collateralize the L/C Obligations of the US Borrower, (y) the Borrowers shall not be required to Cash Collateralize the L/C Obligations pursuant to this Section 2.05(b)(iii) unless, after the prepayment in full of the Revolving Credit Loans and Swing Line Loans, such aggregate Outstanding Amount exceeds such aggregate Revolving Credit Commitments then in effect and (z) if any excess described in clauses (A) through (D) occurs as a result of a recalculation of the Dollar Equivalent of L/C Obligations and/or Revolving Credit Loans denominated in an Alternative Currency, the obligations of the Borrowers pursuant to this Section 2.05(b)(iii) shall not become effective until the fifth (5th) Business Day after the applicable Borrower has received notice of such excess from the Administrative Agent.

(iv) *Application of Mandatory Prepayments* . (A) All prepayments pursuant to Section 2.05(b)(i) and the first sentence of Section 2.05(b)(ii) shall be applied first, to prepay the Term Loans on a *pro rata* basis as among the various Classes thereof (in accordance with the aggregate outstanding principal amount of the Term Loans of each such Class), applied to each such Class of Term Loans to reduce the remaining scheduled amortization payments in direct order of maturity, unless otherwise agreed among the US Borrower and the New Term Loan Lenders in accordance with Section 2.14(e)(v) or the US Borrower and the lenders providing Extended Term Loans in accordance with Section 2.15 (it being understood that, in any case, the Initial Term Loans and Delayed Draw Term Loans shall not be allocated any less than such Class's *pro rata* share of such prepayment) and second, to prepay the outstanding Revolving Credit Loans to the full extent thereof and to permanently reduce the Revolving Credit Commitment by the amount of such payment. Unless otherwise provided herein, each such prepayment shall be paid to the Lenders in accordance with their respective Pro Rata Shares.

(v) *Funding Losses, Etc* . All prepayments under this Section 2.05 shall be made together with, in the case of any such prepayment of a Eurodollar Rate Loan on a date other than

the last day of an Interest Period therefor, any amounts owing in respect of such Eurodollar Rate Loan pursuant to Section 3.05. Notwithstanding any of the other provisions of this Section 2.05(b), so long as no Event of Default shall have occurred and be continuing, if any prepayment of Eurodollar Rate Loans is required to be made under Section 2.05(b)(i) other than on the last day of the Interest Period therefor, the US Borrower may, in its sole discretion, deposit the amount of any such prepayment otherwise required to be made thereunder into a Cash Collateral Account until the last day of such Interest Period, at which time the Administrative Agent shall be authorized (without any further action by or notice to or from the US Borrower or any other Loan Party) to apply such amount to the prepayment of such Loans in accordance with this Section 2.05(b). Upon the occurrence and during the continuance of any Event of Default, the Administrative Agent shall also be authorized (without any further action by or notice to or from the US Borrower or any other Loan Party) to apply such amount to the prepayment of the outstanding Loans in accordance with this Section 2.05(b).

Section 2.06 *Termination or Reduction of Commitments* .

(a) *Optional* . The Borrowers may, upon written notice from the Borrowers (or the Borrower Representative on their behalf) to the Administrative Agent, terminate the unused Commitments of any Class, or from time to time permanently reduce the unused Commitments of any Class; provided that (i) any such notice shall be received by the Administrative Agent three (3) Business Days prior to the date of termination or reduction, (ii) any such partial reduction shall be in an aggregate amount (A) of \$500,000 or any whole multiple of \$100,000 in excess thereof or (B) equal to the entire remaining amount of the Commitments of any Class and (iii) if, after giving effect to any reduction of the Commitments, the Letter of Credit Sublimit, the Swing Line Sublimit, the Canadian Borrower Sublimit, the UK Borrower Sublimit or the Alternative Currency Sublimit, as the case may be, exceeds the amount of the Revolving Credit Commitments (after giving effect to any reallocations pursuant to Section 2.14 or 2.15), such sublimit shall be automatically reduced by the amount of such excess. The amount of any such Commitment reduction shall not be applied to the Letter of Credit Sublimit, the Swing Line Sublimit, the Canadian Borrower Sublimit, the UK Borrower Sublimit or the Alternative Currency Sublimit unless otherwise specified by the Borrowers (or the Borrower Representative on their behalf) or as required by the preceding sentence. Notwithstanding the foregoing, the Borrowers may rescind or postpone any notice of termination of the Commitments if such termination would have resulted from a refinancing of all of the Facilities, which issuance or refinancing shall not be consummated or otherwise shall be delayed.

(b) *Mandatory* .

(i) *Initial Term Commitments* . The Initial Term Commitment of each Initial Term Lender shall be automatically and permanently reduced to \$0 at 5:00 p.m. on the Closing Date upon the funding of the Initial Term Loans; provided, however, if the Closing Date does not occur on or prior to the Commitment Termination Date, the Initial Term Commitments shall immediately and automatically terminate at 5:00 p.m. on the Commitment Termination Date.

(ii) *Delayed Draw Term Commitments* . The Delayed Draw Term Commitment of each Delayed Draw Term Lender shall be automatically and permanently reduced to \$0 at 5:00 p.m. on the earlier of (x) the first anniversary of the Closing Date and (y) the funding of the Delayed Draw Term Loans; provided, however, if the Closing Date does not occur on or prior to the Commitment Termination Date, the Delayed Draw Term Commitments shall immediately and automatically terminate at 5:00 p.m. on the Commitment Termination Date.

(iii) *Revolving Credit Commitments* . The Revolving Credit Commitment of each Revolving Credit Lender of a given Class shall be automatically and permanently reduced to \$0 on the Maturity Date of the Revolving Credit Facility associated with such Class of Revolving Credit Commitments (as it may be extended in accordance with [Section 2.15](#)); *provided, however*, if the Closing Date does not occur on or prior to the Commitment Termination Date, the Revolving Credit Commitments shall immediately and automatically terminate at 5:00 p.m. on the Commitment Termination Date.

(c) *Application of Commitment Reductions; Payment of Fees* . The Administrative Agent will promptly notify the Appropriate Lenders of any termination or reduction of unused portions of the Letter of Credit Sublimit, the Swing Line Sublimit, the Canadian Borrower Sublimit, the UK Borrower Sublimit or the Alternative Currency Sublimit or the unused Commitments of any Class under this [Section 2.06](#) . Upon any reduction of unused Commitments of any Class, the Commitment of each Lender of such Class shall be reduced by such Lender’s Pro Rata Share of the amount by which such Commitments are reduced except as otherwise provided in this Agreement (including the termination of the Commitment of any Lender as provided in [Section 2.16](#) or [3.07](#)). All commitment fees accrued until the effective date of any termination of the Aggregate Commitments of any Class shall be paid to the Appropriate Lenders on the effective date of such termination.

Section 2.07 *Repayment of Loans* .

(a) *Term Loans*.

(i) *Initial Term Loans* . The US Borrower shall, commencing on the last Business Day of the first full fiscal quarter ending after the Closing Date, repay to the Administrative Agent, for the ratable account of the Initial Term Lenders, the percentage *per annum* in the table set forth below of the original principal amount of all Initial Term Loans on the Closing Date, in consecutive quarterly installments on the last Business Day of each March, June, September and December (which installments shall be reduced as a result of the application of prepayments in accordance with the order of priority set forth in [Section 2.05](#)):

Year Following the Closing Date	Percentage
Year 1	5.0% per annum
Year 2	5.0% per annum
Year 3	7.5% per annum
Year 4	7.5% per annum
Year 5	10.0% per annum

(ii) *Delayed Draw Term Loans* . The US Borrower shall, on each date following the Delayed Draw Term Loan Date on which a quarterly installment is paid on the Initial Term Loans pursuant to [Section 2.07\(a\)\(i\)](#), repay to the Administrative Agent, for the ratable account of the Delayed Draw Term Lenders, a percentage *per annum* of the outstanding principal amount of all Delayed Draw Term Loans on such date equal to (x) the total dollar amount of the amortization installment on all Initial Term Loans on such date divided by (y) the outstanding principal amount of all Initial Term Loans on such date.

(iii) *New Term Loans* . In the event any New Term Loans are made, such New Term Loans shall be repaid by the US Borrower in installments as set forth in the applicable Incremental Facility Agreement.

(iv) *Payment at Maturity* . The final principal repayment installment of the Term Loans of each Class shall be repaid on the Maturity Date of the applicable Term Loan Facility and in any event shall be in an amount equal to the aggregate principal amount of all Term Loans of such Class outstanding on such date.

(b) *Revolving Credit Loans* . The Borrowers shall repay to the Administrative Agent for the ratable account of the applicable Revolving Credit Lenders on the Maturity Date for the relevant Class of Revolving Credit Facility the aggregate principal amount of all of its Revolving Credit Loans outstanding on such date.

(c) *Swing Line Loans* . The US Borrower shall repay the aggregate principal amount of all of its Swing Line Loans on the date that is five (5) Business Days prior to the Maturity Date for the Revolving Credit Facility established on the Closing Date (as it may be extended in accordance with [Section 2.15](#)). In addition, the US Borrower shall repay to the Swing Line Lender the then unpaid principal amount of each Swing Line Loan on the earlier of the Latest Maturity Date of the Revolving Credit Commitments (or such earlier Maturity Date on which the Revolving Credit Commitment of the Swing Line Lender terminates) and the first date after such Swing Line Loan is made that is the fifteenth (15th) or last day of a calendar month and is at least five (5) Business Days after such Swing Line Loan is made; provided that on each date that a Revolving Credit Loan is borrowed, the US Borrower shall repay all Swing Line Loans then outstanding.

Section 2.08 *Interest* .

(a) Subject to the provisions of [Section 2.08\(b\)](#), (i) each Eurodollar Rate Loan shall bear interest on the outstanding principal amount thereof for each Interest Period at a rate *per annum* equal to the Eurodollar Rate for such Interest Period plus the Applicable Rate; (ii) each Base Rate Loan shall bear interest on the outstanding principal amount thereof from the applicable borrowing date at a rate *per annum* equal to the Base Rate plus the Applicable Rate; and (iii) each Swing Line Loan shall bear interest on the outstanding principal amount thereof from the applicable borrowing date at a rate *per annum* equal to the Base Rate plus the Applicable Rate for Revolving Credit Loans.

(b) (i) Automatically upon the occurrence and during the continuance of an Event of Default set forth in [Section 8.01\(a\)](#), [8.01\(f\)](#) or [8.01\(g\)](#) and (ii) at the election of the Required Lenders (or the Administrative Agent at the direction of the Required Lenders) upon the occurrence and during the continuance of any other Event of Default, the Borrowers shall pay interest on all outstanding amounts hereunder (other than any amount payable in respect of the Parallel Debts) at a fluctuating interest rate *per annum* at all times equal to the Default Rate to the fullest extent permitted by applicable Laws. Accrued and unpaid interest on past due amounts (including interest on past due interest) shall be due and payable upon demand.

(c) Interest on each Loan shall be due and payable in arrears on each Interest Payment Date applicable thereto and at such other times as may be specified herein. Interest hereunder shall be due and payable in accordance with the terms hereof before and after judgment, and before and after the commencement of any proceeding under any Debtor Relief Law.

(d) For purposes of disclosure pursuant to the *Interest Act* (Canada), the annual rates of interest or fees to which the rates of interest or fees provided in this Agreement and the other Loan Documents (and stated herein or therein, as applicable, to be computed on the basis of 360 days or any other period of time less than a calendar year) are equivalent are the rates so determined multiplied by the actual number of days in the applicable calendar year and divided by 360 or such other period of time, respectively.

(e) Without limiting the provisions of [Section 10.10](#), if any provision of this Agreement or of any of the other Loan Documents would obligate any Borrower to make any payment of interest or other amount payable to the Lenders in an amount or calculated at a rate which would be prohibited by law or would result in a receipt by the Lenders of interest at a criminal rate (as such terms are construed under the *Criminal Code* (Canada)) then, notwithstanding such provisions, such amount or rate shall be deemed to have been adjusted with retroactive effect to the maximum amount or rate of interest, as the case may be, as would not be so prohibited by law or so result in a receipt by the Lenders of interest at a criminal rate, such adjustment to be effected, to the extent necessary, as follows: (1) first, by reducing the amount or rate of interest required to be paid to the Lenders under this Section 2.08, and (2) thereafter, by reducing any fees, commissions, premiums and other amounts required to be paid to the Lenders which would constitute “interest” for purposes of Section 347 of the *Criminal Code* (Canada). Notwithstanding the foregoing, and after giving effect to all adjustments contemplated thereby, if the Lenders shall have received an amount in excess of the maximum permitted by that section of the *Criminal Code* (Canada), the Borrowers shall be entitled, by notice in writing to the Administrative Agent, to obtain reimbursement from the Lenders in an amount equal to such excess and, pending such reimbursement, such amount shall be deemed to be an amount payable by the Lenders to the Borrowers. Any amount or rate of interest referred to in this sub-section shall be determined in accordance with generally accepted actuarial practices and principles as an effective annual rate of interest over the term that the applicable Loan remains outstanding on the assumption that any charges, fees or expenses that fall within the meaning of “interest” (as defined in the *Criminal Code* (Canada)) shall, if they relate to a specific period of time, be pro-rated over that period of time and otherwise be pro-rated over the period from the Closing Date to the Maturity Date and, in the event of a dispute, a certificate of a Fellow of the Canadian Institute of Actuaries appointed by the Administrative Agent shall be conclusive for the purposes of such determination.

Section 2.09 *Fees* . In addition to certain fees described in [Sections 2.03\(i\)](#) and [2.03\(j\)](#):

(a) *Revolving Credit Commitment Fee* . On and after the Closing Date, the Borrowers shall pay to the Administrative Agent for the account of each Revolving Credit Lender in accordance with its Pro Rata Share, a commitment fee (each, a “**Revolving Credit Commitment Fee**” and, collectively, the “**Revolving Credit Commitment Fees**”) equal to the Revolving Credit Commitment/Ticking Fee Rate times the actual daily amount by which the aggregate Revolving Credit Commitments exceed the sum of (i) the Outstanding Amount of Revolving Credit Loans (other than Swing Line Loans) and (ii) the Outstanding Amount of L/C Obligations. The Revolving Credit Commitment Fees shall accrue at all times from the Closing Date until the Maturity Date of the applicable Revolving Credit Facility, including at any time during which one or more of the conditions in [Article IV](#) is not met, and shall be due and payable quarterly in

arrears on the last Business Day of each March, June, September and December, commencing with the first such date to occur after the Closing Date, and on the Maturity Date for the applicable Revolving Credit Facility. The Revolving Credit Commitment Fees shall be calculated quarterly in arrears.

(b) *Delayed Draw Term Commitment Ticking Fee* . On and after the Closing Date, the US Borrower shall pay to the Administrative Agent for the account of each Delayed Draw Term Lender in

accordance with its Pro Rata Share, a ticking fee (each, a “ **Delayed Draw Term Commitment Ticking Fee** ” and, collectively, the “ **Delayed Draw Term Commitment Ticking Fees** ”) equal to the Revolving Credit Commitment/Ticking Fee Rate times the actual daily amount of the Delayed Draw Term Commitment. The Delayed Draw Term Commitment Ticking Fees shall accrue at all times from (and including) the Closing Date until (but excluding) the earlier of the Delayed Draw Term Loan Date and the date on which the Delayed Draw Term Commitments expire, including at any time during which one or more of the conditions in Article IV is not met, and shall be due and payable quarterly in arrears on the last Business Day of each March, June, September and December, commencing with the first such date to occur after the Closing Date, and on the Delayed Draw Term Loan Date. The Delayed Draw Term Commitment Ticking Fees shall be calculated quarterly in arrears.

(c) *Signing Ticking Fee* . On and after the date that is sixty (60) days after the Signing Date, the US Borrower shall pay to the Administrative Agent for the account of each Lender in accordance with its Pro Rata Share of Commitments under all Facilities a ticking fee (each, a “ **Signing Ticking Fee** ” and, collectively, the “ **Signing Ticking Fees** ”) equal to the Revolving Credit Commitment/Ticking Fee Rate times the amount of the commitments for all Facilities. The Signing Ticking Fees shall accrue at all times from (and including) the date that is sixty (60) days after the Signing Date until (but excluding) the earlier of (x) the Closing Date, (y) the date of the termination of all Commitments hereunder by the US Borrower and (z) the Commitment Termination Date, including at any time during which one or more of the conditions in Article IV is not met, and shall be due and payable quarterly in arrears on the last Business Day of each March, June, September and December, commencing with the first such date to occur after the Signing Date, and on the Closing Date. The Signing Ticking Fees shall be calculated quarterly in arrears.

(d) *Other Fees* . The Borrowers shall pay or cause to be paid to the Agents such fees as shall have been separately agreed upon in writing in the amounts and at the times so specified. Such fees shall be fully earned when paid and shall not be refundable (unless otherwise agreed by such Agent) for any reason whatsoever.

Section 2.10 *Computation of Interest and Fees* . All computations of interest for Base Rate Loans when the Base Rate is determined by the Prime Rate shall be made on the basis of a year of three hundred and sixty-five (365) or three hundred and sixty-six (366) days, as the case may be, and actual days elapsed. All computations of interest for Eurodollar Rate Loans denominated in Canadian Dollars or Pounds Sterling shall be made on the basis of a year of three hundred and sixty-five (365) or three hundred and sixty-six (366) days, as the case may be, and actual days elapsed, or, in the case of interest in respect of Eurodollar Rate Loans denominated in Euro or Japanese Yen as to which market practice differs from the foregoing, in accordance with such market practice. All other computations of fees and interest shall be made on the basis of a three hundred and sixty (360) day year and actual days elapsed (which results in more fees or interest, as applicable, being paid than if computed on the basis of a three hundred and sixty-five (365) day year). Interest shall accrue on each Loan for the day on which the Loan is made and shall not accrue on a Loan, or any portion thereof, for the day on which the Loan or such portion is paid; provided that any Loan that is repaid on the same day on which it is made shall, subject to Section 2.12(a), bear interest for one (1) day. Each determination by the Administrative Agent of an interest rate or fee hereunder shall be conclusive and binding for all purposes, absent manifest error.

Section 2.11 *Evidence of Indebtedness* .

(a) The Credit Extensions made by each Lender shall be evidenced by one or more accounts or records maintained by such Lender and evidenced by one or more entries in the Register maintained by the Administrative Agent in accordance with Section 10.07(c), acting as a non-fiduciary agent for the

Borrowers solely for purposes of Treasury Regulation Section 5f.103-1(c), in each case in the ordinary course of business. The accounts or records maintained by each Lender shall be *prima facie* evidence absent manifest error of the amount of the Credit Extensions made by the Lenders to each Borrower and the interest and payments thereon. Any failure to so record or any error in doing so shall not, however, limit or otherwise affect the obligation of any Borrower hereunder to pay any amount owing with respect to the Obligations. In the event of any conflict between the accounts and records maintained by any Lender and the Register in respect of such matters, the Register shall control in the absence of manifest error. Upon the request of any Lender made through the Administrative Agent, the relevant Borrower shall execute and deliver to such Lender (through the Administrative Agent) a Note payable to such Lender, which shall evidence such Lender's Loans in addition to such accounts or records. Each Lender may attach schedules to its Note and endorse thereon the date, Type (if applicable), amount and maturity of its Loans and payments with respect thereto.

(b) In addition to the accounts and records referred to in Section 2.11(a), each Lender and the Administrative Agent shall maintain in accordance with its usual practice accounts or records and, in the case of the Administrative Agent, entries in the Register, evidencing the purchases and sales by such Lender of participations in Letters of Credit and Swing Line Loans. In the event of any conflict between the Register and the accounts and records of any Lender in respect of such matters, the Register shall control in the absence of manifest error.

(c) Entries made in good faith by the Administrative Agent in the Register pursuant to Sections 2.11(a) and 2.11(b), and by each Lender in its account or accounts pursuant to Sections 2.11(a) and 2.11(b), shall be *prima facie* evidence of the amount of principal and interest due and payable or to become due and payable from the Borrowers to, in the case of the Register, each Lender and, in the case of such account or accounts, such Lender, under this Agreement and the other Loan Documents, absent manifest error; provided that the failure of the Administrative Agent or such Lender to make an entry, or any finding that an entry is incorrect, in the Register or such account or accounts shall not limit or otherwise affect the obligations of the Borrowers under this Agreement and the other Loan Documents.

Section 2.12 *Payments Generally* .

(a) Except as otherwise required by applicable Law, all payments to be made by the Borrowers shall be made without condition or deduction for any counterclaim, defense, recoupment or setoff. Except as otherwise expressly provided herein and except with respect to principal of and interest on Revolving Credit Loans denominated in an Alternative Currency, all payments by the Borrowers hereunder shall be made to the Administrative Agent, for the account of the respective Lenders to which such payment is owed, at the Administrative Agent's Office in Dollars and in immediately available funds not later than 2:00 p.m. on the date specified herein. Except as otherwise expressly provided herein, all payments by the Borrowers hereunder with respect to principal and interest on Revolving Credit Loans denominated in an Alternative Currency shall be made to the Administrative Agent, for the account of the respective Revolving Credit Lenders to which such payment is owed, at the applicable Administrative Agent's Office in such Alternative Currency not later than the Applicable Time specified by the Administrative Agent on the dates specified herein. Without limiting the generality of the foregoing, the Administrative Agent may require that any payments due under this Agreement be made in the United States. If, for any reason, any Borrower is prohibited by any Law from making any required payment hereunder in an Alternative Currency, such Borrower shall make such payment in Dollars in the Dollar Equivalent of the Alternative Currency payment amount. The Administrative Agent will promptly distribute to each Lender its Pro Rata Share (or other applicable share as provided herein) of such payment in like funds as received by wire transfer to such Lender's Lending Office. All payments received by the Administrative Agent (i) after 2:00 p.m., in the case of payments in Dollars, or (ii) after

the Applicable Time specified by the Administrative Agent in the case of payments in an Alternative Currency, shall in each case be deemed received on the next succeeding Business Day in the Administrative Agent's sole discretion and any applicable interest or fee shall continue to accrue to the extent applicable.

(b) Unless any Borrower or any Lender has notified the Administrative Agent, prior to the date any payment is required to be made by it to the Administrative Agent hereunder, that such Borrower or such Lender, as the case may be, will not make such payment, the Administrative Agent may assume that such Borrower or such Lender, as the case may be, has timely made such payment and may (but shall not be so required to), in reliance thereon, make available a corresponding amount to the Person entitled thereto. If and to the extent that such payment was not in fact made to the Administrative Agent in immediately available funds, then:

(i) if any Borrower failed to make such payment, each Lender shall forthwith on demand repay to the Administrative Agent the portion of such assumed payment that was made available to such Lender in immediately available funds, together with interest thereon in respect of each day from and including the date such amount was made available by the Administrative Agent to such Lender to the date such amount is repaid to the Administrative Agent in immediately available funds at the applicable Overnight Rate from time to time in effect; and

(ii) if any Lender failed to make such payment, such Lender shall forthwith on demand pay to the Administrative Agent the amount thereof in immediately available funds, together with interest thereon for the period from the date such amount was made available by the Administrative Agent to the relevant Borrower to the date such amount is recovered by the Administrative Agent (the "**Compensation Period**") at a rate *per annum* equal to the applicable Overnight Rate from time to time in effect. When such Lender makes payment to the Administrative Agent (together with all accrued interest thereon), then such payment amount (excluding the amount of any interest which may have accrued and been paid in respect of such late payment) shall constitute such Lender's Loan included in the applicable Borrowing. If such Lender does not pay such amount forthwith upon the Administrative Agent's demand therefor, the Administrative Agent may make a demand therefor upon the relevant Borrower, and such Borrower shall pay such amount to the Administrative Agent, together with interest thereon for the Compensation Period at a rate *per annum* equal to the rate of interest applicable to the applicable Borrowing. Nothing herein shall be deemed to relieve any Lender from its obligation to fulfill its Commitment or to prejudice any rights which the Administrative Agent or the Borrowers may have against any Lender as a result of any default by such Lender hereunder.

A notice of the Administrative Agent to any Lender or any Borrower with respect to any amount owing under this Section 2.12(b) shall be conclusive, absent manifest error.

(c) If any Lender makes available to the Administrative Agent funds for any Loan to be made by such Lender as provided in this Article II, and such funds are not made available to the relevant Borrower by the Administrative Agent because the conditions to the applicable Credit Extension set forth in Article IV are not satisfied or waived in accordance with the terms hereof, the Administrative Agent shall promptly return such funds (in like funds as received from such Lender) to such Lender, without interest.

(d) The obligations of the Lenders hereunder to make Loans and to fund participations in Letters of Credit and Swing Line Loans are several and not joint. The failure of any Lender to make any Loan or to fund any such participation on any date required hereunder shall not relieve any other Lender

of its corresponding obligation to do so on such date, and no Lender shall be responsible for the failure of any other Lender to so make its Loan or purchase its participation.

(e) Nothing herein shall be deemed to obligate any Lender to obtain the funds for any Loan in any particular place or manner or to constitute a representation by any Lender that it has obtained or will obtain the funds for any Loan in any particular place or manner.

(f) Whenever any payment received by the Administrative Agent under this Agreement or any of the other Loan Documents is insufficient to pay in full all amounts then due and payable to the Administrative Agent and the Lenders under or in respect of this Agreement and the other Loan Documents on any date, such payment shall be distributed by the Administrative Agent and applied by the Administrative Agent and the Lenders in the order of priority set forth in clauses First through Last of Section 8.03. If the Administrative Agent receives funds for application to the Obligations of the Loan Parties under or in respect of the Loan Documents under circumstances for which the Loan Documents do not specify the manner in which such funds are to be applied, the Administrative Agent may, but shall not be obligated to, elect to distribute such funds to each of the Lenders in accordance with such Lender's Pro Rata Share of the sum of (i) the Outstanding Amount of all Loans outstanding at such time and (ii) the Outstanding Amount of all L/C Obligations outstanding at such time, in repayment or prepayment of such of the outstanding Loans or other Obligations then owing to such Lender.

Section 2.13 *Sharing of Payments*. If any Lender shall obtain on account of the Loans made by it, or the participations in L/C Obligations or in Swing Line Loans held by it, any payment (whether voluntary, involuntary, through the exercise of any right of setoff, or otherwise, and other than (x) any payment obtained by a Lender as consideration for the assignment of or sale of a participation in any of its Loans to any assignee or Participant or (y) as otherwise expressly provided elsewhere herein, including as provided in or contemplated by Section 2.14, 2.15 or 10.01) in excess of its ratable share (or other share contemplated hereunder) thereof, such Lender shall immediately (a) notify the Administrative Agent of such fact and (b) purchase from the other Lenders such participations in the Loans made by them and/or such sub-participations in the participations in L/C Obligations or Swing Line Loans held by them, as the case may be, as shall be necessary to cause such purchasing Lender to share the excess payment in respect of such Loans or such participations, as the case may be, *pro rata* with each of them; provided that if all or any portion of such excess payment is thereafter recovered from the purchasing Lender under any of the circumstances described in Section 10.06 (including pursuant to any settlement entered into by the purchasing Lender in its discretion), such purchase shall to that extent be rescinded and each other Lender shall repay to the purchasing Lender the purchase price paid therefor, together with an amount equal to such paying Lender's ratable share (according to the proportion of (i) the amount of such paying Lender's required repayment to (ii) the total amount so recovered from the purchasing Lender) of any interest or other amount paid or payable by the purchasing Lender in respect of the total amount so recovered, without further interest thereon. Each Borrower agrees that any Lender so purchasing a participation from another Lender may, to the fullest extent permitted by Law, exercise all its rights of payment (including the right of setoff, but subject to Section 10.09) with respect to such participation as fully as if such Lender were the direct creditor of such Borrower in the amount of such participation. The Administrative Agent will keep records and maintain entries in the Register (which shall be conclusive and binding in the absence of manifest error) of participations purchased under this Section 2.13 and will in each case notify the Lenders following any such purchases or repayments. Each Lender that purchases a participation pursuant to this Section 2.13 shall from and after such purchase have the right to give all notices, requests, demands, directions and other communications under this Agreement with respect to the portion of the Obligations purchased to the same extent as though the purchasing Lender were the original owner of the Obligations purchased.

(a) At any time or from time to time after the Closing Date, the US Borrower may by written notice to the Administrative Agent elect to request (i) prior to the Latest Maturity Date of any Revolving Credit Facility, one or more increases to the existing Revolving Credit Commitments (any such increase, the “**New Revolving Credit Commitments**”) and/or (ii) prior to the Latest Maturity Date of any Term Loan Facility, the establishment of one or more new tranches of term loan facilities and/or one or more increases to the principal amount of Term Loans under any existing Term Loan Facility (any such new tranche or increase, the “**New Term Commitments**”); provided that:

(i) Each New Revolving Credit Commitment and New Term Commitment shall be in an aggregate principal amount that is not less than \$5,000,000 individually and integral multiples of \$1,000,000 in excess of that amount (or such lesser amount which shall be approved by Administrative Agent or such lesser amount if such amount represents all remaining availability under the limit set forth in Section 2.14(a)(ii));

(ii) Notwithstanding anything to the contrary herein, the aggregate amount of the New Revolving Credit Commitments and New Term Commitments shall not exceed:

(A) \$200,000,000; plus

(B) unlimited amounts so long as the Net Average Secured Leverage Ratio on a Pro Forma Basis as of the end of the Test Period most recently ended for which financial statements have been delivered pursuant to Section 6.01(a) or 6.01(b) shall be equal to or less than 2.00:1.00 (assuming a borrowing of the maximum amount of Loans available under such New Revolving Credit Commitment or New Term Commitment (and that the amount of such borrowing was outstanding as of the last day each of the four (4) fiscal quarters within such Test Period), but without netting the cash proceeds of any borrowing (or deemed borrowing) under any New Revolving Credit Commitment or New Term Commitment, as applicable); provided that, unless the Borrowers (or the Borrower Representative on their behalf) otherwise notify the Administrative Agent, (x) any New Term Commitments and New Revolving Commitments shall be deemed to be incurred pursuant to this Section 2.14(a)(ii)(B) (to the extent there is capacity hereunder) prior to any such New Term Commitments and New Revolving Commitments being incurred pursuant to Section 2.14(a)(ii)(A) and (y) any New Term Commitments and New Revolving Commitments incurred pursuant to Section 2.14(a)(iii)(A) simultaneously with any other New Term Commitments and New Revolving Commitments incurred pursuant to this Section 2.14(a)(ii)(B) shall be disregarded in the calculation of such Net Average Secured Leverage Ratio with respect to the New Term Commitments and New Revolving Commitments incurred pursuant to this Section 2.14(a)(ii)(B); provided, further, that, to the extent the proceeds of any New Term Loans or New Term Commitments are intended to be applied to finance a Limited Condition Acquisition, such Net Average Secured Leverage Ratio shall be tested on the date on which the definitive agreements for such Limited Condition Acquisition and commitments in respect of such New Term Loans or New Term Commitments are entered into on a Pro Forma Basis for the Test Period most recently ended for which financial statements have been delivered pursuant to Section 6.01(a) or 6.01(b) (subject to the assumptions set forth above in this Section 2.14(a)(ii)(B));

(iii) Each such notice shall specify (A) the date (each, an “**Increased Amount Date**”) on which the US Borrower proposes that the New Revolving Credit Commitments or New Term Commitments, as applicable, shall be effective, which shall be a date not less than five (5) Business Days after the date on which such notice is delivered to the Administrative Agent (or such shorter period as shall be reasonably acceptable to the Administrative Agent) and (B) the identity of each Lender or other Person that is an Eligible Assignee (each, a “**New Revolving Credit Lender**” or “**New Term Lender**,” as applicable) to whom the US Borrower proposes any portion of such New Revolving Credit Commitments or New Term Commitments, as applicable, be allocated and the amounts of such allocations; provided that (x) any Lender approached to provide all or a portion of the New Revolving Credit Commitments or New Term Commitments may elect or decline, in its sole discretion, to provide a New Revolving Credit Commitment or a New Term Commitment (it being understood that there is no obligation to approach any existing Lenders to provide any New Revolving Credit Commitment or New Term Commitment) and (y) the Administrative Agent, the L/C Issuers and the Swing Line Lender shall have consented (such consent not to be unreasonably withheld) to such Person’s providing such New Revolving Credit Commitments or New Term Commitments if such consent would be required under Section 10.07 for an assignment of Loans or Commitments to such Person; and

(iv) Such New Revolving Credit Commitments or New Term Commitments shall become effective as of such Increased Amount Date; provided that:

(A) no Default or Event of Default shall exist on such Increased Amount Date immediately before and after giving effect to such New Revolving Credit Commitments or New Term Commitments, as applicable (except that, in the case of any New Term Commitments incurred to finance a Limited Conditionality Acquisition, to the extent agreed by the New Term Lenders providing such New Term Commitments, (x) this condition instead shall be tested on the date on which the definitive agreements for such Limited Conditionality Acquisition and commitments in respect of such New Term Loans or New Term Commitments are entered into and (y) no Default or Event of Default under Section 8.01(a), 8.01(f) or 8.01(g) shall exist on the Increased Amount Date of such New Term Commitments immediately before and after giving effect to such New Term Commitments);

(B) after giving effect to the making of any New Term Loans or effectiveness of New Revolving Credit Commitments, the conditions set forth in Sections 4.03(a) (except that, in the case of any New Term Commitments incurred to finance a Limited Conditionality Acquisition, to the extent agreed by the New Term Lenders providing such New Term Commitments, compliance with only the Specified Representations and representations and warranties set forth in the acquisition agreement for such Limited Conditionality Acquisition the breach of which would permit the US Borrower or its Restricted Subsidiaries to not consummate the acquisition, shall be required) and 4.03(c), shall be satisfied;

(C) the US Borrower and its Restricted Subsidiaries shall be in Pro Forma Compliance for the Test Period most recently ended for which financial statements have been delivered pursuant to Section 6.01(a) or 6.01(b) with the financial covenants set forth in Section 7.10 after giving Pro Forma Effect to such New Revolving Credit Commitments or New Term Commitment (assuming a borrowing of the maximum amount of Loans available under such New Revolving Credit Commitment or New Term Commitment (and that the amount of such borrowing was outstanding as of the last day

of each of the four (4) fiscal quarters within such Test Period), but without netting the cash proceeds of any borrowing (or deemed borrowing) under any New Revolving Credit Commitment or New Term Commitment, as applicable); provided that, to the extent the proceeds of any New Term Commitment are intended to be applied to finance a Limited Condition Acquisition, the financial covenants set forth in Section 7.10 shall be tested on the date on which the definitive agreements for such Limited Conditionality Acquisition and commitments in respect of such New Term Commitments are entered into on a Pro Forma Basis for the Test Period most recently ended for which financial statements have been delivered pursuant to Section 6.01(a) or 6.01(b) (subject to the assumptions set forth above in this Section 2.14(a)(iv)(C));

(D) the New Revolving Credit Commitments or New Term Commitments, as applicable, shall be effected pursuant to one or more Incremental Facility Agreements executed and delivered by the US Borrower, the New Revolving Credit Lenders or New Term Lenders, as applicable, and the Administrative Agent, each of which shall be recorded in the Register, and each New Revolving Credit Lender and New Term Lender shall be subject to the requirements set forth in Section 10.15;

(E) the US Borrower shall make any payments required pursuant to Section 3.05 in connection with the New Revolving Credit Commitments or New Term Commitments, if applicable; and

(F) the US Borrower shall deliver or cause to be delivered any customary legal opinions or other documents reasonably requested by the Administrative Agent in connection with any such transaction.

(b) On any Increased Amount Date on which any New Revolving Credit Commitments are effected, subject to the satisfaction of the foregoing terms and conditions, (a) each of the relevant Revolving Credit Lenders shall assign to each of the New Revolving Credit Lenders, and each of the New Revolving Credit Lenders shall purchase from each of the relevant Revolving Credit Lenders, at the principal amount thereof, such interests in the Revolving Credit Loans attributable to such Class of Revolving Credit Commitments outstanding on such Increased Amount Date as shall be necessary in order that, after giving effect to all such assignments and purchases, such Revolving Credit Loans will be held by such existing Revolving Credit Lenders and New Revolving Credit Lenders ratably in accordance with their Revolving Credit Commitments of such Class after giving effect to the addition of such New Revolving Credit Commitments to such Class of Revolving Credit Commitments, (b) each such New Revolving Credit Commitment shall be deemed for all purposes to be a Revolving Credit Commitment of such Class and each Loan made thereunder (a “**New Revolving Credit Loan**”) shall be deemed for all purposes to be a Revolving Credit Loan of such Class and (c) each New Revolving Credit Lender shall become a Lender with respect to such New Revolving Credit Commitment and all matters relating thereto. The Administrative Agent and the Lenders hereby agree that the minimum borrowing and prepayment requirements in Sections 2.02 and 2.05(a) of this Agreement shall not apply to the transactions effected pursuant to the immediately preceding sentence.

(c) On any Increased Amount Date on which any New Term Commitments of any Class are effected, subject to the satisfaction of the foregoing terms and conditions, (i) each New Term Lender of such Class shall make a Loan to the US Borrower (a “**New Term Loan**”) in an amount equal to its New Term Commitment of such Class (it being understood that any New Term Loan Facility may provide for delayed draw term loans to be made at a later date) and (ii) each New Term Lender of such Class shall become a Lender hereunder with respect to the New Term Commitment of such Class and the New Term

Loans of such Class made pursuant thereto. Any New Term Loans effected through the establishment of one or more new tranches of term loan facilities shall be designated as a separate Class of New Term Loans for all purposes of this Agreement; provided that New Term Loans with the same terms as an existing Class of Term Loans (other than all-in-yield, which may (subject to Section 2.14(e)) be different than the all-in-yield of such existing Class of Term Loans, but only to the extent that such New Term Loans and such existing Class of Term Loans would still be fungible for tax purposes) may be treated as part of such existing Class of Term Loans rather than as a distinct Class.

(d) The Administrative Agent shall notify the Lenders promptly upon receipt of the US Borrower's notice of each Increased Amount Date and in respect thereof (x) the Class of New Revolving Credit Commitments and the New Revolving Credit Lenders of such Class or the Class of New Term Commitments and the New Term Lenders of such Class, as applicable, and (y) in the case of each notice to any Revolving Credit Lender with respect to an increase in the Revolving Credit Commitments, the respective interests in such Revolving Credit Lender's Revolving Credit Commitments, in each case subject to the assignments contemplated by Section 2.14(b).

(e) The terms and provisions of the New Revolving Credit Loans and New Revolving Credit Commitments shall be identical to the terms of the existing Revolving Credit Loans and the existing Revolving Credit Commitments (and if more than one (1) Class of Revolving Credit Loans and Revolving Credit Commitments shall exist by virtue of an Extension under Section 2.15, shall be identical to the terms of the Class of Revolving Credit Loans and Revolving Credit Commitments so selected by the New Revolving Credit Lenders and the US Borrower). The terms and provisions of the New Term Loans and New Term Commitments of any Class shall be as set forth herein or in the applicable Incremental Facility Agreement; provided that:

(i) (x) the Maturity Date of any Class of New Term Loans shall be no earlier than the Latest Maturity Date of any then outstanding Term Loans and (y) the Weighted Average Life to Maturity of all New Term Loans of any Class shall be no shorter than the Weighted Average Life to Maturity of any then outstanding Term Loans (except by virtue of amortization or prepayment of any then outstanding Term Loans prior to the time of such incurrence);

(ii) the yield and, subject to Section 2.14(e)(i), amortization schedule applicable to any Class of New Term Loans shall be determined by the US Borrower and the New Term Lenders providing such New Term Loans and New Term Commitments and shall be set forth in each applicable Incremental Facility Agreement;

(iii) the New Term Loans shall share ratably in right of mandatory prepayments with any then outstanding Term Loans; provided that the New Term Loans may be afforded lesser mandatory prepayments if determined by the US Borrower and the New Term Lenders in their sole discretion;

(iv) the New Term Loans and New Revolving Credit Loans will rank *pari passu* in respect of security interests and right of payment with any then outstanding Term Loans and existing Revolving Credit Loans; and

(v) all other terms and documentation applicable to any New Term Loans and New Term Loan Commitments, if not consistent with the Initial Term Loans and Initial Term Commitments, shall be reasonably satisfactory to the Administrative Agent.

(f) Each Incremental Facility Agreement may, without the consent of any other Lenders, effect such amendments to this Agreement and the other Loan Documents as may be necessary or advisable, in the reasonable opinion of the Administrative Agent and the US Borrower, to effect the provisions of this Section 2.14. For the avoidance of doubt, this Section 2.14 shall supersede any provisions of Section 2.05, 2.13 or 10.01 to the contrary.

(g) The New Term Loans and the New Revolving Credit Loans and the New Term Commitments and the New Revolving Credit Commitments established pursuant to this Section 2.14 shall constitute Loans and Commitments under, and shall be entitled to all the benefits afforded by, this Agreement and the other Loan Documents, and shall, without limiting the foregoing, benefit equally and ratably from the Guarantees and security interests created by the Collateral Documents. The Loan Parties shall take any actions reasonably required by the Administrative Agent to ensure and/or demonstrate that the Lien granted by the Collateral Documents to secure the Secured Obligations (or any of them) continues to be valid and perfected under the Uniform Commercial Code, PPSA or otherwise after giving effect to the extension or establishment of any such New Term Loans and New Revolving Credit Loans or any such New Term Commitments and New Revolving Credit Commitments.

Section 2.15 *Extensions of Term Loans and Revolving Credit Commitments* .

(a) Notwithstanding anything to the contrary in this Agreement, pursuant to one or more offers (each, an “**Extension Offer**”) made from time to time by the US Borrower to all Lenders of any Class of Term Loans with a like Maturity Date or any Class of Revolving Credit Commitments with a like Maturity Date, in each case on a *pro rata* basis (based on the aggregate outstanding principal amount of such respective Term Loans or Revolving Credit Commitments) and on the same terms to each such Lender, the US Borrower is hereby permitted to consummate from time to time transactions with individual Lenders that accept the terms contained in such Extension Offers to extend the Maturity Date of each such Lender’s Term Loans and/or Revolving Credit Commitments and otherwise modify the terms of such Term Loans and/or Revolving Credit Commitments pursuant to the terms of the relevant Extension Offer (including by increasing the fees (other than fees on undrawn amounts) payable in respect of such Term Loans and/or Revolving Credit Commitments (and related outstandings) and/or modifying the amortization schedule in respect of such Lender’s Term Loans) (each, an “**Extension**”, and each group of Term Loans or Revolving Credit Commitments, as applicable, in each case as so extended, as well as the Initial Term Loans and the original Revolving Credit Commitments (in each case not so extended), being a “tranche”; any Extended Term Loans shall constitute a separate tranche of Term Loans from the tranche of Term Loans from which they were converted, and any Extended Revolving Credit Commitments shall constitute a separate tranche of Revolving Credit Commitments from the tranche of Revolving Credit Commitments from which they were converted), so long as the following terms are satisfied:

(i) (A) no Default or Event of Default shall have occurred and be continuing at the time the offering document in respect of an Extension Offer is delivered to the Lenders and (B) the representations and warranties set forth in Article V and in each other Loan Document shall be deemed to be made and shall be true and correct in all material respects (and in all respects if qualified by materiality) on and as of the effective date of such Extension (except in the case of any representation and warranty which expressly relates to a given date or period, which representation and warranty shall be true and correct in all material respects (and in all respects if qualified by materiality) as of the respective date or for the respective period, as the case may be);

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(ii) except as to interest rates, fees (other than fees on undrawn amounts) and final Maturity Date (which shall be determined by the US Borrower and set forth in the relevant Extension Offer), the Revolving Credit Commitment of any Revolving Credit Lender that agrees to an Extension with respect to such Revolving Credit Commitment (an “**Extending Revolving Credit Lender**”) extended pursuant to an Extension (an “**Extended Revolving Credit Commitment**”) and the related outstandings shall be a Revolving Credit Commitment (or related outstandings, as the case may be) with the same terms (or terms not less favorable to existing Revolving Credit Lenders) as the original Revolving Credit Commitments (and related outstandings); provided that (1) the borrowing and payments (except for (A) payments of fees (other than fees on undrawn amounts) at different rates on Extended Revolving Credit Commitments (and related outstandings), (B) repayments required upon the Maturity Date of the non-extending tranche of Revolving Credit Commitments and (C) repayment made in connection with a permanent repayment and termination of commitments of the earliest maturity), of Revolving Credit Loans with respect to Extended Revolving Credit Commitments after the applicable Extension date shall be made on a *pro rata* basis with all other Revolving Credit Commitments, (2) subject to the provisions of Sections 2.03(l) and 2.04(g) to the extent addressing Swing Line Loans and Letters of Credit which mature or expire after a Maturity Date of any Revolving Credit Facility when there exist Revolving Credit Commitments with a longer Maturity Date, all Swing Line Loans and Letters of Credit shall be participated on a *pro rata* basis by all Lenders with Commitments in accordance with their percentage of the Revolving Credit Commitments, (3) the permanent repayment of Revolving Credit Loans with respect to, and termination of, Extended Revolving Credit Commitments after the applicable Extension date shall be made on a *pro rata* basis with all other Revolving Credit Commitments, except that the US Borrower shall be permitted, in its sole discretion, to permanently repay and terminate commitments of any such tranche on a greater than *pro rata* basis as compared to any other tranche with a later Maturity Date than such tranche, (4) assignments and participations of Extended Revolving Credit Commitments and the Revolving Credit Loans thereunder shall be governed by the same assignment and participation provisions applicable to the other Revolving Credit Commitments and Revolving Credit Loans and (5) at no time shall there be Revolving Credit Commitments hereunder (including Extended Revolving Credit Commitments, New Revolving Credit Commitments and any other existing Revolving Credit Commitments) which have more than three (3) different maturity dates;

(iii) except as to interest rates, fees, amortization, final Maturity Date, premium and participation in prepayments (which shall, subject to the immediately succeeding Sections 2.15(a)(iv), 2.15(a)(v) and 2.15(a)(vi), be determined by the US Borrower and the Extending Term Lenders and set forth in the relevant Extension Offer), the Term Loans of any Term Lender that agrees to an Extension with respect to such Term Loans (an “**Extending Term Lender**”) extended pursuant to any Extension (“**Extended Term Loans**”) shall have the same terms as the tranche of Term Loans subject to such Extension Offer;

(iv) the final Maturity Date of any Extended Term Loans shall be no earlier than the Latest Maturity Date of the Term Loans extended thereby;

(v) the Weighted Average Life to Maturity of any Extended Term Loans shall be no shorter than the Weighted Average Life to Maturity of the Term Loans extended thereby;

(vi) any Extended Term Loans may participate on a *pro rata* basis or a less than *pro rata* basis (but not greater than a *pro rata* basis) in any voluntary or mandatory repayments or prepayments hereunder, in each case as specified in the respective Extension Offer;

(vii) if the aggregate principal amount of Term Loans (calculated on the face amount thereof) or Revolving Credit Commitments, as the case may be, in respect of which Term Lenders or Revolving Credit Lenders, as the case may be, shall have accepted the relevant Extension Offer shall exceed the maximum aggregate principal amount of New Term Loans or Revolving Credit Commitments, as the case may be, offered to be extended by the US Borrower pursuant to such Extension Offer, then the Term Loans or Revolving Credit Commitments (and related Revolving Credit Loans), as the case may be, of such Term Lenders or Revolving Credit Lenders, as the case may be, shall be extended ratably up to such maximum amount based on the respective principal amounts (but not to exceed actual holdings of record) with respect to which such Term Lenders or Revolving Credit Lenders, as the case may be, have accepted such Extension Offer;

(viii) all documentation in respect of such Extension shall be consistent with the foregoing; and

(ix) any applicable Minimum Extension Condition shall be satisfied unless waived by the US Borrower.

(b) With respect to all Extensions consummated by the US Borrower pursuant to this Section 2.15, (i) such Extensions shall not constitute voluntary or mandatory payments or prepayments for purposes of Section 2.05 and (ii) no Extension Offer is required to be in any minimum amount or any minimum increment; provided that the US Borrower may at its election specify as a condition (a “ **Minimum Extension Condition** ”) to consummating any such Extension that a minimum amount (to be determined and specified in the relevant Extension Offer in the US Borrower’s sole discretion and which may be waived by the US Borrower) of Term Loans or Revolving Credit Commitments (as applicable) of any or all applicable tranches be tendered. The Administrative Agent and the Lenders hereby consent to the transactions contemplated by this Section 2.15 (including, for the avoidance of doubt, payment of any interest, fees or premium in respect of any Extended Term Loans and/or Extended Revolving Credit Commitments on such terms as may be set forth in the relevant Extension Offer (which shall be consistent with the foregoing provisions of this Section 2.15)) and hereby waive the requirements of any provision of this Agreement (including Sections 2.05, 2.13 and 10.01) or any other Loan Document that may otherwise prohibit or conflict with any such Extension or any other transaction contemplated by this Section 2.15.

(c) No consent of any Lender or the Administrative Agent shall be required to effectuate any Extension, other than (A) the consent of each Lender agreeing to such Extension with respect to one or more of its Term Loans and/or Revolving Credit Commitments (or a portion thereof) and (B) with respect to any Extension of the Revolving Credit Commitments, the consent of the L/C Issuers and the Swing Line Lender. All Extended Term Loans, Extended Revolving Credit Commitments and all obligations in respect thereof shall be Obligations under this Agreement and the other Loan Documents that are secured by the Collateral on a *pari passu* basis with all other applicable Secured Obligations under this Agreement and the other Loan Documents. The Lenders hereby irrevocably authorize the Administrative Agent to enter into amendments to this Agreement and the other Loan Documents with the US Borrower as may be necessary in order to establish new tranches or sub-tranches in respect of Revolving Credit Commitments or Term Loans so extended and such technical amendments as may be necessary in the reasonable opinion of the Administrative Agent and the US Borrower in connection with the establishment of such new tranches or sub-tranches, in each case on terms consistent with this Section 2.15. In addition, if so provided in such amendment and with the consent of each L/C Issuer, participations in Letters of Credit expiring on or after the Maturity Date in respect of any Revolving Credit Facility shall be reallocated from Lenders holding non-extended Revolving Credit Commitments

to Lenders holding Extended Revolving Credit Commitments in accordance with the terms of such amendment; provided, however, that such participation interests shall, upon receipt thereof by the relevant Lenders holding Extended Revolving Credit Commitments, be deemed to be participation interests in respect of such Revolving Credit Commitments and the terms of such participation interests (including the commission applicable thereto) shall be adjusted accordingly. Without limiting the foregoing, in connection with any Extensions the respective Loan Parties shall (at their expense) amend (and the Administrative Agent is hereby directed by the Lenders to amend) any Mortgage that has a maturity date prior to the then Latest Maturity Date so that such maturity date is extended to the then Latest Maturity Date (or such later date as may be advised by local counsel to the Administrative Agent). The Loan Parties and the Administrative Agent shall (i) enter into such amendments to the Collateral Documents as may be reasonably requested by the Administrative Agent (which shall not require any consent from any Lender) in order to ensure that the Extensions are provided with the benefit of the applicable Collateral Documents on a *pari passu* basis with the other applicable Secured Obligations and (ii) deliver such other documents and certificates as may be reasonably requested by the Administrative Agent. No Lender shall be required to participate in any Extension.

(d) In connection with any Extension, the US Borrowers shall provide the Administrative Agent at least five (5) Business Days (or such shorter period as may be agreed by the Administrative Agent) prior written notice thereof, and shall agree to such procedures (including regarding timing, rounding and other adjustments and to ensure reasonable administrative management of the Facilities hereunder after such Extension), if any, as may be established by, or acceptable to, the Administrative Agent, in each case acting reasonably to accomplish the purposes of this Section 2.15.

Section 2.16 *Defaulting Lenders* .

(a) *Reallocation of Defaulting Lender Commitment, Etc* . If a Lender becomes, and during the period it remains, a Defaulting Lender, the following provisions shall apply with respect to any outstanding Letter of Credit participation pursuant to Section 2.03(c) and Swing Line Loan participation pursuant to Section 2.04(c) of such Defaulting Lender:

(i) the Letter of Credit participation pursuant to Section 2.03(c) and Swing Line Loan participation pursuant to Section 2.04(c), in each case, of such Defaulting Lender will, subject to the limitation in the first proviso below, automatically be reallocated (effective on the day such Lender becomes a Defaulting Lender) among the Non-Defaulting Lenders *pro rata* in accordance with their respective Revolving Credit Commitments; provided that (a) the Outstanding Amount of each Non-Defaulting Lender's Revolving Credit Loans, Swing Line Loans and L/C Obligations (with the aggregate amount of such Lenders' risk participations and funded participation in L/C Obligations and Swing Line Loans being deemed "held" by such Lender) may not in any event exceed the Revolving Credit Commitment of such Non-Defaulting Lender as in effect at the time of such reallocation and (b) subject to Section 10.24, neither such reallocation nor any payment by a Non-Defaulting Lender pursuant thereto will constitute a waiver or release of any claim any Borrower, the Administrative Agent, the L/C Issuers, the Swing Line Lender or any other Lender may have against such Defaulting Lender or cause such Defaulting Lender to be a Non-Defaulting Lender;

(ii) to the extent that any portion (the "**unreallocated portion**") of the Defaulting Lender's Letter of Credit participation pursuant to Section 2.03(c) and Swing Line Loan participation pursuant to Section 2.04(c) cannot be so reallocated, whether by reason of the proviso in Section 2.16(a)(i) or otherwise, the US Borrower will, not later than five (5) Business Days after demand by the Administrative Agent (at the direction of the applicable L/C Issuer

and/or the Swing Line Lender, as the case may be), at its option, (1) Cash Collateralize the obligations of the US Borrower to the applicable L/C Issuer and the Swing Line Lender in respect of such Letter of Credit participation pursuant to Section 2.03(c) and the Swing Line Loan participation pursuant to Section 2.04(c), as the case may be, in an amount equal to the aggregate amount of the unallocated portion of such Letter of Credit participation pursuant to Section 2.03(c) and/or the Swing Line Loan participation pursuant to Section 2.04(c), (2) in the case of such Swing Line Loan participation pursuant to Section 2.04(c), prepay (subject to Section 2.16(a)(iii)) in full the unallocated portion thereof or (3) make other arrangements reasonably satisfactory to the Administrative Agent, and to the applicable L/C Issuer and the Swing Line Lender, as the case may be, in their reasonable discretion to protect them against the risk of non-payment by such Defaulting Lender; and

(iii) any amount paid by the US Borrower for the account of a Defaulting Lender that was or is a Lender under this Agreement (whether on account of principal, interest, fees, indemnity payments or other amounts) will not be paid or distributed to such Defaulting Lender, but will instead be retained by the Administrative Agent in a segregated non-interest-bearing account until (subject to Section 2.16(c)) the Termination Date and will be applied by the Administrative Agent, to the fullest extent permitted by Law, to the making of payments from time to time in the following order of priority: first, to the payment of any amounts owing by such Defaulting Lender to the Administrative Agent under this Agreement; second, to the payment of any amounts owing by such Defaulting Lender to the L/C Issuers or the Swing Line Lender (*pro rata* as to the respective amounts owing to each of them) under this Agreement; third, to satisfy the obligations, if any, of such Revolving Credit Lender to make Revolving Credit Loans to the Borrowers; fourth, to the payment of post-default interest and then current interest due and payable to the Lenders other than Defaulting Lenders, ratably among them in accordance with the amounts of such interest then due and payable to them; fifth, to the payment of fees then due and payable to the Lenders (other than Defaulting Lenders), ratably among them in accordance with the amounts of such fees then due and payable to them; sixth, to pay principal and unreimbursed payments made by the L/C Issuers pursuant to a Letter of Credit then due and payable to the Lenders that are Non-Defaulting Lenders ratably in accordance with the amounts thereof then due and payable to them; seventh, to the ratable payment of other amounts then due and payable to the Lenders (other than Defaulting Lenders); eighth, on the Termination Date, to the payment of any amounts owing to the Borrowers as a result of a final judgment of a court of competent jurisdiction obtained by the Borrowers against such Defaulting Lender as a result of such Defaulting Lender's breach of its obligations under this Agreement; and ninth, after the Termination Date, to pay amounts owing under this Agreement to such Defaulting Lender or as a court of competent jurisdiction may otherwise direct.

(b) *Fees*. Anything herein to the contrary notwithstanding, during such period as a Lender is a Defaulting Lender, such Defaulting Lender will not be entitled to any fees accruing during such period pursuant to Section 2.03(i) or 2.09 (without prejudice to the rights of the Lenders other than Defaulting Lenders in respect of such fees); provided that, in the case of a Defaulting Lender that was or is a Lender (x) to the extent that a portion of the Letter of Credit participation pursuant to Section 2.03(c) and Swing Line Loan participation pursuant to Section 2.04(c) of such Defaulting Lender is reallocated to the Non-Defaulting Lenders pursuant to Section 2.16(a), the fees pursuant to Section 2.03(i) that would have accrued for the benefit of such Defaulting Lender will instead accrue for the benefit of and be payable to such Non-Defaulting Lenders *pro rata* in accordance with their respective applicable Revolving Credit Commitments, and (y) to the extent any portion of such Letter of Credit participation pursuant to Section 2.03(c) and Swing Line Loan participation pursuant to Section 2.04(c) cannot be so reallocated and is not Cash Collateralized, such fees will instead accrue for the benefit of and be payable to the L/C

Issuers and the Swing Line Lender, as applicable, as their interests appear (and the *pro rata* payment provisions of Sections 2.12 and 2.13 will automatically be deemed adjusted to reflect the provisions of this Section 2.16).

(c) *Cure*. If the US Borrower, the Administrative Agent, the L/C Issuers and the Swing Line Lender agree in writing in their discretion that a Lender that is a Defaulting Lender should no longer be deemed to be a Defaulting Lender, the Administrative Agent will so notify the parties hereto, whereupon as of the effective date specified in such notice and subject to any conditions set forth therein (which may include arrangements with respect to any amounts then held in the segregated account referred to in Section 2.16(a)), such Lender will, to the extent applicable, purchase such portion of outstanding Loans of the other Lenders and/or make such other adjustments as the Administrative Agent may determine to be necessary to cause the total Revolving Credit Commitments, Revolving Credit Loans, Letter of Credit participations pursuant to Section 2.03(c) and Swing Line Loan participations pursuant to Section 2.04(c) of the Revolving Credit Lenders to be on a *pro rata* basis in accordance with their respective Revolving Credit Commitments, whereupon such Revolving Credit Lender will cease to be a Defaulting Lender and will be a Non-Defaulting Lender (and such Revolving Credit Commitments and Revolving Credit Loans of each Revolving Credit Lender will automatically be adjusted on a prospective basis to reflect the foregoing); provided that no adjustments will be made retroactively with respect to fees accrued or payments made by or on behalf of the Borrowers while such Lender was a Defaulting Lender; provided, further, that except to the extent otherwise expressly agreed by the affected parties, no change hereunder from Defaulting Lender to Non-Defaulting Lender will constitute a waiver or release of any claim of any party hereunder arising from such Lender's having been a Defaulting Lender.

ARTICLE III

TAXES, INCREASED COSTS PROTECTION AND ILLEGALITY

Section 3.01 *Taxes* .

(a) Unless otherwise required by any applicable Law, any and all payments by or on account of any obligation of any Loan Party to or for the account of any Agent or any Lender (which term shall, for purposes of this Section 3.01, include any L/C Issuer and the Swing Line Lender) under any Loan Document shall be made free and clear of and without deduction for any Taxes. If any Loan Party or other applicable withholding agent shall be required by any applicable Law (as determined in the good faith discretion of such applicable withholding agent) to withhold or deduct any Taxes from or in respect of any sum payable under any Loan Document to any Agent or any Lender, (i) in the case of Non-Excluded Taxes or Other Taxes or, in respect of any withholding Tax imposed by the United Kingdom, any Taxes (including, for the avoidance of doubt, Excluded Taxes, but subject to Section 3.01(g)), the sum payable by or on account of the applicable Loan Party shall be increased as necessary so that after all required withholdings or deductions (including withholdings or deductions applicable to additional sums payable under this Section 3.01) have been made, each of such Agent and such Lender receives an amount equal to the sum it would have received had no such withholdings or deductions been made, (ii) the applicable withholding agent shall be entitled to make such withholdings or deductions and (iii) the applicable withholding agent shall pay the full amount withheld or deducted to the relevant Governmental Authority in accordance with applicable Laws.

(b) In addition, each Borrower and the applicable Guarantors that Guarantee the Obligations of such Borrower under the Guaranty or the Foreign Guaranty, as applicable, agree, jointly and severally, to pay any and all present or future stamp, court or documentary Taxes and any other excise, property, intangible or mortgage recording Taxes or charges or similar levies which arise from any payment made

with respect to any Borrowing of such Borrower or related Obligation of such Borrower or such applicable Guarantors under any Loan Document or from the execution, delivery, performance, enforcement or registration of, or otherwise with respect to, any Loan Document but excluding any Other Connection Taxes imposed upon a voluntary transfer of an Obligation by a Lender, L/C Issuer or Swing Line Lender or designation of a new applicable Lending Office or other office for receiving payments (in each case, other than in respect of such designation pursuant to Section 3.01(e)) (hereinafter referred to as “ **Other Taxes** ”).

(c) Each Borrower and the applicable Guarantors that Guarantee the Obligations of such Borrower under the Guaranty or the Foreign Guaranty, as applicable, shall jointly and severally indemnify each Agent and each Lender for the full amount of any Non-Excluded Taxes attributable to any sum payable with respect to any Borrowing of such Borrower or related Obligation of such Borrower or such applicable Guarantors under any Loan Document to any Agent or Lender and any Other Taxes (including any Non-Excluded Taxes or Other Taxes imposed or asserted by any jurisdiction on amounts payable with respect to any Borrowing of such Borrower or related Obligation of such Borrower or such applicable Guarantors under this Section 3.01, and any such Non-Excluded Taxes or Other Taxes attributable to any payment made with respect to any Borrowing by such Borrower (including any related Obligation thereof) by or on account of any Guarantor) payable by such Agent or such Lender or required to be withheld or deducted from a payment to such Agent or such Lender, other than to the extent such amounts have been compensated under Section 3.01(a) or would have been so compensated but for the application of Section 3.01(g), and any reasonable expenses arising therefrom or with respect thereto, whether or not such Non-Excluded Taxes or Other Taxes were correctly or legally imposed or asserted by the relevant Governmental Authority. The relevant Agent or Lender, as the case may be, shall provide the Borrowers with a written statement thereof setting forth in reasonable detail the basis and calculation of such amounts. Payment under this Section 3.01(c) shall be made within thirty (30) days after the date such Lender or such Agent makes a demand therefor and submits the required written statement, but in no event earlier than ten (10) days before such Taxes are due and payable to the applicable Governmental Authority.

(d) If any Lender or Agent determines in its sole discretion exercised in good faith that it has received a refund from the Governmental Authority to which such Non-Excluded Taxes or Other Taxes were paid (whether received in cash or as an overpayment applied to a future Tax payment) in respect of any Non-Excluded Taxes or Other Taxes as to which indemnification or additional amounts have been paid to it by any Loan Party pursuant to or in respect of this Section 3.01, it shall promptly remit such refund (but only to the extent of indemnity payments made under this Section 3.01 with respect to Taxes giving rise to such refund, and including any interest, but only to the extent included in such refund by the applicable Governmental Authority) to the Borrowers, net of all reasonable and documented out-of-pocket expenses (including Taxes) of the Lender or Agent, as the case may be; provided that the Borrowers, upon the request of the Lender or Agent, as the case may be, agree promptly to return such refund to such party and to pay, without duplication, any interest and penalties imposed by the relevant Governmental Authority in respect of such returned amount in the event such party is required to repay such refund to the relevant Governmental Authority. Notwithstanding anything to the contrary in this Section 3.01(d), in no event will any Lender or Agent be required to pay any amount to any Loan Party pursuant to this Section 3.01(d) the payment of which would place such Lender or Agent in a less favorable net after-Tax position than such Lender or Agent would have been in if the Tax subject to indemnification and giving rise to such refund had not been deducted, withheld or otherwise imposed and the indemnification payments or additional amounts with respect to such Tax had never been paid. This Section 3.01(d) shall not be construed to require any indemnified party to make available its Tax Returns (or other information relating to its Taxes that it deems confidential) to the indemnifying party or any other Person.

(e) Each Lender agrees that, upon the occurrence of any event giving rise to the operation of Section 3.01(a) or 3.01(c) with respect to such Lender it will, if requested by the Borrowers, use commercially reasonable efforts (subject to such Lender's overall internal policies of general application and legal and regulatory restrictions) to avoid the consequences of such event, including to designate another Lending Office for any Loan or Letter of Credit affected by such event or to assign its rights and obligations with respect to such Loan or Letter of Credit to another of its offices, branches or affiliates; provided that such efforts are made on terms that, in the reasonable judgment of such Lender, would eliminate or reduce amounts payable pursuant to Section 3.01(a) or 3.01(c), as the case may be, and would cause such Lender and its Lending Office(s) to suffer no material economic, legal or regulatory disadvantage; provided, further, that nothing in this Section 3.01(e) shall affect or postpone any of the Obligations of any Loan Party or Lender or the rights of the Lender or Loan Party pursuant to this Section 3.01. The Borrowers hereby agree to pay all reasonable costs and expenses incurred by any Lender in connection with any such designation or assignment.

(f) Within thirty (30) days after the date of any payment of Taxes by any Loan Party or any other withholding agent to a Government Authority pursuant to this Section 3.01, such Loan Party or other applicable withholding agent (if it is not the Administrative Agent) shall furnish to the Administrative Agent the original or a certified copy of a receipt issued by such Governmental Authority evidencing such payment thereof, a copy of the return reporting payment thereof or other written proof of payment thereof that is reasonably satisfactory to the Administrative Agent .

(g) The UK Borrower is not required to pay additional amounts to a Lender (other than a new Lender pursuant to a request by a Borrower under Section 3.07) pursuant to Section 3.01(a)(i) in respect of any Tax that is required by the United Kingdom to be withheld from a payment of interest on a Loan made to the UK Borrower if at the time the payment falls due: (i) the relevant Lender is not a UK Qualifying Lender and that Tax would not have been required to be withheld had that Lender been a UK Qualifying Lender unless the reason that that Lender is not a UK Qualifying Lender is a change after the date on which it became a Lender under this Agreement in (or in the interpretation, administration or application of) any law or double taxation agreement or any published practice or published concession of any relevant Governmental Authority; (ii) the relevant Lender is a UK Qualifying Lender solely by virtue of clause (b) of the definition of UK Qualifying Lender and (1) an officer of H.M. Revenue & Customs has given (and not revoked) a direction (a “ **Direction** ”) under section 931 of the ITA which relates to the payment and that Lender has received from the UK Borrower a certified copy of that Direction and (2) that Tax would not have been required to be withheld had that Direction not been made; (iii) the relevant Lender is a UK Qualifying Lender solely by virtue of clause (b) of the definition of UK Qualifying Lender and (1) the relevant Lender has not given a UK Tax Confirmation to the UK Borrower; and (2) that Tax would not have been required to be withheld had the Lender given a UK Tax Confirmation to the UK Borrower, on the basis that the UK Tax Confirmation would have enabled the UK Borrower to have formed a reasonable belief that the payment was an “excepted payment” for the purpose of section 930 of the ITA; or (iv) the relevant Lender is a UK Treaty Lender and the UK Borrower is able to demonstrate that that Tax is required to be withheld as a result of the failure of the relevant Lender to comply with its obligations under Section 10.15(a)(iv). Any Lender which is a Lender in respect of a Loan to the UK Borrower shall promptly notify the Administrative Agent and the UK Borrower if (i) it is not, or ceases to be, a UK Qualifying Lender, for whatever reason, or (ii) it is a UK Qualifying Non-Bank Lender and there is any change in the position from that set out in the UK Tax Confirmation it has given.

Section 3.02 *Illegality* . If any Lender reasonably determines that any Law has made it unlawful, or that any Governmental Authority has asserted that it is unlawful, for any Lender or its applicable Lending Office to make, maintain or fund Eurodollar Rate Loans, or to determine or charge

interest rates based upon the Eurodollar Rate, then, on notice thereof by such Lender to the Borrowers (or the Borrower Representative on their behalf) through the Administrative Agent, any obligation of such Lender to make or continue Eurodollar Rate Loans or to convert Base Rate Loans to Eurodollar Rate Loans shall be suspended until such Lender notifies the Administrative Agent and the Borrowers (or the Borrower Representative on their behalf) that the circumstances giving rise to such determination no longer exist. Upon receipt of such notice, the Borrowers shall, upon written demand from such Lender (with a copy to the Administrative Agent), prepay or, with respect to Loans denominated in Dollars, convert all Eurodollar Rate Loans of such Lender to Base Rate Loans, either on the last day of the Interest Period therefor, if such Lender may lawfully continue to maintain such Eurodollar Rate Loans to such day, or immediately, if such Lender may not lawfully continue to maintain such Eurodollar Rate Loans. Upon any such prepayment or conversion, the Borrowers shall also pay accrued interest on the amount so prepaid or converted. Each Lender agrees to designate a different Lending Office if such designation will avoid the need for such notice and will not, in the good faith judgment of such Lender, otherwise be materially disadvantageous to such Lender.

Section 3.03 *Inability to Determine Rates* . If the Administrative Agent determines that for any reason adequate and reasonable means do not exist for determining the Eurodollar Rate for any requested Interest Period with respect to a proposed Eurodollar Rate Loan (including by means of an Interpolated Rate), or that the Eurodollar Rate for any requested Interest Period with respect to a proposed Eurodollar Rate Loan does not adequately and fairly reflect the cost to such Lenders of funding such Loan, or that Dollar deposits are not being offered to banks in the London interbank eurodollar market for the applicable amount and the Interest Period of such Eurodollar Rate Loan, the Administrative Agent will promptly so notify the Borrowers (or the Borrower Representative on their behalf) and each Lender. Thereafter, the obligation of the Lenders to make or maintain Eurodollar Rate Loans shall be suspended until the Administrative Agent revokes such notice. Upon receipt of such notice, the Borrowers may revoke any pending request for a Borrowing of, conversion to or continuation of Eurodollar Rate Loans or, failing that, will be deemed to have converted such request into a request for a Borrowing of Base Rate Loans in Dollars in the amount specified therein (or, if the request had been for an Alternative Currency, the Dollar Equivalent thereof).

Section 3.04 *Increased Cost and Reduced Return; Capital Adequacy; Reserves on Eurodollar Rate Loans* .

(a) If any Lender reasonably determines that as a result of the introduction of or any change in or in the interpretation of any Law, in each case after the date such Lender becomes a party to this Agreement, or such Lender's compliance therewith, there shall be any increase in the cost to such Lender of agreeing to make or making, funding or maintaining any Eurodollar Rate Loans or (as the case may be) issuing or participating in Letters of Credit, or a reduction in the amount received or receivable by such Lender in connection with any of the foregoing (including any such increased costs or reduction in amount resulting from any Taxes (other than (A) any Excluded Taxes, (B) Other Taxes, (C) Taxes covered by Section 3.01(a)(i) or (D) reserve requirements contemplated by Section 3.04(c))), then from time to time upon written demand of such Lender setting forth in reasonable detail such increased costs (with a copy of such demand to the Administrative Agent given in accordance with Section 3.06), the Borrowers shall, without duplication, pay to such Lender such additional amounts as will compensate such Lender for such increased cost or reduction.

(b) If any Lender reasonably determines that the introduction of any Law regarding capital adequacy or liquidity requirements or any change therein or in the interpretation thereof, in each case after the date such Lender becomes a party to this Agreement, or compliance by such Lender (or its Lending Office) therewith, has the effect of reducing the rate of return on the capital of such Lender or

any Person controlling such Lender as a consequence of such Lender's obligations hereunder (taking into consideration its policies with respect to capital adequacy and/or liquidity and such Lender's desired return on capital), then from time to time upon written demand of such Lender setting forth in reasonable detail the charge and the calculation of such reduced rate of return (with a copy of such demand to the Administrative Agent given in accordance with Section 3.06), the Borrowers shall pay to such Lender such additional amounts as will compensate such Lender for such reduction.

(c) The Borrowers shall pay to each Lender, (i) as long as such Lender shall be required to maintain reserves with respect to liabilities or assets consisting of or including Eurocurrency funds or deposits, additional interest on the unpaid principal amount of each Eurodollar Rate Loan equal to the actual costs of such reserves allocated to such Loan by such Lender (as determined by such Lender in good faith, which determination shall be conclusive in the absence of manifest error) and (ii) as long as such Lender shall be required to comply with any reserve ratio requirement or analogous requirement of any other central banking or financial regulatory authority imposed in respect of the maintenance of the Commitments or the funding of the Eurodollar Rate Loans, such additional costs (expressed as a percentage *per annum* and rounded upwards, if necessary, to the nearest five decimal places) equal to the actual costs allocated to such Commitment or Loan by such Lender (as determined by such Lender in good faith, which determination shall be conclusive absent manifest error) which in each case shall be due and payable on each date on which interest is payable on such Loan; provided the Borrowers (or the Borrower Representative on their behalf) shall have received at least fifteen (15) days' prior notice (with a copy to the Administrative Agent) of such additional interest or cost from such Lender. If a Lender fails to give notice fifteen (15) days prior to the relevant Interest Payment Date, such additional interest or cost shall be due and payable fifteen (15) days from receipt of such notice.

(d) If any Lender requests compensation under this Section 3.04, then such Lender will, if requested by the Borrowers (or the Borrower Representative on their behalf), use commercially reasonable efforts to designate another Lending Office for any Loan or Letter of Credit affected by such event or to assign its rights and obligations with respect to such Loan or Letter of Credit to another of its offices, branches or affiliates; provided that such efforts are made on terms that, in the reasonable judgment of such Lender, cause such Lender and its Lending Office(s) to suffer no material economic, legal or regulatory disadvantage; provided, further, that nothing in this Section 3.04(d) shall affect or postpone any of the Obligations of the Borrowers or the rights of such Lender pursuant to Section 3.04(a), 3.04(b) or 3.04(c).

(e) Notwithstanding anything herein to the contrary, (i) the Dodd-Frank Wall Street Reform and Consumer Protection Act and all rules, regulations, orders, requests, guidelines or directives in connection therewith or in implementation thereof and (ii) all requests, rules, guidelines, requirements and directives promulgated by the Bank for International Settlements, the Basel Committee on Banking Supervision (or any successor or similar authority) or United States or foreign regulatory authorities, in each case pursuant to Basel III, are, in each case deemed to have been adopted and to have taken effect after the Signing Date.

Section 3.05 *Funding Losses*. Upon demand of any Lender (with a copy to the Administrative Agent) from time to time, the Borrowers shall promptly compensate such Lender for and hold such Lender harmless from any loss, cost or expense incurred by it as a result of:

(a) any continuation, conversion, payment or prepayment of any Eurodollar Rate Loan on a day other than the last day of the Interest Period for such Loan (whether voluntary, mandatory, automatic, by reason of acceleration, or otherwise); or

(b) any failure by any Borrower (for a reason other than the failure of such Lender to make a Loan) to prepay, borrow, continue or convert any Eurodollar Rate Loan on the date or in the amount notified by such Borrower (or the Borrower Representative on its behalf);

including any loss or expense arising from the liquidation or reemployment of funds obtained by it to maintain such Loan or from fees payable to terminate the deposits from which such funds were obtained, but excluding any loss of margin.

For purposes of calculating amounts payable by the Borrowers to the Lenders under this Section 3.05, each Lender shall be deemed to have funded each Eurodollar Rate Loan made by it at the Eurodollar Rate for such Loan by a matching deposit or other borrowing in the London interbank eurodollar market for a comparable amount and for a comparable period, whether or not such Eurodollar Rate Loan was in fact so funded. A certificate of such Lender submitted to the Borrower Representative (through the Administrative Agent) with respect to any amounts owing under this Section 3.05 shall be conclusive absent manifest error.

Section 3.06 *Matters Applicable to All Requests for Compensation .*

(a) Any Agent or any Lender claiming compensation under this Article III shall deliver a certificate to the Borrower Representative setting forth in reasonable detail the additional amount or amounts to be paid to it hereunder, which shall be conclusive in the absence of manifest error. In determining such amount, such Agent or such Lender may use any reasonable averaging and attribution methods.

(b) With respect to any Lender's claim for compensation under Section 3.04, the Borrowers shall not be required to compensate such Lender for any amount incurred more than one hundred and eighty (180) days prior to the date that such Lender notifies the Borrowers (or the Borrower Representative on their behalf) of the event that gives rise to such claim and that such Lender has determined to request such compensation; provided that if the circumstance giving rise to such increased cost or reduction is retroactive, then such one hundred eighty (180)-day period referred to above shall be extended to include the period of retroactive effect thereof. If any Lender requests compensation by the Borrowers under Section 3.04, the Borrowers may, by notice to such Lender (with a copy to the Administrative Agent), suspend the obligation of such Lender to make or continue Eurodollar Rate Loans from one Interest Period to another, or to convert Base Rate Loans into Eurodollar Rate Loans, until the event or condition giving rise to such request ceases to be in effect (in which case the provisions of Section 3.06(c) shall be applicable); provided that such suspension shall not affect the right of such Lender to receive the compensation so requested. For the avoidance of doubt, the term "Lender" in Sections 3.01 and 3.04 includes each L/C Issuer, the Swing Line Lender and each Lender as a participant in a Letter of Credit or Swing Line Loan.

(c) If the obligation of any Lender to make or continue any Eurodollar Rate Loan from one Interest Period to another, or to convert Base Rate Loans into Eurodollar Rate Loans shall be suspended pursuant to Section 3.02 or 3.03 hereof, such Lender's Eurodollar Rate Loans shall be automatically converted into Base Rate Loans in Dollars (at the Dollar Equivalent amount of such Eurodollar Rate Loan) on the last day(s) of the then current Interest Period(s) for such Eurodollar Rate Loans (or, in the case of an immediate conversion required by Section 3.02, on such earlier date as required by Law) and, unless and until such Lender gives notice as provided below that the circumstances specified in Section 3.02 or 3.03 hereof that gave rise to such conversion no longer exist:

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(i) to the extent that such Lender's Eurodollar Rate Loans have been so converted, all payments and prepayments of principal that would otherwise be applied to such Lender's Eurodollar Rate Loans shall be applied instead to its Base Rate Loans; and

(ii) all Loans that would otherwise be made or continued as Eurodollar Rate Loans from one Interest Period to another by such Lender shall be made or continued instead as Base Rate Loans in Dollars (at the Dollar Equivalent amount of such Eurodollar Rate Loan), and all Base Rate Loans of such Lender that would otherwise be converted into Eurodollar Rate Loans shall remain as Base Rate Loans.

(d) If any Lender gives notice to the Borrowers (or the Borrower Representative on their behalf) (with a copy to the Administrative Agent) that the circumstances specified in Section 3.02 or 3.03 hereof that gave rise to the conversion of such Lender's Eurodollar Rate Loans pursuant to this Section 3.06 no longer exist (which such Lender agrees to do promptly upon such circumstances ceasing to exist) at a time when Eurodollar Rate Loans made by other Lenders of such Class of Loans are outstanding, such Lender's Base Rate Loans of such Class of Loans shall be automatically converted, irrespective of whether such conversion results in greater than twenty (20) Interest Periods being outstanding under this Agreement, on the first day(s) of the next succeeding Interest Period(s) for such outstanding Eurodollar Rate Loans, to the extent necessary so that, after giving effect thereto, all Loans held by the Lenders holding Eurodollar Rate Loans of the applicable Class and by such Lender are held *pro rata* (as to principal amounts, interest rate basis, and Interest Periods) in accordance with their respective Commitments in respect of such Class.

Section 3.07 *Replacement of Lenders Under Certain Circumstances .*

(a) If at any time (x) any Borrower becomes obligated to pay additional amounts or indemnity payments described in Section 3.01(a), 3.01(c) or 3.04 as a result of any condition described in such Sections or any Lender ceases to make Eurodollar Rate Loans as a result of any condition described in Section 3.03, (y) any Lender becomes a Defaulting Lender or (z) any Lender becomes a Non-Consenting Lender, then any such Borrower may, on ten (10) Business Days' prior written notice to the Administrative Agent and such Lender, replace such Lender by causing such Lender to (and such Lender shall be obligated to) assign pursuant to Section 10.07(b) (with the assignment fee to be paid by such Borrower in such instance) all of its rights and obligations under this Agreement to one or more Eligible Assignees; provided that (i) in the case of any Eligible Assignees in respect of Non-Consenting Lenders, the replacement Lender shall agree to the consent, waiver or amendment to which the Non-Consenting Lender did not agree, (ii) in the case of any such assignment resulting from a claim for compensation under Section 3.01(a), 3.01(c) or 3.04, such assignment will result in a reduction in such compensation or payments thereafter and (iii) neither the Administrative Agent nor any Lender shall have any obligation to any Borrower to find a replacement Lender or other such Person.

(b) Any Lender being replaced pursuant to Section 3.07(a) shall (i) execute and deliver an Assignment and Assumption with respect to such Lender's Commitment and outstanding Loans of the applicable Class and, if applicable, participations in L/C Obligations and Swing Line Loans and (ii) deliver any Notes evidencing such Loans to the Borrowers or the Administrative Agent; provided that the failure of any such Lender to execute an Assignment and Assumption shall not render such assignment invalid, and such Lender shall be deemed to have executed such Assignment and Assumption within one (1) Business

Day of a request that it do so in the event that it has failed to do so within such period, and such assignment shall be recorded in the Register and the Notes (if any) evidencing such Lender's Loans of the applicable Class shall be deemed cancelled. Pursuant to such Assignment and Assumption, (i) the assignee Lender shall acquire all or a portion, as the case may be, of the assigning

Lender's Commitment and outstanding Loans of the applicable Class and, if applicable, participations in L/C Obligations and Swing Line Loans, (ii) all obligations of the Borrowers owing to the assigning Lender relating to the Loans and participations so assigned shall be paid in full by the assignee Lender to such assigning Lender concurrently with such assignment and assumption and (iii) upon such payment and, if so requested by the assignee Lender, delivery to the assignee Lender of the appropriate Note or Notes executed by the Borrowers, the assignee Lender shall become a Lender hereunder and the assigning Lender shall cease, if all of its Loans, Commitments and participations in Swing Line Loans and Letters of Credit have been so assigned, to be a party hereto but shall continue to be entitled to the benefits of Sections 3.01, 3.04, 10.04 and 10.05 (and bound by the obligations set forth in Section 10.08) with respect to facts and circumstances occurring prior to the effective date of such assignment.

(c) Notwithstanding anything to the contrary contained above, (i) any Lender that acts as an L/C Issuer may not be replaced hereunder at any time that it has any Letter of Credit outstanding hereunder unless arrangements reasonably satisfactory to such L/C Issuer (including the furnishing of a back-up standby letter of credit in form and substance, and issued by an issuer, reasonably satisfactory to such L/C Issuer or the depositing of Cash Collateral into a Cash Collateral account in amounts and pursuant to arrangements reasonably satisfactory to such L/C Issuer) have been made with respect to such outstanding Letter of Credit and (ii) the Lender that acts as the Administrative Agent may not be replaced in such capacity hereunder except in accordance with the terms of Section 9.06.

(d) In the event that (i) the Borrowers (or the Borrower Representative on their behalf) or the Administrative Agent have requested the Lenders to consent to a departure or waiver of any provisions of the Loan Documents or to agree to any amendment thereto, (ii) the consent, waiver or amendment in question requires the agreement of all Lenders or all affected Lenders in accordance with the terms of Section 10.01 and (iii) the Required Lenders have agreed to such consent, waiver or amendment, then any Lender who does not agree to such consent, waiver or amendment shall be deemed a “**Non-Consenting Lender**.”

Section 3.08 *Survival*. The Borrowers' obligations under this Article III shall survive the resignation or replacement of the Administrative Agent, any assignment of rights by, or the replacement of, a Lender (including any L/C Issuer and the Swing Line Lender), the termination of the Commitments, the repayment, satisfaction or discharge of all obligations under any Loan Document and the Termination Date.

ARTICLE IV

CONDITIONS PRECEDENT

Section 4.01 *Conditions to the Signing Date*. The effectiveness of this Agreement and the Commitment of each Lender hereunder is subject to the Administrative Agent's receipt of the following:

(a) executed counterparts of this Agreement, in the form of an original, facsimile or electronic copy, executed by each Lender and a Responsible Officer of each Borrower and Holdings; and

(b) the draft report of PricewaterhouseCoopers LLP with respect to the consolidated balance sheet of the US Borrower and its Subsidiaries and the related consolidated statements of income or operations, shareholders' equity and cash flows for the fiscal year ended on December 31, 2015.

Section 4.02 *Conditions to the Closing Date*. The obligation of each Lender and each L/C Issuer to make the Credit Extensions hereunder on the Closing Date is subject to satisfaction of the following conditions precedent:

(a) The Administrative Agent's receipt of the following, each of which shall be in the form of an original, facsimile or electronic copy (followed promptly by originals) unless otherwise specified, and each executed by a Responsible Officer of the applicable signing Loan Party:

(i) a Note executed by the relevant Borrower in favor of each Lender requesting a Note at least two (2) Business Days prior to the Closing Date, if any;

(ii) executed counterparts of the Guaranty and Security Agreement, together with, if applicable:

(A) certificates representing the Pledged Equity Interests referred to therein, accompanied by undated stock powers executed in blank or, if applicable, other appropriate instruments of transfer and instruments evidencing the Pledged Debt Instruments, if any, indorsed in blank; and

(B) except as otherwise contemplated by Section 6.17, copies of all Uniform Commercial Code, PPSA, judgment and Tax lien searches with respect to personal property Collateral, together with copies of the financing statements (or similar documents) disclosed by such searches, and accompanied by evidence that any Liens indicated in any such financing statement that are not permitted by Section 7.01 have been or contemporaneously will be released or terminated (or otherwise provided for in a manner reasonably satisfactory to the Administrative Agent), and all proper financing statements, duly prepared for filing under the Uniform Commercial Code or PPSA necessary in order to perfect the Liens created under the Guaranty and Security Agreement (in the circumstances and to the extent required thereunder), covering the Collateral of the Loan Parties described in the Guaranty and Security Agreement; and

(C) the Intellectual Property Security Agreements, duly executed by each of the relevant Loan Parties;

(D) all Mortgage Requirements shall be satisfied; and

(iii) executed counterparts of the Foreign Guaranty Agreement, the Acushnet Japan Pledge Agreement and each Foreign Security Agreement listed in Schedule 1.01(a), together with, if applicable:

(A) certificates (to the extent certificated) representing the Equity Interests of each Foreign Borrower and Foreign Subsidiary listed in Schedule 1.01(b), accompanied by undated stock powers or stock transfer forms or other transfer documents executed in blank or, if applicable, other appropriate instruments of transfer (or any other documents customary under local law); and

(B) all documents, agreements, instruments, certificates, notices and acknowledgments, including financing statements (or equivalent filings under local law) required by such Foreign Security Agreements or local law to create or perfect the Liens

on the Collateral of the Foreign Guarantor and each Foreign Borrower described in such Foreign Security Agreements.

(iv) (A) except with respect to the UK Borrower, a copy of the certificate or articles of incorporation or organization, including all amendments thereto, of each Loan Party, certified, if applicable, as of a recent date by the appropriate Governmental Authority of the jurisdiction of its organization (or other appropriate entity in the case of the Foreign Borrowers) and a certificate of status or the applicable equivalent thereof from the appropriate Governmental Authority dated as of a recent date certifying as to the good standing of such Loan Party and (B) a certificate (as is customary in the relevant jurisdiction) of a Responsible Officer of each Loan Party dated the Closing Date and certifying (1) that (x) attached thereto is a true and complete copy of the memorandum and articles of association, by-laws or operating (or limited liability company) agreement (or other applicable constitutional documents) of such Loan Party as in effect on the Closing Date, (y) attached thereto is a true and complete copy of resolutions duly adopted by the board of directors (or equivalent governing body) and, in the case of any UK Loan Party, resolutions of the shareholders, of such Loan Party authorizing the execution, delivery and performance of the Loan Documents to which such Person is a party, and that such resolutions have not been modified, rescinded or amended and are in full force and effect and (z) the certificate or articles of incorporation or organization of such Loan Party have not been amended since the date of the last amendment thereto furnished pursuant to clause (A) above, and that such certificate or articles are in full force and effect and (2) as to the incumbency and specimen signature of each officer executing any Loan Document on behalf of such Loan Party and (where applicable in such jurisdiction) signed by another officer as to the incumbency and specimen signature of the Responsible Officer executing the certificate pursuant to this clause (B);

(v) (A) a certificate from the chief financial officer or the treasurer of the US Borrower, substantially in the form of Exhibit K-1, certifying that the US Borrower and its Restricted Subsidiaries, taken as a whole, after giving effect to the Transactions, are Solvent, (B) a certificate from the chief financial officer or the treasurer of the Canadian Borrower, substantially in the form of Exhibit K-2, certifying that the Canadian Borrower and its Restricted Subsidiaries, taken as a whole, after giving effect to the Transactions, are Solvent and (C) a certificate from the chief financial officer or the treasurer of the UK Borrower, substantially in the form of Exhibit K-3, certifying that the UK Borrower and its Restricted Subsidiaries, taken as a whole, after giving effect to the Transactions, are Solvent; and

(vi) a certificate signed by a Responsible Officer of the US Borrower certifying as to the satisfaction of the conditions set forth in Sections 4.02(e), 4.02(g), 4.02(i), 4.03(a) and 4.03(b).

(b) The Administrative Agent's receipt of a customary opinion of (i) Simpson Thacher & Bartlett LLP, special counsel for the US Loan Parties, (ii) McCarthy Tétrault LLP, special counsel to the Canadian Borrower, (iii) Latham & Watkins (London) LLP, with respect to the UK Borrower and (iv) local or other counsel reasonably satisfactory to the Administrative Agent in respect of each Foreign Security Agreement, which opinions, in the case of each of clauses (i) through (iv), shall be (x) in substantially the form delivered to the Administrative Agent on or prior to the Signing Date or otherwise reasonably acceptable to the Administrative Agent, (y) dated as of the Closing Date and (y) addressed to each Arranger, the L/C Issuers, the Swing Line Lender, the Administrative Agent and the Lenders as of the Closing Date.

(c) To the extent requested by the Administrative Agent not less than ten (10) days prior to the Closing Date, the Administrative Agent shall have received, at least five (5) days prior to the Closing Date, all documentation and other information with respect to the Loan Parties required by regulatory authorities under applicable “know-your-customer” and anti-money laundering rules and regulations, including the PATRIOT Act and CAML.

(d) The Administrative Agent shall have received reasonably satisfactory evidence (including a customary payoff letter) that prior to or substantially simultaneously with the initial Credit Extensions the Refinancing has been consummated.

(e) After giving effect to the Transactions, no third-party indebtedness for borrowed money of, or guarantee thereof by, the US Borrower or any of its Restricted Subsidiaries shall remain outstanding as of the Closing Date other than Indebtedness incurred pursuant to this Agreement and Indebtedness otherwise permitted under Section 7.03(b), or any guarantee of any of the foregoing.

(f) All fees and expenses due to the Arrangers and the Lenders required to be paid on the Closing Date from the proceeds of the initial Credit Extensions for which the US Borrower has received invoices at least two (2) days in advance of the Closing Date shall be paid.

(g) Since December 31, 2015, there shall not have occurred a Material Adverse Effect.

(h) The Administrative Agent shall have received (x) the audited consolidated balance sheet of the US Borrower and its Subsidiaries and the related consolidated statements of income or operations, shareholders’ equity and cash flows for the fiscal years ended on December 31, 2013 and December 31, 2014, (y) no later than the earlier to occur of the Closing Date and the thirtieth (30th) day after the Signing Date, the audited consolidated balance sheet of the US Borrower and its Subsidiaries and the related consolidated statements of income or operations, shareholders’ equity and cash flows for the fiscal year ended on December 31, 2015, accompanied by the final report and opinion of PricewaterhouseCoopers LLP, which report and opinion shall be prepared in accordance with generally accepted auditing standards and shall not be subject to any “going concern” or like qualification or exception or explanatory paragraph or any qualification or exception as to the scope of such audit (provided that it shall not be a violation of the foregoing if the report and opinion accompanying the financial statements is subject to a “going concern” or other qualification or exception or explanatory paragraph solely as a result of (i) the impending maturity within twelve (12) months of the end of the fiscal year to which such financial statements relate of any Indebtedness or (ii) the breach or impending breach of any financial covenant) and (z) the unaudited consolidated balance sheet of the US Borrower and its Subsidiaries and the related consolidated statements of income or operations and cash flows for each fiscal quarter ending after December 31, 2015 and at least forty-five (45) days prior to the Closing Date (and for the corresponding portion of the prior fiscal year of the US Borrower), in the case of each of clauses (x), (y) and (z), all in reasonable detail and prepared in accordance with GAAP.

(i) The US Borrower and its Restricted Subsidiaries shall be in Pro Forma Compliance with the financial covenants set forth in Section 7.10 for the four (4) fiscal quarter period ended at least forty-five (45) days prior to the Closing Date.

The Administrative Agent shall notify the Lenders of the receipt of any documents, certificates or other information required to be delivered pursuant to this Section 4.02 and is hereby irrevocably authorized by the Lenders and the L/C Issuers to approve the form of any such documents, certificates or other information. Notwithstanding the foregoing, the obligations of the Lenders to make Loans and of the L/C Issuers to issue Letters of Credit hereunder shall not become effective unless each of the

foregoing conditions is satisfied (or waived pursuant to Section 10.01) at or prior to 5:00 p.m., New York City time, on the Commitment Termination Date.

Section 4.03 *Conditions to All Credit Extensions*. The obligation of each Lender and the L/C Issuers to honor any Request for Credit Extension (other than in connection with (i) a Loan Notice requesting only a conversion of Loans to the other Type, or a continuation of Eurodollar Rate Loans or (ii) a Credit Extension in respect of commitments for Extended Term Loans or Extended Revolving Credit Commitments or (except as set forth in Section 2.14) commitments for New Term Loans or New Revolving Credit Commitments) is subject to satisfaction or waiver by the Required Lenders (or, in the case of a Request for Credit Extension in respect of any Revolving Credit Facility, by the Required Revolving Lenders) of the following conditions precedent:

(a) The representations and warranties of each Loan Party contained in Article V and in each other Loan Document shall be true and correct in all material respects (and in all respects if qualified by materiality) on and as of the date of such Credit Extension (except in the case of any representation and warranty which expressly relates to a given date or period, which representation and warranty shall be true and correct in all material respects (and in all respects if qualified by materiality) as of the respective date or for the respective period, as the case may be).

(b) No Default or Event of Default shall exist or would result from such proposed Credit Extension or from the application of the proceeds therefrom.

(c) The Administrative Agent and, if applicable, the applicable L/C Issuer or the Swing Line Lender shall have received a Request for Credit Extension in accordance with the requirements hereof.

(d) In the case of a Letter of Credit to be denominated in an Alternative Currency, there shall not have occurred any change in national or international financial, political or economic conditions or currency exchange rates or exchange controls which in the reasonable opinion of the applicable L/C Issuer would make it impracticable for such Credit Extension to be denominated in the relevant Alternative Currency.

Each Request for Credit Extension (other than a Loan Notice requesting only a conversion of Loans to the other Type or a continuation of Eurodollar Rate Loans) submitted by any Borrower (or the Borrower Representative on its behalf) shall be deemed to be a representation and warranty that the conditions specified in Sections 4.03(a) and 4.03(b), as applicable, have been satisfied or waived by the Required Lenders on and as of the date of the applicable Credit Extension.

ARTICLE V

REPRESENTATIONS AND WARRANTIES

At the time of each Credit Extension (other than (i) a Loan Notice requesting only a conversion of Loans to the other Type, or a continuation of Eurodollar Rate Loans or (ii) a Credit Extension in respect of commitments for Extended Term Loans or Extended Revolving Credit Commitments or, except as set forth in Section 2.14, commitments for New Term Loans or New Revolving Credit Commitments) and, solely with respect to the representations in Sections 5.01, 5.02, 5.03 and 5.04 (in each case, solely as they relate to Holdings and the Borrowers and/or this Agreement, as applicable), on the Signing Date, Holdings and the US Borrower represent and warrant to the Agents and the Lenders that:

Section 5.01 *Existence, Qualification and Power; Compliance with Laws* . Each Loan Party and each of its Restricted Subsidiaries (a) is a Person duly organized, incorporated or formed, validly existing and, where applicable, in good standing under the Laws of the jurisdiction of its incorporation or organization, (b) has all requisite power and authority to (i) own or lease its assets and carry on its business and (ii) execute, deliver and perform its obligations under the Loan Documents to which it is a party, (c) is duly qualified and in good standing under the Laws of each jurisdiction where its ownership, lease or operation of properties or the conduct of its business requires such qualification, (d) is in compliance with all applicable Laws, writs, injunctions and orders and (e) has all requisite governmental licenses, authorizations, consents and approvals to operate its business as currently conducted; except in each case referred to in clause (a), (other than with respect to the Borrowers), (b)(i), (c), (d) or (e), to the extent that failure to do so could not reasonably be expected to have a Material Adverse Effect.

Section 5.02 *Authorization; No Contravention* .

(a) The execution, delivery and performance by each Loan Party of each Loan Document to which such Person is a party are within such Loan Party's corporate or other powers and have been duly authorized by all necessary corporate or other organizational action.

(b) (i) The execution, delivery and performance by each Loan Party of each Loan Document to which such Person is a party and (ii) as of the Closing Date only, the consummation of the Transactions do not and will not (A) contravene the terms of any of such Person's Organization Documents, (B) conflict with or result in any default, breach or contravention of, or the creation of any Lien under, or require any payment to be made under (x) (1) any Junior Financing Documentation or (2) any other Contractual Obligation to which such Person is a party or affecting such Person or the properties of such Person or any of its Subsidiaries or (y) any order, injunction, writ or decree of any Governmental Authority or any arbitral award to which such Person or its property is subject or (C) violate any Law; except with respect to any conflict, default, breach, contravention, payment or violation referred to in clause (B) or (C), to the extent that such conflict, breach, contravention, payment or violation could not reasonably be expected to have a Material Adverse Effect.

Section 5.03 *Governmental Authorization; Other Consents* . No approval, consent, exemption, authorization, or other action by, or notice to, or filing with, any Governmental Authority or any other Person is necessary or required in connection with (a) the execution, delivery or performance by any Loan Party of this Agreement or any other Loan Document, (b) the grant by any Loan Party of the Liens granted by it pursuant to the Collateral Documents, (c) the perfection or maintenance of the Liens created under the Collateral Documents (including the priority thereof) or (d) the exercise by the Administrative Agent or any Lender of its rights under the Loan Documents or the remedies in respect of the Collateral pursuant to the Collateral Documents, except for (i) filings and other actions necessary to perfect the Liens on the Collateral granted by the Loan Parties in favor of the Secured Parties as specified in the Collateral Documents, (ii) the approvals, consents, exemptions, authorizations, actions, notices and filings which have been duly obtained, taken, given or made and are in full force and effect and (iii) those approvals, consents, exemptions, authorizations or other actions, notices or filings the failure of which to obtain or make could not reasonably be expected to have a Material Adverse Effect.

Section 5.04 *Binding Effect* . This Agreement and each other Loan Document has been duly executed and delivered by each Loan Party that is party thereto. This Agreement and each other Loan Document constitutes a legal, valid and binding obligation of each Loan Party that is party thereto, enforceable against such Loan Party in accordance with its respective terms, except as such enforceability may be limited by Debtor Relief Laws or other Laws affecting creditors' rights generally and by general principles of equity.

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Section 5.05 *Financial Statements; No Material Adverse Effect* .

(a) The US Borrower has heretofore furnished to the Arrangers the financial statements referred to in Section 4.02(h). Such financial statements (i) were prepared in accordance with GAAP consistently applied throughout the period covered thereby, except as otherwise expressly noted therein and subject, in the case of quarterly financial statements, to the absence of footnotes and to normal year-end adjustments and (ii) fairly present in all material respects the financial condition, results of operations and cash flows of the US Borrower and its consolidated Subsidiaries as of such dates and for such periods.

(b) Since December 31, 2015, there has not been any change, condition or event that, individually or in the aggregate, has had or could reasonably be expected to have a Material Adverse Effect.

(c) The forecasts of consolidated balance sheets, income statements and cash flow statements of the US Borrower and its Subsidiaries for each fiscal year of the US Borrower ending after the Signing Date until not earlier than December 31, 2020, copies of which have been furnished to the Arrangers prior to the Signing Date, have been prepared in good faith based upon assumptions believed by the US Borrower to be reasonable at the time made in light of the conditions existing at the time of delivery of such forecasts, it being understood that such forecasts, as to future events, are not to be viewed as facts and are subject to significant uncertainties and contingencies many of which are beyond the US Borrower's control, that actual results during the period or periods covered by any such forecasts may differ significantly from the forecasted results, that such differences may be material and that such forecasts are not a guarantee of financial performance.

Section 5.06 *Litigation* . Except as disclosed in Schedule 5.06, there are no actions, suits, proceedings, claims or disputes pending or, to the knowledge of the US Borrower, threatened in writing, at law, in equity, in arbitration or before any Governmental Authority, by or against Holdings, the US Borrower or any of its Restricted Subsidiaries or against any of their properties or revenues that either individually or in the aggregate, could reasonably be expected to have a Material Adverse Effect.

Section 5.07 *Ownership of Property; Liens* . Holdings, the US Borrower and each of its Restricted Subsidiaries has good record and indefeasible title in fee simple to, or valid leasehold interests in, or easements or other limited property interests in, all real property necessary in the ordinary conduct of its business, free and clear of all Liens except for minor defects in title that do not materially interfere with its ability to conduct its business or to utilize such assets for their intended purposes and Liens permitted by Section 7.01 and except where the failure to have such title or other property interests described above could not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect.

(a) US Borrower and all of its Restricted Subsidiaries are, and for the previous five (5) years have been, in compliance with all applicable Environmental Laws and all Environmental Permits required thereunder, except as could not reasonably be expected to result in a Material Adverse Effect.

(b) There are no actions, suits, proceedings, demands or claims alleging potential liability or responsibility for violation of, or liability under, any Environmental Law and relating to businesses, operations or properties of the US Borrower or any of its Restricted Subsidiaries that could, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect, and, to the knowledge of

the US Borrower, there are no existing facts or circumstances which would reasonably be expected to result in any such actions, suits, proceedings, demands or claims.

(c) Except as disclosed in Schedule 5.08(c) or as would not reasonably be expected, individually or in the aggregate, to have a Material Adverse Effect, (i) none of the properties currently or, to the knowledge of the US Borrower, formerly owned, leased or operated by the US Borrower or any of its Restricted Subsidiaries is listed or formally proposed for listing on the NPL or on the CERCLIS or any analogous foreign, state or local list and (ii) there are no Hazardous Materials stored or present and there has been no Release or threatened Release of Hazardous Materials, in either case, (x) on, at, under or from any property currently or, to the knowledge of the US Borrower, formerly owned or operated by the US Borrower or any of its Restricted Subsidiaries or, to the knowledge of the US Borrower, any offsite locations to which the US Borrower or any of its Restricted Subsidiaries has disposed or arranged for the disposal of treatment of any Hazardous Materials and (y) in a quantity or manner that would reasonably be expected to result in liability of the US Borrower or any of its Restricted Subsidiaries under any Environmental Law.

(d) Except as disclosed in Schedule 5.08(d), neither Holdings, the US Borrower nor any of its Restricted Subsidiaries is undertaking, or paying for, either individually or together with other potentially responsible parties, any investigation or assessment or response or other corrective action relating to any actual or threatened Release of Hazardous Materials at any site, location or operation, either voluntarily or pursuant to the order of any Governmental Authority or the requirements of any Environmental Law except for any such investigation or assessment or response or other corrective action that, individually or in the aggregate, would not reasonably be expected to result in a Material Adverse Effect.

Section 5.09 *Taxes* . Each Loan Party and each Restricted Subsidiary has timely filed all Tax Returns and reports required to be filed, has timely paid all Taxes due and payable or levied or imposed upon it or its properties, income or assets (including in its capacity as a withholding agent) and has made adequate provision (in accordance with GAAP) for all Taxes not yet due and payable, except (a) those Taxes which are being contested in good faith by appropriate proceedings and for which adequate reserves have been provided in accordance with GAAP or (b) with respect to which the failure to make such filing, payment or provision could not reasonably be expected to, individually or in the aggregate, have a Material Adverse Effect. There are no current, pending or threatened audits, assessments, deficiencies, proceedings or claims in respect of Taxes that, individually or in the aggregate, could reasonably be expected to have a Material Adverse Effect. Except as could not reasonably be expected to have a Material Adverse Effect, the Canadian Borrower and each other Restricted Subsidiary having employees in Canada has withheld all employee withholdings and has made all employer contributions to be withheld and made by it pursuant to applicable Law on account of the Canada Pension Plan and Quebec Pension Plan, employment insurance and employee income taxes.

Section 5.10 *ERISA Compliance* .

(a) Each Plan and Pension Plan is in compliance with the applicable provisions of ERISA and the Code, except as could not reasonably be expected to have a Material Adverse Effect. Each Plan and Pension Plan that is intended to qualify under Section 401(a) of the Code has either received a favorable determination letter from the IRS or an application for such a letter has been or will be submitted to the IRS within the applicable required time period with respect thereto and, to the knowledge of the US Borrower, nothing has occurred which could reasonably be expected to prevent, or cause the loss of, such qualification. The present value of all accrued benefit obligations under each Pension Plan (based on those assumptions used to fund such Plans) did not, as of the last annual valuation date prior to

the date on which this representation is made or deemed made, exceed the value of the assets of such Pension Plan allocable to such accrued benefit obligations by an amount which could reasonably be expected to have a Material Adverse Effect.

(b) No ERISA Event has occurred or is reasonably expected to occur, and neither the US Borrower nor any ERISA Affiliate has engaged in a transaction that could be subject to Section 4069 or 4212(c) of ERISA, except, in each case, as could not reasonably be expected, individually or in the aggregate, to result in a Material Adverse Effect.

(c) None of the Loan Parties nor any ERISA Affiliate has incurred any obligation in connection with the termination of or withdrawal from any Foreign Plan, or failure to comply with applicable Laws in respect of a Foreign Plan, except as could not reasonably be expected to result in a Material Adverse Effect.

Section 5.11 *Subsidiaries; Equity Interests* . As of the Signing Date, (i) Holdings, the US Borrower and its Subsidiaries do not have any Subsidiaries other than those specifically disclosed in Schedule 5.11, and (ii) all of the outstanding Equity Interests in each Restricted Subsidiary are owned directly by the Person or Persons set forth in Schedule 5.11 and are free and clear of all Liens except (a) those created under the Loan Documents and (b) any nonconsensual Lien that is permitted under Section 7.01 . As of the Signing Date, Schedule 5.11 sets forth (i) the name and jurisdiction of each Subsidiary and (ii) the ownership interest of the US Borrower and each other Subsidiary in each Subsidiary, including the percentage of such ownership.

Section 5.12 *Margin Regulations; Investment Company Act* .

(a) As of the Closing Date, none of Holdings, the US Borrower nor any of its Restricted Subsidiaries owns any margin stock (as defined in Regulation U of the FRB as in effect from time to time).

(b) No proceeds of any Borrowings or drawings under any Letter of Credit will be used to purchase or carry any margin stock or to extend credit to others for the purpose of purchasing or carrying any margin stock (in violation of Regulation U issued by the FRB).

(c) Neither the US Borrower nor any of its Restricted Subsidiaries is or is required to be registered as an “investment company” under the Investment Company Act of 1940.

Section 5.13 *Disclosure* . As of the Signing Date and the Closing Date, no report, financial statement, certificate or other written information furnished by or on behalf of any Loan Party to any Agent or any Lender in connection with the Transactions, the negotiation of this Agreement or delivered hereunder or any other Loan Document (as modified or supplemented by other information so furnished), when taken as a whole, contains any untrue statement of a material fact or omits to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not materially misleading (as modified or supplemented by other information so furnished); provided that (a) with respect to financial estimates, projected financial information and other forward-looking information, the US Borrower represents and warrants only that such information was prepared in good faith based upon assumptions believed by the US Borrower to be reasonable at the time of preparation; it being understood that such projections, as to future events, are not to be viewed as facts and are subject to significant uncertainties and contingencies many of which are beyond the US Borrower’s control, that actual results during the period or periods covered by any such projections may differ significantly from the projected results and that such differences may be material and that such projections are not a

guarantee of financial performance and (b) no representation is made with respect to information of a general economic or general industry nature.

Section 5.14 *Intellectual Property; Licenses, Etc.* . The US Borrower and each Restricted Subsidiary owns free from exclusive licenses to others, or possesses the right to use, all of the Patents, Trademarks, industrial designs, Internet domain names, Copyrights, trade secrets and know-how, and registrations, applications for registration of, and goodwill associated with the foregoing, as applicable (collectively, “ **IP Rights** ”) that are reasonably necessary for the operation of their respective businesses, without, to the knowledge of the US Borrower, conflict with the IP Rights of any other Person, except to the extent such failure to own or possess the right to use or such conflicts, either individually or in the aggregate, could not reasonably be expected to have a Material Adverse Effect. To the knowledge of the US Borrower, the conduct of the US Borrower’s and its Restricted Subsidiaries’ businesses does not infringe upon the IP Rights held by any other Person except for such infringements, individually or in the aggregate, which could not reasonably be expected to have a Material Adverse Effect. No claim or litigation regarding any of the foregoing is pending or, to the knowledge of the US Borrower, threatened, which, either individually or in the aggregate, could reasonably be expected to have a Material Adverse Effect.

Section 5.15 *Solvency* . On the Closing Date, after giving effect to the consummation of the Transactions, (i) the US Borrower and its Restricted Subsidiaries, on a consolidated basis, are Solvent, (ii) the Canadian Borrower and its Restricted Subsidiaries, on a consolidated basis, are Solvent and (iii) the UK Borrower and its Restricted Subsidiaries, on a consolidated basis, are Solvent.

Section 5.16 *Perfection, Etc.* . Except as otherwise contemplated hereby or under any other Loan Document, and except with respect to any IP Rights constituting Collateral, all filings and other actions necessary to perfect the Liens on the Collateral created under, and as required by, the Collateral Documents have been duly made or taken or otherwise provided for (to the extent required hereby or by the applicable Collateral Documents) in a manner reasonably acceptable to the Administrative Agent and are in full force and effect, and the Collateral Documents create in favor of the Administrative Agent for the benefit of the Secured Parties a valid and, together with such filings and other actions (to the extent required hereby or by the applicable Collateral Documents or applicable law), perfected Lien in the Collateral, securing the payment and performance of the Secured Obligations (or (x) in the case of Collateral of each Foreign Borrower, its own Secured Obligations, (y) in the case of the Foreign Guarantor’s pledge of the Equity Interests in each Foreign Borrower, the Foreign Guarantor’s and Foreign Borrowers’ Secured Obligations and (z) in the case of the Foreign Guarantor’s pledge of the Equity Interests of Acushnet Japan, all of the Secured Obligations), subject only to Liens permitted by Section 7.01 . Upon the recordation of the Intellectual Property Security Agreements with the USPTO, the U.S. Copyright Office or, in the case of the Canadian Borrower, the Canadian Intellectual Property Office, as applicable, and the filing of such other filings required hereby or by the applicable Collateral Documents or applicable law, the Lien on the IP Rights constituting Collateral created under the Collateral Documents will constitute a perfected Lien in such IP Rights constituting Collateral in all right, title and interest of the US Borrower and its Restricted Subsidiaries in which a Lien may be perfected by such filings. The Loan Parties are the legal and beneficial owners of the Collateral free and clear of any Lien, except for the Liens created or permitted under the Loan Documents.

Section 5.17 *Compliance with Laws Generally* . Neither the US Borrower nor any of its Restricted Subsidiaries or any of their respective material properties, or the use of such material properties, is in violation of any Law, or is in default with respect to any judgment, writ, injunction, decree or order of any Governmental Authority, except for such violations or defaults that (a) are being

contested in good faith by appropriate proceedings or (b) individually or in the aggregate, could not reasonably be expected to result in a Material Adverse Effect.

Section 5.18 *Labor Matters* . (i) There are no strikes, lockouts, slowdowns or other similar labor disputes against the US Borrower or any of its Restricted Subsidiaries pending or, to the knowledge of the US Borrower, threatened; (ii) hours worked by and payment made to employees of the US Borrower and its Restricted Subsidiaries have not been in violation of the Fair Labor Standards Act or any other applicable Law dealing with such matters; and (iii) all payments due from the US Borrower or any of its Restricted Subsidiaries on account of wages, vacation pay, and employee health and welfare insurance, including on account of the Canada Pension Plan and Quebec Pension Plan, have been paid or accrued as liabilities on the books of the US Borrower or the relevant Restricted Subsidiary, except in the case of each of clauses (i) and (iii), as in the aggregate has not had and could not reasonably be expected to have a Material Adverse Effect.

Section 5.19 *Absence of Defaults* . No event has occurred and is continuing which constitutes a Default.

Section 5.20 *Senior Indebtedness Status* . The Obligations of each Loan Party and each Restricted Subsidiary under this Agreement and each of the other Loan Documents rank and shall continue to rank senior in priority of payment to all Subordinated Indebtedness of each such Person, and shall constitute and shall continue to constitute “Senior Indebtedness” and “Designated Senior Debt” (or any other term of similar meaning and import) under all instruments and documents, now or in the future, relating to any Subordinated Indebtedness of such Person (to the extent the concept of “Senior Indebtedness” or “Designated Senior Debt” (or similar concept) exists therein).

Section 5.21 *Anti-Corruption Laws and Sanctions* .

(a) To the extent applicable, each Loan Party 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, (ii) the PATRIOT Act, and (iii) CAML. No part of the proceeds of the Loans will be used by Holdings, any Borrower or any of their respective Subsidiaries, directly or, to the knowledge of any Borrower, indirectly, for any payments to any governmental official or employee, political party, official of a political party, candidate for political office, or anyone else acting in an official capacity, in order to obtain, retain or direct business or obtain any improper advantage, in violation of any Anti-Corruption Law (including the United States Foreign Corrupt Practices Act of 1977, as amended and the United Kingdom Bribery Act 2010, as amended).

(b) Holdings and each Borrower has implemented and maintains in effect policies and procedures designed to promote compliance by Holdings, such Borrower, its Subsidiaries and their respective directors, officers, employees and agents with Anti-Corruption Laws and applicable Sanctions, and Holdings, the Borrowers, their Subsidiaries and, to the knowledge of any Borrower, the directors, officers, employees, agents and controlled Affiliates of Holdings, the Borrowers and their Subsidiaries are in compliance with Anti-Corruption Laws and applicable Sanctions in all material respects and are not knowingly engaged in any activity that would reasonably be expected to result in any Borrower being designated as a Sanctioned Person. None of Holdings, any Borrower or any of their Subsidiaries nor, to the knowledge of any Borrower, any director, officer, agent, employee or controlled Affiliate of Holdings, any Borrower or any of their Subsidiaries that will act in any capacity in connection with or benefit from the credit facility established hereby, is a Sanctioned Person or is currently the subject of any Sanctions.

No Borrowing, Letter of Credit, use of proceeds or other Transaction will violate any Anti-Corruption Law or applicable Sanctions.

(c) No Borrower will, directly or, to its knowledge, indirectly, use the proceeds of the Loans or any Letter of Credit or otherwise knowingly make available such proceeds to any Person for the purpose of financing the activities of any Person currently the subject of any Sanctions, except to the extent authorized by each of OFAC and any other foreign Governmental Authority administering the relevant Sanctions.

Section 5.22 *Centre of Main Interests and Establishments* . For the purposes of The Council of the European Union Regulation No. 1346/2000 on Insolvency Proceedings (the “**Regulation**”), the centre of main interest (as that term is used in Article 3(1) of the Regulation) of each UK Loan Party is situated in its jurisdiction of incorporation, and it has no “establishment” (as that term is used in Article 2(h) of the Regulations) in any other jurisdiction.

Section 5.23 *Canadian Pension Plans* . The Canadian Pension Plans (if any) are listed in Schedule 5.23 and are registered under the Canadian Tax Act and all other applicable laws which require registration. As of the Closing Date none of the Canadian Pension Plans is a Defined Benefit CPP. Except as could not be reasonably expected to result in a Material Adverse Effect: (a) each Canadian Pension Plan is in compliance with applicable pension standards legislation; (b) each Loan Party and each of their Subsidiaries has complied with and performed all of its obligations in respect of the funding of the Canadian Pension Plans under the terms thereof and applicable pension standards legislation; (c) there are no incomplete terminations or partial terminations of any Defined Benefit CPP; and (d) to the knowledge of the Loan Parties, no facts or circumstances have occurred or existed that could result, or be reasonably anticipated to result, in the declaration of a termination or partial termination of any Defined Benefit CPP under requirements of Law.

Section 5.24 *UK DB Plans* . In each case, except as could not be reasonably expected individually or in the aggregate to result in a Material Adverse Effect: (i) other than in respect of the UK DB Plan, no Loan Party or Subsidiary is or has at any time been an employer (for the purposes of sections 38 to 51 of the UK Pensions Act 2004) of an occupational pension scheme which is not a money purchase scheme (both terms as defined in the UK Pensions Schemes Act 1993), and no Loan Party or Subsidiary is or has at any time been “connected” with or an “associate” of (as those terms are used in sections 38 and 43 of the UK Pensions Act 2004) such an employer, (ii) no event has occurred (including the entering into of this Agreement and complying with its terms), or set of circumstances existed, which could result in or entitle any person or body of persons to wind up the UK DB Plan in whole or in part, and (iii) the Pensions Regulator is not carrying out, nor has it suggested it may carry out, an investigation which may lead to the issue of a Financial Support Direction or a Contribution Notice to any Loan Party or Subsidiary.

ARTICLE VI

AFFIRMATIVE COVENANTS

At any time from the Closing Date until the Termination Date, the US Borrower shall and shall cause (except in the case of the covenants set forth in Sections 6.01, 6.02, 6.03, 6.15 and 6.17 (except that, in the case of Section 6.17, the US Borrower shall cause each other Loan Party to)) each Restricted Subsidiary to (and, in the case of Section 6.11(e), each of its Subsidiaries to), and, in the case of Section 6.11(e), Holdings shall, comply with the following covenants:

Section 6.01 *Financial Statements* . Deliver to the Administrative Agent for further distribution to each Lender (provided any of the information required pursuant to this Section 6.01 shall be deemed validly delivered as provided in the last paragraph of Section 6.02):

(a) as soon as available, but in any event within one hundred and twenty (120) days after the end of each fiscal year of the US Borrower, a consolidated balance sheet of the US Borrower and its Subsidiaries as at the end of such fiscal year, and the related consolidated statements of income or operations, shareholders' equity and cash flows for such fiscal year, setting forth in each case in comparative form the figures for the previous fiscal year, all in reasonable detail and prepared in accordance with GAAP, audited and accompanied by a report and opinion of PricewaterhouseCoopers LLP or any other independent certified public accountant of nationally recognized standing, which report and opinion (x) shall be prepared in accordance with generally accepted auditing standards and shall not be subject to any "going concern" or like qualification or exception or explanatory paragraph or any qualification or exception as to the scope of such audit (provided that it shall not be a violation of the foregoing if the report and opinion accompanying the financial statements is subject to a "going concern" or other qualification or exception or explanatory paragraph solely as a result of (i) the impending maturity within twelve (12) months of the end of the fiscal year to which such financial statements relate of any Indebtedness or (ii) the breach or impending breach of any financial covenant) and (y) shall be accompanied by any final accountant's management letters delivered by the independent certified public accountants to the US Borrower during such fiscal year;

(b) as soon as available, but in any event within forty-five (45) days after the end of each of the first three (3) fiscal quarters of any fiscal year of the US Borrower, a consolidated balance sheet of the US Borrower and its Subsidiaries as at the end of such fiscal quarter, and the related consolidated statements of income or operations and cash flows for such fiscal quarter and for the portion of the fiscal year of the US Borrower then ended, setting forth in each case in comparative form the figures for the corresponding fiscal quarter of the previous fiscal year and the corresponding portion of the previous fiscal year, all in reasonable detail and certified by a Responsible Officer of the US Borrower as fairly presenting in all material respects the financial condition, results of operations and cash flows of the US Borrower and its Subsidiaries in accordance with GAAP, subject only to normal year-end audit adjustments and the absence of footnotes;

(c) as soon as available, but in any event no later than one hundred and twenty (120) days after the end of each fiscal year of the US Borrower, reasonably detailed forecasts prepared by management of the US Borrower on a quarterly basis of consolidated balance sheets, income statements and cash flow statements of the US Borrower and its Subsidiaries for the fiscal year following such fiscal year then ended;

(d) simultaneously with the delivery of each set of consolidated financial statements referred to in Sections 6.01(a) and 6.01(b), consolidating financial information (which may be in footnote form only) reflecting the adjustments necessary to eliminate the accounts of Unrestricted Subsidiaries (if any) from such consolidated financial statements; and

(e) simultaneously with the delivery of each set of consolidated financial statements referred to in Sections 6.01(a) and 6.01(b), any information required to be delivered pursuant to Sections 6(b), 6(c), 6(e)(i), 6(e)(ii) and 6(e)(iii) of the Guaranty and Security Agreement and any provision of any Foreign Security Agreement that refers to this Section 6.01(e).

Notwithstanding the foregoing, the obligations in Sections 6.01(a) and 6.01(b) may be satisfied with respect to any financial statements of the US Borrower and its Subsidiaries by furnishing (A) the

applicable financial statements of Holdings (or any direct or indirect parent thereof) or (B) the US Borrower's or Holdings' (or any direct or indirect parent thereof), as applicable, Form 10-K or 10-Q, as applicable, filed with the SEC, in each case, within the time periods specified in such paragraphs; provided that, with respect to each of clauses (A) and (B), (i) to the extent such financial statements relate to Holdings (or any direct or indirect parent thereof), such financial statements shall be accompanied by consolidating information that explains in reasonable detail the differences between the information relating to Holdings (or any direct or indirect parent thereof), on the one hand, and the information relating to the US Borrower and its Subsidiaries on a standalone basis, on the other hand, which consolidating information shall be certified by a Responsible Officer of the US Borrower as fairly presenting such information and (ii) to the extent such statements are in lieu of statements required to be provided under Section 6.01(a), such statements are accompanied by a report and opinion of PricewaterhouseCoopers LLP or any other independent registered public accounting firm of nationally recognized standing, which report and opinion shall be prepared in accordance with generally accepted auditing standards and shall not be subject to any "going concern" or like qualification or exception or explanatory paragraph or any qualification or exception as to the scope of such audit (provided that it shall not be a violation of the foregoing if the report and opinion accompanying the financial statements is subject to a "going concern" or other qualification or exception or explanatory paragraph solely as a result of (i) the impending maturity within twelve (12) months of the end of the fiscal year to which such financial statements relate of any Indebtedness or (ii) the breach or impending breach of any financial covenant).

Section 6.02 *Certificates; Other Information* . Deliver to the Administrative Agent for further distribution to each Lender:

- (a) no later than five (5) Business Days after the delivery of the financial statements referred to in Sections 6.01(a) and 6.01(b), a duly completed Compliance Certificate signed by a Responsible Officer of the US Borrower (which shall set forth reasonably detailed calculations demonstrating compliance with the financial covenants set forth in Section 7.10);
- (b) together with the delivery of the financial statements referred to in Sections 6.01(a) and 6.01(b), a management discussion and analysis of the financial condition and results of operations of the US Borrower for the portion of the fiscal year then elapsed;
- (c) promptly after such time, if any, as the same are publicly available, (i) copies of each annual report, proxy or financial statement or other report or communication sent to all of the stockholders of the US Borrower (or Holdings or any direct or indirect parent thereof) and (ii) copies of all annual, regular, periodic and special reports and effective registration statements (other than on Form S-8) which the US Borrower (or Holdings or any direct or indirect parent thereof) or any other Loan Party may file or be required to file, and copies of any report, filing or communication with, the SEC under Section 13 or 15(d) of the Exchange Act, or with any Governmental Authority that may be substituted therefor, or with any national securities exchange, and in any case not otherwise required to be delivered to the Administrative Agent pursuant hereto (other than comment letters from the SEC, the contents of which are not materially adverse to the Lenders);
- (d) promptly after the furnishing thereof, copies of any material requests or material notices received by any Loan Party from (other than in the ordinary course of business), or material statement or material report furnished to, any holder of debt securities (other than in connection with any board observer or equity co-investment rights) of any Loan Party pursuant to the terms of any Junior Financing Documentation with respect to a Specified Junior Financing Obligation not otherwise required to be furnished to the Administrative Agent or the Lenders pursuant to any other clause of this Section 6.02;

(e) promptly after the receipt thereof by any Loan Party or any of its Restricted Subsidiaries, and to the extent permitted by applicable law, copies of each notice or other written correspondence received from the SEC (or comparable agency in any applicable non-US jurisdiction) concerning any material investigation or other material inquiry by such agency regarding financial or other operational results of any Loan Party or any of its Restricted Subsidiaries to the extent such investigation or inquiry could reasonably be expected to have a Material Adverse Effect; and

(f) promptly, such additional information regarding the business, legal, financial or corporate affairs of any Loan Party or any Restricted Subsidiary, or compliance with the terms of the Loan Documents, as the Administrative Agent or any Lender through the Administrative Agent may from time to time reasonably request.

Documents required to be delivered pursuant to Sections 6.01, 6.02 and 6.03 may be delivered electronically and if so delivered, shall be deemed to have been delivered on the date (i) on which the US Borrower posts such documents, or provides a link thereto, on the US Borrower's website on the internet at the website address listed in Schedule 10.02 (or other website identified to the Administrative Agent) or (ii) on which such documents are delivered by the US Borrower (including by facsimile or electronic mail) to the Administrative Agent or its designee for posting on the US Borrower's behalf on IntraLinks or another relevant website, if any, to which each Lender, each Arranger and the Administrative Agent have access (whether a commercial, third-party website (including the SEC website) or whether sponsored by the Administrative Agent); provided that (A) upon the reasonable request of the Administrative Agent, the US Borrower shall deliver paper copies of such documents to the Administrative Agent for further distribution to each Lender and Arranger and (B) in the case of clause (i) above, the US Borrower shall notify (which notice may be by facsimile or electronic mail) the Administrative Agent of the posting of any such documents and provide to the Administrative Agent by electronic mail electronic versions (i.e., soft copies) of such documents and the Administrative Agent shall notify Lenders of such posting. The Administrative Agent shall have no obligation to request the delivery or to maintain copies of the documents referred to above, and in any event shall have no responsibility to monitor compliance by the US Borrower with any such request for delivery, and each Lender shall be solely responsible for requesting delivery (from the Administrative Agent) of or maintaining its copies of such documents. Each Borrower hereby acknowledges that (a) the Administrative Agent and/or the Arrangers will make available to the Lenders and the L/C Issuers materials and/or information provided by or on behalf of the Borrowers hereunder (collectively, "**Borrower Materials**") by posting the Borrower Materials on IntraLinks or another similar electronic system (the "**Platform**") and (b) certain of the Lenders may be "public-side" Lenders (i.e., Lenders that do not wish to receive material non-public information with respect to any Borrower or its securities) (each, a "**Public Lender**"). Each Borrower hereby agrees that (w) it will use commercially reasonable efforts to ensure that all Borrower Materials that are to be made available to Public Lenders shall be clearly and conspicuously marked "PUBLIC" which, at a minimum, shall mean that the word "PUBLIC" shall appear prominently on the first page thereof, (x) by marking Borrower Materials "PUBLIC," such Borrower shall be deemed to have authorized the Administrative Agent, the Arrangers, the L/C Issuers and the Lenders to treat the Borrower Materials as either information that would be made publicly available if such Borrower was a public company or not material information (although it may be sensitive and proprietary) with respect to such Borrower for purposes of United States Federal and state securities laws; provided that to the extent such Borrower Materials constitute Information, the same shall be treated as set forth in Section 10.08, (y) all Borrower Materials marked "PUBLIC" are permitted to be made available through a portion of the Platform designated "Public Lender" and (z) the Administrative Agent and the Arrangers shall treat the Borrower Materials that are not marked "PUBLIC" as being suitable only for posting on a portion of the Platform designated "Private Lender." Notwithstanding the foregoing, the Borrowers shall not be under any obligation to make any Borrower Materials public.

Section 6.03 *Notices* . Promptly after any Responsible Officer obtaining actual knowledge thereof, notify the Administrative Agent (which shall promptly notify each Lender) of:

- (a) the occurrence of any Default; and
- (b) any matter that has resulted or could reasonably be expected to result in a Material Adverse Effect.

Each notice pursuant to this Section 6.03 shall be accompanied by a written statement of a Responsible Officer of the US Borrower (x) that such notice is being delivered pursuant to this Section 6.03 and (y) setting forth in reasonable detail the occurrence referred to therein and (other than in the case of a notice pursuant to Section 6.03(b)) stating what action the US Borrower or the applicable Loan Party has taken and proposes to take with respect thereto.

Section 6.04 *Payment of Obligations* . Timely file all Tax Returns required to be filed by it and pay, discharge or otherwise satisfy as the same shall become due and payable, all its obligations and liabilities (including Taxes, but excluding any Taxes which are contested in good faith to the extent reserves have been made therefor in accordance with GAAP) except, in each case, to the extent the failure to timely file such Tax Returns or timely pay, discharge or satisfy such obligations and liabilities could not reasonably be expected to, individually or in the aggregate, have a Material Adverse Effect.

Section 6.05 *Preservation of Existence, Etc* . (a) Preserve, renew and maintain in full force and effect its legal existence under the Laws of the jurisdiction of its organization except in a transaction permitted by Section 7.04 or 7.05 and, in the case of any Restricted Subsidiary, to the extent that failure to do so could not reasonably be expected to have a Material Adverse Effect, (b) take all reasonable action to maintain all rights, privileges (including its good standing), permits, licenses and franchises necessary or desirable in the normal conduct of its business, except to the extent that failure to do so could not reasonably be expected to have a Material Adverse Effect and (c) in the reasonable business judgment of each Guarantor, preserve or renew all of its IP Rights that are material to the operation of the business of the US Borrower and its Restricted Subsidiaries, taken as a whole, except to the extent the failure to do so could not reasonably be expected to have a Material Adverse Effect.

Section 6.06 *Maintenance of Properties* . Except to the extent the failure to do so could not reasonably be expected, individually or in the aggregate, to have a Material Adverse Effect, maintain, preserve and protect all of its material properties and equipment necessary in the operation of its business in good working order, repair and condition, in any case, excluding ordinary wear and tear, casualty and condemnation and any obligations that are the obligations of the landlord under any lease.

Section 6.07 *Maintenance of Insurance* .

(a) (A) Maintain with financially sound and reputable insurance companies, insurance with respect to its properties and business against loss or damage of the kinds customarily insured against by Persons engaged in the same or similar business, of such types and in such amounts (after giving effect to any self-insurance reasonable and customary for similarly situated Persons engaged in the same or similar businesses as the US Borrower and its Restricted Subsidiaries) as are customarily carried under similar circumstances by such other Persons and (B) ensure that all such insurance with respect to any Collateral shall name the Administrative Agent as mortgagee or loss payee (in the case of property insurance with respect to Collateral) or additional insured, as its interests may arise, on behalf of the Secured Parties (in the case of liability and property insurance).

(b) If any building (or any part thereof) located on any Material Real Property is at any time located in an area identified by the Federal Emergency Management Agency (or any successor agency) as a special flood hazard area with respect to which flood insurance has been made available under the National Flood Insurance Act of 1968 (as now or hereafter in effect or any successor act thereto), then the US Borrower shall, or shall cause the relevant Subsidiary Guarantor to, (a) maintain with a financially sound and reputable insurer, flood insurance in an amount and otherwise sufficient to comply with all applicable rules and regulations promulgated pursuant to (i) the National Flood Insurance Act of 1968, (ii) the Flood Disaster Protection Act of 1973, (iii) the National Flood Insurance Reform Act of 1994 and (iv) the Flood Insurance Reform Act of 2004 and (b) deliver to the Administrative Agent evidence of such compliance.

Section 6.08 *Compliance With Laws* .

(a) Comply with the requirements of all Laws and all orders, writs, injunctions and decrees applicable to it or to its business or property, except, in each case, if the failure to comply therewith could not reasonably be expected to have a Material Adverse Effect. The US Borrower will maintain in effect and enforce policies and procedures designed to ensure compliance by the US Borrower, its Subsidiaries and their respective directors, officers, employees and agents with Anti-Corruption Laws and applicable Sanctions.

(b) Except as could not reasonably be expected to have a Material Adverse Effect, no Canadian Loan Party shall, without the prior consent of the Administrative Agent (such consent not to be withheld unreasonably), contribute to or assume an obligation to contribute to or have any liability under any new Defined Benefit CPP.

Section 6.09 *Books and Records* . Maintain proper books of record and account (in which full, true and correct entries shall be made of all material financial transactions and matters involving the assets and business of the US Borrower and its Subsidiaries) in a manner that permits the preparation of financial statements in accordance with GAAP (it being understood and agreed that any Foreign Borrower and any Foreign Subsidiary may maintain additional individual books and records in a manner that permits preparation of its financial statements in accordance with generally accepted accounting principles that are applicable in its jurisdiction of organization or incorporation and that such maintenance shall not constitute a breach of the representations, warranties or covenants hereunder).

Section 6.10 *Inspection Rights* . Permit representatives and independent contractors of the Administrative Agent and each Lender to visit and inspect any of the properties of the Loan Parties and their Restricted Subsidiaries, to examine their corporate, financial and operating records, and make copies thereof or abstracts therefrom, and to discuss their affairs, finances and accounts with their directors, officers, and independent public accountants, all at the expense of the US Borrower as provided below and at such reasonable times during normal business hours and as often as may be reasonably desired, upon reasonable advance notice to the US Borrower or the relevant Loan Party or Restricted Subsidiary; provided that, excluding any such visits and inspections during the continuation of an Event of Default, only the Administrative Agent on behalf of the Lenders may exercise rights under this Section 6.10 and the Administrative Agent shall not exercise such rights more often than two (2) times during any calendar year absent the existence of an Event of Default and only one (1) such time shall be at the US Borrower's expense (it being understood that unless an Event of Default has occurred and is continuing, the Administrative Agent shall only visit locations where books and records and/or senior officers are located); provided, further, that when an Event of Default has occurred and is continuing the Administrative Agent or any such Lender accompanying the Administrative Agent (or any of their respective representatives or independent contractors) may do any of the foregoing at the expense of the

US Borrower at any time during normal business hours and upon reasonable advance notice. The Administrative Agent and the Lenders shall give the US Borrower prior notice of and the right to participate in any discussions with the US Borrower's accountants. Notwithstanding anything to the contrary in this [Section 6.10](#), neither the US Borrower nor any Restricted Subsidiary shall be required to disclose, permit the inspection, examination or making of copies or abstracts of, or any discussion of, any document, information or other matter that (i) constitutes non-financial trade secrets or non-financial proprietary information, (ii) in respect of which disclosure to the Administrative Agent or any Lender (or their respective representatives or contractors) is prohibited by Law or (iii) is subject to attorney-client or similar privilege or constitutes attorney work-product.

Section 6.11 *Use of Proceeds* .

- (a) Use the proceeds of the Initial Term Loans to (i) consummate the Refinancing and (ii) pay Transaction Expenses (including upfront fees and/or original issue discount).
- (b) Use the proceeds of the Delayed Draw Term Loans for payments in connection with the Equity Appreciation Rights Plan, including any cash payments in lieu of stock payments.
- (c) Use the proceeds of the Revolving Credit Facility (i) on the Closing Date, (A) to consummate the Refinancing, (B) to pay Transaction Expenses (including upfront fees) and (C) to finance the ongoing working capital requirements of the US Borrower and its Subsidiaries and (ii) after the Closing Date, (A) to finance the ongoing working capital requirements of the US Borrower and its Subsidiaries, (B) for general corporate purposes of the US Borrower and its Subsidiaries, including capital expenditures, Restricted Payments and Permitted Acquisitions and other Investments permitted hereunder and (C) for other transactions not prohibited by the Loan Documents.
- (d) Use the proceeds of the New Term Loans and New Revolving Credit Loans (i) to provide ongoing working capital, (ii) for other general corporate purposes of the US Borrower and its Subsidiaries (including capital expenditures, Restricted Payments and Permitted Acquisitions and other Investments permitted hereunder), (iii) for any other purpose not prohibited by the Loan Documents and (iv) as otherwise agreed by the US Borrower and the Lenders providing such New Term Loans or New Revolving Credit Loans, as the case may be, so long as not otherwise prohibited by the Loan Documents.
- (e) The Borrowers will not request any Borrowing or Letter of Credit, and Holdings and the Borrowers shall not use, and shall ensure that their respective Subsidiaries and the directors, officers, employees and agents of Holdings, the Borrowers and their respective Subsidiaries shall not use, the proceeds of any Borrowing or Letter of Credit (i) in furtherance of an offer, payment, promise to pay, or authorization of the payment or giving of money, or anything else of value, to any Person in violation of any Anti-Corruption Laws, (ii) for the purpose of funding, financing or facilitating any activities, business or transaction of or with any Sanctioned Person, or in any Sanctioned Country, except to the extent authorized by each of OFAC and any other foreign Governmental Authority administering the relevant Sanctions or (iii) in any manner that would result in the violation of any Sanctions applicable to any party hereto.

Section 6.12 *Covenant to Guarantee Obligations and Give Security* .

- (a) Upon (w) the formation or acquisition of any new direct or indirect Wholly Owned Domestic Subsidiary that is a Restricted Subsidiary (other than an Excluded Subsidiary) by any Loan Party, (x) the designation in accordance with [Section 6.15](#) of any existing direct or indirect Unrestricted Subsidiary as a Restricted Subsidiary (other than an Excluded Subsidiary), (y) any Restricted Subsidiary

that is not a US Guarantor guaranteeing any Specified Junior Financing Obligations of the US Borrower or any US Guarantor or (z) any Restricted Subsidiary (other than an Excluded Subsidiary) no longer being, or being designated to be no longer, an Immaterial Subsidiary, the US Borrower shall, in each case at the US Borrower's expense:

(i) as soon as reasonably practicable and in any case on or prior to the date that is forty-five (45) days after such formation, acquisition, designation, circumstance or Guarantee (or such longer period as either specified in Section 6.12(b)) or as the Administrative Agent may agree in its reasonable discretion):

(A) cause each such Restricted Subsidiary to (i) Guarantee the Secured Obligations and to duly execute and deliver to the Administrative Agent, other than with respect to Excluded Assets, a Guaranty and Security Agreement Supplement, Intellectual Property Security Agreements and/or other Collateral Documents (other than Mortgages), in each case, as applicable and as specified by the Administrative Agent (consistent with the Guaranty and Security Agreement, Intellectual Property Security Agreements and other Collateral Documents in effect (or otherwise agreed) on the Closing Date) and (ii) comply with the requirements of Section 6.12(b) with respect to any Material Real Property owned by such Restricted Subsidiary as if such Material Real Property were acquired on the date such Restricted Subsidiary was so formed, acquired or designated, in each case to secure the Secured Obligations of such Restricted Subsidiary;

(B) cause each such Restricted Subsidiary that is described in Section 6.12(a)(i)(A) to deliver, other than with respect to Excluded Assets, (x) any and all certificates representing Equity Interests constituting Pledged Equity Interests directly owned by or issued to any such Restricted Subsidiary, in each applicable case accompanied by undated stock powers, stock transfer forms or, if applicable, other appropriate instruments of transfer executed in blank (or any other documents customary under local law) and (y) to the extent the same would be required under the Guaranty and Security Agreement, all instruments, if any, evidencing the intercompany debt held by such Restricted Subsidiary, if any, indorsed in blank to the Administrative Agent or accompanied by other appropriate instruments of transfer;

(C) take and cause such Restricted Subsidiary to take whatever reasonable action (including the filing of Uniform Commercial Code or PPSA financing statements (or making any other filings or registrations as may be required under other applicable Laws), and delivery of certificates evidencing Equity Interests) as may be necessary in the reasonable opinion of the Administrative Agent to vest in the Administrative Agent (or in any representative of the Administrative Agent designated by it) valid and subsisting Liens on the properties purported to be subject to the Collateral Documents delivered pursuant to this Section 6.12; and

(ii) if requested, as soon as reasonably practicable and in any case on or prior to the date that is forty-five (45) days after the reasonable request therefor by the Administrative Agent, deliver to the Administrative Agent a signed copy of a customary legal opinion, addressed to the Administrative Agent and the other Secured Parties, of counsel for the applicable Restricted Subsidiary (or, where customary in the applicable jurisdiction, the Administrative Agent) reasonably acceptable to the Administrative Agent as to such matters set forth in this Section 6.12(a) as the Administrative Agent may reasonably request.

(b) Upon the acquisition of any Material Real Property by the US Borrower or any Loan Party (other than the Foreign Guarantor), or if otherwise required by Section 6.12(a)(i)(A), if such Material Real Property shall not already be subject to a Lien in favor of the Administrative Agent for the benefit of the Secured Parties, (i) the US Borrower shall cause, or shall cause the relevant Loan Party to cause, within sixty (60) days (or within such longer period of time as the Administrative Agent may agree) such Material Real Property to be subjected to a Lien securing the Secured Obligations (or, in the case of any Foreign Borrower, its own Secured Obligations) and (ii) the US Borrower will take, or cause the relevant Loan Party to take, such actions as shall be necessary in the reasonable opinion of, or reasonably requested by, the Administrative Agent to grant and perfect or record such Lien in accordance with the Mortgage Requirement and to satisfy the other conditions of the Mortgage Requirement within sixty (60) days of the requirement becoming applicable (or such longer period as the Administrative Agent may agree in its reasonable discretion).

(c) Concurrently with the delivery of each Compliance Certificate pursuant to Section 6.02(a) in respect of financial statements delivered pursuant to Sections 6.01(a) and 6.01(b), each Loan Party shall, if applicable, execute and deliver to the Administrative Agent an appropriate Intellectual Property Security Agreement with respect to all United States Patents and United States Trademarks registered or pending with the USPTO, all United States Copyrights registered or pending with the U.S. Copyright Office and, solely in the case of the Canadian Borrower, all Canadian Patents, Canadian Trademarks, Canadian Industrial Designs and Canadian Copyrights registered or pending with the Canadian Intellectual Property Office constituting After Acquired Intellectual Property owned by it or any Guarantor as of the last day of the period for which such Compliance Certificate is delivered and any exclusive inbound licenses of the same to which any Guarantor is an exclusive licensee as of the last day of the period for which such Compliance Certificate is delivered, but solely to the extent that such After Acquired Intellectual Property is not covered by any previous Intellectual Property Security Agreement so signed and delivered by it or such Guarantor. In each case, the US Borrower will, and will cause each Loan Party to, promptly cooperate as necessary to enable the Administrative Agent to make any necessary recordings with the U.S. Copyright Office, the USPTO or, solely with respect to the Canadian Borrower, the Canadian Intellectual Property Office, as appropriate, with respect to such After Acquired Intellectual Property.

(d) Notwithstanding the foregoing provisions of this Section 6.12 and the provisions of any Loan Document, (i) the Administrative Agent shall not take, and the Loan Parties shall not be required to grant, a security interest in any Excluded Assets or perfect a security interest in Excluded Perfection Assets, (ii) the Administrative Agent shall not take a security interest in any assets, including Material Real Property, as to which the Administrative Agent reasonably determines in consultation with the US Borrower that the cost or burden of obtaining such Lien (including any mortgage, stamp, intangibles or other similar Tax, title insurance or similar items) outweighs the benefit to the Secured Parties of the security afforded thereby, (iii) the Administrative Agent shall not take a security interest in any assets, including Material Real Property, as to which the US Borrower in consultation with the Administrative Agent reasonably determines would result in material adverse Tax consequences (it being understood that the incurrence of mortgage recording taxes shall not be a material adverse Tax consequence), (iv) Liens required to be granted pursuant to this Section 6.12, and actions required to be taken, including to perfect such Liens, shall be subject to the same exceptions and limitations as those set forth in the Collateral Documents, (v) the Loan Parties shall not be required to take any actions outside of the United States to grant or perfect any Liens on their assets, except for (A) the share pledges of sixty-five percent (65%) of the voting Equity Interests and one hundred percent (100%) of the non-voting Equity Interests of Acushnet Footjoy (Thailand) Limited and Acushnet Cayman Limited by the US Borrower, (B) the share pledge of one hundred percent (100%) of the Equity Interests of each Foreign Borrower by the Foreign Guarantor, (C) security documents, filings perfection steps or any other actions entered into or taken by

each Foreign Borrower with respect to its own assets governed by the laws of its jurisdiction or any state, province, political subdivision or instrumentality thereof or any nation of which such jurisdiction is a part and (D) security documents, filings perfection steps or any other actions entered into or taken by the UK Borrower with respect to its own assets governed by the laws of the Netherlands or any state, province, political subdivision or instrumentality thereof, (vi) the Restricted Subsidiaries will not be required to provide any Guaranty to the extent any material adverse Tax consequence to the US Borrower would result from the provision of such Guaranty, as reasonably determined by the US Borrower in consultation with the Administrative Agent, (vii) the Restricted Subsidiaries will not be required to provide any Guaranty as to which the Administrative Agent reasonably determines in consultation with the US Borrower that the cost or burden of obtaining such Guaranty outweighs the benefit to the Secured Parties of the guaranty afforded thereby and (viii) in no event shall any Loan Party be required to execute any control agreement in respect of any deposit account, securities account or commodities account or seek any landlord lien waiver, estoppel, warehouseman waiver or other collateral access or similar letter or agreement.

(e) The US Borrower agrees to notify the Administrative Agent in writing promptly, but in any event within five (5) Business Days after (or by such later date as shall be agreed to the Administrative Agent), of any change in (i) the legal name of any Loan Party, (ii) the type of organization of such Loan Party, (iii) the jurisdiction of organization or incorporation of such Loan Party or (iv) the location of the chief executive office or sole place of business of such Loan Party.

(f) The US Borrower agrees to notify the Secured Parties in writing promptly upon any acquisition by it or any Restricted Subsidiary of any margin stock (within the meaning of Regulation U issued by the FRB) and deliver to the Secured Parties a duly executed and completed Form U-1 and such other instruments and documents as reasonably requested by any Secured Party in form and substance reasonably satisfactory to such Secured Party.

Section 6.13 *Environmental* . Except, in each case, to the extent that the failure to do so could not reasonably be expected to have a Material Adverse Effect, (a) comply, and take all reasonable actions to cause all lessees and other Persons operating or occupying its properties to comply, in all material respects, with all applicable Environmental Laws and Environmental Permits; (b) obtain and renew all Environmental Permits necessary for its operations and properties, and (c) in each case to the extent required by Environmental Laws, conduct any investigation, study, sampling and testing, and undertake any cleanup, removal, remedial or other action necessary to remove and clean up all Hazardous Materials from any of its properties, in accordance with the requirements of all Environmental Laws.

Section 6.14 *Further Assurances* . Promptly upon reasonable request by the Administrative Agent, or any Lender through the Administrative Agent, (i) correct any material defect or error that may be discovered in the execution, acknowledgment, filing or recordation of any Collateral Document or other document or instrument relating to any Collateral and (ii) do, execute, acknowledge, deliver, record, re-record, file, re-file, register and re-register any and all such further acts, deeds, certificates, assurances and other instruments as the Administrative Agent, or any Lender through the Administrative Agent, may reasonably require from time to time for the purposes of perfecting (or continuing the perfection of) the rights of the Administrative Agent for the benefit of the Secured Parties with respect to the Collateral (or with respect to any additions thereto or replacements or proceeds or products thereof or with respect to any other property or assets hereafter acquired by any Loan Party which is required to be part of the Collateral to the extent required by Section 6.12), in each case subject to the limitations and exceptions set forth in Section 6.12 and in the Collateral Documents, including delivery of such amendments to the Mortgages, endorsements to the title policies, opinions of counsel and evidence of compliance with flood laws as the Administrative Agent may reasonably require in connection with the transactions

contemplated by Section 2.14 or 2.15 hereof or any other amendment, modification or execution of any Facility.

Section 6.15 *Designation of Subsidiaries* . The board of directors of the US Borrower may at any time designate any Restricted Subsidiary as an Unrestricted Subsidiary or any Unrestricted Subsidiary as a Restricted Subsidiary; provided that (a) immediately before and after such designation, no Default shall have occurred and be continuing, (b) each Subsidiary to be designated as an Unrestricted Subsidiary and its Subsidiaries shall not, at the time of designation or thereafter, create, incur, assume, guarantee or otherwise become directly or indirectly liable with respect to any Indebtedness pursuant to which the lender thereof has recourse to any of the assets of the US Borrower or any Restricted Subsidiary, (c) immediately after giving effect to such designation, the US Borrower and its Restricted Subsidiaries shall be in Pro Forma Compliance as of the end of the Test Period most recently ended for which financial statements have been delivered pursuant to Section 6.01(a) or 6.01(b) with the financial covenants set forth in Section 7.10 (and, as a condition precedent to the effectiveness of any such designation, the US Borrower shall deliver to the Administrative Agent a certificate setting forth in reasonable detail the calculations demonstrating such compliance), (d) no Subsidiary may be designated as an Unrestricted Subsidiary if it is a “Restricted Subsidiary” for the purpose of any Junior Financing or any other Indebtedness in excess of the Threshold Amount and (e) neither the Foreign Guarantor nor any Foreign Borrower may be designated as an Unrestricted Subsidiary. The designation of any Subsidiary as an Unrestricted Subsidiary shall constitute an Investment by the US Borrower or the relevant Restricted Subsidiary (as applicable) therein at the date of designation in an amount equal to the fair market value of such Person’s (as applicable) investment therein and the Investment resulting from such designation must otherwise be in compliance with Section 7.02. The designation of any Unrestricted Subsidiary as a Restricted Subsidiary shall constitute the incurrence at the time of designation of any Indebtedness, Liens and Investments of such Subsidiary existing at such time. On the Closing Date, there are no Unrestricted Subsidiaries.

Section 6.16 *Centre of Main Interests and Establishments* . For the purposes of the Regulation, each UK Loan Party shall not relocate its “centre of main interests” (as that term is used in Article 3(1) therein) to a jurisdiction other than its jurisdiction of incorporation and shall not create an “establishment” (as that term is used in Article 2(h) therein) in any other jurisdiction.

Section 6.17 *Post-Closing Matters* . Execute and deliver the documents and complete the tasks set forth in Schedule 6.17, in each case within the time limits specified on such schedule (unless the Administrative Agent, in its reasonable discretion, shall have agreed to any particular longer period).

Section 6.18 *Annual Lender Calls* . Upon the request of the Administrative Agent, at a time mutually agreed with the Administrative Agent, participate in a conference call with the Administrative Agent and the Lenders to discuss the financial condition and results of operations of the US Borrower and its Subsidiaries for the most recently-ended fiscal year for which financial statements have been delivered pursuant to Section 6.01(a).

Section 6.19 *UK DB Plan* . (i) Except as could not be reasonably expected individually or in the aggregate to result in a Material Adverse Effect, ensure that other than in respect of the UK DB Plan, no Loan Party or Subsidiary is or has at any time been an employer (for the purposes of sections 38 to 51 of the UK Pensions Act 2004) of an occupational pension scheme which is not a money purchase scheme (both terms as defined in the UK Pension Schemes Act 1993), and no Loan Party or Subsidiary is or has at any time been “connected” with or an “associate” of (as those terms are used in sections 38 and 43 of the UK Pensions Act 2004) such an employer, and (ii) immediately notify the Administrative Agent of any investigation or proposed investigation by the Pensions Regulator which may lead to the issue of a

Financial Support Direction or a Contribution Notice to any Loan Party or Subsidiary that could reasonably be expected to result in a Material Adverse Effect.

ARTICLE VII

NEGATIVE COVENANTS

At any time from the Closing Date until the Termination Date, the US Borrower shall not, and shall not permit any of its Restricted Subsidiaries to, directly or indirectly, and, with respect to Section 7.14 only, Holdings shall not, directly or indirectly:

Section 7.01 *Liens*. Create, incur, assume or suffer to exist any Lien upon any of its property, assets or revenues, whether now owned or hereafter acquired, other than the following:

(a) (i) Liens pursuant to any Loan Document and (ii) Liens on cash or deposits granted in favor of the Swing Line Lender or the L/C Issuers to Cash Collateralize any Defaulting Lender's participation in Letters of Credit or Swing Line Loans, respectively, as contemplated by Sections 2.03(a)(ii)(I), 2.04(b), and 2.16(a)(ii), respectively;

(b) Liens on property of the US Borrower and its Restricted Subsidiaries existing on the Signing Date and listed in Schedule 7.01(b) and any modifications, replacements, renewals or extensions thereof; provided that (i) the Lien does not extend to any additional property other than (A) after-acquired property that is affixed or incorporated into the property covered by such Lien or (B) proceeds and products thereof; provided, that individual financings provided by any lender may be cross-collateralized to other financings provided by such Lender or its affiliates and (ii) the modification, replacement, renewal, extension or refinancing of the obligations secured or benefited by such Liens (if such obligations constitute Indebtedness) is permitted by Section 7.03;

(c) Liens for Taxes, assessments or governmental charges which are not overdue for a period of more than thirty (30) days or, if more than thirty (30) days overdue (i) which are being contested in good faith and by appropriate actions diligently conducted that operate to suspend the collection of such contested Taxes and adequate reserves with respect thereto are maintained on the books of the applicable Person to the extent required in accordance with GAAP or (ii) with respect to which the failure to make payment could not reasonably be expected to have a Material Adverse Effect;

(d) statutory Liens and any Liens arising by operation of law in each case of landlords, carriers, warehousemen, mechanics, materialmen, repairmen, construction contractors or other like Liens arising in the ordinary course of business which secure amounts not overdue for a period of more than thirty (30) days or, if more than thirty (30) days overdue (i) no action has been taken to enforce such Lien, (ii) such Lien is being contested in good faith and by appropriate actions and adequate reserves with respect thereto are maintained on the books of the applicable Person to the extent required in accordance with GAAP or (iii) with respect to which the failure to make payment could not reasonably be expected to have a Material Adverse Effect;

(e) (i) pledges or deposits of cash, Cash Equivalents or letters or credit in the ordinary course of business in connection with workers' compensation, unemployment insurance and other social security legislation, (ii) pledges and deposits of cash, Cash Equivalents or letters or credit in the ordinary course of business securing insurance premiums or reimbursement obligations under insurance policies, in each case payable to insurance carriers that provide insurance to the US Borrower or any of its Restricted Subsidiaries or (iii) pledges or deposits of cash, Cash Equivalents or letters or credit in respect of letters

of credit or bank guarantees that have been posted by the US Borrower or any of its Restricted Subsidiaries to support the payments of the items set forth in Sections 7.01(e)(i) and 7.01(e)(ii);

(f) (i) deposits of cash, Cash Equivalents or letters of credit to secure the performance of bids, tenders, contracts, governmental contracts, leases, statutory obligations, surety, stay, customs, bid and appeal bonds, performance bonds, performance and completion guarantees and other obligations of a like nature (including those to secure health, safety and environmental obligations), in each case incurred in the ordinary course of business and not in respect of Indebtedness for borrowed money, and (ii) pledges or deposits of cash or Cash Equivalents in respect of letters of credit or bank guarantees that have been posted to support payment of the items set forth in Section 7.01(f)(i);

(g) matters of record affecting title to any owned or leased real property and survey exceptions, encroachments, protrusions, recorded and unrecorded servitudes, easements, restrictions, reservations, licenses, rights-of-way, sewers, electric lines, telegraphs and telephone lines, variations in area or measurement, rights of parties in possession under written leases or occupancy agreements, and other title defects and non-monetary encumbrances affecting real property, and zoning, building or other restrictions as to the use of real property or Liens incidental to the conduct of the business of such Person or to the ownership of its properties, in each case that were not incurred in connection with Indebtedness and which could not, individually or in the aggregate, materially and adversely affect the value of said properties or materially impair their use in the operation of the business of such Person;

(h) Liens securing judgments for the payment of money not constituting an Event of Default under Section 8.01(h);

(i) Liens securing Indebtedness permitted under Section 7.03(e); provided that (i) such Liens attach concurrently with or within two hundred and seventy (270) days after the acquisition, repair, replacement, construction or improvement (as applicable) of the property subject to such Liens (except in the case of any Permitted Refinancing) and (ii) such Liens do not at any time encumber any property except for replacements, additions and accessions to such property other than the property financed by such Indebtedness and the proceeds and the products thereof; provided that individual financings provided by any lender may be cross-collateralized to other financings provided by such lender or its Affiliates;

(j) (i) leases, licenses, subleases or sublicenses granted to other Persons in the ordinary course of business which do not (A) interfere in any material respect with the business of the Loan Parties, taken as a whole or (B) secure any Indebtedness for borrowed money or (ii) the rights reserved or vested in any Person by the terms of any lease, license, franchise, grant or permit held by the US Borrower or any of its Restricted Subsidiaries, or by a statutory provision, to terminate any such lease, license, franchise, grant or permit, or to require annual or periodic payments as a condition to the continuance thereof;

(k) Liens in favor of customs and revenue authorities arising as a matter of law to secure payment of customs duties in connection with the importation of goods in the ordinary course of business;

(l) Liens (i) of a collection bank arising under Section 4-208 of the Uniform Commercial Code on items in the course of collection, (ii) attaching to commodity trading accounts or other commodities brokerage accounts incurred in the ordinary course of business or (iii) in favor of a banking institution arising as a matter of law encumbering deposits (including the right of setoff) and which are within the general parameters customary in the banking industry;

(m) Liens (i) (A) on advances of cash or Cash Equivalents in favor of the seller of any property to be acquired in an Investment permitted pursuant to Section 7.02 to be applied against the purchase price for such Investment and (B) consisting of an agreement to Dispose of any property in a Disposition permitted under Section 7.05, in each case under this Section 7.01(m)(i), solely to the extent such Investment or Disposition, as the case may be, would have been permitted on the date of the creation of such Lien or on the date of any contract for such Investment or Disposition, and (ii) earnest money deposits of cash or Cash Equivalents made by the US Borrower or any of its Restricted Subsidiaries in connection with any letter of intent or purchase agreement not restricted hereunder;

(n) Liens on property of any Subsidiary that is not a Loan Party (or the Equity Interests in such Subsidiary (other than the Equity Interests of any first-tier Foreign Subsidiary that is part of the Collateral)) securing Indebtedness of such Subsidiary permitted under Section 7.03;

(o) Liens existing on property at the time of its acquisition or existing on the property of any Person at the time such Person is acquired as a Restricted Subsidiary, in each case after the Signing Date (other than Liens on the Equity Interests of any Person that becomes a Restricted Subsidiary and which Equity Interests do not constitute an Excluded Asset) and any modifications, replacements, renewals or extensions thereof; provided that (i) such Lien was not created in contemplation of such acquisition or such Person becoming a Restricted Subsidiary, (ii) such Lien does not extend to or cover any other assets or property (other than the proceeds or products thereof and after-acquired property subjected to a Lien pursuant to terms existing at the time of such acquisition (other than property to which such requirement would not have applied but for such acquisition)) and (iii) the Indebtedness secured thereby (or, as applicable, any modifications, replacements, renewals or extension thereof) is permitted under Section 7.03;

(p) Liens arising from precautionary Uniform Commercial Code or PPSA financing statement filings (or similar filings under other applicable Law) regarding leases entered into by the US Borrower or any of its Restricted Subsidiaries in the ordinary course of business;

(q) (i) Liens arising out of conditional sale, title retention, consignment or similar arrangements for the sale of goods entered into by the US Borrower or any of its Restricted Subsidiaries in the ordinary course of business and not prohibited by this Agreement and (ii) Liens arising by operation of Law under Article 2 of the Uniform Commercial Code and under the PPSA in favor of a seller or buyer of goods;

(r) any interest or title of a lessor, sub-lessor, licensor or sub-licensor under any lease, sublease, license or sublicense agreement entered into in the ordinary course of business;

(s) to the extent constituting Liens, Dispositions expressly permitted under Section 7.05 (other than Section 7.05(e) or 7.05(f));

(t) Liens securing Indebtedness or other obligations in an aggregate principal amount at any time outstanding not to exceed the greater of (A) \$20,000,000 and (B) 1.25% of Total Assets as of the end of the Test Period last ended for which financial statements have been delivered pursuant to Section 6.01(a) or 6.01(b); provided that the aggregate amount of all such Liens (other than involuntary Liens) on assets constituting Collateral shall not exceed \$1,000,000;

(u) Liens that are contractual rights of setoff (i) relating to the establishment of depository relations with banks not given in connection with the issuance of Indebtedness, (ii) relating to pooled deposit or sweep accounts of the US Borrower or any of its Restricted Subsidiaries to permit satisfaction

of overdraft or similar obligations incurred in the ordinary course of business of the US Borrower or any of its Restricted Subsidiaries, (iii) relating to purchase orders and other agreements entered into with customers and vendors of the US Borrower or any of its Restricted Subsidiaries in the ordinary course of business, or (iv) under any Swap Agreements permitted by the Loan Documents (including any close out netting arrangements);

- (v) Liens encumbering reasonable customary initial deposits and margin deposits and similar Liens attaching to commodity trading accounts or other brokerage accounts incurred in the ordinary course of business and not for speculative purposes;
- (w) Liens on insurance policies and the proceeds thereof securing the financing of the premiums with respect thereto;
- (x) Liens on specific items of inventory or other goods and the proceeds thereof securing such Person's obligations in respect of documentary letters of credit or banker's acceptances issued or created for the account of such Person to facilitate the purchase, shipment or storage of such inventory or goods;
- (y) ground leases in respect of real property on which facilities owned or leased by the US Borrower or any of its Subsidiaries are located;
- (z) customary rights of first refusal and tag, drag and similar rights in joint venture agreements entered into in the ordinary course of business;
- (aa) Liens deemed to exist in connection with Investments in repurchase agreements referred to in clause (d) of the definition of "Cash Equivalents";
- (bb) Liens on assets not constituting Collateral securing Indebtedness permitted under Section 7.03(f) or 7.03(n) in an aggregate principal amount at any time outstanding not to exceed \$20,000,000;
- (cc) (i) Liens in favor of a Borrower or a Restricted Subsidiary that is a Loan Party granted by a Restricted Subsidiary that is not a Loan Party and (ii) Liens in favor of a Restricted Subsidiary that is not a Loan Party granted by another Restricted Subsidiary that is not a Loan Party; and
- (dd) statutory Liens and any Liens arising by operation of law in respect of normal cost or contributions or special payments to any Canadian Pension Plan and arising in the ordinary course of business.

For greater certainty, no reference to a permitted Lien herein, including any statement or provision as to the acceptability of any such permitted Lien, shall in any way constitute or be construed so as to postpone or subordinate any Liens or other rights of the Administrative Agent or the Lenders hereunder or arising under any other Loan Document in favor of such permitted Lien.

Section 7.02 *Investments* . Make or hold any Investments, except:

- (a) Investments by the US Borrower or any Restricted Subsidiary in assets that were Cash Equivalents when such Investment was made;

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(b) loans or advances to officers, directors, members of management, and employees of Holdings, the US Borrower or any Restricted Subsidiary (i) for reasonable and customary business-related travel, entertainment, relocation and analogous ordinary business purposes and (ii) in connection with such Person's exercise of stock options or other purchase of Equity Interests of Holdings; provided that in no event shall the aggregate principal amount outstanding of any loans or advances made pursuant to this Section 7.02(b) exceed \$5,000,000;

(c) Investments (i) by the US Borrower or any Restricted Subsidiary that is a Loan Party in the US Borrower or any other Restricted Subsidiary that is a Loan Party (other than any Foreign Borrower or the Foreign Guarantor), (ii) by any Restricted Subsidiary that is not a Guarantor in any other Restricted Subsidiary that is not a Guarantor; provided that the aggregate amount of Investments by the Foreign Borrowers (excluding any contribution or other Disposition by any Foreign Borrower of Equity Interests in any of its Subsidiaries to a Restricted Subsidiary) pursuant to this Section 7.02(c)(ii) shall not exceed \$20,000,000 at any time outstanding, (iii) by any Loan Party (other than any Foreign Borrower) in any Foreign Borrower, the Foreign Guarantor or any Restricted Subsidiary that is not a Loan Party in an aggregate amount at any time outstanding, together with Investments pursuant to Section 7.02(i)(A)(2)(x), not to exceed the greater of (A) \$85,000,000 and (B) 5.0% of Total Assets as of the end of the Test Period last ended for which financial statements have been delivered pursuant to Section 6.01(a) or 6.01(b) and (iv) by the US Borrower or any Restricted Subsidiary in any Subsidiary of the type described in clause (c) or (e) of the definition of "Excluded Subsidiary" to the extent consisting of contributions or other Dispositions of Equity Interests in other Subsidiaries of the type described in clause (c) or (e) of the definition of "Excluded Subsidiary" to such Subsidiary;

(d) Investments consisting of extensions of credit in the nature of accounts receivable or notes receivable arising from the grant of trade credit in the ordinary course of business, and Investments received in satisfaction or partial satisfaction thereof from financially troubled account debtors and other credits to suppliers in the ordinary course of business;

(e) Investments consisting of Liens, Indebtedness, fundamental changes, Dispositions, Restricted Payments and prepayments and repurchases of Indebtedness expressly permitted by Sections 7.01, 7.03 (other than Sections 7.03(c) and 7.03(d)), 7.04 (other than Sections 7.04(a)(i), 7.04(a)(iii) and 7.04(a)(iv)), 7.05 (other than Sections 7.05(d)(ii), 7.05(e) and 7.05(f)), 7.06 (other than Sections 7.06(c) and 7.06(d)(v)) and 7.13, respectively;

(f) Investments of the US Borrower and its Subsidiaries existing or contemplated on the Signing Date and as set forth in Schedule 7.02(f) and any modification, renewal or extension thereof or any substantially concurrent replacement thereof with a similar investment; provided that the amount of the original Investment is not increased except by the terms of such Investment or as otherwise permitted by this Section 7.02;

- (g) Investments in Swap Contracts permitted by Section 7.03;

- (h) promissory notes and other non-cash consideration received in connection with Dispositions permitted by Section 7.05;

(i) the purchase or other acquisition of all or substantially all of the assets or business of any Person, or of assets constituting a business unit, a line of business or division of, any Person, or a majority of the Equity Interests in a Person that, upon the consummation thereof, will be a Restricted Subsidiary (in the case of any such acquisition of Equity Interests) or owned directly by the US Borrower or one or more of its Restricted Subsidiaries (in the case of any such acquisition of assets or a business) (including

any Investment in a Restricted Subsidiary which increases the US Borrower's or its Restricted Subsidiaries' respective ownership interest therein and including as a result of a merger, amalgamation or consolidation); provided that, with respect to each such purchase or other acquisition made pursuant to this Section 7.02(i) (each of the foregoing, a "**Permitted Acquisition** "):

(A) (1) each applicable Loan Party and any such newly created or acquired Subsidiary shall have, or will have within the times specified therein, complied with the applicable requirements of Section 6.12 to the extent required thereby, and (2) the aggregate amount of cash or property provided by Loan Parties to make any such purchase or acquisition of assets that are not purchased or acquired (or do not become owned) by the US Borrower or a Subsidiary Guarantor or in Equity Interests in Persons that do not become Subsidiary Guarantors upon consummation of such purchase or acquisition shall not exceed, together with Investments pursuant to Section 7.02(c)(iii), an aggregate amount equal to the sum of (x) the greater of (i) \$85,000,000 and (ii) 5.0% of Total Assets as of the end of the Test Period last ended for which financial statements have been delivered pursuant to Section 6.01(a) or 6.01(b) plus (y) amounts otherwise available pursuant to Section 7.02(m)(ii) (this clause (2), the "**Non-Loan Party Acquisition Cap** "); provided that (A) the Non-Loan Party Acquisition Cap shall not apply to any acquisition to the extent the Person so acquired (or the Person owning the assets so acquired) becomes a US Guarantor even though such Person owns, directly or indirectly, Equity Interests in Persons that are not otherwise required to become US Guarantors, if at least 85.0% of the Consolidated EBITDA of the Person(s) acquired in such acquisition (or the Persons owning the assets so acquired) (for this purpose and for the component definitions used in the definition of "Consolidated EBITDA", determined on a consolidated basis for such Person(s) and their respective Restricted Subsidiaries) is generated by Person(s) that will become US Guarantors and (B) in the event that the amount available under the Non-Loan Party Acquisition Cap is reduced as a result of any acquisition of any Restricted Subsidiary that does not become a US Guarantor or any assets that are not transferred to the US Borrower or a US Guarantor and such Restricted Subsidiary subsequently becomes a US Guarantor or such assets are subsequently transferred to the US Borrower or a US Guarantor, as the case may be, the amount available under the Non-Loan Party Acquisition Cap shall be proportionately increased as a result thereof based upon the amount of the Non-Loan Party Acquisition Cap utilized with respect to the acquisition of such Person or assets, as the case may be;

(B) (1) immediately before and immediately after giving Pro Forma Effect to any such purchase or other acquisition, no Event of Default shall have occurred and be continuing, (2) immediately after giving effect to such purchase or other acquisition, the US Borrower and its Restricted Subsidiaries shall be in Pro Forma Compliance as of the end of the Test Period most recently ended for which financial statements have been delivered pursuant to Section 6.01(a) or 6.01(b) with the financial covenants set forth in Section 7.10, such compliance to be evidenced by a certificate from the chief financial officer or treasurer of the US Borrower demonstrating such compliance calculation in reasonable detail (which may be combined with the certificate described under Section 7.02(i)(D));

(C) the Person or division or line of business to be acquired shall be in the same, similar or related line of business in which the US Borrower and its Restricted Subsidiaries are engaged as of the Signing Date; and

(D) the US Borrower shall have delivered to the Administrative Agent, no later than the date on which any such purchase or other acquisition is consummated, a certificate of a Responsible Officer certifying that all of the requirements set forth in this Section 7.02(i) have been satisfied or will be satisfied on or prior to the consummation of such purchase or other acquisition;

(j) Investments in the ordinary course of business consisting of (A) endorsements for collection or deposit or (B) customary trade arrangements with customers;

(k) Investments (including debt obligations and Equity Interests) received in connection with the bankruptcy or reorganization of any Person and in settlement of obligations of, or disputes with, any Person arising in the ordinary course of business and upon foreclosure with respect to any secured Investment or other transfer of title with respect to any secured Investment;

(l) loans and advances to Holdings or any direct or indirect parent thereof in lieu of, and not in excess of the amount of (after giving effect to any other loans, advances or Restricted Payments in respect thereof) and subject to compliance with the requirements of, Restricted Payments permitted to be made to Holdings or any direct or indirect parent thereof in accordance with Section 7.06 (other than Section 7.06(c));

(m) Investments that do not exceed an aggregate amount equal to the sum of (i) (x)\$50,000,000 minus (y) the amount of any Restricted Payments made pursuant to Section 7.06(e)(iii) plus (ii) the proceeds of any Permitted Equity Issuance plus (iii) any unused amount available for Restricted Payments pursuant to Section 7.06(e)(i) immediately prior to the making of such Investment;

(n) advances of payroll payments to employees in the ordinary course of business;

(o) Guarantees by the US Borrower or any Restricted Subsidiary of leases (other than Capitalized Leases) or of other obligations that do not constitute Indebtedness, in each case entered into in the ordinary course of business;

(p) Investments to the extent the consideration paid therefor consists solely of Equity Interests of Holdings (other than Disqualified Equity Interests) or any direct or indirect parent thereof;

(q) additional Investments so long as at the time of making such Investment, the Net Average Secured Leverage Ratio does not exceed 2.25:1.00 on a Pro Forma Basis as of the end of the Test Period most recently ended for which financial statements have been delivered pursuant to Section 6.01(a) or 6.01(b);

(r) Investments held by a Person that becomes a Restricted Subsidiary (or is merged, amalgamated or consolidated with or into the US Borrower or any Restricted Subsidiary) pursuant to this Section 7.02 (and, if applicable, Section 7.04) after the Signing Date to the extent that such Investments were not made in contemplation of or in connection with such acquisition, merger, amalgamation or consolidation; provided that, for the avoidance of doubt, to the extent the applicable Restricted Subsidiary is acquired pursuant to Section 7.02(i) and does not become a US Guarantor, the amount of cash or property provided by Loan Parties to make any such acquisition shall be subject to the requirements of the Non-Loan Party Acquisition Cap set forth in Section 7.02(i);

(s) Investments made in the ordinary course of business in connection with obtaining, maintaining or renewing client and customer contracts and loans or advances made to, and guarantees

with respect to obligations of, distributors, suppliers, licensors and licensees in the ordinary course of business; and

(t) Investments made by any Restricted Subsidiary that is not a Loan Party to the extent such Investments are made with the proceeds received by such Restricted Subsidiary from an Investment made by a Loan Party in such Restricted Subsidiary pursuant to another clause of this Section 7.02.

Section 7.03 *Indebtedness*. Create, incur, assume or suffer to exist any Indebtedness, except:

(a) Indebtedness of the Loan Parties under the Loan Documents;

(b) Indebtedness of the US Borrower or any Restricted Subsidiary outstanding on the Signing Date and listed in Schedule 7.03(b), and any Permitted Refinancing thereof;

(c) Guarantees by the US Borrower or any Restricted Subsidiary in respect of Indebtedness of the US Borrower or such Restricted Subsidiary otherwise permitted hereunder and to the extent permitted by Section 7.02; provided that (A) no such Guarantee by any Restricted Subsidiary of any Indebtedness constituting a Junior Financing shall be permitted unless such Restricted Subsidiary shall have also provided a Guarantee of the Obligations substantially on the terms set forth in the Guaranty and Security Agreement and (B) if the Indebtedness being Guaranteed is subordinated to any of the Obligations, such Guarantee shall be subordinated to the Guaranty on terms at least as favorable to the Lenders as those contained in the subordination provisions of such Indebtedness;

(d) Indebtedness of the US Borrower or any Restricted Subsidiary owing to the US Borrower or any Restricted Subsidiary to the extent such Investment is permitted by Section 7.02; provided that all such Indebtedness of any Loan Party to any Restricted Subsidiary that is not a Loan Party must be expressly subordinated to the Obligations of such Loan Party;

(e) Capitalized Lease Obligations and purchase money obligations (including obligations in respect of mortgage, industrial revenue bond, industrial development bond, and similar financings) to finance the purchase, repair or improvement of fixed or capital assets within the limitations set forth in Section 7.01(i); provided that the aggregate amount of all such Indebtedness at any one time outstanding shall not exceed the greater of (A) \$17,500,000 and (B) 1.5% of Total Assets as of the end of the Test Period last ended for which financial statements have been delivered pursuant to Section 6.01(a) or 6.01(b);

(f) Indebtedness of Restricted Subsidiaries that are not Loan Parties in an aggregate principal amount at any time outstanding for all such Persons, when taken together with the aggregate principal amount of all outstanding Indebtedness incurred pursuant to Section 7.03(n), not to exceed \$100,000,000; provided that no more than \$20,000,000 of such Indebtedness may be secured and no such portion of such Indebtedness may be secured by Liens on any Collateral;

(g) Indebtedness in respect of Swap Contracts not entered into for speculative purposes;

(h) Indebtedness which constitutes "Indebtedness" solely as a result of clause (e) of the definition of "Indebtedness" to the extent the Liens giving rise to such Indebtedness constituting "Indebtedness" are permitted pursuant to Section 7.01;

(i) (i) Indebtedness assumed in connection with any Permitted Acquisition; provided that such Indebtedness was not incurred in contemplation of such Permitted Acquisition; provided, further,

that both immediately prior and after giving effect to any Indebtedness assumed pursuant to this Section 7.03(i)(i), (x) no Event of Default shall exist or result therefrom and (y) the US Borrower and its Restricted Subsidiaries shall be in Pro Forma Compliance as of the end of the Test Period most recently ended for which financial statements have been delivered pursuant to Section 6.01(a) or 6.01(b), with the financial covenants set forth in Section 7.10 and (ii) any Permitted Refinancing thereof;

(j) Indebtedness representing deferred compensation to current or former officers, directors, members of management, consultants and employees of Holdings, the US Borrower or any Restricted Subsidiary;

(k) Indebtedness constituting obligations for indemnification, the adjustment of the purchase price or similar adjustments (including earnout obligations) incurred under agreements for a permitted acquisition or Disposition;

(l) Indebtedness consisting of obligations of the US Borrower or any Restricted Subsidiary under deferred compensation or other similar arrangements incurred by such Person in connection with the Transactions, permitted acquisitions and any other Investment expressly permitted hereunder;

(m) Cash Management Obligations and other Indebtedness in respect of netting services, automatic clearinghouse arrangements, overdraft protections and similar arrangements in each case in connection with cash management and deposit accounts;

(n) Indebtedness of the US Borrower in an aggregate principal amount at any time outstanding, when taken together with the aggregate principal amount of all outstanding Indebtedness incurred pursuant to Section 7.03(f), not to exceed \$100,000,000; provided that no more than \$20,000,000 of such Indebtedness may be secured and no such portion of such Indebtedness may be secured by Liens on any Collateral;

(o) Indebtedness consisting of (A) the financing of insurance premiums or (B) take-or-pay obligations contained in supply arrangements, in each case, in the ordinary course of business;

(p) Indebtedness of the US Borrower or any Restricted Subsidiary constituting reimbursement obligations with respect to letters of credit issued in the ordinary course of business, including in respect of workers compensation claims, unemployment insurance, other social security legislation, health, disability or other employee benefits or property, casualty, liability or other insurance or reimbursement claims or self-insurance or other Indebtedness with respect to reimbursement-type obligations regarding workers compensation claims; provided that upon the drawing of such letters of credit or the incurrence of such Indebtedness, such obligations are reimbursed within thirty (30) days following such drawing or incurrence;

(q) obligations in respect of surety, stay, customs, bid and appeal bonds, performance bonds and performance and completion guarantees and other obligations of a like nature provided by the US Borrower or any Restricted Subsidiary or obligations in respect of letters of credit related thereto, in each case in the ordinary course of business or consistent with past practice;

(r) Indebtedness in respect of (x) any bankers' acceptance, bank guarantees, letter of credit, warehouse receipt or similar facilities entered into in the ordinary course of business or (y) any letter of credit issued in favor of any L/C Issuer or the Swing Line Lender to support any Defaulting Lender's participation in Letters of Credit or Swing Line Loans, respectively, as contemplated by Section 2.03(a)(ii)(I), 2.04(b) or 2.16(a)(ii), respectively;

(s) subordinated Indebtedness of Holdings (in a principal amount not to exceed the purchase or redemption price of any such purchase or redemption permitted by Section 7.06) to current or former officers, directors, managers, consultants and employees, their Controlled Investment Affiliates or Immediate Family Members to finance the purchase or redemption of Equity Interests (other than Disqualified Equity Interests) of Holdings (or any direct or indirect parent thereof) permitted by Section 7.06;

(t) Indebtedness incurred in the ordinary course of business in respect of obligations of the US Borrower or any Restricted Subsidiary to pay the deferred purchase price of goods or services or progress payments in connection with such goods and services;

(u) Indebtedness incurred in connection with sale and leaseback transactions permitted under Section 7.05(o); provided that the aggregate amount of all such Indebtedness at any one time outstanding shall not exceed the greater of (A) \$15,000,000 and (B) 1.0% of Total Assets as of the end of the Test Period last ended for which financial statements have been delivered pursuant to Section 6.01(a) or 6.01(b); and

(v) all premiums (if any), interest (including post-petition interest), fees, expenses, charges and additional or contingent interest on obligations described in Sections 7.03(a) through 7.03(u).

Section 7.04 *Fundamental Changes; Subsidiary Equity Issuances* .

(a) Merge, amalgamate, dissolve, liquidate or consolidate with or into another Person, except that:

(i) any Restricted Subsidiary may merge, amalgamate or consolidate with or liquidate into (A) the US Borrower; provided that the US Borrower shall be the continuing or surviving Person (or, solely in the case of a merger effected to change the US Borrower's jurisdiction of organization or formation in a manner that satisfies the Jurisdictional Requirements, the continuing or surviving Person shall expressly assume the obligations of the US Borrower under the Loan Documents in a manner reasonably acceptable to the Administrative Agent) and the Jurisdictional Requirements with respect to the US Borrower shall be satisfied, (B) any Foreign Borrower; provided that such Foreign Borrower shall be the continuing or surviving Person (or, solely in the case of a merger effected to change such Foreign Borrower's jurisdiction of organization or formation in a manner that satisfies the Jurisdictional Requirements, the continuing or surviving Person shall expressly assume the obligations of such Foreign Borrower under the Loan Documents in a manner reasonably acceptable to the Administrative Agent) and the Jurisdictional Requirements with respect to such Foreign Borrower shall be satisfied or (C) any one or more other Restricted Subsidiaries (other than any Foreign Borrower); provided that when any Restricted Subsidiary that is a Loan Party is merging with another Restricted Subsidiary, (x) a US Guarantor (other than Holdings) shall be the continuing or surviving Person and (y) such transaction shall be deemed to constitute an Investment and must be permitted by Section 7.02, and any Indebtedness corresponding to such Investment must be permitted by Section 7.03 and to the extent constituting a Disposition, such Disposition must be permitted by Section 7.05;

(ii) (A) any Restricted Subsidiary that is not a Loan Party may merge, consolidate or amalgamate with or liquidate into any other Restricted Subsidiary that is not a Loan Party and (B) any Restricted Subsidiary (other than any Foreign Borrower) may liquidate or dissolve or

change its legal form if the US Borrower determines in good faith that such action is in the best interests of the US Borrower;

(iii) the US Borrower or any Restricted Subsidiary may merge with any other Person in order to (A) effect an Investment permitted pursuant to Section 7.02 (other than Section 7.02(e)); provided that (x) if a Restricted Subsidiary is the subject of such action, the continuing or surviving Person shall be a Restricted Subsidiary (and if a US Guarantor is the subject of such action, then a US Guarantor (other than Holdings) shall be the continuing or surviving Person), (y) such Person, together with each of its Restricted Subsidiaries, shall have complied with the requirements of Section 6.12 to the extent required thereby and (z) such Investment must be permitted by Section 7.02 and any Indebtedness corresponding to such Investment must be permitted by Section 7.03, and to the extent constituting a Disposition, such Disposition must be permitted by Section 7.05; or (B) to effect the designation of a Restricted Subsidiary as an Unrestricted Subsidiary or an Unrestricted Subsidiary as a Restricted Subsidiary in accordance with Section 6.15; provided that if the US Borrower or any Foreign Borrower is a party to any transaction effected pursuant to this Section 7.04(a)(iii), (x) the US Borrower or such Foreign Borrower, as applicable, shall be the continuing or surviving Person, (y) the Jurisdictional Requirements shall be satisfied and (z) no Event of Default shall have occurred and be continuing or would result therefrom;

(iv) so long as no Default exists or would result therefrom, the US Borrower may (A) merge with any other Person; provided that the US Borrower shall be the continuing or surviving corporation and the Jurisdictional Requirements shall be satisfied or (B) change its legal form to a limited liability company if the US Borrower determines in good faith that such action is in the best interest of the US Borrower; and

(v) so long as no Event of Default exists or would result therefrom, a merger, amalgamation, dissolution, liquidation or consolidation, the purpose of which is to effect a Disposition permitted pursuant to Section 7.05 (other than Section 7.05(e)), may be effected; provided that if the US Borrower or any Foreign Borrower is a party to any transaction effected pursuant to this Section 7.04(a)(v), (A) the US Borrower or such Foreign Borrower, as applicable, shall be the continuing or surviving Person and (B) the Jurisdictional Requirements shall be satisfied.

(b) In the case of any Wholly Owned Restricted Subsidiary (and any Restricted Subsidiary that was Wholly Owned on the Signing Date or the date of acquisition thereof), make an Equity Issuance to any Person that is not the US Borrower or a Wholly Owned Restricted Subsidiary (i) unless the fair market value of such Equity Issuances in the aggregate for all such Restricted Subsidiaries for any fiscal year do not exceed the amount of Dispositions permitted pursuant to Section 7.05(j) taken together with all Dispositions made under such section in such fiscal year or (ii) such issuance is made in connection with an Investment permitted under Section 7.02.

Section 7.05 *Dispositions*. Make any Disposition except:

(a) Dispositions of obsolete, used, surplus or worn out property, whether now owned or hereafter acquired, in the ordinary course of business and Dispositions of property no longer used or useful in the conduct of the business of the US Borrower and its Restricted Subsidiaries;

(b) Dispositions of inventory and equipment in the ordinary course of business;

(c) Dispositions of property (other than Equity Interests or all or substantially all of the assets of the US Borrower or any Subsidiary) to the extent that (i) such property is exchanged for credit against the purchase price of similar replacement property or (ii) the proceeds of such Disposition are promptly applied to the purchase price of such replacement property;

(d) Dispositions of property by the US Borrower or any Restricted Subsidiary to the US Borrower or any other Restricted Subsidiary (including any such Disposition effected pursuant to a merger, amalgamation, consolidation, liquidation or dissolution); provided that if the transferor of such property is a Loan Party, then (i) the transferee thereof must either be the US Borrower or a US Guarantor (other than Holdings) or (ii) (x) to the extent such Disposition constitutes an Investment, such Investment must be permitted under Section 7.02 and any Indebtedness corresponding to such Investment must be permitted by Section 7.03 and (y) to the extent such Disposition does not constitute an Investment, the aggregate fair market value of all property Disposed of pursuant to this Section 7.05(d)(ii)(y) shall not exceed \$10,000,000;

(e) Dispositions permitted by Sections 7.02 (other than Section 7.02(e)), 7.04 (other than Section 7.04(a)(v)) and 7.06 (other than Section 7.06(c)) and constituting Liens permitted by Section 7.01 (other than Section 7.01(s));

(f) Dispositions of Cash Equivalents;

(g) Dispositions of accounts receivable in connection with the collection or compromise thereof;

(h) leases, subleases, licenses or sublicenses of property in the ordinary course of business and which do not materially interfere with the business of the US Borrower and its Restricted Subsidiaries, taken as a whole;

(i) transfers of property subject to Casualty Events upon receipt of the proceeds of such Casualty Event;

(j) Dispositions of property by the US Borrower or any Restricted Subsidiary; provided that (i) at the time of such Disposition, (other than any such Disposition made pursuant to a legally binding commitment entered into at a time when no Default exists), no Default shall exist and (ii) with respect to any Disposition pursuant to this Section 7.05(j), the US Borrower or any of its Restricted Subsidiaries shall receive not less than 75% of such consideration in the form of cash or Cash Equivalents (in each case, free and clear of all Liens at the time received) (it being understood that for the purposes of this clause (ii), the following shall be deemed to be cash: (A) any liabilities (as shown on the US Borrower's or such Restricted Subsidiary's most recent balance sheet provided hereunder or in the footnotes thereto) of the US Borrower or such Restricted Subsidiary, other than liabilities that are by their terms subordinated to the payment in cash of the Obligations, that are assumed by the transferee with respect to the applicable Disposition and for which the US Borrower and all of its Restricted Subsidiaries shall have been validly released by all applicable creditors in writing, (B) any securities received by such Restricted Subsidiary from such transferee that are converted by such Restricted Subsidiary into cash or Cash Equivalents (to the extent of the cash or Cash Equivalents received) within one hundred and eighty (180) days following the closing of the applicable Disposition, and (C) any Designated Non-Cash Consideration received in respect of such Disposition having an aggregate fair market value, taken together with all other Designated Non-Cash Consideration received pursuant to this clause (C) that is at that time outstanding, not in excess of \$5,000,000, with the fair market value of each item of Designated Non-Cash

Consideration being measured at the time received and without giving effect to subsequent changes in value);

(k) Dispositions of Investments in Joint Ventures, to the extent required by, or made pursuant to buy/sell arrangements between the joint venture parties as set forth in joint venture arrangements and similar binding arrangements in effect on the Signing Date;

(l) Dispositions in the ordinary course of business consisting of the abandonment of IP Rights which, in the reasonable good faith determination of the US Borrower or any Restricted Subsidiary, are uneconomical, negligible, obsolete or otherwise not material in the conduct of its business (it being understood and agreed that no IP Rights that are material to the operation of the business of the US Borrower and its Restricted Subsidiaries, taken as a whole, at the time of a Disposition thereof may be Disposed of in reliance on this Section 7.05(l));

(m) any surrender or waiver of contractual rights or the settlement, release or surrender of contractual rights or other litigation claims in the ordinary course of business;

(n) the termination of any Swap Contract; and

(o) Dispositions of property (other than Collateral described in the Intellectual Property Security Agreements) pursuant to a sale and leaseback transaction; provided, that the applicable sale and leaseback transaction occurs within two hundred and seventy (270) days after the acquisition or construction (as applicable) of such property and that the related lease is not prohibited under this Agreement; provided, further, that the aggregate fair market value of the property sold subject to all sale and leaseback transactions pursuant to this Section 7.05(o) shall not exceed the greater of (A) \$15,000,000 and (B) 1.0% of Total Assets as of the end of the Test Period last ended for which financial statements have been delivered pursuant to Section 6.01(a) or 6.01(b);

provided that any Disposition of any property pursuant to this Section 7.05 (except pursuant to Sections 7.05(d), 7.05(e), 7.05(g), 7.05(i), 7.05(k), 7.05(l) and 7.05(m)), shall be for no less than the fair market value of such property at the time of such Disposition. To the extent any Collateral is Disposed of as expressly permitted by this Section 7.05 to any Person other than a Loan Party, such Collateral shall be sold free and clear of the Liens created by the Loan Documents, and the Administrative Agent is hereby authorized by the Lenders to take any actions deemed appropriate in order to effect the foregoing.

Section 7.06 *Restricted Payments* . Declare or make, directly or indirectly, any Restricted Payment, except:

(a) any Restricted Subsidiary may make Restricted Payments to the US Borrower and to any other Restricted Subsidiary (and, in the case of a Restricted Payment by a non-Wholly Owned Restricted Subsidiary with respect to any class or type of Equity Interests, to the US Borrower or such Restricted Subsidiary and to each other owner of Equity Interests of such Restricted Subsidiary based on its relative ownership interests of such class or type of Equity Interests);

(b) the US Borrower or any Restricted Subsidiary may declare and make Restricted Payments payable solely in the Equity Interests (other than Disqualified Equity Interests) of such Person;

(c) to the extent constituting Restricted Payments, transactions expressly permitted by Section 7.02 (other than Sections 7.02(e), 7.02(l), 7.02(m) and 7.02(q)), 7.04 or 7.05 (other than Section 7.05(e));

(d) the US Borrower or any Restricted Subsidiary may make Restricted Payments to Holdings:

(i) the proceeds of which will be used by Holdings to pay (or to make a payment to any direct or indirect parent of Holdings to enable it to pay) the Tax liability for each relevant jurisdiction in respect of returns filed by or on behalf of the group of which Holdings or such direct or indirect parent thereof is the parent and which includes the US Borrower and the applicable Restricted Subsidiaries as members; provided that such proceeds are limited to the portion of such Tax liability attributable to the income of the US Borrower and/or its applicable Subsidiaries, determined as if the US Borrower and/or its applicable Subsidiaries were required to pay such Tax liability as a separate consolidated, combined, unitary or affiliated group, and reduced by any portion of such Taxes directly paid by the US Borrower or any of its Subsidiaries; provided, further, that any payments attributable to the income of Unrestricted Subsidiaries shall be permitted only to the extent that cash payments were made for such purpose by the Unrestricted Subsidiaries to the US Borrower or its Restricted Subsidiaries;

(ii) the proceeds of which shall be used by Holdings to pay (or to make a payment to any direct or indirect parent of Holdings to enable it to pay) (A) such entities' operating expenses incurred in the ordinary course of business and other corporate overhead costs and expenses (including administrative, legal, accounting and similar expenses provided by third parties), which are reasonable and customary and incurred in the ordinary course of business and not exceeding \$750,000 in any fiscal year, plus any reasonable and customary indemnification claims made by directors or officers of Holdings or any direct or indirect parent thereof, in each case to the extent attributable to the ownership or operations of Holdings, the US Borrower and its Restricted Subsidiaries and (B) Public Company Costs;

(iii) the proceeds of which shall be used by Holdings to pay (or to make a payment to any direct or indirect parent of Holdings to enable it to pay) franchise Taxes and other fees, Taxes and expenses required to maintain the corporate existence of Holdings or any direct or indirect parent thereof;

(iv) if no Default or Event of Default shall have occurred and be continuing or would result therefrom, the proceeds of which shall be used by Holdings to pay (or to make a payment to any direct or indirect parent of Holdings to enable it to pay) for the repurchase, retirement or other acquisition or retirement for value of Equity Interests of Holdings or any direct or indirect parent thereof held by any future, present or former employee, director, officer, member of management or consultant of Holdings or any direct or indirect parent thereof, or any of its Subsidiaries (or any Controlled Investment Affiliate or Immediate Family Member thereof), in an aggregate amount (other than cash payments funded with the proceeds of any "key-man" life insurance policy received by the US Borrower in connection with the death of any management shareholder) not to exceed \$5,000,000 (which purchase may be paid by the issuance of Indebtedness permitted by Section 7.03(s)) in any fiscal year (however, any Restricted Payments permitted to be made (but not made) by this Section 7.06(d)(iv) in a given fiscal year may be carried forward and made in the next succeeding fiscal year (but not any fiscal year after such succeeding fiscal year, and which, if carried over, will be deemed to be utilized after the base amount attributable to such fiscal year into which it has been carried over));

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(v) the proceeds of which shall be used by Holdings to finance (or to make a Restricted Payment to any direct or indirect parent of Holdings to finance) any Investment permitted by Section 7.02; provided that (A) such Restricted Payment shall be made substantially concurrently with the closing or consummation of such Investment and (B) Holdings or the applicable parent company thereof shall, immediately following the closing or consummation thereof, cause (1) all property acquired (whether assets or Equity Interests) to be contributed to the US Borrower or a Subsidiary Guarantor (or a Person that will become a Subsidiary Guarantor upon receipt of such contribution) or (2) the merger (to the extent permitted by Section 7.04) of the Person formed or acquired into the US Borrower or Subsidiary Guarantor in order to consummate such Permitted Acquisition, and in each case, comply with the requirements of Section 6.12;

(vi) the proceeds of which shall be used by Holdings to make (or to make a Restricted Payment to any direct or indirect parent of Holdings to enable it to make) cash payments in lieu of the issuance of fractional shares in connection with the exercise of warrants, options or other securities convertible into or exchangeable for Equity Interests of Holdings or any direct or indirect parent thereof; provided that any such cash payment shall not be for the purpose of evading the limitations set forth in this Section 7.06 (as determined in good faith by the board of directors or the managing board, as the case may be, of the US Borrower (or any authorized committee thereof));

(vii) the proceeds of which shall be used by Holdings to pay (or to make a Restricted Payment to any direct or indirect parent of Holdings to enable it to pay) fees and expenses (other than to Affiliates) related to any unsuccessful equity or debt offering of the US Borrower not prohibited by this Agreement (in the case of any direct or indirect parent of Holdings, only to the extent such Person does not hold material assets other than those relating to the US Borrower and its Subsidiaries or their respective businesses);

(viii) the proceeds of which shall be used by Holdings to pay (or to make a Restricted Payment to any direct or indirect parent of Holdings to enable it to pay) customary salary, bonus and other benefits payable to officers and employees of Holdings or any direct or indirect parent thereof to the extent such salaries, bonuses and other benefits are directly attributable to the ownership or operations of the US Borrower and its Restricted Subsidiaries;

(ix) the proceeds of which shall be used by Holdings to pay (or to make a Restricted Payment to any direct or indirect parent of Holdings to enable it to pay) amounts of the type described in Section 7.08(e), in each case to the extent the applicable payment would be permitted by Section 7.08(e) if such payment were to be made by the US Borrower or its Restricted Subsidiaries and in lieu of such payment being made under Section 7.08(e); or

(x) the proceeds of which shall be used by Holdings to make payments of the type described in, and subject to the restrictions set forth in, Section 7.06(g) or 7.06(j);

(e) so long as no Default or Event of Default shall have occurred and be continuing or would result therefrom, the US Borrower may make Restricted Payments in an aggregate amount that does not exceed the sum of (i) \$125,000,000 plus (ii) any unused amount available for Restricted Payments pursuant to Section 7.06(i) immediately prior to the making of such Restricted Payment plus (iii) any unused amounts available for Investments pursuant to Section 7.02(m)(i) immediately prior to the making of such Restricted Payment; provided that the aggregate amount of Restricted Payments pursuant to this Section 7.06(e) shall not exceed \$50,000,000 in any fiscal year (with unused amounts in any fiscal year

being carried over to succeeding fiscal years, subject to a maximum of \$100,000,000 of Restricted Payments pursuant to this Section 7.06(e) in any fiscal year); provided, further, that at any time prior to a Qualifying Public Offering, no Restricted Payments may be made pursuant to this Section 7.06(e) if the Net Average Total Leverage Ratio, on a Pro Forma Basis as of the end of the Test Period most recently ended for which financial statements have been delivered pursuant to Section 6.01(a) or 6.01(b), would exceed (x) in the case of the Test Periods ending on March 31, 2017 and June 30, 2017, 3.25:1.00 and (y) in the case of all other Test Periods, 3.00:1.00;

(f) cashless repurchases of Equity Interests in Holdings (or any direct or indirect parent of Holdings), the US Borrower or any Restricted Subsidiary deemed to occur upon exercise of stock options or warrants if such Equity Interests represent a portion of the exercise price of such options or warrants;

(g) payments made by the US Borrower or any Restricted Subsidiary in respect of Taxes in connection with the exercise of stock options payable by any future, present or former officers, directors, members of management, consultants and employees of the US Borrower (or any direct or indirect parent thereof) or any Restricted Subsidiary (or any spouse, former spouse, estates, successors, executors, administrators, heirs, legatees or distributees of any of the foregoing) and any repurchases of such Equity Interests in consideration of such payments including deemed repurchases;

(h) so long as no Default or Event of Default shall have occurred and be continuing or would result therefrom, additional Restricted Payments so long as at the time of making such Restricted Payment, the Net Average Secured Leverage Ratio does not exceed 2.00:1.00 on a Pro Forma Basis as of the end of the Test Period most recently ended for which financial statements have been delivered pursuant to Section 6.01(a) or 6.01(b);

(i) so long as the US Borrower and its Restricted Subsidiaries shall be in Pro Forma Compliance with the financial covenants set forth in Section 7.10 for the Test Period most recently ended for which financial statements have been delivered pursuant to Section 6.01(a) or 6.01(b), payments in connection with the Equity Appreciation Rights Plan, including any cash payments in lieu of stock payments in an aggregate amount not to exceed the sum of (i) \$200,000,000 minus (ii) the amount of any Restricted Payments made pursuant to Section 7.06(e)(ii);

(j) (A) at any time prior to the earlier of August 1, 2016 (including on August 1, 2016) and a Qualifying Public Offering, interest or dividend payments (including accelerated cash payments) with respect to the Series A Preferred Stock and any convertible bonds and bonds with common stock warrants in existence on the Signing Date and listed in Schedule 7.06(j); provided that such payments shall not exceed the maximum amount required to be distributed at such time in the form of interest or dividends to the holders of the Series A Preferred Stock and any such convertible bonds or bonds with common stock warrants pursuant to the terms thereof as in effect on the Signing Date and (B) at any time after a Qualifying Public Offering, any deferred or accrued amounts, including default interest thereon, and any accelerated interest and/or dividend payments with respect to the Series A Preferred Stock and any such convertible bonds and bonds with common stock warrants, in each case, that were accrued and unpaid prior to such Qualifying Public Offering and are actually paid no later than August 1, 2016; and

(k) Restricted Payments in an aggregate amount that does not exceed the proceeds of any Permitted Equity Issuance (other than the proceeds of any Qualifying Public Offering) received by the US Borrower after the Closing Date.

Section 7.07 *Change in Nature of Business* . Engage in any material line of business substantially different from those lines of business conducted by the US Borrower and its Restricted Subsidiaries on the Signing Date or any business reasonably related or ancillary thereto.

Section 7.08 *Transactions with Affiliates* . Enter into any transaction of any kind with any Affiliate of the US Borrower, whether or not in the ordinary course of business, other than:

- (a) transactions among the US Borrower and/or one or more of its Restricted Subsidiaries and/or any Person that becomes a Restricted Subsidiary as a result of such transaction;
- (b) transactions on terms substantially as favorable to the US Borrower or such Restricted Subsidiary as would be obtainable by the US Borrower or such Restricted Subsidiary in a comparable arm's-length transaction with a Person other than an Affiliate;
- (c) the Transactions, including the payment of fees and expenses (including Transaction Expenses) in connection with the consummation of the Transactions;
- (d) employment, severance and other compensatory arrangements between Holdings or any direct or indirect parent thereof, the US Borrower and its Restricted Subsidiaries and their respective current or former officers, directors, members of management, consultants and employees in the ordinary course of business and transactions pursuant to equity award plans and employee benefit plans and arrangements, in each case solely to the extent attributable to the ownership or operations of the US Borrower and its Restricted Subsidiaries;
- (e) the payment of customary fees and reimbursement of reasonable out-of-pocket costs of, and customary indemnities provided to or on behalf of, directors, officers, members of management, consultants and employees of Holdings or any direct or indirect parent thereof, the US Borrower and its Restricted Subsidiaries, to the extent attributable to the ownership or operations of the US Borrower and its Restricted Subsidiaries, as determined in good faith by the board of directors or senior management of the relevant Person;
- (f) the payment of fees, expenses, indemnities or other payments pursuant to, and transactions pursuant to, the agreements in existence on the Signing Date and set forth in Schedule 7.08 or any amendment thereto to the extent such an amendment is not materially disadvantageous to the Lenders;
- (g) payments to or from, and transactions with, Joint Ventures in the ordinary course of business;
- (h) transactions with customers, clients, suppliers, Joint Venture partners or purchasers or sellers of goods or services, in each case in the ordinary course of business and otherwise in compliance with the terms of this Agreement which are fair to the US Borrower and its Restricted Subsidiaries, in the reasonable determination of the senior management of the US Borrower;
- (i) any contribution by Holdings to the capital of the US Borrower;
- (j) the payment of reasonable out-of-pocket costs and expenses related to registration rights and indemnities provided to shareholders under any shareholder agreement;

- (k) issuances by the US Borrower and its Restricted Subsidiaries of Equity Interests not prohibited hereunder; and
- (l) Restricted Payments permitted under Section 7.06 (other than Section 7.06(c)).

Section 7.09 *Burdensome Agreements* . Enter into or permit to exist any Contractual Obligation (other than this Agreement or any other Loan Document) that limits the ability of (a) any Restricted Subsidiary to make Restricted Payments to the US Borrower, any Foreign Borrower or any Subsidiary Guarantor or to otherwise transfer property to or invest in the US Borrower, any Foreign Borrower or any Subsidiary Guarantor or (b) any Loan Party to create, incur, assume or suffer to exist Liens on property of such Loan Party for the benefit of the Secured Parties to secure the Secured Obligations (or, in the case of the Foreign Borrowers, their own Secured Obligations, or, in the case of the Foreign Guarantor, the Secured Obligations of the Foreign Borrowers and the Foreign Guarantor in the case of the Equity Interests in the Foreign Borrowers and all the Secured Obligations in the case of the Equity Interests in Acushnet Japan); provided that the foregoing shall not apply to Contractual Obligations which (i) (A) exist on the Signing Date and (to the extent not otherwise permitted by this Section 7.09) are listed in Schedule 7.09 and (B) to the extent Contractual Obligations permitted by clause (A) are set forth in an agreement evidencing Indebtedness, are set forth in any agreement evidencing any permitted renewal, extension or refinancing of such Indebtedness so long as such renewal, extension or refinancing does not expand the scope of the restrictions described in clause (a) or (b) that are contained in such Contractual Obligation, (ii) are binding on a Restricted Subsidiary acquired after the Signing Date at the time such Restricted Subsidiary first becomes a Restricted Subsidiary, so long as such Contractual Obligations were not entered into in contemplation of such Person becoming a Restricted Subsidiary, (iii) represent Indebtedness of a Restricted Subsidiary that is not a Loan Party which is permitted by Section 7.03 (as long as such restriction applies solely to such Restricted Subsidiary and its Subsidiaries), (iv) with respect to clause (a) above, arise in connection with any Disposition permitted by Section 7.05, (v) are customary provisions in joint venture agreements and other similar agreements applicable to Joint Ventures permitted under Section 7.02 and applicable solely to such Joint Venture, (vi) are customary restrictions on leases, subleases or licenses otherwise permitted hereby so long as such restrictions only relate to the assets subject thereto, (vii) are customary provisions restricting subletting or assignment of any lease governing a leasehold interest, (viii) are customary provisions restricting assignment or transfer of any agreement entered into in the ordinary course of business, (ix) arise in connection with Liens on cash or other deposits permitted under Section 7.01 or are restrictions on cash or other deposits imposed by customers under contracts entered into in the ordinary course of business, (x) are restrictions relating to property subject to Liens permitted by Section 7.01(o) provided that such restrictions do not extend to or cover any other assets or property or (xi) are restrictions in any one or more agreements governing Indebtedness entered into after the Signing Date that contain encumbrances and other restrictions that are, taken as a whole, in the good faith judgment of the US Borrower, no more restrictive in any material respect with respect to the US Borrower and its Restricted Subsidiaries, taken as a whole, than those encumbrances and other restrictions that are in effect on the Signing Date pursuant to agreements and instruments governing Indebtedness in effect on the Signing Date or, with respect solely to Indebtedness of Restricted Subsidiaries acquired after the Signing Date, on the date on which such Restricted Subsidiary became a Restricted Subsidiary pursuant to agreements and instruments governing Indebtedness in effect on such date.

Section 7.10 *Financial Covenants* .

(a) *Net Average Total Leverage Ratio* . Permit the Net Average Total Leverage Ratio as of the end of (i) each of the fiscal quarters of the US Borrower ended March 31, 2017 and June 30, 2017 to

be greater than 3.50:1.00 and (ii) each other fiscal quarter of the US Borrower (beginning with the first full fiscal quarter ending after the Closing Date) to be greater than 3.25:1.00.

(b) *Consolidated Interest Coverage Ratio* . Permit the Consolidated Interest Coverage Ratio as of the end of any fiscal quarter of the US Borrower (beginning with the first full fiscal quarter ending after the Closing Date) to be less than 4.00:1.00.

Section 7.11 *Amendments of Certain Documents* . Amend or otherwise modify (a) any of its Organization Documents in a manner materially adverse to the Administrative Agent or the Lenders or (b) any term or condition of any Subordinated Indebtedness in any manner materially adverse to the interests of the Administrative Agent or the Lenders; provided that clause (b) shall not apply to any amendment of any terms of any Subordinated Indebtedness with an aggregate principal amount of less than the Threshold Amount, except with respect to any amendment that would change to an earlier date any required payment of principal of such Subordinated Indebtedness.

Section 7.12 *Accounting Changes* . Make any change in the fiscal year of the US Borrower or make (without the consent of the Administrative Agent) any material change in its accounting treatment and reporting practices except as required by GAAP or IFRS.

Section 7.13 *Prepayments, Etc. of Indebtedness* . Voluntarily prepay, redeem, purchase, defease or otherwise satisfy prior to the scheduled maturity thereof in any manner (it being understood that payments of regularly scheduled principal and interest shall be permitted) any Subordinated Indebtedness or make any payment in violation of any subordination terms of any documentation governing any Subordinated Indebtedness, except:

(a) so long as no Event of Default shall have occurred and be continuing or would result therefrom, for an aggregate purchase price, or in an aggregate prepayment amount, not to exceed the sum of:

(i) (A) the greater of (x) \$5,000,000 and (y) 0.50% of Total Assets as of the end of the Test Period most recently ended for which financial statements have been delivered pursuant to Section 6.01(a) or 6.01(b), plus (B) additional amounts, so long as at the time of making such payment, the Net Average Secured Leverage Ratio does not exceed 2.00:1.00 on a Pro Forma Basis as of the end of the Test Period most recently ended for which financial statements have been delivered pursuant to Section 6.01(a) or 6.01(b), plus

(ii) the proceeds of any Permitted Equity Issuance;

(b) a Permitted Refinancing thereof (including through exchange offers and similar transactions);

(c) the conversion of any Subordinated Indebtedness to Equity Interests (other than Disqualified Equity Interests) of Holdings or any direct or indirect parent thereof; and

(d) with respect to intercompany subordinated indebtedness, so long as no Default shall have occurred and be continuing or would result therefrom and to the extent consistent with the subordination terms thereof.

(a) create, incur, assume or suffer to exist any Liens on any Equity Interests of the US Borrower (other than Liens permitted by Section 7.01(a) and nonconsensual Liens of the type otherwise permitted under Section 7.01);

(b) conduct or engage in any operations or business or own any material property (other than Equity Interests in the US Borrower and, through the US Borrower, the US Borrower's Subsidiaries and/or any other Person) other than (i) those incidental to its ownership of the Equity Interests of the US Borrower, (ii) maintaining its legal existence, (iii) performing its obligations under the Loan Documents and any Junior Financing or any Permitted Refinancing thereof, (iv) any public offering of its common stock or any other issuance or sale of its Equity Interests (including, for the avoidance of doubt, the making and payment of any dividend or distribution on account of, or any redemption, retirement, sinking fund or similar payment, purchase or other acquisition for value of, any shares of any class of its Equity Interests), (v) guaranteeing the obligations of its Restricted Subsidiaries, including any Junior Financing and any Permitted Refinancing thereof, (vi) participating in Tax, accounting and other administrative matters as a member of the consolidated, combined, unitary or similar group that includes Holdings and the US Borrower including compliance with applicable Laws and legal, tax and accounting matters related thereto and activities relating to its officers, directors, managers and employees, (vii) holding any cash or property received in connection with Restricted Payments made by the US Borrower and its Restricted Subsidiaries pursuant to Section 7.06 or contributions to its capital or in exchange for the issuance of Equity Interests, in each case, pending application thereof by Holdings or the making of Restricted Payments, (viii) providing indemnification to officers and directors; (ix) holding director and shareholder meetings, preparing organizational records and other organizational activities required to maintain its separate organizational structure or to comply with applicable Requirements of Law; (x) holding any cash and Cash Equivalents; (xi) filing Tax reports and paying Taxes and other customary obligations related thereto in the ordinary course (and contesting any Taxes); (xii) preparing reports to Governmental Authorities and to its shareholders; (xiii) making Investments and acquisitions, as applicable, in the US Borrower and its Restricted Subsidiaries; (xiv) performing its obligations under and complying with its Organization Documents, any demands or requests from or requirements of a Governmental Authority or any applicable Law, including as a result of or in connection with the activities of its Subsidiaries, and (xv) any activities incidental to any of the foregoing; or

(c) merge with or consolidate into any other Person; provided that, so long as no Default exists or would result therefrom, Holdings may merge with or consolidate into any other Person as long as (i) Holdings shall be the continuing or surviving corporation or (ii) if the Person formed by or surviving any such merger or consolidation is not Holdings (any such Person, "**Successor Holdings**"), (A) Successor Holdings shall be an entity organized or existing under the laws of the United States, any state thereof, the District of Columbia or any territory thereof and (B) Successor Holdings shall expressly assume all the obligations of Holdings under this Agreement and the other Loan Documents to which Holdings is a party pursuant to a supplement hereto or thereto in form reasonably satisfactory to the Administrative Agent; provided, further, that if the foregoing provisions are satisfied, Successor Holdings will succeed to, and be substituted for, Holdings under this Agreement and the other Loan Documents.

ARTICLE VIII

EVENTS OF DEFAULT AND REMEDIES

Section 8.01 *Events of Default* . Any of the following shall constitute an “ **Event of Default** ”:

- (a) *Non-Payment* . Any Borrower or any other Loan Party fails to pay (i) when due, any amount of principal of any Loan or any L/C Borrowing, or (ii) within five (5) Business Days after the same becomes due, any interest on any Loan or any other amount payable hereunder or with respect to any other Loan Document; or
- (b) *Specific Covenants* . Any Loan Party fails to perform or observe any term, covenant or agreement contained in any of Section 6.03(a), 6.05(a) (solely with respect to any Borrower), 6.11 or Article VII; provided that a failure to observe or perform any covenant contained in any of Section 7.01, 7.02, 7.03, 7.04, 7.05, 7.06, 7.07, 7.08, 7.09, 7.11, 7.12 or 7.13 between the Signing Date and the Closing Date (assuming for such purposes that such covenant had been applicable during such period) shall constitute an Event of Default on the Closing Date, but only if such failure shall be unremedied on the Closing Date; or
- (c) *Other Defaults* . Any Loan Party fails to perform or observe any other covenant or agreement (not specified in Section 8.01(a) or 8.01(b) above) contained in any Loan Document on its part to be performed or observed and such failure continues for thirty (30) days after written notice thereof by the Administrative Agent to the US Borrower; or
- (d) *Representations and Warranties* . Any representation, warranty or certification made or deemed made by or on behalf of any Borrower or any other Loan Party herein, in any other Loan Document or in any document required to be delivered in connection herewith or therewith shall be incorrect or misleading in any material respect (and in any respect if qualified by materiality) when made or deemed made; or
- (e) *Cross-Default* . Any Loan Party or any Restricted Subsidiary (i) fails to make any payment beyond the applicable grace period with respect thereto, if any (whether by scheduled maturity, required prepayment, acceleration, demand, or otherwise) in respect of any Indebtedness (other than Indebtedness hereunder) having an aggregate outstanding principal amount of not less than the Threshold Amount or (ii) fails to observe or perform any other agreement or condition relating to any such Indebtedness, or any other event occurs (other than, with respect to Indebtedness consisting of Swap Contracts, termination events or equivalent events not relating to breach by any Loan Party or any Restricted Subsidiary pursuant to the terms of such Swap Contracts), in any case, the effect of which default or other event is to cause, or to permit the holder or holders of such Indebtedness (or a trustee or agent on behalf of such holder or holders or beneficiary or beneficiaries) to cause, with the giving of notice if required, such Indebtedness to become due or to be repurchased, prepaid, defeased or redeemed (automatically or otherwise), or an offer to repurchase, prepay, defease or redeem such Indebtedness to be made, prior to its stated maturity; provided that this Section 8.01(e)(ii) shall not apply to secured Indebtedness that becomes due as a result of the voluntary sale or transfer of the property or assets securing such Indebtedness, if such sale or transfer is permitted hereunder and under the documents providing for such Indebtedness; provided, further, that, except with respect to payment events of default, financial covenant events of default or bankruptcy-related events of default under such Indebtedness, any such failure pursuant to this Section 8.01(e) is unremedied and is not waived by the holders of such Indebtedness prior to any termination of the Revolving Credit Commitments or acceleration of the Loans pursuant to Section 8.02; or

(f) *Insolvency Proceedings, Etc* . Holdings, any Borrower or any Specified Subsidiary institutes or consents to the institution of any proceeding under any Debtor Relief Law, or makes an assignment for the benefit of creditors; or commences any other proceeding involving or affecting its creditors, seeking to have an order for relief entered with respect to it, or seeking to adjudicate it a bankrupt or insolvent, or seeking reorganization (by way of voluntary arrangement, scheme of arrangement or otherwise), compromise, arrangement, adjustment, winding up, administration, liquidation, dissolution, composition or other relief with respect to it or its debts or a material part of its assets; or applies for or consents to the appointment of any receiver, interim-receiver, receiver and manager, trustee, custodian, conservator, liquidator, rehabilitator, compulsory manager, examiner, administrator, administrative receiver or similar officer for it or for all or any material part of its property; or any receiver, interim-receiver, receiver and manager, trustee, custodian, conservator, liquidator, rehabilitator, compulsory manager, examiner, administrator, administrative receiver or similar officer is appointed without the application or consent of such Person and the appointment continues undischarged or unstayed for sixty (60) consecutive calendar days (or in the case of any proceeding or other action commenced under the laws of any jurisdiction other than the United States with respect to a UK Loan Party which is not frivolous or vexatious and remains undischarged, undismissed and unstayed for a period of twenty one (21) consecutive calendar days); or any proceeding under any Debtor Relief Law relating to any such Person or to all or any material part of its property is instituted without the consent of such Person and continues undismissed or unstayed for sixty (60) consecutive calendar days (or in the case of any proceeding or other action commenced under the laws of any jurisdiction other than the United States with respect to a UK Loan Party which is not frivolous or vexatious and remains undischarged, undismissed and unstayed for a period of twenty one (21) consecutive calendar days), or an order for relief is entered in any such proceeding, case or any similar steps or proceedings under Debtor Relief Laws applicable to any Loan Party or any Restricted Subsidiary; or

(g) *Inability To Pay Debts; Attachment* . (i) Holdings, any Borrower or any Specified Subsidiary becomes unable or admits in writing its inability or fails generally to pay its debts as they become due or (ii) any writ or warrant of attachment or execution or similar process is issued or levied against all or any material part of the property of Holdings and its Restricted Subsidiaries, taken as a whole, and is not released, vacated or fully bonded within sixty (60) days after its issue or levy; or

(h) *Judgments* . There is entered against any Loan Party or any Restricted Subsidiary one or more final judgments or orders for the payment of money in an aggregate amount exceeding the Threshold Amount (to the extent not covered by independent third-party insurance as to which the insurer has been notified of such judgment or order and does not deny coverage) and all such judgments or orders shall not have been vacated, discharged, stayed or bonded pending appeal within sixty (60) days from the entry thereof; or

(i) *ERISA* . An ERISA Event shall have occurred (or a substantially similar event shall have occurred with respect to a Foreign Plan) that, when taken together with all other ERISA Events that have occurred (and substantially similar events that have occurred with respect to Foreign Plans), could reasonably be expected to result in a Material Adverse Effect; or

(j) *Invalidity of Loan Documents* . Any material provision of any Loan Document, at any time after its execution and delivery and for any reason other than as expressly permitted hereunder or thereunder (including as a result of a transaction permitted under [Section 7.04](#) or [7.05](#)) or satisfaction in full of all the Obligations and termination of the Aggregate Commitments, ceases to be in full force and effect as to any relevant Loan Party; or any Loan Party contests in writing the validity or enforceability of any material provision of any material Loan Document or any subordination provision in respect of any Indebtedness of not less than the Threshold Amount (or any subordination provision in respect of any

intercompany Indebtedness of any amount); or any Loan Party denies in writing that it has any or further liability or obligation under any Loan Document (other than as a result of repayment in full of the Obligations and termination of the Aggregate Commitments or as a result of a transaction permitted hereunder or thereunder (including under Section 7.04 or 7.05)), or purports in writing to revoke or rescind any material Loan Document or any subordination provision in respect of Indebtedness of not less than the Threshold Amount (or any subordination provision in respect of any intercompany Indebtedness of any amount); or

(k) *Change of Control* . There occurs any Change of Control; or

(l) *Collateral Documents* . Any material Collateral Document after delivery thereof pursuant to Section 4.02, 6.12 or 6.17 or otherwise shall for any reason (other than pursuant to or as permitted under the terms hereof or thereof including as a result of a transaction permitted under Section 7.04 or 7.05) cease to create a valid and perfected first priority Lien on and security interest in the Collateral covered thereby, subject to Liens permitted under Section 7.01, or any Loan Party shall assert in writing such invalidity or lack of perfection or priority (other than in a notice to the Administrative Agent that contains solely information intended to be used by the Administrative Agent for the purpose of preserving or maintaining the validity, perfection and priority of the Liens granted pursuant to the Loan Documents), except to the extent that (i) any such perfection or priority is not required hereunder or pursuant to the terms of the Loan Documents, (ii) the loss of any such perfection or priority results from the failure of the Administrative Agent to maintain possession of certificates actually delivered to it representing securities pledged under the Collateral Documents or, in each case to the extent the Administrative Agent has agreed to do so, to file Uniform Commercial Code or PPSA financing statements or continuation statements or other equivalent filings and (iii) except as to Collateral consisting of Material Real Property, to the extent that such losses are covered by a lender's title insurance policy and the related insurer shall not have denied or disclaimed in writing that such losses are covered by such title insurance policy; or

(m) *UK DB Plan* . The Pensions Regulator issues a Financial Support Direction or a Contribution Notice to any Loan Party or Subsidiary, if such issue could reasonably be expected to result in a Material Adverse Effect.

Section 8.02 *Remedies upon Event of Default* . If any Event of Default occurs and is continuing, the Administrative Agent shall, at the request of, or may, with the consent of, the Required Lenders (or, in the case of Section 8.02(a) with respect to the Revolving Credit Commitments or Section 8.02(c), the Required Revolving Lenders), take any or all of the following actions:

- (a) declare the Commitment of each Lender to make Loans and any obligation of the L/C Issuers to make L/C Credit Extensions to be terminated, whereupon such Commitments and obligation shall be terminated;
- (b) declare the unpaid principal amount of all outstanding Loans, all interest accrued and unpaid thereon, and all other amounts owing or payable hereunder or under any other Loan Document to be immediately due and payable, without presentment, demand, protest or other notice of any kind, all of which are hereby expressly waived by the Borrowers;
- (c) require that the Borrowers Cash Collateralize the L/C Obligations (in an amount equal to 103% of the then Outstanding Amount thereof); and
- (d) exercise on behalf of itself and the Lenders all rights and remedies available to it and the Lenders under the Loan Documents or applicable Law;

provided that upon the occurrence of an Event of Default described in Section 8.01(f), with respect to the US Borrower and any other Borrower which may be subject to or bound by any Debtor Relief Laws or proceedings thereunder, the obligation of each Lender to make Loans and any obligation of the L/C Issuers to make L/C Credit Extensions shall automatically terminate, the unpaid principal amount of all outstanding Loans and all interest and other amounts as aforesaid shall automatically become due and payable, and the obligation of such Borrower to Cash Collateralize the L/C Obligations as aforesaid shall automatically become effective, in each case without further act of the Administrative Agent or any Lender.

Section 8.03 *Application of Funds* . After the exercise of remedies provided for in Section 8.02 (or after the Loans have automatically become immediately due and payable and the L/C Obligations have automatically been required to be Cash Collateralized and the Commitments have automatically terminated as set forth in the proviso to Section 8.02), any amounts received on account of the Secured Obligations shall be applied by the Administrative Agent in the following order:

First , to payment of that portion of the Secured Obligations constituting fees, indemnities, expenses and other amounts (including Attorney Costs payable under Section 10.04 and amounts payable under Article III , but not including principal of or interest on any Loan) payable to the Administrative Agent in its capacity as such;

Second , to the payment in full of the Unfunded Advances/Participations (the amounts so applied to be distributed between or among the Administrative Agent, the Swing Line Lender and the L/C Issuers *pro rata* in accordance with the amounts of Unfunded Advances/Participations owed to them on the date of any distribution);

Third , to payment of that portion of the Secured Obligations constituting fees, indemnities and other amounts (other than principal and interest) payable to the Lenders (including Attorney Costs payable under Section 10.04 and amounts payable under Article III), ratably among them in proportion to the amounts described in this clause Third payable to them;

Fourth , to payment of that portion of the Secured Obligations constituting accrued and unpaid interest on the Loans and L/C Borrowings, ratably among the Lenders in proportion to the respective amounts described in this clause Fourth payable to them;

Fifth , (i) to payment of (A) that portion of the Secured Obligations constituting unpaid principal of the Loans and (B) any Secured Hedge Obligations and the Cash Management Obligations then due and (ii) to the Administrative Agent for the account of the L/C Issuers, to Cash Collateralize that portion of L/C Obligations comprised of the aggregate undrawn amount of Letters of Credit, in each case, ratably among the Secured Parties in proportion to the respective amounts described in this clause Fifth held by them;

Sixth , to the payment of all other Secured Obligations of the Loan Parties that are due and payable to the Administrative Agent and the other Secured Parties on such date, ratably based upon the respective aggregate amounts of all such Secured Obligations owing to the Administrative Agent and the other Secured Parties on such date; and

Last , the balance, if any, after all of the Secured Obligations have been paid in full, to the Borrowers or as otherwise required by Law or pursuant to any intercreditor agreement to which the Administrative Agent is a party.

Subject to Section 2.03(c), amounts used to Cash Collateralize the aggregate undrawn amount of Letters of Credit pursuant to clause Fifth above shall be applied to satisfy drawings under such Letters of Credit as they occur. If any amount remains on deposit as Cash Collateral after all Letters of Credit have either been fully drawn or expired, such remaining amount shall be applied to the other Secured Obligations, if any, in the order set forth above and, if no such Secured Obligations remain outstanding, delivered to the Borrowers or as otherwise required by Law or pursuant to any intercreditor agreement to which the Administrative Agent is a party. Notwithstanding the foregoing, no amounts realized pursuant to an exercise of remedies against Collateral shall be allocated to any Secured Obligations that are not required to be secured by such Collateral.

ARTICLE IX

ADMINISTRATIVE AGENT AND OTHER AGENTS

Section 9.01 *Appointment and Authority* .

(a) Each of the Lenders and the L/C Issuers hereby irrevocably appoints Wells Fargo Bank, National Association to act on its behalf as the Administrative Agent hereunder and under the other Loan Documents and authorizes the Administrative Agent to take such actions on its behalf and to exercise such powers, rights and remedies as are delegated to the Administrative Agent by the terms hereof or thereof, together with such actions and powers as are reasonably incidental thereto. In performing its functions and duties hereunder, the Administrative Agent shall act solely as an agent of the Lenders and the L/C Issuers and does not assume and shall not be deemed to have assumed any obligation towards or relationship of agency or trust with or for Holdings or any of its Subsidiaries or Affiliates.

(b) The L/C Issuers shall act on behalf of the Lenders with respect to any Letters of Credit issued by it and the documents associated therewith and the L/C Issuers shall have all of the benefits and immunities (i) provided to the Administrative Agent in this Article IX with respect to any acts taken or omissions suffered by any L/C Issuer in connection with Letters of Credit issued by it or proposed to be issued by it and the Issuer Documents pertaining to such Letters of Credit as fully as if the term "Administrative Agent" as used in this Article IX and in the definition of "Related Parties" included the L/C Issuers with respect to such acts or omissions and (ii) as additionally provided herein with respect to the L/C Issuers.

(c) The Administrative Agent shall also act as the "collateral agent" under the Loan Documents, and each of the Agents, Arrangers or Lenders (in its capacities as a Lender, Swing Line Lender (if applicable), L/C Issuer (if applicable) and/or a Hedge Bank or provider of Cash Management Obligations) hereby

irrevocably appoints and authorizes the Administrative Agent to act as the agent of (and to hold any security interest created by the Collateral Documents for and on behalf of or on trust for) such Agent, Arranger or Lender (i) for purposes of the perfection of all Liens created by the Loan Documents and all other purposes stated therein, (ii) to manage, supervise and otherwise deal with the Collateral, (iii) to take such other action as is necessary or desirable to maintain the perfection and priority of the Liens created or purported to be created by the Loan Documents and (iv) except as may be otherwise specified in any Loan Document, to exercise all remedies given to the Administrative Agent and the other Secured Parties with respect to the Collateral, whether under the Loan Documents, applicable Law or otherwise, in each case, together with such powers and discretion as are reasonably incidental thereto. In this connection, the Administrative Agent, as "collateral agent" (and any sub-agents appointed by the Administrative Agent pursuant to Section 9.05 for purposes of holding or enforcing any Lien on the Collateral (or any portion thereof) granted under the Collateral Documents, or for exercising any rights and remedies thereunder at the direction of the Administrative Agent), shall be entitled to the

benefits of all provisions of this Article IX and Section 10.05 as though such sub-agents were the “collateral agent” under the Loan Documents and as if the term Administrative Agent included the “collateral agent” as if set forth in full herein with respect thereto.

(d) Each Lender irrevocably authorizes the Administrative Agent to enter into any and all of the Collateral Documents together with such other documents as shall be necessary to give effect to the Lien on the Collateral contemplated by the other Collateral Documents, on its behalf. The Administrative Agent shall have only those duties and responsibilities that are expressly specified herein and in the other Loan Documents. The Administrative Agent may exercise such powers, rights and remedies and perform such duties by or through its agents or employees. The Administrative Agent’s duties hereunder shall be entirely administrative in nature. The Administrative Agent (i) is not assuming any obligation under any Loan Document other than as expressly set forth therein and (ii) shall not have implied functions, responsibilities, duties, obligations or other liabilities under any Loan Document, and each Lender and each L/C Issuer hereby waives and agrees not to assert any claim against the Administrative Agent based on the roles, duties and legal relationships expressly disclaimed in this or the immediately preceding sentence or in Section 9.03. The Administrative Agent shall not have, by reason hereof or any of the other Loan Documents, a fiduciary relationship in respect of any Lender, and nothing herein or any of the Loan Documents, expressed or implied, is intended to or shall be so construed as to impose upon the Administrative Agent any obligations in respect hereof or any of the other Loan Documents except as expressly set forth herein or therein. Any action taken by the Administrative Agent in reliance upon the instructions of the Required Lenders (or, where so required by Section 10.01, such other proportion of Lenders) and the exercise by the Administrative Agent of the powers set forth herein or in the other Loan Documents, together with such other powers as are reasonably incidental thereto, shall be authorized and binding upon all of the Secured Parties.

(e) Notwithstanding any provision to the contrary in any Loan Document, in relation to the Parallel Debts and any Lien governed by Dutch law, (i) the Administrative Agent shall act in its own name and not as agent of any Secured Party (but always for the benefit of the Secured Parties in accordance with the provisions of the Loan Documents); and the rights, powers and authorities vested in the Administrative Agent pursuant to the Loan Documents are subject to any restrictions imposed by mandatory Dutch law.

Section 9.02 *Rights as a Lender*. The agency hereby created shall in no way impair or affect any of the rights and powers of, or impose any duties or obligations upon, the Administrative Agent in its individual capacity as a Lender hereunder. The Person serving as the Administrative Agent hereunder shall have the same rights and powers in its capacity as a Lender as any other Lender and may exercise the same as though it were not the Administrative Agent and the term “Lender” or “Lenders” shall, unless otherwise expressly indicated or unless the context otherwise requires, include the Person serving as the Administrative Agent hereunder in its individual capacity. Such Person and its Affiliates may accept deposits from, lend money to, own securities of, act as the financial advisor or in any other advisory capacity for and generally engage in any kind of banking, trust or other business with Holdings or any Subsidiary or other Affiliate thereof as if such Person were not the Administrative Agent hereunder and may accept fees and other consideration from the Borrowers for services in connection herewith and otherwise without any duty to account therefor to the Lenders. The Lenders acknowledge that pursuant to such activities, the Administrative Agent and its Related Parties may receive information regarding any Loan Party or any Affiliate of any Loan Party (including information that may be subject to confidentiality obligations in favor of such Loan Party or such Affiliate) and acknowledge that the Administrative Agent and its Related Parties shall be under no obligation to provide such information to them.

Section 9.03 *Exculpatory Provisions* . No Arranger or Agent shall have any duties or obligations except those expressly set forth herein and in the other Loan Documents. Without limiting the generality of the foregoing, the Administrative Agent:

(a) shall not be subject to any fiduciary or other implied (or express) duties or obligations arising under the agency doctrine of any applicable Law or otherwise, regardless of whether a Default has occurred and is continuing;

(b) shall not have any duty to take any action (or omit to take an action) or exercise any powers, except rights and powers expressly contemplated hereby or by the other Loan Documents that the Administrative Agent is required to exercise (or refrain from exercising) as directed in writing by the Required Lenders (or such other number or percentage of the Lenders as shall be expressly provided for herein or in the other Loan Documents), provided that the Administrative Agent shall not be required to take any action (or omit to take any action) that, in its opinion or the opinion of its counsel, may expose the Administrative Agent to liability or that is contrary to any Loan Document or applicable Laws or if the Administrative Agent is not indemnified to its satisfaction; and

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

The Administrative Agent and the Agent-Related Persons shall not be liable for any action taken or not taken by it or them (i) (A) under or in connection with any of the Loan Documents or (B) with the consent or at the request of the Required Lenders (or such other number or percentage of Lenders as shall be necessary, or as the Administrative Agent shall believe in good faith shall be necessary, under the circumstances provided in Section 8.02 and 10.01) or (ii) in the absence of its own gross negligence, or willful misconduct; provided, that the Administrative Agent shall be deemed not to have knowledge of any Default or Event of Default unless and until notice describing such Default or Event of Default and stating it is a “notice of default” is given to the Administrative Agent by a Borrower, a Lender or an L/C Issuer; provided, further, that in the event the Administrative Agent shall receive such a notice, the Administrative Agent shall give notice thereof to the Lenders; it being understood that the failure to give such notice shall not result in any liability on the part of the Administrative Agent.

The Administrative Agent shall not be responsible for or have any duty to ascertain or inquire into (i) any statement, warranty or representation made in or in connection with this Agreement or any other Loan Document, (ii) the contents of any certificate, report or other document delivered hereunder or thereunder or in connection herewith or therewith, (iii) the performance or observance of any of the representations, warranties, covenants, agreements or other terms or conditions set forth herein or therein or the occurrence of any Default, (iv) the execution, validity, enforceability, effectiveness, genuineness, collectability or sufficiency of this Agreement, any other Loan Document or any other agreement, instrument or document or the creation, perfection or priority of any Lien purported to be created by the Loan Documents, (v) the value or the sufficiency of any Collateral, (vi) the financial condition or business affairs of any Loan Party or any other Person liable for the payment of any Secured Obligations or as to the use of the proceeds of the Loans, (vii) the properties, books or records of any Loan Party, (viii) the existence or possible existence of any Event of Default or Default or (ix) the satisfaction of any condition set forth in Article IV or elsewhere herein, other than to confirm receipt of items expressly required to be delivered to the Administrative Agent.

The Administrative Agent shall not have any liability arising from confirmations of the amount of outstanding Loans or the Letter of Credit usage or the component amounts thereof.

Section 9.04 *Reliance by Administrative Agent* . The Administrative Agent shall be entitled to rely upon, and shall not incur any liability for relying upon, any notice, request, certificate, consent, statement, instrument, document or other writing (including any electronic message, Internet or intranet website posting or other distribution) believed by it to be genuine and to have been signed, sent or otherwise authenticated by the proper Person. The Administrative Agent also may rely upon any statement made to it orally or by telephone and believed by it to have been made by the proper Person, and shall not incur any liability for relying thereon. In determining compliance with any condition hereunder to the making of a Loan, or the issuance of a Letter of Credit, that by its terms must be fulfilled to the satisfaction of a Lender or the applicable L/C Issuer, the Administrative Agent may presume that such condition is satisfactory to such Lender or such L/C Issuer unless the Administrative Agent shall have received notice to the contrary from such Lender or such L/C Issuer prior to the making of such Loan or the issuance of such Letter of Credit. The Administrative Agent may consult with legal counsel (who may be counsel for the Borrowers), independent accountants and other experts selected by it, and shall not be liable for any action taken or not taken by it in accordance with the advice of any such counsel, accountants, experts or professional advisors. No Lender shall have any right of action whatsoever against the Administrative Agent as a result of the Administrative Agent acting or refraining from acting hereunder or under any of the other Loan Documents in accordance with the instructions of Required Lenders (or such other number or percentage of the Lenders as shall be expressly provided for herein or in the other Loan Documents).

Section 9.05 *Delegation of Duties* . The Administrative Agent may perform any and all of its duties and exercise its rights and powers hereunder or under any other Loan Document by or through any one or more sub-agents appointed by the Administrative Agent. The Administrative Agent and any such sub-agent may perform any and all of its duties and exercise its rights and powers by or through their respective Related Parties. The exculpatory, indemnification and other provisions of this Article IX shall apply to any such sub-agent and its Related Parties and to the Agent-Related Persons in any role or capacity, and shall apply to their respective activities in connection with the syndication of the credit facilities provided for herein as well as activities as Administrative Agent. All of the rights, benefits and privileges (including the exculpatory and indemnification provisions) of this Article IX shall apply to any such sub-agent and to the Related Parties of any such sub-agent, and shall apply to their respective activities as sub-agent as if such sub-agent and Related Parties were named herein. Notwithstanding anything herein to the contrary, with respect to each sub-agent appointed by the Administrative Agent, (i) such sub-agent shall be a third party beneficiary under this Agreement with respect to all such rights, benefits and privileges (including exculpatory rights and rights to indemnification) and shall have all of the rights and benefits of a third party beneficiary, including an independent right of action to enforce such rights, benefits and privileges (including exculpatory rights and rights to indemnification) directly, without the consent or joinder of any other Person, against any or all of the Loan Parties and the Lenders, (ii) such rights, benefits and privileges (including exculpatory rights and rights to indemnification) shall not be modified or amended without the consent of such sub-agent and (iii) such sub-agent shall only have obligations to the Administrative Agent and not to any Loan Party, Lender or any other Person and no Loan Party, Lender or other Person shall have any rights, directly or indirectly, as a third party beneficiary or otherwise against such sub-agent.

Section 9.06 *Resignation of Administrative Agent: Appointment of Successor* . The Administrative Agent may at any time resign or, if it is a Defaulting Lender pursuant to clause (iv) of the definition thereof, be removed by the US Borrower upon ten (10) days' prior written notice of such resignation or removal to the Lenders, the L/C Issuers and the US Borrower. Upon receipt of any such

notice of resignation or removal, the Required Lenders shall have the right, with the consent of the US Borrower (such consent not to be unreasonably withheld or delayed; provided, that no consent of the US Borrower shall be required if an Event of Default under Section 8.01(a), 8.01(f) or 8.01(g) has occurred and is continuing), to appoint a successor Administrative Agent which shall be a commercial bank or trust company with offices in the U.S. having combined capital and surplus in excess of \$1,000,000,000. If no such successor shall have been so appointed by the Required Lenders and accepted such appointment within thirty (30) days after notice of the Administrative Agent's resignation or removal, then, (i) in the case of a resignation of the Administrative Agent, the resigning Administrative Agent with the consent of the US Borrower (such consent not to be unreasonably withheld or delayed; provided that no consent of the US Borrower shall be required if an Event of Default under Section 8.01(a), 8.01(f) or 8.01(g) has occurred and is continuing) or (ii) in the case of a removal of the Administrative Agent, the US Borrower, may, with the consent of the Required Lenders, on behalf of the Lenders and the L/C Issuers, appoint a successor Administrative Agent; provided that if no qualifying Person has accepted such appointment, then such resignation or removal shall nonetheless become effective after such thirty (30) day period and (1) the retiring or removed Administrative Agent shall be discharged from its duties and obligations hereunder and under the other Loan Documents (except that in the case of any possessory Collateral held by the Administrative Agent on behalf of the Lenders the retiring Administrative Agent shall continue to hold such Collateral until such time as a successor Administrative Agent is appointed) and (2) all payments, communications and determinations provided to be made by, to or through the Administrative Agent shall instead be made by or to each Lender and each L/C Issuer directly (and each Lender and each L/C Issuer will cooperate with the US Borrower to enable the US Borrower to take such actions), until such time as the Required Lenders appoint a successor Administrative Agent as provided for above in this paragraph. Upon the acceptance of a successor's appointment as Administrative Agent hereunder, such successor shall succeed to and become vested with all of the rights, powers, privileges and duties of the retiring (or retired) or removed Administrative Agent, and the retiring (or retired) or removed Administrative Agent shall be discharged from all of its duties and obligations hereunder and under the other Loan Documents (if not already discharged therefrom as provided above in this paragraph) other than its obligations under Section 10.08. The fees payable by the Borrowers to a successor Administrative Agent shall be the same as those payable to its predecessor unless otherwise agreed between the Borrowers and such successor. After the resignation or removal of the Administrative Agent hereunder and under the other Loan Documents, the provisions of this Article IX and Sections 10.04 and 10.05 shall continue in effect for the benefit of such retiring or removed Administrative Agent, its sub-agents and their respective Related Parties in respect of any actions taken or omitted to be taken by any of them while the retiring or removed Administrative Agent was acting as the Administrative Agent.

If the Administrative Agent resigns in accordance with this Section 9.06, each Loan Party shall execute such documents and take all such other action as is necessary or (in the opinion of the Administrative Agent) desirable in connection with the substitution, in accordance with applicable law, of the successor Administrative Agent as creditor of the Parallel Debts and as beneficiary of any Lien securing the Parallel Debts.

Section 9.07 *Non-Reliance on Administrative Agent and Other Lenders* . Each Lender and each L/C Issuer acknowledges that it has, independently and without reliance upon the Administrative Agent or any other Lender or L/C Issuer or any of their Related Parties and based on such documents and information as it has deemed appropriate, made its own credit analysis and decision to enter into this Agreement, made its own independent investigation of the financial condition and affairs of Holdings and its Subsidiaries in connection with Credit Extensions hereunder, and made and shall continue to make its own appraisal of the creditworthiness of Holdings and its Subsidiaries. Each Lender and each L/C Issuer also acknowledges that it will, independently and without reliance upon the Administrative Agent or any other Lender or L/C Issuer or any of their Related Parties and based on such documents and information

as it shall from time to time deem appropriate, continue to make its own decisions in taking or not taking action under or based upon this Agreement, any other Loan Document or any related agreement or any document furnished hereunder or thereunder. The Administrative Agent shall not have any duty or responsibility, either initially or on a continuing basis, or otherwise, to make any such investigation or any such appraisal on behalf of the Lenders or the L/C Issuers or to provide any Lender or any L/C Issuer with any credit or other information with respect thereto, whether coming into its possession before the making of the Loans or issuance of the Letters of Credit or at any time or times thereafter, and the Administrative Agent shall not have any responsibility with respect to the accuracy or completeness of any information provided to the Lenders or the L/C Issuers. Except for documents expressly required by this Agreement to be transmitted by the Administrative Agent to the Lenders or any L/C Issuer, the Administrative Agent shall not have any duty or responsibility to provide any Secured Party with any credit or other information concerning the business, prospects, operations, property, financial and other condition or creditworthiness of any Loan Party or any Affiliate of any Loan Party that may come in to the possession of the Administrative Agent or any of its Related Parties.

Section 9.08 *Collateral and Guaranty Matters* . The Lenders irrevocably authorize the Administrative Agent to, and the Administrative Agent shall (on terms reasonably satisfactory to the Administrative Agent):

(a) release any Lien on any property granted to or held by the Administrative Agent under any Loan Document (i) on the date upon which all of the Obligations (other than contingent obligations not yet accrued and payable) have been paid in full in cash, all Letters of Credit have been Cash Collateralized or otherwise back-stopped (including by “grandfathering” into any future credit facilities), in each case, on terms reasonably satisfactory to the relevant L/C Issuer in its reasonable discretion, or have expired or have been terminated, and the Aggregate Commitments have expired or have been terminated (such date, the “**Termination Date**”), (ii) that is Disposed of as part of or in connection with any Disposition permitted hereunder to any Person other than Holdings or any of its Subsidiaries, (iii) subject to Section 10.01, if approved, authorized or ratified in writing by the Required Lenders or such other number or percentage of Lenders required by Section 10.01, (iv) owned by a Subsidiary Guarantor upon release of such Subsidiary Guarantor from its obligations under its Guaranty pursuant to Section 9.08(c) or (v) as expressly provided in the Collateral Documents;

(b) subordinate any Lien on any property granted to or held by the Administrative Agent under any Loan Document to the holder of any Lien on such property that is permitted by Sections 7.01(i), 7.01(o) or (if and to the extent such Lien is of the same type as the Liens permitted by Section 7.01(i)) 7.01(t) and to execute and deliver any requested intercreditor agreements (including customary European style protections to the extent relevant) with respect thereto;

(c) release any Subsidiary Guarantor from its obligations under the Guaranty if such Person ceases to be a Restricted Subsidiary or becomes an Excluded Subsidiary as a result of a transaction or designation permitted hereunder; provided that no such release shall occur with respect to an entity that ceases to be a Restricted Subsidiary or becomes an Excluded Subsidiary if such Subsidiary Guarantor continues to be a guarantor in respect of any Junior Financing unless and until each guarantor is (or is being simultaneously) released from its guarantee with respect to such Junior Financing; and

(d) enter into subordination or intercreditor agreements or arrangements (including customary European style protections to the extent relevant) with respect to Indebtedness that is required or permitted to be *pari passu* with or subordinated to the Obligations or Secured Obligations pursuant to Section 7.03.

Upon request by the Administrative Agent at any time, the Required Lenders will confirm in writing the Administrative Agent's authority to release or subordinate its interest in particular types or items of property or to release any Subsidiary Guarantor from its obligations under the Guaranty pursuant to this [Section 9.08](#) or enter into the arrangements described in [Section 9.08\(d\)](#). In each case as specified in this [Section 9.08](#), the Administrative Agent will (and each Lender hereby authorizes the Administrative Agent to), at the Borrowers' expense, deliver, upon the request of the applicable Loan Party, to such Loan Party or any designee of such Loan Party any certificates, powers or other physical collateral held by it and relating to such item of Collateral (but subject to the requirements of any applicable intercreditor agreement) and execute and deliver to the applicable Loan Party such documents as such Loan Party may reasonably request to evidence the release of such item of Collateral from the assignment and security interest granted under the Collateral Documents, subordinate any Lien in such item of Collateral, release such Subsidiary Guarantor from its obligations under the Guaranty or execute and deliver the agreements described in [Section 9.08\(d\)](#), in each case, in accordance with the terms of the Loan Documents and this [Section 9.08](#); provided that the Borrowers shall have delivered to the Administrative Agent a certificate of a Responsible Officer of the Borrowers certifying that any such transaction has been consummated in compliance with this Agreement and the other Loan Documents as the Administrative Agent shall reasonably request.

Each Secured Party hereby further authorizes the Administrative Agent on behalf of and for the benefit of the Secured Parties, (a) to be the agent for and representative of the Secured Parties with respect to the Collateral and the Collateral Documents and (b) to take any actions thereunder as determined by the Administrative Agent to be necessary or advisable. Each Secured Party hereby further authorizes the Administrative Agent on behalf of and for the benefit of the Secured Parties to enter into any intercreditor agreement reasonably required by the Loan Documents, and each Secured Party agrees to be bound by the terms of any such intercreditor agreement; provided that the Administrative Agent shall not owe any fiduciary duty, duty of loyalty, duty of care, duty of disclosure or any other obligation whatsoever to any holder of Secured Hedge Obligations or Cash Management Obligations except as set forth below.

Anything contained in any of the Loan Documents to the contrary notwithstanding, each Borrower, the Administrative Agent and each Secured Party hereby agree that (i) unless the Administrative Agent consents thereto, no Secured Party shall have any right individually to realize upon any of the Collateral or to enforce the Loan Documents, it being understood and agreed that all powers, rights and remedies hereunder may be exercised solely by the Administrative Agent on behalf of itself, the Lenders and the L/C Issuers in accordance with the terms hereof and all powers, rights and remedies under the Collateral Documents may be exercised solely by the Administrative Agent on behalf of the Secured Parties, and (ii) in the event of a foreclosure by the Administrative Agent on any of the Collateral pursuant to a public or private sale or other disposition, the Administrative Agent or any Lender may be the purchaser or licensor of any or all of such Collateral at any such sale or other disposition and the Administrative Agent, as agent for and representative of the Secured Parties (but not any Lender or Lenders in its or their respective individual capacities unless the Administrative Agent shall otherwise agree in writing) shall be entitled, for the purpose of bidding and making settlement or payment of the purchase price for all or any portion of the Collateral sold at any such public sale, to use and apply any of the Secured Obligations as a credit on account of the purchase price for any collateral payable by the Administrative Agent at such sale or other disposition.

No Swap Contract will create (or be deemed to create) in favor of any Lender that is a counterparty thereto, and no agreement governing any Cash Management Obligations will create (or be deemed to create) in favor of any Secured Party that is a party thereto, any rights in connection with the management or release of any Collateral or of the obligations of any Loan Party under the Loan

Documents except as expressly provided in Section 8.03. By accepting the benefits of the Collateral, such counterparty or, in the case of Cash Management Obligations, such other Secured Party shall be deemed to have appointed the Administrative Agent as its agent and agreed to be bound by the Loan Documents as a Secured Party, subject to the limitations set forth in this paragraph. The benefit of the provisions of the Loan Documents directly relating to the Collateral or any Lien granted thereunder shall extend to and be available to any Secured Party that is not the Administrative Agent, a Lender or an L/C Issuer as long as, by accepting such benefits, such Secured Party agrees, as among the Administrative Agent and all other Secured Parties, that such Secured Party is bound by (and, if requested by the Administrative Agent, shall confirm such agreement in a writing in form and substance acceptable to the Administrative Agent) this Article IX and Sections 2.13, 10.08 and 10.09 and the decisions and actions of the Administrative Agent and the Required Lenders (or, where expressly required by the terms of this Agreement, another proportion of the Lenders) to the same extent a Lender is bound; provided that, notwithstanding the foregoing, (i) such Secured Party shall be bound by Section 9.12 only to the extent of liabilities, costs and expenses relating to the Collateral held for the benefit of such Secured Party, in which case the obligations of such Secured Party thereunder shall be such Secured Party's *pro rata* share (based on the amount of Secured Obligations owing to such Secured Party relative to the aggregate amount of Secured Obligations) of such liabilities, costs and expenses, (ii) except as set forth specifically herein, the Administrative Agent, the Lenders and the L/C Issuers shall be entitled to act in their sole discretion, without regard to the interest of such Secured Party, regardless of whether any Secured Obligation to such Secured Party thereafter remains outstanding, is deprived of the benefit of the Collateral, becomes unsecured or is otherwise affected or put in jeopardy thereby, and without any duty or liability to such Secured Party or any such Secured Obligation and (iii) except as specifically set forth herein, such Secured Party shall not have any right to be notified of, consent to, direct, require or be heard with respect to, any action taken or omitted in respect of the Collateral or under any Loan Document.

Section 9.09 *No Other Duties, Etc.* Anything herein to the contrary notwithstanding, none of the Arrangers, the Syndication Agent, the Documentation Agents or any other Agent shall have any powers, duties or responsibilities under this Agreement or any of the other Loan Documents, except in its capacity, as applicable, as the Administrative Agent, a Lender or an L/C Issuer hereunder, it being understood and agreed that each of the Arrangers, the Syndication Agent and the Documentation Agents shall be entitled to all indemnification and reimbursement rights in favor of the Agents provided herein and in the other Loan Documents and all of the other benefits of this Article IX. Without limitation of the foregoing, neither the Arrangers, the Syndication Agent nor the Documentation Agents in their respective capacities as such shall, by reason of this Agreement or any other Loan Document, have any fiduciary relationship in respect of any Lender, any Loan Party or any other Person.

Section 9.10 *Appointment of Supplemental Administrative Agents* .

(a) It is the purpose of this Agreement and the other Loan Documents that there shall be no violation of any Law of any jurisdiction denying or restricting the right of banking corporations or associations to transact business as agent or trustee in such jurisdiction. It is recognized that in case of litigation under this Agreement or any of the other Loan Documents, and in particular in case of the enforcement of any of the Loan Documents, or in case the Administrative Agent deems that by reason of any present or future Law of any jurisdiction it may not exercise any of the rights, powers or remedies granted herein or in any of the other Loan Documents or take any other action which may be desirable or necessary in connection therewith, the Administrative Agent is hereby authorized to appoint an additional individual or institution selected by the Administrative Agent in its sole discretion as a separate trustee, co-trustee, administrative agent, collateral agent, administrative sub-agent or administrative co-agent (any such additional individual or institution being referred to herein individually as a “ **Supplemental Administrative Agent** ” and collectively as “ **Supplemental Administrative Agents** ”).

(b) In the event that the Administrative Agent appoints a Supplemental Administrative Agent with respect to any Collateral, (i) each and every right, power, privilege or duty expressed or intended by this Agreement or any of the other Loan Documents to be exercised by or vested in or conveyed to the Administrative Agent with respect to such Collateral shall be exercisable by and vest in such Supplemental Administrative Agent to the extent, and only to the extent, necessary to enable such Supplemental Administrative Agent to exercise such rights, powers and privileges with respect to such Collateral and to perform such duties with respect to such Collateral, and every covenant and obligation contained in the Loan Documents and necessary to the exercise or performance thereof by such Supplemental Administrative Agent shall run to and be enforceable by either the Administrative Agent or such Supplemental Administrative Agent, and (ii) the provisions of this Article IX and of Sections 10.04 and 10.05 (obligating the Borrowers to pay the Administrative Agent's expenses and to indemnify the Administrative Agent) that refer to the Administrative Agent shall inure to the benefit of such Supplemental Administrative Agent and all references therein to the Administrative Agent shall be deemed to be references to the Administrative Agent and/or such Supplemental Administrative Agent, as the context may require.

(c) Should any instrument in writing from any Borrower or any other Loan Party be required by any Supplemental Administrative Agent so appointed by the Administrative Agent for more fully and certainly vesting in and confirming to it such rights, powers, privileges and duties, the Borrowers shall, or shall cause such Loan Party to, execute, acknowledge and deliver any and all such instruments promptly upon request by the Administrative Agent. In case any Supplemental Administrative Agent, or a successor thereto, shall die, become incapable of acting, resign or be removed, all the rights, powers, privileges and duties of such Supplemental Administrative Agent, to the extent permitted by Law, shall vest in and be exercised by the Administrative Agent until the appointment of a new Supplemental Administrative Agent.

Section 9.11 *Administrative Agent May File Proofs of Claim* . In case of the pendency of any proceeding under any Debtor Relief Law or any other judicial proceeding relative to any Loan Party, the Administrative Agent (irrespective of whether the principal of any Loan or outstanding Letter of Credit shall then be due and payable as herein expressed or by declaration or otherwise and irrespective of whether the Administrative Agent shall have made any demand on any Borrower) shall be entitled and empowered, by intervention in such proceeding or otherwise:

(a) to file and prove a claim for the whole amount of the principal and interest owing and unpaid in respect of the Loans, Letter of Credit outstandings and all other Secured Obligations that are owing and unpaid and to file such other documents as may be necessary or advisable in order to have the claims of the Lenders, the L/C Issuers and the Administrative Agent (including any claim for the reasonable compensation, expenses, disbursements and advances of the Lenders, the L/C Issuers and the Administrative Agent and their respective agents and counsel and all other amounts due the Lenders, the L/C Issuers and the Administrative Agent under Sections 2.09 and 10.04) allowed in such judicial proceeding; and

(b) to collect and receive any monies or other property payable or deliverable on any such claims and to distribute the same; and any custodian, receiver, assignee, trustee, liquidator, sequestrator or other similar official in any such judicial proceeding is hereby authorized by each Lender and each L/C Issuer to make such payments to the Administrative Agent and, if the Administrative Agent shall consent to the making of such payments directly to the Lenders and the L/C Issuers, to pay to the Administrative Agent any amount due for the reasonable compensation, expenses, disbursements and advances of the Administrative Agent and its agents and counsel, and any other amounts due the Administrative Agent under Sections 2.09 and 10.04 .

Nothing contained herein shall be deemed to authorize the Administrative Agent to authorize or consent to or accept or adopt on behalf of any Lender or any L/C Issuer any plan of reorganization, arrangement, adjustment or composition affecting the Secured Obligations or the rights of any Lender or any L/C Issuer to authorize the Administrative Agent to vote in respect of the claim of any Lender or any L/C Issuer or in any such proceeding.

Section 9.12 *Indemnification of Administrative Agent* . Each Lender, on a *pro rata* basis, based on its Aggregate Exposure Percentage, severally agrees to indemnify the Administrative Agent, the L/C Issuers, the Swing Line Lender and their respective Related Parties, to the extent that the Administrative Agent, the L/C Issuers, the Swing Line Lender or their respective Related Parties shall not have been reimbursed by any Loan Party (including any amounts required to be reimbursed by a Loan Party pursuant to Section 10.04 but not so reimbursed by any such Loan Party, and not in lieu of such Loan Party's obligation thereunder), for and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses (including fees and disbursements of legal, financial and other advisors) or disbursements of any kind or nature whatsoever (including Taxes, interest and penalties imposed for not properly withholding or backup withholding on payments made to or for the account of any Lender) which may be imposed on, incurred by or on behalf of or asserted against the Administrative Agent, the L/C Issuers, the Swing Line Lender or their respective Related Parties in exercising its powers, rights and remedies or performing its duties hereunder or under the other Loan Documents or otherwise in its capacity as the Administrative Agent, an L/C Issuer or the Swing Line Lender in any way relating to or arising out of this Agreement or the other Loan Documents; provided that no Lender shall be liable for any portion of such liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements resulting from the Administrative Agent's, the applicable L/C Issuer's, the Swing Line Lender's or their respective Related Parties', as applicable, gross negligence or willful misconduct, as determined by a court of competent jurisdiction in a final and non-appealable judgment. If any indemnity furnished to the Administrative Agent, an L/C Issuer, the Swing Line Lender or any of their respective Related Parties for any purpose shall, in the opinion of the Administrative Agent, such L/C Issuer or the Swing Line Lender, as applicable, be insufficient or become impaired, the Administrative Agent, such L/C Issuer or the Swing Line Lender, as applicable, may call for additional indemnity and cease, or not commence, to do the acts indemnified against until such additional indemnity is furnished; provided that in no event shall this sentence require any Lender to indemnify the Administrative Agent, any L/C Issuer, the Swing Line Lender or any of their respective Related Parties against any liability, obligation, loss, damage, penalty, action, judgment, suit, cost, expense or disbursement in excess of such Lender's *pro rata* share (based on its Aggregate Exposure Percentage) thereof; provided, further, that this sentence shall not be deemed to require any Lender to indemnify the Administrative Agent, any L/C Issuer, the Swing Line Lender or any of their respective Related Parties against any liability, obligation, loss, damage, penalty, action, judgment, suit, cost, expense or disbursement described in the proviso in the immediately preceding sentence.

In addition, each Lender hereby severally agrees to reimburse the Administrative Agent and each of its Related Parties (to the extent required to be reimbursed by a Loan Party pursuant to Section 10.04 but not so reimbursed by any such Loan Party, and not in lieu of such Loan Party's obligation thereunder) promptly upon demand for such Lender's *pro rata* share based on its Aggregate Exposure Percentage of any costs and expenses (including fees, charges and disbursements of financial, legal and other advisors and Taxes paid in the name of, or on behalf of, any Loan Party) that may be incurred by the Administrative Agent or any of its Related Parties in connection with the preparation, syndication, execution, delivery, administration, modification, consent, waiver or enforcement (whether through negotiations, through any work-out, bankruptcy, restructuring or other legal or other proceeding or otherwise) of, or legal advice in respect of its rights or responsibilities under, any Loan Document.

Section 9.13 *Agency for Perfection* . The Administrative Agent hereby appoints, authorizes and directs each Secured Party to act as collateral sub-agent for the Administrative Agent and the other Secured Parties for purposes of the perfection of all Liens with respect to the Collateral, including (without limiting Section 6.12(d)(viii)) any deposit account maintained by a Loan Party with, and cash and Cash Equivalents held by, such Secured Party, and may further authorize and direct such Secured Party to take further actions as collateral sub-agents for purposes of enforcing such Liens or otherwise to transfer the Collateral subject thereto to the Administrative Agent, and each Secured Party hereby agrees to take such further actions to the extent, and only to the extent, so authorized and directed. For the avoidance of doubt, nothing in this Section 9.13 is intended to require the parties hereto to enter into any account control agreements not otherwise required hereunder. For the avoidance of doubt, any Secured Party that is appointed as a collateral sub-agent for the Administrative Agent shall be entitled to the benefits set forth in Section 9.05.

Section 9.14 *Parallel Debt* .

(a) In respect of ensuring the validity and enforceability of any Collateral Document governed by the laws of the Netherlands and without prejudice to the provisions of the Loan Documents, the UK Borrower hereby irrevocably and unconditionally undertakes to pay to the Administrative Agent amounts equal to the amounts payable by it in respect of its Secured Obligations as they may exist from time to time, which undertaking the Administrative Agent hereby accepts. Each payment undertaking of the UK Borrower to the Administrative Agent under this Section 9.14 is hereinafter to be referred to as a “Parallel Debt”. Each Parallel Debt will be payable in the currency or currencies of the relevant Secured Obligation and will become due and payable as and when the Secured Obligation to which it corresponds becomes due and payable.

(b) Each of the parties hereto hereby acknowledges that:

(i) each Parallel Debt constitutes an undertaking, obligation and liability of the UK Borrower to the Administrative Agent which is separate and independent from, and without prejudice to, the Secured Obligation to which it corresponds; and

(ii) each Parallel Debt represents the Administrative Agent’s own separate and independent claim to receive payment of such Parallel Debt from the UK Borrower and shall not constitute the Administrative Agent and any other Secured Party as joint creditors of any Secured Obligation.

(c) To the extent the Administrative Agent irrevocably receives any amount in payment of a Parallel Debt of the UK Borrower, the Administrative Agent shall distribute such amount among the Secured Parties that are the creditors of the Secured Obligations of the UK Borrower in accordance with the terms of this Agreement, as if such amount were received by the Administrative Agent in payment of the Secured Obligation to which it corresponds.

(d) Upon irrevocable receipt by a Secured Party of any amount on a distribution by the Administrative Agent under Section 9.14(c) in respect of a payment on a Parallel Debt, the Secured Obligation to which the Parallel Debt corresponds shall be reduced by the same amount.

ARTICLE X

MISCELLANEOUS

Section 10.01 *Amendments, Etc.* No amendment or waiver of any provision of this Agreement or any other Loan Document, and no consent to any departure by any Borrower or any other Loan Party therefrom, shall be effective unless in writing signed by the Required Lenders (or by the Administrative Agent with the consent of the Required Lenders) and the applicable Borrower or Loan Party, as the case may be, and each such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given; provided that no such amendment, waiver or consent shall:

(a) extend or increase the Commitment of any Lender or extend the Commitment Termination Date without the written consent of such Lender (it being understood that a waiver of any condition precedent set forth in Section 4.02 or 4.03, or the waiver of any Default or Event of Default or the waiver of (or amendment to the terms of) any mandatory reduction of the Commitments shall not constitute an extension or increase of any Commitment of any Lender);

(b) postpone any date scheduled for any payment of principal, premium, interest or fees, without the written consent of each Lender directly and adversely affected thereby (it being understood that the waiver of (or amendment to the terms of) any mandatory prepayment shall not constitute a postponement of any date scheduled for the payment of principal or interest);

(c) reduce or forgive the principal of, or the rate of interest specified herein on, any Loan or L/C Borrowing or (subject to clause (iii) of the second proviso to this Section 10.01) reduce or forgive any fees or premium payable hereunder or under any other Loan Document without the written consent of each Lender directly and adversely affected thereby; provided that only the consent of the Required Lenders shall be necessary to amend the definition of “Default Rate” or to waive any obligation of any Borrower to pay interest at the Default Rate;

(d) (i) change any provision of this Section 10.01 without the written consent of each Lender directly and adversely affected thereby, (ii) reduce the voting percentage set forth in the definition of “Required Lenders” or Section 10.07(a) (solely with regard to the ability of any Borrower to assign or otherwise transfer any of its rights or obligations hereunder) without the consent of each Lender or (iii) change or waive any other provision hereof specifying the number or percentage of Lenders required to amend, waive or otherwise modify any rights hereunder or make any determination or grant any consent hereunder without the consent of each Lender;

(e) release all or substantially all of the Collateral in any transaction or series of related transactions (it being understood that a transaction permitted under Sections 7.04 and 7.05 shall not constitute the release of all or substantially all of the Collateral), without the written consent of each Lender;

(f) other than in connection with a transaction permitted under Sections 7.04 and 7.05, release all or substantially all of the aggregate value of the Guarantees without the written consent of each Lender;

(g) change the currency of the payment of any Loan or the currency of the funding of any Loan or amend the definition of “Alternative Currency” without the written consent of each Lender;

(h) amend Section 8.03 or 2.12(f) in a manner that directly and adversely affects any Class without the consent of Lenders of such Class holding more than fifty percent (50%) of the Loans of such Class (or, in the case of any Revolving Credit Facility, without the consent of the Required Revolving Lenders);

(i) except as expressly set forth herein (including Section 2.14 or 2.15 or this Section 10.01), amend Section 2.12(a) or 2.13 without the consent of each Lender directly and adversely affected thereby (it being understood that Sections 2.14, 2.15 and 10.07 may be amended with the consent of the Required Lenders only);

(j) waive any condition set forth in Section 4.03 as to any Credit Extension under any Revolving Credit Facility without the written consent of the Required Revolving Lenders; and

(k) revise or waive any requirement in Section 2.03(a)(ii)(F) or 2.03(g) requiring Cash Collateral for Letters of Credit outstanding after the Maturity Date of any Revolving Credit Lender or release Cash Collateral for Letters of Credit outstanding after the Maturity Date of any Revolving Credit Lender, in each case to the extent such Revolving Credit Lender's commitment to fund its participation in such Letters of Credit remains outstanding after such Maturity Date, without the written consent of such Revolving Credit Lender;

provided, further, that (i) no amendment, waiver or consent shall, unless in writing and signed by the applicable L/C Issuer in addition to the Lenders required above, affect the rights or duties of such L/C Issuer under this Agreement or any Issuer Document relating to any Letter of Credit issued or to be issued by it, (ii) no amendment, waiver or consent shall, unless in writing and signed by the Swing Line Lender in addition to the Lenders required above, affect the rights or duties of the Swing Line Lender under this Agreement, (iii) no amendment, waiver or consent shall, unless in writing and signed by the Administrative Agent in addition to the Lenders required above, affect the rights or duties of, or any fees or other amounts payable to, the Administrative Agent under this Agreement or any other Loan Document (it being understood that the Required Lenders may agree to grant forbearance without the consent of the Administrative Agent) and (iv) Section 10.07(h) may not be amended, waived or otherwise modified without the consent of each Granting Lender all or any part of whose Loans are being funded by an SPC at the time of such amendment, waiver or other modification. Notwithstanding anything to the contrary herein, no Defaulting Lender shall have any right to approve or disapprove any amendment, waiver or consent hereunder, except that (x) the Commitment of such Lender may not be increased or extended without the consent of such Lender and (y) the principal and accrued and unpaid interest of such Lender's Loans shall not be reduced or forgiven without the consent of such Lender.

Notwithstanding the foregoing, this Agreement may be amended (or amended and restated) with the written consent of the Required Lenders, the Administrative Agent and the US Borrower (a) to add one or more additional credit facilities to this Agreement with respect to which the US Borrower shall be the borrower and to permit the extensions of credit from time to time outstanding thereunder and the accrued interest and fees in respect thereof to share ratably in the benefits of this Agreement and the other Loan Documents with the Term Loans and the Revolving Credit Loans of the US Borrower and the accrued interest and fees in respect thereof and (b) to include appropriately the Lenders holding such credit facilities in any determination of the Required Lenders.

Notwithstanding anything to the contrary contained in this Section 10.01, in the event that the US Borrower requests that this Agreement be modified or amended in a manner that would require the unanimous consent of all of the Lenders or all Lenders directly and adversely affected thereby, and such modification or amendment is agreed to by the Required Lenders, then with the consent of the US

Borrower and the Required Lenders, the US Borrower and the Lenders shall be permitted to amend the Agreement without the consent of the Non-Consenting Lenders to provide for (a) the termination of the Commitment of each Non-Consenting Lender that is (x) a Revolving Credit Lender, (y) a Term Lender or (z) both, at the election of the US Borrower and the Required Lenders, (b) the addition to this Agreement of one or more other financial institutions (each of which shall be an Eligible Assignee), or an increase in the Commitment of one or more of the Lenders (with the written consent thereof), so that the total Commitment after giving effect to such amendment shall be in the same amount as the total Commitment immediately before giving effect to such amendment, (c) if any Loans are outstanding at the time of such amendment, the making of such additional Loans by such new financial institutions or Lenders, as the case may be, as may be necessary to repay in full, at par, the outstanding Loans of the Non-Consenting Lenders (including any amounts payable pursuant to Section 3.05 and other amounts owed to such Lender hereunder) immediately before giving effect to such amendment and (d) such other modifications to this Agreement as may be necessary to effect the foregoing clauses (a), (b), and (c).

In addition, notwithstanding anything to the contrary contained in this Section 10.01 or any Loan Document, (a) the US Borrower and the Administrative Agent may, without the input or consent of any other Lender, effect amendments to this Agreement and the other Loan Documents as may be necessary in the reasonable opinion of the US Borrower and the Administrative Agent to effect the provisions of Section 2.14, 2.15 or 2.16, (b) if the Administrative Agent and the US Borrower have jointly identified an obvious error or any error or omission of a technical nature, in each case, in any provision of the Loan Documents, then the Administrative Agent and the US Borrower shall be permitted to amend such provision; (c) guarantees, collateral security documents and related documents executed by the US Borrower or any of its Subsidiaries in connection with this Agreement may be in a form reasonably determined by the Administrative Agent and may be amended, supplemented or waived without the consent of any Lender if such amendment, supplement or waiver is delivered in order to (x) comply with local Law, (y) cure ambiguities, omissions, mistakes or defects or (z) cause such guarantee, collateral security document or other document to be consistent with this Agreement and the other Loan Documents; and (d) the US Borrower and the Administrative Agent may, without the input or consent any other Lender, (x) effect amendments to the schedules and/or the exhibits to this Agreement and the other Loan Documents on the Closing Date, if the Administrative Agent has determined that such amendments are appropriate or (y) effect amendments to Section 4.02(a) or 4.02(b) to extend the date required for the delivery of any item described in such provision beyond the Closing Date (it being understood that under no circumstances shall the Administrative Agent be required to consent to any amendment or modification described in this clause (d)).

Section 10.02 *Notices and Other Communications; Facsimile Copies .*

(a) *General* . Unless otherwise expressly provided herein, all notices and other communications provided for hereunder or any other Loan Document shall be in writing (including by facsimile or other electronic transmission). All such written notices shall be mailed, faxed or delivered (including electronically) to the applicable address, facsimile number or electronic mail address, as follows:

(i) if to any Borrower, the Administrative Agent, any L/C Issuer or the Swing Line Lender, to the address, facsimile number or electronic mail address specified for such Person on Schedule 10.02 or to such other address, facsimile number or electronic mail address as shall be designated by such party in a notice to the other parties; and

(ii) if to any other Lender, to the address, facsimile number or electronic mail address specified in its Administrative Questionnaire or to such other address, facsimile number

or electronic mail address as shall be designated by such party in a notice to the US Borrower, the Administrative Agent, the L/C Issuers and the Swing Line Lender.

All such notices and other communications shall be deemed to be given or made upon the earlier to occur of (i) actual receipt by the relevant party hereto and (ii) (A) if delivered by hand or by courier, when signed for by or on behalf of the relevant party hereto, (B) if delivered by mail, four (4) Business Days after deposit in the mail, postage prepaid, (C) if delivered by facsimile, when sent and receipt has been confirmed, and (D) if delivered by electronic mail, when delivered; provided that notices and other communications to the Administrative Agent, the L/C Issuers and the Swing Line Lender pursuant to Article II shall not be effective until actually received by such Person. In no event shall a telephone or voice-mail message be effective as a notice, communication or confirmation hereunder; provided, however, this sentence shall not limit Section 9.04.

(b) *Reliance by Agents and Lenders*. The Administrative Agent and the Lenders shall be entitled to rely and act upon any notices purportedly given by or on behalf of any Borrower (or the Borrower Representative on its behalf) even if (i) such notices were not made in a manner specified herein, were incomplete or were not preceded or followed by any other form of notice specified herein, or (ii) the terms thereof, as understood by the recipient, varied from any confirmation thereof. The Borrowers shall indemnify each Agent-Related Person and each Lender from all losses, costs, expenses and liabilities resulting from the reliance by such Person on each notice purportedly given by or on behalf of any Borrower in accordance with Section 10.05.

Section 10.03 *No Waiver; Cumulative Remedies*. No failure by any Lender or the Administrative Agent to exercise, and no delay by any such Person in exercising, any right, remedy, power or privilege hereunder or under any other Loan Document 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. The rights, remedies, powers and privileges herein provided, and provided under each other Loan Document, are cumulative and not exclusive of any rights, remedies, powers and privileges provided by Law.

Section 10.04 *Attorney Costs and Expenses*. Each Borrower agrees (a) to pay or reimburse the Arrangers and the Administrative Agent for all reasonable and documented out-of-pocket costs and expenses incurred in connection with the preparation, negotiation, syndication and execution of this Agreement and the other Loan Documents, and any amendment, waiver, consent or other modification of the provisions hereof and thereof (whether or not the transactions contemplated by any such amendment, waiver, consent or other modification are consummated), and the consummation and administration of the transactions contemplated hereby and thereby, but limited, in the case of legal fees and expenses to Attorney Costs of Latham & Watkins LLP incurred on or prior to the Closing Date or in connection with matters incident to the closing and thereafter to one (1) counsel to the Administrative Agent and, if necessary, of one (1) local counsel in each relevant material jurisdiction, and (b) to pay or reimburse the Administrative Agent and each Lender for all reasonable and documented out-of-pocket costs and expenses incurred in connection with the enforcement of any rights or remedies under this Agreement or the other Loan Documents (including all such costs and expenses incurred during any legal proceeding, including any proceeding under any Debtor Relief Law), but limited, in the case of legal fees and expenses, to the Attorney Costs of one (1) counsel to the Administrative Agent and the Lenders, taken as a whole, and, if necessary, of one (1) local counsel to the Administrative Agent and the Lenders, taken as a whole, in each relevant material jurisdiction (and, solely in the case of an actual or potential conflict of interest, one (1) additional counsel to all similarly affected Persons, taken as a whole, and if necessary, one (1) additional counsel to all similarly affected Persons in each relevant material jurisdiction, taken as a whole). The foregoing costs and expenses shall include all search, filing, recording, title insurance and

appraisal charges and fees and Taxes related thereto, and other reasonable out-of-pocket expenses incurred by any Agent. All amounts due under this Section 10.04 shall be paid within thirty (30) days following receipt by the Borrowers of a written demand therefor (together with reasonable backup documentation). The agreements in this Section 10.04 shall survive the Termination Date.

Section 10.05 *Indemnification by the Borrowers* . The Borrowers shall indemnify and hold harmless the Administrative Agent, each Arranger, each Lender and their respective Affiliates and their respective Affiliates' directors, officers, employees, partners, counsel, agents, attorneys-in-fact, trustees and advisors and other representatives and the successors and assigns of each of the foregoing (collectively the “ **Indemnitees** ”) from and against any and all liabilities, obligations, losses, damages, penalties, claims, demands, actions, judgments, suits, costs, expenses and disbursements (including Attorney Costs, which shall be limited to one (1) counsel to the Indemnitees taken as a whole and, if necessary, one (1) local counsel to such Indemnitees taken as a whole in each relevant material jurisdiction (and in the case of an actual or potential conflict of interest among or between Indemnitees, one (1) additional counsel to the similarly affected Indemnitees taken as a whole and, if necessary, one (1) additional local counsel to such Indemnitees taken as a whole in each relevant material jurisdiction)) of any kind or nature whatsoever which may at any time be imposed on, incurred by or asserted against any such Indemnitee, in each case, in any way relating to or arising out of or in connection with (a) the execution, delivery, enforcement, performance or administration of any Loan Document or any other agreement, letter or instrument delivered in connection with the transactions contemplated thereby or the consummation of the transactions contemplated thereby, (b) any Commitment, Loan or Letter of Credit or the use or proposed use of the proceeds therefrom (including any refusal by any L/C Issuer to honor a demand for payment under a Letter of Credit if the documents presented in connection with such demand do not strictly comply with the terms of such Letter of Credit), (c) any actual or alleged presence or Release of Hazardous Materials on, at, under or from any property or facility currently owned or operated by any Borrower, any Subsidiary or any other Loan Party, or any Environmental Liability to the extent related to any Borrower, any Subsidiary or any other Loan Party, or (d) any actual or prospective claim, litigation, investigation or proceeding relating to any of the foregoing, whether based on contract, tort or any other theory (including any investigation of, preparation for, or defense of any pending or threatened claim, investigation, litigation or proceeding) and regardless of whether any Indemnitee is a party thereto (and regardless of whether such matter is instituted by a third party or by any Borrower or any other Loan Party) (all the foregoing, collectively, the “ **Indemnified Liabilities** ”), in all cases, whether or not caused by or arising, in whole or in part, out of the negligence of the Indemnitee; provided that such indemnity shall not, as to any Indemnitee, be available to the extent that such liabilities, obligations, losses, damages, penalties, claims, demands, actions, judgments, suits, costs, expenses or disbursements (x) have been determined in the final, non-appealable judgment of a court of competent jurisdiction to have resulted from the gross negligence, bad faith or willful misconduct of such Indemnitee (or any of its Related Indemnitees) or (y) arise from claims of any of the Indemnitees solely against one (1) or more Indemnitees (other than claims against an Indemnitee in its capacity as Administrative Agent, Arranger or other Agent) that have not resulted from the action, inaction, participation or contribution of Holdings, any Borrower or any Affiliates of the foregoing or any of their respective officers, directors, stockholders, partners, members, employees, agents, representatives or advisors; provided, further, that Section 3.01 (instead of this Section 10.05) shall govern indemnities with respect to Taxes, except that Taxes representing losses, claims, damages, etc., with respect to a non-Tax claim will be covered by this Section 10.05 (without duplication of Section 3.01). No Indemnitee shall be liable for any damages arising from the use by others of any information or other materials obtained through SyndTrak, IntraLinks, the internet, email or other similar information transmission systems in connection with this Agreement, in each case, except to the extent any such damages are found in a final non-appealable judgment of a court of competent jurisdiction to have resulted from the gross negligence, bad faith or willful misconduct of such Indemnitee, nor shall any Indemnitee or any Loan Party have any liability for

any special, punitive, 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); provided that nothing contained in this sentence shall limit any Borrower's indemnification and reimbursement obligations under this Agreement. The Borrowers shall not be liable for any settlement in respect of any Indemnified Liabilities effected without the Borrowers' consent (which consent shall not be unreasonably withheld), but if settled with the Borrowers' written consent, or (without limitation of the Borrowers' obligations set forth above) if there is a final judgment against an Indemnitee, the Borrowers agree to indemnify and hold harmless each Indemnitee in the manner set forth above. The Borrowers shall not, without the prior written consent of the affected Indemnitee (which consent shall not be unreasonably withheld or delayed), effect any settlement of any pending or threatened Indemnified Liability against such Indemnitee in respect of which indemnity could have been sought hereunder by such Indemnitee unless such settlement (a) includes an unconditional release of such Indemnitee from all liability or claims that are the subject matter of such claimed or threatened Indemnified Liability, (b) does not include any statement as to any admission of fault, culpability or failure to act by or on behalf of such Indemnitee and (c) includes customary confidentiality provisions reasonably acceptable to such Indemnitee. In the case of an investigation, litigation or other proceeding to which the indemnity in this Section 10.05 applies, such indemnity shall be effective whether or not such investigation, litigation or proceeding is brought by any Loan Party, its directors, shareholders or creditors or an Indemnitee or any other Person, whether or not any Indemnitee is otherwise a party thereto and whether or not any of the transactions contemplated hereunder or under any of the other Loan Documents is consummated. All amounts due under this Section 10.05 shall be reimbursed within thirty (30) days of written demand therefor (together with reasonable backup documentation). The agreements in this Section 10.05 shall survive the resignation of the Administrative Agent, the replacement of any Lender or L/C Issuer and the Termination Date. For purposes hereof, "**Related Indemnitee**" of an Indemnitee means (1) any Controlling Person or Controlled Affiliate of such Indemnitee, (2) the respective partners, directors, officers, or employees of such Indemnitee or any of its Controlling Persons or Controlled Affiliates and (3) the respective agents, advisors or other representatives of such Indemnitee or any of its Controlling Persons or Controlled Affiliates, in the case of this clause (3), acting on behalf of or at the instructions of such Indemnitee, Controlling Person or such Controlled Affiliate; provided that each reference to a Related Indemnitee in this sentence pertains to a Related Indemnitee involved in performing services under this Agreement and the Facilities. Notwithstanding the foregoing, if it is found by a final, non-appealable judgment of a court of competent jurisdiction in any such action, proceeding or investigation that any loss, claim, damage or liability of any Indemnitee has resulted from the gross negligence, bad faith or willful misconduct of such Indemnitee (or any of its Related Indemnitees) or a material breach of the Loan Documents by such Indemnitee (or any of its Related Indemnitees), such Indemnitee will repay such portion of the reimbursed amounts previously paid to such Indemnitee under this Section 10.05 that is attributable to expenses incurred in relation to the act or omission of such Indemnitee which is the subject of such finding.

Section 10.06 *Marshalling; Payments Set Aside*. Neither the Administrative Agent nor any Lender (including any L/C Issuer) shall be under any obligation to marshal any assets in favor of any Loan Party or any other Person or against or in payment of any or all of the Secured Obligations. To the extent that any payment by or on behalf of any Borrower is made to any Agent or any Lender, or any Agent or any Lender exercises its right of setoff, and such payment or the proceeds of such setoff or any part thereof is subsequently invalidated, declared to be fraudulent or preferential, set aside or required (including pursuant to any settlement entered into by such Agent or such Lender in its discretion) to be repaid to a trustee, receiver or any other party in connection with any proceeding under any Debtor Relief Law or otherwise, then (a) to the extent of such recovery, the obligation or part thereof originally intended to be satisfied, and all Liens, rights and remedies therefor or related thereto, shall be revived and continued in full force and effect as if such payment or payments had not been made or such enforcement

or setoff had not occurred, and (b) each Lender severally agrees to pay to the Administrative Agent upon demand its applicable share of any amount so recovered from or repaid by any Agent, plus interest thereon from the date of such demand to the date such payment is made at a rate *per annum* equal to the applicable Overnight Rate from time to time in effect.

Section 10.07 *Successors and Assigns.* (a) The provisions of this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns permitted hereby, except that no Borrower may assign or otherwise transfer any of its rights or obligations hereunder without the prior written consent of each Lender, and any such assignment without such consent shall be null and void (for the avoidance of doubt, any such transfer that occurs pursuant to a transaction permitted under Section 7.04 is permitted hereunder without any such consent), and no Lender may assign or otherwise transfer any of its rights or obligations hereunder except (i) to an Eligible Assignee in accordance with the provisions of Section 10.07(b), (ii) by way of participation in accordance with the provisions of Section 10.07(e), (iii) by way of pledge or assignment of a security interest subject to the restrictions of Section 10.07(g) or 10.07(i), as the case may be, or (iv) to an SPC in accordance with the provisions of Section 10.07(h). Nothing in this Agreement, expressed or implied, shall be construed to confer upon any Person (other than the parties hereto, their respective successors and assigns permitted hereby, Participants to the extent provided in Section 10.07(e) and, to the extent expressly contemplated hereby, the Indemnitees) any legal or equitable right, remedy or claim under or by reason of this Agreement.

(b) Any Lender may at any time assign to one or more Eligible Assignees all or a portion of its rights and obligations under this Agreement (including all or a portion of its Revolving Credit Commitment and the Loans (including for purposes of this Section 10.07(b), participations in L/C Obligations and in Swing Line Loans) at the time owing to it); provided that (i) except in the case of an assignment of the entire remaining amount of the assigning Lender's Revolving Credit Commitment and the Loans at the time owing to it or in the case of an assignment to a Lender or an Affiliate of a Lender or an Approved Fund with respect to a Lender, the aggregate amount of such assignment, determined as of the date the Assignment and Assumption with respect to such assignment is delivered to the Administrative Agent shall not be less than \$5,000,000, in the case of any assignment in respect of the Revolving Credit Facility or \$1,000,000, in the case of any assignment in respect of any Term Loans (provided, however, that concurrent assignments to or by Approved Funds will be treated as a single assignment for the purpose of meeting the minimum transfer requirements), (ii) except in the case of an assignment to a Lender (or, in respect of any Revolving Credit Facility, a Revolving Credit Lender), an Affiliate of a Lender (or, in respect of any Revolving Credit Facility, a Revolving Credit Lender) or an Approved Fund (but subject to clause (iv) below), each of the Administrative Agent and, so long as no Event of Default under Section 8.01(a), 8.01(f) or 8.01(g)(i) has occurred and is continuing, the US Borrower consents to such assignment (each such consent not to be unreasonably withheld or delayed); provided that (1) the US Borrower shall be deemed to have consented to any such assignment of Term Loans unless it shall object thereto by written notice to the Administrative Agent within ten (10) Business Days after having received written notice thereof and (2) no consent of US Borrower shall be required for any initial assignment of Commitments made by Wells Fargo Bank, National Association to effect the primary syndication of the Commitments to Lenders identified to the US Borrower and approved by the US Borrower in writing on or before the Closing Date, (iii) each partial assignment shall be made as an assignment of a proportionate part of all the assigning Lender's rights and obligations under this Agreement with respect to the Loans or the Commitment assigned, except that this clause (iii) shall not (x) apply to rights in respect of Swing Line Loans or (y) prohibit any Lender from assigning all or a portion of its rights and obligations among separate Facilities on a non- *pro rata* basis, (iv) any assignment of a Revolving Credit Commitment must be approved by the Administrative Agent, the L/C Issuers and the Swing Line Lender (each such consent not to be unreasonably withheld or delayed), (v) the parties to

each assignment shall execute and deliver to the Administrative Agent an Assignment and Assumption together with a processing and recordation fee of \$3,500 (which fee (x) the US Borrower shall not have an obligation to pay except as required in Section 3.07 and (y) may be waived or reduced by the Administrative Agent in its discretion), and (vi) the assigning Lender shall deliver any Notes evidencing such Loans to the US Borrower or the Administrative Agent.

Subject to acceptance and recording thereof by the Administrative Agent pursuant to Section 10.07(c), from and after the effective date specified in each Assignment and Assumption, the Eligible Assignee thereunder shall be a party to this Agreement and, to the extent of the interest assigned by such Assignment and Assumption, have the rights and obligations of a Lender under this Agreement, and the assigning Lender thereunder shall, to the extent of the interest assigned by such Assignment and Assumption, be released from its obligations under this Agreement (and, in the case of an Assignment and Assumption covering all of the assigning Lender's rights and obligations under this Agreement, such Lender shall cease to be a party hereto but shall continue to be entitled to the benefits of Sections 3.01, 3.04, 3.05, 10.04 and 10.05 with respect to facts and circumstances occurring prior to the effective date of such assignment and shall continue to be bound by Section 10.08). Upon request, the relevant Borrower (at its expense) shall execute and deliver a Note to the assignee Lender; provided that if such Borrower has previously issued an assigning Lender a Note, then such Borrower shall have no obligation to deliver a Note to the assignee Lender except upon the surrender by the assigning Lender of its Note (or receipt by such Borrower (or the Borrower Representative on its behalf) of a certificate of loss including reasonably satisfactory indemnification provisions).

(c) The Administrative Agent, acting solely for this purpose as a non-fiduciary agent of the Borrowers, shall maintain at the Administrative Agent's Office a copy of each Assignment and Assumption delivered to it and a register for the recordation of the names and addresses of the Lenders, and the Commitments of, and principal amounts (and related interest amounts) of the Loans, L/C Obligations (specifying the Unreimbursed Amounts), L/C Borrowings and amounts due under Section 2.03, owing to each Lender pursuant to the terms hereof from time to time (the "**Register**"). The entries in the Register shall be conclusive, absent manifest error, and the Borrowers, the Agents and the Lenders shall treat each Person whose name is recorded in the Register pursuant to the terms hereof as the owner of its interests in the Loans, L/C Obligations, L/C Borrowings and amounts due under the Loan Documents as set forth in the Register and as a Lender hereunder for all purposes of this Agreement, notwithstanding notice to the contrary. The Register shall be available for inspection by the Borrowers, any Arranger, any Agent, any Lender (solely with respect to such Lender's interest) and any L/C Issuer, at any reasonable time and from time to time upon reasonable prior notice. Notwithstanding anything to the contrary contained in this Agreement, the Credit Extensions and Obligations are intended to be treated as registered obligations for U.S. federal income Tax purposes. Any right or title in or to any Credit Extensions and Obligations (including with respect to the principal amount and any interest thereon) may only be assigned or otherwise transferred through the Register. This Section 10.07 shall be construed so that the Credit Extensions and Obligations are at all times maintained in "registered form" within the meaning of Sections 163(f), 871(h)(2) and 881(c)(2) of the Code, Treasury Regulation Section 5f.103-1(c) and any other related regulations (or any successor provisions of the Code or such regulations).

(d) The words "execution," "signed," "signature" and words of like import in any Assignment and Assumption shall be deemed to include electronic signatures or the keeping of records in electronic form, each of which shall be of the same legal effect, validity or enforceability as a manually executed signature or the use of a paper-based recordkeeping system, as the case may be, to the extent and as provided for in any applicable law, including the Federal Electronic Signatures in Global and National Commerce Act, the New York State Electronic Signatures and Records Act or any other similar state laws based on the Uniform Electronic Transactions Act.

(e) Any Lender may at any time, without the consent of, or notice to, any Borrower or the Administrative Agent, sell participations to any Person (other than a natural person, any Borrower, Holdings or any Affiliate of any Borrower or Holdings) (each, a “**Participant**”) in all or a portion of such Lender’s rights and/or obligations under this Agreement (including all or a portion of its Commitment and/or the Loans (including such Lender’s participations in L/C Obligations and/or Swing Line Loans) owing to it); provided that (i) such Lender’s obligations under this Agreement shall remain unchanged, (ii) such Lender shall remain solely responsible to the other parties hereto for the performance of such obligations and (iii) the Borrowers, the Agents and the other Lenders shall continue to deal solely and directly with such Lender in connection with such Lender’s rights and obligations under this Agreement. Any agreement or instrument pursuant to which a Lender sells such a participation shall provide that such Lender shall retain the sole right to enforce this Agreement and the other Loan Documents and to approve any amendment, modification or waiver of any provision of this Agreement or the other Loan Documents; provided that such agreement or instrument may provide that such Lender will not, without the consent of the Participant, agree to any amendment, waiver or other modification described in the clauses (a) through (j) of the first proviso to Section 10.01 that directly and adversely affects such Participant. Subject to Section 10.07(f), each Borrower agrees that each Participant shall be entitled to the benefits of Sections 3.01, 3.04 and 3.05 (subject to the requirements and limitations therein and in Sections 3.06 and 10.15 read as if a Participant was a Lender and that such documentation required thereunder shall be delivered to the participating Lender and the Administrative Agent) to the same extent as if it were a Lender and had acquired its interest by assignment pursuant to Section 10.07(b), and such Participant agrees to be bound by such Sections, including, for the avoidance of doubt, Sections 10.15 (it being understood that the documentation under Section 10.15 shall be delivered to the participating Lender) and 3.06. To the extent permitted by Law, each Participant also shall be entitled to the benefits of Section 10.09 as though it were a Lender; provided that such Participant agrees to be subject to Section 2.13 as though it were a Lender. Each Lender that sells a participation shall, acting solely for this purpose as a non-fiduciary agent of the Borrowers, maintain a register on which it enters the name and address of each Participant and the principal amounts (and stated interest) of each Participant’s interest in the Loans or other obligations under this Agreement and other Loan Documents (the “**Participant Register**”); provided that no Lender shall have any obligation to disclose all or any portion of the Participant Register (including the identity of any Participant or any information relating to a Participant’s interest in any commitments, loans, letters of credit or its other obligations under any Loan Document) to any Person except to the extent that such disclosure is necessary to establish that such commitment, loan, letter of credit or other obligation is in registered form under Section 5f.103-1(c) of the United States Treasury Regulations. The entries in the Participant Register shall be conclusive absent manifest error, and such Lender (and the Borrowers, to the extent that the Participant requests payment from the Borrowers) shall treat each person whose name is recorded in the Participant Register as the owner of such participation for all purposes of this Agreement notwithstanding any notice to the contrary.

(f) A Participant shall not be entitled to receive any greater payment under Section 3.01, 3.04 or 3.05 than the applicable Lender would have been entitled to receive with respect to the participation sold to such Participant, except to the extent such entitlement to receive a greater payment results from a change in Law that occurs after the Participant acquired the applicable participation.

(g) Any Lender may at any time, without the consent of, or notice to, any Borrower or the Administrative Agent, pledge or assign a security interest in all or any portion of its rights under this Agreement (including under its Note, if any) to secure obligations of such Lender, including any pledge or assignment to secure obligations to a Federal Reserve Bank or any central bank having jurisdiction over such Lender; provided that no such pledge or assignment shall release such Lender from any of its obligations hereunder or substitute any such pledgee or assignee for such Lender as a party hereto.

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(h) Notwithstanding anything to the contrary contained herein, any Lender (a “**Granting Lender**”) may grant to a special purpose funding vehicle identified as such in writing from time to time by the Granting Lender to the Administrative Agent and the US Borrower (an “**SPC**”) the option to provide all or any part of any Loan that such Granting Lender would otherwise be obligated to make pursuant to this Agreement; provided that (i) nothing herein shall constitute a commitment by any SPC to fund any Loan, (ii) if an SPC elects not to exercise such option or otherwise fails to make all or any part of such Loan, the Granting Lender shall be obligated to make such Loan pursuant to the terms hereof and (iii) such SPC and the applicable Loan or any applicable part thereof shall be appropriately reflected in the Register. Each party hereto hereby agrees that an SPC shall be entitled to the benefits of Sections 3.01, 3.04 and 3.05 (subject to the requirements and limitations therein and in Sections 3.06 and 10.15), but (i) neither the grant to any SPC nor the exercise by any SPC of such option shall increase the costs or expenses or otherwise increase or change the obligations of the Borrowers under this Agreement (including their obligations under Section 3.01, 3.04 or 3.05), except to the extent that any entitlement to a greater payment under Section 3.01, 3.04 or 3.05 results from a change in Law arising after the grant to such SPC, (ii) no SPC shall be liable for any indemnity or similar payment obligation under this Agreement for which a Lender would be liable, and (iii) the Granting Lender shall for all purposes, including the approval of any amendment, waiver or other modification of any provision of any Loan Document, remain the lender of record hereunder. The making of a Loan by an SPC hereunder shall utilize the Commitment of the Granting Lender to the same extent, and as if, such Loan were made by such Granting Lender. Notwithstanding anything to the contrary contained herein, subject to compliance with the provisions of this Section 10.07 regarding the Register and/or the Participant Register, as appropriate, any SPC may (i) with notice to, but without prior consent of, the Borrowers and the Administrative Agent and with the payment of a processing fee of \$3,500, assign all or any portion of its right to receive payment with respect to any Loan to the Granting Lender and (ii) disclose on a confidential basis any non-public information relating to its funding of Loans to any rating agency, commercial paper dealer or provider of any surety or Guarantee or credit or liquidity enhancement to such SPC.

(i) Notwithstanding anything to the contrary contained herein, any Lender that is a Fund may, without the consent of or notice to the Administrative Agent or any Borrower, create a security interest in all or any portion of the Loans owing to it and the Note, if any, held by it to the trustee for holders of obligations owed, or securities issued, by such Fund as security for such obligations or securities; provided that unless and until such trustee actually becomes a Lender in compliance with the other provisions of this Section 10.07, (i) no such pledge shall release the pledging Lender from any of its obligations under the Loan Documents and (ii) such trustee shall not be entitled to exercise any of the rights of a Lender under the Loan Documents even though such trustee may have acquired ownership rights with respect to the pledged interest through foreclosure or otherwise (unless such trustee is an Eligible Assignee which has complied with the requirements of Section 10.07(b)).

Section 10.08 Confidentiality. Each of the Agents, the L/C Issuers and the Lenders agrees to maintain the confidentiality of the Information, except that Information may be disclosed (a) to its Affiliates and to its and its Affiliates’ directors, officers, employees and agents, including accountants, legal counsel and other advisors and representatives on a need to know basis in connection with the Facility (collectively, the “**Representatives**”) (it being understood that (x) the Persons to whom such disclosure is made will be informed of the confidential nature of such Information and instructed to keep such Information confidential and (y) the applicable Agent, L/C Issuer or Lender shall be responsible for such Affiliates’ compliance with the terms of this Section 10.08), (b) to the extent requested by any regulatory authority having jurisdiction over such Agent, L/C Issuer or Lender or their respective Affiliates, (c) to the extent required by

applicable Laws or regulations or by any subpoena or similar legal process or required by a governmental authority (provided that the Agent, L/C Issuer, Lender or Affiliate

that discloses any Information pursuant to clause (b) and this clause (c) shall (i) except with respect to any audit or examination conducted by bank or other applicable financial accountants or any governmental bank or other applicable financial authority exercising examination or regulatory approval, promptly provide the US Borrower advance notice of such disclosure to the extent permitted by applicable Law and (ii) to the extent permitted by applicable Law, use commercially reasonable efforts to ensure that such Information so disclosed is afforded confidential treatment), (d) to any other party to this Agreement, (e) subject to an agreement containing provisions substantially the same as those of this Section 10.08 (or as may otherwise be reasonably acceptable to the US Borrower), to any Eligible Assignee or Participant in, or any prospective Eligible Assignee or pledgee (to the extent permitted hereunder) of or Participant in, any of its rights or obligations under this Agreement, (f) with the written consent of the US Borrower, (g) to the extent such Information becomes publicly available other than as a result of a breach of this Section 10.08, (h) to any rating agency when required by it (it being understood that, prior to any such disclosure, such rating agency shall undertake to preserve the confidentiality of any Information relating to the Company Parties received by it from such L/C Issuer or Lender, as applicable), (i) in connection with the exercise of any remedies hereunder or under any other Loan Document in any legal action or proceeding relating to this Agreement or any other Loan Document or the enforcement of rights hereunder or thereunder to the extent reasonably necessary in connection with such enforcement, (j) to any direct or indirect contractual counterparty to Swap Agreements or such contractual counterparty's professional advisor (so long as such contractual counterparty or professional advisor to such contractual counterparty agrees to be bound in writing by the provisions of this Section 10.08 in favor of the Company Parties or by terms substantially similar to the terms of this Section 10.08), (k) to the extent that such Information is received (or has been received) by such Agent, L/C Issuer or Lender or its Affiliate from a third party that is not, to such Agent's, L/C Issuer's, Lender's or Affiliate's knowledge, as applicable, subject to contractual or fiduciary confidentiality obligations owing to Holdings or any of its Subsidiaries and (l) to the extent such Information is independently developed by such Agent, such L/C Issuer or such Lender. In addition, the Agents, the L/C Issuers and the Lenders may disclose the existence of this Agreement and information about this Agreement to market data collectors, similar service providers to the lending industry, and service providers to the Agents, the L/C Issuers and the Lenders in connection with the administration and management of this Agreement, the other Loan Documents, the Commitments, and the Credit Extensions. For the purposes of this Section 10.08, " **Information** " means all information received from any Loan Party, any Affiliate of any Loan Party or any representative of any Loan Party or any Affiliate of any Loan Party relating to any Loan Party or its business, other than any such information that is publicly available (or is derived from such information) to any Agent, any L/C Issuer or any Lender prior to disclosure by such Loan Party, Affiliate or representative other than as a result of a breach of this Section 10.08. The obligations of the Agents, the L/C Issuers and the Lenders under this Section 10.08 shall automatically terminate on the date that is two (2) years following the Termination Date.

Section 10.09 *Setoff*. In addition to any rights and remedies of the Lenders provided by Law, upon the occurrence and during the continuance of any Event of Default, after obtaining the prior written consent of the Administrative Agent, each Lender is authorized at any time and from time to time, without prior notice to any Borrower or any other Loan Party, any such notice being waived by each Borrower (on its own behalf and on behalf of each other Loan Party) to the fullest extent permitted by Law, to set off and apply any and all deposits (general or special, time or demand, provisional or final) at any time held by, and other Indebtedness at any time owing by, such Lender to or for the credit or the account of the respective Loan Parties against any and all Obligations owing to such Lender hereunder or under any other Loan Document, now or hereafter existing, irrespective of whether or not such Lender shall have made demand under this Agreement or any other Loan Document and although such Obligations may be contingent or unmatured or denominated in a currency different from that of the applicable deposit or Indebtedness; provided that in the event that any Defaulting Lender shall exercise

any such right of setoff, (x) all amounts so set off shall be paid over immediately to the Administrative Agent for further application in accordance with the provisions of Section 2.16 and, pending such payment, shall be segregated by such Defaulting Lender from its other funds and deemed held in trust for the benefit of the Administrative Agent and the Lenders and (y) the Defaulting Lender shall provide promptly to the Administrative Agent a statement describing in reasonable detail the Secured Obligations owing to such Defaulting Lender as to which it exercised such right of setoff. Each Lender agrees promptly to notify the US Borrower and the Administrative Agent after any such set off and application made by such Lender; provided that the failure to give such notice shall not affect the validity of such setoff and application. The rights of the Administrative Agent and each Lender under this Section 10.09 are in addition to other rights and remedies (including other rights of setoff) that the Administrative Agent and such Lender may have.

Section 10.10 *Interest Rate Limitation*. Notwithstanding anything to the contrary contained in any Loan Document, the interest paid or agreed to be paid under the Loan Documents shall not exceed the maximum rate of non-usurious interest permitted by applicable Law (the “**Maximum Rate**”). If any Agent or any Lender shall receive interest in an amount that exceeds the Maximum Rate, the excess interest shall be applied to the principal of the Loans or, if it exceeds such unpaid principal, refunded to the Borrowers. In determining whether the interest contracted for, charged or received by an Agent or a Lender exceeds the Maximum Rate, such Person may, to the extent permitted by applicable Law, (a) characterize any payment that is not principal as an expense, fee, or premium rather than interest, (b) exclude voluntary prepayments and the effects thereof, and (c) amortize, prorate, allocate, and spread in equal or unequal parts the total amount of interest throughout the contemplated term of the Obligations hereunder.

Section 10.11 *Counterparts*. This Agreement and each other Loan Document may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. Delivery by telecopier or other electronic transmission (including portable document format) of an executed counterpart of a signature page to this Agreement and each other Loan Document shall be effective as delivery of an original executed counterpart of this Agreement and such other Loan Document. The Agents may also require that any such documents and signatures delivered by telecopier or other electronic means be confirmed by a manually signed original thereof; provided that the failure to request or deliver the same shall not limit the effectiveness of any document or signature delivered by telecopier or other electronic transmission.

Section 10.12 *Integration*. This Agreement, together with the other Loan Documents, comprises the complete and integrated agreement of the parties on the subject matter hereof and thereof and supersedes all prior agreements, written or oral, on such subject matter. In the event of any conflict between the provisions of this Agreement and those of any other Loan Document, the provisions of this Agreement shall control; provided that the inclusion of supplemental rights or remedies in favor of the Agents or the Lenders in any other Loan Document shall not be deemed to be a conflict with this Agreement. Each Loan Document was drafted with the joint participation of the respective parties thereto and shall be construed neither against nor in favor of any party, but rather in accordance with the fair meaning thereof.

Section 10.13 *Survival*. All representations and warranties made hereunder and in any other Loan Document or other document delivered pursuant hereto or thereto or in connection herewith or therewith shall survive the execution and delivery hereof and thereof. Such representations and warranties have been or will be relied upon by each Agent and each Lender, regardless of any investigation made by any Agent or any Lender or on their behalf and notwithstanding that any Agent or any Lender may have had notice or knowledge of any Default at the time of any Credit Extension, and

shall continue in full force and effect until the Termination Date. The provisions of Article III and Article IX and Sections 10.04, 10.05, 10.08, 10.16 and 10.17 shall survive and remain in full force and effect following the Termination Date; provided that the obligations of the Agents, the L/C Issuers and the Lenders under Section 10.08 shall automatically terminate on the date that is two (2) years following the Termination Date. Notwithstanding the foregoing or anything else to the contrary set forth in this Agreement, from and after the Termination Date, each Letter of Credit shall cease to be a “Letter of Credit” outstanding hereunder for all purposes of this Agreement and the other Loan Documents, and the Revolving Credit Lenders shall be deemed to have no participations in such Letter of Credit, and no obligations with respect thereto, under Section 2.03(c).

Section 10.14 *Severability*. If any provision of this Agreement or the other Loan Documents is held to be illegal, invalid or unenforceable, the legality, validity and enforceability of the remaining provisions of this Agreement and the other Loan Documents shall not be affected or impaired thereby. The invalidity of a provision in a particular jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction. Without limiting the foregoing provisions of this Section 10.14, if and to the extent that the enforceability of any provisions in this Agreement relating to Defaulting Lenders shall be limited by Debtor Relief Laws, as determined in good faith by the Administrative Agent, the L/C Issuers or the Swing Line Lender, as applicable, then such provisions shall be deemed to be in effect only to the extent not so limited.

Section 10.15 *Tax Forms*.

(a) Each Lender (which, for purposes of this Section 10.15 shall include any L/C Issuer and the Swing Line Lender) shall deliver to the applicable Borrower and to the Administrative Agent, whenever reasonably requested by such Borrower or the Administrative Agent, such properly completed and duly executed documentation prescribed by applicable Laws and such other reasonably requested information as will permit such Borrower or the Administrative Agent, as the case may be, (A) to determine whether or not payments made hereunder or under any other Loan Document are subject to withholding Taxes (including, in the case of the US Borrower, United States federal backup withholding) and information reporting requirements, (B) to determine, if applicable, the required rate of withholding or deduction and (C) to establish such Lender’s entitlement to any available exemption from, or reduction of, such applicable withholding Taxes in respect of any payments to be made to such Lender pursuant to any Loan Document or otherwise to establish such Lender’s status for withholding Tax purposes in an applicable jurisdiction (including, if applicable, any documentation necessary to determine that such Lender has complied with such Lender’s obligations under FATCA or to determine the proper rate of withholding under FATCA). Without limiting the generality of the foregoing,

(i) to the extent it is qualified for any exemption from or reduction in United States federal withholding Tax with respect to any Loan made to the US Borrower, each Lender that is not a “United States person” within the meaning of Section 7701(a)(30) of the Code (each, a “**Non-US Lender**”) shall deliver to the US Borrower and the Administrative Agent, on or prior to the Closing Date (or upon accepting an assignment of an interest herein), whichever of the following is applicable:

(A) two (2) duly signed, properly completed copies of either IRS Form W-8BEN or W-8BEN-E (claiming the benefits of an applicable Tax treaty), W-8EXP or any successor thereto (relating to such Non-US Lender and entitling it to an exemption from, or reduction of, United States federal withholding Tax on specified payments to be made to such Non-US Lender pursuant to this Agreement or any other Loan Document) or IRS

Form W-8ECI or any successor thereto (relating to all payments to be made to such Non-US Lender pursuant to this Agreement or any other Loan Document);

(B) in the case of a Non-US Lender claiming an exemption under Section 881(c) of the Code, two (2) duly signed, properly completed copies of IRS Form W-8BEN or W-8BEN-E and a certificate substantially in the form of Exhibit J-1 (a “**US Tax Certificate**”) that establishes in writing to the US Borrower and the Administrative Agent that such Non-US Lender is not (x) a “bank” within the meaning of Section 881(c)(3)(A) of the Code, (y) a 10-percent shareholder within the meaning of Section 871(h)(3)(B) or 881(c)(3)(B) of the Code or (z) a controlled foreign corporation described in Section 881(c)(3)(C) of the Code; or

(C) to the extent it is not a beneficial owner, two (2) duly signed, properly completed copies of IRS Form W-8IMY (or any successor thereto), together with any information such Non-US Lender is required to transmit with such form, and any other certificate or statement of exemption required under the Code, to establish that such Non-US Lender is not acting for its own account with respect to a portion of any such sums payable to such Non-US Lender, accompanied by IRS Form W-8ECI, IRS Form W-8BEN or W-8BEN-E, a US Tax Certificate substantially in the form of Exhibit J-2 or Exhibit J-3, IRS Form W-9 and/or other certification documents from each beneficial owner, as applicable; provided that if the Lender is a partnership and one or more of its partners are claiming the exemption for portfolio interest under Section 881(c) of the Code, such Lender shall provide a US Tax Certificate substantially in the form of Exhibit J-4 on behalf of such partners (but only to the extent that such partners fail to do so);

(ii) to the extent it is qualified for any exemption from or reduction in United States federal withholding Tax with respect to any Loan made to the Borrowers, each Lender that lends to the Borrowers shall timely deliver to the US Borrower and the Administrative Agent any other form prescribed by applicable Laws as a basis for claiming exemption from or a reduction in United States federal withholding Tax or otherwise reasonably requested by the US Borrower or the Administrative Agent together with such supplementary documentation as may be prescribed by applicable Laws and otherwise reasonably requested by the US Borrower or the Administrative Agent to permit the US Borrower or the Administrative Agent to determine the withholding or deduction required to be made;

(iii) if a payment made to a Lender under any Loan Document would be subject to U.S. federal withholding Tax imposed by FATCA if such Lender were to fail to comply with the applicable reporting requirements of FATCA (including those contained in Section 1471(b) or 1472(b) of the Code, as applicable), such Lender shall deliver to the US Borrower and the Administrative Agent at the time or times prescribed by law and at such time or times reasonably requested by the US Borrower or the Administrative Agent such documentation prescribed by applicable law (including as prescribed in Section 1471(b)(3)(C)(i) of the Code) and such additional documentation reasonably requested by the US Borrower or the Administrative Agent as may be necessary for the US Borrower and the Administrative Agent to comply with their obligations under FATCA and to determine that such Lender has complied with such Lender’s obligations under FATCA or to determine the amount to deduct and withhold from such payment. Solely for purposes of this clause (iii), “FATCA” shall include any amendments made to FATCA after the Signing Date; and

(iv) in relation to all payments to be made by the UK Borrower, each Lender to the UK Borrower shall, upon request, and as soon as reasonably practicable, cooperate to the extent it is able to do so, with the UK Borrower in completing any procedural formalities necessary for the UK Borrower to obtain authorization to make such a payment without a deduction or withholding for or on account of UK Taxes including, to the extent reasonably practicable, making and filing an appropriate application for relief under a double taxation agreement; provided that, nothing in this Section 10.15 shall require a UK Treaty Lender to register under the HMRC DT Treaty Passport scheme or apply the HMRC DT Treaty Passport scheme to any loan if it has so registered.

(b) Each Lender that is a “United States person” within the meaning of Section 7701(a)(30) of the Code (each, a “**US Lender**”) shall deliver to the Administrative Agent and the US Borrower two (2) duly signed, properly completed copies of IRS Form W-9 (or any successor form) on or prior to the Closing Date (or on or prior to the date it becomes a party to this Agreement), upon the expiration, obsolescence or invalidity of any previously delivered form or when reasonably requested by the US Borrower or the Administrative Agent, in each case certifying that such US Lender is entitled to an exemption from United States backup withholding Tax.

(c) From time to time, each Lender shall (A) promptly submit to the applicable Borrower and the Administrative Agent such additional duly and properly completed and signed copies of one or more applicable forms or certificates described in Sections 10.15(a) and 10.15(b) (or applicable successor forms), (1) on or before the date that any such form, certificate or other evidence previously delivered to such Borrower and the Administrative Agent expires or becomes obsolete, (2) after the occurrence of any event requiring a change in the most recent form, certificate or evidence previously delivered by it to the applicable Borrower and the Administrative Agent and (3) from time to time thereafter if reasonably requested by the applicable Borrower or the Administrative Agent, and (B) promptly notify the applicable Borrower and the Administrative Agent of any change in circumstances which would modify or render invalid any previously claimed exemption or reduction.

(d) To the extent required by any applicable Law, the Administrative Agent may withhold from any payment to any Lender (including, for purposes of this Section 10.15, any L/C Issuer and the Swing Line Lender), an amount equivalent to any applicable withholding Tax. Without limiting or expanding the obligations of any Loan Party under Section 3.01 or 3.04, each Lender shall, and does hereby, indemnify the Administrative Agent, within thirty (30) calendar days after demand therefor, against any and all Taxes and any and all related losses, claims, liabilities and expenses (including fees, charges and disbursements of any counsel for the Administrative Agent) incurred by or asserted against the Administrative Agent by the IRS or any other Governmental Authority (whether or not correctly or legally incurred or asserted) (i) that are attributable to such Lender (including because the appropriate form was not delivered or not properly executed, or because such Lender failed to notify the Administrative Agent of a change in circumstance that rendered the exemption from, or reduction of withholding Tax ineffective) and (ii) that are attributable to such Lender’s failure to comply with the provisions of Section 10.07(e) relating to the maintenance of a Participant Register. A certificate as to the amount of such payment or liability delivered to any Lender by the Administrative Agent shall be conclusive absent manifest error. Each Lender hereby authorizes the Administrative Agent to set off and apply any and all amounts at any time owing to such Lender under this Agreement or any other Loan Document against any amount due the Administrative Agent under this Section 10.15. The agreements in this Section 10.15 shall survive the resignation and/or replacement of the Administrative Agent, any assignment of rights by, or the replacement of, a Lender, the termination of the Commitments and the repayment, satisfaction or discharge of any Loans and all other Obligations hereunder.

(e) Notwithstanding anything to the contrary in this Section 10.15, no Lender or Agent shall be required to deliver any documentation described in Sections 10.15(a)(i), 10.15(a)(iii) or 10.15(b) that it is not legally eligible to deliver or, in the case of any other documentation required under this Section 10.15, that would, in the reasonable judgment of such Lender or Agent, subject such Lender or Agent to any material unreimbursed cost or expense or would materially prejudice the legal or commercial position of such Lender or Agent.

Section 10.16 *GOVERNING LAW*.

(a) THIS AGREEMENT AND EACH OTHER LOAN DOCUMENT (OTHER THAN ANY LOAN DOCUMENT EXPRESSLY GOVERNED BY THE LAWS OF ANOTHER JURISDICTION) SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAW OF THE STATE OF NEW YORK.

(b) ANY LEGAL ACTION OR PROCEEDING WITH RESPECT TO THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT SHALL BE BROUGHT IN THE COURTS OF THE STATE OF NEW YORK SITTING IN NEW YORK CITY IN THE BOROUGH OF MANHATTAN OR OF THE UNITED STATES FOR THE SOUTHERN DISTRICT OF SUCH STATE, AND BY EXECUTION AND DELIVERY OF THIS AGREEMENT, HOLDINGS, EACH BORROWER, EACH AGENT AND EACH LENDER CONSENTS, FOR ITSELF AND IN RESPECT OF ITS PROPERTY, TO THE EXCLUSIVE JURISDICTION OF THOSE COURTS AND APPELLATE COURTS FROM ANY THEREOF (OTHER THAN WITH RESPECT TO ACTIONS BY ANY AGENT OR ANY LENDER IN RESPECT OF RIGHTS UNDER ANY COLLATERAL DOCUMENT GOVERNED BY A LAW OTHER THAN THE LAWS OF THE STATE OF NEW YORK OR WITH RESPECT TO ANY COLLATERAL SUBJECT THERETO). HOLDINGS, EACH BORROWER, EACH AGENT AND EACH LENDER IRREVOCABLY WAIVES ANY OBJECTION, INCLUDING ANY OBJECTION TO THE LAYING OF VENUE OR BASED ON THE GROUNDS OF FORUM NON CONVENIENS, WHICH IT MAY NOW OR HEREAFTER HAVE TO THE BRINGING OF ANY ACTION OR PROCEEDING IN SUCH JURISDICTION IN RESPECT OF ANY LOAN DOCUMENT OR OTHER DOCUMENT RELATED THERETO.

Section 10.17 *WAIVER OF RIGHT TO TRIAL BY JURY*. EACH PARTY TO THIS AGREEMENT HEREBY EXPRESSLY WAIVES ANY RIGHT TO TRIAL BY JURY OF ANY CLAIM, DEMAND, ACTION OR CAUSE OF ACTION ARISING UNDER ANY LOAN DOCUMENT OR IN ANY WAY CONNECTED WITH OR RELATED OR INCIDENTAL TO THE DEALINGS OF THE PARTIES HERETO OR ANY OF THEM WITH RESPECT TO ANY LOAN DOCUMENT, OR THE TRANSACTIONS RELATED THERETO, IN EACH CASE WHETHER NOW EXISTING OR HEREAFTER ARISING, AND WHETHER FOUNDED IN CONTRACT OR TORT OR OTHERWISE; AND EACH PARTY HEREBY AGREES AND CONSENTS THAT ANY SUCH CLAIM, DEMAND, ACTION OR CAUSE OF ACTION SHALL BE DECIDED BY COURT TRIAL WITHOUT A JURY, AND THAT ANY PARTY TO THIS AGREEMENT MAY FILE AN ORIGINAL COUNTERPART OR A COPY OF THIS SECTION 10.17 WITH ANY COURT AS WRITTEN EVIDENCE OF THE CONSENT OF THE SIGNATORIES HERETO TO THE WAIVER OF THEIR RIGHT TO TRIAL BY JURY.

Section 10.18 *Binding Effect*. This Agreement shall become effective when it shall have been executed by Holdings and each Borrower and the Administrative Agent shall have been notified by each Lender, the Swing Line Lender and each L/C Issuer that each such Lender, the Swing Line Lender and each such L/C Issuer have executed it and thereafter shall be binding upon and inure to the benefit of each

Borrower, each Agent, each Lender and each L/C Issuer and their respective successors and permitted assigns.

Section 10.19 *USA PATRIOT Act Notice* . Each Lender that is subject to the PATRIOT Act and the Administrative Agent (for itself and not on behalf of any Lender) hereby notifies the Borrowers that pursuant to the requirements of the PATRIOT Act, it is required to obtain, verify and record information that identifies each Borrower and each other Loan Party, which information includes the name and address of each Borrower and each other Loan Party and other information that will allow such Lender or the Administrative Agent, as applicable, to identify each Borrower and each other Loan Party in accordance with the PATRIOT Act.

Section 10.20 *No Advisory or Fiduciary Relationship* . In connection with all aspects of each transaction contemplated hereby, Holdings and each Borrower acknowledges and agrees that (a) the Facilities provided for hereunder and any related arranging or other services in connection therewith (including in connection with any amendment, waiver or other modification hereof or of any other Loan Document) are an arm's-length commercial transaction between Holdings and each Borrower, on the one hand, and the Arrangers, the Agents and the Lenders, on the other hand, and Holdings and each Borrower are capable of evaluating and understanding and understand and accept the terms, risks and conditions of the transactions contemplated hereby and by the other Loan Documents (including any amendment, waiver or other modification hereof or thereof); (b) in connection with the process leading to such transaction, each of the Arrangers, the Agents and the Lenders is and has been acting solely as a principal and is not the agent or fiduciary for Holdings or any Borrower; and (c) the Arrangers, the Agents and the Lenders have not provided and will not provide any legal, accounting, regulatory or Tax advice with respect to any of the transactions contemplated hereby (including any amendment, waiver or other modification hereof or of any other Loan Document) and Holdings and each Borrower have consulted their own legal, accounting, regulatory and Tax advisors to the extent they have deemed appropriate.

Section 10.21 *Material Non-Public Information* .

(a) EACH LENDER ACKNOWLEDGES THAT INFORMATION AS DEFINED IN SECTION 10.08 FURNISHED TO IT PURSUANT TO THIS AGREEMENT MAY INCLUDE MATERIAL NON-PUBLIC INFORMATION CONCERNING THE BORROWERS AND THEIR RELATED PARTIES OR THEIR RESPECTIVE SECURITIES, AND CONFIRMS THAT IT HAS DEVELOPED COMPLIANCE PROCEDURES REGARDING THE USE OF MATERIAL NON-PUBLIC INFORMATION AND THAT IT WILL HANDLE SUCH MATERIAL NON-PUBLIC INFORMATION IN ACCORDANCE WITH THOSE PROCEDURES AND APPLICABLE LAW, INCLUDING FEDERAL AND STATE SECURITIES LAWS.

(b) ALL INFORMATION, INCLUDING REQUESTS FOR WAIVERS AND AMENDMENTS, FURNISHED BY THE BORROWERS OR THE ADMINISTRATIVE AGENT PURSUANT TO, OR IN THE COURSE OF ADMINISTERING, THIS AGREEMENT WILL BE SYNDICATE-LEVEL INFORMATION, WHICH MAY CONTAIN MATERIAL NON-PUBLIC INFORMATION ABOUT THE BORROWERS, THE LOAN PARTIES AND THEIR RELATED PARTIES OR THEIR RESPECTIVE SECURITIES. ACCORDINGLY, EACH LENDER REPRESENTS TO THE BORROWERS AND THE ADMINISTRATIVE AGENT THAT IT HAS IDENTIFIED IN ITS ADMINISTRATIVE QUESTIONNAIRE A CREDIT CONTACT WHO MAY RECEIVE INFORMATION THAT MAY CONTAIN MATERIAL NON-PUBLIC INFORMATION IN ACCORDANCE WITH ITS COMPLIANCE PROCEDURES AND APPLICABLE LAW.

(c) Each Borrower hereby authorizes the Administrative Agent to distribute the execution versions of the Loan Documents and the financial statements to be furnished pursuant to Section 6.01(a) and 6.01(b) to all Lenders, including Public Lenders.

Section 10.22 *Lender Action* . Each Lender agrees that it shall not take or institute any actions or proceedings, judicial or otherwise, for any right or remedy against any Loan Party or any other obligor under any of the Loan Documents (including the exercise of any right of setoff, rights on account of any banker's lien or similar claim or other rights of self-help), or institute any actions or proceedings, or otherwise commence any remedial procedures, with respect to any Collateral or any other property of any such Loan Party, unless expressly provided for herein or in any other Loan Document, without the prior written consent of the Administrative Agent; it being the intent of the Lenders that any such action to protect or enforce rights under this Agreement and the other Loan Documents shall be taken in concert and at the direction or with the consent of the Administrative Agent or the Required Lenders, as applicable, in accordance with the terms hereof.

Section 10.23 *Borrower Representative* . Each Borrower hereby appoints the US Borrower to act as its agent hereunder (in such capacity, the “**Borrower Representative**”). The Borrower Representative will act as agent on behalf of each Borrower for purposes of issuing Loan Notices and notices of conversion/continuation or similar notices, giving instructions with respect to the disbursement of the proceeds of Loans and Letters of Credit, selecting interest rate options, giving and receiving all other notices and consents hereunder or under any of the other Loan Documents and taking all other actions (including in respect of compliance with covenants) on behalf of any Borrower or the Borrowers under the Loan Documents. The US Borrower hereby accepts such appointment as the Borrower Representative. Each Borrower agrees that each notice, election, representation and warranty, covenant, agreement and undertaking made on its behalf by the Borrower Representative shall be deemed for all purposes to have been made by such Borrower and shall be binding upon and enforceable against such Borrower to the same extent as if the same had been made directly by such Borrower.

Section 10.24 *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.

Section 10.25 *Canadian Anti-Money Laundering & Anti-Terrorism Legislation*. If the Administrative Agent has ascertained the identity of any Loan Party or any authorized signatories of any Loan Party for the purposes of CAML, then the Administrative Agent: (a) shall be deemed to have done so as an agent for each Lender and this Agreement shall constitute a "written agreement" in such regard between each Lender and the Administrative Agent within the meaning of the applicable CAML; and (b) shall provide to the Lenders copies of all information obtained in such regard without any representation or warranty as to its accuracy or completeness. Notwithstanding the preceding sentence and except as may otherwise be agreed in writing, each Lender agrees that the Administrative Agent has no obligation to ascertain the identity of the Loan Parties or any authorized signatories of the Loan Parties on behalf of any Lender, or to confirm the completeness or accuracy of any information it obtains from any Loan Party or any such authorized signatory in doing so.

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IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the date first above written.

ACUSHNET HOLDINGS CORP., as Holdings

By: /s/ William C. Burke
Name: William C. Burke
Title: Treasurer

ACUSHNET COMPANY, as US Borrower and Borrower Representative

By: /s/ Walter R. Uihlein
Name: Walter R. Uihlein
Title: President and CEO

ACUSHNET CANADA INC., as Canadian Borrower

By: /s/ Ted Manning
Name: Ted Manning
Title: President

ACUSHNET EUROPE LIMITED, as UK Borrower

By: /s/ George E. Sine
Name: George E. Sine
Title: Director

[Signature Page to Acushnet Credit Agreement]

WELLS FARGO BANK, NATIONAL ASSOCIATION , as Administrative Agent, an L/C Issuer, Swing Line Lender and a Lender

By: /s/ Jon. W. Peterson

Name: Jon W. Peterson

Title: Senior Vice President

[Signature Page to Acushnet Credit Agreement]

PNC Bank, National Association,
as a Lender

By: /s/ Michael Richards

Name: Michael Richards

Title: Senior Vice President

[Signature Page to Acushnet Credit Agreement]

JPMORGAN CHASE BANK, N.A.,
as a Lender

By: /s/ Joon Hur
Name: Joon Hur
Title: Vice President

[Signature Page to Acushnet Credit Agreement]

JPMORGAN CHASE BANK, N.A., TORONTO BRANCH, as a Lender

By: /s/ Michael N. Tam

Name: Michael N. Tam

Title: Senior Vice President

[Signature Page to Acushnet Credit Agreement]

Morgan Stanley Bank, N.A.,
as a Lender

By: /s/ Michael King
Name: Michael King
Title: Authorized Signatory

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The Bank of Tokyo-Mitsubishi UFJ, Ltd., as a Lender

By: /s/ Adrienne Young

Name: Adrienne Young

Title: Vice-President

[Signature Page to Acushnet Credit Agreement]

Bank of Montreal,
as a Lender

By: /s/ Joan Murphy

Name: Joan Murphy

Title: Director

[Signature Page to Acushnet Credit Agreement]

Bank of Montreal (London Branch),
as a Lender

By: /s/ Tony Ebdon
Name: Tony Ebdon
Title: Managing Director

By: /s/ Andy McClinton
Name: Andy McClinton
Title: Managing Director

[Signature Page to Acushnet Credit Agreement]

Bank of the West,
as a Lender

By: /s/ Francesco Ingargiola
Name: Francesco Ingargiola
Title: Director

By: /s/ Harry Yergey
Name: Harry Yergey
Title: Managing Director

[Signature Page to Acushnet Credit Agreement]

Branch Banking And Trust Company,
as a Lender

By: /s/ Jeff Skalka
Name: Jeff Skalka
Title: Vice President

[Signature Page to Acushnet Credit Agreement]

TD Bank, N.A., as a Lender

By: /s/ Jason Siewert
Name: Jason Siewert
Title: Senior Vice President

[Signature Page to Acushnet Credit Agreement]

People's United Bank, N.A.,
as a Lender

By: /s/ Yvette D. Hawkins
Name: Yvette D. Hawkins
Title: Senior Vice President

[Signature Page to Acushnet Credit Agreement]

The Huntington National Bank,
as a Lender

By: /s/ Jared Shaner
Name: Jared Shaner
Title: Vice President

[Signature Page to Acushnet Credit Agreement]

DEUTSCHE BANK AG NEW YORK
BRANCH,
as a Lender

By: /s/ Marcus M. Tarkington
Name: Marcus M. Tarkington
Title: Director

By: /s/ Peter Cucchiara
Name: Peter Cucchiara
Title: Vice President

[Signature Page to Acushnet Credit Agreement]

UBS AG, Stamford Branch,
as a Lender

By: /s/ Darlene Arias
Name: Darlene Arias
Title: Director

By: /s/ Craig Pearson
Name: Craig Pearson
Title: Associate Director

[Signature Page to Acushnet Credit Agreement]

Nomura Corporate Funding Americas, LLC,
as a Lender

By: /s/ Sean Kelly
Name: Sean Kelly
Title: Managing Director

[Signature Page to Acushnet Credit Agreement]

Schedule 1.01(a)

Foreign Security Agreements

1. Canadian Security Agreement, by the Canadian Borrower and the Foreign Guarantor in favor of the Administrative Agent, dated as of the Closing Date and substantially in the form of Exhibit L.
 2. UK Share Charge relating to the shares of the UK Borrower, by the Foreign Guarantor in favor of the Administrative Agent, dated as of the Closing Date and substantially in the form of Exhibit M.
 3. UK Debenture, by the UK Borrower in favor of the Administrative Agent, dated as of the Closing Date and substantially in the form of Exhibit N.
 4. Dutch Pledge of Moveable Assets, by the UK Borrower, the Administrative Agent and Acushnet Nederland B.V., dated as of the Closing Date and substantially in the form of Exhibit O.
 5. Equitable Mortgage over Shares in Acushnet Cayman Limited, by the US Borrower in favor of the Administrative Agent, dated as of the Closing Date and substantially in the form of Exhibit P.
 6. Share Pledge Agreement relating to the shares of Acushnet Footjoy (Thailand) Limited, by the US Borrower in favor of the Administrative Agent, dated as of the Closing Date and substantially in the form of Exhibit Q.
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Schedule 1.01(b)

Foreign Stock or Share Certificates

<u>Grantor</u>	<u>Foreign Subsidiary/Foreign Borrower</u>	<u>Type of Organization</u>	<u># of Shares Owned</u>	<u>Total Shares Outstanding</u>	<u>% of Interest Pledged</u>	<u>Certificate No.</u>	<u>Par Value</u>
Acushnet Company	Acushnet Cayman Limited	Cayman Islands Company Limited by Shares	2	2	65%	1	US \$1.00
Acushnet Company	Acushnet Footjoy (Thailand) Limited	Thai Company	1,576,260	1,576,260	65%	25, 28, 29, 30, 31, 32, 34	Baht 100
Acushnet International Inc.	Acushnet Europe Limited	UK Company	300,699	300,699	100%	12	£1
Acushnet International Inc.	Acushnet Canada Inc.	Corporation	1	1	100%	C-1	None.

Schedule 2.01(a)

Initial Term Commitments

<u>Lender</u>	<u>Commitment</u>	<u>Applicable Percentage</u>
Wells Fargo Bank, National Association	\$ 65,559,440.56	17.48%
PNC Bank, National Association	\$ 52,447,552.45	13.99%
JPMorgan Chase Bank, N.A. / JPMorgan Chase Bank, N.A., Toronto Branch	\$ 39,335,664.34	10.49%
Morgan Stanley Bank, N.A.	\$ 39,335,664.34	10.49%
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	\$ 39,335,664.34	10.49%
Bank of Montreal / Bank of Montreal (London Branch)	\$ 24,256,993.00	6.47%
Bank of the West	\$ 24,256,993.00	6.47%
Branch Banking And Trust Company	\$ 24,256,993.00	6.47%
TD Bank, N.A.	\$ 24,256,993.00	6.47%
Peoples United Bank, N.A.	\$ 15,734,265.74	4.20%
The Huntington National Bank	\$ 15,734,265.74	4.20%
Deutsche Bank AG New York Branch	\$ 10,489,510.49	2.80%
Total	\$ 375,000,000	100%

Schedule 2.01(b)

Delayed Draw Term Commitments

<u>Lender</u>	<u>Commitment</u>	<u>Applicable Percentage</u>
Wells Fargo Bank, National Association	\$ 17,482,517.48	17.48%
PNC Bank, National Association	\$ 13,986,013.99	13.99%
JPMorgan Chase Bank, N.A. / JPMorgan Chase Bank, N.A., Toronto Branch	\$ 10,489,510.49	10.49%
Morgan Stanley Bank, N.A.	\$ 10,489,510.49	10.49%
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	\$ 10,489,510.49	10.49%
Bank of Montreal / Bank of Montreal (London Branch)	\$ 6,468,531.47	6.47%
Bank of the West	\$ 6,468,531.47	6.47%
Branch Banking And Trust Company	\$ 6,468,531.47	6.47%
TD Bank, N.A.	\$ 6,468,531.47	6.47%
Peoples United Bank, N.A.	\$ 4,195,804.19	4.20%
The Huntington National Bank	\$ 4,195,804.19	4.20%
Deutsche Bank AG New York Branch	\$ 2,797,202.80	2.80%
Total	\$ 100,000,000	100%

Schedule 2.01(c)

Revolving Credit Commitments

<u>Lender</u>	<u>Commitment</u>	<u>Applicable Percentage</u>
Wells Fargo Bank, National Association	\$ 41,958,041.96	15.26%
PNC Bank, National Association	\$ 33,566,433.56	12.21%
JPMorgan Chase Bank, N.A. / JPMorgan Chase Bank, N.A., Toronto Branch	\$ 25,174,825.17	9.15%
Morgan Stanley Bank, N.A.	\$ 25,174,825.17	9.15%
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	\$ 25,174,825.17	9.15%
UBS AG, Stamford Branch	\$ 20,000,000.00	7.27%
Bank of Montreal / Bank of Montreal (London Branch)	\$ 15,524,475.53	5.65%
Bank of the West	\$ 15,524,475.53	5.65%
Branch Banking And Trust Company	\$ 15,524,475.53	5.65%
TD Bank, N.A.	\$ 15,524,475.53	5.65%
Nomura Corporate Funding Americas, Inc.	\$ 15,000,000.00	5.45%
Peoples United Bank, N.A.	\$ 10,069,930.07	3.66%
The Huntington National Bank	\$ 10,069,930.07	3.66%
Deutsche Bank AG New York Branch	\$ 6,713,286.71	2.44%
Total	\$ 275,000,000	100%

Schedule 2.03

Existing Letters of Credit

1. Standby Letter of Credit number IS0011775 dated October 20, 2014 between Acushnet Company and Wells Fargo Bank, National Association in the amount of \$2,800,000.
2. Trade Letter of Credit number IC5011187US dated January 21, 2016 between Acushnet Company and Wells Fargo Bank, National Association in the amount of \$31,401.49.
3. Trade Letter of Credit number IC5011188US dated January 21, 2016 between Acushnet Company and Wells Fargo Bank, National Association in the amount of \$1,544.75.
4. Trade Letter of Credit number IC5011189US dated January 21, 2016 between Acushnet Company and Wells Fargo Bank, National Association in the amount of \$1,608.00.
5. Trade Letter of Credit number IC5011190US dated January 21, 2016 between Acushnet Company and Wells Fargo Bank, National Association in the amount of \$7,020.00.
6. Trade Letter of Credit number IC5011191US dated January 21, 2016 between Acushnet Company and Wells Fargo Bank, National Association in the amount of \$16,374.63.
7. Trade Letter of Credit number IC5011192US dated January 21, 2016 between Acushnet Company and Wells Fargo Bank, National Association in the amount of \$1,599.98.
8. Trade Letter of Credit number IC5011193US dated January 21, 2016 between Acushnet Company and Wells Fargo Bank, National Association in the amount of \$2,216.50.
9. Trade Letter of Credit number IC5011194US dated January 21, 2016 between Acushnet Company and Wells Fargo Bank, National Association in the amount of \$51.60.
10. Trade Letter of Credit number IC5011304US dated February 5, 2016 between Acushnet Company and Wells Fargo Bank, National Association in the amount of \$11,169.03.
11. Trade Letter of Credit number IC5011332US dated February 10, 2016 between Acushnet Company and Wells Fargo Bank, National Association in the amount of \$41,494.32.
12. Trade Letter of Credit number IC5011334US dated February 10, 2016 between Acushnet Company and Wells Fargo Bank, National Association in the amount of \$65,513.60.
13. Trade Letter of Credit number IC5011335US dated February 10, 2016 between Acushnet Company and Wells Fargo Bank, National Association in the amount of \$71.60.
14. Trade Letter of Credit number IC5011337US dated February 10, 2016 between Acushnet Company and Wells Fargo Bank, National Association in the amount of \$297,309.75.

15. Trade Letter of Credit number IC5011338US dated February 10, 2016 between Acushnet Company and Wells Fargo Bank, National Association in the amount of \$132,300.00.
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16. Trade Letter of Credit number IC5011340US dated February 10, 2016 between Acushnet Company and Wells Fargo Bank, National Association in the amount of \$651,525.48.
 17. Trade Letter of Credit number IC5011342US dated February 10, 2016 between Acushnet Company and Wells Fargo Bank, National Association in the amount of \$488,969.25.
 18. Trade Letter of Credit number IC5011343US dated February 10, 2016 between Acushnet Company and Wells Fargo Bank, National Association in the amount of \$294,156.45.
 19. Trade Letter of Credit number IC5011344US dated February 10, 2016 between Acushnet Company and Wells Fargo Bank, National Association in the amount of \$24,150.00.
 20. Trade Letter of Credit number IC5011708US dated March 16, 2016 between Acushnet Company and Wells Fargo Bank, National Association in the amount of \$1,191,391.15.
 21. Trade Letter of Credit number IC5011709US dated March 16, 2016 between Acushnet Company and Wells Fargo Bank, National Association in the amount of \$501,228.00.
 22. Trade Letter of Credit number IC5011710US dated March 16, 2016 between Acushnet Company and Wells Fargo Bank, National Association in the amount of \$520,330.13.
 23. Trade Letter of Credit number IC5011711US dated March 16, 2016 between Acushnet Company and Wells Fargo Bank, National Association in the amount of \$51,450.00.
 24. Trade Letter of Credit number IC5011712US dated March 16, 2016 between Acushnet Company and Wells Fargo Bank, National Association in the amount of \$381,873.45.
 25. Trade Letter of Credit number IC5011713US dated March 16, 2016 between Acushnet Company and Wells Fargo Bank, National Association in the amount of \$57,172.50.
 26. Trade Letter of Credit number IC5011714US dated March 16, 2016 between Acushnet Company and Wells Fargo Bank, National Association in the amount of \$120,015.00.
 27. Trade Letter of Credit number IC5011727US dated March 16, 2016 between Acushnet Company and Wells Fargo Bank, National Association in the amount of \$80,173.42.
 28. Trade Letter of Credit number IC5011992US dated April 11, 2016 between Acushnet Company and Wells Fargo Bank, National Association in the amount of \$873,520.54.
 29. Trade Letter of Credit number IC5011993US dated April 11, 2016 between Acushnet Company and Wells Fargo Bank, National Association in the amount of \$17,010.00.
 30. Trade Letter of Credit number IC5011994US dated April 12, 2016 between Acushnet Company and Wells Fargo Bank, National Association in the amount of \$535,762.50.
 31. Trade Letter of Credit number IC5011995US dated April 12, 2016 between Acushnet Company and Wells Fargo Bank, National Association in the amount of \$345,918.30.
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32. Trade Letter of Credit number IC5011996US dated April 12, 2016 between Acushnet Company and Wells Fargo Bank, National Association in the amount of \$417,428.34.
 33. Trade Letter of Credit number IC5011997US dated April 12, 2016 between Acushnet Company and Wells Fargo Bank, National Association in the amount of \$26,565.00.
 34. Trade Letter of Credit number IC5011998US dated April 12, 2016 between Acushnet Company and Wells Fargo Bank, National Association in the amount of \$462,089.25.
 35. Trade Letter of Credit number IC5011999US dated April 12, 2016 between Acushnet Company and Wells Fargo Bank, National Association in the amount of \$360,003.00.
 36. Trade Letter of Credit number IC5012000US dated April 12, 2016 between Acushnet Company and Wells Fargo Bank, National Association in the amount of \$54,180.00.
 37. Trade Letter of Credit number UAU0000000386898 dated April 20, 2016 between Acushnet Company and Wells Fargo Bank, National Association in the amount of \$357,258.40.
 38. Trade Letter of Credit number UAU0000000386900 dated April 12, 2016 between Acushnet Company and Wells Fargo Bank, National Association in the amount of \$57,321.40.
 39. Trade Letter of Credit number UAU0000000503050 dated April 15, 2016 between Acushnet Company and Wells Fargo Bank, National Association in the amount of \$246,889.10.
 40. Trade Letter of Credit number UAU0000000505495 dated April 18, 2016 between Acushnet Company and Wells Fargo Bank, National Association in the amount of \$24,366.00.
 41. Trade Letter of Credit number UAU0000000508287 dated April 19, 2016 between Acushnet Company and Wells Fargo Bank, National Association in the amount of \$93,335.90.
 42. Trade Letter of Credit number UAU0000000508288 dated April 19, 2016 between Acushnet Company and Wells Fargo Bank, National Association in the amount of \$55,060.20.
 43. Additional trade letters of credit between Acushnet Company and Wells Fargo Bank, National Association, issued after the Signing Date and prior to the Closing Date and appended to this [Schedule 2.03](#) on the Closing Date, as agreed between the U.S. Borrower and the L/C Issuer.
-

Schedule 5.06

Litigation

None.

Schedule 5.08(c)

Environmental Compliance

5.08(c)(i) — Listed Sites

Ball Plant C - 700 Belleville Avenue, New Bedford, MA 02745 is on the CERCLIS list.

Ball Plant 1 (formerly owned) - 4 Slocum Street, Acushnet, MA 02743 is on the CERCLIS and MA Contingency Plan lists.

5.08(c)(ii) — Release Sites and Offsite Locations

None.

Schedule 5.08(d)

Release of Hazardous Materials

None.

Schedule 5.11

Subsidiaries

Subsidiary	Jurisdiction of Formation	Authorized Equity Interests	Issued and Outstanding	Ownership Interest
AASI, Inc.	Delaware	1,000	1,000	100% wholly-owned by Acushnet Company
Webb Acquisition Co.	Delaware	1,000	100	100% wholly-owned by Acushnet Company
Acushnet Footjoy (Thailand) Limited	Thailand	1,576,260	1,576,260	100% wholly-owned by Acushnet Company
Acushnet Cayman Limited	Cayman Islands	50,000	2	100% wholly-owned by Acushnet Company
Acushnet International Inc.	Delaware	2,000	2,000	100% wholly-owned by Acushnet Company
Acushnet Australia Pty. Ltd.	Australia	Not Applicable	500,000	100% wholly-owned by Acushnet International Inc.
Acushnet Canada Inc.	Canada	Unlimited Number	1	100% wholly-owned by Acushnet International Inc.
Acushnet Korea Co., Ltd.	South Korea	40,000	10,000	100% wholly-owned by Acushnet International Inc.
Acushnet Hong Kong Limited	Hong Kong	1,000	1	100% wholly-owned by Acushnet International Inc.
Acushnet Golf Products Trading (Shenzhen) Co. Ltd.	China	Not Applicable	Not Applicable	100% wholly-owned by Acushnet Hong Kong Limited.
Acushnet Japan, Inc.	Delaware	1,000	100	100% wholly-owned by Acushnet International Inc.
Acushnet Golf (Thailand) Limited	Thailand	100,000	100,000	100% wholly-owned by Acushnet International Inc.
Acushnet Malaysia Sdn. Bhd.	Malaysia	100,000	2	100% wholly-owned by Acushnet International Inc.

Acushnet New Zealand Limited	New Zealand	1	1	100% wholly-owned by Acushnet International Inc.
Acushnet Singapore Pte Ltd.	Singapore	100,000	2	100% wholly-owned by Acushnet International Inc.
ACTM LLC	Delaware	Not Applicable	Not Applicable	100% wholly-owned by Acushnet International Inc.
Acushnet Netherlands Manufacturing C.V.	Netherlands	Not Applicable	Not Applicable	99% owned by Acushnet International Inc., 1% owned by ACTM LLC
Acushnet Netherlands Manufacturing B.V.	Netherlands	90,000	18,000	100% wholly-owned by Acushnet Netherlands Manufacturing C.V.
Acushnet Netherlands Services B.V.	Netherlands	90,000	18,000	100% wholly-owned by Acushnet Netherlands Manufacturing B.V.
Acushnet Titleist (Thailand) Limited	Thailand	12,448,800	12,448,800	99.8% owned by Acushnet Netherlands Manufacturing B.V., 0.1% owned by Acushnet Netherlands Manufacturing C.V. and 0.1% owned by Acushnet Netherlands Services B.V.
Acushnet Europe Limited	United Kingdom	301,000	300,699	100% owned by Acushnet International Inc.
Acushnet France S.A.S.	France	91,762	91,762	100% owned by Acushnet Europe Limited
Acushnet Denmark ApS	Denmark	250	250	100% owned by Acushnet Europe Limited
Acushnet GmbH	Germany	€153,587.56 of subscribed capital	None	100% owned by Acushnet Europe Limited

Acushnet Nederland B.V.	Netherlands	2,000	400	100% owned by Acushnet Europe Limited
Acushnet Osterreich GmbH	Austria	€36,336.42 of subscribed capital	None	100% owned by Acushnet Europe Limited
Acushnet South Africa (Pty.) Ltd.	South Africa	13,000,000	11,949,600	100% owned by Acushnet Europe Limited
Acushnet Sverige Aktiebolag	Sweden	10,000	10,000	100% owned by Acushnet Europe Limited
Acushnet Ireland Limited	Ireland	100	100	100% owned by Acushnet Europe Limited
Acushnet Espana, S.L.U.	Spain	4,000	4,000	100% owned by Acushnet Europe Limited

Schedule 5.23

Canadian Pension Plans

None.

Schedule 6.17

Post-Closing Matters

None.

Schedule 7.01(b)

Existing Liens

Liens in an aggregate amount equal to £1,300,000 on cash collateral in connection with a bond issued for the benefit of Her Majesty's Revenue and Customs authority on behalf of Acushnet Europe Limited.

Debtor	Secured Party	State	Jurisdiction	Original File Number
Acushnet Company	First Bank of Highland Park.	DE	Secretary of State	#2007 0769850
Acushnet Company	BankFinancial FSB	DE	Secretary of State	#2007 0769850
Acushnet Company	Merrimak Capital Company LLC	DE	Secretary of State	#2008 2101259
Acushnet Company	First Bank of Highland Park	DE	Secretary of State	#2008 2101259
Acushnet Company	Meridan Leasing Corporation	DE	Secretary of State	#2011 1974313
Acushnet Company	Meridan Leasing Corporation	DE	Secretary of State	#2011 2432717
Acushnet Company	Meridan Leasing Corporation	DE	Secretary of State	#2011 2717679
Acushnet Company	Meridan Leasing Corporation	DE	Secretary of State	#2011 3909903
Acushnet Company	Bank of Cape Cod	DE	Secretary of State	#2011 4939958
Acushnet Company	Meridan Leasing Corporation	DE	Secretary of State	#2012 0026890
Acushnet Company	Meridan Leasing Corporation	DE	Secretary of State	#2012 0395535
Acushnet Company	Life Fitness, a division of Brunswick Corporation	DE	Secretary of State	#2012 1871401

Acushnet Company	Bank of Cape Cod	DE	Secretary of State	#2012 3207240
Acushnet Company	Meridan Leasing Corporation	DE	Secretary of State	#2012 4080851
Acushnet Company	Meridan Leasing Corporation	DE	Secretary of State	#2013 0098690
Acushnet Company	Meridan Leasing Corporation	DE	Secretary of State	#2013 0207705
Acushnet Company	Life Fitness, a division of Brunswick Corporation	DE	Secretary of State	#2013 0208679
Acushnet Company	Meridan Leasing Corporation	DE	Secretary of State	#2013 0549676
Acushnet Company	Meridan Leasing Corporation	DE	Secretary of State	#2013 0875469
Acushnet Company	Meridan Leasing Corporation	DE	Secretary of State	#2013 0875477
Acushnet Company	Meridan Leasing Corporation	DE	Secretary of State	#2013 0968314
Acushnet Company	Meridan Leasing Corporation	DE	Secretary of State	#2013 1041053
Acushnet Company	Meridan Leasing Corporation	DE	Secretary of State	#2013 1190454
Acushnet Company	Meridan Leasing Corporation	DE	Secretary of State	#2013 1229781
Acushnet Company	Meridan Leasing Corporation	DE	Secretary of State	#2013 1460493
Acushnet Company	Meridan Leasing Corporation	DE	Secretary of State	#2013 1460501
Acushnet Company	Meridan Leasing Corporation	DE	Secretary of State	#2013 1535575

Acushnet Company	Meridan Leasing Corporation	DE	Secretary of State	#2013 2256841
Acushnet Company	Meridan Leasing Corporation	DE	Secretary of State	#2013 3767226
Acushnet Company	Tyco Global Financial Solutions	DE	Secretary of State	#2013 4165271
Acushnet Company	CIT Finance, LLC	DE	Secretary of State	#2013 4165271
Acushnet Company	Wells Fargo Equipment Finance	DE	Secretary of State	#2013 4653375
Acushnet Company	Wells Fargo Equipment Finance	DE	Secretary of State	#2013 4653383
Acushnet Company	Wells Fargo Equipment Finance	DE	Secretary of State	#2013 5081667
Acushnet Company	Meridan Leasing Corporation	DE	Secretary of State	#2013 5118139
Acushnet Company	Meridan Leasing Corporation	DE	Secretary of State	#2014 0263962
Acushnet Company	Wells Fargo Equipment Finance	DE	Secretary of State	#2014 1935139
Acushnet Company	Wells Fargo Equipment Finance	DE	Secretary of State	#2014 2252211
Acushnet Company	Meridan Leasing Corporation	DE	Secretary of State	#2015 0943133
Acushnet Company	CIT Finance LLC	DE	Secretary of State	#2015 1270973
Acushnet Company	Meridan Leasing Corporation	DE	Secretary of State	#2015 1467090
Acushnet Company	Crestmark Equipment Finance, Inc.	DE	Secretary of State	#2015 1856250
Acushnet Company	Wells Fargo Equipment Finance	DE	Secretary of State	#2015 2986239

Schedule 7.02(f)

Existing Investments

1. Ownership of the Subsidiaries listed on Schedule 5.11.
 2. Acushnet Company Limited owns 40% of Excel Industrial Limited and Acushnet Lionscore Limited.
 3. Existing contributions and future contributions to be made to the Acushnet Company Supplemental Retirement Plan trust for the Chief Executive Officer of the US Borrower and contributions to the Acushnet Company Supplemental Retirement Plan trust for employees.
 4. Guarantees by Acushnet Company in respect of items 5, 7 and 8 listed on Schedule 7.03(b).
 5. Acushnet Company Excess Deferral Plan.
-

Schedule 7.03(b)

Existing Indebtedness

1. Indebtedness in connection with the overdraft agreement between Mitsui Sumitomo Bank and Acushnet Japan, Inc. in the amount of JPY 1.5 billion dated as of May 27, 2015.
 2. Indebtedness in connection with the overdraft agreement between the Mizuho Bank and Acushnet Japan, Inc. in the amount of JPY 600 million dated as of December 17, 2010.
 3. Indebtedness in connection with the overdraft agreement between the Mizuho Bank and Acushnet Japan, Inc. in the amount of JPY 600 million dated as of January 31, 2012.
 4. Indebtedness in connection with the financing between the Tokyo Mitsubishi Bank and Acushnet Japan, Inc. in the amount of JPY 600 million dated as of January 13, 2008.
 5. Indebtedness under the Revolving Credit Facilities Agreement between Siam Commercial Bank Public Company Limited and Acushnet Footjoy (Thailand) Limited in the amount of Baht 160,000,000 dated as of December 26, 2014.
 6. Indebtedness in connection with the credit facility letter between Citibank, N.A Bangkok Branch and Acushnet Footjoy (Thailand) Limited in the amount of Baht 150,000,000 dated as of March 10, 2015.
 7. Indebtedness in connection with the Master Agreement between Westpac Banking Corporation and Acushnet Australia Pty Ltd. in the amount of 5,000,000 AUD dated as of August 18, 2011.
 8. Indebtedness in connection with the credit line facility letter agreement between Westpac Banking Corporation and Acushnet New Zealand Inc. in the amount of NZD 600,000 dated as of August 18, 2011.
 9. Indebtedness in connection with the Overdraft Agreement between Shinhan Bank Co. Ltd and Acushnet Korea Co. Ltd in the amount of KRW 15,000,000,000 dated as of September 6, 2015.
 10. Indebtedness in connection with the Credit Line Facility Agreement between KEB Korean Exchange Bank and Acushnet Korea Co. Ltd in the amount of KRW 8,000,000,000 dated as of August 11, 2015.
 11. Indebtedness in connection with the Letter of Guarantee (Custom Bond) Agreement with The Bank of Tokyo-Mitsubishi UFJ, Ltd and the Acushnet Company in the amount of up to JPY 350,000,000.
 12. Capital Lease Agreements with Wells Fargo in the amount of \$2,777,723.05.
 13. Capital Lease Agreements with Comsource in the amount of \$145,418.
 14. Bond issued for £1,300,000 the benefit of Her Majesty's Revenue and Customs authority on behalf of Acushnet Europe Limited.
-

Schedule 7.06(j)

Existing Convertible Notes and Warrants

Convertible Notes

1. Convertible notes in the original aggregate principal amount of \$353.0 million issued by Alexandria Holdings Corp. on July 29, 2011 to Odin 3, LLC; WB Atlas, LLC; and Neoplux No. 1 Private Equity.
2. Convertible notes in the original amount of \$9.5 million issued by Alexandria Holdings Corp. on January 20, 2012 to Odin 4, LLC.

Bonds with Common Stock Warrants

1. Bonds in the original aggregate principal amount of \$168.0 million issued by Alexandria Holdings Corp. on July 29, 2011 to Odin 3, LLC; WB Atlas, LLC; and Neoplux No. 1 Private Equity and the common stock warrants for the purchase of 1,680,000 shares of Alexandria Holdings Corp.'s common stock issued in connection therewith at an exercise price of \$100 per share.
2. \$4.5 million (original amount) of bonds and common stock warrants to purchase 45,159 shares common stock issued on January 20, 2012 by Alexandria Holdings Corp. to Odin 4, LLC.

Redeemable Convertible Preferred Stock

1. 1,790,000 shares of Series A redeemable convertible preferred stock issued by Alexandria Holdings Corp. on July 29, 2011 at a price of \$100 per share in the original aggregate amount of \$179.0 million to Odin 3, LLC; WB Atlas, LLC; and Neoplux No. 1 Private Equity.
 2. 48,027 shares of Series A redeemable convertible preferred stock issued by Alexandria Holdings Corp. on January 20, 2012 at a price of \$100 per share in the original amount of \$4.8 million to Odin 4, LLC.
-

Schedule 7.08

Affiliated Transactions

Convertible notes and bonds with common stock warrants listed on Schedule 7.06(j).

Schedule 7.09

Burdensome Agreements

None.

Schedule 10.02

Administrative Agent's Office, Certain Addresses for Notices

Administrative Agent's Office and Address for Notices:

Wells Fargo Bank, National Association, as Administrative Agent, L/C Issuer and Swing Line Lender
MC D1109-019
1525 West W.T. Harris Blvd.
Charlotte, North Carolina 28262
Attention: Syndication Agency Services
Tel: 704-590-2730
Fax: 704-590-3481
Email: agencyservices.requests@wellsfargo.com

With a copy to:

Wells Fargo Bank, National Association, as Administrative Agent
1808 Aston Avenue, Suite 250
Carlsbad, California 92008
Attention: Loan Administrations
Tel: 760-918-2700
Fax: 760-918-2727

Loan Parties Address for Notices:

c/o Acushnet Company
333 Bridge Street
Fairhaven, MA 02719
Attention: John Hardy, Assistant Treasurer
Tel: 508-979-3730
Fax: 508-979-3248
Email: John_Hardy@AcushnetGolf.com

c/o Acushnet Company
333 Bridge Street
Fairhaven, MA 02719
Attention: William Burke, Senior Vice President and Chief Financial Officer
Tel: 508-979-3694
Fax: 508-979-3927
Email: William_Burke@AcushnetGolf.com

With a copy to:

c/o Acushnet Company
333 Bridge Street
Fairhaven, MA 02719
Attention: Joseph Naumann, Executive Vice President, Corporate and Legal

FORM OF LOAN NOTICE

Date: [•]

To: Wells Fargo Bank, National Association, as Administrative Agent
MC D1109-019
1525 West W.T. Harris Blvd.
Charlotte, North Carolina 28262
Attention: Syndication Agency Services
Tel: 704-590-2730
Fax: 704-590-3481
Email: agencyservices.requests@wellsfargo.com

With a copy to: Wells Fargo Bank, National Association, as Administrative Agent
1808 Aston Avenue, Suite 250
Carlsbad, California 92008
Attention: Loan Administration
Tel: 760-918-2700
Fax: 760-918-2727

Ladies and Gentlemen:

Reference is made to the Credit Agreement dated as of April 27, 2016 (as amended, restated, amended and restated, extended, supplemented or otherwise modified in writing from time to time, the “**Credit Agreement**”; the terms defined therein being used herein as therein defined), among Acushnet Holdings Corp., a Delaware corporation (“**Holdings**”), Acushnet Company, a Delaware corporation (the “**US Borrower**”), Acushnet Canada, Inc., a company incorporated under the laws of Canada (the “**Canadian Borrower**”), Acushnet Europe Limited, a company incorporated under the laws of England and Wales (the “**UK Borrower**” and, together with the US Borrower and the Canadian Borrower, collectively, the “**Borrowers**” and individually, each a “**Borrower**”), each lender from time to time party thereto and Wells Fargo Bank, National Association, as Administrative Agent, Swing Line Lender and L/C Issuer.

The [US Borrower] [Canadian Borrower] [UK Borrower] [(or the Borrower Representative on its behalf)] hereby requests (select one):

A Borrowing of:

- Term Loans
 Revolving Credit Loans

OR

- A conversion or continuation of [Revolving Credit Loans] [Term Loans]

1. On (a Business Day).
2. In the amount of [\$] [CDN\$] [€] [£] [¥]

3. Comprised of
(Class and Type of Loan requested)
4. For Eurodollar Rate Loans: with an Interest Period of month(s).
5. To the account designated below:

Bank to be Credited:

Bank Address:

Account No.:

ABA No.:

Reference Information:

[After giving effect to any Revolving Credit Borrowing, (i) the aggregate Outstanding Amount of the Revolving Credit Loans of the Borrowers plus the aggregate Outstanding Amount of all L/C Obligations plus the aggregate Outstanding Amount of all Swing Line Loans does not exceed the aggregate Revolving Credit Commitments, (ii) the Outstanding Amount of the Revolving Credit Loans denominated in Alternative Currencies plus the Outstanding Amount of the L/C Obligations attributable to Letters of Credit denominated in Alternative Currencies does not exceed the Alternative Currency Sublimit, (iii) the Outstanding Amount of the Revolving Credit Loans made to the Canadian Borrower does not exceed the Canadian Borrower Sublimit and (iv) the Outstanding Amount of the Revolving Credit Loans made to the UK Borrower does not exceed the UK Borrower Sublimit.](1)

[Upon acceptance of any or all of the Loans offered by the Lenders in response to this request, the Borrowers shall be deemed to have represented and warranted that the conditions to lending specified in Sections [4.02(e), 4.02(g), 4.02(i),](2) 4.03(a) and 4.03(b) of the Credit Agreement have been satisfied (for the avoidance of doubt, any requested conversion of Loans to another Type or continuation of a Eurodollar Rate Loan or a Credit Extension in respect of commitments for Extended Term Loans or Extended Revolving Credit Commitments or (except as set forth in Section 2.14 of the Credit Agreement) commitments for New Term Loans or New Revolving Credit Commitments shall not be subject to the conditions precedent set forth in Sections 4.03(a) and 4.03(b) of the Credit Agreement.)]

[Signature Page Follows]

-
- (1) Applicable with respect to a Borrowing of Revolving Credit Loans.
 - (2) Applicable with respect to initial Borrowing only.

[**ACUSHNET COMPANY** ,
as [US Borrower] [Borrower Representative]

By: _____
Name:
Title:]

[**ACUSHNET CANADA, INC.** ,
as Canadian Borrower

By: _____
Name:
Title:]

[**ACUSHNET EUROPE LIMITED** ,
as UK Borrower

By: _____
Name:
Title:]

FORM OF PREPAYMENT NOTICE

To: Wells Fargo Bank, National Association, as Administrative Agent
 MC D1109-019
 1525 West W.T. Harris Blvd.
 Charlotte, North Carolina 28262
 Attention: Syndication Agency Services
 Tel: 704-590-2730
 Fax: 704-590-3481
 Email: agencyervices.requests@wellsfargo.com

With a copy to: Wells Fargo Bank, National Association, as Administrative Agent
 1808 Aston Avenue, Suite 250
 Carlsbad, California 92008
 Attention: Loan Administration
 Tel: 760-918-2700
 Fax: 760-918-2727

Re: Acushnet Company Credit Agreement

Date: [•]

Ladies and Gentlemen:

Reference is made to the Credit Agreement dated as of April 27, 2016 (as amended, restated, amended and restated, extended, supplemented or otherwise modified in writing from time to time, the “**Credit Agreement**”; the terms defined therein being used herein as therein defined), among Acushnet Holdings Corp., a Delaware corporation (“**Holdings**”), Acushnet Company, a Delaware corporation (the “**US Borrower**”), Acushnet Canada, Inc., a company incorporated under the laws of Canada (the “**Canadian Borrower**”), Acushnet Europe Limited, a company incorporated under the laws of England and Wales (the “**UK Borrower**”) and, together with the US Borrower and the Canadian Borrower, collectively, the “**Borrowers**” and individually, each a “**Borrower**”), each lender from time to time party thereto and Wells Fargo Bank, National Association, as Administrative Agent, Swing Line Lender and L/C Issuer.

The [US Borrower] [Canadian Borrower] [UK Borrower] [(or the Borrower Representative on its behalf)] hereby gives you notice pursuant to Section 2.05 of the Credit Agreement that it shall be making a prepayment under the Credit Agreement:

- | | |
|--|---|
| (A) Type of Loans being repaid: | [Base Rate Loans] [Eurodollar Rate Loans] |
| (B) Class of Loans being prepaid: | [Term Loans] [Revolving Credit Loans] |
| (C) Principal amount of Borrowing being prepaid: | [\$] [CDN\$] [€] [£] [¥] |
| (D) Date of prepayment: | |

(E) Type of prepayment:

[Mandatory](3) [Optional]

[This prepayment notice and the obligation to make a prepayment pursuant to this notice shall be conditioned upon the occurrence of [].](4)

[Signature Page Follows]

-
- (3) To be accompanied by a reasonably detailed calculation of the amount of prepayment.
 - (4) Insert language if the prepayment is to be conditioned on the occurrence of the receipt of funds from an asset disposition, the incurrence of indebtedness or similar event.

[ACUSHNET COMPANY ,
as [US Borrower] [Borrower Representative]

By: _____
Name:
Title:]

[ACUSHNET CANADA, INC. ,
as Canadian Borrower

By: _____
Name:
Title:]

[ACUSHNET EUROPE LIMITED ,
as UK Borrower

By: _____
Name:
Title:]

3

EXHIBIT A-3

FORM OF REQUEST FOR L/C ISSUANCE

Date: [•]

To: Wells Fargo Bank, National Association, as L/C Issuer
MC D1109-019
1525 West W.T. Harris Blvd.
Charlotte, North Carolina 28262
Attention: Syndication Agency Services
Tel: 704-590-2730
Fax: 704-590-3481
Email: agencyservices.requests@wellsfargo.com

With a copy to: Wells Fargo Bank, National Association, as Administrative Agent
1808 Aston Avenue, Suite 250
Carlsbad, California 92008
Attention: Loan Administration
Tel: 760-918-2700
Fax: 760-918-2727

Ladies and Gentlemen:

Reference is made to the Credit Agreement dated as of April 27, 2016 (as amended, restated, amended and restated, extended, supplemented or otherwise modified in writing from time to time, the “**Credit Agreement**”; the terms defined therein being used herein as therein defined), among Acushnet Holdings Corp., a Delaware corporation (“**Holdings**”), Acushnet Company, a Delaware corporation (the “**US Borrower**”), Acushnet Canada, Inc., a company incorporated under the laws of Canada (the “**Canadian Borrower**”), Acushnet Europe Limited, a company incorporated under the laws of England and Wales (the “**UK Borrower**”) and, together with the US Borrower and the Canadian Borrower, collectively, the “**Borrowers**” and individually, each a “**Borrower**”), each lender from time to time party thereto and Wells Fargo Bank, National Association, as Administrative Agent, Swing Line Lender and L/C Issuer.

The undersigned hereby requests an [issuance] [amendment] [extension] of a Letter of Credit. Enclosed herewith is the related Letter of Credit Application, with the information required pursuant to Section 2.03(b)(i) of the Credit Agreement.

Any Credit Extension requested herein complies with the Credit Agreement, including Section 4.03 of the Credit Agreement.

Upon the issuance of a Letter of Credit by the L/C Issuer in response to this request, the US Borrower shall be deemed to have represented and warranted that the conditions to its issuance specified in Sections 4.03(a) and 4.03(b) of the Credit Agreement have been satisfied.

[Signature Page Follows]

ACUSHNET COMPANY ,
as US Borrower

By: _____
Name:
Title:

FORM OF SWING LINE LOAN NOTICE

To: Wells Fargo Bank, National Association,
as Swing Line Lender and Administrative Agent
MC D1109-019
1525 West W.T. Harris Blvd.
Charlotte, North Carolina 28262
Attention: Syndication Agency Services
Tel: 704-590-2730
Fax: 704-590-3481
Email: agencyervices.requests@wellsfargo.com

With a copy to: Wells Fargo Bank, National Association,
as Administrative Agent
1808 Aston Avenue, Suite 250
Carlsbad, California 92008
Attention: Loan Administration
Tel: 760-918-2700
Fax: 760-918-2727

Ladies and Gentlemen:

Reference is made to the Credit Agreement dated as of April 27, 2016 (as amended, restated, amended and restated, extended, supplemented or otherwise modified in writing from time to time, the "Credit Agreement"; the terms defined therein being used herein as therein defined), among Acushnet Holdings Corp., a Delaware corporation ("Holdings"), Acushnet Company, a Delaware corporation (the "US Borrower"), Acushnet Canada, Inc., a company incorporated under the laws of Canada (the "Canadian Borrower"), Acushnet Europe Limited, a company incorporated under the laws of England and Wales (the "UK Borrower" and, together with the US Borrower and the Canadian Borrower, collectively, the "Borrowers" and individually, each a "Borrower"), each lender from time to time party thereto and Wells Fargo Bank, National Association, as Administrative Agent, Swing Line Lender and L/C Issuer.

The undersigned hereby requests a Swing Line Loan:

- 1. On (a Business Day).
2. In the amount of \$.
3. To the account designated below:

Bank to be Credited:

Bank Address:

Account No.:

ABA No.:

Reference Information:

After giving effect to any Swing Line Borrowing, the aggregate Outstanding Amount of the Revolving Credit Loans of the Borrowers plus the aggregate Outstanding Amount of all L/C Obligations plus the aggregate Outstanding Amount of all Swing Line Loans does not exceed the aggregate Revolving Credit Commitments.

Upon acceptance of the Swing Line Loan offered by the Lenders in response to this request, the US Borrower shall be deemed to have represented and warranted that the conditions to lending specified in Sections 4.03(a) and 4.03(b) of the Credit Agreement have been satisfied.

[Signature Page Follows]

ACUSHNET COMPANY ,
as US Borrower

By: _____
Name:
Title:

FORM OF TERM NOTE

Date: [•]

FOR VALUE RECEIVED, the undersigned, hereby promise to pay to _____ or its registered assigns (the “**Term Lender**”), in accordance with the provisions of the Credit Agreement (as hereinafter defined), the aggregate unpaid principal amount of each Term Loan made by the Term Lender to the US Borrower (as defined below) under that certain Credit Agreement dated as of April 27, 2016 (as amended, restated, amended and restated, extended, supplemented or otherwise modified in writing from time to time, the “**Credit Agreement**”; the terms defined therein being used herein as therein defined), among Acushnet Holdings Corp., a Delaware corporation (“**Holdings**”), Acushnet Company, a Delaware corporation (the “**US Borrower**”), Acushnet Canada, Inc., a company incorporated under the laws of Canada (the “**Canadian Borrower**”), Acushnet Europe Limited, a company incorporated under the laws of England and Wales (the “**UK Borrower**” and, together with the US Borrower and the Canadian Borrower, collectively, the “**Borrowers**” and individually, each a “**Borrower**”), each lender from time to time party thereto and Wells Fargo Bank, National Association, as Administrative Agent, Swing Line Lender and L/C Issuer.

The US Borrower promises to pay interest on the aggregate unpaid principal amount of each Term Loan made by the Term Lender to the US Borrower under the Credit Agreement from the date of such Term Loan until such principal amount is paid in full, at such interest rates and at such times as provided in the Credit Agreement. All payments of principal and interest shall be made to the Administrative Agent for the account of the Term Lender in Dollars and in immediately available funds. While any Event of Default set forth in Section 8.01(a), 8.01(f) or 8.01(g) of the Credit Agreement exists, the applicable unpaid amount shall bear interest, to be paid upon demand, from the due date thereof until the date of actual payment (and before as well as after judgment) computed at the per annum rate set forth in the Credit Agreement.

This Term Note (this “**Term Note**”) is one of the Term Notes referred to in the Credit Agreement, is entitled to the benefits thereof and may be prepaid in whole or in part subject to the terms and conditions provided therein. This Term Note is also entitled to the benefits of the Guaranty made by each of the US Guarantors and is secured by the Collateral granted by the US Borrower and each of the US Guarantors. Upon the occurrence and continuation of one or more of the Events of Default specified in the Credit Agreement, all amounts then remaining unpaid on this Term Note may become, or may be declared to be, as applicable, immediately due and payable all as provided in the Credit Agreement. Term Loans made by the Term Lender shall be evidenced by one or more loan accounts or records maintained by the Term Lender in the ordinary course of business. The Term Lender may also attach schedules to this Term Note and endorse thereon the date, amount and maturity of its Term Loans and payments with respect thereto.

The US Borrower, for itself and its successors and assigns, hereby waives diligence, presentment, protest and demand and notice of protest, demand, dishonor and non-payment of this Term Note.

THIS TERM NOTE SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK.

[Signature Page Follows]

ACUSHNET COMPANY ,
as US Borrower

By: _____
Name:
Title:

TERM LOANS AND PAYMENTS WITH RESPECT THERETO

Date	Type of Term Loan Made	Amount of Term Loan Made	End of Interest Period	Amount of Principal or Interest Paid This Date	Outstanding Principal Balance This Date	Notation Made By

EXHIBIT C-2

FORM OF REVOLVING CREDIT NOTE

Date: [•]

FOR VALUE RECEIVED, the undersigned, hereby promises to pay to _____ or its registered assigns (the “**Lender**”), in accordance with the provisions of the Credit Agreement (as hereinafter defined), the aggregate unpaid principal amount of each Revolving Credit Loan from time to time made by the Lender to the Borrowers (as defined below) under that certain Credit Agreement dated as of April 27, 2016 (as amended, restated, amended and restated, extended, supplemented or otherwise modified in writing from time to time, the “**Credit Agreement**”; the terms defined therein being used herein as therein defined), among Acushnet Holdings Corp., a Delaware corporation (“**Holdings**”), Acushnet Company, a Delaware corporation (the “**US Borrower**”), Acushnet Canada, Inc., a company incorporated under the laws of Canada (the “**Canadian Borrower**”), Acushnet Europe Limited, a company incorporated under the laws of England and Wales (the “**UK Borrower**” and, together with the US Borrower and the Canadian Borrower, collectively, the “**Borrowers**” and individually, each a “**Borrower**”), each lender from time to time party thereto and Wells Fargo Bank, National Association, as Administrative Agent, Swing Line Lender and L/C Issuer.

The undersigned promises to pay interest on the aggregate unpaid principal amount of each Revolving Credit Loan from time to time made by the Lender to the [Borrowers(5)/the undersigned(6)] under the Credit Agreement from the date of such Loan until such principal amount is paid in full, at such interest rates and at such times as provided in the Credit Agreement. All payments of principal and interest shall be made to the Administrative Agent for the account of the Lender in Dollars or other Alternative Currency in accordance with the Credit Agreement and in immediately available funds. While any Event of Default set forth in Section 8.01(a), 8.01(f) or 8.01(g) of the Credit Agreement exists, the applicable unpaid amount shall bear interest, to be paid upon demand, from the due date thereof until the date of actual payment (and before as well as after judgment) computed at the per annum rate set forth in the Credit Agreement.

This Revolving Credit Note (this “**Revolving Credit Note**”) is one of the Revolving Credit Notes referred to in the Credit Agreement, is entitled to the benefits thereof and may be prepaid in whole or in part subject to the terms and conditions provided therein. This Revolving Credit Note is also entitled to the benefits of the Guaranty [made by each of the US Guarantors and is secured by the Collateral granted by the US Borrower and each of the US Guarantors] (7) [made by the Foreign Guarantor, the US Borrower and each of the US Guarantors and is secured by the Collateral granted by the Canadian Borrower, the Foreign Guarantor, the US Borrower and each of the US Guarantors](8) [made by the Foreign Guarantor, the US Borrower and each of the US Guarantors and is secured by the Collateral granted by the UK Borrower, the Foreign Guarantor, the US Borrower and each of the US Guarantors](9). Upon the occurrence and continuation of one or more of the Events of Default specified in the Credit Agreement, all amounts then remaining unpaid on this Revolving Credit Note may become, or may be declared to be, as applicable, immediately due and payable all as provided in the Credit Agreement. Revolving Credit

(5) _____ Insert for Revolving Credit Note signed by the US Borrower.

(6) _____ Insert for Revolving Credit Note signed by a Foreign Borrower.

(7) _____ Insert for Revolving Credit Note signed by the US Borrower.

(8) _____ Insert for Revolving Credit Note signed by the Canadian Borrower.

(9) _____ Insert for Revolving Credit Note signed by the UK Borrower.

Loans made by the Lender shall be evidenced by one or more loan accounts or records maintained by the Lender in the ordinary course of business. The Lender may also attach schedules to this Revolving Credit Note and endorse thereon the date, amount and maturity of its Revolving Credit Loans and payments with respect thereto.

The undersigned, for itself, its successors and assigns, hereby waives diligence, presentment, protest and demand and notice of protest, demand, dishonor and non-payment of this Revolving Credit Note.

THIS REVOLVING CREDIT NOTE SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK.

[Signature Page Follows]

[ACUSHNET COMPANY ,
as US Borrower

By: _____
Name:
Title:

ACUSHNET CANADA, INC. ,
as Canadian Borrower

By: _____
Name:
Title:

ACUSHNET EUROPE LIMITED ,
as UK Borrower

By: _____
Name:
Title:](10)

(10) Each Revolving Credit Note shall be signed by one Borrower.

LOANS AND PAYMENTS WITH RESPECT THERETO

Date	Type of Loan Made	Currency and Amount of Loan Made	End of Interest Period	Amount of Principal or Interest Paid This Date	Outstanding Principal Balance This Date	Notation Made By

EXHIBIT D

FORM OF COMPLIANCE CERTIFICATE

Financial Statement Date: [•]

To: Wells Fargo Bank, National Association,
as Administrative Agent
MC D1109-019
1525 West W.T. Harris Blvd.
Charlotte, North Carolina 28262
Attention: Syndication Agency Services
Tel: 704-590-2730
Fax: 704-590-3481
Email: agencyservices.requests@wellsfargo.com

With a copy to: Wells Fargo Bank, National Association,
as Administrative Agent
1808 Aston Avenue, Suite 250
Carlsbad, California 92008
Attention: Loan Administration
Tel: 760-918-2700
Fax: 760-918-2727

Ladies and Gentlemen:

Reference is made to the Credit Agreement dated as of April 27, 2016 (as amended, restated, amended and restated, extended, supplemented or otherwise modified in writing from time to time, the “**Credit Agreement**”; the terms defined therein being used herein as therein defined), among Acushnet Holdings Corp., a Delaware corporation (“**Holdings**”), Acushnet Company, a Delaware corporation (the “**US Borrower**”), Acushnet Canada, Inc., a company incorporated under the laws of Canada (the “**Canadian Borrower**”), Acushnet Europe Limited, a company incorporated under the laws of England and Wales (the “**UK Borrower**” and, together with the US Borrower and the Canadian Borrower, collectively, the “**Borrowers**” and individually, each a “**Borrower**”), each lender from time to time party thereto and Wells Fargo Bank, National Association, as Administrative Agent, Swing Line Lender and L/C Issuer.

I, the undersigned Responsible Officer of the US Borrower, hereby certify, solely in my capacity as an officer of the US Borrower and not in an individual capacity, as of the date hereof, that I am the [] of the US Borrower, and that, as such, I am authorized to execute and deliver this Certificate to the Administrative Agent on behalf of the US Borrower, and that:

[Use following paragraph 1 for fiscal year-end financial statements.]

1. Attached hereto as Schedule 1 are the year-end audited financial statements required by Section 6.01(a) of the Credit Agreement for the fiscal year of the US Borrower ended as of the above date, setting forth in comparative form the figures for the previous fiscal year together with the report and opinion of the US Borrower’s independent certified public accountants required by Section 6.01(a) of the Credit Agreement, the management discussion and analysis required by Section 6.02(b), letters delivered by the independent certified public accounts to the US Borrower during such fiscal year and reasonably detailed forecasts prepared by management of the US Borrower on a quarterly basis of consolidated

balance sheets, income statements and cash flow statements of the US Borrower and its Subsidiaries for the fiscal year following the fiscal year ended as of the above date.

[Use following paragraph 1 for fiscal quarter-end financial statements.]

1. Attached hereto as Schedule 1 are the unaudited financial statements required by Section 6.01(b) of the Credit Agreement for the fiscal quarter of the US Borrower ended as of the above date, setting forth in comparative form the figures for the corresponding fiscal quarter of the previous fiscal year and the corresponding portion of the previous fiscal year, which financial statements fairly present in all material respects the financial condition, results of operations and cash flows of the US Borrower and its Subsidiaries in accordance with GAAP, subject only to normal year-end audit adjustments and the absence of footnotes, and the management discussion and analysis required by Section 6.02(b).

2. The undersigned has reviewed and is familiar with the terms of the Credit Agreement and has made, or has caused to be made under [his/her] supervision, a review of the activities of the US Borrower during such fiscal period.

[select one:]

3. To the knowledge of the undersigned, no Default has occurred and is continuing.

-or-

[The following covenants or conditions have not been performed or observed and the following is a list of each such Default and its nature and status and the steps being taken to remedy such Default:]

4. The financial covenant analyses and information set forth on Schedule 2 attached hereto are delivered in compliance with Section 6.02(a).

[Use following paragraphs for Certificate delivered with fiscal year-end financial statements.]

5. [Attached hereto as Schedule 3 are executed copies of Intellectual Property Security Agreements required by Section 6.12(c) of the Credit Agreement to be delivered herewith with respect to all applicable After Acquired Intellectual Property described therein.](11)

6. [Attached hereto as Schedule 4 is a description of the following, to the extent any of the following has occurred within the reporting period covered by this certificate: (i) any Loan Party's creation or acquisition after April 27, 2016 of any Intellectual Property registrations and applications made with any United States federal Governmental Authority and (ii) any Loan Party's obtaining knowledge that any application or registration made with any United States federal Governmental Authority relating to any Material Intellectual Property owned by any Loan Party has become abandoned or dedicated to the public domain, or subject to any material adverse determination or development (including the institution of, or any such determination or development in, any proceeding in the United States Copyright Office, the United States Patent and Trademark Office, the Canadian Intellectual Property Office or any court, but not including routine office actions issued in the normal course of

(11) If applicable.

prosecution) regarding such Grantor's ownership of any Material Intellectual Property, its right to register the same, or to keep and maintain the same.](12)

7. [Attached hereto as Schedule 5 is a description of all Commercial Tort Claims (other than with a claim for damages that could reasonably be expected to be less than \$[1,000,000]) to which any Loan Party has acquired since the later of the Closing Date and the date of the last Compliance Certificate.](13)

8. [Attached hereto as Schedule 6 is a description of each event pursuant to which any Pledgor, as a result of its ownership of its Pledged Equity Interests, has become entitled to receive or has received any Certificated Security (including, without limitation, any Certificated Security representing a stock dividend or a distribution in connection with any reclassification, increase or reduction of capital or any certificate issued in connection with any reorganization), stock option or similar rights in respect of the Pledged Equity Interests of any Issuer, whether in addition to, in substitution of, as a conversion of, or in exchange for, any ownership interests of the Pledged Equity Interests, or otherwise in respect thereof.](14)

9. [Attached hereto as Schedule 7 are certificates and Instruments representing or evidencing any Pledged Equity or other Pledged Collateral (in excess of \$[1,000,000] in the case of Pledged Debt Instruments, Pledged Debt Securities or Chattel Paper (including Additional Pledged Collateral (in excess of \$[1,000,000] in the case of Pledged Debt Instruments, Pledged Debt Securities or Chattel Paper)), in suitable form for transfer by delivery, or as applicable, accompanied by such Pledgor's endorsement, where necessary, or duly executed instruments of transfer or assignment in blank or, in respect of such Instruments, if consented to by the Administrative Agent, shall contain the legend set out in [Section 6(e)(iii)] of the Guaranty and Security Agreement, which the Pledgor has acquired since the later of the Closing Date and the date of the last Compliance Certificate.](15)

10. Attached hereto as Schedule 8 is consolidating financial information reflecting the adjustments necessary to eliminate the accounts of Unrestricted Subsidiaries from the consolidated financial statements in Schedule 1 hereto.(16)

[Signature Page Follows]

(12) If applicable. Capitalized terms have the meaning as defined in the Guaranty and Security Agreement.

(13) If applicable. Include reasonable description and summary thereof.

(14) If applicable. Capitalized terms have the meaning as defined in the Guaranty and Security Agreement. Note requirement to comply with Section 6(e) (i) of the Guaranty and Security Agreement.

(15) If applicable. Capitalized terms have the meaning as defined in the Guaranty and Security Agreement. Note requirement to comply with Section 6(e) (ii) of the Guaranty and Security Agreement.

(16) To be delivered only if applicable pursuant to Section 6.01(d) of the Credit Agreement. Such adjustments may be expressed in footnote form.

IN WITNESS WHEREOF, the undersigned has executed this Certificate as of _____, _____.

ACUSHNET COMPANY,
as US Borrower

By: _____
Name:
Title:

[**AUDITED FINANCIAL STATEMENTS**
(as required by Section 6.01(a) of the Credit Agreement)]

[**UNAUDITED FINANCIAL STATEMENTS**
(as required by Section 6.01(b) of the Credit Agreement)]

For the [Quarter/Year] ended (“ Statement Date ”)

(\$ in 000’s)

Section 7.10(a) - Net Average Total Leverage Ratio :

I. Average Consolidated Funded Debt

A.	Consolidated Funded Debt as of the last day of the first fiscal quarter of the Test Period	\$
B.	Consolidated Funded Debt as of the last day of the second fiscal quarter of the Test Period	\$
C.	Consolidated Funded Debt as of the last day of the third fiscal quarter of the Test Period	\$
D.	Consolidated Funded Debt as of the last day of the fourth fiscal quarter of the Test Period	\$
E.	The sum of Lines I.A through I.D	\$
F.	Average Consolidated Funded Debt prior to adjustment in Line I.G (Line I.E <i>divided by</i> 4)	\$
G.	Increase pursuant to the proviso in the definition of “Net Average Total Leverage Ratio”	\$

II. Consolidated EBITDA

A.	Consolidated Net Income for the Test Period	\$
B.	an amount which, in the determination of such Consolidated Net Income for the Test Period, has been deducted or netted from gross revenues (except with respect to Line II.B(viii) or II.B(x) below) for, without duplication: (i.e. the sum of Lines II.B(i) through II.B(xi) below)	\$
(i)	interest expense and, to the extent not reflected in such interest expense, any losses with respect to obligations under any Swap Contracts or other derivative instruments (including any applicable termination payment) entered into for the purpose of hedging interest rate risk, any bank and financing fees, any costs of surety bonds in connection with financing activities, commissions, discounts and other fees and charges owed with respect to letters of credit, bankers’ acceptance or any similar	\$

	facilities or financing and Swap Contracts	
(ii)	provision for Taxes based on income or profits or capital, excise Taxes and franchise Taxes, including such Taxes at either the federal, state, provincial, foreign or municipal levels, including any penalties and interest and adjusted for any amounts payable or to be received pursuant to any permitted Tax sharing or Tax indemnification arrangement, in each case, in respect of such Taxes	\$
(iii)	the total amount of depreciation and amortization expense, including amortization of intangibles and expenses related to Capitalized Software Expenditures and Capitalized Leases	\$
(iv)	(A) the Transaction Expenses and (B) any costs and expenses incurred in connection with any Qualifying Public Offering, Investment, Disposition, Equity Issuance or Debt Issuance (including fees and expenses related to the Facilities and any amendments, supplements and modifications thereof or in respect of any refinancing transaction), or repayment of Indebtedness, in each case, permitted hereunder, including the amortization of deferred financing fees, debt issuance costs, commissions, fees and expenses (in each case, whether or not consummated)	\$
(v)	any costs, charges, accruals and reserves in connection with any integration, transition, facilities openings, vacant facilities, consolidations, business optimization, entry into new markets, including consulting fees, restructuring, severance and curtailments or modifications to pension or post-retirement employee benefit plans	\$
(vi)	the amount of any expense or deduction associated with income attributable to non-controlling interests	\$
(vii)	any non-cash charges, losses or expenses (including Tax reclassification related to Tax contingencies in a prior period), but excluding any non-cash charge relating to write-offs or write-downs of inventory or accounts receivable or representing amortization of a prepaid cash item that was paid but not expensed in a prior period; <u>provided</u> that, if any such non-cash charges, losses or expenses represent an accrual or reserve for potential cash items in any future period, the US Borrower may elect not to add back such non-cash charges, losses or expenses in the current period	\$
(viii)	cash actually received during the Test Period, and not included in Consolidated Net Income in any period, to the extent that the non-cash gain relating to such cash receipt was deducted in the calculation of Consolidated EBITDA pursuant to Line II.C below for any previous period and not added back	\$

(ix)	extraordinary, unusual or non-recurring losses or charges (including extraordinary losses or charges resulting from legal settlements, fines, judgments or orders)	\$
(x)	the amount of cost savings, expense reductions and synergies projected by the US Borrower in good faith to be realized as a result of specified actions taken or expected in good faith to be taken within twelve (12) months in connection with any Permitted Acquisition, Investment, business combination, divestiture or similar transaction (calculated on a <i>pro forma</i> basis as though such cost savings, expense reductions and synergies had been realized on the first day of the Test Period), net of the amount of actual benefits realized during the Test Period from such Permitted Acquisition, Investment, business combination, divestiture or similar transaction; <u>provided</u> that such cost savings, expense reductions and synergies are reasonably identifiable, factually supportable and certified by the chief financial officer or treasurer of the US Borrower; <u>provided</u> that such benefit is expected to be realized within twelve (12) months of taking such action	\$
(xi)	the amount of any payments in connection with the Equity Appreciation Rights Plan (including any cash payments in lieu of stock payments)	\$
C.	an amount which, in the determination of Consolidated Net Income for the Test Period, has been included for non-cash income or gains during the Test Period (other than with respect to payments actually received and the reversal of any accrual or reserve to the extent not previously added back in any prior period)	\$
D.	all cash payments made during the Test Period on account of non-cash charges added to Consolidated Net Income pursuant to Line II.B(vii) above in the Test Period or in a prior period	\$
E.	the amount of additions associated with losses attributable to non-controlling interests, expressed as a positive number	\$
F.	extraordinary, unusual or non-recurring gains (including extraordinary gains resulting from legal settlements, fines, judgments or orders)	\$
G.	Consolidated EBITDA (Line II.A, <i>plus</i> Line II.B, <i>minus</i> Line II.C, <i>minus</i> Line II.D, <i>minus</i> Line II.E, <i>minus</i> Line II.F)	\$
III.	Net Average Total Leverage Ratio (Line I.F <i>divided by</i> Line II.G)	to 1.00
	<i>Maximum Permitted under Section 7.10(a) for the Test Periods ending March 31, 2017 and June 30, 2017</i>	3.50 to 1.00

Section 7.10(b) — Consolidated Interest Coverage Ratio :

IV. Consolidated EBITDA

A. Consolidated EBITDA for the Test Period (Line II.G above) \$

V. Consolidated Interest Expense

A. Consolidated Interest Expense for the Test Period \$

VI. Consolidated Interest Coverage Ratio (Line V.A *divided by* Line IV.A) to 1:00

Minimum Permitted under Section 7.10(b) for the Test Period 4.00 to 1.00

[Attach executed copies of Intellectual Property Security Agreements required by Section 6.12(c) of the Credit Agreement to be delivered herewith with respect to all applicable After Acquired Intellectual Property described therein.](17)

(17) To be included in any Certificate in respect of any fiscal year of the US Borrower, if applicable.

[See attached.]

[See attached.]

[See attached.]

[See attached.]

[See attached.]

FORM OF
ASSIGNMENT AND ASSUMPTION

This Assignment and Assumption (the “ **Assignment and Assumption** ”) is dated as of the Effective Date set forth below and is entered into by and between [*Insert name of Assignor*] (the “ **Assignor** ”) and [*Insert name of Assignee*] (the “ **Assignee** ”). Capitalized terms used but not defined herein shall have the meanings given to them in the Credit Agreement defined below, receipt of a copy of which is hereby acknowledged by the Assignee. The Standard Terms and Conditions set forth in Annex 1 attached hereto are hereby agreed to and incorporated herein by reference and made a part of this Assignment and Assumption as if set forth herein in full.

For an agreed consideration, the Assignor hereby irrevocably sells and assigns to the Assignee, and the Assignee hereby irrevocably purchases and assumes from the Assignor, subject to and in accordance with the Standard Terms and Conditions and the Credit Agreement, as of the Effective Date inserted by the Administrative Agent as contemplated below, (i) all of the Assignor’s rights and obligations in its capacity as a Lender under the Credit Agreement and any other documents or instruments delivered pursuant thereto to the extent related to the amount and percentage interest identified below of all of such outstanding rights and obligations of the Assignor under the respective facilities identified below (including participations in any L/C Obligations and in Swing Line Loans included in such facilities) and (ii) to the extent permitted to be assigned under applicable law, all claims, suits, causes of action and any other right of the Assignor (in its capacity as a Lender) against any Person, whether known or unknown, arising under or in connection with the Credit Agreement, any other documents or instruments delivered pursuant thereto or the loan transactions governed thereby or in any way based on or related to any of the foregoing, including, but not limited to, contract claims, tort claims, malpractice claims, statutory claims and all other claims at law or in equity, in each case related to the rights and obligations sold and assigned pursuant to clause (i) above (the rights and obligations sold and assigned pursuant to clauses (i) and (ii) above being referred to herein collectively as, the “ **Assigned Interest** ”). Such sale and assignment is without recourse to the Assignor and, except as expressly provided in this Assignment and Assumption, without representation or warranty by the Assignor.

- 1. Assignor: _____
- 2. Assignee: _____
[and is a Lender, an Affiliate/Approved Fund of [*identify Lender*](18)
- 3. Borrowers: Acushnet Company, Acushnet Canada, Inc. and Acushnet Europe Limited
- 4. Administrative Agent: Wells Fargo Bank, National Association, as the administrative agent under the Credit Agreement
- 5. Credit Agreement: Credit Agreement dated as of April 27, 2016 (as amended, restated, amended and restated, extended, supplemented or otherwise modified in writing from time to time, the “ **Credit Agreement** ”; the terms defined therein being used herein as therein defined), among Acushnet Holdings Corp., a Delaware corporation (“ **Holdings** ”), Acushnet Company, a Delaware corporation (the “ **US Borrower** ”), Acushnet Canada, Inc., a company incorporated under the laws of Canada (the “ **Canadian Borrower** ”), Acushnet Europe Limited, a company incorporated under the laws of England and Wales (the “ **UK Borrower** ” and, together with the

(18) Select as applicable.

US Borrower and the Canadian Borrower, collectively, the “ **Borrowers** ” and individually, each a “ **Borrower** ”), each lender from time to time party thereto and Wells Fargo Bank, National Association, as Administrative Agent, Swing Line Lender and L/C Issuer

6. Assigned Interest:

<u>Facility Assigned</u>	<u>Aggregate Amount of Commitment/Loans for all Lenders</u>	<u>Amount of Commitment/Loans Assigned</u>	<u>Percentage Assigned of Commitment/Loans(19)</u>
Term Loan Facility	\$	\$	%
Delayed Draw Term Loan Facility	\$	\$	%
Revolving Credit Facility	\$	\$	%

[7. Trade Date:](20)

[8. UK Tax Confirmation: The Assignee confirms that the person beneficially entitled to interest payable to that Lender in respect of a Loan to the UK Borrower is either: (i) a company resident in the United Kingdom for United Kingdom tax purposes or (ii) a partnership each member of which is (1) a company resident in the United Kingdom; or (2) a company not so resident in the United Kingdom which carries on a trade in the United Kingdom through a permanent establishment and which brings into account in computing its chargeable profits (for the purposes of section 19 of the CTA) the whole of any share of interest payable in respect of that advance that falls to it by reason of Part 17 of the CTA; or (iii) a company not so resident in the United Kingdom which carries on a trade in the United Kingdom through a permanent establishment which brings into account interest payable in respect of that advance in computing its chargeable profits (within the meaning given by section 19 of the CTA).](21)

Effective Date: , 20 [TO BE INSERTED BY ADMINISTRATIVE AGENT AND WHICH SHALL BE THE EFFECTIVE DATE OF RECORDATION OF TRANSFER IN THE REGISTER THEREFOR.]

[Signature Page Follows]

(19) Set forth, to at least 9 decimals, as a percentage of the Commitment/Loans of all Lenders thereunder.

(20) To be completed if the Assignor and the Assignee intend that the minimum assignment amount is to be determined as of the Trade Date.

(21) Include if the Assignee is lending to the UK Borrower and such Assignee falls within clause (b) of the definition of “UK Qualifying Lender”.

The terms set forth in this Assignment and Assumption are hereby agreed to:

ASSIGNOR
[NAME OF ASSIGNOR]

By: _____
Title: _____

ASSIGNEE
[NAME OF ASSIGNEE]

By: _____
Title: _____

[Consented to and] (22) Accepted:

ACUSHNET COMPANY,
as US Borrower

By: _____
Name: _____
Title: _____

[WELLS FARGO BANK, NATIONAL ASSOCIATION, as Administrative
Agent, Swing Line Lender and L/C Issuer

By: _____
Name: _____
Title:](23)

(22) To be included to the extent consent is required.

(23) To be completed to the extent assignment is of a Revolving Credit Commitment or consent is otherwise required.

STANDARD TERMS AND CONDITIONS FOR
ASSIGNMENT AND ASSUMPTION

1. Representations and Warranties.

1.1 Assignor. The Assignor (a) represents and warrants that (i) it is the legal and beneficial owner of the Assigned Interest, (ii) the Assigned Interest is free and clear of any lien, encumbrance or other adverse claim and (iii) it has full power and authority, and has taken all action necessary, to execute and deliver this Assignment and Assumption and to consummate the transactions contemplated hereby; and (b) assumes no responsibility with respect to (i) any statements, warranties or representations made in or in connection with the Credit Agreement or any other Loan Document, (ii) the execution, legality, validity, enforceability, genuineness, sufficiency or value of the Loan Documents or any collateral thereunder, (iii) the financial condition of Holdings, the Borrowers, any of their Subsidiaries or Affiliates or any other Person obligated in respect of any Loan Document or (iv) the performance or observance by Holdings, the Borrowers, any of their Subsidiaries or Affiliates or any other Person of any of their respective obligations under any Loan Document.

1.2 Assignee. The Assignee (a) represents and warrants that (i) it has full power and authority, and has taken all action necessary, to execute and deliver this Assignment and Assumption and to consummate the transactions contemplated hereby and to become a Lender under the Credit Agreement, (ii) meets all requirements of an Eligible Assignee under the Credit Agreement (subject to receipt of such consents as may be required under the Credit Agreement), (iii) from and after the Effective Date, it shall be bound by the provisions of the Credit Agreement as a Lender thereunder and, to the extent of the Assigned Interest, shall have the obligations of a Lender thereunder, (iv) it is sophisticated with respect to decisions to acquire assets of the type represented by the Assigned Interest and either it, or the Person exercising discretion in making its decision to acquire the Assigned Interest, is experienced in acquiring assets of such type, (v) it has received a copy of the Credit Agreement, and has received or has been accorded the opportunity to receive copies of the most recent financial statements referred to in Section 5.05 or delivered pursuant to Section 6.01 thereof, as applicable, and such other documents and information as it has deemed appropriate to make its own credit analysis and decision to enter into this Assignment and Assumption and to purchase the Assigned Interest on the basis of which it has made such analysis and decision independently and without reliance on the Administrative Agent or any other Lender, (vi) if it is not already a Lender under the Credit Agreement, attached to the Assignment and Assumption an Administrative Questionnaire in the form of Exhibit H to the Credit Agreement, and (vii) attached to the Assignment and Assumption is any documentation required to be delivered by it pursuant to Section 10.15 of the Credit Agreement, duly completed and executed by the Assignee; and (b) agrees that (i) it will, independently and without reliance on the Administrative Agent, the Assignor or any other Lender, and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under the Loan Documents, and (ii) it will perform in accordance with their terms all of the obligations that by the terms of the Loan Documents are required to be performed by it as a Lender.

2. Payments. From and after the Effective Date, the Administrative Agent shall make all payments in respect of the Assigned Interest (including payments of principal, interest, fees and other amounts) to the Assignor for amounts that have accrued to but excluding the Effective Date and to the Assignee for amounts that have accrued from and after the Effective Date.

3. General Provisions. This Assignment and Assumption shall be binding upon, and inure to the benefit of, the parties hereto and their respective successors and permitted assigns. This Assignment and Assumption may be executed in any number of counterparts, which together shall constitute one instrument. Delivery of an executed counterpart of a signature page of this Assignment and Assumption by telecopy shall be effective as delivery of a manually executed counterpart of this Assignment and Assumption. This Assignment and Assumption shall be construed in accordance with and governed by the law of the State of New York.

Form of Guaranty and Security Agreement

[See Attached.]

GUARANTY AND SECURITY AGREEMENT

dated as of [•], 2016

by and among

ACUSHNET HOLDINGS CORP.,
as Holdings

and

ACUSHNET COMPANY,
as US Borrower

and certain of its Subsidiaries

in favor of

WELLS FARGO BANK, NATIONAL ASSOCIATION,
as Administrative Agent

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GUARANTY AND SECURITY AGREEMENT

THIS GUARANTY AND SECURITY AGREEMENT (this “Agreement”) dated as of [•], 2016, by and among ACUSHNET HOLDINGS CORP., a Delaware corporation (“Holdings”), ACUSHNET COMPANY, a Delaware corporation (the “US Borrower”) and each Subsidiary Guarantor (as defined in the Credit Agreement) signatory hereto (together with any other Subsidiary that executes a Guaranty and Security Agreement Supplement pursuant to Section 16 hereof), in favor of WELLS FARGO BANK, NATIONAL ASSOCIATION, as Administrative Agent (the “Administrative Agent”) for the benefit of the Secured Parties (as defined in the Credit Agreement).

WITNESSETH:

WHEREAS, Holdings, the US Borrower, Acushnet Canada Inc., a company incorporated under the laws of Canada (the “Canadian Borrower”), Acushnet Europe Limited, a company incorporated under the laws of England and Wales (the “UK Borrower”) and, together with the US Borrower and the Canadian Borrower, the “Borrowers”), the Lenders from time to time party thereto (the “Lenders”) and the Administrative Agent are all party to that certain Credit Agreement dated as of April 27, 2016 (as amended, restated, amended and restated, supplemented or otherwise modified from time to time, the “Credit Agreement”) pursuant to which the Lenders have agreed to establish certain credit facilities in favor of the Borrowers upon the terms and subject to the conditions set forth therein;

WHEREAS, Holdings and the Borrowers are members of an affiliated group of companies that includes the Subsidiary Guarantors (Holdings, the US Borrower and each Subsidiary Guarantor, each referred to herein, individually, as a “Grantor” and a “Guarantor” and, collectively, as the “Grantors” and the “Guarantors”);

WHEREAS, the Borrowers and the Grantors are engaged in related businesses and each Grantor will derive substantial direct and indirect benefit from the making of the extensions of credit under the Credit Agreement;

WHEREAS, it is a condition precedent to the obligations of the Administrative Agent, the L/C Issuers (as defined in the Credit Agreement), the Swing Line Lender (as defined in the Credit Agreement), the Lenders and any Affiliate of a Lender to whom Secured Obligations are owed from time to time and certain other Secured Parties that each Grantor enter into this Agreement in favor of the Administrative Agent for the benefit of the Secured Parties; and

WHEREAS, each Grantor desires to execute this Agreement to satisfy the conditions described immediately above.

NOW, THEREFORE, in consideration of the premises and mutual covenants herein contained and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

SECTION 1. Defined Terms.

(a) The following terms, when used in this Agreement, shall have the following meanings:

“Agreement” shall have the meaning given to that term in the introductory paragraph hereof.

“Account Debtor” shall have the meaning ascribed to such term in the UCC.

“Accounts” shall mean, for any Person, all “accounts” (as defined in the UCC), now or hereafter owned or acquired by such Person or in which such Person now or hereafter has or acquires any rights and, in any event, shall mean and include (a) any and all receivables, including all accounts created by, or arising from, all of such Person’s sales, leases, rentals or other dispositions of Goods or renditions of services to its customers (whether or not they have been earned by performance), including those accounts arising from sales, leases, rentals or other dispositions of Goods or rendition of services made under any of the trade names, logos or styles of such Person, or through any division of such Person; (b) Instruments, Documents, Chattel Paper, Contracts, Contract Rights, acceptances, and tax refunds relating to any of the foregoing or arising therefrom; (c) unpaid seller’s rights (including rescission, replevin, reclamation, repossession and stoppage in transit) relating to any of the foregoing or arising therefrom; (d) rights to any Goods relating to any of the foregoing or arising therefrom, including rights to returned, reclaimed or repossessed Goods; (e) reserves and credit balances relating to any of the foregoing or arising therefrom; (f) Supporting Obligations and Letter-of-Credit Rights relating to any of the foregoing or arising therefrom; (g) insurance policies or rights relating to any of the foregoing; (h) General Intangibles relating to any of the foregoing or arising therefrom, including all Payment Intangibles and other rights to payment and books and records and any electronic media and software relating thereto; (i) notes, deposits or property of Account Debtors relating to any of the foregoing or arising therefrom securing the obligations of any such Account Debtors to such Person; (j) Healthcare Insurance Receivables; and (k) cash and non-cash Proceeds of any and all the foregoing.

“Additional Pledged Collateral” shall mean any Pledged Collateral acquired by any Grantor after the date hereof and in which a Security Interest is granted pursuant to Section 3, including, to the extent a Security Interest is granted therein pursuant to such Section 3, (i) all additional Indebtedness from time to time owed to any Grantor by any obligor on the Pledged Debt Instruments and the Instruments evidencing such Indebtedness and (ii) all interest, cash, Instruments and other property or Proceeds from time to time received, receivable or otherwise distributed in respect of or in exchange for any of the foregoing.

“Administrative Agent” shall have the meaning given to that term in the introductory paragraph hereof.

“Borrowers” shall have the meaning given to that term in the recitals hereto.

“Canadian Borrower” shall have the meaning given to that term in the recitals hereto.

“Chattel Paper” shall mean all “chattel paper” (as defined in the UCC) now owned or hereafter acquired by any Grantor or in which any Grantor has or acquires any rights, or other receipts of any Grantor, evidencing or representing rights or interest in such chattel paper.

“Collateral” shall mean, collectively, each Grantor’s right, title and interest in and to each of the following, whether now or hereafter existing or now owned or hereafter acquired or arising:

- (i) all Accounts (including all Receivables);
- (ii) all Chattel Paper (whether tangible or electronic);
- (iii) all Contracts;
- (iv) all Contract Rights;
- (v) all Deposit Accounts;
- (vi) all Documents;
- (vii) all Equipment;
- (viii) all Fixtures;
- (ix) all General Intangibles (including any Pledged Collateral);
- (x) all Instruments (including any Pledged Collateral);
- (xi) all Intellectual Property;
- (xii) all Inventory;
- (xiii) all Investment Property (including any Pledged Collateral);
- (xiv) all Pledged Collateral;
- (xv) all Software;
- (xvi) all Commercial Tort Claims set forth on Schedule 1 or otherwise disclosed in writing to the Administrative Agent pursuant to Section 6(c);
- (xvii) all money, cash and cash equivalents;
- (xviii) all Supporting Obligations and Letter-of-Credit Rights;
- (xix) all other Goods and personal property, whether tangible or intangible and whether or not delivered, including such other

Goods and property (A) the sale or lease of which gives or purports to give rise to any Account or other Collateral, including all Inventory and other merchandise returned or rejected by or repossessed from customers or (B) securing any Account or other Collateral, including all rights as an unpaid vendor or lienor (including stoppage in transit, replevin and reclamation) with respect to such other Goods and personal property;

- (xx) all substitutes and replacements for, accessories, attachment, and other additions to, any of the above and all products or masses into which any Goods are physically united such that their identity is lost;
- (xxi) all books and records pertaining to any of the Collateral or any Account Debtor, or showing the amounts thereof or payments thereon or otherwise necessary or helpful in the realization thereon or the collection thereof, including all correspondence, files (including credit files), Software, computer programs, printouts, tapes, discs and other computer materials and records;
- (xxii) all policies and certificates of insurance relating to any of the foregoing, now owned or hereafter acquired, evidencing or pertaining to any and all items of Collateral; and
- (xxiii) all products and Proceeds of all or any of the Collateral described above (including any claim to any item referred to in this definition, and any claim against any third party for loss of, damage to or destruction of any or all of the Collateral or for proceeds payable under, or unearned premiums with respect to, policies of insurance) in whatever form, including cash, Instruments, Chattel Paper, security agreements and other documents.

Notwithstanding the foregoing, "Collateral", and each component definition thereof, shall not include (i) any Excluded Assets, (ii) the Equity Interests of any CFC or Foreign Subsidiary Holding Company to the extent such Equity Interests exceed 65% of the voting power of all classes of Equity Interests of such CFC or Foreign Subsidiary Holding Company entitled to vote or (iii) the Equity Interests of a Subsidiary of a CFC. When the term "Collateral" is used without reference to a Grantor, then it shall be deemed to be a collective reference to the "Collateral" of all Grantors.

"Commercial Tort Claims." shall mean, as to any Person, all "commercial tort claims" as such term is used in the UCC in or under which such Person may now or hereafter have any right, title or interest.

“Contract Rights” shall mean, as to any Person, all of such Person’s then owned or existing and future acquired or arising rights under Contracts not yet fully performed and not evidenced by an Instrument or Chattel Paper.

“Contracts” shall mean, as to any Person, all “contracts” as such term is used in the UCC, and, in any event shall mean and include all of such Person’s then owned or existing and future acquired or arising contracts, undertakings or agreements (other than rights evidenced by Chattel Paper, Documents or Instruments) in or under which such Person may now or hereafter have any right, title or interest, including any agreement relating to Inventory, the terms of payment or the terms of performance of any Account or any other Collateral.

“Copyright License” shall mean, as to any Person, any and all rights granted to or from such Person under any written license, contract or other agreement granting any right to use, copy, distribute, display, publicly perform, and/or create derivative works derived from any Copyright.

“Copyright Security Agreement” shall mean a Copyright Security Agreement, substantially in the form of Exhibit A hereto, executed and delivered by any Grantor granting a Security Interest in its Copyrights, as may be amended, modified or supplemented, from time to time, in accordance with its terms.

“Copyrights” shall mean, as to any Person, all of the following now owned or hereafter acquired by such Person or in which any Person now has or hereafter acquires any rights, priorities and privileges, including all rights to sue at law or in equity for any past, present, or future infringement or other impairment thereof, including the right to receive all Proceeds and damages therefrom, whether arising under United States, multinational or foreign laws or otherwise: (a) all copyrights (whether registered or unregistered), including all registrations, recordings and applications in the United States Copyright Office or in any similar office or agency of the United States, any state or territory thereof, or any other country or any political subdivision thereof, and (b) all reissues, extensions or renewals thereof.

“Credit Agreement” shall have the meaning given to that term in the recitals hereto.

“Deposit Accounts” shall mean, as to any Person, all “deposit accounts” (as defined in the UCC) now owned or hereafter acquired by such Person, or in which such Person has or acquires any rights, or other receipts, covering, evidencing or representing rights or interest in such deposit accounts, and, in any event, shall mean and include all of such Person’s demand, time, savings, passbook, money market or like depositor accounts and all certificates of deposit, maintained with a bank, savings and loan association, credit union or like organization (other than an account evidenced by a certificate of deposit that is an Instrument).

“Documents” shall mean, as to any Person, all “documents” (as defined in the UCC) now owned or hereafter acquired by such Person or in which such Person has or acquires any rights, or other receipts, covering, evidencing or representing Goods, and, in any event shall mean and include all of such Person’s certificates or documents of origin and of title, warehouse receipts and manufacturers statements of origin.

“Equipment” shall mean, as to any Person, all “equipment” (as defined in the UCC) now owned or hereafter acquired by such Person and wherever located, and, in any event, shall mean and include all machinery, apparatus, equipment, furniture, furnishings, processing equipment, conveyors, machine tools, engineering processing equipment, manufacturing equipment, materials handling equipment, trade fixtures, trucks, tractors, rolling stock, fittings, trailers, forklifts, vehicles, computers and other electronic data processing, other office equipment of such Person, and all other tangible personal property (other than Inventory) of every kind and description used in such Person’s business operations or owned by such Person or in which such Person has an interest and any and all additions, substitutions and replacements of any of the foregoing, together with all attachments, components, parts, equipment and accessories installed thereon or affixed thereto, all fuel therefor and all manuals, drawings, instructions, warranties and rights with respect thereto.

“Fixtures” shall mean, as to any Person, all “fixtures” (as defined in the UCC) now owned or hereafter acquired by such Person or in which such Person has or acquires any rights, or other receipts, of such Person covering, evidencing or representing rights or interest in such fixtures.

“General Intangibles” shall mean, as to any Person, all “general intangibles” (as defined in the UCC) now owned or hereafter acquired by such Person or in which such Person has or acquires any rights and, in any event, shall mean and include all right, title and interest in or under all contracts, Licenses, Copyrights, Trademarks, Patents, and all applications therefor and reissues, extensions or renewals thereof, rights in Intellectual Property, interests in limited liability companies, partnerships, joint ventures and other business associations that do not otherwise constitute Investment Property, licenses, permits, inventions (whether or not patented or patentable), technical information, designs, knowledge, software, data bases, data, skill, expertise, experience, goodwill (including the goodwill associated with any Trademark or Trademark License), all rights and claims in or under insurance policies (including insurance for fire, damage, loss and casualty, whether covering personal property, real property, tangible rights or intangible rights, all liability, life, key man and business interruption insurance, and all unearned premiums), reversions and any rights thereto and any other amounts payable to such Person from any benefit plan, multiemployer plan or other employee benefit plan, uncertificated securities, choses in action, deposit, checking and other bank accounts, rights to receive tax refunds and other payments and rights of indemnification.

“Goods” shall mean, as to any Person, all “goods” (as defined in the UCC), now owned or hereafter acquired and, in any event, shall mean and include all of such Person’s then owned or existing and future acquired or arising movables, Fixtures, Equipment, Inventory and other tangible personal property.

“Grantor” and “Grantors” shall have the meaning given to each term in the recitals hereto and shall include their respective successors and assigns.

“Guarantor” and “Guarantors” shall have the meaning given to each term in the recitals hereto and shall include their respective successors and assigns.

“Instruments” shall mean, as to any Person, all “instruments” (as defined in Article 9 of the UCC) now owned or hereafter acquired by such Person or in which such Person has or acquires any rights and, in any event, shall mean and include all promissory notes, all certificates of deposit and all letters of credit evidencing, representing, arising from or existing in respect of, relating to, securing or otherwise supporting the payment of, any of the Accounts or other obligations owed to such Person.

“Intellectual Property” shall mean, as to any Person, all of the following now owned or hereafter acquired by such Person or in or under which such Person has or acquires any rights, priorities and privileges, including all rights to sue at law or in equity for any past, present, or future infringement or other impairment thereof, including the right to receive all Proceeds and damages therefrom, whether arising under United States, multinational or foreign laws or otherwise: (a) all Patents, Copyrights, Trademarks, trade secrets, know-how, and proprietary or confidential information; and (b) Patent Licenses, Trademark Licenses, Copyright Licenses and other licenses to use any of the items described in the preceding clause (a).

“Inventory” shall mean, as to any Person, all “inventory” (as defined in the UCC) now owned or hereafter acquired by such Person or in which such Person has or acquires any rights and, in any event, shall mean and include (i) inventory, merchandise, Goods and other personal property intended for sale or lease or for display or demonstration, (ii) work in process, (iii) raw materials and other materials and supplies of every nature and description used or which might be used in connection with the manufacture, packing, shipping, advertising, selling, leasing or furnishing of the foregoing or otherwise used or consumed in the conduct of business and (iv) Documents evidencing, and General Intangibles relating to, any of the foregoing.

“Investment Accounts” shall mean any and all “securities accounts” (as defined in the UCC), brokerage accounts and commodities accounts now owned or hereafter acquired by such Person, or in which such Person has or acquires any rights.

“Investment Property” shall mean, as to any Person, all “investment property” (as defined in the UCC) now owned or hereafter acquired by such Person or in which such Person has or acquires any rights and, in any event, shall mean and include (i) all “certificated securities”, “uncertificated securities”, “security entitlements”, “securities accounts”, “commodity contracts” and “commodity accounts” (as all such terms are defined in the UCC) of such Person (ii) any other securities, whether certificated or uncertificated, including stocks, bonds, interests in limited liability companies, partnership interests, treasuries, certificates of deposit, and mutual fund shares; (iii) all securities entitlements of such Person, including the rights of such Person to any Investment Accounts and the financial assets held by a financial intermediary in such accounts and any free credit balance or other money owing by any financial intermediary with respect to such accounts; (iv) all commodity contracts of such Person; and (v) all Investment Accounts of such Person.

“Issuers” shall mean the collective reference to each of the issuers of Pledged Equity Interests, including the Persons identified on Schedule 2 (as such schedule may be amended or supplemented from time to time), together with any successors to such Persons (including any successor contemplated by the Credit Agreement).

“Lenders” shall have the meaning given to that term in the recitals hereto and shall include their respective successors and assigns.

“Letter-of-Credit Rights” shall mean, as to any Person, “letter-of-credit rights” (as defined in the UCC), now owned or hereafter acquired by such Person, and, in any event, shall mean and include rights to payment or performance under a letter of credit, whether or not such Person, as beneficiary, has demanded or is entitled to demand payment or performance.

“License” shall mean, as to any Person, any Copyright License, Patent License or Trademark License granted to such Person or any other license of rights or interests in Intellectual Property granted to such Person.

“Material Intellectual Property” shall mean any Intellectual Property owned by or licensed to a Grantor and material to the conduct of the business or the operations of the US Borrower and its Subsidiaries, taken as a whole.

“Obligee Guarantor” shall have the meaning given to that term in Section 2(f) hereof.

“Patent License” shall mean, as to any Person, any and all rights granted to or from such Person under any written license, contract or other agreement granting any right under or with respect to any Patent.

“Patent Security Agreement” shall mean a Patent Security Agreement, substantially in the form of the Exhibit B hereto, executed and delivered by any Grantor granting a Security Interest in any of its Patents, as may be amended, modified or supplemented, from time to time, in accordance with its terms.

“Patents” shall mean, as to any Person, all of the following now owned or hereafter acquired by such Person or in which such Person has or acquires any rights, priorities and privileges, including all rights to sue at law or in equity for any past, present or future infringement or other impairment thereof, including the right to receive all Proceeds and damages therefrom, whether arising under United States, multinational or foreign laws or otherwise: (a) all letters patent of the United States, and any other country or any political subdivision thereof, all registrations, issuances and recordings thereof, and all applications for letters patent in the United States Patent and Trademark Office or in any similar office or agency of the United States, any state or territory thereof, or any other country; and (b) all reissues, continuations, continuations-in-part and extensions thereof.

“Permitted Lien” shall mean any Lien created hereunder or otherwise permitted in accordance with Section 7.01 of the Credit Agreement.

“Pledged Collateral” shall mean, collectively, Pledged Debt Instruments, Pledged Equity Interests, Pledged Debt Securities, all Chattel Paper, certificates or other instruments representing any of the foregoing, all Security Entitlements of any Grantor in respect of any of the foregoing, and any Proceeds thereof. Pledged Collateral may be Chattel Paper, General Intangibles, Instruments or Investment Property.

“Pledged Debt Instruments” shall mean all right, title and interest of any Pledgor in Instruments evidencing any Indebtedness owed to such Pledgor, including all Indebtedness described on Schedule 3 (as such schedule may be amended or supplemented from time to time), issued by the obligors named therein.

“Pledged Debt Securities” shall mean all debt securities (other than Pledged Debt Instruments) now owned or hereafter acquired by any Grantor, including the debt securities listed on Schedule 3, together with any other certificates, options, rights or security entitlements of any nature whatsoever in respect of the debt securities of any Person that may be issued or granted to, or held by, any Grantor.

“Pledged Equity Interests” shall mean, with respect to any Pledgor, all Equity Interests in any corporation, limited liability company, general partnership, limited partnership, limited liability partnership or other partnership, including all Equity Interests listed on Schedule 2 as held by such Pledgor (as such schedule may be amended or supplemented from time to time) and the certificates, if any, representing such interests and any interest of such Pledgor on the books and records of such corporation, partnership or limited liability company or on the books and records of any securities intermediary pertaining to such interest and all dividends, distributions, cash, warrants, rights, options, instruments, securities and other property or proceeds from time to time received, receivable or otherwise distributed in respect of or in exchange for any or all of such Equity Interests.

“Pledgor” shall mean the US Borrower and each other Grantor to the extent it owns or holds any of the Pledged Collateral.

“Proceeds” shall mean all proceeds (including proceeds of proceeds) of any of the Collateral including all: (i) rights, benefits, distributions, premiums, profits, dividends, interest, cash, Instruments, Documents, Accounts, Contract Rights, Inventory, Equipment, General Intangibles, Payment Intangibles, Deposit Accounts, Chattel Paper, and other property from time to time received, receivable, or otherwise distributed in respect of or in exchange for, or as a replacement of or a substitution for, any of the Collateral, or proceeds thereof; (ii) “proceeds,” as such term is defined in Section 9-102(a)(64) of the UCC; (iii) proceeds of any insurance, indemnity, warranty, or guaranty (including guaranties of delivery) payable from time to time with respect to any of the Collateral, or proceeds thereof; and (iv) payments (in any form whatsoever) made or due and payable to a Grantor from time to time in connection with any requisition, confiscation, condemnation, seizure or forfeiture of all or any part of the Collateral, or proceeds thereof.

“Receivable” shall mean any right to payment for goods sold or leased or for services rendered, whether or not such right is evidenced by an Instrument or Chattel Paper and whether or not it has been earned by performance (including any Account).

“Security Interests” shall mean the security interests granted to the Administrative Agent for the benefit of the Secured Parties pursuant to Section 3 as well as all other security interests created or assigned as additional security for the Secured Obligations pursuant to the provisions of this Agreement.

“Software” shall mean, as to any Person, all “software” (as defined in the UCC), now owned or hereafter acquired by such Person, including all computer programs and all related documentation provided in connection with a transaction related to any program.

“Supporting Obligations” shall mean, as to any Person, all “supporting obligations” (as defined in the UCC), now owned or hereafter acquired by such Person, and, in any event, shall mean and include letters of credit and guaranties issued in support of Accounts, Chattel Paper, Documents, General Intangibles, Instruments, Investment Property and all of such Person’s mortgages, deeds to secure debt and deeds of trust on real or personal property, guaranties, leases, security agreements, and other agreements and property which secure or relate to any collateral, or are acquired for the purpose of securing and enforcing any item thereof.

“Trademark License” shall mean, as to any Person, any and all rights granted to or from such Person under any written license, contract or other agreement granting any right to use any Trademark.

“Trademarks” shall mean, as to any Person, all of the following, now owned or hereafter acquired by such Person or in which such Person has or acquires any such rights, priorities and privileges, including all rights to sue at law or in equity for any past, present or future infringement or other impairment thereof, including the right to receive all Proceeds and damages therefrom, whether arising under United States, multinational or foreign laws or otherwise: (i) all trademarks, service marks, trade names, service names, trade dress, logos, internet domain names, and other source or business identifiers (whether registered or unregistered), now owned or existing or hereafter adopted or acquired, all registrations and recordings thereof, and all applications in connection therewith in the United States Patent and Trademark Office or in any similar office or agency of the United States, any state or territory thereof or any other country or any political subdivision thereof, (ii) all reissues, extensions or renewals thereof and (iii) all goodwill associated with or symbolized by any of the foregoing.

“Trademark Security Agreement” shall mean a Trademark Security Agreement, substantially in the form of the Exhibit C hereto, executed and delivered by any Grantor granting a Security Interest in any of its Trademarks, as may be amended, modified or supplemented, from time to time, in accordance with its terms.

“UCC” shall mean the Uniform Commercial Code as in effect, from time to time, in the State of New York; 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 is governed by the Uniform Commercial Code as in effect in a jurisdiction other than New York, “UCC” shall mean 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.

“UK Borrower” shall have the meaning given to that term in the recitals hereto.

“US Borrower” shall have the meaning given to that term in the introductory paragraph hereof.

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(b) Unless otherwise defined herein, terms defined in the Credit Agreement and used herein have the respective meanings given to them in the Credit Agreement.

(c) In addition, terms used herein without definition that are defined in the UCC have the respective meanings given to them in the UCC and if defined in more than one article of the UCC, such terms shall have the meaning given to them in Article 9 of the UCC.

(d) In this Agreement, in the computation of periods of time from a specified date to a later specified date, the word “from” means “from and including” and the words “to” and “until” each mean “to but excluding” and the word “through” means “to and including.” The terms “herein,” “hereof,” “hereto” and “hereunder” and similar terms refer to this Agreement as a whole and not to any particular Article, Section, subsection or clause in this Agreement. Unless otherwise noted, references herein to an Annex, Schedule, Section, subsection or clause refer to the appropriate Annex or Schedule to, or Section, subsection or clause of this Agreement. The meanings given to terms defined herein shall be equally applicable to both the singular and plural forms of such terms. Where the context requires, provisions relating to any Collateral, when used in relation to a Grantor, shall refer to such Grantor’s Collateral or any relevant part thereof. Any reference in this Agreement to a Loan Document shall include all appendices, exhibits and schedules thereto, and, unless specifically stated otherwise all amendments, restatements, supplements or other modifications thereto, and as the same may be in effect at any time such reference becomes operative. As used herein, the words “include,” “includes” and “including” are not limiting shall be deemed to be followed by the phrase “without limitation”, except when used in the computation of time periods.

SECTION 2. Guaranty.

(a) General.

(i) Each of the Guarantors hereby, jointly and severally, unconditionally and irrevocably, guarantees to the Administrative Agent, for the ratable benefit of the Secured Parties, the full, prompt and complete payment and performance by the Borrowers and the Guarantors when due and payable (whether at the stated maturity, by acceleration or otherwise) of the Secured Obligations.

(ii) Each of the Guarantors hereby agrees, jointly and severally, in furtherance of the foregoing and not in limitation of any other right which the Secured Parties hereunder may have at law or in equity against any Guarantor by virtue hereof, that upon the failure of any Borrower or any Guarantor to pay any of the Secured Obligations when and as the same shall become due and payable (whether at the stated maturity, by acceleration or otherwise), the Guarantors will pay or cause to be paid, in immediately available funds, to the Administrative Agent, for the ratable benefit of the Secured Parties, an amount equal to the sum of the unpaid principal amount of all Secured Obligations guaranteed by them then due as aforesaid, accrued and unpaid interest, fees and

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commissions on such Secured Obligations (including interest, fees and commissions which, but for any Borrower or Guarantor becoming the subject of a case under the Bankruptcy Code, would have accrued on such Secured Obligations, whether or not a claim is allowed against such Borrower or Guarantor for such interest, fees and commissions in the related bankruptcy case) and all other Secured Obligations then owed to the Secured Parties as aforesaid, without set-off or counterclaim and paid to the Administrative Agent, for the ratable benefit of the Secured Parties, at the Administrative Agent's Office. Each of the Guarantors hereby agrees that any payment made pursuant to this Agreement shall be subject to the benefits and protections of Section 3.01 of the Credit Agreement.

(iii) Anything herein or in any other Loan Document to the contrary notwithstanding, the maximum liability of each Guarantor hereunder and under the other Loan Documents shall in no event exceed the amount that can be guaranteed by such Guarantor by applicable law, including applicable federal and state laws relating to the insolvency of debtors.

(iv) Each Guarantor agrees that the Secured Obligations may, at any time and from time to time, exceed the amount of the liability of such Guarantor hereunder without impairing the guaranty contained in this Section 2 or affecting the rights and remedies of the Secured Parties hereunder.

(v) The guaranty contained in this Section 2 shall remain in full force and effect until the Termination Date, notwithstanding that, from time to time, during the term of the Credit Agreement, any of the Borrowers or Guarantors may be free from any Secured Obligations. Each Guarantor hereby irrevocably waives any right to revoke this guaranty as to future transactions giving rise to any Secured Obligations.

(vi) No payment made by any of the Borrowers, any of the Guarantors or any other Person or received or collected by the Administrative Agent, for the benefit of the Secured Parties, from any of the Borrowers, any of the Guarantors, or any other Person by virtue of any suit, 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 any of the Secured Obligations, shall be deemed to modify, reduce, release or otherwise affect the liability of any Guarantor hereunder which shall, notwithstanding any such payment (other than any payment made by such Guarantor in respect of the Secured Obligations or any payment received or collected from such Guarantor in respect of the Secured Obligations), remain liable for the Secured Obligations guaranteed by it hereunder up to the maximum liability of such Guarantor hereunder until the Termination Date, notwithstanding that, from time to time, during the term of the Credit Agreement, any of the Borrowers or Guarantors may be free from any Secured Obligations.

(b) Right of Contribution. Each Guarantor hereby agrees that to the extent that a Guarantor shall have paid more than its proportionate share of any payment made hereunder, such Guarantor shall be entitled to seek and receive contribution from and against any other Guarantor hereunder that has not paid its proportionate share of such payment. Each Guarantor's right of contribution shall be subject to the terms and conditions of Section 2(c). The provisions of this Section 2(b) shall in no respect limit the obligations and liabilities of any Guarantor to the Secured Parties, and each Guarantor shall remain liable to the Secured Parties for the full amount guaranteed by such Guarantor hereunder.

(c) No Subrogation. Notwithstanding any payment made by any Guarantor hereunder or any set-off or application of funds of any Guarantor by the Secured Parties, each Guarantor agrees, until the Termination Date, not to exercise each and every claim, right or remedy, direct or indirect, that such Guarantor now has or may hereafter have against any Borrower or any other Guarantor or any of its assets in connection with the guaranty under this Section 2 or the performance by such Guarantor of its obligations hereunder, in each case whether such claim, right or remedy arises in equity, under contract, by statute, under common law or otherwise and including (a) any right of subrogation, reimbursement or indemnification that such Guarantor now has or may hereafter have against any Borrower or any other Guarantor with respect to the Secured Obligations, (b) any right to enforce, or to participate in, any claim, right or remedy that any Secured Party now has or may hereafter have against any Borrower or any other Guarantor and (c) any benefit of, and any right to participate in, any collateral security now or hereafter held by the Administrative Agent or any Secured Party and each Guarantor agrees not to seek any contribution from any Borrower or any other Guarantor in respect of payments made by such Guarantor hereunder, until the Termination Date. Each Guarantor further agrees that, to the extent the agreement to withhold the exercise of its rights of subrogation, reimbursement, indemnification and contribution as set forth herein is found by a court of competent jurisdiction to be void or voidable for any reason or to result in a liability of such Guarantor that exceeds the amount that can be guaranteed by such Guarantor by applicable law, any rights of subrogation, reimbursement or indemnification such Guarantor may have against any Borrower or any other Guarantor or against any collateral security, and any rights of contribution such Guarantor may have against any such Borrower or other Guarantor, shall be junior and subordinate to any rights any Secured Party may have against any Borrower, to all right, title and interest any Secured Party may have in any such collateral security, and to any right any Secured Party may have against such other Guarantor. If any amount shall be paid to any Guarantor on account of any such subrogation, reimbursement, indemnification or contribution rights at any time prior to the Termination Date, such amount shall be held in trust for the Administrative Agent on behalf of the other Secured Parties and shall forthwith be paid over to the Administrative Agent, for the ratable benefit of the Secured Parties, to be credited and applied against the Secured Obligations, whether matured or unmatured, in accordance with the terms hereof and the Credit Agreement.

(d) Waivers by the Guarantors. Each Guarantor waives, to the maximum extent permitted by applicable law: (a) any right to require any Secured Party, as a condition of payment or performance by such Guarantor, to (i) proceed against any of the Borrowers, any of the Guarantors, any other guarantor or any other Person, (ii) proceed against or exhaust any collateral security held from any of the Borrowers, any of the other Guarantors or any other Person, (iii) proceed against or have resort to any balance of any Deposit Account or credit on the books of any Secured Party in favor of any of the Borrowers or any other Person or (iv) pursue any other remedy in the power of any Secured Party whatsoever; (b) any defense arising by reason of the incapacity, lack of authority or any disability or other defense of any Borrower or any other Guarantor, including any defense based on or arising out of the lack of validity or the unenforceability of the Credit Agreement or any other Loan Document, any of the Secured

Obligations or any agreement or instrument relating thereto 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 any Secured Party or by reason of the cessation of the liability of any Borrower or any other Guarantor from any cause other than indefeasible payment in full of the Secured Obligations; (c) any defense based upon any statute or rule of law which provides that the obligation of a surety must be neither larger in amount nor in other respects more burdensome than that of the principal; (d) any defense based upon any Secured Party's errors or omissions in the administration of the Secured Obligations, except behavior which amounts to bad faith; (e) (i) any principles or provisions of law, statutory or otherwise, which are or might be in conflict with the terms hereof and any legal or equitable discharge of such Guarantor's obligations hereunder, (ii) the benefit of any statute of limitations affecting such Guarantor's liability hereunder or the enforcement hereof, (iii) any rights to set-offs, recoupments and counterclaims, and (iv) promptness, diligence and any requirement that any Secured Party protect, secure, perfect or insure any security interest or lien or any property subject thereto; (f) notices, demands, presentments, protests, notices of protest, notices of dishonor and notices of any action or inaction, including acceptance hereof, notices of default or nonpayment pursuant to any Loan Document or any agreement or instrument related thereto, notices of any creation, renewal, extension, accrual or modification of the Secured Obligations or any agreement related thereto, notices of any extension of credit to any Borrower and notices of any of the matters referred to in Section 2(e) and any right to consent to any thereof; and (g) any defenses or benefits that may be derived from or afforded by law which limit the liability of or exonerate guarantors or sureties, or which may conflict with the terms hereof.

(e) Guaranty Absolute and Unconditional. Each Guarantor waives, to the maximum extent permitted by applicable law, any and all notice of or proof of reliance by any Secured Party upon the guaranty contained in this Section 2 or acceptance of the guaranty contained in this Section 2; 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 2; and all dealings between any of the Borrowers and any of the Guarantors, on the one hand, and the Administrative Agent and the other Secured Parties, on the other hand, likewise shall be conclusively presumed to have been had or consummated in reliance upon the guaranty contained in this Section 2. Each Guarantor understands and agrees, to the extent permitted by applicable law, that the guaranty contained in this Section 2 shall be construed as a continuing, absolute, irrevocable, independent and unconditional guaranty of payment when due and not of collectability. Each Guarantor agrees the guaranty contained in this Section 2 is a primary obligation of each Guarantor and not merely a contract of surety. Each Guarantor hereby waives, to the maximum extent permitted by applicable law, any and all defenses (other than any suit for breach of a contractual provision of any of the Loan Documents) that it may have arising out of or in connection with any and all of the following: (i) any change in the time, place, manner or place of payment of, and any amendment, waiver, modification of, or increase in, the Secured Obligations, (ii) any exchange, taking, or release of Collateral or any exercise of any remedies with respect to any Collateral, (iii) any change in the structure or existence of any Borrower or Guarantor, (iv) any application of Collateral to any of the Secured Obligations or (v) any other circumstance whatsoever (other than indefeasible payment in full of the Secured Obligations guaranteed by it hereunder) (with or without notice to or knowledge of any Borrower or such Guarantor) that constitutes, or might be construed to constitute, an equitable or legal discharge of any Borrower or Guarantor for the Secured Obligations, or of such Guarantor under the guaranty contained in this Section 2, in bankruptcy or in any other instance. When making any demand hereunder or otherwise pursuing its rights and remedies hereunder against any Guarantor, any of the Secured Parties 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 Borrower, any Guarantor or any other Person or against any collateral security or guaranty for the Secured Obligations guaranteed by such Guarantor hereunder or any right of offset with respect thereto, and any failure by any of the Secured Parties to make any such demand, to pursue such other rights or remedies or to collect any payments from any Borrower, any Guarantor 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 Borrower, any Guarantor or any other Person or any such collateral security, guaranty or right of offset, shall not relieve any Guarantor of any obligation or liability hereunder, and shall not impair or affect the rights and remedies, whether express, implied or available as a matter of law, of any Secured Party against any Guarantor. For the purposes hereof “demand” shall include the commencement and continuance of any legal proceedings.

(f) Subordination of Other Obligations. Any indebtedness of any Borrower or any Guarantor now or hereafter held by any Guarantor (the “Obligee Guarantor”) is hereby subordinated in right of payment to the Secured Obligations, and any such indebtedness collected or received by the Obligee Guarantor after an Event of Default has occurred and is continuing shall, upon written notice to the US Borrower from the Administrative Agent (which notice need not be given during the occurrence of a bankruptcy or similar event with respect to any Borrower), be held in trust for the Administrative Agent, on behalf of the Secured Parties, and shall forthwith be paid over to Administrative Agent, for the benefit of the Secured Parties, to be credited and applied against the Secured Obligations but without affecting, impairing or limiting in any manner the liability of the Obligee Guarantor under any other provision hereof.

(g) Authority of the Guarantors or the Borrowers. It is not necessary for any Secured Party to inquire into the capacity or powers of any Guarantor or any Borrower or the officers, directors or any agents acting or purporting to act on behalf of any of them.

(h) Financial Condition of the Borrowers and Guarantors. Any Loan may be made to any Borrower or continued from time to time, any Letter of Credit may be issued for the account of the US Borrower and its Restricted Subsidiaries and any Swap Contract or Cash Management Obligation may be entered into from time to time by the US Borrower or any Subsidiary Guarantor, in each case without notice to or authorization from any Guarantor regardless of the financial or other condition of such Borrower or Subsidiary Guarantor at the time of any such Loan or continuation or at the time such Swap Contract or Cash Management Obligation is entered into, as the case may be. No Secured Party shall have any obligation to disclose or discuss with any Guarantor its assessment, or any Guarantor’s assessment, of the financial condition of any Borrower or Guarantor. Each Guarantor has adequate means to obtain information from each Borrower and Guarantor on a continuing basis concerning the financial condition of each Borrower and Guarantor and its ability to perform its obligations under the Loan Documents, the Swap Contracts and the Cash Management Obligations, and each Guarantor assumes the responsibility for being and keeping informed of the financial condition of each Borrower and Guarantor and of all circumstances bearing upon the risk of nonpayment of the Secured Obligations. Each Guarantor hereby waives and relinquishes any duty on the part of any Secured Party to disclose any matter, fact or thing relating to the business, operations or conditions of any Borrower or Guarantor now known or hereafter known by any Secured Party.

(i) Bankruptcy, etc.

(i) The obligations of the Guarantors hereunder shall not be reduced, limited, impaired, discharged, deferred, suspended or terminated by any case or proceeding, voluntary or involuntary, involving the bankruptcy, insolvency, receivership, reorganization, liquidation or arrangement of any Borrower or any Guarantor or by any defense which any Borrower or any Guarantor may have by reason of the order, decree or decision of any court or administrative body resulting from any such proceeding.

(ii) Each Guarantor acknowledges and agrees that any interest on any portion of the Secured Obligations which accrues after the commencement of any case or proceeding referred to in Section 2(a) (or, if interest or fees on any portion of the Secured Obligations ceases to accrue by operation of law by reason of the commencement of such case or proceeding, such interest or fees as would have accrued on such portion of the Secured Obligations if such case or proceeding had not been commenced) shall be included in the Secured Obligations because it is the intention of the Guarantors and the Secured Parties that the Secured Obligations which are guaranteed by the Guarantors pursuant hereto should be determined without regard to any rule of law or order which may relieve any Borrower of any portion of such Secured Obligations.

(iii) In the event that all or any portion of the Secured Obligations are paid by any Borrower or any Guarantor, the obligations of the other Guarantors hereunder shall continue and remain in full force and effect or be reinstated, as the case may be, in the event that all or any part of such payment(s) are rescinded or recovered directly or indirectly from any Secured Party as a preference, fraudulent transfer or otherwise, and any such payments which are so rescinded or recovered shall constitute Secured Obligations for all purposes hereunder.

(j) Keepwell. Each Qualified ECP Guarantor (as defined below) hereby jointly and severally, absolutely, unconditionally and irrevocably undertakes to provide such funds and other support as may be needed from time to time by each other Guarantor to honor all of its obligations under the guaranty in this Section 2 and the other Loan Documents in respect of Swap Obligations; provided, however, that each Qualified ECP Guarantor shall only be liable under this Section 2 for the maximum amount of such liability that can be hereby incurred without rendering its obligations under this Section 2, or otherwise under the Credit Agreement or any other Loan Document, voidable under Debtor Relief Laws and not for any greater amount. Subject to Sections 17 and 18, the obligations of each Qualified ECP Guarantor under this Section 2 shall remain in full force and effect until the Termination Date. Each Qualified ECP Guarantor intends that this Section 2(j) constitute, and this Section 2(j) shall be deemed to constitute, a “keepwell, support or other agreement” for the benefit of each other Loan Party for all purposes of Section 1a(18)(A)(v)(II) of the Commodity Exchange Act. For purposes of this Section 2(j), “Qualified ECP Guarantor” means, in respect of any Swap Obligation, the US Borrower and each other Guarantor, in each case, that has total assets exceeding \$10,000,000 at the time the relevant guarantee or grant of the relevant security interest becomes effective with respect to such Swap Obligation or such other Person as 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.

SECTION 3. The Security Interests.

(a) As security for the full, prompt and complete payment and performance when due (whether at stated maturity, by acceleration or otherwise) of all of its Secured Obligations, each Grantor does hereby mortgage, pledge, assign and convey unto the Administrative Agent, for the benefit of the Secured Parties, and does hereby grant to the Administrative Agent, for the benefit of the Secured Parties, a continuing Lien on and Security Interest in all of the right, title and interest of such Grantor in, to and under all of the Collateral (and all rights therein) whether now existing or hereafter, from time to time, created or acquired.

(b) The Security Interests of the Administrative Agent under this Agreement extend to all Collateral that any Grantor may acquire, at any time, during the continuation of this Agreement.

SECTION 4. Grantors Remain Obligated. Notwithstanding any other provision of this Agreement to the contrary, (a) neither the Administrative Agent nor any Secured Party shall have any obligation or liability under any contract or other agreement included as part of the Collateral, by reason of or arising out of this Agreement or the receipt by the Administrative Agent or any Secured Party of any payment relating thereto, (b) the exercise by the Administrative Agent of any rights under this Agreement or otherwise in respect of the Collateral shall not release any Grantor from its obligations under any contract or other agreement included as part of the Collateral and (c) neither the Administrative Agent nor any Secured Party shall be obligated to take any of the following actions with respect to any contract or other agreement included as part of the Collateral: (i) perform any obligation of any Grantor, (ii) make any payment, (iii) make any inquiry as to the nature or the sufficiency of any payment received by it or as to the sufficiency of any performance by any party, (iv) present or file any claim or (v) take any action to enforce any performance or to collect the payment of any amounts that may have been assigned to it or to which it may be entitled at any time or times.

SECTION 5. Representations and Warranties.

(a) Representations and Warranties of Each Guarantor. Each Guarantor hereby represents and warrants to each Secured Party that the representations and warranties set forth in Article V of the Credit Agreement as they relate to such Guarantor or to the Loan Documents to which such Guarantor is a party, each of which representation and warranty is hereby incorporated herein by reference, are true and correct in all material respects (and in all respects if qualified by materiality) as of the date hereof and as of any other date required under Section 4.02 of the Credit Agreement, except for any such representation and warranty which expressly relates to a given date or period, such representation and warranty shall be true and correct in all material respects (and in all respects if qualified by materiality) as of the respective date or for the respective period, as the case may be, and the Administrative Agent and each Secured Party shall be entitled to rely on each such representation and warranty as if fully set forth herein; provided, that each reference in each such representation and warranty to any Borrower's knowledge shall, for the purposes of this Section 5(a), be deemed to be a reference to such Guarantor's knowledge.

(b) Representations and Warranties of Each Grantor. Each Grantor represents and warrants to the Administrative Agent, for the benefit of the Secured Parties, as follows:

- (i) Such Grantor has good and marketable title to all of its Collateral, free and clear of any Liens other than Permitted Liens, and has rights in and the power to transfer each item of the Collateral upon which it purports to grant a Lien hereunder.
- (ii) Except in relation to Collateral held in Deposit Accounts and Investment Accounts, as of the date hereof, none of the Collateral is in the possession of a Person (other than any Grantor and except for any Collateral in physical possession of the Administrative Agent or its designee, in transit, out for repair in the ordinary course of business or in possession of a third party pursuant to a lease, sub-lease, license or sub-license of real property for office space to the extent set forth in such agreement) asserting any claim thereto or Lien thereon (other than Permitted Liens).
- (iii) All Inventory and Equipment are insured in accordance with the requirements set forth in Section 6.07 of the Credit Agreement.
- (iv) On the date hereof, no amount payable to such Grantor in excess of \$1,000,000 under or in connection with any Receivable is evidenced by any Instrument or Chattel Paper which has not been delivered to the Administrative Agent.
- (v) Schedule 4 correctly sets forth, as of the date hereof, each Grantor's state of organization, organizational identification number, correct legal name and type of organization as indicated on the public record of such Grantor's jurisdiction of organization.
- (vi) Schedule 5 correctly sets forth, as of the date hereof, (A) all names and trade names that each Grantor has used within the last five (5) years, (B) the names of all Persons that have merged into or been acquired by such Grantor and any changes in the jurisdiction of organization or incorporation or corporate structure (e.g. merger, consolidation, change in corporate form, change in jurisdiction of organization or otherwise) of each Grantor, the date of such change and a description of such change and (C) any changes of the chief executive office of each Grantor, in each case within the last five (5) years.
- (vii) Schedule 6 correctly sets forth, as of the date hereof, (A) each Grantor's chief executive office, (B) the locations in the United States of America where books or records relating to the Collateral are maintained, (C) all other locations in the United States of America where tangible assets of each Grantor in excess of \$2,500,000 are located, including Inventory and Equipment, and (D) each Grantor's mailing address (if different from the chief executive office).
- (viii) Schedule 7 correctly sets forth, as of the date hereof, all letters of credit in excess of \$1,000,000 under which any Grantor is a beneficiary.
- (ix) Schedule 1 correctly sets forth, as of the date hereof, all Commercial Tort Claims in excess of \$1,000,000 owned by any Grantor.

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- (x) Schedule 8 correctly sets forth all Material Real Property of each Grantor as of the Closing Date.
 - (xi) Schedule 9 correctly sets forth, as of the date hereof, all United States Intellectual Property registrations and applications of such Grantor made with any United States federal Governmental Authority and all Licenses under which a Grantor is an exclusive licensee of United States registered or applied for Intellectual Property, in each case, that constitutes Material Intellectual Property.
 - (xii) Upon the (i) proper filing of the financing statements set forth on Schedule 10 in the Office of the Secretary of State of the State of Delaware, the security interest in favor of the Administrative Agent in each Grantor's rights in that portion of the Collateral in which a valid security interest may be created under Article 9 of the UCC described in such financing statements will be perfected to the extent a security interest in such Collateral can be perfected under the UCC by the filing of a financing statement in that office, and (ii) making appropriate filings with the United States Copyright Office or the United States Patent and Trademark Office, as applicable, such security interest in the Copyrights, Trademarks and Patents registered in the United States for which UCC filings are insufficient will be perfected.
- (c) Representations and Warranties of Each Pledgor. To induce the Administrative Agent and the Secured Parties to enter into the Credit Agreement and to induce the Secured Parties to extend credit in the nature of the Secured Obligations, each Pledgor hereby represents and warrants to the Administrative Agent and each other Secured Party and agrees that:
- (i) Schedule 2 sets forth, as of the date hereof, (a) all of the Pledged Equity Interests owned by any Pledgor, (b) the Issuer of such Pledged Equity Interest, (c) the percentage of the total amount of Equity Interests such Pledged Equity Interests represent and (d) the percentage of the total amount of Equity Interests of such Pledged Equity Interest that are pledged hereunder; provided, however, in the case of Equity Interests of a CFC or a Foreign Subsidiary Holding Company, such percentage specified on Schedule 2 shall not, solely with respect to voting Equity Interests, exceed 65% of the voting power of all classes of Equity Interests of such CFC or Foreign Subsidiary Holding Company entitled to vote.
 - (ii) Except as set forth on Schedule 2, each Pledgor has not acquired any Equity Interests of another entity or substantially all the assets of another entity, within the five (5) years preceding the date hereof.
 - (iii) All the Pledged Equity Interests pledged by such Pledgor hereunder have been duly authorized and validly issued and, to the extent applicable, are fully paid and non-assessable.

(iv) Such Pledgor is the record and beneficial owner of, and has good title to, the Pledged Collateral pledged by it hereunder, free of any and all Liens in favor

of any other Person, except the Security Interest created by this Agreement or Permitted Liens.

(v) All Pledged Collateral and, if applicable, any Additional Pledged Collateral, consisting of Certificated Securities or Instruments have been delivered to the Administrative Agent to the extent required by Section 6 hereof.

(vi) Schedule 3 sets forth, as of the date hereof, under the heading “Pledged Debt Instruments” and “Pledged Debt Securities”, respectively, all of the Pledged Debt Instruments and Pledged Debt Securities in excess of \$1,000,000 owned by any Pledgor.

(vii) None of the Pledged Equity Interests is or represents interests in Issuers that have opted to be treated as “securities” under Article 8 of the Uniform Commercial Code of any jurisdiction, unless a certificate representing such Pledged Equity Interest and undated transfer power covering such certificate has been delivered hereunder in accordance with Sections 6(e)(i) and 6(e)(ii).

SECTION 6. Further Assurances; Covenants.

(a) General.

(i) Each Grantor hereby authorizes the Administrative Agent, its counsel or its representatives, at any time and from time to time, to file financing statements and amendments or continuation statements that describe the collateral covered by such financing statements as “all assets of Debtor”, “all personal property of Debtor” or words of similar effect, in such jurisdictions as the Administrative Agent may deem necessary or desirable in order to perfect the Security Interests granted by such Grantor under this Agreement and enable the Administrative Agent to exercise and enforce its rights and remedies hereunder in respect of the Collateral. Each Grantor will, from time to time, at its expense, execute, deliver, file and record any statement, assignment, instrument, document, agreement or other paper and take any other action (including any filings with the United States Patent and Trademark Office or the United States Copyright Office, Copyright or Patent filings and any filings of financing or continuation statements under the UCC) that, from time to time, may be necessary, or that the Administrative Agent may reasonably request, in order to create, preserve, perfect, confirm or validate the Security Interests or to enable the Administrative Agent to obtain the full benefits of this Agreement, or to enable the Administrative Agent to exercise and enforce any of its rights, powers and remedies hereunder with respect to any of its Collateral; provided, however, that (i) no actions or filings shall be required to be taken to perfect or prioritize any Security Interest in Excluded Perfection Assets (except, for the avoidance of doubt, to the extent perfection of the security interest in such assets occurs automatically or may be accomplished solely by the filing of an “all assets” Uniform Commercial Code financing statement), (ii) no Grantor shall be required to complete any filings or other action with respect to the perfection of the Security Interests created hereby in any jurisdiction outside of the United States and (iii) in no event shall any Grantor be required to execute any control or similar agreement. Each Grantor shall

pay the actual costs of, or incidental to, any recording or filing of any financing statements, financing statement amendments, continuation statements, Trademark Security Agreements, Patent Security Agreements or Copyright Security Agreements concerning the Collateral.

(ii) At any time when an Event of Default has occurred and is continuing, upon request to the US Borrower of the Administrative Agent (which request need not be given during the occurrence of a bankruptcy or similar event relating to any Borrower), no Grantor shall permit its tangible assets, including such Grantor's Inventory and Equipment, to be in the possession of any other Person (except for Inventory or Equipment in possession of the Administrative Agent, in transit, out for repair in the ordinary course of business or in possession of a third party pursuant to a lease, sub-lease, license or sub-license of real property for office space to the extent set forth in such agreement) unless pursuant to an agreement in form and substance satisfactory to the Administrative Agent and (A) such Person has acknowledged that (1) it holds possession of such Inventory, Equipment or other tangible assets, as the case may be, for the Administrative Agent's benefit, subject to the Administrative Agent's instructions and (2) such Person does not have a Lien on such Inventory, Equipment or other tangible assets, other than a Permitted Lien, (B) such Person agrees not to hold such Inventory, Equipment or other tangible assets on behalf of any other Person and (C) upon request by the Administrative Agent, such Person agrees to issue and deliver to the Administrative Agent, warehouse receipts, bills of lading or any similar documents relating to such Collateral in the Administrative Agent's name and in form and substance acceptable to the Administrative Agent.

(iii) Each Grantor will, promptly upon the reasonable request of the Administrative Agent, provide to the Administrative Agent all information and evidence the Administrative Agent may reasonably request concerning the Collateral, to enable the Administrative Agent to enforce the provisions of this Agreement.

(iv) Subject to the limitations set forth in Section 6(a)(i), each Grantor shall promptly take all actions necessary or reasonably requested by the Administrative Agent in order to maintain the perfected status and priority of the Security Interests, in each case subject to Permitted Liens.

(v) Unless authorized by the Administrative Agent in writing, no Grantor shall file any amendment to, or termination of, a financing statement naming any Grantor as debtor and the Administrative Agent as secured party, or any correction statement with respect thereto, in any jurisdiction until the Termination Date.

(vi) Each Grantor shall defend its title, and use commercially reasonable efforts to defend its interest in and to, and the Security Interests in, the Collateral against the claims and demands of all Persons (other than Permitted Liens and the holders thereof).

(b) Intellectual Property. Each Grantor shall notify the Administrative Agent, no later than the time when the delivery of the Compliance Certificate pursuant to

Section 6.02(a) of the Credit Agreement is required, of each of the following, to the extent any of the following has occurred within the reporting period covered by such financial information: (i) any Grantor's creation or acquisition after the date of this Agreement of any Material Intellectual Property registrations and applications made with any United States federal Governmental Authority and (ii) any Grantor's obtaining knowledge that any application or registration made with any United States federal Governmental Authority relating to any Material Intellectual Property owned by any Grantor has or is reasonably likely to become abandoned or dedicated to the public domain, or subject to any material adverse determination or development (including the institution of, or any such determination or development in, any proceeding in the United States Copyright Office, the United States Patent and Trademark Office or any court, but not including routine office actions issued in the normal course of prosecution) regarding such Grantor's ownership of any Material Intellectual Property, its right to register the same, or to keep and maintain the same.

(c) Commercial Tort Claims. If any Grantor shall, at any time, acquire a Commercial Tort Claim, other than those listed on Schedule 1 attached hereto or with a claim for damages that could reasonably be expected to be less than \$1,000,000, such Grantor shall promptly (and in any event no later than the time when delivery of the Compliance Certificate pursuant to Section 6.02(a) of the Credit Agreement is required following such acquisition or promptly following such acquisition during an Event of Default) notify the Administrative Agent thereof in writing, providing a reasonable description and summary thereof, and if requested shall execute a supplement to this Agreement granting a Security Interest in such Commercial Tort Claim to the Administrative Agent.

(d) Covenants of Each Grantor. Each Grantor (other than the US Borrower) covenants and agrees with the Secured Parties that such Grantor shall observe, comply with, and perform each of the covenants set forth in Articles VI and VII of the Credit Agreement applicable to such Grantor. Without limiting the foregoing, to the extent the US Borrower has agreed to cause any Grantor to perform or observe any of the covenants set forth in Articles VI and VII of the Credit Agreement, such covenants shall be applicable to such Grantor.

(e) Covenants of Each Pledgor. Each Pledgor covenants and agrees with the Administrative Agent and the other Secured Parties that, from and after the date of this Agreement, until the Termination Date:

(i) If such Pledgor shall, as a result of its ownership of its Pledged Equity Interests, become entitled to receive or shall receive any Certificated Security (including any Certificated Security representing a stock dividend or a distribution in connection with any reclassification, increase or reduction of capital or any certificate issued in connection with any reorganization), stock option or similar rights in respect of the Pledged Equity Interests of any Issuer, whether in addition to, in substitution of, as a conversion of, or in exchange for, any ownership interests of the Pledged Equity Interests, or otherwise in respect thereof, such Pledgor shall accept the same as the agent of the Administrative Agent, hold the same in trust for the Administrative Agent and promptly (and in any event no later than the time when delivery of the Compliance Certificate pursuant to Section 6.02(a) of the Credit Agreement is required following such acquisition, or promptly following such acquisition during an Event of Default)

deliver the same forthwith to the Administrative Agent in the exact form received, duly endorsed by such Pledgor to the Administrative Agent, if required, together with an undated transfer power covering such certificate duly executed in blank by such Grantor, to be held by the Administrative Agent, subject to the terms hereof, as additional collateral security for the Secured Obligations; provided, that, pursuant to this Agreement, in no event shall there be pledged, nor shall any Pledgor be required to pledge, (i) solely with respect to voting Equity Interests, more than 65% of the voting power of all classes of such Equity Interests of any CFC or Foreign Subsidiary Holding Company entitled to vote, (ii) the Equity Interests of a Subsidiary of a CFC or (iii) Equity Interests constituting Excluded Assets.

(ii) Such Pledgor shall, except as otherwise required under Section 6(e)(i), promptly (and in any event no later than the time when delivery of the Compliance Certificate pursuant to Section 6.02(a) of the Credit Agreement is required following the acquisition thereof, or promptly following such acquisition during an Event of Default) deliver to the Administrative Agent, all certificates and Instruments representing or evidencing any Pledged Collateral (in excess of \$1,000,000 in the case of Pledged Debt Instruments, Pledged Debt Securities or Chattel Paper) (including Additional Pledged Collateral (in excess of \$1,000,000 in the case of Pledged Debt Instruments, Pledged Debt Securities or Chattel Paper)), whether now existing or hereafter acquired, in suitable form for transfer by delivery or, as applicable, accompanied by such Pledgor's endorsement, where necessary, or duly executed instruments of transfer or assignment in blank, all in form and substance reasonably satisfactory to the Administrative Agent. While an Event of Default exists, the Administrative Agent shall have the right, at any time, in its discretion and without notice to any Pledgor, (A) to transfer to or to register in its name or in the name of its nominees any Pledged Collateral and (B) to exchange any certificate or instrument representing or evidencing any Pledged Collateral for certificates or instruments of smaller or larger denominations. Except as expressly permitted by the Credit Agreement, such Grantor shall not grant "control" (within the meaning of such term under Article 9-106 of the UCC) over any Investment Property to any Person other than the Administrative Agent.

(iii) If any amount in excess of \$1,000,000 payable under or in connection with any Collateral owned by such Pledgor shall be or become evidenced by an Instrument, such Pledgor shall promptly deliver (and in any event no later than the time when delivery of the Compliance Certificate pursuant to Section 6.02(a) of the Credit Agreement is required following the acquisition thereof, or promptly following such acquisition during an Event of Default) such Instrument to the Administrative Agent, duly executed in a manner reasonably satisfactory to the Administrative Agent, or, if consented to by the Administrative Agent, shall mark all such Instruments with the following legend: "This writing and the obligations evidenced or secured hereby are subject to the security interest of Wells Fargo Bank, National Association, as Administrative Agent, and any purchase or other transfer of this interest is a violation of the rights of Wells Fargo Bank, National Association, as Administrative Agent."

(iv) Such Pledgor shall maintain the Security Interest in such Pledgor's Pledged Collateral as a perfected, first priority security interest (subject only to Permitted

Liens) and shall defend such Security Interest against the claims and demands of all Persons whomsoever (other than Permitted Liens and the holders thereof). Subject to the limitations set forth in Section 6(a)(i), at any time and from time to time, upon the written request of the Administrative Agent, and at the sole expense of such Pledgor, such Pledgor will promptly and duly execute and deliver such further instruments and documents and take such further actions as the Administrative Agent may reasonably request for the purpose of obtaining or preserving the full benefits of this Agreement and of the rights and powers herein granted by such Pledgor.

(v) If any of the Collateral is or shall become evidenced or represented by an Uncertificated Security, such Pledgor shall use commercially reasonable efforts to cause the Issuer thereof either (i) to register the Administrative Agent as the registered owner of such Uncertificated Security, upon original issue or registration of transfer or (ii) to agree in writing with such Pledgor and the Administrative Agent that such Issuer will comply with instructions with respect to such Uncertificated Security originated by the Administrative Agent without further consent of such Pledgor, such agreement to be in form and substance reasonably satisfactory to the Administrative Agent.

(vi) To the extent that the Organization Documents of any limited liability company or limited partnership that has issued any Pledged Equity Interests provide that the Equity Interests in such limited liability company or such limited partnership shall be a "security" as defined under Article 8 of the UCC such limited liability company or limited partnership shall certificate such Equity Interests and the applicable Grantor shall comply with Sections 6(e)(i) and 6(e)(ii) with respect thereto.

(vii) Such Pledgor consents to the transfer of any partnership interest and any limited liability company interest constituting Pledged Equity Interests to the Administrative Agent or its nominee or transferee during the continuance of an Event of Default and to the substitution of the Administrative Agent or its nominee or transferee as a partner in any partnership or as a member in any limited liability company with all the rights and powers related thereto, in each case, subject to the terms of the applicable operating agreements or partnership agreements.

SECTION 7. Insurance, Reporting and Recordkeeping. Each Grantor covenants and agrees with the Administrative Agent that, from and after the date of this Agreement and until the termination of this Agreement pursuant to Section 17(a):

(a) Insurance. Except to the extent prohibited by applicable law, each Grantor irrevocably makes, constitutes and appoints the Administrative Agent (and all officers, employees or agents designated by the Administrative Agent), so long as any Event of Default shall have occurred and be continuing, as such Grantor's true and lawful agent and attorney-in-fact for the purpose of making, settling and adjusting claims under such policies of insurance, endorsing the name of such Grantor on any check or other item of payment for the proceeds of such policies of insurance and for making all determinations and decisions with respect to such policies of insurance. The Administrative Agent shall have no duty to exercise any rights or powers granted to it pursuant to the foregoing power-of-attorney. This appointment is coupled with an interest and is irrevocable.

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(b) Maintenance of Records Generally. Each Grantor shall keep and maintain, at its own cost and expense, records of its Collateral, complete in all material respects, including a record of all payments received and all credits granted with respect to the Collateral and all other dealings with its Collateral. All the Chattel Paper of each Grantor will be marked with the following legend: "This writing and the obligations evidenced or secured hereby are subject to the security interest of Wells Fargo Bank, National Association, as Administrative Agent" or words of similar effect. For the Administrative Agent's further security, each Grantor agrees that, upon the occurrence of and during the continuation of any Event of Default, such Grantor shall deliver and turn over full and complete copies of any such books and records to the Administrative Agent or to its representatives, at any time, on demand of the Administrative Agent.

SECTION 8. General Authority. Each Grantor hereby irrevocably appoints the Administrative Agent its true and lawful attorney-in-fact, with full power of substitution, in the name of such Grantor, the Administrative Agent or otherwise, for the sole use and benefit of the Administrative Agent on its behalf and on behalf of the Secured Parties, but at such Grantor's expense, to exercise, at any time, all or any of the following powers:

- (i) to file the financing statements, financing statement amendments and continuation statements referred to in Section 6(a)(i);
- (ii) to endorse any checks or other instruments or orders in connection therewith;
- (iii) to demand, sue for, collect, receive and give acquittance for any and all monies due or to become due with respect to any Collateral or by virtue thereof;
- (iv) to file any claims or take any action or institute any proceedings which the Administrative Agent may reasonably deem necessary or appropriate to accomplish the purposes of this Agreement;
- (v) to settle, compromise, compound, prosecute or defend any action or proceeding with respect to any Collateral;
- (vi) to sell, transfer, assign or otherwise deal in or with the Collateral or the Proceeds or avails thereof, as fully and effectually as if the Administrative Agent were the absolute owner thereof;
- (vii) to extend the time of payment with reference to the Collateral and to make any allowance and other adjustments with reference to the Collateral; and
- (viii) to pay or discharge taxes and liens levied or placed on or threatened against the Collateral, effect any repairs or purchase any insurance called for by the Loan Documents and pay all or any part of the premiums therefor and the costs thereof;

provided, however, that the powers described in clauses (ii) through (viii) above may be exercised by the Administrative Agent only if an Event of Default has occurred and is

continuing. The appointment as attorney-in-fact under this Section 8 is irrevocable until the Termination Date and coupled with an interest.

SECTION 9. Remedies Upon an Event of Default.

(a) If any Event of Default has occurred and is continuing, the Administrative Agent may, without further notice to the Grantors, exercise all rights and remedies under this Agreement or any other Loan Document or that are available to a secured creditor upon default under the UCC (whether or not the UCC applies to the affected Collateral), or that are otherwise available at law or in equity, at any time, in any order and in any combination, including collecting any and all Secured Obligations from the Grantors or third parties, and, in addition, the Administrative Agent or its designee may sell the Collateral or any part thereof at public or private sale, for cash, upon credit or for future delivery, and at such price or prices as the Administrative Agent may deem satisfactory. The Administrative Agent shall give the Grantors no less than ten (10) days prior written notice of the time and place of any sale or other intended disposition of Collateral, except for any Collateral that is perishable or threatens to decline speedily in value or is of a type customarily sold on a recognized market, in which case the Administrative Agent shall give notice of such sale as early as possible. Each Grantor agrees that any such notice constitutes “reasonable notification” within the meaning of Section 9-611 of the UCC (to the extent such Section or any successor provision under the UCC is applicable).

(b) The Administrative Agent or any Secured Party may be the purchaser (including pursuant to credit bidding approved by the Administrative Agent) of any or all of the Collateral so sold at any public sale (or, if such Collateral is of a type customarily sold in a recognized market or is of a type which is the subject of widely distributed standard price quotations or if otherwise permitted by applicable law, at any private sale) and thereafter hold the same, absolutely, free from any right or claim of any kind. Each Grantor agrees during an Event of Default to execute and deliver such documents and take such other action as the Administrative Agent deems necessary or advisable in order that any such sale may be made in compliance with law. Upon any such sale, the Administrative Agent shall have the right to deliver, assign and transfer to the purchaser thereof the Collateral so sold. Each purchaser at any such sale shall hold the Collateral so sold to it absolutely free from any claim or right of any kind, including any equity or right of redemption of the Grantors. To the extent permitted by law, each Grantor hereby specifically waives all rights of redemption, stay or appraisal which it has or may have under any law now existing or hereafter adopted. The notice (if any) of such sale shall (1) in case of a public sale, state the time and place fixed for such sale, and (2) in the case of a private sale, state the day after which such sale may be consummated. Any such public sale shall be held at such time or times within ordinary business hours and at such place or places as the Administrative Agent may fix in the notice of such sale. At any such sale, Collateral may be sold in one lot as an entirety or in separate parcels, as the Administrative Agent may determine. The Administrative Agent shall not be obligated to make any such sale pursuant to any such notice. The Administrative Agent may, without notice or publication (other than any notices required by this Section 9 or by applicable law), adjourn any public or private sale or cause the same to be adjourned, from time to time, by announcement at the time and place fixed for the sale, and such sale may be made at any time or place to which the same may be so adjourned. In case of any sale of all or any part of the Collateral on credit or for future delivery, such Collateral so sold may be retained by the Administrative Agent until the selling price is paid

by the purchaser thereof, but the Administrative Agent shall not incur any liability in case of the failure of such purchaser to take up and pay for such Collateral so sold and, in case of any such failure, such Collateral may again be sold upon like notice. The Administrative Agent, instead of exercising the power of sale herein conferred upon it, may proceed by a suit or suits at law or in equity to foreclose the Security Interests and sell Collateral, or any portion thereof, under a judgment or decree of a court or courts of competent jurisdiction.

(c) If any Event of Default has occurred and is continuing, for the purpose of enforcing any and all rights and remedies under this Agreement, the Administrative Agent may, with reasonable advance notice to the Grantors (i) require any Grantor to, and each Grantor agrees that it will, at the joint and several expense of the Grantors, and upon the Administrative Agent's request, forthwith assemble all or any part of its Collateral as directed by the Administrative Agent and make it available at a place designated by the Administrative Agent which is, in the Administrative Agent's opinion, reasonably convenient to the Administrative Agent and such Grantor, whether at the premises of such Grantor or otherwise, (ii) to the extent permitted by applicable law, enter, with or without process of law and without breach of the peace, any premise where any such Collateral is or may be located and, without charge or liability to the Administrative Agent, seize and remove such Collateral from such premises, (iii) have access to and use such Grantor's books and records, computers and software (subject to the terms of applicable licenses) relating to the Collateral and (iv) prior to the disposition of any of the Collateral, store or transfer such Collateral without charge in or by means of any storage or transportation facility owned or leased by such Grantor, process, repair or recondition such Collateral or otherwise prepare it for disposition in any manner and, to the extent the Administrative Agent deems reasonably appropriate or necessary and in connection with such preparation and disposition, use without charge any Intellectual Property used or owned by such Grantor.

(d) Without limiting the generality of the foregoing, if any Event of Default has occurred and is continuing:

(i) Upon the Administrative Agent's request, each Grantor will promptly notify each Account Debtor, in respect of any Account or Instrument of such Grantor, that such Collateral has been assigned to the Administrative Agent hereunder and that any payments due or to become due in respect of such Collateral are to be made directly to the Administrative Agent. Notwithstanding the foregoing, each Grantor hereby authorizes the Administrative Agent, upon the occurrence and during the continuance of an Event of Default; (A) to directly contact and notify the Account Debtors or obligors under any Accounts of the assignment of such Collateral to the Administrative Agent; (B) to direct such Account Debtor or obligors to make payment of all amounts due or to become due thereunder directly to the Administrative Agent; and (C) upon such notification and at the expense of such Grantor, to enforce collection of any such Accounts and to adjust, settle or compromise the amount or payment thereof, in the same manner and to the same extent as such Grantor might have done. Once any such notice has been given to any Account Debtor or other Person obligated on the Collateral, such Grantor shall not give any contrary instructions to such Account Debtor or other Person without the Administrative Agent's prior written consent. If, notwithstanding the giving of any notice, any Account Debtor or other Person shall make

payments to a Grantor, such Grantor shall hold all such payments it receives in trust for the Administrative Agent, for the account of the Secured Parties, and shall immediately, upon receipt, deliver the same to the Administrative Agent.

(ii) The Administrative Agent may establish or cause to be established one or more lockboxes or other arrangements for the deposit of Proceeds of Accounts, and in such case, each Grantor shall cause to be forwarded to the Administrative Agent, on a daily basis, all checks and other items of payment and deposit slips related thereto for deposit in such lockboxes.

(iii) The Administrative Agent may (without assuming any obligations or liability thereunder), at any time and from time to time, enforce (and shall have the exclusive right to enforce) against any licensee or sub-licensee all rights and remedies of any Grantor in, to and under any Licenses and take or refrain from taking any action in connection therewith, in each case, subject to the terms of the applicable License. Each Grantor hereby releases the Administrative Agent from, and agrees to hold the Administrative Agent free and harmless from and against any claims arising out of, any lawful action so taken or omitted to be taken with respect hereto, except for the Administrative Agent's gross negligence or willful misconduct, as determined by a final and non-appealable decision of a court of competent jurisdiction.

(iv) Upon request by the Administrative Agent, each Grantor agrees to execute and deliver to the Administrative Agent powers of attorney, in form and substance satisfactory to the Administrative Agent, for the implementation of any lease, assignment, License, sublicense, grant of option, sale or other disposition of any Intellectual Property, in each case subject to the terms of the applicable License. In the event of any such disposition pursuant to this Section 9, each Grantor shall supply to the Administrative Agent its customer lists and other records relating to such Intellectual Property and the distribution of said products.

(v) For the purpose of enabling the Administrative Agent to exercise the rights and remedies under this Agreement at such time as the Administrative Agent shall be lawfully entitled to exercise such rights and remedies, each Grantor hereby (a) grants to the Administrative Agent, for the benefit of the Administrative Agent and the Secured Parties, an irrevocable, nonexclusive license (exercisable without payment of royalty or other compensation to any Grantor) to use, license or sublicense (subject to the terms of any applicable License) any Intellectual Property now used, owned or hereafter acquired by such Grantor, and wherever the same may be located, and such license shall include reasonable access to all media in which any of the licensed items may be recorded or stored and to all Software used for the compilation or printout thereof, in each case, subject to any Grantor's security policies and obligations of confidentiality, the right to prosecute and maintain all Intellectual Property and the right to sue for past, present or future infringement of the Intellectual Property; provided, however, that nothing in this Section 9 shall require a Grantor to grant any license that is prohibited by any rule of law, statute or regulation or is prohibited by, or constitutes a breach or default under or results in the termination of or gives rise to any right of acceleration, modification or cancellation under any contract, License, agreement, instrument or other

document evidencing, giving rise to a right to use or theretofore granted with respect to such property; provided, further, that such licenses to be granted hereunder with respect to Trademarks shall be subject to the maintenance of quality standards with respect to the goods and services on which such Trademarks are used sufficient to preserve the validity of such Trademarks; and (b) irrevocably agrees that the Administrative Agent may sell any of such Grantor's Inventory directly to any Person, including Persons who have previously purchased the Grantor's Inventory from such Grantor and in connection with any such sale or other enforcement of the Administrative Agent's rights under this Agreement, may sell Inventory which bears any Trademark owned by or, subject to the applicable license, licensed to such Grantor and any Inventory that is covered by any Copyright owned by or, subject to the applicable license, licensed to such Grantor and the Administrative Agent may finish any work in process and affix any Trademark owned by or, subject to the applicable license, licensed to such Grantor and sell such Inventory as provided herein.

(e) The Administrative Agent, on behalf of the Secured Parties, and, by accepting the benefits of this Agreement, the Secured Parties, expressly acknowledge and agree that this Agreement may be enforced only by the action of the Administrative Agent and that no other Secured Party shall have any right individually to seek to enforce or to enforce this Agreement or to realize upon the Collateral, it being understood and agreed that such rights and remedies shall be exercised exclusively by the Administrative Agent, for the benefit of the Secured Parties, in accordance with the terms of this Agreement.

SECTION 10. Limitation on the Administrative Agent's Duty in Respect of Collateral.

(a) Beyond reasonable care in the custody thereof, the Administrative Agent shall have no duty as to any Collateral in its possession or control or in the possession or control of any agent or bailee or any income thereon or as to the preservation of rights against prior parties or any other rights pertaining thereto.

(b) The Administrative Agent shall be deemed to have exercised reasonable care in the custody of the Collateral of any Grantor in its possession if such Collateral is accorded treatment substantially equal to that which it accords its own property. The Administrative Agent shall not be liable or responsible for any loss or damage to any of the Collateral, or for any diminution in the value thereof, by reason of the act or omission of any warehouseman, carrier, forwarding agency, consignee or other agent or bailee selected by the Administrative Agent in good faith.

(c) Neither the Administrative Agent nor any Secured Party shall be required to marshal any present or future Collateral for, or other assurance of payment of, the Secured Obligations or to resort to such Collateral or other assurances of payment in any particular order. All of the rights of the Administrative Agent hereunder and of the Administrative Agent or any other Secured Party in respect of such Collateral and other assurances of payment shall be cumulative and in addition to all other rights, however existing or arising. To the extent that it lawfully may, each Grantor hereby agrees that it will not invoke any law relating to the marshalling of Collateral which might cause delay in or impede the enforcement of the

Administrative Agent's rights under this Agreement or under any other instrument creating or evidencing any of the Secured Obligations and, to the extent that it lawfully may, each Grantor hereby irrevocably waives the benefit of all such laws.

SECTION 11. Voting Rights; Dividends and Interest.

- (a) Unless and until an Event of Default shall have occurred and be continuing and the Administrative Agent shall have provided at least three (3) Business Days' prior notice to the US Borrower that the rights of the Grantor under this Section 11 are being suspended:
- (i) Each Grantor shall be entitled to exercise any and all voting and/or other consensual rights and powers inuring to an owner of Pledged Collateral or any part thereof.
 - (ii) The Administrative Agent shall promptly (after reasonable advance notice) execute and deliver to each Grantor, or cause to be executed and delivered to such Grantor, all such proxies, powers of attorney and other instruments as such Grantor may reasonably request for the purpose of enabling such Grantor to exercise the voting and/or consensual rights and powers it is entitled to exercise pursuant to Section 11(a)(i), all at the expense of such Grantor.
 - (iii) Each Grantor shall be entitled to receive and retain any and all dividends, interest, principal and other distributions paid on or distributed in respect of the Pledged Collateral to the extent and only to the extent that such dividends, interest, principal and other distributions are not prohibited by, and otherwise paid or distributed in accordance with, the terms and conditions of the Credit Agreement, the other Loan Documents and applicable Laws. So long as no Event of Default has occurred and is continuing, the Administrative Agent shall promptly deliver to each Grantor any Pledged Collateral in its possession if requested to be delivered to the issuer thereof in connection with any exchange, sale or redemption of such Pledged Collateral not prohibited by the Credit Agreement.
- (b) During the continuance of an Event of Default, after the Administrative Agent shall have provided the US Borrower with the notice required under Section 11(a) of the suspension of the Grantors' rights under Section 11(a)(iii), then all rights of any Grantor to dividends, interest, principal or other distributions that such Grantor is authorized to receive pursuant to Section 11(a)(iii) shall cease, and all such rights shall thereupon become vested in the Administrative Agent, which shall have the sole and exclusive right and authority to receive and retain any dividends, interest, principal or other distributions in respect of Pledged Collateral. All dividends, interest, principal or other distributions received by any Grantor in violation of the provisions of this Section 11(b) shall be held in trust for the benefit of the Administrative Agent and the Secured Parties, shall be segregated from other property or funds of such Grantor and

shall be promptly (and in any event within ten (10) days) delivered to the Administrative Agent in the same form as so received (with any necessary endorsement reasonably requested by the Administrative Agent).

(c) During the continuance of an Event of Default, after the Administrative Agent shall have provided the US Borrower with the notice required under Section 11(a) of the suspension of its rights under Section 11(a)(i), then all rights of any Grantor to exercise the voting and consensual rights and powers it is entitled to exercise pursuant to Section 11(a)(i), and the obligations of the Administrative Agent under Section 11(a)(ii) shall cease and all such rights shall thereupon become vested in the Administrative Agent, which shall have the sole and exclusive right and authority to exercise such voting and consensual rights and powers; provided that, unless otherwise directed by the Required Lenders, the Administrative Agent shall have the right from time to time following and during the continuance of an Event of Default to permit the Grantors to exercise such rights. After all Events of Default have been cured or waived, each Grantor shall have the exclusive right to exercise the voting and/or consensual rights and powers that such Grantor would otherwise be entitled to exercise pursuant to the terms of Section 11(a)(i), and the obligations of the Administrative Agent under Section 11(a)(ii) shall be reinstated.

(d) Any notice given by the Administrative Agent to the US Borrower under this Section 11(i) shall be given in writing, (ii) may be given with respect to one or more of the Grantors at the same or different times and (iii) may suspend the rights of the Grantors under Section 11(a)(i) or 11(a)(iii) in part without suspending all such rights (as specified by the Administrative Agent in its sole and absolute discretion) and without waiving or otherwise affecting the Administrative Agent's rights to give additional notices from time to time suspending other rights (to the extent provided for herein) so long as an Event of Default has occurred and is continuing.

(e) Subject to the terms of this Agreement, following at least three (3) Business Days' prior written notice from the Administrative Agent, each Grantor hereby agrees that upon the occurrence and during the continuance of an Event of Default, it will comply with instructions of the Administrative Agent with respect to the Equity Interests in such Grantor that constitute Pledged Equity Interests hereunder that are not certificated without further consent by the issuer of such Equity Interests.

SECTION 12. **Application of Proceeds.** All monies collected by the Administrative Agent upon the sale or other disposition of any Collateral pursuant to: (i) the enforcement of this Agreement; or (ii) the exercise of any of the remedial provisions hereof, together with all other monies received by the Administrative Agent hereunder (including all monies received in respect of post-petition interest) as a result of the enforcement or exercise of any remedial rights hereunder or of any distribution of any Collateral upon the bankruptcy, arrangement, receivership, assignment for the benefit of creditors or any other action or proceeding involving the readjustment of the obligations and indebtedness of any Grantor, or the application of any Collateral to the payment thereof or any distribution of Collateral upon the liquidation or dissolution of any Grantor, or the winding up of the assets or business of any Grantor shall, in the case of each of clauses (i) and (ii), be applied in the manner set forth in the Credit Agreement. It is understood and agreed that each Grantor shall remain jointly and severally liable to the

Secured Parties to the extent of any deficiency between (x) the amount of the Proceeds of the Collateral received by the Administrative Agent hereunder and (y) the aggregate amount of the Secured Obligations.

SECTION 13. Appointment of Co-Agents. At any time or times, in order to comply with any legal requirement in any jurisdiction, the Administrative Agent may appoint another bank or trust company or one or more other Persons reasonably acceptable to the Secured Parties and, so long as no Event of Default has occurred or is continuing, the Grantors, either to act as co-agent or co-agents, jointly with the Administrative Agent, or to act as separate agent or agents on behalf of the Administrative Agent and the Secured Parties with such power and authority as may be necessary for the effectual operation of the provisions hereof and specified in the instrument of appointment (which may, in the discretion of the Administrative Agent, include provisions for the protection of such co-agent or separate agent similar to the provisions of this Section 13). Any such appointment pursuant to this Section 13 will be made subject to Section 9.10 of the Credit Agreement.

SECTION 14. Indemnity; Expenses; Governing Law; Jurisdiction; Venue; Waiver of Right to Trial by Jury. The terms of Sections 10.04, 10.05, 10.16 and 10.17 of the Credit Agreement with respect to expenses, indemnity, governing law, submission to jurisdiction, venue and waiver of right to trial by jury are incorporated herein by reference, *mutatis mutandis*, and the parties hereto agree to such terms.

SECTION 15. Security Interest Absolute.

All rights of the Administrative Agent, the Security Interests and all obligations of the Grantors hereunder shall be absolute and unconditional irrespective of:

- (a) the bankruptcy, insolvency or reorganization of any Grantor or any of their Subsidiaries;
- (b) any lack of validity or enforceability of any Loan Document;
- (c) any change in the time, manner or place of payment of, or in any other term of, all or any of the Secured Obligations, or any other amendment or waiver of or any consent to any departure from the Loan Documents including any increase in the Secured Obligations resulting from the extension of additional credit to any Grantor or any of their Subsidiaries or otherwise;
- (d) any taking, exchange, release or non-perfection of any Collateral, or any taking, release or amendment or waiver of or consent to departure from any guarantee, for all or any of the Secured Obligations;
- (e) any manner of application of Collateral, or Proceeds thereof, to all or any of the Secured Obligations, or any manner of sale or other disposition of any Collateral for all or any part of the Secured Obligations or any other assets of any Grantor or any of their Subsidiaries;

- (f) any change, restructuring or termination of the structure or existence of any Grantor or any of their Subsidiaries; or
- (g) any other circumstance which might otherwise constitute a defense available to, or a discharge of, any Grantor or a third party grantor.

SECTION 16. Additional Grantors. If, pursuant to Section 6.12, 6.14 or 7.14 of the Credit Agreement, any Person that is not a Grantor shall be required to become a Grantor hereunder, such Person shall execute and deliver to the Administrative Agent a Guaranty and Security Agreement Supplement substantially in the form of Exhibit D hereto and shall thereafter for all purposes be party hereto as a “Grantor”, “Guarantor” and “Pledgor” having the same rights, benefits and obligations as a Grantor, Guarantor and Pledgor, respectively, initially a party hereto.

SECTION 17. Termination of Security Interests; Release of Collateral.

(a) On the Termination Date, (i) the Security Interests shall terminate, (ii) all rights to the Collateral shall revert to the Grantors and (iii) this Agreement (including the guaranty contained in Section 2.) shall terminate.

(b) On the Termination Date and in connection with any other Lien released or subordinated pursuant to Section 9.08 of the Credit Agreement, the Administrative Agent will, at the expense of such Grantor, comply with the provisions of Section 9.08 of the Credit Agreement, but without recourse or warranty to the Administrative Agent.

(c) The Administrative Agent shall have no liability whatsoever to any other Secured Party as the result of any release of Collateral by it in accordance with (or which the Administrative Agent in the absence of gross negligence or willful misconduct (as determined by a final, non-appealable decision of a court of competent jurisdiction) believes to be in accordance with) this Section 17.

SECTION 18. Reinstatement. This Agreement shall remain in full force and effect and continue to be effective should any petition be filed by or against any Grantor for liquidation or reorganization, should any Grantor become insolvent or make an assignment for the benefit of any creditor or creditors or should a receiver or trustee be appointed for all or any significant part of any Grantor’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,” “fraudulent transfer” 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 19. Payments. Each Guarantor hereby guarantees that payments hereunder will be paid to the Administrative Agent without set-off or counterclaim in Dollars at the Administrative Agent’s Office.

SECTION 20. Notices. All communications and notices hereunder shall (except as otherwise expressly permitted herein) be in writing and given as provided in Section 10.02 of the Credit Agreement. All communications and notices hereunder to the US Borrower or any other Grantor shall be given to it in care of the US Borrower as provided in Section 10.02 of the Credit Agreement.

SECTION 21. No Waiver; Remedies Cumulative. No failure or delay by the Administrative Agent in exercising any right or remedy hereunder, and no course of dealing between any Grantor on the one hand and the Administrative Agent or any Secured Party on the other hand shall operate as a waiver thereof, nor shall any single or partial exercise of any right or remedy hereunder or any other Loan Document preclude any other or further exercise thereof or the exercise of any other right or remedy hereunder or thereunder. The rights and remedies herein and in the other Loan Documents are cumulative and not exclusive of any rights or remedies which the Administrative Agent would otherwise have. No notice to or demand on any Grantor not required hereunder in any case shall entitle any Grantor to any other or further notice or demand in similar or other circumstances or constitute a waiver of the Administrative Agent's rights to any other or further action in any circumstances without notice or demand.

SECTION 22. Successors and Assigns. This Agreement and all obligations of each Grantor hereunder shall be binding upon the successors and assigns of such Grantor (including any debtor-in-possession on behalf of such Grantor) and shall, together with the rights and remedies of the Administrative Agent, for the benefit of the Secured Parties, hereunder and inure to the benefit of the Administrative Agent, the Secured Parties, all future holders of any instrument evidencing any of the Secured Obligations and their respective successors and permitted assigns; provided that no Grantor may assign, transfer or delegate any of its rights or obligations hereunder without the prior written consent of the Administrative Agent and any such assignment, transfer or delegation without such consent shall be null and void. No sales of participations, other sales, assignments, transfers or other dispositions of any agreement governing or instrument evidencing the Secured Obligations or any portion thereof or interest therein shall in any manner affect the Lien granted to the Administrative Agent for the benefit of the Secured Parties hereunder.

SECTION 23. Amendments. No amendment or waiver of any provision of this Agreement, nor consent to any departure by any Grantor herefrom, shall be effective unless the same shall be in writing and effected in accordance with Section 10.01 of the Credit Agreement and then such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given.

SECTION 24. Severability. In the event that any provision in or obligation under this Agreement shall be invalid, illegal or unenforceable, in whole or in part, in any jurisdiction, the validity, legality and enforceability of the remaining provisions or obligations, or of such provision or obligation in any other jurisdiction, shall not in any way be affected or impaired thereby.

SECTION 25. Counterparts. This Agreement may be executed in any number of counterparts and by the different parties hereto on separate counterparts (including by telecopy or other electronic communication), all of which shall together constitute one and the same

instrument. Delivery of an executed counterpart of this Agreement by facsimile or other electronic communication shall be equally effective as delivery of an original executed counterpart hereof.

SECTION 26. Headings Descriptive. The headings of the several sections and subsections of this Agreement are inserted for convenience only and shall not in any way affect the meaning or construction of any provision of this Agreement.

[Signatures on Following Page]

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IN WITNESS WHEREOF, the parties hereto have caused this Guaranty and Security Agreement to be duly executed and delivered by their duly authorized officers as of the day and year first above written.

ACUSHNET HOLDINGS CORP.

By: _____
Name:
Title:

ACUSHNET COMPANY

By: _____
Name:
Title:

AASI INC.

By: _____
Name:
Title:

WEBB ACQUISITION CO.

By: _____
Name:
Title:

ACUSHNET JAPAN INC.

By: _____
Name:
Title:

[Signature Page to Acushnet Guaranty and Security Agreement]

ADMINISTRATIVE AGENT:

WELLS FARGO BANK, NATIONAL ASSOCIATION , as Administrative Agent

By:

Name:

Title:

[Signature Page to Acushnet Guaranty and Security Agreement]

Schedule 1
Commercial Tort Claims

Schedule 2
Pledged Equity Interests

Domestic Subsidiaries

Name	State of Incorporation/ Formation	Type of Entity/ Organizational #	Tax ID #	Loan Party / % Ownership by Holdings	% Pledged

Foreign Subsidiaries

Name	State of Incorporation/ Formation	Type of Entity/ Organizational #	Tax ID #	Loan Party / % Ownership by Holdings	% Pledged

Acquisitions of Equity Interests or Assets

Debtor/Grantor	Date of Acquisition	Description of Acquisition including full legal name of seller and seller's jurisdiction of organization and seller's chief executive office

Schedule 3
Pledged Debt Securities and Pledged Debt Instruments

Schedule 4

State of Organization; Organizational Identification Number; Legal Name

Name of Grantor	Type of Organization (e.g. corporation, limited liability company, limited partnership)	Jurisdiction of Organization / Formation or Residence	Organizational Identification Number
------------------------	--	--	---

Schedule 5
Names; Trade Names; Merger Partners

Schedule 6
Chief Executive Office; Mailing Addresses;
Locations of Collateral and Books and Records

Name of Grantor	Chief Executive Office and Mailing Address	Location of Collateral and Operations	Location of Books and Records
------------------------	---	--	--

Schedule 7
Letters of Credit

Schedule 8
Material Real Property

Grantor	Property Location	County	Nature and Use

Schedule 9
Intellectual Property

Schedule 10
Financing Statements

[See attached.]

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Exhibit A
Copyright Security Agreement

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GRANT OF SECURITY INTEREST
IN COPYRIGHTS

FOR GOOD AND VALUABLE CONSIDERATION, the receipt and sufficiency of which are hereby acknowledged, [], a [] (the “Grantor”), with principal offices at [], on this [] day of [], 20[], hereby assigns and grants to WELLS FARGO BANK, NATIONAL ASSOCIATION, as Administrative Agent (the “Grantee”) with principal offices at 1808 Aston Avenue, Suite 250, Carlsbad, California 92008, a security interest in (i) all of the Grantor’s right, title and interest in and to the copyrights, copyright registrations, copyright applications and copyright licenses (the “Copyrights”) set forth on Schedule A attached hereto and all reissues, extensions or renewals thereof; (ii) all Proceeds (as such term is defined in the Guaranty and Security Agreement referred to below) of the Copyrights and (iii) all causes of action arising prior to or after the date hereof for infringement of any of the Copyrights.

THIS GRANT OF SECURITY INTEREST (this “Grant”), is made to secure the satisfactory performance and payment of all the “Secured Obligations” of the Grantor, as such term is defined in the Guaranty and Security Agreement among Grantor, the other grantors from time to time party thereto and the Grantee, dated as of [•], 2016 (as the same may be amended, restated, modified and/or supplemented from time to time, the “Guaranty and Security Agreement”).

THE SECURITY INTEREST IN THE COPYRIGHTS BEING GRANTED HEREUNDER SHALL NOT BE CONSTRUED AS AN ABSOLUTE ASSIGNMENT, BUT AS AN ASSIGNMENT TO SECURE GRANTOR’S OBLIGATIONS TO GRANTEE UNDER THE GUARANTY AND SECURITY AGREEMENT.

This Grant has been granted in conjunction with the security interest granted to the Grantee under the Guaranty and Security Agreement. The rights and remedies of the Grantee with respect to the security interest granted herein are without prejudice to, and are in addition to, those set forth in the Guaranty and Security Agreement, all terms and provisions of which are incorporated herein by reference. In the event that any provisions of this Grant are deemed to conflict with the Guaranty and Security Agreement, the provisions of the Guaranty and Security Agreement shall govern. This Grant may be executed in counterparts. To the extent applicable, the parties hereto authorize and request that the Register of Copyrights of the United States record this security interest in the Copyrights.

The terms of Sections 10.04, 10.05, 10.16 and 10.17 of the Credit Agreement with respect to expenses, indemnity, governing law, submission to jurisdiction, venue and waiver of right to trial by jury are incorporated herein by reference, *mutatis mutandis* .

[SIGNATURES ON THE FOLLOWING PAGE]

IN WITNESS WHEREOF, the undersigned have executed this Grant as of the date referenced above.

[], as Grantor

By: _____
Name: _____
Title: _____

WELLS FARGO BANK, NATIONAL ASSOCIATION
as Grantee

By: _____
Name: _____
Title: _____

Exhibit B
Patent Security Agreement

GRANT OF SECURITY INTEREST
IN PATENTS

FOR GOOD AND VALUABLE CONSIDERATION, the receipt and sufficiency of which are hereby acknowledged, [], a [] (the “Grantor”), with principal offices at [], on this [] day of [], 20[], hereby assigns and grants to WELLS FARGO BANK, NATIONAL ASSOCIATION, as Administrative Agent (the “Grantee”) with principal offices at 1808 Aston Avenue, Suite 250, Carlsbad, California 92008, a security interest in all of the Grantor’s right, title and interest in and to the patents, patent applications and patent licenses (the “Patents”) set forth on Schedule A attached hereto and all reissues, continuations, continuations-in-part and extensions thereof, in each case together with all Proceeds (as such term is defined in the Guaranty and Security Agreement referred to below) of the Patents, and all causes of action arising prior to or after the date hereof for infringement of any of the Patents.

THIS GRANT OF SECURITY INTEREST (this “Grant”), is made to secure the satisfactory performance and payment of all the “Secured Obligations” of the Grantor, as such term is defined in the Guaranty and Security Agreement among Grantor, the other grantors from time to time party thereto and the Grantee, dated as of [•], 2016 (as the same may be amended, restated, modified and/or supplemented from time to time, the “Guaranty and Security Agreement”).

THE SECURITY INTEREST IN THE PATENTS BEING GRANTED HEREUNDER SHALL NOT BE CONSTRUED AS AN ABSOLUTE ASSIGNMENT, BUT AS AN ASSIGNMENT TO SECURE GRANTOR’S OBLIGATIONS TO GRANTEE UNDER THE GUARANTY AND SECURITY AGREEMENT.

This Grant has been granted in conjunction with the security interest granted to the Grantee under the Guaranty and Security Agreement. The rights and remedies of the Grantee with respect to the security interest granted herein are without prejudice to, and are in addition to, those set forth in the Guaranty and Security Agreement, all terms and provisions of which are incorporated herein by reference. In the event that any provisions of this Grant are deemed to conflict with the Guaranty and Security Agreement, the provisions of the Guaranty and Security Agreement shall govern. This Grant may be executed in counterparts. To the extent applicable, the parties hereto authorize and request that the Commissioner of Patents and Trademarks of the United States record this security interest in the Patents.

The terms of Sections 10.04, 10.05, 10.16 and 10.17 of the Credit Agreement with respect to expenses, indemnity, governing law, submission to jurisdiction, venue and waiver of right to trial by jury are incorporated herein by reference, *mutatis mutandis* .

[SIGNATURES ON THE FOLLOWING PAGE]

IN WITNESS WHEREOF, the undersigned have executed this Grant as of the date referenced above.

[], as Grantor

By: _____
Name: _____
Title: _____

WELLS FARGO BANK, NATIONAL ASSOCIATION
as Grantee

By: _____
Name: _____
Title: _____

Exhibit C
Trademark Security Agreement

GRANT OF SECURITY INTEREST

IN TRADEMARKS

FOR GOOD AND VALUABLE CONSIDERATION, the receipt and sufficiency of which are hereby acknowledged, [] (the “Grantor”), with principal offices at [], on this [] day of [], 20[], hereby assigns and grants to WELLS FARGO BANK, NATIONAL ASSOCIATION, as Administrative Agent (the “Grantee”) with principal offices at 1808 Aston Avenue, Suite 250, Carlsbad, California 92008, a security interest in all of the Grantor’s right, title and interest in and to the trademarks, trademark registrations, trademark applications and trademark licenses (the “Marks”) set forth on Schedule A attached hereto and all reissues, extensions or renewals thereof, and the goodwill of the businesses with which the Marks are associated; in each case together with all Proceeds (as such term is defined in the Guaranty and Security Agreement referred to below) of the Marks, and all causes of action arising prior to or after the date hereof for infringement of any of the Marks or unfair competition regarding the same.

THIS GRANT OF SECURITY INTEREST (this “Grant”), is made to secure the satisfactory performance and payment of all the “Secured Obligations” of the Grantor, as such term is defined in the Guaranty and Security Agreement among Grantor, the other grantors from time to time party thereto and the Grantee, dated as of [•], 2016 (as the same may be amended, restated, modified and/or supplemented from time to time, the “Guaranty and Security Agreement”).

THE SECURITY INTEREST IN THE MARKS BEING GRANTED HEREUNDER SHALL NOT BE CONSTRUED AS AN ABSOLUTE ASSIGNMENT, BUT AS AN ASSIGNMENT TO SECURE GRANTOR’S OBLIGATIONS TO GRANTEE UNDER THE GUARANTY AND SECURITY AGREEMENT.

This Grant has been granted in conjunction with the security interest granted to the Grantee under the Guaranty and Security Agreement. The rights and remedies of the Grantee with respect to the security interest granted herein are without prejudice to, and are in addition to, those set forth in the Guaranty and Security Agreement, all terms and provisions of which are incorporated herein by reference. In the event that any provisions of this Grant are deemed to conflict with the Guaranty and Security Agreement, the provisions of the Guaranty and Security Agreement shall govern. This Grant may be executed in counterparts. To the extent applicable, the parties hereto authorize and request that the Commissioner of Patents and Trademarks of the United States record this security interest in the Marks.

The terms of Sections 10.04, 10.05, 10.16 and 10.17 of the Credit Agreement with respect to expenses, indemnity, governing law, submission to jurisdiction, venue and waiver of right to trial by jury are incorporated herein by reference, *mutatis mutandis* .

[SIGNATURES ON THE FOLLOWING PAGE]

IN WITNESS WHEREOF, the undersigned have executed this Grant as of the date referenced above.

[], as Grantor

By: _____
Name: _____
Title: _____

WELLS FARGO BANK, NATIONAL ASSOCIATION
as Grantee

By: _____
Name: _____
Title: _____

Exhibit D
Form of Guaranty and Security Agreement Supplement

FORM OF GUARANTY AND SECURITY AGREEMENT SUPPLEMENT

THIS GUARANTY AND SECURITY AGREEMENT SUPPLEMENT dated as of [], 20[] (this “Supplement”) executed and delivered by [], a [] (the “New Grantor”) in favor of **WELLS FARGO BANK, NATIONAL ASSOCIATION**, as Administrative Agent (the “Administrative Agent”).

WHEREAS, pursuant to that certain Credit Agreement dated as of April 27, 2016 (as amended, restated, supplemented or otherwise modified from time to time, the “Credit Agreement”), by and among **ACUSHNET COMPANY**, a Delaware corporation (the “US Borrower”), **ACUSHNET HOLDINGS CORP.**, a Delaware corporation (“Holdings”), the several banks, financial institutions and lenders from time to time parties thereto (the “Lenders”), and the Administrative Agent and other parties thereto, the Administrative Agent and the Lenders have agreed to make available to the Borrowers certain financial accommodations on the terms and conditions set forth in the Credit Agreement;

WHEREAS, to secure obligations owing by the Loan Parties under the Credit Agreement and the other Loan Documents, the US Borrower and the other “Grantors” thereunder have executed and delivered that certain Guaranty and Security Agreement dated as of [•], 2016 (as amended, restated, supplemented or otherwise modified from time to time, the “Guaranty and Security Agreement”) in favor of the Administrative Agent and the Secured Parties;

WHEREAS, the New Grantor, which will benefit directly and indirectly from the financial accommodations extended by the Lenders, will execute this Supplement to become a party to the Guaranty and Security Agreement.

NOW, THEREFORE, in consideration of the above premises and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by the New Grantor, the New Grantor hereby agrees as follows:

SECTION 1. Accession to Guaranty and Security Agreement; Grant of Security Interest.

The New Grantor agrees that it is a “Grantor”, “Guarantor” and “Pledgor” under the Guaranty and Security Agreement and assumes all obligations of a “Grantor”, “Guarantor” and “Pledgor” thereunder, all as if the New Grantor were an original signatory to the Guaranty and Security Agreement. Without limiting the generality of the foregoing, the New Grantor hereby:

(a) as security for the full, prompt and complete payment and performance when due (whether at stated maturity, by acceleration or otherwise) of all of its Secured Obligations, mortgages, pledges, assigns and conveys unto the Administrative Agent, for the benefit of the Secured Parties, and grants to the Administrative Agent, for the benefit of the Secured Parties, a continuing Lien on and Security Interest in all of the right, title and interest of such New Grantor in, to and under all of the Collateral (and all rights therein) whether now existing or hereafter, from time to time, created or acquired;

(b) makes to the Administrative Agent and the Secured Parties as of the date hereof each of the representations and warranties contained in Section 5 of the Guaranty and Security Agreement (as modified hereby) and agrees to be bound by each of the covenants contained in the Guaranty and Security Agreement, including those contained in Section 6 thereof to the same extent as each other Grantor set forth therein; and

(c) consents and agrees to each other provision set forth in the Guaranty and Security Agreement to the same extent as each other Grantor set forth therein.

SECTION 2. Supplement to Schedules.

The information set forth in Exhibit I attached hereto is hereby added to the information set forth in Schedules 1 through 9 of the Guaranty and Security Agreement.

SECTION 3. GOVERNING LAW; Miscellaneous.

The terms of Sections 10.04, 10.05, 10.16 and 10.17 of the Credit Agreement with respect to expenses, indemnity, governing law, submission to jurisdiction, venue and waiver of right to trial by jury are incorporated herein by reference, *mutatis mutandis*, and the New Grantor hereby agrees to such terms.

SECTION 4. Definitions.

Capitalized terms used herein and not otherwise defined herein shall have their respective defined meanings given them in the Guaranty and Security Agreement or the Credit Agreement, as applicable.

[Signatures on Next Page]

IN WITNESS WHEREOF, the New Grantor has caused this Guaranty and Security Agreement Supplement to be duly executed and delivered by its duly authorized officers as of the date first written above.

[NEW GRANTOR]

By: _____
Name: _____
Title: _____

Address for Notices:

Attention:

Telecopy Number:

Telephone Number:

Accepted:

WELLS FARGO BANK, NATIONAL ASSOCIATION, as Administrative Agent

By: _____
Name: _____
Title: _____

[See attached.]

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EXHIBIT G

Form of Foreign Guaranty Agreement

[See Attached.]

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FOREIGN GUARANTY AND PLEDGE AGREEMENT

Dated as of [•], 2016

between

ACUSHNET INTERNATIONAL INC.,
as Pledgor

and

WELLS FARGO BANK, NATIONAL ASSOCIATION,
as Administrative Agent

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FOREIGN GUARANTY AND PLEDGE AGREEMENT, dated as of [•], 2016, between ACUSHNET INTERNATIONAL INC., a Delaware corporation (together with its successors and assigns, the “Guarantor” or “Pledgor”), and WELLS FARGO BANK, NATIONAL ASSOCIATION, as Administrative Agent (in such capacity and together with its successors and assigns in such capacity, the “Agent”) for (i) the banks and other financial institutions or entities (the “Lenders”) from time to time parties to the Credit Agreement, dated as of April 27, 2016 (as amended, restated, amended and restated, supplemented or otherwise modified from time to time, the “Credit Agreement”), among Acushnet Holdings Corp., a Delaware corporation (“Holdings”), Acushnet Company, a Delaware corporation (the “US Borrower”), Acushnet Canada Inc., a company incorporated under the laws of Canada (the “Canadian Borrower”), Acushnet Europe Limited, a company incorporated under the laws of England and Wales (the “UK Borrower”) and, together with the Canadian Borrower, the “Foreign Borrowers”; the Foreign Borrowers, together with the US Borrowers, the “Borrowers”), the several banks and other financial institutions or entities from time to time parties thereto (the “Lenders”) and the Agent, and (ii) the other Secured Parties (as defined in the Credit Agreement).

W I T N E S S E T H:

WHEREAS, pursuant to the Credit Agreement, the Lenders have severally agreed to make extensions of credit to the Foreign Borrowers upon the terms and subject to the conditions set forth therein;

WHEREAS, the Foreign Borrowers are members of an affiliated group of companies that includes the Pledgor;

WHEREAS, the proceeds of the extensions of credit under the Credit Agreement will be used in part to enable the Foreign Borrowers to make valuable transfers to the Pledgor;

WHEREAS, the Foreign Borrowers and the Pledgor are engaged in related businesses, and the Pledgor will derive substantial direct and indirect benefit from the making of the extensions of credit under the Credit Agreement; and

WHEREAS, it is a condition precedent to the obligation of the Lenders to make their respective extensions of credit to the Foreign Borrowers under the Credit Agreement that the Pledgor shall have executed and delivered this Agreement to the Agent for the benefit of the Secured Parties.

NOW, THEREFORE, in consideration of the premises and to induce the Agent and the Lenders to enter into the Credit Agreement and to induce the Lenders and L/C Issuers to make their respective extensions of credit to the Foreign Borrowers thereunder and for other good and valuable consideration, the

receipt and sufficiency of which is hereby acknowledged, the Pledgor hereby agrees with the Agent, for the benefit of the Secured Parties, as follows:

SECTION 1. DEFINED TERMS

1.1 Definitions. (a) Unless otherwise defined herein, terms defined in the Credit Agreement and used herein shall have the meanings given to them in the Credit

Agreement, and the following terms which are defined in the UCC are used herein as so defined (and if defined in more than one article of the UCC shall have the meaning specified in Article 9 thereof): Certificated Security, Securities Account, Supporting Obligations and Uncertificated Security.

(b) The following terms shall have the following meanings:

“Additional Pledged Equity Interests” shall mean all Equity Interests in the Issuers acquired by the Pledgor after the date hereof.

“Agreement” shall mean this Foreign Guaranty and Pledge Agreement, as the same may be amended, restated, amended and restated, supplemented or otherwise modified from time to time.

“Collateral” shall have the meaning set forth in Section 3.

“Credit Agreement” shall have the meaning set forth in the preamble hereto.

“Equity Interests” shall mean, with respect to any Person, any and all shares, interests, rights to purchase, warrants, options, participations or other equivalents, including membership interests (however designated, whether voting or non-voting) of the equity of such Person, including, if such person is a partnership, partnership interests (whether general or limited), if such Person is a limited liability company, membership interests, and, if such Person is a trust, all beneficial interests therein, and shall also include any other interest or participation that confers on a Person the right to receive a share of the profits and losses of, or distributions of property of, such corporation, partnership, limited liability company or trust, whether outstanding on the date hereof or issued on or after the date hereof.

“Guarantor” shall have the meaning set forth in the recitals hereto.

“Initial Pledged Equity Interests” shall mean all Equity Interests in the Issuers now owned by the Pledgor, including the Equity Interests listed on Schedule 1 hereto.

“Issuer” shall mean each of the Canadian Borrower and the UK Borrower.

“Pledged Equity Interests” shall mean the Initial Pledged Equity Interests and any Additional Pledged Equity Interests.

“Proceeds” shall mean all “proceeds” as such term is defined in Section 9-102(a)(64) of the UCC and, in any event, shall include all dividends or other income from the Pledged Equity Interests, collections thereon and distributions or payments with respect thereto.

“Secured Obligations” shall mean the Secured Obligations (as defined in the Credit Agreement) solely with respect to such obligations of each of the Foreign Borrowers in its capacity as such under the Credit Agreement_ and the guarantee of such obligations provided in Section 2 of this Agreement.

“UCC” shall mean the Uniform Commercial Code as in effect from time to time in the State of New York; provided, however, that in the event that, by reason of mandatory provisions of law, any or all of the perfection or priority of, or remedies with respect to, any Collateral is governed by the Uniform Commercial Code as enacted and in effect in a jurisdiction other than the State of New York, the term “UCC” shall mean the Uniform Commercial Code as enacted and in effect in such other jurisdiction solely for purposes of the provisions hereof relating to such perfection, priority or remedies.

1.2 Other Definitional Provisions. (a) The words “hereof”, “herein”, “hereto” and “hereunder” and words of similar import when used in this Agreement shall refer to this Agreement as a whole and not to any particular provision of this Agreement. The words “Section,” “Schedule,” “Exhibit” and “Annex” are to this Agreement unless otherwise specified and references to any Schedule, Exhibit or Annex shall mean such Schedule, Exhibit or Annex as amended or supplemented from time to time in accordance with this Agreement.

(b) The meanings given to terms defined herein shall be equally applicable to both the singular and plural forms of such terms.

(c) The expressions “payment in full,” “paid in full” and any other similar terms or phrases when used herein shall mean payment in cash in immediately available funds.

(d) The use herein of the word “include” or “including,” when following any general statement, term or matter, shall not be construed to limit such statement, term or matter to the specific items or matters set forth immediately following such word or to similar items or matters, whether or not non-limiting language (such as “without limitation” or “but not limited to” or words of similar import) is used with reference thereto, but rather shall be deemed to refer to all other items or matters that fall within the broadest possible scope of such general statement, term or matter.

(e) All references herein to provisions of the UCC shall include all successor provisions under any subsequent version or amendment to any Article of the UCC.

SECTION 2. GUARANTY

2.1 General.

(a) The Guarantor hereby unconditionally and irrevocably, guarantees to the Administrative Agent, for the ratable benefit of the Secured Parties, the full, prompt and complete payment and performance by each Foreign Borrower when due and payable (whether at the stated maturity, by acceleration or otherwise) of the Secured Obligations.

(b) The Guarantor hereby agrees in furtherance of the foregoing and not in limitation of any other right which the Secured Parties hereunder may have at law or in equity against the Guarantor by virtue hereof, that upon the failure of any Foreign Borrower to pay any of the Secured Obligations when and as the same shall become due and payable (whether at the stated maturity, by acceleration or otherwise), the Guarantor will pay or cause to be paid, in immediately available funds, to the Administrative Agent, for the ratable benefit of the Secured Parties, an amount equal to the sum of the unpaid principal amount of all Secured Obligations

guaranteed by them then due as aforesaid, accrued and unpaid interest, fees and commissions on such Secured Obligations (including interest, fees and commissions which, but for any Foreign Borrower becoming the subject of a case under the Bankruptcy Code, would have accrued on such Secured Obligations, whether or not a claim is allowed against such Foreign Borrower for such interest, fees and commissions in the related bankruptcy case) and all other Secured Obligations then owed to the Secured Parties as aforesaid, without set-off or counterclaim and paid to the Administrative Agent, for the ratable benefit of the Secured Parties, at the Administrative Agent's Office. The Guarantor hereby agrees that any payment made pursuant to this Agreement shall be subject to the benefits and protections of Section 3.01 of the Credit Agreement.

(c) Anything herein or in any other Loan Document to the contrary notwithstanding, the maximum liability of the Guarantor hereunder and under the other Loan Documents shall in no event exceed the amount that can be guaranteed by the Guarantor by applicable law, including applicable federal and state laws relating to the insolvency of debtors.

(d) The Guarantor agrees that the Secured Obligations may, at any time and from time to time, exceed the amount of the liability of the Guarantor hereunder without impairing the guaranty contained in this Section 2 or affecting the rights and remedies of the Secured Parties hereunder.

(e) The guaranty contained in this Section 2 shall remain in full force and effect until the Termination Date, notwithstanding that, from time to time, during the term of the Credit Agreement, any of the Foreign Borrowers or the Guarantor may be free from any Secured Obligations. The Guarantor hereby irrevocably waives any right to revoke this guaranty as to future transactions giving rise to any Secured Obligations.

(f) No payment made by any of the Foreign Borrowers, the Guarantor or any other Person or received or collected by the Administrative Agent, for the benefit of the Secured Parties, from any of the Foreign Borrowers, the Guarantor, or any other Person by virtue of any suit, 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 any of the Secured Obligations, shall be deemed to modify, reduce, release or otherwise affect the liability of the Guarantor hereunder which shall, notwithstanding any such payment (other than any payment made by the Guarantor in respect of the Secured Obligations or any payment received or collected from the Guarantor in respect of the Secured Obligations), remain liable for the Secured Obligations guaranteed by it hereunder up to the maximum liability of the Guarantor hereunder until the Termination Date, notwithstanding that, from time to time, during the term of the Credit Agreement, any of the Foreign Borrowers or the Guarantor may be free from any Secured Obligations.

2.2 No Subrogation. Notwithstanding any payment made by the Guarantor hereunder or any set-off or application of funds of the Guarantor by the Secured Parties, the Guarantor agrees, until the Termination Date, not to exercise each and every claim, right or remedy, direct or indirect, that such Guarantor now has or may hereafter have against any Foreign Borrower or any of its assets in connection with the guaranty under this Section 2 or the performance by the Guarantor of its obligations hereunder, in each case whether such claim, right or remedy arises in equity, under contract, by statute, under common law or otherwise and

including (a) any right of subrogation, reimbursement or indemnification that the Guarantor now has or may hereafter have against any Foreign Borrower with respect to the Secured Obligations, (b) any right to enforce, or to participate in, any claim, right or remedy that any Secured Party now has or may hereafter have against any Foreign Borrower and (c) any benefit of, and any right to participate in, any collateral security now or hereafter held by the Administrative Agent or any Secured Party and the Guarantor agrees not to seek any contribution from any Foreign Borrower in respect of payments made by the Guarantor hereunder, until the Termination Date. The Guarantor further agrees that, to the extent the agreement to withhold the exercise of its rights of subrogation, reimbursement, indemnification and contribution as set forth herein is found by a court of competent jurisdiction to be void or voidable for any reason or to result in a liability of the Guarantor that exceeds the amount that can be guaranteed by the Guarantor by applicable law, any rights of subrogation, reimbursement or indemnification the Guarantor may have against any Foreign Borrower or against any collateral security, and any rights of contribution the Guarantor may have against any such Foreign Borrower, shall be junior and subordinate to any rights any Secured Party may have against any Foreign Borrower, to all right, title and interest any Secured Party may have in any such collateral security, and to any right any Secured Party may have against the Guarantor. If any amount shall be paid to the Guarantor on account of any such subrogation, reimbursement, indemnification or contribution rights at any time prior to the Termination Date, such amount shall be held in trust for the Administrative Agent on behalf of the other Secured Parties and shall forthwith be paid over to the Administrative Agent, for the ratable benefit of the Secured Parties, to be credited and applied against the Secured Obligations, whether matured or unmatured, in accordance with the terms hereof and the Credit Agreement.

2.3 Waivers by the Guarantor. The Guarantor waives, to the maximum extent permitted by applicable law: (a) any right to require any Secured Party, as a condition of payment or performance by the Guarantor, to (i) proceed against any of the Foreign Borrowers or any other Person, (ii) proceed against or exhaust any collateral security held from any of the Foreign Borrowers or any other Person, (iii) proceed against or have resort to any balance of any deposit account or credit on the books of any Secured Party in favor of any of the Foreign Borrowers or any other Person or (iv) pursue any other remedy in the power of any Secured Party whatsoever; (b) any defense arising by reason of the incapacity, lack of authority or any disability or other defense of any Foreign Borrower, including any defense based on or arising out of the lack of validity or the unenforceability of the Credit Agreement or any other Loan Document, any of the Secured Obligations or any agreement or instrument relating thereto 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 any Secured Party or by reason of the cessation of the liability of any Foreign Borrower from any cause other than indefeasible payment in full of the Secured Obligations; (c) any defense based upon any statute or rule of law which provides that the obligation of a surety must be neither larger in amount nor in other respects more burdensome than that of the principal; (d) any defense based upon any Secured Party's errors or omissions in the administration of the Secured Obligations, except behavior which amounts to bad faith; (e) (i) any principles or provisions of law, statutory or otherwise, which are or might be in conflict with the terms hereof and any legal or equitable discharge of the Guarantor's obligations hereunder, (ii) the benefit of any statute of limitations affecting the Guarantor's liability hereunder or the enforcement hereof, (iii) any rights to set-offs, recoupments and counterclaims, and (iv) promptness, diligence and any requirement that any Secured Party protect, secure,

perfect or insure any security interest or lien or any property subject thereto; (f) notices, demands, presentments, protests, notices of protest, notices of dishonor and notices of any action or inaction, including acceptance hereof, notices of default or nonpayment pursuant to any Loan Document or any agreement or instrument related thereto, notices of any creation, renewal, extension, accrual or modification of the Secured Obligations or any agreement related thereto, notices of any extension of credit to any Foreign Borrower and notices of any of the matters referred to in Section 2(d) and any right to consent to any thereof; and (g) any defenses or benefits that may be derived from or afforded by law which limit the liability of or exonerate guarantors or sureties, or which may conflict with the terms hereof.

2.4 Guaranty Absolute and Unconditional. The Guarantor waives, to the maximum extent permitted by applicable law, any and all notice of or proof of reliance by any Secured Party upon the guaranty contained in this Section 2 or acceptance of the guaranty contained in this Section 2; 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 2; and all dealings between any of the Foreign Borrowers and the Guarantor, on the one hand, and the Administrative Agent and the other Secured Parties, on the other hand, likewise shall be conclusively presumed to have been had or consummated in reliance upon the guaranty contained in this Section 2. The Guarantor understands and agrees, to the extent permitted by applicable law, that the guaranty contained in this Section 2 shall be construed as a continuing, absolute, irrevocable, independent and unconditional guaranty of payment when due and not of collectability. The Guarantor agrees the guaranty contained in this Section 2 is a primary obligation of the Guarantor and not merely a contract of surety. The Guarantor hereby waives, to the maximum extent permitted by applicable law, any and all defenses (other than any suit for breach of a contractual provision of any of the Loan Documents) that it may have arising out of or in connection with any and all of the following: (i) any change in the time, place, manner or place of payment of, and any amendment, waiver, modification of, or increase in, the Secured Obligations, (ii) any exchange, taking, or release of Collateral or any exercise of any remedies with respect to any Collateral, (iii) any change in the structure or existence of any Foreign Borrower or the Guarantor, (iv) any application of Collateral to any of the Secured Obligations or (v) any other circumstance whatsoever (other than indefeasible payment in full of the Secured Obligations guaranteed by it hereunder) (with or without notice to or knowledge of any Foreign Borrower or the Guarantor) that constitutes, or might be construed to constitute, an equitable or legal discharge of any Foreign Borrower or the Guarantor for the Secured Obligations, or of the Guarantor under the guaranty contained in this Section 2, in bankruptcy or in any other instance. When making any demand hereunder or otherwise pursuing its rights and remedies hereunder against the Guarantor, any of the Secured Parties 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 Foreign Borrower or any other Person or against any collateral security or guaranty for the Secured Obligations guaranteed by the Guarantor hereunder or any right of offset with respect thereto, and any failure by any of the Secured Parties to make any such demand, to pursue such other rights or remedies or to collect any payments from any Foreign Borrower, the Guarantor 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 Foreign Borrower, the Guarantor or any other Person or any such collateral security, guaranty or right of offset, shall not relieve the Guarantor of any obligation or liability hereunder, and shall not impair or affect the rights and remedies, whether

express, implied or available as a matter of law, of any Secured Party against the Guarantor. For the purposes hereof “demand” shall include the commencement and continuance of any legal proceedings.

2.5 Subordination of Other Obligations. Any indebtedness of any Foreign Borrower now or hereafter held by the Guarantor (the “Obligee Guarantor”) is hereby subordinated in right of payment to the Secured Obligations, and any such indebtedness collected or received by the Obligee Guarantor after an Event of Default has occurred and is continuing shall, upon written notice to the US Borrower from the Administrative Agent (which notice need not be given during the occurrence of a bankruptcy or similar event with respect to any Borrower), be held in trust for the Administrative Agent, on behalf of the Secured Parties, and shall forthwith be paid over to Administrative Agent, for the benefit of the Secured Parties, to be credited and applied against the Secured Obligations but without affecting, impairing or limiting in any manner the liability of the Obligee Guarantor under any other provision hereof.

2.6 Authority of the Guarantor or the Foreign Borrowers. It is not necessary for any Secured Party to inquire into the capacity or powers of the Guarantor or any Foreign Borrower or the officers, directors or any agents acting or purporting to act on behalf of any of them.

2.7 Financial Condition of the Borrowers and the Guarantor. Any Loan may be made to any Foreign Borrower or continued from time to time and any Letter of Credit may be issued for the account of any Foreign Borrower in accordance with the Credit Agreement, in each case without notice to or authorization from the Guarantor regardless of the financial or other condition of such Foreign Borrower at the time of any such Loan is entered into, as the case may be. No Secured Party shall have any obligation to disclose or discuss with the Guarantor its assessment, or the Guarantor’s assessment, of the financial condition of any Foreign Borrower or the Guarantor. The Guarantor has adequate means to obtain information from each Foreign Borrower on a continuing basis concerning the financial condition of each Foreign Borrower and its ability to perform its obligations under the Loan Documents, and the Guarantor assumes the responsibility for being and keeping informed of the financial condition of each Foreign Borrower and of all circumstances bearing upon the risk of nonpayment of the Secured Obligations. The Guarantor hereby waives and relinquishes any duty on the part of any Secured Party to disclose any matter, fact or thing relating to the business, operations or conditions of any Foreign Borrower or the Guarantor now known or hereafter known by any Secured Party.

2.8 Bankruptcy, etc.

(a) The obligations of the Guarantor hereunder shall not be reduced, limited, impaired, discharged, deferred, suspended or terminated by any case or proceeding, voluntary or involuntary, involving the bankruptcy, insolvency, receivership, reorganization, liquidation or arrangement of any Foreign Borrower or the Guarantor or by any defense which any Foreign Borrower or the Guarantor may have by reason of the order, decree or decision of any court or administrative body resulting from any such proceeding.

(b) The Guarantor acknowledges and agrees that any interest on any portion of the Secured Obligations which accrues after the commencement of any case or proceeding referred to in Section 2(a) (or, if interest or fees on any portion of the Secured Obligations ceases to accrue by operation of law by reason of the commencement of such case or proceeding, such interest or fees as would have accrued on such portion of the Secured Obligations if such case or proceeding had not been commenced) shall be included in the Secured Obligations because it is the intention of the Guarantor and the Secured Parties that the Secured Obligations which are guaranteed by the Guarantor pursuant hereto should be determined without regard to any rule of law or order which may relieve any Foreign Borrower of any portion of such Secured Obligations.

(c) In the event that all or any portion of the Secured Obligations are paid by any Foreign Borrower or the Guarantor, the obligations of the Guarantor hereunder shall continue and remain in full force and effect or be reinstated, as the case may be, in the event that all or any part of such payment(s) are rescinded or recovered directly or indirectly from any Secured Party as a preference, fraudulent transfer or otherwise, and any such payments which are so rescinded or recovered shall constitute Secured Obligations for all purposes hereunder.

SECTION 3. GRANT OF SECURITY INTEREST;
CONTINUING LIABILITY UNDER COLLATERAL

(a) The Pledgor hereby assigns and transfers to the Agent, and hereby grants to the Agent, for the benefit of the Secured Parties, a security interest in, all of the following property, in each case, wherever located and now owned or at any time hereafter acquired by the Pledgor or in which the Pledgor now has or at any time in the future may acquire any right, title or interest (collectively, the “Collateral”), as collateral security for the prompt and complete payment and performance when due (whether at the stated maturity, by acceleration or otherwise) of the Secured Obligations:

(i) all Pledged Equity Interests;

(ii) the certificates, if any, representing such Pledged Equity Interests and any interest of the Pledgor on the books and records of any Issuer and any securities entitlements relating thereto and all dividends, distributions, cash warrants, rights, options, instruments, securities and other property or proceeds from time to time received, receivable or otherwise distributed in respect of or in exchange for any or all of such Pledged Equity Interests and any other warrant, right or option or other agreement to acquire any of the foregoing, all management rights, all voting rights, any interest in any capital account of a member in such limited liability company, all rights as and to become a shareholder, member or partner of any Issuer, as applicable, all rights of the Pledgor under any shareholder or voting trust agreement or similar agreement in respect of any Issuer, all of the Pledgor’s right, title and interest as a member to any and all assets or properties of any Issuer, and all other rights, powers, privileges, interests, claims and other property in any manner arising out of or relating to any of the foregoing;

(iii) [Reserved];

(iv) all books, records, ledger cards, files, correspondence, customer lists, blueprints, technical specifications, manuals, computer software, computer printouts, tapes, disks and other electronic storage media and related data processing software and similar items that at any time evidence or contain information relating to any of the Collateral or are otherwise necessary or helpful in the collection thereof or realization thereupon ; and

(v) to the extent not otherwise included all Proceeds of any and all of the foregoing.

(b) Notwithstanding the foregoing, “Collateral”, and each component definition thereof, shall not include any Excluded Assets.

Notwithstanding anything herein to the contrary, (i) the Pledgor shall remain liable for all obligations under the Collateral and nothing contained herein is intended or shall be a delegation of duties to the Agent or any Secured Party, and (ii) the Pledgor shall remain liable under each of the agreements included in the Collateral, including any agreements relating to Pledged Equity Interests, to perform all of the obligations undertaken by it thereunder all in accordance with and pursuant to the terms and provisions thereof and neither the Agent nor any Secured Party shall have any obligation or liability under any of such agreements by reason of or arising out of this Agreement or any other document related thereto nor shall the Agent or any Secured Party have any obligation to make any inquiry as to the nature or sufficiency of any payment received by it or have any obligation to take any action to collect or enforce any rights under any agreement included in the Collateral, including any agreements relating to any Pledged Equity Interests.

SECTION 4. REPRESENTATIONS AND WARRANTIES

To induce the Agent, the L/C Issuer and the Lenders to enter into the Credit Agreement and to induce the Lenders and the L/C Issuer to make their respective extensions of credit to the Foreign Borrowers thereunder, the Pledgor hereby represents and warrants to the Secured Parties on the Closing Date and on the date of each Credit Extension (and for the purposes of making such representations and warranties set forth in this Section 4 in connection with each Credit Extension, the Pledgor may, prior to the making of any such representation and warranty, amend and supplement all Schedules as applicable but once made, such representation and warranty shall, as of such making, be deemed to have been made based on the Schedules in effect at such date), that:

4.1 Representations in Credit Agreement. The representations and warranties set forth in Article V of the Credit Agreement as they relate to the Pledgor or to the Loan Documents to which the Pledgor is a party (in each case, as if the Pledgor were a “Loan Party” with respect to all Obligations under the Credit Agreement and insofar as such representations and warranties apply to this Agreement), each of which is hereby incorporated herein by reference, are true and correct, in all material respects, except for representations and warranties that are qualified as to “materiality”, “Material Adverse Effect” or similar language, in which case such representations and warranties shall be true and correct (after giving effect to any such qualification therein) in all respects as of such date, in each case unless expressly stated to relate to a specific earlier date, in which case such representations and warranties shall be true and correct in all material respects as of such earlier date, and the Secured Parties shall be entitled to

rely on each of such representations and warranties as if they were fully set forth herein, provided that each reference in each such representation and warranty to any Foreign Borrower's knowledge shall, for the purposes of this Section 4.1, be deemed to be a reference to the Pledgor's knowledge.

4.2 Title; No Other Liens. The Pledgor owns each item of the Collateral free and clear of any and all Liens or claims, including liens arising as a result of the Pledgor becoming bound (as a result of merger or otherwise) as Pledgor under a security agreement or pledge agreement entered into by another Person, except for Permitted Liens. 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 such as have been filed in favor of the Agent, for the benefit of the Secured Parties, pursuant to this Agreement or as are permitted by the Credit Agreement.

4.3 Valid, Perfected First Priority Liens. The security interests granted pursuant to this Agreement constitute a legal and valid security interest in favor of the Agent, for the benefit of the Secured Parties, securing the payment and performance of the Pledgor's Secured Obligations and upon completion of the filings and other actions specified on Schedule 2 (all of which, in the case of all filings and other documents referred to on said Schedule, have been delivered to the Agent in duly completed and duly executed form, as applicable, and may be filed by the Agent at any time) and payment of all filing fees, will constitute fully perfected security interests in all of the Collateral, prior to all other Liens on the Collateral except for Permitted Liens. Without limiting the foregoing, the Pledgor has taken all actions specified in Section 5.2 to establish the Agent's "control" (within the meanings of Sections 8-106 and 9-106 of the UCC) over any portion of the Collateral constituting Certificated Securities or Uncertificated Securities.

4.4 Name; Jurisdiction of Organization, Etc. The Pledgor's exact legal name (as indicated on the public record of the Pledgor's jurisdiction of formation or organization), jurisdiction of organization, organizational identification number, if any, and the location of the Pledgor's chief executive office or sole place of business are specified on Schedule 3. The Pledgor is organized solely under the law of the jurisdiction so specified and has not filed any certificates of domestication, transfer or continuance in any other jurisdiction. Except as otherwise indicated on Schedule 3, the jurisdiction of the Pledgor's organization of formation is required to maintain a public record showing the Pledgor to have been organized or formed. Except as specified on Schedule 3, it has not changed its name, jurisdiction of organization, chief executive office or sole place of business (if applicable) or its corporate structure in any way (e.g. by merger, consolidation, change in corporate form or otherwise) within the past five years and has not within the last five years become bound (whether as a result of merger or otherwise) as Pledgor under a security agreement entered into by another Person, which has not heretofore been terminated. Unless otherwise stated on Schedule 3, the Pledgor is not a transmitting utility as defined in UCC § 9-102(a)(80).

4.5 Pledged Equity Interests. (a) Schedule 1 hereto sets forth all of the Initial Pledged Equity Interests owned by the Pledgor and such Initial Pledged Equity Interests constitute 100% of the issued and outstanding shares of stock of the Issuers.

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(b) All of the shares of the Pledged Equity Interests have been duly and validly issued and are fully paid and nonassessable. The Pledgor is not in default of its obligations under any Organizational Document of any Issuer.

(c) No consent, approval or authorization of any Person is required for the pledge by the Pledgor of the Pledged Equity Interests pursuant to this Agreement or for the execution, delivery or performance of this Agreement by the Pledgor, whether under the Organizational Documents of the Issuers or otherwise, except such as have been obtained and are in full force and effect.

(d) There are no outstanding warrants, options or other rights to purchase, or shareholder, voting trust or similar agreements outstanding with respect to, or property that is convertible into, or that requires the issuance or sale of, any Pledged Equity Interests.

SECTION 5. COVENANTS

The Pledgor covenants and agrees with the Secured Parties that, from and after the date of this Agreement until the Termination Date:

5.1 Covenants in Credit Agreement. The Pledgor shall take, or shall refrain from taking, as the case may be, each action that is reasonably necessary to be taken or not taken, as the case may be, so that no Default or Event of Default is caused by the failure to take such action or to refrain from taking such action by the Pledgor or any of its Subsidiaries.

5.2 Delivery and Control of Pledged Equity Interests.

(a) If any of the Collateral is or shall become evidenced or represented by any Certificated Security, such Certificated Security shall be promptly delivered to the Agent (and in any event no later than the time when delivery of the next Compliance Certificate pursuant to Section 6.02(a) of the Credit Agreement is required), duly endorsed in a manner satisfactory to the Agent, to be held as Collateral pursuant to this Agreement.

(b) If any of the Collateral is or shall become evidenced or represented by an Uncertificated Security, the Pledgor shall use commercially reasonable efforts to cause the Issuer thereof either (i) to register the Agent as the registered owner of such Uncertificated Security, upon original issue or registration of transfer or (ii) to agree in writing with the Pledgor and the Agent that such Issuer will comply with instructions with respect to such Uncertificated Security originated by the Agent without further consent of the Pledgor, such agreement to be in form and substance reasonably satisfactory to the Agent.

5.3 Maintenance of Perfected Security Interest; Further Documentation.

(a) The Pledgor shall maintain the security interest created by this Agreement as a perfected security interest having at least the priority described in Section 4.3 and shall use commercially reasonable efforts to defend such security interest against the claims and demands of all Persons whomsoever (other than Permitted Liens and the holders thereof).



(b) The Pledgor shall furnish to the Agent from time to time statements and schedules further identifying and describing the Collateral and such other reports in connection with the assets and property of the Pledgor as the Agent may reasonably request, all in reasonable detail.

(c) At any time and from time to time, upon the written request of the Agent, and at the sole expense of the Pledgor, the Pledgor shall promptly and duly authorize, execute and deliver, and have recorded, such further instruments and documents and take such further actions as the Agent may reasonably request for the purpose of obtaining or preserving the full benefits of this Agreement and of the rights and powers herein granted, including the filing of 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, in each case subject to Permitted Liens.

5.4 Changes in Locations, Name, Jurisdiction of Incorporation, Etc. The Pledgor will not, except upon fifteen (15) days' prior written notice to the Agent and delivery to the Agent of duly authorized and, where required, executed copies of all additional financing statements and other documents reasonably requested by the Agent to maintain the validity, perfection and priority of the security interests provided for herein:

(a) without limiting the prohibitions on mergers involving the Pledgor contained in the Credit Agreement, change its legal name, jurisdiction of organization or the location of its chief executive office or sole place of business, if applicable, from that referred to in Section 4.4; or

(b) change its legal name, identity or structure to such an extent that any financing statement filed by the Agent in connection with this Agreement would become misleading.

5.5 Notices. The Pledgor will advise the Agent promptly, in reasonable detail, of:

(a) any Lien (other than any Permitted Lien) on any of the Collateral which would adversely affect the ability of the Agent to exercise any of its remedies hereunder; and

(b) 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 security interests created hereby.

5.6 Pledged Equity Interests. (a) If the Pledgor shall become entitled to receive or shall receive any stock or other ownership certificate (including any certificate representing a stock dividend or a distribution in connection with any reclassification, increase or reduction of capital or any certificate issued in connection with any reorganization), or option or rights in respect of the capital stock or other Pledged Equity Interest of any Issuer, whether in addition to, in substitution of, as a conversion of, or in exchange for, any shares of or other ownership interests in the Pledged Equity Interests, or otherwise in respect thereof, the Pledgor shall accept the same as the agent of the Secured Parties, hold the same in trust for the Secured Parties and deliver the same forthwith to the Agent in the exact form received, duly endorsed by

the Pledgor to the Agent, if required, together with an undated stock power covering such certificate duly executed in blank by the Pledgor and with, if the Agent so requests, signature guaranteed, to be held by the Agent, subject to the terms hereof, as additional collateral security for the Secured Obligations. If an Event of Default shall have occurred and be continuing, any sums paid upon or in respect of the Pledged Equity Interests upon the liquidation or dissolution of any Issuer shall be paid over to the Agent to be held by it hereunder as additional collateral security for the Secured Obligations, and in case any distribution of capital shall be made on or in respect of the Pledged Equity Interests or any property shall be distributed upon or with respect to the Pledged Equity Interests pursuant to the recapitalization or reclassification of the capital of any Issuer or pursuant to the reorganization thereof, the property so distributed shall, unless otherwise subject to a perfected security interest in favor of the Agent, be delivered to the Agent to be held by it hereunder as additional collateral security for the Secured Obligations. If an Event of Default shall have occurred and be continuing and any sums of money or property so paid or distributed in respect of the Pledged Equity Interests shall be received by the Pledgor, the Pledgor shall, until such money or property is paid or delivered to the Agent, hold such money or property in trust for the Secured Parties, segregated from other funds of the Pledgor, as additional collateral security for the Secured Obligations.

(b) Without the prior written consent of the Agent, the Pledgor will not (i) vote to enable, or take any other action to permit, any Issuer to amend its Organizational Documents in any manner that materially changes the rights of the Pledgor with respect to any Pledged Equity Interests or adversely affects the validity, perfection or priority of the Agent's security interest therein, (ii) permit any Issuer to issue any additional Equity Interests of any nature or issue securities convertible into Equity Interests of any Issuer or grant the right of purchase or exchange for any Equity Interests of any Issuer, (iii) enter into any agreement or undertaking restricting the right or ability of the Pledgor or the Agent to sell, assign or transfer any of the Pledged Equity Interests or Proceeds thereof or any interest therein or (iv) cause or permit the Issuer of any Pledged Equity Interests which are not securities (for purposes of the UCC) on the date hereof to elect or otherwise take any action to cause such Pledged Equity Interests to be treated as securities for purposes of the UCC; provided, however, that notwithstanding the foregoing, if any Issuer takes any such action in violation of the foregoing in clause (iii), the Pledgor shall promptly notify the Agent in writing of any such election or action and, in such event, shall take all steps necessary or advisable to establish the Agent's "control" thereof.

5.7 Voting and Other Rights with Respect to Pledged Equity Interests.

(a) Unless an Event of Default shall have occurred and be continuing, the Pledgor shall be permitted to receive all cash dividends paid in respect of the Pledged Equity Interests in the ordinary course of business of the Issuers, to the extent permitted by the Credit Agreement, and to exercise all voting and corporate rights with respect to the Pledged Equity Interests; provided, however, that no vote shall be cast or corporate or other ownership right exercised or other action taken which, in the Agent's reasonable judgment, would impair the Collateral or which would be inconsistent with or result in any violation of any provision of the Credit Agreement, this Agreement or any other Loan Document.

(b) If an Event of Default shall occur and be continuing: (i) all rights of the Pledgor to exercise or refrain from exercising the voting and other consensual rights with respect to Pledged Equity Interests which it would otherwise be entitled to exercise shall cease and all such rights shall thereupon become vested in the Agent who shall thereupon have the sole right, but shall be under no obligation, to exercise or refrain from exercising such voting and other consensual rights and (ii) the Agent shall have the right, without notice to the Pledgor, to transfer all or any portion of the Pledged Equity Interests to its name or the name of its nominee or agent. In addition, the Agent shall have the right at any time, without notice to the Pledgor, to exchange any certificates or instruments representing any Pledged Equity Interests for certificates or instruments of smaller or larger denominations. In order to permit the Agent to exercise the voting and other consensual rights which it may be entitled to exercise pursuant hereto and to receive all dividends and other distributions which it may be entitled to receive hereunder, the Pledgor shall promptly execute and deliver (or cause to be executed and delivered) to the Agent all proxies, dividend payment orders and other instruments as the Agent may from time to time reasonably request and the Pledgor acknowledges that the Agent may utilize the power of attorney set forth herein.

(c) The Pledgor hereby authorizes and instructs each Issuer to (i) comply with any instruction received by it from the Agent in writing that (x) states that an Event of Default has occurred and is continuing and (y) is otherwise in accordance with the terms of this Agreement, without any other or further instructions from the Pledgor, and the Pledgor agrees that such Issuer shall be fully protected in so complying, and (ii) unless otherwise expressly permitted hereby, pay any dividends or other payments with respect to the Pledged Equity Interests directly to the Agent.

SECTION 6. REMEDIAL PROVISIONS

6.1 Proceeds to be Turned Over To Agent. If an Event of Default shall occur and be continuing, all Proceeds received by the Pledgor consisting of cash, Cash Equivalents, checks and other near-cash items shall be held by the Pledgor in trust for the Secured Parties, segregated from other funds of the Pledgor, and shall, forthwith upon receipt by the Pledgor, be turned over to the Agent in the exact form received by the Pledgor (duly endorsed by the Pledgor to the Agent, if required).

6.2 Application of Proceeds.

(a) Subject to Section 6.2(b) below, at such intervals as may be agreed upon by the Foreign Borrowers and the Agent (acting with the consent of the Required Lenders), or, if an Event of Default shall have occurred and be continuing, at any time at the Agent's election, the Agent may (and, if directed by the Required Lenders, shall), notwithstanding the provisions of Sections 2.05(b) and 2.06(b) of the Credit Agreement, apply all or any part of the Collateral and/or net Proceeds thereof (after deducting fees and expenses as provided in Section 6.3) realized through the exercise by the Agent of its remedies hereunder, whether or not held in any Collateral Account, and any proceeds of the guarantee set forth in Section 2 (all references in this Section 6.2 to Proceeds shall include proceeds of such guarantee), in payment of the Secured Obligations. The Agent shall apply any such Collateral or Proceeds to be applied in the manner set forth in the Credit Agreement.

Any Proceeds not applied shall be held by the Agent as Collateral.

(b) Notwithstanding the foregoing, with respect to any Letters of Credit issued by an L/C Issuer, if such L/C Issuer, or the Agent on behalf of such L/C Issuer, shall have received any Collateral to “cash collateralize” any such Letter of Credit, all such Collateral shall first be applied to satisfy any reimbursement obligations and other obligations owing to the L/C Issuer in respect of such Letter of Credit before it may be applied as set forth in Section 6.2(a).

6.3 Code and Other Remedies .

(a) If an Event of Default shall occur and be continuing, the Agent, on behalf of the Secured Parties, may exercise, in addition to all other rights and remedies granted to them in this Agreement and in any other instrument or agreement securing, evidencing or relating to the Secured Obligations, all rights and remedies of a secured party under the UCC (whether or not the UCC applies to the affected Collateral) and all rights under any other applicable law or in equity. Without limiting the generality of the foregoing, the Agent, without demand of performance or other demand, defense, presentment, protest, advertisement or notice of any kind (except any notice required by law referred to below) to or upon the Pledgor or any other Person (all and each of which demands, presentments, protests, defenses, advertisements and notices are hereby waived), may in such circumstances forthwith collect, receive, appropriate and realize upon the Collateral, or any part thereof, and/or may forthwith sell, lease, license, assign, give option or options to purchase, or otherwise dispose of and deliver the Collateral or any part thereof (or contract to do any of the foregoing), in one or more parcels at public or private sale or sales, at any exchange, broker’s board or office of any Secured Party, on the internet or elsewhere upon such terms and conditions as it may deem advisable and at such prices as it may deem best, for cash or on credit or for future delivery without assumption of any credit risk. Each Secured Party shall have the right upon any such public sale or sales, and, to the extent permitted by law, upon any such private sale or sales, to purchase the whole or any part of the Collateral so sold or to become the licensor of all or any such Collateral, free of any right or equity of redemption in the Pledgor, which right or equity is hereby waived and released. For purposes of bidding and making settlement or payment of the purchase price for all or a portion of the Collateral sold at any such sale made in accordance with the UCC or other applicable laws, including the Bankruptcy Code, the Agent, as agent for and representative of the Secured Parties (but not any Secured Party or Secured Parties in its or their respective individual capacities unless the Required Lenders shall otherwise agree in writing), shall be entitled to credit bid and use and apply the Secured Obligations (or any portion thereof) as a credit on account of the purchase price for any Collateral payable by the Agent at such sale, such amount to be apportioned ratably to the Secured Obligations of the Secured Parties in accordance with their pro rata share of such Secured Obligations. Each purchaser at any such sale shall hold the property sold absolutely free from any claim or right on the part of the Pledgor, and the Pledgor hereby waives (to the extent permitted by applicable law) all rights of redemption, stay and/or appraisal which it now has or may at any time in the future have under any rule of law or statute now existing or hereafter enacted. The Pledgor agrees that, to the extent notice of sale shall be required by law, at least ten (10) days notice to the Pledgor of the time and place of any public sale or the time after which any private sale is to be made shall constitute reasonable notification. The Agent shall not be obligated to make any sale of Collateral regardless of notice of sale having been given. The Agent may adjourn any public or private sale from time to time by

announcement at the time and place fixed therefor, and such sale may, without further notice, be made at the time and place to which it was so adjourned. The Agent may sell the Collateral without giving any warranties as to the Collateral. The Agent may specifically disclaim or modify any warranties of title or the like. The foregoing will not be considered to adversely affect the commercial reasonableness of any sale of the Collateral. The Pledgor agrees that it would not be commercially unreasonable for the Agent to dispose of the Collateral or any portion thereof by using Internet sites that provide for the auction of assets of the types included in the Collateral or that have the reasonable capability of doing so, or that match buyers and sellers of assets. The Pledgor hereby waives any claims against the Agent arising by reason of the fact that the price at which any Collateral may have been sold at such a private sale was less than the price which might have been obtained at a public sale, even if the Agent accepts the first offer received and does not offer such Collateral to more than one offeree. The Pledgor further agrees, at the Agent's request, to assemble the Collateral and make it available to the Agent at places which the Agent shall reasonably select, whether at the Pledgor's premises or elsewhere. The Agent shall have the right to enter onto the property where any Collateral is located without any obligation to pay rent and take possession thereof with or without judicial process. The Agent shall have no obligation to marshal any of the Collateral.

(b) The Agent shall deduct from such Proceeds all reasonable costs and expenses of every kind incurred in connection with the exercise of its rights and remedies against the Collateral or incidental to the care or safekeeping of any of the Collateral or in any way relating to the Collateral or the rights of the Secured Parties hereunder, including reasonable attorneys' fees and disbursements. Any net Proceeds remaining after such deductions shall be applied or retained by the Agent in accordance with Section 6.2. Only after such application and after the payment by the Agent of any other amount required by any provision of law, including Section 9-615(a) of the UCC, need the Agent account for the surplus, if any, to the Pledgor. If the Agent sells any of the Collateral upon credit, the Pledgor will be credited only with payments actually made by the purchaser and received by the Agent. In the event the purchaser fails to pay for the Collateral, the Agent may resell the Collateral and the Pledgor shall be credited with proceeds of the sale. To the extent permitted by applicable law, the Pledgor waives all claims, damages and demands it may acquire against any Secured Party arising out of the exercise by it or them of any rights hereunder.

6.4 Effect of Securities Laws. The Pledgor recognizes that the Agent may be unable to effect a public sale of any or all of the Pledged Equity Interests by reason of certain prohibitions contained in the Securities Act and applicable state securities laws or otherwise, and may be compelled to resort to one or more private sales thereof to a restricted group of purchasers which will be obliged to agree, among other things, to acquire such securities for their own account for investment and not with a view to the distribution or resale thereof. The Pledgor acknowledges and agrees that any such private sale may result in prices and other terms less favorable than if such sale were a public sale and, notwithstanding such circumstances, agrees that any such private sale shall be deemed to have been made in a commercially reasonable manner. The Agent shall be under no obligation to delay a sale of any of the Pledged Equity Interests for the period of time necessary to permit the Issuer thereof to register such securities for public sale under the Securities Act, or under applicable state securities laws, even if such Issuer would agree to do so.

6.5 Deficiency. The Pledgor shall remain liable for any deficiency if the proceeds of any sale or other disposition of the Collateral are insufficient to pay its Secured Obligations and the fees and disbursements of any attorneys employed by any Secured Party to collect such deficiency.

SECTION 7. POWER OF ATTORNEY AND FURTHER ASSURANCES

7.1 Agent's Appointment as Attorney-in-Fact, Etc.

(a) The Pledgor hereby irrevocably constitutes and appoints the Agent and any officer or agent thereof, with full power of substitution, as its true and lawful attorney-in-fact with full irrevocable power and authority in the place and stead of the Pledgor and in the name of the Pledgor 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, the Pledgor hereby gives the Agent the power and right, on behalf of the Pledgor, without notice to or assent by the Pledgor, to do any or all of the following:

(i) in the name of the Pledgor or its own name, or otherwise, take possession of and endorse and collect any checks, drafts, notes, acceptances or other instruments for the payment of moneys 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 the Agent for the purpose of collecting any and all such moneys due with respect to any other Collateral whenever payable;

(ii) pay or discharge taxes and Liens levied or placed on or threatened against the Collateral, effect any repairs or purchase any insurance called for by the terms of the Loan Documents 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 6.3 or 6.4, any endorsements, 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 the Agent or as the Agent shall direct; (2) ask or demand for, collect, and receive payment of and receipt for, any and all moneys, claims and other amounts due or to become due at any time in respect of or arising out of any Collateral; (3) sign and endorse any 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 the Pledgor with respect to any Collateral; (6) settle, compromise or adjust any such suit, action or proceeding and, in connection therewith, give such discharges or releases as the Agent may deem appropriate; and

(7) generally, sell, transfer, pledge and make any agreement with respect to or otherwise deal with any of the Collateral as fully and completely as though the Agent were the absolute owner thereof for all purposes, and do, at the Agent's option and the Pledgor's expense, at any time, or from time to time, all acts and things which the Agent deems necessary to protect, preserve or realize upon the Collateral and the Secured Parties' security interests therein and to effect the intent of this Agreement, all as fully and effectively as the Pledgor might do.

Anything in this Section 7.1(a) to the contrary notwithstanding, the Agent agrees that, except as provided in Section 7.1(b), it will not exercise any rights under the power of attorney provided for in this Section 7.1(a) unless an Event of Default shall have occurred and be continuing.

(b) If the Pledgor fails to perform or comply with any of its agreements contained herein, the Agent, at its option, but without any obligation so to do, may perform or comply, or otherwise cause performance or compliance, with such agreement; provided, however, that unless an Event of Default has occurred and is continuing or time is of the essence, the Agent shall not exercise this power without first making demand on the Pledgor and the Pledgor failing to promptly comply therewith.

(c) The expenses of the Agent incurred in connection with actions undertaken as provided in this Section 7.1, together with interest thereon at a rate per annum equal to the rate per annum at which interest would then be payable on past due Revolving Credit Loans that are Base Rate Loans under the Credit Agreement, from the date of payment by the Agent to the date reimbursed by the Pledgor, shall be payable by the Pledgor to the Agent on demand.

(d) The Pledgor hereby ratifies all that said attorneys shall lawfully do or cause to be done by virtue hereof. All powers, authorizations and agencies contained in this Agreement are coupled with an interest and are irrevocable until the Termination Date.

7.2 Authorization of Financing Statements. The Pledgor acknowledges that pursuant to Section 9-509(b) of the UCC and any other applicable law, the Agent is authorized to file or record financing or continuation statements, and amendments thereto, and other filing or recording documents or instruments with respect to the Collateral in such form and in such offices as the Agent reasonably determines appropriate to perfect or maintain the perfection of the security interests of the Agent under this Agreement. The Pledgor agrees that such financing statements may describe the collateral in the same manner as described in the Security Documents or such other description as the Agent, in its sole judgment, determines is necessary or advisable. A photographic or other reproduction of this Agreement shall be sufficient as a financing statement or other filing or recording document or instrument for filing or recording in any jurisdiction.

7.3 Further Assurances. The Pledgor agrees that from time to time, at the expense of the Pledgor, it shall promptly execute and deliver all further instruments and documents and take all further action that may be necessary or desirable, or that the Agent may reasonably request, in order to create and/or maintain the validity, perfection or priority of and protect any security interest granted or purported to be granted hereby or to enable the Agent to

exercise and enforce its rights and remedies hereunder in respect of any Collateral. Without limiting the generality of the foregoing, the Pledgor shall:

- (i) file such financing or continuation statements, or amendments thereto and execute and deliver such other agreements, instruments, endorsements, powers of attorney or notices, as may be necessary, in order to effect, reflect, perfect and preserve the security interests granted or purported to be granted hereby;
- (ii) at the Agent's reasonable request, appear in and defend any action or proceeding that may affect the Pledgor's title to or the Agent's interest in all or any part of the Collateral; and
- (iii) furnish the Agent with such information regarding the Collateral, including the location thereof, as the Agent may reasonably request from time to time.

SECTION 8. THE COLLATERAL AGENT

8.1 Authority of Agent.

(a) The Pledgor acknowledges that the rights and responsibilities of the Agent under this Agreement with respect to any action taken by the Agent or the exercise or non-exercise by the Agent of any option, voting right, request, judgment or other right or remedy provided for herein or resulting or arising out of this Agreement shall, as between the Agent and the other Secured Parties, be governed by the Credit Agreement and by such other agreements with respect thereto as may exist from time to time among them, but, as between the Agent and the Pledgor, the Agent shall be conclusively presumed to be acting as agent for the Secured Parties with full and valid authority so to act or refrain from acting, and the Pledgor shall not be under any obligation, or entitlement, to make any inquiry respecting such authority.

(b) The Agent has been appointed to act as Agent hereunder by the Lenders and, by their acceptance of the benefits hereof, the other Secured Parties. The Agent shall be obligated, and shall have the right hereunder, to make demands, to give notices, to exercise or refrain from exercising any rights, and to take or refrain from taking any action (including the release or substitution of Collateral), solely in accordance with this Agreement and the Credit Agreement. The provisions of the Credit Agreement relating to the Agent, including the provisions relating to resignation or removal of the Agent (subject to Section 7.3(e) hereof) and the powers and duties and immunities of the Agent, are incorporated herein by this reference and shall survive any termination of the Credit Agreement.

8.2 Duty of Agent. The Agent's sole duty with respect to the custody, safekeeping and physical preservation of the Collateral in its possession, under Section 9-207 of the UCC or otherwise, shall be to deal with it in the same manner as the Agent deals with similar property for its own account. Neither the Agent nor any other Secured Party nor any of their respective officers, directors, partners, employees, agents, attorneys or other advisors, attorneys-in-fact or affiliates shall be liable for failure to demand, collect or realize upon any of the Collateral or for any delay in doing so or shall be under any obligation to sell or otherwise dispose of any Collateral upon the request of the Pledgor or any other Person or to take any other action whatsoever with regard to the Collateral or any part thereof. The powers conferred on the

Secured Parties hereunder are solely to protect the Secured Parties' interests in the Collateral and shall not impose any duty upon any Secured Party to exercise any such powers. The Secured Parties shall be accountable only for amounts that they actually receive as a result of the exercise of such powers, and neither they nor any of their officers, directors, partners, employees, agents, attorneys and other advisors, attorneys-in-fact or affiliates shall be responsible to the Pledgor for any act or failure to act hereunder, except to the extent that any such act or failure to act is found by a final and nonappealable decision of a court of competent jurisdiction to have resulted solely and proximately from their own gross negligence or willful misconduct in breach of a duty owed to the Pledgor.

8.3 Exculpation of the Agent.

(a) The Agent shall not be responsible to any Secured Party for the execution, effectiveness, genuineness, validity, enforceability, collectability or sufficiency hereof or of any Security Document or the validity or perfection of any security interest or for any representations, warranties, recitals or statements made herein or therein or made in any written or oral statements or in any financial or other statements, instruments, reports or certificates or any other documents furnished or made by the Agent to the Secured Parties or by or on behalf of any Secured Party to the Agent or any Secured Party in connection with the Security Documents and the transactions contemplated thereby or for the financial condition or business affairs of any Credit Party or any other Person liable for the payment of any Secured Obligations, nor shall the Agent be required to ascertain or inquire as to the performance or observance of any of the terms, conditions, provisions, covenants or agreements contained in any of the Security Documents or as to the existence or possible existence of any Event of Default or Default or to make any disclosures with respect to the foregoing.

(b) Neither the Agent nor any of its officers, partners, directors, employees or agents shall be liable to the Secured Parties for any action taken or omitted by the Agent under or in connection with any of the Security Documents except to the extent caused solely and proximately by the Agent's gross negligence or willful misconduct, as determined by a final, non-appealable judgment of a court of competent jurisdiction. The Agent shall be entitled to refrain from any act or the taking of any action in connection herewith or any of the Security Documents or from the exercise of any power, discretion or authority vested in it hereunder or thereunder unless and until the Agent shall have been instructed in respect thereof by the Required Lenders and, upon such instruction, the Agent shall be entitled to act or (where so instructed) refrain from acting, or to exercise such power, discretion or authority, in accordance with such written instructions. Without prejudice to the generality of the foregoing, (i) the Agent shall be entitled to rely, and shall be fully protected in relying, upon any communication, instrument or document believed by it to be genuine and correct and to have been signed or sent by the proper Person or Persons, and shall be entitled to rely and shall be protected in relying on opinions and judgments of attorneys (who may be attorneys for the Pledgor and its Subsidiaries), accountants, experts and other professional advisors selected by it; and (ii) no Secured Party shall have any right of action whatsoever against the Agent as a result of the Agent acting or refraining from acting hereunder or under any of the Security Documents in accordance with the Credit Agreement.

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(c) Without limiting the indemnification provisions of the Credit Agreement, each of the Secured Parties not party to the Credit Agreement severally agrees to indemnify the Agent, to the extent that the Agent shall not have been reimbursed by any Credit Party, for and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses (including counsel fees and disbursements) or disbursements of any kind or nature whatsoever which may be imposed on, incurred by or asserted against the Agent in exercising its powers, rights and remedies or performing its duties hereunder or under the Security Documents or otherwise in its capacity as the Agent in any way relating to or arising out of this Agreement or the Security Documents; provided, no such Secured Party shall be liable for any portion of such liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements resulting solely and proximately from the Agent's gross negligence or willful misconduct, as determined by a final, non-appealable judgment of a court of competent jurisdiction. If any indemnity furnished to the Agent for any purpose shall, in the opinion of the Agent, be insufficient or become impaired, the Agent may call for additional indemnity and cease, or not commence, to do the acts insufficiently indemnified against until such additional indemnity is furnished.

(d) No direction given to the Agent which imposes, or purports to impose, upon the Agent any obligation not set forth in or arising under this Agreement or any Security Document accepted or entered into by the Agent shall be binding upon the Agent.

(e) The Agent may resign at any time in accordance with Section 9.06 of the Credit Agreement. After the Agent's resignation in accordance with Section 9.06 of the Credit Agreement, the provisions of Section 8 hereof and of Article IX of the Credit Agreement shall continue in effect for its benefit in respect of any actions taken or omitted to be taken by it while it was acting as Agent. Upon the acceptance of any appointment as the Agent by a successor Agent in accordance with Section 9.06 of the Credit Agreement, the retiring Agent shall promptly transfer all Collateral within its possession or control to the possession or control of the successor Agent and shall execute and deliver such notices, instructions and assignments as may be necessary or desirable to transfer the rights of the Agent in respect of the Collateral to the successor Agent.

8.4 Delegation of Duties. The Agent may perform any and all of its duties and exercise its rights and powers under this Agreement or under any other Security Document by or through any one or more sub-agents appointed by the Agent. The Agent and any such sub-agent may perform any and all of its duties and exercise its rights and powers by or through their respective Affiliates. All of the rights, benefits, and privileges (including the exculpatory and indemnification provisions) of this Article 7 shall apply to any such sub-agent and to any of the Affiliates of the Agent and any such sub-agents, and shall apply to their respective activities as if such sub-agent and Affiliates were named herein in connection with the transactions contemplated hereby and by the Security Documents. Notwithstanding anything herein to the contrary, each sub-agent appointed by the Agent or Affiliate of the Agent or Affiliate of any such sub-agent shall be a third party beneficiary under this Agreement with respect to all such rights, benefits and privileges (including exculpatory rights and rights to indemnification) and shall have all of the rights and benefits of a third party beneficiary, including an independent right of action to enforce such rights, benefits and privileges (including exculpatory rights and rights to indemnification) directly, without the consent or joinder of any other Person, against any or all of

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the Credit Parties and the Secured Parties, and such rights, benefits and privileges (including exculpatory rights and rights to indemnification) shall not be modified or amended without the consent of such sub-agent or Affiliate acting in such capacity.

8.5 No Individual Foreclosure, Etc. No Secured Party shall have any right individually to realize upon any of the Collateral except to the extent expressly contemplated by this Agreement or the other Loan Documents, it being understood and agreed that all powers, rights and remedies under the Loan Documents may be exercised solely by the Agent on behalf of the Secured Parties in accordance with the terms thereof. Each Secured Party, whether or not a party hereto, will be deemed, by its acceptance of the benefits of the Collateral provided under any other Loan Documents, to have agreed to the foregoing provisions and the other provisions of this Agreement. Without limiting the generality of the foregoing, each Secured Party authorizes the Agent to credit bid all or any part of the Secured Obligations held by it.

SECTION 9. MISCELLANEOUS

9.1 Amendments in Writing. None of the terms or provisions of this Agreement may be waived, amended, supplemented or otherwise modified except in accordance with Section 10.01 of the Credit Agreement.

9.2 Notices. All notices, requests and demands to or upon the Agent or the Pledgor hereunder shall be effected in the manner provided for in Section 10.02 of the Credit Agreement; provided that any such notice, request or demand to or upon the Pledgor shall be addressed to the Pledgor at its notice address set forth on Schedule 4.

9.3 No Waiver by Course of Conduct; Cumulative Remedies. No Secured Party shall by any act (except by a written instrument pursuant to Section 8.1), delay, indulgence, omission or otherwise be deemed to have waived any right or remedy hereunder or to have acquiesced in any Default or Event of Default. No failure to exercise, nor any delay in exercising, on the part of any Secured Party, any right, power or privilege hereunder shall operate as a waiver thereof. No single or partial exercise of any right, power or privilege hereunder shall preclude any other or further exercise thereof or the exercise of any other right, power or privilege. A waiver by any Secured Party of any right or remedy hereunder on any one occasion shall not be construed as a bar to any right or remedy which such Secured Party would otherwise have on any future occasion. The rights and remedies herein provided are cumulative, may be exercised singly or concurrently and are not exclusive of any other rights or remedies provided by law.

9.4 Enforcement Expenses; Indemnification.

(a) The terms of Sections 3.01, 10.04, 10.05, 10.16 and 10.17 of the Credit Agreement with respect to expenses, indemnity, governing law, submission to jurisdiction, venue and waiver of right to trial by jury are incorporated herein by reference, mutatis mutandis, and the parties hereto agree to such terms.

(b) The Pledgor consents to service of process in the manner provided in Section 10.02 of the Credit Agreement (and agrees that nothing in this Agreement will affect the right of any party hereto to serve process in any other manner permitted by applicable law).

9.5 Successors and Assigns. This Agreement shall be binding upon the successors and assigns of each Pledgor and shall inure to the benefit of the Secured Parties and their successors and assigns; provided that the Pledgor may assign, transfer or delegate any of its rights or obligations under this Agreement without the prior written consent of the Agent and any such assignment, transfer or delegation without such consent shall be null and void.

9.6 Set-Off. The Pledgor hereby irrevocably authorizes each Secured Party at any time and from time to time while an Event of Default shall have occurred and be continuing, without notice to the Pledgor, any such notice being expressly waived by the Pledgor, to set-off and appropriate and apply any and all deposits (general or special, time or demand, provisional or final), in any currency, and any other credits, indebtedness or claims, in any currency, in each case whether direct or indirect, absolute or contingent, matured or unmatured, at any time held or owing by such party to or for the credit or the account of the Pledgor, or any part thereof in such amounts as such Secured Party may elect, against and on account of the obligations and liabilities of the Pledgor to such Secured Party hereunder and claims of every nature and description of such Secured Party against the Pledgor, in any currency, whether arising hereunder, under the Credit Agreement, any other Loan Document or otherwise, as such Secured Party may elect, whether or not any Secured Party has made any demand for payment and although such obligations, liabilities and claims may be contingent or unmatured, provided that, if such Secured Party is a Lender, it complies with Section 10.09 of the Credit Agreement. Each Secured Party exercising any right of set-off shall notify the Pledgor promptly of any such set-off and the application made by such Secured Party of the proceeds thereof, provided that the failure to give such notice shall not affect the validity of such set-off and application. The rights of each Secured Party under this Section are in addition to other rights and remedies (including other rights of set-off) which such Secured Party may have.

9.7 Counterparts. This Agreement may be executed by one or more of the parties to this Agreement on any number of separate counterparts (including by facsimile or other electronic imaging means), and all of said counterparts taken together shall be deemed to constitute one and the same instrument. Delivery of an executed signature page of this Agreement by facsimile or other electronic transmission (e.g. “pdf” or “tif” format) shall be effective as delivery of a manually executed counterpart hereof.

9.8 Severability. Any provision of this Agreement which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction. The parties hereto shall endeavor in good-faith negotiations to replace any invalid, illegal or unenforceable provisions with valid provisions the economic effect of which comes as close as possible to that of the invalid, illegal or unenforceable provisions.

9.9 Section Headings. The section headings and Table of Contents used in this Agreement are for convenience of reference only and are not to affect the construction hereof or be taken into consideration in the interpretation hereof.

9.10 Integration/Conflict. This Agreement and the other Loan Documents represent the entire agreement of the Pledgor, the Agent and the other Secured Parties with respect to the subject matter hereof and thereof, and supercede any and all previous agreements and understandings, oral or written, relating to the subject matter hereof and thereof. There are no promises, undertakings, representations or warranties by the Agent or any other Secured Party relative to the subject matter hereof and thereof not expressly set forth or referred to herein or therein.

9.11 [Reserved].

9.12 [Reserved].

9.13 Acknowledgments. The Pledgor hereby acknowledges that:

- (a) it has been advised by counsel in the negotiation, execution and delivery of this Agreement and the other Loan Documents to which it is a party;
- (b) no Secured Party has any fiduciary relationship with or duty to the Pledgor arising out of or in connection with this Agreement or any of the other Loan Documents and the provisions of Section 10.20 of the Credit Agreement are incorporated herein, *mutatis mutandis* (to apply to this Agreement rather than the Credit Agreement), and the relationship between the Pledgor, on the one hand, and the Secured Parties, on the other hand, in connection herewith or therewith is solely that of debtor and creditor; and
- (c) no joint venture is created hereby or by the other Loan Documents or otherwise exists by virtue of the transactions contemplated hereby among the Secured Parties or among the Pledgor and the Secured Parties.

9.14 Releases.

- (a) On the Termination Date, (i) the security interests granted pursuant to this Agreement shall terminate, (ii) all rights to the Collateral shall revert to the Pledgor and (iii) this Agreement (including the guaranty contained in Section 2) shall terminate.
- (b) On the Termination Date and in connection with any other Lien released or subordinated pursuant to Section 9.08 of the Credit Agreement, the Administrative Agent will, at the expense of such Pledgor, comply with the provisions of Section 9.08 of the Credit Agreement, but without recourse or warranty to the Administrative Agent.
- (c) The Administrative Agent shall have no liability whatsoever to any other Secured Party as the result of any release of Collateral by it in accordance with (or which the Administrative Agent in the absence of gross negligence or willful misconduct (as determined by a final, non-appealable decision of a court of competent jurisdiction) believes to be in accordance with) this Section 9.14.
- (d) The Pledgor acknowledges that it is not authorized to file any financing statement or amendment or termination statement with respect to any financing statement

originally filed in connection herewith without the prior written consent of the Agent, subject to the Pledgor's rights under Section 9-509(d)(2) of the UCC.

[Signatures on Following Page]

IN WITNESS WHEREOF, each of the undersigned has caused this Foreign Guaranty and Pledge Agreement to be duly executed and delivered as of the date first above written.

PLEDGOR:

ACUSHNET INTERNATIONAL INC.

By: _____
Name:
Title:

[Signature Page to Acushnet Pledge Agreement]

AGENT:

WELLS FARGO BANK, NATIONAL ASSOCIATION, as Agent

By: _____
Name:
Title:

[Signature Page to Acushnet Foreign Guaranty and Pledge Agreement]

DESCRIPTION OF PLEDGED EQUITY INTERESTS

Pledgor	Issuer	Issuer's Jurisdiction Under New York UCC Section 9-305(a)(2)	Class of Stock	Stock Certificate No.	Percentage of Shares	No. of Shares
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FILINGS AND OTHER ACTIONS
REQUIRED TO PERFECT SECURITY INTERESTS

Uniform Commercial Code Filings

Actions with respect to Pledged Equity Interests

PLEDGOR'S EXACT LEGAL NAME, LOCATION OF JURISDICTION OF ORGANIZATION AND CHIEF EXECUTIVE OFFICE

Exact Legal Name	Jurisdiction of Organization	Organizational I.D.	Chief Executive Office or Sole Place of Business

NOTICE ADDRESS OF THE PLEDGOR

1

EXHIBIT H

Form of Acushnet Japan Pledge Agreement

[See Attached.]

1

PLEDGE AGREEMENT

Dated as of [•], 2016

between

ACUSHNET INTERNATIONAL INC.,
as Pledgor

and

WELLS FARGO BANK, NATIONAL ASSOCIATION,
as Administrative Agent

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PLEDGE AGREEMENT, dated as of [•], 2016, between ACUSHNET INTERNATIONAL INC., a Delaware corporation (together with its successors and assigns, the “Pledgor”), and WELLS FARGO BANK, NATIONAL ASSOCIATION, as Administrative Agent (in such capacity and together with its successors and assigns in such capacity, the “Agent”) for (i) the banks and other financial institutions or entities (the “Lenders”) from time to time parties to the Credit Agreement, dated as of April 27, 2016 (as amended, restated, amended and restated, supplemented or otherwise modified from time to time, the “Credit Agreement”), among Acushnet Holdings Corp., a Delaware corporation (“Holdings”), Acushnet Company, a Delaware corporation (the “US Borrower”), Acushnet Canada Inc., a company incorporated under the laws of Canada (the “Canadian Borrower”), Acushnet Europe Limited, a company incorporated under the laws of England and Wales (the “UK Borrower” and, together with the Canadian Borrower, the “Foreign Borrowers”; the Foreign Borrowers, together with the US Borrowers, the “Borrowers”), the several banks and other financial institutions or entities from time to time parties thereto (the “Lenders”) and the Agent, and (ii) the other Secured Parties (as defined in the Credit Agreement).

W I T N E S S E T H:

WHEREAS, pursuant to the Credit Agreement, the Lenders have severally agreed to make extensions of credit to the Borrowers upon the terms and subject to the conditions set forth therein;

WHEREAS, the Borrowers are members of an affiliated group of companies that includes the Pledgor;

WHEREAS, the proceeds of the extensions of credit under the Credit Agreement will be used in part to enable the Borrowers to make valuable transfers to the Pledgor;

WHEREAS, the Borrowers and the Pledgor are engaged in related businesses, and the Pledgor will derive substantial direct and indirect benefit from the making of the extensions of credit under the Credit Agreement; and

WHEREAS, it is a condition precedent to the obligation of the Lenders to make their respective extensions of credit to the Borrowers under the Credit Agreement that the Pledgor shall have executed and delivered this Agreement to the Agent for the benefit of the Secured Parties.

NOW, THEREFORE, in consideration of the premises and to induce the Agent and the Lenders to enter into the Credit Agreement and to induce the Lenders and L/C Issuers to make their respective extensions of credit to the Borrowers thereunder, to induce the Qualified Counterparties to enter into Secured Hedge Agreements and Secured Cash Management Agreements and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Pledgor hereby agrees with the Agent, for the benefit of the Secured Parties, as follows:

SECTION 1. DEFINED TERMS

1.1 Definitions. (a) Unless otherwise defined herein, terms defined in the Credit Agreement and used herein shall have the meanings given to them in the Credit Agreement, and the following terms which are defined in the UCC are used herein as so defined (and if defined in more than one article of the UCC shall have the meaning specified in Article 9 thereof): Certificated Security, Securities Account, Supporting Obligations and Uncertificated Security.

(b) The following terms shall have the following meanings:

“Additional Pledged Equity Interests” shall mean all Equity Interests in the Issuer acquired by the Pledgor after the date hereof.

“Agreement” shall mean this Pledge Agreement, as the same may be amended, restated, amended and restated, supplemented or otherwise modified from time to time.

“Collateral” shall have the meaning set forth in Section 2.

“Credit Agreement” shall have the meaning set forth in the preamble hereto.

“Equity Interests” shall mean, with respect to any Person, any and all shares, interests, rights to purchase, warrants, options, participations or other equivalents, including membership interests (however designated, whether voting or non-voting) of the equity of such Person, including, if such person is a partnership, partnership interests (whether general or limited), if such Person is a limited liability company, membership interests, and, if such Person is a trust, all beneficial interests therein, and shall also include any other interest or participation that confers on a Person the right to receive a share of the profits and losses of, or distributions of property of, such corporation, partnership, limited liability company or trust, whether outstanding on the date hereof or issued on or after the date hereof.

“Initial Pledged Equity Interests” shall mean all Equity Interest in the Issuer now owned by the Pledgor, including the Equity Interests listed on Schedule 1 hereto.

“Issuer” shall mean Acushnet Japan, Inc., a Delaware corporation.

“Pledged Equity Interests” shall mean the Initial Pledged Equity Interests and any Additional Pledged Equity Interests.

“Proceeds” shall mean all “proceeds” as such term is defined in Section 9-102(a)(64) of the UCC and, in any event, shall include all dividends or other income from the Pledged Equity Interests, collections thereon and distributions or payments with respect thereto.

“Qualified Counterparty” shall mean (a) any Hedge Bank or (b) any Person that was a Lender, an Agent or an Arranger or an Affiliate of a Lender, an Agent or an

Arranger, in its capacity as a party to a Secured Cash Management Agreement, at the time such Secured Cash Management Agreement was entered into.

“Secured Cash Management Agreement” shall mean any cash management agreement pursuant to which Cash Management Obligations arise that is entered into by the US Borrower or any Subsidiary Guarantor and any Person that was a Lender, an Agent or an Arranger or an Affiliate of a Lender, an Agent or an Arranger at the time such Secured Cash Management Agreement was entered into.

“UCC” shall mean the Uniform Commercial Code as in effect from time to time in the State of New York; provided, however, that in the event that, by reason of mandatory provisions of law, any or all of the perfection or priority of, or remedies with respect to, any Collateral is governed by the Uniform Commercial Code as enacted and in effect in a jurisdiction other than the State of New York, the term “UCC” shall mean the Uniform Commercial Code as enacted and in effect in such other jurisdiction solely for purposes of the provisions hereof relating to such perfection, priority or remedies.

1.2 Other Definitional Provisions. (a) The words “hereof”, “herein”, “hereto” and “hereunder” and words of similar import when used in this Agreement shall refer to this Agreement as a whole and not to any particular provision of this Agreement. The words “Section,” “Schedule,” “Exhibit” and “Annex” are to this Agreement unless otherwise specified and references to any Schedule, Exhibit or Annex shall mean such Schedule, Exhibit or Annex as amended or supplemented from time to time in accordance with this Agreement.

(b) The meanings given to terms defined herein shall be equally applicable to both the singular and plural forms of such terms.

(c) The expressions “payment in full,” “paid in full” and any other similar terms or phrases when used herein shall mean payment in cash in immediately available funds.

(d) The use herein of the word “include” or “including,” when following any general statement, term or matter, shall not be construed to limit such statement, term or matter to the specific items or matters set forth immediately following such word or to similar items or matters, whether or not non-limiting language (such as “without limitation” or “but not limited to” or words of similar import) is used with reference thereto, but rather shall be deemed to refer to all other items or matters that fall within the broadest possible scope of such general statement, term or matter.

(e) All references herein to provisions of the UCC shall include all successor provisions under any subsequent version or amendment to any Article of the UCC.

SECTION 2. GRANT OF SECURITY INTEREST;
CONTINUING LIABILITY UNDER COLLATERAL

(a) The Pledgor hereby assigns and transfers to the Agent, and hereby grants to the Agent, for the benefit of the Secured Parties, a security interest in, all of the following property, in each case, wherever located and now owned or at any time hereafter acquired by the Pledgor or in which the Pledgor now has or at any time in the future may acquire any right, title

or interest (collectively, the “Collateral”), as collateral security for the prompt and complete payment and performance when due (whether at the stated maturity, by acceleration or otherwise) of the Secured Obligations:

(i) all Pledged Equity Interests;

(ii) the certificates, if any, representing such Pledged Equity Interests and any interest of the Pledgor on the books and records of the Issuer and any securities entitlements relating thereto and all dividends, distributions, cash warrants, rights, options, instruments, securities and other property or proceeds from time to time received, receivable or otherwise distributed in respect of or in exchange for any or all of such Pledged Equity Interests and any other warrant, right or option or other agreement to acquire any of the foregoing, all management rights, all voting rights, any interest in any capital account of a member in such limited liability company, all rights as and to become a shareholder, member or partner of the Issuer, as applicable, all rights of the Pledgor under any shareholder or voting trust agreement or similar agreement in respect of the Issuer, all of the Pledgor’s right, title and interest as a member to any and all assets or properties of the Issuer, and all other rights, powers, privileges, interests, claims and other property in any manner arising out of or relating to any of the foregoing;

(iii) [Reserved];

(iv) all books, records, ledger cards, files, correspondence, customer lists, blueprints, technical specifications, manuals, computer software, computer printouts, tapes, disks and other electronic storage media and related data processing software and similar items that at any time evidence or contain information relating to any of the Collateral or are otherwise necessary or helpful in the collection thereof or realization thereupon; and

(v) to the extent not otherwise included all Proceeds of any and all of the foregoing.

(b) Notwithstanding the foregoing, “Collateral”, and each component definition thereof, shall not include any Excluded Assets.

Notwithstanding anything herein to the contrary, (i) the Pledgor shall remain liable for all obligations under the Collateral and nothing contained herein is intended or shall be a delegation of duties to the Agent or any Secured Party, and (ii) the Pledgor shall remain liable under each of the agreements included in the Collateral, including any agreements relating to Pledged Equity Interests, to perform all of the obligations undertaken by it thereunder all in accordance with and pursuant to the terms and provisions thereof and neither the Agent nor any Secured Party shall have any obligation or liability under any of such agreements by reason of or arising out of this Agreement or any other document related thereto nor shall the Agent or any Secured Party have any obligation to make any inquiry as to the nature or sufficiency of any payment received by it or have any obligation to take any action to collect or enforce any rights under any agreement included in the Collateral, including any agreements relating to any Pledged Equity Interests.

SECTION 3. REPRESENTATIONS AND WARRANTIES

To induce the Agent, the L/C Issuer and the Lenders to enter into the Credit Agreement and to induce the Lenders and the L/C Issuer to make their respective extensions of credit to the Borrowers thereunder, and to induce the Qualified Counterparties to enter into Secured Cash Management Agreements and Secured Hedge Agreements, the Pledgor hereby represents and warrants to the Secured Parties on the Closing Date and on the date of each Credit Extension (and for the purposes of making such representations and warranties set forth in this Section 3 in connection with each Credit Extension, the Pledgor may, prior to the making of any such representation and warranty, amend and supplement all Schedules as applicable but once made, such representation and warranty shall, as of such making, be deemed to have been made based on the Schedules in effect at such date), that:

3.1 Representations in Credit Agreement. The representations and warranties set forth in Article V of the Credit Agreement as they relate to the Pledgor or to the Loan Documents to which the Pledgor is a party (in each case, as if the Pledgor were a “Loan Party” with respect to all Obligations under the Credit Agreement and insofar as such representations and warranties apply to this Agreement), each of which is hereby incorporated herein by reference, are true and correct, in all material respects, except for representations and warranties that are qualified as to “materiality”, “Material Adverse Effect” or similar language, in which case such representations and warranties shall be true and correct (after giving effect to any such qualification therein) in all respects as of such date, in each case unless expressly stated to relate to a specific earlier date, in which case such representations and warranties shall be true and correct in all material respects as of such earlier date, and the Secured Parties shall be entitled to rely on each of such representations and warranties as if they were fully set forth herein, provided that each reference in each such representation and warranty to any Borrower’s knowledge shall, for the purposes of this Section 3.1, be deemed to be a reference to the Pledgor’s knowledge.

3.2 Title; No Other Liens. The Pledgor owns each item of the Collateral free and clear of any and all Liens or claims, including liens arising as a result of the Pledgor becoming bound (as a result of merger or otherwise) as Pledgor under a security agreement or pledge agreement entered into by another Person, except for Permitted Liens. 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 such as have been filed in favor of the Agent, for the benefit of the Secured Parties, pursuant to this Agreement or as are permitted by the Credit Agreement.

3.3 Valid, Perfected First Priority Liens. The security interests granted pursuant to this Agreement constitute a legal and valid security interest in favor of the Agent, for the benefit of the Secured Parties, securing the payment and performance of the Pledgor’s Secured Obligations and upon completion of the filings and other actions specified on Schedule 2 (all of which, in the case of all filings and other documents referred to on said Schedule, have been delivered to the Agent in duly completed and duly executed form, as applicable, and may be filed by the Agent at any time) and payment of all filing fees, will constitute fully perfected security interests in all of the Collateral, prior to all other Liens on the Collateral except for Permitted Liens. Without limiting the foregoing, the Pledgor has taken all actions specified in Section 4.2 to establish the Agent’s “control” (within the meanings of

Sections 8-106 and 9-106 of the UCC) over any portion of the Collateral constituting Certificated Securities or Uncertificated Securities.

3.4 Name; Jurisdiction of Organization, Etc. The Pledgor's exact legal name (as indicated on the public record of the Pledgor's jurisdiction of formation or organization), jurisdiction of organization, organizational identification number, if any, and the location of the Pledgor's chief executive office or sole place of business are specified on Schedule 3. The Pledgor is organized solely under the law of the jurisdiction so specified and has not filed any certificates of domestication, transfer or continuance in any other jurisdiction. Except as otherwise indicated on Schedule 3, the jurisdiction of the Pledgor's organization of formation is required to maintain a public record showing the Pledgor to have been organized or formed. Except as specified on Schedule 3, it has not changed its name, jurisdiction of organization, chief executive office or sole place of business (if applicable) or its corporate structure in any way (e.g. by merger, consolidation, change in corporate form or otherwise) within the past five years and has not within the last five years become bound (whether as a result of merger or otherwise) as Pledgor under a security agreement entered into by another Person, which has not heretofore been terminated. Unless otherwise stated on Schedule 3, the Pledgor is not a transmitting utility as defined in UCC § 9-102(a)(80).

3.5 Pledged Equity Interests. (a) Schedule 1 hereto sets forth all of the Initial Pledged Equity Interests owned by the Pledgor and such Initial Pledged Equity Interests constitute 100% of the issued and outstanding shares of stock of the Issuer.

(b) All of the shares of the Pledged Equity Interests have been duly and validly issued and are fully paid and nonassessable. The Pledgor is not in default of its obligations under any Organizational Document of the Issuer.

(c) No consent, approval or authorization of any Person is required for the pledge by the Pledgor of the Pledged Equity Interests pursuant to this Agreement or for the execution, delivery or performance of this Agreement by the Pledgor, whether under the Organizational Documents of the Issuer or otherwise, except such as have been obtained and are in full force and effect.

(d) There are no outstanding warrants, options or other rights to purchase, or shareholder, voting trust or similar agreements outstanding with respect to, or property that is convertible into, or that requires the issuance or sale of, any Pledged Equity Interests.

SECTION 4. COVENANTS

The Pledgor covenants and agrees with the Secured Parties that, from and after the date of this Agreement until the Termination Date:

4.1 Covenants in Credit Agreement. The Pledgor shall take, or shall refrain from taking, as the case may be, each action that is reasonably necessary to be taken or not taken, as the case may be, so that no Default or Event of Default is caused by the failure to take such action or to refrain from taking such action by the Pledgor or any of its Subsidiaries.

4.2 Delivery and Control of Pledged Equity Interests.

(a) If any of the Collateral is or shall become evidenced or represented by any Certificated Security, such Certificated Security shall be promptly delivered to the Agent (and in any event no later than the time when delivery of the next Compliance Certificate pursuant to Section 6.02(a) of the Credit Agreement is required), duly endorsed in a manner satisfactory to the Agent, to be held as Collateral pursuant to this Agreement.

(b) If any of the Collateral is or shall become evidenced or represented by an Uncertificated Security, the Pledgor shall use commercially reasonable efforts to cause the Issuer either (i) to register the Agent as the registered owner of such Uncertificated Security, upon original issue or registration of transfer or (ii) to agree in writing with the Pledgor and the Agent that the Issuer will comply with instructions with respect to such Uncertificated Security originated by the Agent without further consent of the Pledgor, such agreement to be in form and substance reasonably satisfactory to the Agent.

4.3 Maintenance of Perfected Security Interest; Further Documentation.

(a) The Pledgor shall maintain the security interest created by this Agreement as a perfected security interest having at least the priority described in Section 3.3 and shall use commercially reasonable efforts to defend such security interest against the claims and demands of all Persons whomsoever (other than Permitted Liens and the holders thereof).

(b) The Pledgor shall furnish to the Agent from time to time statements and schedules further identifying and describing the Collateral and such other reports in connection with the assets and property of the Pledgor as the Agent may reasonably request, all in reasonable detail.

(c) At any time and from time to time, upon the written request of the Agent, and at the sole expense of the Pledgor, the Pledgor shall promptly and duly authorize, execute and deliver, and have recorded, such further instruments and documents and take such further actions as the Agent may reasonably request for the purpose of obtaining or preserving the full benefits of this Agreement and of the rights and powers herein granted, including the filing of 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, in each case subject to Permitted Liens.

4.4 Changes in Locations, Name, Jurisdiction of Incorporation, Etc. The Pledgor will not, except upon fifteen (15) days' prior written notice to the Agent and delivery to the Agent of duly authorized and, where required, executed copies of all additional financing statements and other documents reasonably requested by the Agent to maintain the validity, perfection and priority of the security interests provided for herein:

(a) without limiting the prohibitions on mergers involving the Pledgor contained in the Credit Agreement, change its legal name, jurisdiction of organization or the location of its chief executive office or sole place of business, if applicable, from that referred to in Section 3.4; or

(b) change its legal name, identity or structure to such an extent that any financing statement filed by the Agent in connection with this Agreement would become misleading.

4.5 Notices. The Pledgor will advise the Agent promptly, in reasonable detail, of:

(a) any Lien (other than any Permitted Lien) on any of the Collateral which would adversely affect the ability of the Agent to exercise any of its remedies hereunder; and

(b) 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 security interests created hereby.

4.6 Pledged Equity Interests. (a) If the Pledgor shall become entitled to receive or shall receive any stock or other ownership certificate (including any certificate representing a stock dividend or a distribution in connection with any reclassification, increase or reduction of capital or any certificate issued in connection with any reorganization), or option or rights in respect of the capital stock or other Pledged Equity Interest of any Issuer, whether in addition to, in substitution of, as a conversion of, or in exchange for, any shares of or other ownership interests in the Pledged Equity Interests, or otherwise in respect thereof, the Pledgor shall accept the same as the agent of the Secured Parties, hold the same in trust for the Secured Parties and deliver the same forthwith to the Agent in the exact form received, duly endorsed by the Pledgor to the Agent, if required, together with an undated stock power covering such certificate duly executed in blank by the Pledgor and with, if the Agent so requests, signature guaranteed, to be held by the Agent, subject to the terms hereof, as additional collateral security for the Secured Obligations. If an Event of Default shall have occurred and be continuing, any sums paid upon or in respect of the Pledged Equity Interests upon the liquidation or dissolution of the Issuer shall be paid over to the Agent to be held by it hereunder as additional collateral security for the Secured Obligations, and in case any distribution of capital shall be made on or in respect of the Pledged Equity Interests or any property shall be distributed upon or with respect to the Pledged Equity Interests pursuant to the recapitalization or reclassification of the capital of any Issuer or pursuant to the reorganization thereof, the property so distributed shall, unless otherwise subject to a perfected security interest in favor of the Agent, be delivered to the Agent to be held by it hereunder as additional collateral security for the Secured Obligations. If an Event of Default shall have occurred and be continuing and any sums of money or property so paid or distributed in respect of the Pledged Equity Interests shall be received by the Pledgor, the Pledgor shall, until such money or property is paid or delivered to the Agent, hold such money or property in trust for the Secured Parties, segregated from other funds of the Pledgor, as additional collateral security for the Secured Obligations.

(b) Without the prior written consent of the Agent, the Pledgor will not (i) vote to enable, or take any other action to permit, the Issuer to amend its Organizational Documents in any manner that materially changes the rights of the Pledgor with respect to any Pledged Equity Interests or adversely affects the validity, perfection or priority of the Agent's security interest therein, (ii) permit the Issuer to issue any additional Equity Interests of any nature or issue securities convertible into Equity Interests of Issuer or grant the right of purchase

or exchange for any Equity Interests of the Issuer, (iii) enter into any agreement or undertaking restricting the right or ability of the Pledgor or the Agent to sell, assign or transfer any of the Pledged Equity Interests or Proceeds thereof or any interest therein or (iv) cause or permit the Issuer of any Pledged Equity Interests which are not securities (for purposes of the UCC) on the date hereof to elect or otherwise take any action to cause such Pledged Equity Interests to be treated as securities for purposes of the UCC; provided, however, that notwithstanding the foregoing, if the Issuer takes any such action in violation of the foregoing in clause (iii), the Pledgor shall promptly notify the Agent in writing of any such election or action and, in such event, shall take all steps necessary or advisable to establish the Agent's "control" thereof.

4.7 Voting and Other Rights with Respect to Pledged Equity Interests.

(a) Unless an Event of Default shall have occurred and be continuing, the Pledgor shall be permitted to receive all cash dividends paid in respect of the Pledged Equity Interests in the ordinary course of business of the Issuer, to the extent permitted by the Credit Agreement, and to exercise all voting and corporate rights with respect to the Pledged Equity Interests; provided, however, that no vote shall be cast or corporate or other ownership right exercised or other action taken which, in the Agent's reasonable judgment, would impair the Collateral or which would be inconsistent with or result in any violation of any provision of the Credit Agreement, this Agreement or any other Loan Document.

(b) If an Event of Default shall occur and be continuing: (i) all rights of the Pledgor to exercise or refrain from exercising the voting and other consensual rights with respect to Pledged Equity Interests which it would otherwise be entitled to exercise shall cease and all such rights shall thereupon become vested in the Agent who shall thereupon have the sole right, but shall be under no obligation, to exercise or refrain from exercising such voting and other consensual rights and (ii) the Agent shall have the right, without notice to the Pledgor, to transfer all or any portion of the Pledged Equity Interests to its name or the name of its nominee or agent. In addition, the Agent shall have the right at any time, without notice to the Pledgor, to exchange any certificates or instruments representing any Pledged Equity Interests for certificates or instruments of smaller or larger denominations. In order to permit the Agent to exercise the voting and other consensual rights which it may be entitled to exercise pursuant hereto and to receive all dividends and other distributions which it may be entitled to receive hereunder, the Pledgor shall promptly execute and deliver (or cause to be executed and delivered) to the Agent all proxies, dividend payment orders and other instruments as the Agent may from time to time reasonably request and the Pledgor acknowledges that the Agent may utilize the power of attorney set forth herein.

(c) The Pledgor hereby authorizes and instructs the Issuer to (i) comply with any instruction received by it from the Agent in writing that (x) states that an Event of Default has occurred and is continuing and (y) is otherwise in accordance with the terms of this Agreement, without any other or further instructions from the Pledgor, and the Pledgor agrees that the Issuer shall be fully protected in so complying, and (ii) unless otherwise expressly permitted hereby, pay any dividends or other payments with respect to the Pledged Equity Interests directly to the Agent.

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SECTION 5. REMEDIAL PROVISIONS

5.1 Proceeds to be Turned Over To Agent. If an Event of Default shall occur and be continuing, all Proceeds received by the Pledgor consisting of cash, Cash Equivalents, checks and other near-cash items shall be held by the Pledgor in trust for the Secured Parties, segregated from other funds of the Pledgor, and shall, forthwith upon receipt by the Pledgor, be turned over to the Agent in the exact form received by the Pledgor (duly endorsed by the Pledgor to the Agent, if required).

5.2 Application of Proceeds.

(a) Subject to Section 5.2(b) below, at such intervals as may be agreed upon by the Borrowers and the Agent (acting with the consent of the Required Lenders), or, if an Event of Default shall have occurred and be continuing, at any time at the Agent's election, the Agent may (and, if directed by the Required Lenders, shall), notwithstanding the provisions of Sections 2.05(b) and 2.06(b) of the Credit Agreement, apply all or any part of the Collateral and/or net Proceeds thereof (after deducting fees and expenses as provided in Section 5.3) realized through the exercise by the Agent of its remedies hereunder, whether or not held in any Collateral Account, and any proceeds of the guarantee set forth in Section 2 of the Guaranty and Security Agreement (all references in this Section 5.2 to Proceeds shall include proceeds of such guarantee), in payment of the Secured Obligations. The Agent shall apply any such Collateral or Proceeds to be applied in the manner set forth in the Credit Agreement.

Any Proceeds not applied shall be held by the Agent as Collateral.

(b) Notwithstanding the foregoing, with respect to any Letters of Credit issued by an L/C Issuer, if such L/C Issuer, or the Agent on behalf of such L/C Issuer, shall have received any Collateral to "cash collateralize" any such Letter of Credit, all such Collateral shall first be applied to satisfy any reimbursement obligations and other obligations owing to the L/C Issuer in respect of such Letter of Credit before it may be applied as set forth in Section 5.2(a).

5.3 Code and Other Remedies.

(a) If an Event of Default shall occur and be continuing, the Agent, on behalf of the Secured Parties, may exercise, in addition to all other rights and remedies granted to them in this Agreement and in any other instrument or agreement securing, evidencing or relating to the Secured Obligations, all rights and remedies of a secured party under the UCC (whether or not the UCC applies to the affected Collateral) and all rights under any other applicable law or in equity. Without limiting the generality of the foregoing, the Agent, without demand of performance or other demand, defense, presentment, protest, advertisement or notice of any kind (except any notice required by law referred to below) to or upon the Pledgor or any other Person (all and each of which demands, presentments, protests, defenses, advertisements and notices are hereby waived), may in such circumstances forthwith collect, receive, appropriate and realize upon the Collateral, or any part thereof, and/or may forthwith sell, lease, license, assign, give option or options to purchase, or otherwise dispose of and deliver the Collateral or any part thereof (or contract to do any of the foregoing), in one or more parcels at public or private sale or sales, at any exchange, broker's board or office of any Secured Party, on the internet or



elsewhere upon such terms and conditions as it may deem advisable and at such prices as it may deem best, for cash or on credit or for future delivery without assumption of any credit risk. Each Secured Party shall have the right upon any such public sale or sales, and, to the extent permitted by law, upon any such private sale or sales, to purchase the whole or any part of the Collateral so sold or to become the licensor of all or any such Collateral, free of any right or equity of redemption in the Pledgor, which right or equity is hereby waived and released. For purposes of bidding and making settlement or payment of the purchase price for all or a portion of the Collateral sold at any such sale made in accordance with the UCC or other applicable laws, including the Bankruptcy Code, the Agent, as agent for and representative of the Secured Parties (but not any Secured Party or Secured Parties in its or their respective individual capacities unless the Required Lenders shall otherwise agree in writing), shall be entitled to credit bid and use and apply the Secured Obligations (or any portion thereof) as a credit on account of the purchase price for any Collateral payable by the Agent at such sale, such amount to be apportioned ratably to the Secured Obligations of the Secured Parties in accordance with their pro rata share of such Secured Obligations. Each purchaser at any such sale shall hold the property sold absolutely free from any claim or right on the part of the Pledgor, and the Pledgor hereby waives (to the extent permitted by applicable law) all rights of redemption, stay and/or appraisal which it now has or may at any time in the future have under any rule of law or statute now existing or hereafter enacted. The Pledgor agrees that, to the extent notice of sale shall be required by law, at least ten (10) days notice to the Pledgor of the time and place of any public sale or the time after which any private sale is to be made shall constitute reasonable notification. The Agent shall not be obligated to make any sale of Collateral regardless of notice of sale having been given. The Agent may adjourn any public or private sale from time to time by announcement at the time and place fixed therefor, and such sale may, without further notice, be made at the time and place to which it was so adjourned. The Agent may sell the Collateral without giving any warranties as to the Collateral. The Agent may specifically disclaim or modify any warranties of title or the like. The foregoing will not be considered to adversely affect the commercial reasonableness of any sale of the Collateral. The Pledgor agrees that it would not be commercially unreasonable for the Agent to dispose of the Collateral or any portion thereof by using Internet sites that provide for the auction of assets of the types included in the Collateral or that have the reasonable capability of doing so, or that match buyers and sellers of assets. The Pledgor hereby waives any claims against the Agent arising by reason of the fact that the price at which any Collateral may have been sold at such a private sale was less than the price which might have been obtained at a public sale, even if the Agent accepts the first offer received and does not offer such Collateral to more than one offeree. The Pledgor further agrees, at the Agent's request, to assemble the Collateral and make it available to the Agent at places which the Agent shall reasonably select, whether at the Pledgor's premises or elsewhere. The Agent shall have the right to enter onto the property where any Collateral is located without any obligation to pay rent and take possession thereof with or without judicial process. The Agent shall have no obligation to marshal any of the Collateral.

(b) The Agent shall deduct from such Proceeds all reasonable costs and expenses of every kind incurred in connection with the exercise of its rights and remedies against the Collateral or incidental to the care or safekeeping of any of the Collateral or in any way relating to the Collateral or the rights of the Secured Parties hereunder, including reasonable attorneys' fees and disbursements. Any net Proceeds remaining after such deductions shall be applied or retained by the Agent in accordance with Section 5.2. Only after such application and

after the payment by the Agent of any other amount required by any provision of law, including Section 9-615(a) of the UCC, need the Agent account for the surplus, if any, to the Pledgor. If the Agent sells any of the Collateral upon credit, the Pledgor will be credited only with payments actually made by the purchaser and received by the Agent. In the event the purchaser fails to pay for the Collateral, the Agent may resell the Collateral and the Pledgor shall be credited with proceeds of the sale. To the extent permitted by applicable law, the Pledgor waives all claims, damages and demands it may acquire against any Secured Party arising out of the exercise by it or them of any rights hereunder.

5.4 Effect of Securities Laws. The Pledgor recognizes that the Agent may be unable to effect a public sale of any or all of the Pledged Equity Interests by reason of certain prohibitions contained in the Securities Act and applicable state securities laws or otherwise, and may be compelled to resort to one or more private sales thereof to a restricted group of purchasers which will be obliged to agree, among other things, to acquire such securities for their own account for investment and not with a view to the distribution or resale thereof. The Pledgor acknowledges and agrees that any such private sale may result in prices and other terms less favorable than if such sale were a public sale and, notwithstanding such circumstances, agrees that any such private sale shall be deemed to have been made in a commercially reasonable manner. The Agent shall be under no obligation to delay a sale of any of the Pledged Equity Interests for the period of time necessary to permit the Issuer thereof to register such securities for public sale under the Securities Act, or under applicable state securities laws, even if the Issuer would agree to do so.

5.5 Deficiency. The Pledgor shall remain liable for any deficiency if the proceeds of any sale or other disposition of the Collateral are insufficient to pay its Secured Obligations and the fees and disbursements of any attorneys employed by any Secured Party to collect such deficiency.

SECTION 6. POWER OF ATTORNEY AND FURTHER ASSURANCES

6.1 Agent's Appointment as Attorney-in-Fact, Etc

(a) The Pledgor hereby irrevocably constitutes and appoints the Agent and any officer or agent thereof, with full power of substitution, as its true and lawful attorney-in-fact with full irrevocable power and authority in the place and stead of the Pledgor and in the name of the Pledgor 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, the Pledgor hereby gives the Agent the power and right, on behalf of the Pledgor, without notice to or assent by the Pledgor, to do any or all of the following:

(i) in the name of the Pledgor or its own name, or otherwise, take possession of and endorse and collect any checks, drafts, notes, acceptances or other instruments for the payment of moneys 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 the Agent for the purpose of collecting any and all such moneys due with respect to any other Collateral whenever payable;

- (ii) pay or discharge taxes and Liens levied or placed on or threatened against the Collateral, effect any repairs or purchase any insurance called for by the terms of the Loan Documents 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 5.3 or 5.4, any endorsements, 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 the Agent or as the Agent shall direct; (2) ask or demand for, collect, and receive payment of and receipt for, any and all moneys, claims and other amounts due or to become due at any time in respect of or arising out of any Collateral; (3) sign and endorse any 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 the Pledgor with respect to any Collateral; (6) settle, compromise or adjust any such suit, action or proceeding and, in connection therewith, give such discharges or releases as the Agent may deem appropriate; and (7) generally, sell, transfer, pledge and make any agreement with respect to or otherwise deal with any of the Collateral as fully and completely as though the Agent were the absolute owner thereof for all purposes, and do, at the Agent's option and the Pledgor's expense, at any time, or from time to time, all acts and things which the Agent deems necessary to protect, preserve or realize upon the Collateral and the Secured Parties' security interests therein and to effect the intent of this Agreement, all as fully and effectively as the Pledgor might do.

Anything in this Section 6.1(a) to the contrary notwithstanding, the Agent agrees that, except as provided in Section 6.1(b), it will not exercise any rights under the power of attorney provided for in this Section 6.1(a) unless an Event of Default shall have occurred and be continuing.

(b) If the Pledgor fails to perform or comply with any of its agreements contained herein, the Agent, at its option, but without any obligation so to do, may perform or comply, or otherwise cause performance or compliance, with such agreement; provided, however, that unless an Event of Default has occurred and is continuing or time is of the essence, the Agent shall not exercise this power without first making demand on the Pledgor and the Pledgor failing to promptly comply therewith.

(c) The expenses of the Agent incurred in connection with actions undertaken as provided in this Section 6.1, together with interest thereon at a rate per annum equal to the rate per annum at which interest would then be payable on past due Revolving Credit Loans that are

Base Rate Loans under the Credit Agreement, from the date of payment by the Agent to the date reimbursed by the Pledgor, shall be payable by the Pledgor to the Agent on demand.

(d) The Pledgor hereby ratifies all that said attorneys shall lawfully do or cause to be done by virtue hereof. All powers, authorizations and agencies contained in this Agreement are coupled with an interest and are irrevocable until the Termination Date.

6.2 Authorization of Financing Statements. The Pledgor acknowledges that pursuant to Section 9-509(b) of the UCC and any other applicable law, the Agent is authorized to file or record financing or continuation statements, and amendments thereto, and other filing or recording documents or instruments with respect to the Collateral in such form and in such offices as the Agent reasonably determines appropriate to perfect or maintain the perfection of the security interests of the Agent under this Agreement. The Pledgor agrees that such financing statements may describe the collateral in the same manner as described in the Security Documents or such other description as the Agent, in its sole judgment, determines is necessary or advisable. A photographic or other reproduction of this Agreement shall be sufficient as a financing statement or other filing or recording document or instrument for filing or recording in any jurisdiction.

6.3 Further Assurances. The Pledgor agrees that from time to time, at the expense of the Pledgor, it shall promptly execute and deliver all further instruments and documents and take all further action that may be necessary or desirable, or that the Agent may reasonably request, in order to create and/or maintain the validity, perfection or priority of and protect any security interest granted or purported to be granted hereby or to enable the Agent to exercise and enforce its rights and remedies hereunder in respect of any Collateral. Without limiting the generality of the foregoing, the Pledgor shall:

(i) file such financing or continuation statements, or amendments thereto and execute and deliver such other agreements, instruments, endorsements, powers of attorney or notices, as may be necessary, in order to effect, reflect, perfect and preserve the security interests granted or purported to be granted hereby;

(ii) at the Agent's reasonable request, appear in and defend any action or proceeding that may affect the Pledgor's title to or the Agent's interest in all or any part of the Collateral; and

(iii) furnish the Agent with such information regarding the Collateral, including the location thereof, as the Agent may reasonably request from time to time.

SECTION 7. LIEN ABSOLUTE; WAIVER OF SURETYSHIP DEFENSES

7.1 Lien Absolute, Waivers All rights of Agent hereunder, and all obligations of the Pledgor hereunder, shall be absolute and unconditional irrespective of, shall not be affected by, and shall remain in full force and effect without regard to, and hereby waives all, rights, claims or defenses that it might otherwise have (now or in the future) with respect to, in each case, each of the following (whether or not the Pledgor has knowledge thereof):

(i) the validity or enforceability of the Credit Agreement or any other Loan Document or any Secured Hedge Agreement or Secured Cash Management Agreement, any of the Secured Obligations or any guarantee or right of offset with respect thereto at any time or from time to time held by any Secured Party;

(ii) any renewal, extension or acceleration of, or any increase in the amount of the Secured Obligations, or any amendment, supplement, modification or waiver of, or any consent to departure from, the Loan Documents or any Secured Hedge Agreement or Secured Cash Management Agreement;

(iii) any failure or omission to assert or enforce or agreement or election not to assert or enforce, delay in enforcement, or the stay or enjoining, by order of court, by operation of law or otherwise, of the exercise or enforcement of, any claim or demand or any right, power or remedy (whether arising under any Loan Documents, any Secured Hedge Agreement or any Secured Cash Management Agreement, at law, in equity or otherwise) with respect to the Secured Obligations or any agreement relating thereto, or with respect to any other guaranty of or security for the payment of the Secured Obligations;

(iv) any change, reorganization or termination of the corporate structure or existence of any Borrower or the Pledgor or any of their Subsidiaries and any corresponding restructuring of the Secured Obligations;

(v) any settlement, compromise, release, or discharge of, or acceptance or refusal of any offer of payment or performance with respect to, or any substitutions for, the Secured Obligations or any subordination of the Secured Obligations to any other obligations;

(vi) the validity, perfection, non-perfection or lapse in perfection, priority or avoidance of any security interest or lien, the release of any or all collateral securing, or purporting to secure, the Secured Obligations or any other impairment of such collateral;

(vii) any exercise of remedies with respect to any security for the Secured Obligations (including any collateral, including the Collateral securing or purporting to secure any of the Secured Obligations) at such time and in such order and in such manner as the Agent and the Secured Parties may decide and whether or not every aspect thereof is commercially reasonable and whether or not such action constitutes an election of remedies and even if such action operates to impair or extinguish any right of reimbursement or subrogation or other right or remedy that the Pledgor would otherwise have and without limiting the generality of the foregoing or any other provisions hereof, the Pledgor hereby expressly waives any and all benefits which might otherwise be available to the Pledgor under applicable law; and

(viii) any other circumstance whatsoever which may or might in any manner or to any extent vary the risk of the Pledgor as an obligor in respect of the Secured Obligations or which constitutes, or might be construed to constitute, an

equitable or legal discharge of any Borrower or the Pledgor for the Secured Obligations, or of the Pledgor under the guarantee contained in this Section 2 or of any security interest granted by the Pledgor, whether in a Bankruptcy Proceeding or in any other instance.

(b) In addition, the Pledgor further waives any and all other defenses, set-offs or counterclaims (other than a defense of payment or performance in full hereunder) which may at any time be available to or be asserted by it, any Borrower or the Pledgor or Person against any Secured Party, including failure of consideration, breach of warranty, statute of frauds, statute of limitations, accord and satisfaction and usury.

(c) The Pledgor waives diligence, presentment, protest, marshaling, demand for payment, notice of dishonor, notice of default and notice of nonpayment to or upon any Borrower, the Pledgor or any other Guarantor with respect to the Secured Obligations. Except for notices provided for herein, the Pledgor hereby waives notice (to the extent permitted by applicable law) of any kind in connection with this Agreement or any collateral securing the Secured Obligations, including the Collateral. When making any demand hereunder or otherwise pursuing its rights and remedies hereunder against the Pledgor, Agent 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 Borrower, the Pledgor or any other Person or against any collateral security or guarantee for the Secured Obligations or any right of offset with respect thereto, and any failure by Agent to make any such demand, to pursue such other rights or remedies or to collect any payments from any Borrower, the Pledgor or any other Person or to realize upon any such collateral security or guarantee or to exercise any such right of offset, or any release of any Borrower, the Pledgor or any other Person or any such collateral security, guarantee or right of offset, shall not relieve the Pledgor 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 Secured Party against the Pledgor. For the purposes hereof "demand" shall include the commencement and continuance of any legal proceedings.

SECTION 8. THE COLLATERAL AGENT

8.1 Authority of Agent.

(a) The Pledgor acknowledges that the rights and responsibilities of the Agent under this Agreement with respect to any action taken by the Agent or the exercise or non-exercise by the Agent of any option, voting right, request, judgment or other right or remedy provided for herein or resulting or arising out of this Agreement shall, as between the Agent and the other Secured Parties, be governed by the Credit Agreement and by such other agreements with respect thereto as may exist from time to time among them, but, as between the Agent and the Pledgor, the Agent shall be conclusively presumed to be acting as agent for the Secured Parties with full and valid authority so to act or refrain from acting, and the Pledgor shall not be under any obligation, or entitlement, to make any inquiry respecting such authority.

(b) The Agent has been appointed to act as Agent hereunder by the Lenders and, by their acceptance of the benefits hereof, the other Secured Parties. The Agent shall be obligated, and shall have the right hereunder, to make demands, to give notices, to exercise or

refrain from exercising any rights, and to take or refrain from taking any action (including the release or substitution of Collateral), solely in accordance with this Agreement and the Credit Agreement. The provisions of the Credit Agreement relating to the Agent, including the provisions relating to resignation or removal of the Agent (subject to Section 7.3(e) hereof) and the powers and duties and immunities of the Agent, are incorporated herein by this reference and shall survive any termination of the Credit Agreement.

8.2 Duty of Agent. The Agent's sole duty with respect to the custody, safekeeping and physical preservation of the Collateral in its possession, under Section 9-207 of the UCC or otherwise, shall be to deal with it in the same manner as the Agent deals with similar property for its own account. Neither the Agent nor any other Secured Party nor any of their respective officers, directors, partners, employees, agents, attorneys or other advisors, attorneys-in-fact or affiliates shall be liable for failure to demand, collect or realize upon any of the Collateral or for any delay in doing so or shall be under any obligation to sell or otherwise dispose of any Collateral upon the request of the Pledgor or any other Person or to take any other action whatsoever with regard to the Collateral or any part thereof. The powers conferred on the Secured Parties hereunder are solely to protect the Secured Parties' interests in the Collateral and shall not impose any duty upon any Secured Party to exercise any such powers. The Secured Parties shall be accountable only for amounts that they actually receive as a result of the exercise of such powers, and neither they nor any of their officers, directors, partners, employees, agents, attorneys and other advisors, attorneys-in-fact or affiliates shall be responsible to the Pledgor for any act or failure to act hereunder, except to the extent that any such act or failure to act is found by a final and nonappealable decision of a court of competent jurisdiction to have resulted solely and proximately from their own gross negligence or willful misconduct in breach of a duty owed to the Pledgor.

8.3 Exculpation of the Agent.

(a) The Agent shall not be responsible to any Secured Party for the execution, effectiveness, genuineness, validity, enforceability, collectability or sufficiency hereof or of any Security Document or the validity or perfection of any security interest or for any representations, warranties, recitals or statements made herein or therein or made in any written or oral statements or in any financial or other statements, instruments, reports or certificates or any other documents furnished or made by the Agent to the Secured Parties or by or on behalf of any Secured Party to the Agent or any Secured Party in connection with the Security Documents and the transactions contemplated thereby or for the financial condition or business affairs of any Credit Party or any other Person liable for the payment of any Secured Obligations, nor shall the Agent be required to ascertain or inquire as to the performance or observance of any of the terms, conditions, provisions, covenants or agreements contained in any of the Security Documents or as to the existence or possible existence of any Event of Default or to make any disclosures with respect to the foregoing.

(b) Neither the Agent nor any of its officers, partners, directors, employees or agents shall be liable to the Secured Parties for any action taken or omitted by the Agent under or in connection with any of the Security Documents except to the extent caused solely and proximately by the Agent's gross negligence or willful misconduct, as determined by a final, non-appealable judgment of a court of competent jurisdiction. The Agent shall be entitled to

refrain from any act or the taking of any action in connection herewith or any of the Security Documents or from the exercise of any power, discretion or authority vested in it hereunder or thereunder unless and until the Agent shall have been instructed in respect thereof by the Required Lenders and, upon such instruction, the Agent shall be entitled to act or (where so instructed) refrain from acting, or to exercise such power, discretion or authority, in accordance with such written instructions. Without prejudice to the generality of the foregoing, (i) the Agent shall be entitled to rely, and shall be fully protected in relying, upon any communication, instrument or document believed by it to be genuine and correct and to have been signed or sent by the proper Person or Persons, and shall be entitled to rely and shall be protected in relying on opinions and judgments of attorneys (who may be attorneys for the Pledgor and its Subsidiaries), accountants, experts and other professional advisors selected by it; and (ii) no Secured Party shall have any right of action whatsoever against the Agent as a result of the Agent acting or refraining from acting hereunder or under any of the Security Documents in accordance with the Credit Agreement.

(c) Without limiting the indemnification provisions of the Credit Agreement, each of the Secured Parties not party to the Credit Agreement severally agrees to indemnify the Agent, to the extent that the Agent shall not have been reimbursed by any Credit Party, for and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses (including counsel fees and disbursements) or disbursements of any kind or nature whatsoever which may be imposed on, incurred by or asserted against the Agent in exercising its powers, rights and remedies or performing its duties hereunder or under the Security Documents or otherwise in its capacity as the Agent in any way relating to or arising out of this Agreement or the Security Documents; provided, no such Secured Party shall be liable for any portion of such liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements resulting solely and proximately from the Agent's gross negligence or willful misconduct, as determined by a final, non-appealable judgment of a court of competent jurisdiction. If any indemnity furnished to the Agent for any purpose shall, in the opinion of the Agent, be insufficient or become impaired, the Agent may call for additional indemnity and cease, or not commence, to do the acts insufficiently indemnified against until such additional indemnity is furnished.

(d) No direction given to the Agent which imposes, or purports to impose, upon the Agent any obligation not set forth in or arising under this Agreement or any Security Document accepted or entered into by the Agent shall be binding upon the Agent.

(e) The Agent may resign at any time in accordance with Section 9.06 of the Credit Agreement. After the Agent's resignation in accordance with Section 9.06 of the Credit Agreement, the provisions of Section 8 hereof and of Article IX of the Credit Agreement shall continue in effect for its benefit in respect of any actions taken or omitted to be taken by it while it was acting as Agent. Upon the acceptance of any appointment as the Agent by a successor Agent in accordance with Section 9.06 of the Credit Agreement, the retiring Agent shall promptly transfer all Collateral within its possession or control to the possession or control of the successor Agent and shall execute and deliver such notices, instructions and assignments as may be necessary or desirable to transfer the rights of the Agent in respect of the Collateral to the successor Agent.

8.4 Delegation of Duties. The Agent may perform any and all of its duties and exercise its rights and powers under this Agreement or under any other Security Document by or through any one or more sub-agents appointed by the Agent. The Agent and any such sub-agent may perform any and all of its duties and exercise its rights and powers by or through their respective Affiliates. All of the rights, benefits, and privileges (including the exculpatory and indemnification provisions) of this Article 7 shall apply to any such sub-agent and to any of the Affiliates of the Agent and any such sub-agents, and shall apply to their respective activities as if such sub-agent and Affiliates were named herein in connection with the transactions contemplated hereby and by the Security Documents. Notwithstanding anything herein to the contrary, each sub-agent appointed by the Agent or Affiliate of the Agent or Affiliate of any such sub-agent shall be a third party beneficiary under this Agreement with respect to all such rights, benefits and privileges (including exculpatory rights and rights to indemnification) and shall have all of the rights and benefits of a third party beneficiary, including an independent right of action to enforce such rights, benefits and privileges (including exculpatory rights and rights to indemnification) directly, without the consent or joinder of any other Person, against any or all of the Credit Parties and the Secured Parties, and such rights, benefits and privileges (including exculpatory rights and rights to indemnification) shall not be modified or amended without the consent of such sub-agent or Affiliate acting in such capacity.

8.5 No Individual Foreclosure, Etc. No Secured Party shall have any right individually to realize upon any of the Collateral except to the extent expressly contemplated by this Agreement or the other Loan Documents, it being understood and agreed that all powers, rights and remedies under the Loan Documents may be exercised solely by the Agent on behalf of the Secured Parties in accordance with the terms thereof. Each Secured Party, whether or not a party hereto, will be deemed, by its acceptance of the benefits of the Collateral provided under any other Loan Documents, to have agreed to the foregoing provisions and the other provisions of this Agreement. Without limiting the generality of the foregoing, each Secured Party authorizes the Agent to credit bid all or any part of the Secured Obligations held by it.

8.6 Qualified Counterparties. No Qualified Counterparty that obtains the benefits of the Security Documents or any Collateral by virtue of the provisions of the Credit Agreement or of the Security Documents, shall have any right to notice of any action or to consent to, direct or object to any action under any Loan Document or otherwise in respect of the Collateral (including the release or impairment of any Collateral) other than in its capacity as a Lender and, in such case, only to the extent expressly provided in the Loan Documents. Notwithstanding any other provision of this Agreement to the contrary, the Agent shall not be required to verify the payment of, or that other satisfactory arrangements have been made with respect to, Secured Obligations arising under Secured Hedge Agreements and Secured Cash Management Agreements unless the Agent has received written notice of such Secured Obligations, together with such supporting documentation as the Agent may request, from the applicable Qualified Counterparty.

SECTION 9. MISCELLANEOUS

9.1 Amendments in Writing. None of the terms or provisions of this Agreement may be waived, amended, supplemented or otherwise modified except in accordance with Section 10.01 of the Credit Agreement.

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9.2 Notices. All notices, requests and demands to or upon the Agent or the Pledgor hereunder shall be effected in the manner provided for in Section 10.02 of the Credit Agreement; provided that any such notice, request or demand to or upon the Pledgor shall be addressed to the Pledgor at its notice address set forth on Schedule 4.

9.3 No Waiver by Course of Conduct; Cumulative Remedies. No Secured Party shall by any act (except by a written instrument pursuant to Section 8.1), delay, indulgence, omission or otherwise be deemed to have waived any right or remedy hereunder or to have acquiesced in any Default or Event of Default. No failure to exercise, nor any delay in exercising, on the part of any Secured Party, any right, power or privilege hereunder shall operate as a waiver thereof. No single or partial exercise of any right, power or privilege hereunder shall preclude any other or further exercise thereof or the exercise of any other right, power or privilege. A waiver by any Secured Party of any right or remedy hereunder on any one occasion shall not be construed as a bar to any right or remedy which such Secured Party would otherwise have on any future occasion. The rights and remedies herein provided are cumulative, may be exercised singly or concurrently and are not exclusive of any other rights or remedies provided by law.

9.4 Enforcement Expenses; Indemnification.

(a) The terms of Sections 3.01, 10.04, 10.05, 10.16 and 10.17 of the Credit Agreement with respect to expenses, indemnity, governing law, submission to jurisdiction, venue and waiver of right to trial by jury are incorporated herein by reference, mutatis mutandis, and the parties hereto agree to such terms.

(b) The Pledgor consents to service of process in the manner provided in Section 10.02 of the Credit Agreement (and agrees that nothing in this Agreement will affect the right of any party hereto to serve process in any other manner permitted by applicable law).

9.5 Successors and Assigns. This Agreement shall be binding upon the successors and assigns of each Pledgor and shall inure to the benefit of the Secured Parties and their successors and assigns; provided that the Pledgor may assign, transfer or delegate any of its rights or obligations under this Agreement without the prior written consent of the Agent and any such assignment, transfer or delegation without such consent shall be null and void.

9.6 Set-Off. The Pledgor hereby irrevocably authorizes each Secured Party (other than any Qualified Counterparty) at any time and from time to time while an Event of Default shall have occurred and be continuing, without notice to the Pledgor, any such notice being expressly waived by the Pledgor, to set-off and appropriate and apply any and all deposits (general or special, time or demand, provisional or final), in any currency, and any other credits, indebtedness or claims, in any currency, in each case whether direct or indirect, absolute or contingent, matured or unmatured, at any time held or owing by such party to or for the credit or the account of the Pledgor, or any part thereof in such amounts as such Secured Party may elect, against and on account of the obligations and liabilities of the Pledgor to such Secured Party hereunder and claims of every nature and description of such Secured Party against the Pledgor, in any currency, whether arising hereunder, under the Credit Agreement, any other Loan Document or otherwise, as such Secured Party may elect, whether or not any Secured Party has

made any demand for payment and although such obligations, liabilities and claims may be contingent or unmatured, provided that, if such Secured Party is a Lender, it complies with Section 10.09 of the Credit Agreement. If any right of set-off is exercised by any Qualified Counterparty pursuant to the terms of any Secured Hedge Agreement or Secured Cash Management Agreement, such Qualified Counterparty hereby agrees to deliver to the Agent the value of the set-off and appropriation permitted by this Section 8.6 for application in accordance with Section 5.2. Each Secured Party exercising any right of set-off shall notify the Pledgor promptly of any such set-off and the application made by such Secured Party of the proceeds thereof, provided that the failure to give such notice shall not affect the validity of such set-off and application. The rights of each Secured Party under this Section are in addition to other rights and remedies (including other rights of set-off) which such Secured Party may have.

9.7 Counterparts. This Agreement may be executed by one or more of the parties to this Agreement on any number of separate counterparts (including by facsimile or other electronic imaging means), and all of said counterparts taken together shall be deemed to constitute one and the same instrument. Delivery of an executed signature page of this Agreement by facsimile or other electronic transmission (e.g. "pdf" or "tif" format) shall be effective as delivery of a manually executed counterpart hereof.

9.8 Severability. Any provision of this Agreement which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction. The parties hereto shall endeavor in good-faith negotiations to replace any invalid, illegal or unenforceable provisions with valid provisions the economic effect of which comes as close as possible to that of the invalid, illegal or unenforceable provisions.

9.9 Section Headings. The section headings and Table of Contents used in this Agreement are for convenience of reference only and are not to affect the construction hereof or be taken into consideration in the interpretation hereof.

9.10 Integration/Conflict. This Agreement and the other Loan Documents represent the entire agreement of the Pledgor, the Agent and the other Secured Parties with respect to the subject matter hereof and thereof, and supercede any and all previous agreements and understandings, oral or written, relating to the subject matter hereof and thereof. There are no promises, undertakings, representations or warranties by the Agent or any other Secured Party relative to the subject matter hereof and thereof not expressly set forth or referred to herein or therein.

9.11 [Reserved].

9.12 [Reserved].

9.13 Acknowledgments. The Pledgor hereby acknowledges that:

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

(b) no Secured Party has any fiduciary relationship with or duty to the Pledgor arising out of or in connection with this Agreement or any of the other Loan Documents and the provisions of Section 10.20 of the Credit Agreement are incorporated herein, *mutatis mutandis* (to apply to this Agreement rather than the Credit Agreement), and the relationship between the Pledgor, on the one hand, and the Secured Parties, on the other hand, in connection herewith or therewith is solely that of debtor and creditor; and

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

9.14 Releases.

(a) On the Termination Date, (i) the security interests granted pursuant to this Agreement shall terminate, (ii) all rights to the Collateral shall revert to the Pledgor and (iii) this Agreement shall terminate.

(b) On the Termination Date and in connection with any other Lien released or subordinated pursuant to Section 9.08 of the Credit Agreement, the Administrative Agent will, at the expense of such Pledgor, comply with the provisions of Section 9.08 of the Credit Agreement, but without recourse or warranty to the Administrative Agent.

(c) The Administrative Agent shall have no liability whatsoever to any other Secured Party as the result of any release of Collateral by it in accordance with (or which the Administrative Agent in the absence of gross negligence or willful misconduct (as determined by a final, non-appealable decision of a court of competent jurisdiction) believes to be in accordance with) this Section 9.14.

(d) The Pledgor acknowledges that it is not authorized to file any financing statement or amendment or termination statement with respect to any financing statement originally filed in connection herewith without the prior written consent of the Agent, subject to the Pledgor's rights under Section 9-509(d)(2) of the UCC.

[Signatures on Following Page]

IN WITNESS WHEREOF, each of the undersigned has caused this Pledge Agreement to be duly executed and delivered as of the date first above written.

PLEDGOR:

ACUSHNET INTERNATIONAL INC.

By: _____
Name:
Title:

[Signature Page to Acushnet Japan Pledge Agreement]

AGENT:

WELLS FARGO BANK, NATIONAL ASSOCIATION, as Agent

By: _____
Name:
Title:

[Signature Page to Acushnet Japan Pledge Agreement]

DESCRIPTION OF PLEDGED EQUITY INTERESTS

Pledgor	Issuer	Issuer's Jurisdiction Under New York UCC Section 9-305(a)(2)	Class of Stock	Stock Certificate No.	Percentage of Shares	No. of Shares
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FILINGS AND OTHER ACTIONS
REQUIRED TO PERFECT SECURITY INTERESTS

Uniform Commercial Code Filings

Actions with respect to Pledged Equity Interests

PLEDGOR'S EXACT LEGAL NAME, LOCATION OF JURISDICTION OF ORGANIZATION AND CHIEF EXECUTIVE OFFICE

Exact Legal Name	Jurisdiction of Organization	Organizational I.D.	Chief Executive Office or Sole Place of Business
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NOTICE ADDRESS OF THE PLEDGOR

1

EXHIBIT I

ADMINISTRATIVE QUESTIONNAIRE

[Available upon request from the Administrative Agent.]

1

EXHIBIT J-1

**FORM OF
SECTION 10.15(a) US TAX CERTIFICATE
(For Non-US Lenders That Are Not Partnerships For U.S. Federal Income Tax Purposes)**

Reference is made to the Credit Agreement dated as of April 27, 2016 (as amended, restated, amended and restated, extended, supplemented or otherwise modified in writing from time to time, the “**Credit Agreement**”; the terms defined therein being used herein as therein defined), among Acushnet Holdings Corp., a Delaware corporation (“**Holdings**”), Acushnet Company, a Delaware corporation (the “**US Borrower**”), Acushnet Canada, Inc., a company incorporated under the laws of Canada (the “**Canadian Borrower**”), Acushnet Europe Limited, a company incorporated under the laws of England and Wales (the “**UK Borrower**” and, together with the US Borrower and the Canadian Borrower, collectively, the “**Borrowers**” and individually, each a “**Borrower**”), each lender from time to time party thereto and Wells Fargo Bank, National Association, as Administrative Agent, Swing Line Lender and L/C Issuer.

Pursuant to the provisions of Section 10.15(a) of the Credit Agreement, the undersigned hereby certifies that (i) it is the sole record and beneficial owner of the Loan(s) (as well as any Note(s) evidencing such Loan(s)) in respect of which it is providing this certificate, (ii) it is not a bank within the meaning of Section 881(c)(3)(A) of the Code, (iii) it is not a 10-percent shareholder of the US Borrower within the meaning of Section 871(h)(3)(B) or 881(c)(3)(B) of the Code and (iv) it is not a controlled foreign corporation related to the US Borrower as described in Section 881(c)(3)(C) of the Code.

The undersigned has furnished the Administrative Agent and the US Borrower with a certificate of its non-U.S. person status on IRS Form W-8BEN or W-8BEN-E. By executing this certificate, the undersigned agrees that (1) if the information provided on this certificate changes, the undersigned shall promptly so inform the US Borrower and the Administrative Agent in writing and (2) the undersigned shall have at all times furnished the US Borrower and the Administrative Agent with a properly completed and currently effective certificate in either the calendar year in which each applicable payment is to be made to the undersigned, or in either of the two calendar years preceding any such payments.

Unless otherwise defined herein, terms defined in the Credit Agreement and used herein shall have the meanings given to them in the Credit Agreement.

1

[NAME OF LENDER]

By: _____
Name:
Title:

Dated: _____

FORM OF
SECTION 10.15(a) US TAX CERTIFICATE
(For Non-US Participants That Are Partnerships For U.S. Federal Income Tax Purposes)

Reference is made to the Credit Agreement dated as of April 27, 2016 (as amended, restated, amended and restated, extended, supplemented or otherwise modified in writing from time to time, the “**Credit Agreement**”; the terms defined therein being used herein as therein defined), among Acushnet Holdings Corp., a Delaware corporation (“**Holdings**”), Acushnet Company, a Delaware corporation (the “**US Borrower**”), Acushnet Canada, Inc., a company incorporated under the laws of Canada (the “**Canadian Borrower**”), Acushnet Europe Limited, a company incorporated under the laws of England and Wales (the “**UK Borrower**” and, together with the US Borrower and the Canadian Borrower, collectively, the “**Borrowers**” and individually, each a “**Borrower**”), each lender from time to time party thereto and Wells Fargo Bank, National Association, as Administrative Agent, Swing Line Lender and L/C Issuer.

Pursuant to the provisions of Section 10.15(a) of the Credit Agreement, the undersigned hereby certifies that (i) it is the sole record owner of the participation in respect of which it is providing this certificate, (ii) its direct or indirect partners/members are the sole beneficial owners of such participation, (iii) with respect to such participation, neither the undersigned nor any of its direct or indirect partners/members is a bank extending credit pursuant to a loan agreement entered into in the ordinary course of its trade or business within the meaning of Section 881(c)(3)(A) of the Code, (iv) none of its direct or indirect partners/members is a 10-percent shareholder of the US Borrower within the meaning of Section 871(h)(3)(B) or 881(c)(3)(B) of the Code and (v) none of its direct or indirect partners/members is a controlled foreign corporation related to the US Borrower as described in Section 881(c)(3)(C) of the Code.

The undersigned has furnished its participating Lender with IRS Form W-8IMY accompanied by one of the following forms from each of its partners/members claiming the portfolio interest exemption: (i) an IRS Form W-8BEN or W-8BEN-E or (ii) an IRS Form W-8IMY accompanied by an IRS Form W-8BEN or W-8BEN-E from each of such partner’s/member’s beneficial owners that is claiming the portfolio interest exemption. By executing this certificate, the undersigned agrees that (1) if the information provided on this certificate changes, the undersigned shall promptly so inform such Lender in writing and (2) the undersigned shall have at all times furnished such Lender with a properly completed and currently effective certificate in either the calendar year in which each applicable payment is to be made to the undersigned, or in either of the two calendar years preceding any such payments.

Unless otherwise defined herein, terms defined in the Credit Agreement and used herein shall have the meanings given to them in the Credit Agreement.

[NAME OF PARTICIPANT]

By: _____
Name:
Title:

Dated: _____

FORM OF
SECTION 10.15(a) US TAX CERTIFICATE
(For Non-US Participants That Are Not Partnerships For U.S. Federal Income Tax Purposes)

Reference is made to the Credit Agreement dated as of April 27, 2016 (as amended, restated, amended and restated, extended, supplemented or otherwise modified in writing from time to time, the “**Credit Agreement**”; the terms defined therein being used herein as therein defined), among Acushnet Holdings Corp., a Delaware corporation (“**Holdings**”), Acushnet Company, a Delaware corporation (the “**US Borrower**”), Acushnet Canada, Inc., a company incorporated under the laws of Canada (the “**Canadian Borrower**”), Acushnet Europe Limited, a company incorporated under the laws of England and Wales (the “**UK Borrower**” and, together with the US Borrower and the Canadian Borrower, collectively, the “**Borrowers**” and individually, each a “**Borrower**”), each lender from time to time party thereto and Wells Fargo Bank, National Association, as Administrative Agent, Swing Line Lender and L/C Issuer.

Pursuant to the provisions of Section 10.15(a) of the Credit Agreement, the undersigned hereby certifies that (i) it is the sole record and beneficial owner of the participation in respect of which it is providing this certificate, (ii) it is not a bank within the meaning of Section 881(c)(3)(A) of the Code, (iii) it is not a 10-percent shareholder of the US Borrower within the meaning of Section 871(h)(3)(B) or 881(c)(3)(B) of the Code and (iv) it is not a controlled foreign corporation related to the US Borrower as described in Section 881(c)(3)(C) of the Code.

The undersigned has furnished its participating Lender with a certificate of its non-U.S. person status on IRS Form W-8BEN or W-8BEN-E. By executing this certificate, the undersigned agrees that (1) if the information provided on this certificate changes, the undersigned shall promptly so inform such Lender in writing and (2) the undersigned shall have at all times furnished such Lender with a properly completed and currently effective certificate in either the calendar year in which each applicable payment is to be made to the undersigned, or in either of the two calendar years preceding any such payments.

Unless otherwise defined herein, terms defined in the Credit Agreement and used herein shall have the meanings given to them in the Credit Agreement.

[NAME OF PARTICIPANT]

By: _____
Name:
Title:

Dated: _____

FORM OF
SECTION 10.15(a) US TAX CERTIFICATE
(For Non-US Lenders That Are Partnerships For U.S. Federal Income Tax Purposes)

Reference is made to the Credit Agreement dated as of April 27, 2016 (as amended, restated, amended and restated, extended, supplemented or otherwise modified in writing from time to time, the “**Credit Agreement**”; the terms defined therein being used herein as therein defined), among Acushnet Holdings Corp., a Delaware corporation (“**Holdings**”), Acushnet Company, a Delaware corporation (the “**US Borrower**”), Acushnet Canada, Inc., a company incorporated under the laws of Canada (the “**Canadian Borrower**”), Acushnet Europe Limited, a company incorporated under the laws of England and Wales (the “**UK Borrower**” and, together with the US Borrower and the Canadian Borrower, collectively, the “**Borrowers**” and individually, each a “**Borrower**”), each lender from time to time party thereto and Wells Fargo Bank, National Association, as Administrative Agent, Swing Line Lender and L/C Issuer.

Pursuant to the provisions of Section 10.15(a) of the Credit Agreement, the undersigned hereby certifies that (i) it is the sole record owner of the Loan(s) (as well as any Note(s) evidencing such Loan(s)) in respect of which it is providing this certificate, (ii) its direct or indirect partners/members are the sole beneficial owners of such Loan(s) (as well as any Note(s) evidencing such Loan(s)), (iii) with respect to the extension of credit pursuant to this Credit Agreement or any other Loan Document, neither the undersigned nor any of its direct or indirect partners/members claiming the portfolio interest exemption is a bank extending credit pursuant to a loan agreement entered into in the ordinary course of its trade or business within the meaning of Section 881(c)(3)(A) of the Code, (iv) none of its direct or indirect partners/members claiming the portfolio interest exemption is a 10-percent shareholder of the US Borrower within the meaning of Section 871(h)(3)(B) or 881(c)(3)(B) of the Code and (v) none of its direct or indirect partners/members claiming the portfolio interest exemption is a “controlled foreign corporation related to the US Borrower as described in Section 881(c)(3)(C) of the Code.

The undersigned has furnished the Administrative Agent and the US Borrower with IRS Form W-8IMY accompanied by one of the following forms from each of its partners/members claiming the portfolio interest exemption: (i) an IRS Form W-8BEN or W-8BEN-E or (ii) an IRS Form W-8IMY accompanied by an IRS Form W-8BEN or W-8BEN-E from each of such partner’s/member’s beneficial owners that is claiming the portfolio interest exemption. By executing this certificate, the undersigned agrees that (1) if the information provided on this certificate changes, the undersigned shall promptly so inform the US Borrower and the Administrative Agent in writing and (2) the undersigned shall have at all times furnished the US Borrower and the Administrative Agent with a properly completed and currently effective certificate in either the calendar year in which each applicable payment is to be made to the undersigned, or in either of the two calendar years preceding such payments.

Unless otherwise defined herein, terms defined in the Credit Agreement and used herein shall have the meanings given to them in the Credit Agreement.

[NAME OF LENDER]

By: _____

Name:

Title:

Dated: _____

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EXHIBIT K-1

FORM OF SOLVENCY CERTIFICATE

[•], 2016

This Solvency Certificate is being executed and delivered pursuant to Section 4.01(a)(vi) of that certain Credit Agreement dated as of April 27, 2016 (as amended, restated, amended and restated, extended, supplemented or otherwise modified in writing from time to time, the “**Credit Agreement**”; the terms defined therein being used herein as therein defined), among Acushnet Holdings Corp., a Delaware corporation (“**Holdings**”), Acushnet Company, a Delaware corporation (the “**US Borrower**”), Acushnet Canada, Inc., a company incorporated under the laws of Canada (the “**Canadian Borrower**”), Acushnet Europe Limited, a company incorporated under the laws of England and Wales (the “**UK Borrower**” and, together with the US Borrower and the Canadian Borrower, collectively, the “**Borrowers**” and individually, each a “**Borrower**”), each lender from time to time party thereto and Wells Fargo Bank, National Association, as Administrative Agent, Swing Line Lender and L/C Issuer.

I, [•], the [**Chief Financial Officer/Treasurer**] of the US Borrower, in such capacity and not in an individual capacity, hereby certify as follows:

1. I am generally familiar with the businesses and assets of the US Borrower and its Subsidiaries, taken as a whole, and am duly authorized to execute this Solvency Certificate on behalf of the US Borrower pursuant to the Credit Agreement; and
2. As of the date hereof and after giving effect to the Transactions and the incurrence of the indebtedness and obligations being incurred in connection with the Credit Agreement and the Transactions, that, (i) the sum of the debt (including contingent liabilities) of the US Borrower and its Restricted Subsidiaries, taken as a whole, does not exceed the present fair saleable value of the present assets of the US Borrower and its Restricted Subsidiaries, taken as a whole; (ii) the present fair salable value of the assets of the US Borrower is not less than the amount that will be required to pay the probable liability of the US Borrower on its debts as they become absolute and matured in the ordinary course of business or become otherwise due; (iii) the capital of the US Borrower and its Restricted Subsidiaries, taken as a whole, is not unreasonably small in relation to the business of the US Borrower or its Restricted Subsidiaries, taken as a whole, contemplated as of the date hereof; and (iv) the US Borrower and its Restricted Subsidiaries, taken as a whole, do not intend to incur, or believe that they will incur, debts (including current obligations and contingent liabilities) beyond their ability to pay such debt as they mature in the ordinary course of business or become otherwise due. For the purposes hereof, the amount of any contingent liability at any time shall be computed as the amount that, in light of all of the facts and circumstances existing at such time, represents the amount that can reasonably be expected to become an actual or matured liability (irrespective of whether such contingent liabilities meet the criteria for accrual under Statement of Financial Accounting Standard No. 5).

[Remainder of page intentionally left blank]

1

IN WITNESS WHEREOF, I have executed this Solvency Certificate on the date first written above.

By:

Name: [•]

Title: **[Chief Financial Officer/Treasurer]**

FORM OF CANADIAN BORROWER SOLVENCY CERTIFICATE

[•], 2016

This Solvency Certificate is being executed and delivered pursuant to Section 4.01(a)(vi) of that certain Credit Agreement dated as of April 27, 2016 (as amended, restated, amended and restated, extended, supplemented or otherwise modified in writing from time to time, the “**Credit Agreement**”; the terms defined therein being used herein as therein defined), among Acushnet Holdings Corp., a Delaware corporation (“**Holdings**”), Acushnet Company, a Delaware corporation (the “**US Borrower**”), Acushnet Canada, Inc., a company incorporated under the laws of Canada (the “**Canadian Borrower**”), Acushnet Europe Limited, a company incorporated under the laws of England and Wales (the “**UK Borrower**” and, together with the US Borrower and the Canadian Borrower, collectively, the “**Borrowers**” and individually, each a “**Borrower**”), each lender from time to time party thereto and Wells Fargo Bank, National Association, as Administrative Agent, Swing Line Lender and L/C Issuer.

I, [•], the [**Chief Financial Officer/Treasurer**] of the Canadian Borrower, in such capacity and not in an individual capacity, hereby certify as follows:

1. I am generally familiar with the businesses and assets of the Canadian Borrower and its Subsidiaries, taken as a whole, and am duly authorized to execute this Solvency Certificate on behalf of the Canadian Borrower pursuant to the Credit Agreement; and
2. To my knowledge, as of the date hereof and after giving effect to the Transactions and the incurrence of the indebtedness and obligations being incurred in connection with the Credit Agreement and the Transactions,
 - (i) the Canadian Borrower and its Subsidiaries, taken as a whole, is able to meet its obligations as they generally become due;
 - (ii) the Canadian Borrower and its Subsidiaries, taken as a whole, has not ceased paying its current obligations in the ordinary course of business as they generally become due; and
 - (iii) the aggregate of the Canadian Borrower’s property and its Subsidiaries’ property, taken as a whole, is, at a fair valuation, sufficient, or, if disposed of at a fairly conducted sale under legal process, would be sufficient to enable payment of all its obligations, including contingent liabilities, due and accruing due. For the purposes hereof, the amount of the contingent liabilities (such as litigation, guarantees and pension plan liabilities) at any time shall be computed as the amount which, in light of all the facts and circumstances existing at the time, represents the amount which can reasonably be expected to become an actual or matured liability.

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF, I have executed this Canadian Borrower Solvency Certificate on the date first written above.

By:

Name: [•]

Title: **[Chief Financial Officer/Treasurer]**

FORM OF UK BORROWER SOLVENCY CERTIFICATE

[•], 2016

This Solvency Certificate is being executed and delivered pursuant to Section 4.01(a)(vi) of that certain Credit Agreement dated as of April 27, 2016 (as amended, restated, amended and restated, extended, supplemented or otherwise modified in writing from time to time, the “**Credit Agreement**”; the terms defined therein being used herein as therein defined), among Acushnet Holdings Corp., a Delaware corporation (“**Holdings**”), Acushnet Company, a Delaware corporation (the “**US Borrower**”), Acushnet Canada, Inc., a company incorporated under the laws of Canada (the “**Canadian Borrower**”), Acushnet Europe Limited, a company incorporated under the laws of England and Wales (the “**UK Borrower**” and, together with the US Borrower and the Canadian Borrower, collectively, the “**Borrowers**” and individually, each a “**Borrower**”), each lender from time to time party thereto and Wells Fargo Bank, National Association, as Administrative Agent, Swing Line Lender and L/C Issuer.

I, [•], the [**Chief Financial Officer/Treasurer**] of the UK Borrower, in such capacity and not in an individual capacity, hereby certify as follows:

1. I am generally familiar with the businesses and assets of the UK Borrower and its Subsidiaries, taken as a whole, and am duly authorized to execute this Solvency Certificate on behalf of the UK Borrower pursuant to the Credit Agreement; and
2. As of the date hereof and after giving effect to the Transactions and the incurrence of the indebtedness and obligations being incurred in connection with the Credit Agreement and the Transactions, that, (i) the sum of the debt (including contingent liabilities) of the UK Borrower and its Restricted Subsidiaries, taken as a whole, does not exceed the present fair saleable value of the present assets of the UK Borrower and its Restricted Subsidiaries, taken as a whole; (ii) the present fair salable value of the assets of the UK Borrower is not less than the amount that will be required to pay the probable liability of the UK Borrower on its debts as they become absolute and matured in the ordinary course of business or become otherwise due; (iii) the capital of the UK Borrower and its Restricted Subsidiaries, taken as a whole, is not unreasonably small in relation to the business of the UK Borrower or its Restricted Subsidiaries, taken as a whole, contemplated as of the date hereof; and (iv) the UK Borrower and its Restricted Subsidiaries, taken as a whole, do not intend to incur, or believe that they will incur, debts (including current obligations and contingent liabilities) beyond their ability to pay such debt as they mature in the ordinary course of business or become otherwise due. For the purposes hereof, the amount of any contingent liability at any time shall be computed as the amount that, in light of all of the facts and circumstances existing at such time, represents the amount that can reasonably be expected to become an actual or matured liability (irrespective of whether such contingent liabilities meet the criteria for accrual under Statement of Financial Accounting Standard No. 5).

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF, I have executed this UK Borrower Solvency Certificate on the date first written above.

By: _____
Name: [•]
Title: [Chief Financial Officer/Treasurer]

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EXHIBIT L

Form of Canadian Security Agreement

[See Attached.]

1

CANADIAN SECURITY AGREEMENT

dated as of [•], 2016

by and among

ACUSHNET CANADA INC.,
as Canadian Borrower

and

ACUSHNET INTERNATIONAL INC.
as a Pledgor

in favour of

WELLS FARGO BANK, NATIONAL ASSOCIATION,
as Administrative Agent

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CANADIAN SECURITY AGREEMENT

THIS CANADIAN SECURITY AGREEMENT (this “Agreement”) dated as of [•], 2016, by ACUSHNET CANADA INC. (the “Canadian Borrower”), ACUSHNET INTERNATIONAL INC., a Delaware corporation (“Acushnet International”) and any additional entities which become parties to this Agreement by executing a Canadian Security Agreement Supplement hereto substantially in the form of Exhibit E hereto (such additional entities, together with the Canadian Borrower, each a “Grantor” and collectively, the “Grantors”) in favour of WELLS FARGO BANK, NATIONAL ASSOCIATION, as Administrative Agent (the “Administrative Agent”) for the benefit of the Secured Parties (as defined in the Credit Agreement).

WITNESSETH:

WHEREAS, Acushnet Holdings Corp., a Delaware corporation (“Holdings”), Acushnet Company, a Delaware corporation (the “US Borrower”), the Canadian Borrower, Acushnet Europe Limited, a company incorporated under the laws of England and Wales (the “UK Borrower” and, together with the US Borrower and the Canadian Borrower, the “Borrowers”), the Lenders from time to time party thereto (the “Lenders”) and the Administrative Agent are all party to that certain Credit Agreement dated as of April 27, 2016 (as amended, restated, amended and restated, supplemented or otherwise modified from time to time, the “Credit Agreement”) pursuant to which the Lenders have agreed to establish certain credit facilities in favour of the Borrowers upon the terms and subject to the conditions set forth therein;

WHEREAS, the Grantors will derive substantial direct and indirect benefit from the making of the extensions of credit under the Credit Agreement;

WHEREAS, it is a condition precedent to the obligations of the Administrative Agent, the L/C Issuers (as defined in the Credit Agreement), the Swing Line Lender (as defined in the Credit Agreement), the Lenders and any Affiliate of a Lender to whom Secured Obligations are owed from time to time and certain other Secured Parties that each Grantor enter into this Agreement in favour of the Administrative Agent for the benefit of the Secured Parties; and

WHEREAS, the Grantors desire to execute this Agreement to satisfy the conditions described immediately above.

NOW, THEREFORE, in consideration of the premises and mutual covenants herein contained and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

SECTION 1. Defined Terms.

- (a) The following terms, when used in this Agreement, shall have the following meanings:

“Agreement” shall have the meaning given to that term in the introductory paragraph hereof.

“Account Debtor” shall mean any Person who is or may become obligated to any Grantor under, with respect to or on account of an Account, Chattel Paper, or Instrument.

“Accounts” shall mean, for any Person, all “accounts” (as defined in the PPSA), now or hereafter owned or acquired by such Person or in which such Person now or hereafter has or acquires any rights and, in any event, shall mean and include (a) any and all receivables, including all accounts created by, or arising from, all of such Person’s sales, leases, rentals or other dispositions of Goods or renditions of services to its customers (whether or not they have been earned by performance), including those accounts arising from sales, leases, rentals or other dispositions of Goods or rendition of services made under any of the trade names, logos or styles of such Person, or through any division of such Person; (b) Instruments, Documents of Title, Chattel Paper, Contracts, Contract Rights, acceptances, and tax refunds relating to any of the foregoing or arising therefrom; (c) unpaid seller’s rights (including rescission, replevin, reclamation, repossession and stoppage in transit) relating to any of the foregoing or arising therefrom; (d) rights to any Goods relating to any of the foregoing or arising therefrom, including rights to returned, reclaimed or repossessed Goods; (e) reserves and credit balances relating to any of the foregoing or arising therefrom; (f) Supporting Obligations relating to any of the foregoing or arising therefrom; (g) insurance policies or rights relating to any of the foregoing; (h) Intangibles relating to any of the foregoing or arising therefrom and other rights to payment and books and records and any electronic media and software relating thereto; (i) notes, deposits or property of Account Debtors relating to any of the foregoing or arising therefrom securing the obligations of any such Account Debtors to such Person; (j) Healthcare Insurance Receivables; and (k) cash and non-cash Proceeds of any and all the foregoing.

“Additional Pledged Collateral” shall mean any Pledged Collateral acquired by any Pledgor after the date hereof and in which a Security Interest is granted pursuant to Section 2, including, to the extent a Security Interest is granted therein pursuant to such Section 2, (i) all additional Indebtedness from time to time owed to any Grantor by any obligor on the Pledged Debt Instruments and the Instruments evidencing such Indebtedness and (ii) all interest, cash, Instruments and other property or Proceeds from time to time received, receivable or otherwise distributed in respect of or in exchange for any of the foregoing.

“Administrative Agent” shall have the meaning given to that term in the introductory paragraph hereof.

“Borrowers” shall have the meaning given to that term in the recitals hereto.

“Canadian Borrower” shall have the meaning given to that term in the introductory paragraph hereof.

“Chattel Paper” shall mean all “chattel paper” (as defined in the PPSA) now owned or hereafter acquired by any Grantor or in which any Grantor has or acquires any rights, or other receipts of any Grantor, evidencing or representing rights or interest in such chattel paper.

“Collateral” shall mean, collectively, each Grantor’s right, title and interest in and to each of the following, whether now or hereafter existing or now owned or hereafter acquired or arising:

- (i) all Accounts (including all Receivables);
- (ii) all Chattel Paper (whether tangible or electronic);
- (iii) all Contracts;
- (iv) all Contract Rights;
- (v) all Deposit Accounts;
- (vi) all Documents of Title;
- (vii) all Equipment;
- (viii) all fixtures
- (ix) all Intangibles (including any Pledged Collateral);
- (x) all Instruments (including any Pledged Collateral);
- (xi) all Intellectual Property;
- (xii) all Inventory;
- (xiii) all Investment Property (including any Pledged Collateral);
- (xiv) all Pledged Collateral;
- (xv) all Software;
- (xvi) all money, cash and cash equivalents;
- (xvii) all Supporting Obligations;
- (xviii) all other Goods and personal property, whether tangible or intangible and whether or not delivered, including such other Goods and property (A) the sale or lease of which gives or purports to give rise to any Account or other Collateral, including all Inventory and other merchandise returned or rejected by or repossessed from customers or (B) securing any Account or other Collateral, including all rights as an unpaid vendor or lienor (including stoppage in transit, replevin and reclamation) with respect to such other Goods and personal property;

- (xix) all substitutes and replacements for, accessories, attachment, and other additions to, any of the above and all products or masses into which any Goods are physically united such that their identity is lost;
- (xx) all books and records pertaining to any of the Collateral or any Account Debtor, or showing the amounts thereof or payments thereon or otherwise necessary or helpful in the realization thereon or the collection thereof, including all correspondence, files (including credit files), Software, computer programs, printouts, tapes, discs and other computer materials and records;
- (xxi) all policies and certificates of insurance relating to any of the foregoing, now owned or hereafter acquired, evidencing or pertaining to any and all items of Collateral; and
- (xxii) all products and Proceeds of all or any of the Collateral described above (including any claim to any item referred to in this definition, and any claim against any third party for loss of, damage to or destruction of any or all of the Collateral or for proceeds payable under, or unearned premiums with respect to, policies of insurance) in whatever form, including cash, Instruments, Chattel Paper, security agreements and other documents.

Notwithstanding the foregoing, “Collateral”, and each component definition thereof, shall not include (i) any Excluded Assets and (ii) “consumer goods” as defined in the PPSA. When the term “Collateral” is used without reference to a Grantor, then it shall be deemed to be a collective reference to the “Collateral” of all Grantors.

“Contract Rights” shall mean, as to any Person, all of such Person’s then owned or existing and future acquired or arising rights under Contracts not yet fully performed and not evidenced by an Instrument or Chattel Paper.

“Contracts” shall mean and include all of any Person’s then owned or existing and future acquired or arising contracts, undertakings or agreements (other than rights evidenced by Chattel Paper, Documents of Title or Instruments) in or under which such Person may now or hereafter have any right, title or interest, including any agreement relating to Inventory, the terms of payment or the terms of performance of any Account or any other Collateral.

“Copyright License” shall mean, as to any Person, any and all rights granted to or from such Person under any written license, contract or other agreement granting any right to use, copy, distribute, display, publicly perform, and/or create derivative works derived from any Copyright.

“Copyright Security Agreement” shall mean a Copyright Security Agreement, substantially in the form of Exhibit A hereto, executed and delivered by any Grantor granting a

Security Interest in its Copyrights, as may be amended, modified or supplemented, from time to time, in accordance with its terms.

“Copyrights” shall mean, as to any Person, all of the following now owned or hereafter acquired by such Person or in which any Person now has or hereafter acquires any rights, priorities and privileges, including all rights to sue at law or in equity for any past, present, or future infringement or other impairment thereof, including the right to receive all Proceeds and damages therefrom, whether arising under Canadian, multinational or foreign laws or otherwise: (a) all copyrights (whether registered or unregistered) including all registrations, recordings and applications in the Canadian Intellectual Property Office or in any similar office or agency of Canada, any province or territory thereof, or any other country or any political subdivision thereof, and (b) all reissues, extensions or renewals thereof.

“Credit Agreement” shall have the meaning given to that term in the recitals hereto.

“Deposit Accounts” shall mean, as to any Person, all of such Person’s demand, time, savings, passbook, money market or like depositor accounts and all certificates of deposit, maintained with a bank, savings and loan association, credit union or like organization (other than an account evidenced by a certificate of deposit that is an Instrument) now owned or hereafter acquired by such Person, or in which such Person has or acquires any rights, or other receipts, covering, evidencing or representing rights or interest in such deposit accounts.

“Documents of Title” shall mean, as to any Person, all “documents of title” (as defined in the PPSA) now owned or hereafter acquired by such Person or in which such Person has or acquires any rights, or other receipts, covering, evidencing or representing Goods, and, in any event shall mean and include all of such Person’s certificates or documents of origin and of title, warehouse receipts and manufacturers statements of origin.

“Equipment” shall mean, as to any Person, all “equipment” (as defined in the PPSA) now owned or hereafter acquired by such Person and wherever located, and, in any event, shall mean and include all machinery, apparatus, equipment, furniture, furnishings, processing equipment, conveyors, machine tools, engineering processing equipment, manufacturing equipment, materials handling equipment, trade fixtures, trucks, tractors, rolling stock, fittings, trailers, forklifts, vehicles, computers and other electronic data processing, other office equipment of such Person, and all other tangible personal property (other than Inventory) of every kind and description used in such Person’s business operations or owned by such Person or in which such Person has an interest and any and all additions, substitutions and replacements of any of the foregoing, together with all attachments, components, parts, equipment and accessories installed thereon or affixed thereto, all fuel therefor and all manuals, drawings, instructions, warranties and rights with respect thereto.

“Goods” shall mean, as to any Person, all “goods” (as defined in the PPSA), now owned or hereafter acquired and, in any event, shall mean and include all of such Person’s then owned or existing and future acquired or arising movables, fixtures, Equipment, Inventory and other tangible personal property.

“Grantor” and “Grantors” shall have the meaning given to each term in the recitals hereto and shall include their respective successors and assigns.

“Industrial Design Security Agreement” shall mean an Industrial Design Security Agreement, substantially in the form of Exhibit D hereto, executed and delivered by any Grantor granting a Security Interest in its Industrial Designs, as may be amended, modified or supplemented, from time to time, in accordance with its terms.

“Industrial Designs” shall mean, as to any Person, all of the following, now owned or hereafter acquired by such Person or in which such Person has or acquires any such rights, priorities and privileges, including all rights to sue at law or in equity for any past, present or future infringement or other impairment thereof, including the right to receive all Proceeds and damages therefrom, whether arising under Canadian, multinational or foreign laws or otherwise: (i) all industrial designs including without limitation, all inventions and improvements described and claimed therein now owned or existing or hereafter adopted or acquired, all registrations and recordings thereof, and all applications in connection therewith, including registrations, recordings and applications in the Canadian Intellectual Property Office or in any similar office or agency of Canada, any province or territory thereof or any other country or any political subdivision thereof; and (ii) all reissues, divisions, continuations, continuations-in-part, substitutes, renewals, and extensions thereof, all improvements thereon.

“Industrial Design Licenses” shall mean, as to any Person, any and all rights granted to or from such Person under any written license, contract or other agreement granting any right to use any Industrial Design.

“Instruments” shall mean, as to any Person, all “instruments” (as defined in the PPSA) now owned or hereafter acquired by such Person or in which such Person has or acquires any rights and, in any event, shall mean and include all promissory notes, all certificates of deposit and all letters of credit evidencing, representing, arising from or existing in respect of, relating to, securing or otherwise supporting the payment of, any of the Accounts or other obligations owed to such Person.

“Intangibles” shall mean, as to any Person, all “intangibles” (as defined in the PPSA) now owned or hereafter acquired by such Person or in which such Person has or acquires any rights and, in any event, shall mean and include all right, title and interest in or under all contracts, Licenses, Copyrights, Trade-marks, Industrial Designs, Patents, and all applications therefor and reissues, extensions or renewals thereof, rights in Intellectual Property, interests in limited liability companies, partnerships, joint ventures and other business associations that do not otherwise constitute Investment Property, licenses, permits, inventions (whether or not patented or patentable), technical information, designs, knowledge, software, data bases, data, skill, expertise, experience, goodwill (including the goodwill associated with any Trade-mark or Trade-mark License), all rights and claims in or under insurance policies (including insurance for fire, damage, loss and casualty, whether covering personal property, real property, tangible rights or intangible rights, all liability, life, key man and business interruption insurance, and all unearned premiums), reversions and any rights thereto and any other amounts payable to such Person from any benefit plan, multiemployer plan or other employee benefit plan, uncertificated

securities, choses in action, deposit, chequing and other bank accounts, rights to receive tax refunds and other payments and rights of indemnification.

“Intellectual Property” shall mean, as to any Person, all of the following now owned or hereafter acquired by such Person or in or under which such Person has or acquires any rights, priorities and privileges, including all rights to sue at law or in equity for any past, present, or future infringement or other impairment thereof, including the right to receive all Proceeds and damages therefrom, whether arising under Canadian, multinational or foreign laws or otherwise: (a) all Patents, Copyrights, Industrial Designs, Trade-marks, trade secrets, know-how, and proprietary or confidential information; and (b) Patent Licenses, Trade-mark Licenses, Industrial Design Licenses, Copyright Licenses and other licenses to use any of the items described in the preceding clause (a).

“Inventory” shall mean, as to any Person, all “inventory” (as defined in the PPSA) now owned or hereafter acquired by such Person or in which such Person has or acquires any rights and, in any event, shall mean and include (i) inventory, merchandise, Goods and other personal property intended for sale or lease or for display or demonstration, (ii) work in process, (iii) raw materials and other materials and supplies of every nature and description used or which might be used in connection with the manufacture, packing, shipping, advertising, selling, leasing or furnishing of the foregoing or otherwise used or consumed in the conduct of business and (iv) Documents of Title evidencing, and Intangibles relating to, any of the foregoing.

“Investment Accounts” shall mean any and all “securities accounts” (as defined in the STA), brokerage accounts and commodities accounts now owned or hereafter acquired by such Person, or in which such Person has or acquires any rights.

“Investment Property” shall mean, as to any Person, all “investment property” (as defined in the PPSA) now owned or hereafter acquired by such Person or in which such Person has or acquires any rights and, in any event, shall mean and include (i) all “securities”, “certificated securities”, “uncertificated securities”, “security entitlements”, and “securities accounts”, (as all such terms are defined in the STA) of such Person (ii) any other securities, whether certificated or uncertificated, including stocks, bonds, interests in limited liability companies, partnership interests, treasuries, certificates of deposit, and mutual fund shares; (iii) all securities entitlements of such Person, including the rights of such Person to any Investment Accounts and the financial assets held by a financial intermediary in such accounts and any free credit balance or other money owing by any financial intermediary with respect to such accounts; and (iv) all Investment Accounts of such Person.

“Issuers” shall mean the collective reference to each of the issuers of Pledged Equity Interests, including the Persons identified on Schedule 2 (as such schedule may be amended or supplemented from time to time), together with any successors to such Persons (including any successor contemplated by the Credit Agreement).

“Lenders” shall have the meaning given to that term in the recitals hereto and shall include their respective successors and assigns.

“License” shall mean, as to any Person, any Copyright License, Patent License, Industrial Design License or Trade-mark License granted to such Person or any other license of rights or interests in Intellectual Property granted to such Person.

“Material Intellectual Property” shall mean any Intellectual Property owned by or licensed to a Grantor and material to the conduct of the business or the operations of the Canadian Borrower and its Subsidiaries, taken as a whole.

“Patent License” shall mean, as to any Person, any and all rights granted to or from such Person under any written license, contract or other agreement granting any right under or with respect to any Patent.

“Patent Security Agreement” shall mean a Patent Security Agreement, substantially in the form of the Exhibit B hereto, executed and delivered by any Grantor granting a Security Interest in any of its Patents, as may be amended, modified or supplemented, from time to time, in accordance with its terms.

“Patents” shall mean, as to any Person, all of the following now owned or hereafter acquired by such Person or in which such Person has or acquires any rights, priorities and privileges, including all rights to sue at law or in equity for any past, present or future infringement or other impairment thereof, including the right to receive all Proceeds and damages therefrom, whether arising under Canadian, multinational or foreign laws or otherwise: (a) all patents of Canada and any other country or any political subdivision thereof, all registrations, issuances and recordings thereof, and all applications in the Canadian Intellectual Property Office or in any similar office or agency of the Canada, any province or territory thereof, or any other country; and (b) all reissues, continuations, continuations-in-part and extensions thereof.

“Permitted Lien” shall mean any Lien created hereunder or otherwise permitted in accordance with Section 7.01 of the Credit Agreement.

“Pledged Collateral” shall mean, collectively, Pledged Debt Instruments, Pledged Equity Interests, Pledged Debt Securities, all Chattel Paper, certificates or other instruments representing any of the foregoing, all Security Entitlements of any Grantor in respect of any of the foregoing, and any Proceeds thereof. Pledged Collateral may be Chattel Paper, Intangibles, Instruments or Investment Property.

“Pledged Debt Instruments” shall mean all right, title and interest of any Pledgor in Instruments evidencing any Indebtedness owed to such Pledgor, including all Indebtedness described on Schedule 2 (as such schedule may be amended or supplemented from time to time), issued by the obligors named therein.

“Pledged Debt Securities” shall mean all debt securities (other than Pledged Debt Instruments) now owned or hereafter acquired by any Grantor, including the debt securities listed on Schedule 2, together with any other certificates, options, rights or security entitlements of any nature whatsoever in respect of the debt securities of any Person that may be issued or granted to, or held by, any Grantor.

“Pledged Equity Interests” shall mean, with respect to any Pledgor, all Equity Interests in any corporation, limited liability company, general partnership, limited partnership, limited liability partnership or other partnership, including all Equity Interests listed on Schedule 1 as held by such Pledgor (as such schedule may be amended or supplemented from time to time) and the certificates, if any, representing such interests and any interest of such Pledgor on the books and records of such corporation, partnership or limited liability company or on the books and records of any securities intermediary pertaining to such interest and all dividends, distributions, cash, warrants, rights, options, instruments, securities and other property or proceeds from time to time received, receivable or otherwise distributed in respect of or in exchange for any or all of such Equity Interests.

“Pledgor” shall mean Acushnet International and each other Grantor to the extent it owns or holds any of the Pledged Collateral.

“Proceeds” shall mean all proceeds (including proceeds of proceeds) of any of the Collateral including all: (i) rights, benefits, distributions, premiums, profits, dividends, interest, cash, Instruments, Documents of Title, Accounts, Contract Rights, Inventory, Equipment, Intangibles, Payment Intangibles, Deposit Accounts, Chattel Paper, and other property from time to time received, receivable, or otherwise distributed in respect of or in exchange for, or as a replacement of or a substitution for, any of the Collateral, or proceeds thereof; (ii) “proceeds,” as such term is defined in the PPSA; (iii) proceeds of any insurance, indemnity, warranty, or guarantee (including guarantees of delivery) payable from time to time with respect to any of the Collateral, or proceeds thereof; and (iv) payments (in any form whatsoever) made or due and payable to a Grantor from time to time in connection with any requisition, confiscation, condemnation, seizure or forfeiture of all or any part of the Collateral, or proceeds thereof.

“Receivable” shall mean any right to payment for goods sold or leased or for services rendered, whether or not such right is evidenced by an Instrument or Chattel Paper and whether or not it has been earned by performance (including any Account).

“Receiver” shall have the meaning given to that term in Section 8(e) hereof.

“Secured Obligations” shall mean the “Secured Obligations” (as such term is defined in the Credit Agreement) solely with respect to such obligations of Acushnet Canada Inc. in its capacity as the Canadian Borrower under the Credit Agreement.

“Security Interests” shall mean the security interests granted to the Administrative Agent for the benefit of the Secured Parties pursuant to Section 2 as well as all other security interests created or assigned as additional security for the Secured Obligations pursuant to the provisions of this Agreement.

“Software” shall mean, as to any Person, all software, now owned or hereafter acquired by such Person, including all computer programs and all related documentation provided in connection with a transaction related to any program.

“STA” means the *Securities Transfer Act, 2006* (Ontario), including the regulations thereto, provided that, to the extent that perfection or the effect of perfection or non-

perfection or the priority of any Lien created hereunder on Collateral that is Investment Property is governed by the laws in effect in any province or territory of Canada other than Ontario in which there is in force legislation substantially the same as the *Securities Transfer Act, 2006* (Ontario) (an “Other STA Province”), then “STA” shall mean such other legislation as in effect from time to time in such Other STA Province for purposes of the provisions hereof referring to or incorporating by reference provisions of the STA; and to the extent that such perfection or the effect of perfection or non-perfection or the priority of any Lien created hereunder on the Collateral is governed by the laws of a jurisdiction other than Ontario or an Other STA Province, then references herein to the STA shall be disregarded except for the terms “certificated security” and “uncertificated security”, which shall have the meanings herein as defined in the *Securities Transfer Act, 2006* (Ontario) regardless of whether the STA is in force in the applicable jurisdiction.

“Supporting Obligations” shall mean, as to any Person, all letters of credit and guaranties issued in support of Accounts, Chattel Paper, Documents of Title, Intangibles, Instruments, Investment Property and all of such Person’s mortgages, deeds to secure debt and deeds of trust on real or personal property, guaranties, leases, security agreements, and other agreements and property which secure or relate to any collateral, or are acquired for the purpose of securing and enforcing any item thereof.

“Trade-mark License” shall mean, as to any Person, any and all rights granted to or from such Person under any written license, contract or other agreement granting any right to use any Trade-mark.

“Trade-marks” shall mean, as to any Person, all of the following, now owned or hereafter acquired by such Person or in which such Person has or acquires any such rights, priorities and privileges, including all rights to sue at law or in equity for any past, present or future infringement or other impairment thereof, including the right to receive all Proceeds and damages therefrom, whether arising under Canadian, multinational or foreign laws or otherwise: (i) all trade-marks, service marks, trade names, service names, trade dress, logos, internet domain names, and other source or business identifiers (whether registered or unregistered), now owned or existing or hereafter adopted or acquired, all registrations and recordings thereof, and all applications in connection therewith in the Canadian Intellectual Property Office or in any similar office or agency of Canada, any province or territory thereof or any other country or any political subdivision thereof, (ii) all reissues, extensions or renewals thereof and (iii) all goodwill associated with or symbolized by any of the foregoing.

“Trade-mark Security Agreement” shall mean a Trade-mark Security Agreement, substantially in the form of the Exhibit C hereto, executed and delivered by any Grantor granting a Security Interest in any of its Trade-marks, as may be amended, modified or supplemented, from time to time, in accordance with its terms.

“PPSA” means the *Personal Property Security Act* (Ontario), including the regulations thereto, provided that, if the perfection or the effect of perfection or non-perfection or the priority of any Lien created hereunder on the Collateral is governed by the personal property security legislation or other applicable legislation with respect to personal property security as in effect in a jurisdiction other than Ontario, “PPSA” means the *Personal Property Security Act* or

such other applicable legislation (including the Quebec Civil Code) as in effect from time to time in such other jurisdiction for purposes of the provisions hereof relating to such perfection, effect of perfection or non-perfection or priority.

“UK Borrower” shall have the meaning given to that term in the recitals hereto.

“US Borrower” shall have the meaning given to that term in the recitals hereto.

(b) Unless otherwise defined herein, terms defined in the Credit Agreement and used herein have the respective meanings given to them in the Credit Agreement.

(c) In addition, terms used herein without definition that are defined in the PPSA have the respective meanings given to them in the PPSA.

(d) In this Agreement, in the computation of periods of time from a specified date to a later specified date, the word “from” means “from and including” and the words “to” and “until” each mean “to but excluding” and the word “through” means “to and including.” The terms “herein,” “hereof,” “hereto” and “hereunder” and similar terms refer to this Agreement as a whole and not to any particular Article, Section, subsection or clause in this Agreement. Unless otherwise noted, references herein to an Annex, Schedule, Section, subsection or clause refer to the appropriate Annex or Schedule to, or Section, subsection or clause of this Agreement. The meanings given to terms defined herein shall be equally applicable to both the singular and plural forms of such terms. Where the context requires, provisions relating to any Collateral, when used in relation to a Grantor, shall refer to such Grantor’s Collateral or any relevant part thereof. Any reference in this Agreement to a Loan Document shall include all appendices, exhibits and schedules thereto, and, unless specifically stated otherwise all amendments, restatements, supplements or other modifications thereto, and as the same may be in effect at any time such reference becomes operative. As used herein, the words “include”, “includes” and “including” are not limiting shall be deemed to be followed by the phrase “without limitation”, except when used in the computation of time periods.

SECTION 2. The Security Interests.

(a) As security for the full, prompt and complete payment and performance when due (whether at stated maturity, by acceleration or otherwise) of all of its Secured Obligations, each Grantor does hereby mortgage, pledge, assign and convey unto the Administrative Agent, for the benefit of the Secured Parties, and does hereby grant to the Administrative Agent, for the benefit of the Secured Parties, a continuing Lien on and Security Interest in all of the right, title and interest of such Grantor in, to and under all of the Collateral (and all rights therein) whether now existing or hereafter, from time to time, created or acquired. For greater certainty, in the case of Acushnet International, such mortgage, pledge, assignment and conveyance, and grant of a Lien on and Security Interest in its right, title and interest in the Collateral hereunder shall extend only to its Pledged Collateral, and all general references to a Grantor and the Collateral hereunder, shall apply to Acushnet International only in relation to such Pledged Collateral.

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(b) The Security Interests of the Administrative Agent under this Agreement extend to all Collateral that any Grantor may acquire, at any time, during the continuation of this Agreement.

SECTION 3. Grantors Remain Obligated. Notwithstanding any other provision of this Agreement to the contrary, (a) neither the Administrative Agent nor any Secured Party shall have any obligation or liability under any contract or other agreement included as part of the Collateral, by reason of or arising out of this Agreement or the receipt by the Administrative Agent or any Secured Party of any payment relating thereto, (b) the exercise by the Administrative Agent of any rights under this Agreement or otherwise in respect of the Collateral shall not release any Grantor from its obligations under any contract or other agreement included as part of the Collateral and (c) neither the Administrative Agent nor any Secured Party shall be obligated to take any of the following actions with respect to any contract or other agreement included as part of the Collateral: (i) perform any obligation of any Grantor, (ii) make any payment, (iii) make any inquiry as to the nature or the sufficiency of any payment received by it or as to the sufficiency of any performance by any party, (iv) present or file any claim or (v) take any action to enforce any performance or to collect the payment of any amounts that may have been assigned to it or to which it may be entitled at any time or times.

SECTION 4. Representations and Warranties.

(a) **Representations and Warranties of Each Grantor.** Each Grantor represents and warrants to the Administrative Agent, for the benefit of the Secured Parties, as follows:

(i) Such Grantor has good and marketable title to all of its Collateral, free and clear of any Liens other than Permitted Liens, and has rights in and the power to transfer each item of the Collateral upon which it purports to grant a Lien hereunder.

(ii) Except in relation to Collateral held in Deposit Accounts and Investment Accounts, as of the date hereof, none of the Collateral is in the possession of a Person (other than any Grantor and except for any Collateral in physical possession of the Administrative Agent or its designee, in transit, out for repair in the ordinary course of business or in possession of a third party pursuant to a lease, sub-lease, license or sub-license of real property for office space to the extent set forth in such agreement) asserting any claim thereto or Lien thereon (other than Permitted Liens).

(iii) All Inventory and Equipment are insured in accordance with the requirements set forth in Section 6.07 of the Credit Agreement.

(iv) On the date hereof, no amount payable to such Grantor in excess of \$1,000,000 under or in connection with any Receivable is evidenced by any Instrument or Chattel Paper which has not been delivered to the Administrative Agent.

(v) Schedule 3 correctly sets forth, as of the date hereof, each Grantor’s jurisdiction of organization, organizational identification

number (if any), correct legal name and type of organization as indicated on the public record of such Grantor's jurisdiction of organization.

(vi) Schedule 4 correctly sets forth, as of the date hereof, (A) all names and trade names that each Grantor has used within the last five (5) years, (B) the names of all Persons that have merged into or been acquired by such Grantor and any changes in the jurisdiction of organization or incorporation or corporate structure (e.g. merger, amalgamation, consolidation, change in corporate form, change in jurisdiction of organization or otherwise) of each Grantor, the date of such change and a description of such change and (C) any changes of the chief executive office of each Grantor, in each case within the last five (5) years.

(vii) Schedule 5 correctly sets forth, as of the date hereof, (A) each Grantor's registered office and chief executive office, (B) the locations in Canada where books or records relating to the Collateral are maintained, (C) all other locations in Canada where tangible assets of each Grantor in excess of \$1,000,000 are located, including Inventory and Equipment and (D) each Grantor's mailing address (if different from the chief executive office).

(viii) Schedule 6 correctly sets forth, as of the date hereof, all letters of credit in excess of \$1,000,000 under which any Grantor is a beneficiary.

(ix) Schedule 7 correctly sets forth all Material Real Property of each Grantor as of the Closing Date.

(x) Schedule 8 correctly sets forth, as of the date hereof, all Canadian Intellectual Property registrations and applications of such Grantor made with any Canadian Governmental Authority and all Licenses under which a Grantor is an exclusive licensee of Canadian registered or applied for Intellectual Property, in each case, that constitutes Material Intellectual Property.

(xi) Upon the (i) proper filing of financing statements under the PPSA, the security interest in favour of the Administrative Agent in each Grantor's rights in that portion of the Collateral in which a valid security interest may be created under the PPSA described in such financing statements will be perfected to the extent a security interest in such Collateral can be perfected under the PPSA by the filing of a financing statement and (ii) making appropriate filings with the Canadian Intellectual Property Office, such security interest in the Copyrights, Trade-marks, Patents and Industrial Designs in Canada for which PPSA filings are insufficient will be perfected.

(b) Representations and Warranties of Each Pledgor. To induce the Administrative Agent and the Secured Parties to enter into the Credit Agreement and to induce the Secured Parties to extend credit in the nature of the Secured Obligations, each Pledgor hereby represents and warrants to the Administrative Agent and each other Secured Party and agrees that:

(i) Schedule 1 sets forth, as of the date hereof, (a) all of the Pledged Equity Interests owned by any Pledgor, (b) the Issuer of such Pledged Equity Interest, (c) the percentage of the total amount of Equity Interests

such Pledged Equity Interests represent and (d) the percentage of the total amount of Equity Interests of such Pledged Equity Interest that are pledged hereunder.

(ii) Except as set forth on Schedule 1, each Pledgor that is a Grantor has not acquired any Equity Interests of another entity or substantially all the assets of another entity, within the five (5) years preceding the date hereof.

(iii) All the Pledged Equity Interests pledged by such Pledgor hereunder have been duly authorized and validly issued and, to the extent applicable, are fully paid and non-assessable.

(iv) Such Pledgor is the record and beneficial owner of, and has good title to, the Pledged Collateral pledged by it hereunder, free of any and all Liens in favour of any other Person, except the Security Interest created by this Agreement or Permitted Liens.

(v) All Pledged Collateral and, if applicable, any Additional Pledged Collateral, consisting of Certificated Securities or Instruments have been delivered to the Administrative Agent to the extent required by Section 5 hereof.

(vi) Schedule 2 sets forth, as of the date hereof, under the heading “Pledged Debt Instruments” and “Pledged Debt Securities”, respectively, all of the Pledged Debt Instruments and Pledged Debt Securities in excess of \$1,000,000 owned by any Pledgor.

(vii) None of the Pledged Equity Interests is or represents interests in Issuers that have opted to be treated as “securities” under the STA, unless a certificate representing such Pledged Equity Interest and undated transfer power covering such certificate has been delivered hereunder in accordance with Sections 5(d)(i) and 5(d)(ii).

SECTION 5. Further Assurances; Covenants.

(a) General.

(i) Each Grantor hereby authorizes the Administrative Agent, its counsel or its representatives, at any time and from time to time, to file financing statements and financing change statements that describe the collateral covered by such financing statements as “all assets of Debtor”, “all personal property of Debtor” or words of similar effect, in such jurisdictions as the Administrative Agent may deem necessary or desirable in order to perfect the Security Interests granted by such Grantor under this Agreement and enable the Administrative Agent to exercise and enforce its rights and remedies hereunder in respect of the Collateral. Each Grantor will, from time to time, at its expense, execute, deliver, file and record any statement, assignment, instrument, document, agreement or other paper and take any other action (including any filings with the Canadian Intellectual Property Office and any filings of financing statements or financing change statements under the PPSA) that, from time to time, may be necessary, or that the Administrative Agent may reasonably request, in order to create, preserve, perfect, confirm or validate the Security Interests or to enable the Administrative Agent

to obtain the full benefits of this Agreement, or to enable the Administrative Agent to exercise and enforce any of its rights, powers and remedies hereunder with respect to any of its Collateral; provided, however, that (i) no actions or filings shall be required to be taken to perfect or prioritize any Security Interest in Excluded Perfection Assets (except, for the avoidance of doubt, to the extent perfection of the security interest in such assets occurs automatically or may be accomplished solely by the filing of an “all assets” PPSA financing statement), (ii) no Grantor shall be required to complete any filings or other action with respect to the perfection of the Security Interests created hereby in any jurisdiction outside of Canada and (iii) in no event shall any Grantor be required to execute any control or similar agreement. Each Grantor shall pay the actual costs of, or incidental to, any recording or filing of any financing statements, financing change statements, Trade-mark Security Agreements, Patent Security Agreements, Industrial Design Security Agreements or Copyright Security Agreements concerning the Collateral.

(ii) At any time when an Event of Default has occurred and is continuing, upon request to the US Borrower of the Administrative Agent (which request need not be given during the occurrence of a bankruptcy or similar event relating to any Borrower), no Grantor shall permit its tangible assets, including such Grantor’s Inventory and Equipment, to be in the possession of any other Person (except for Inventory or Equipment in possession of the Administrative Agent, in transit, out for repair in the ordinary course of business or in possession of a third party pursuant to a lease, sub-lease, license or sub-license of real property for office space to the extent set forth in such agreement) unless pursuant to an agreement in form and substance satisfactory to the Administrative Agent and (A) such Person has acknowledged that (1) it holds possession of such Inventory, Equipment or other tangible assets, as the case may be, for the Administrative Agent’s benefit, subject to the Administrative Agent’s instructions and (2) such Person does not have a Lien on such Inventory, Equipment or other tangible assets, other than a Permitted Lien, (B) such Person agrees not to hold such Inventory, Equipment or other tangible assets on behalf of any other Person and (C) upon request by the Administrative Agent, such Person agrees to issue and deliver to the Administrative Agent, warehouse receipts, bills of lading or any similar documents relating to such Collateral in the Administrative Agent’s name and in form and substance acceptable to the Administrative Agent.

(iii) Each Grantor will, promptly upon the reasonable request of the Administrative Agent, provide to the Administrative Agent all information and evidence the Administrative Agent may reasonably request concerning the Collateral, to enable the Administrative Agent to enforce the provisions of this Agreement.

(iv) Subject to the limitations set forth in Section 5(a)(i), each Grantor shall promptly take all actions necessary or reasonably requested by the Administrative Agent in order to maintain the perfected status and priority of the Security Interests, in each case subject to Permitted Liens.

(v) Unless authorized by the Administrative Agent in writing, no Grantor shall file any financing statement, financing change statement, partial discharge

or discharge in respect of any registration pertaining to the Collateral, including without limitation, registrations under the PPSA, naming any Grantor as debtor and the Administrative Agent as secured party, in any jurisdiction until the Termination Date.

(vi) Each Grantor shall defend its title, and use commercially reasonable efforts to defend its interest in and to, and the Security Interests in, the Collateral against the claims and demands of all Persons (other than Permitted Liens and the holders thereof).

(b) Intellectual Property. Each Grantor shall notify the Administrative Agent, no later than the time when the delivery of the Compliance Certificate pursuant to Section 6.02(a) of the Credit Agreement is required, of each of the following, to the extent any of the following has occurred within the reporting period covered by such financial information: (i) any Grantor's creation or acquisition after the date of this Agreement of any Material Intellectual Property registrations and applications made with any Canadian Governmental Authority and (ii) any Grantor's obtaining knowledge that any application or registration made with any Canadian Governmental Authority relating to any Material Intellectual Property owned by any Grantor has or is reasonably likely to become abandoned or dedicated to the public domain, or subject to any material adverse determination or development (including the institution of, or any such determination or development in, any proceeding in the Canadian Intellectual Property Office or any court, but not including routine office actions issued in the normal course of prosecution) regarding such Grantor's ownership of any Material Intellectual Property, its right to register the same, or to keep and maintain the same.

(c) Covenants of Each Grantor. Each Grantor covenants and agrees with the Secured Parties that such Grantor shall observe, comply with, and perform each of the covenants set forth in Articles VI and VII of the Credit Agreement applicable to such Grantor. Without limiting the foregoing, to the extent the US Borrower has agreed to cause any Grantor to perform or observe any of the covenants set forth in Articles VI and VII of the Credit Agreement, such covenants shall be applicable to such Grantor.

(d) Covenants of Each Pledgor. Each Pledgor covenants and agrees with the Administrative Agent and the other Secured Parties that, from and after the date of this Agreement, until the Termination Date:

(i) If such Pledgor shall, as a result of its ownership of its Pledged Equity Interests, become entitled to receive or shall receive any Certificated Security (including any Certificated Security representing a stock dividend or a distribution in connection with any reclassification, increase or reduction of capital or any certificate issued in connection with any reorganization), stock option or similar rights in respect of the Pledged Equity Interests of any Issuer, whether in addition to, in substitution of, as a conversion of, or in exchange for, any ownership interests of the Pledged Equity Interests, or otherwise in respect thereof, such Pledgor shall accept the same as the agent of the Administrative Agent, hold the same in trust for the Administrative Agent and promptly (and in any event no later than the time when delivery of the Compliance Certificate pursuant to Section 6.02(a) of the Credit Agreement is required following such acquisition, or promptly following such acquisition during an Event of Default)

deliver the same forthwith to the Administrative Agent in the exact form received, duly endorsed by such Pledgor to the Administrative Agent, if required, together with an undated transfer power covering such certificate duly executed in blank by such Pledgor, to be held by the Administrative Agent, subject to the terms hereof, as additional collateral security for the Secured Obligations; provided, that, pursuant to this Agreement, in no event shall there be pledged, nor shall any Pledgor be required to pledge Equity Interests constituting Excluded Assets.

(ii) Such Pledgor shall, except as otherwise required under Section 5(d)(i), promptly (and in any event no later than the time when delivery of the Compliance Certificate pursuant to Section 6.02(a) of the Credit Agreement is required following the acquisition thereof, or promptly following such acquisition during an Event of Default) deliver to the Administrative Agent, all certificates and Instruments representing or evidencing any Pledged Collateral (in excess of \$1,000,000 in the case of Pledged Debt Instruments, Pledged Debt Securities or Chattel Paper) (including Additional Pledged Collateral (in excess of \$1,000,000 in the case of Pledged Debt Instruments, Pledged Debt Securities or Chattel Paper)), whether now existing or hereafter acquired, in suitable form for transfer by delivery or, as applicable, accompanied by such Pledgor's endorsement, where necessary, or duly executed instruments of transfer or assignment in blank, all in form and substance reasonably satisfactory to the Administrative Agent. While an Event of Default exists, the Administrative Agent shall have the right, at any time, in its discretion and without notice to any Pledgor, (A) to transfer to or to register in its name or in the name of its nominees any Pledged Collateral and (B) to exchange any certificate or instrument representing or evidencing any Pledged Collateral for certificates or instruments of smaller or larger denominations. Except as expressly permitted by the Credit Agreement, such Grantor shall not grant "control" (within the meaning of such term under the STA) over any Investment Property to any Person other than the Administrative Agent.

(iii) If any amount in excess of \$1,000,000 payable under or in connection with any Collateral owned by such Pledgor shall be or become evidenced by an Instrument, such Pledgor shall promptly deliver (and in any event no later than the time when delivery of the Compliance Certificate pursuant to Section 6.02(a) of the Credit Agreement is required following the acquisition thereof, or promptly following such acquisition during an Event of Default) such Instrument to the Administrative Agent, duly executed in a manner reasonably satisfactory to the Administrative Agent, or, if consented to by the Administrative Agent, shall mark all such Instruments with the following legend: "This writing and the obligations evidenced or secured hereby are subject to the security interest of Wells Fargo Bank, National Association, as Administrative Agent, and any purchase or other transfer of this interest is a violation of the rights of Wells Fargo Bank, National Association, as Administrative Agent."

(iv) Such Pledgor shall maintain the Security Interest in such Pledgor's Pledged Collateral as a perfected, first priority security interest (subject only to Permitted Liens) and shall defend such Security Interest against the claims and demands of all Persons whomsoever (other than Permitted Liens and the holders thereof). Subject to the limitations set forth in Section 5(a)(i), at any time and from time to time, upon the written

request of the Administrative Agent, and at the sole expense of such Pledgor, such Pledgor will promptly and duly execute and deliver such further instruments and documents and take such further actions as the Administrative Agent may reasonably request for the purpose of obtaining or preserving the full benefits of this Agreement and of the rights and powers herein granted by such Pledgor.

(v) If any of the Collateral is or shall become evidenced or represented by an Uncertificated Security, such Pledgor shall use commercially reasonable efforts to cause the Issuer thereof either (i) to register the Administrative Agent as the registered owner of such Uncertificated Security, upon original issue or registration of transfer or (ii) to agree in writing with such Pledgor and the Administrative Agent that such Issuer will comply with instructions with respect to such Uncertificated Security originated by the Administrative Agent without further consent of such Pledgor, such agreement to be in form and substance reasonably satisfactory to the Administrative Agent.

(vi) To the extent that the Organization Documents of any limited liability company or limited partnership that has issued any Pledged Equity Interests provide that the Equity Interests in such limited liability company or such limited partnership shall be a "security" as defined under the PPSA such limited liability company or limited partnership shall certificate such Equity Interests and the applicable Grantor shall comply with Sections 5(d)(i) and 5(d)(ii), with respect thereto.

(vii) Such Pledgor consents to the transfer of any partnership interest and any limited liability company interest constituting Pledged Equity Interests to the Administrative Agent or its nominee or transferee during the continuance of an Event of Default and to the substitution of the Administrative Agent or its nominee or transferee as a partner in any partnership or as a member in any limited liability company with all the rights and powers related thereto, in each case, subject to the terms of the applicable operating agreements or partnership agreements.

SECTION 6. Insurance, Reporting and Recordkeeping. Each Grantor covenants and agrees with the Administrative Agent that, from and after the date of this Agreement and until the termination of this Agreement pursuant to Section 17(a):

(a) Insurance. Except to the extent prohibited by applicable law, each Grantor irrevocably makes, constitutes and appoints the Administrative Agent (and all officers, employees or agents designated by the Administrative Agent), so long as any Event of Default shall have occurred and be continuing, as such Grantor's true and lawful agent and attorney-in-fact for the purpose of making, settling and adjusting claims under such policies of insurance, endorsing the name of such Grantor on any cheque or other item of payment for the proceeds of such policies of insurance and for making all determinations and decisions with respect to such policies of insurance. The Administrative Agent shall have no duty to exercise any rights or powers granted to it pursuant to the foregoing power-of-attorney. This appointment is coupled with an interest and is irrevocable.

(b) Maintenance of Records Generally. Each Grantor shall keep and maintain, at its own cost and expense, records of its Collateral, complete in all material respects,

including a record of all payments received and all credits granted with respect to the Collateral and all other dealings with its Collateral. All the Chattel Paper of each Grantor will be marked with the following legend: "This writing and the obligations evidenced or secured hereby are subject to the security interest of Wells Fargo Bank, National Association, as Administrative Agent" or words of similar effect. For the Administrative Agent's further security, each Grantor agrees that, upon the occurrence of and during the continuation of any Event of Default, such Grantor shall deliver and turn over full and complete copies of any such books and records to the Administrative Agent or to its representatives, at any time, on demand of the Administrative Agent.

SECTION 7. General Authority. Each Grantor hereby irrevocably appoints the Administrative Agent its true and lawful attorney-in-fact, with full power of substitution, in the name of such Grantor, the Administrative Agent or otherwise, for the sole use and benefit of the Administrative Agent on its behalf and on behalf of the Secured Parties, but at such Grantor's expense, to exercise, at any time, all or any of the following powers:

- (i) to file the financing statements and financing change statements referred to in Section 5(a)(i);
- (ii) to endorse any cheques or other instruments or orders in connection therewith;
- (iii) to demand, sue for, collect, receive and give acquittance for any and all monies due or to become due with respect to any Collateral or by virtue thereof;
- (iv) to file any claims or take any action or institute any proceedings which the Administrative Agent may reasonably deem necessary or appropriate to accomplish the purposes of this Agreement;
- (v) to settle, compromise, compound, prosecute or defend any action or proceeding with respect to any Collateral;
- (vi) to sell, transfer, assign or otherwise deal in or with the Collateral or the Proceeds or avails thereof, as fully and effectually as if the Administrative Agent were the absolute owner thereof;
- (vii) to extend the time of payment with reference to the Collateral and to make any allowance and other adjustments with reference to the Collateral; and
- (viii) to pay or discharge taxes and liens levied or placed on or threatened against the Collateral, effect any repairs or purchase any insurance called for by the Loan Documents and pay all or any part of the premiums therefor and the costs thereof;

provided, however, that the powers described in clauses (ii) through (viii) above may be exercised by the Administrative Agent only if an Event of Default has occurred and is continuing. The appointment as attorney-in-fact under this Section 7 is irrevocable until the Termination Date and coupled with an interest.

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SECTION 8. Remedies Upon an Event of Default.

(a) If any Event of Default has occurred and is continuing, the Administrative Agent may, without further notice to the Grantors, exercise all rights and remedies under this Agreement or any other Loan Document or that are available to a secured creditor upon default under the PPSA (whether or not the PPSA applies to the affected Collateral), or that are otherwise available at law or in equity, at any time, in any order and in any combination, including collecting any and all Secured Obligations from the Grantors or third parties, and, in addition, the Administrative Agent or its designee may sell the Collateral or any part thereof at public or private sale, for cash, upon credit or for future delivery, and at such price or prices as the Administrative Agent may deem satisfactory. The Administrative Agent shall give the Grantors no less than ten (10) days prior written notice of the time and place of any sale or other intended disposition of Collateral, except for any Collateral that is perishable or threatens to decline speedily in value or is of a type customarily sold on a recognized market, in which case the Administrative Agent shall give notice of such sale as early as possible. Each Grantor agrees that, to the extent notification of sale shall be required by applicable law, any such notice shall constitute reasonable notification

(b) The Administrative Agent or any Secured Party may be the purchaser (including pursuant to credit bidding approved by the Administrative Agent) of any or all of the Collateral so sold at any public sale (or, if such Collateral is of a type customarily sold in a recognized market or is of a type which is the subject of widely distributed standard price quotations or if otherwise permitted by applicable law, at any private sale) and thereafter hold the same, absolutely, free from any right or claim of any kind. Each Grantor agrees during an Event of Default to execute and deliver such documents and take such other action as the Administrative Agent deems necessary or advisable in order that any such sale may be made in compliance with law. Upon any such sale, the Administrative Agent shall have the right to deliver, assign and transfer to the purchaser thereof the Collateral so sold. Each purchaser at any such sale shall hold the Collateral so sold to it absolutely free from any claim or right of any kind, including any equity or right of redemption of the Grantors. To the extent permitted by law, each Grantor hereby specifically waives all rights of redemption, stay or appraisal which it has or may have under any law now existing or hereafter adopted. The notice (if any) of such sale shall (1) in case of a public sale, state the time and place fixed for such sale, and (2) in the case of a private sale, state the day after which such sale may be consummated. Any such public sale shall be held at such time or times within ordinary business hours and at such place or places as the Administrative Agent may fix in the notice of such sale. At any such sale, Collateral may be sold in one lot as an entirety or in separate parcels, as the Administrative Agent may determine. The Administrative Agent shall not be obligated to make any such sale pursuant to any such notice. The Administrative Agent may, without notice or publication (other than any notices required by this Section 8 or by applicable law), adjourn any public or private sale or cause the same to be adjourned, from time to time, by announcement at the time and place fixed for the sale, and such sale may be made at any time or place to which the same may be so adjourned. In case of any sale of all or any part of the Collateral on credit or for future delivery, such Collateral so sold may be retained by the Administrative Agent until the selling price is paid by the purchaser thereof, but the Administrative Agent shall not incur any liability in case of the failure of such purchaser to take up and pay for such Collateral so sold and, in case of any such failure, such Collateral may again be sold upon like notice. The Administrative Agent, instead of

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exercising the power of sale herein conferred upon it, may proceed by a suit or suits at law or in equity to foreclose the Security Interests and sell Collateral, or any portion thereof, under a judgment or decree of a court or courts of competent jurisdiction.

(c) If any Event of Default has occurred and is continuing, for the purpose of enforcing any and all rights and remedies under this Agreement, the Administrative Agent may, with reasonable advance notice to the Grantors (i) require any Grantor to, and each Grantor agrees that it will, at the joint and several expense of the Grantors, and upon the Administrative Agent's request, forthwith assemble all or any part of its Collateral as directed by the Administrative Agent and make it available at a place designated by the Administrative Agent which is, in the Administrative Agent's opinion, reasonably convenient to the Administrative Agent and such Grantor, whether at the premises of such Grantor or otherwise, (ii) to the extent permitted by applicable law, enter, with or without process of law and without breach of the peace, any premise where any such Collateral is or may be located and, without charge or liability to the Administrative Agent, seize and remove such Collateral from such premises, (iii) have access to and use such Grantor's books and records, computers and software (subject to the terms of applicable licenses) relating to the Collateral and (iv) prior to the disposition of any of the Collateral, store or transfer such Collateral without charge in or by means of any storage or transportation facility owned or leased by such Grantor, process, repair or recondition such Collateral or otherwise prepare it for disposition in any manner and, to the extent the Administrative Agent deems reasonably appropriate or necessary and in connection with such preparation and disposition, use without charge any Intellectual Property used or owned by such Grantor.

(d) Without limiting the generality of the foregoing, if any Event of Default has occurred and is continuing:

(i) Upon the Administrative Agent's request, each Grantor will promptly notify each Account Debtor, in respect of any Account or Instrument of such Grantor, that such Collateral has been assigned to the Administrative Agent hereunder and that any payments due or to become due in respect of such Collateral are to be made directly to the Administrative Agent. Notwithstanding the foregoing, each Grantor hereby authorizes the Administrative Agent, upon the occurrence and during the continuance of an Event of Default; (A) to directly contact and notify the Account Debtors or obligors under any Accounts of the assignment of such Collateral to the Administrative Agent; (B) to direct such Account Debtor or obligors to make payment of all amounts due or to become due thereunder directly to the Administrative Agent; and (C) upon such notification and at the expense of such Grantor, to enforce collection of any such Accounts and to adjust, settle or compromise the amount or payment thereof, in the same manner and to the same extent as such Grantor might have done. Once any such notice has been given to any Account Debtor or other Person obligated on the Collateral, such Grantor shall not give any contrary instructions to such Account Debtor or other Person without the Administrative Agent's prior written consent. If, notwithstanding the giving of any notice, any Account Debtor or other Person shall make payments to a Grantor, such Grantor shall hold all such payments it receives in trust for the Administrative Agent, for the account of the Secured Parties, and shall immediately, upon receipt, deliver the same to the Administrative Agent.

(ii) The Administrative Agent may establish or cause to be established one or more lockboxes or other arrangements for the deposit of Proceeds of Accounts, and in such case, each Grantor shall cause to be forwarded to the Administrative Agent, on a daily basis, all cheques and other items of payment and deposit slips related thereto for deposit in such lockboxes.

(iii) The Administrative Agent may (without assuming any obligations or liability thereunder), at any time and from time to time, enforce (and shall have the exclusive right to enforce) against any licensee or sub-licensee all rights and remedies of any Grantor in, to and under any Licenses and take or refrain from taking any action in connection therewith, in each case, subject to the terms of the applicable License. Each Grantor hereby releases the Administrative Agent from, and agrees to hold the Administrative Agent free and harmless from and against any claims arising out of, any lawful action so taken or omitted to be taken with respect hereto, except for the Administrative Agent's gross negligence or willful misconduct, as determined by a final and non-appealable decision of a court of competent jurisdiction.

(iv) Upon request by the Administrative Agent, each Grantor agrees to execute and deliver to the Administrative Agent powers of attorney, in form and substance satisfactory to the Administrative Agent, for the implementation of any lease, assignment, License, sublicense, grant of option, sale or other disposition of any Intellectual Property, in each case subject to the terms of the applicable License. In the event of any such disposition pursuant to this Section 8, each Grantor shall supply to the Administrative Agent its customer lists and other records relating to such Intellectual Property and the distribution of said products.

(v) For the purpose of enabling the Administrative Agent to exercise the rights and remedies under this Agreement at such time as the Administrative Agent shall be lawfully entitled to exercise such rights and remedies, each Grantor hereby (a) grants to the Administrative Agent, for the benefit of the Administrative Agent and the Secured Parties, an irrevocable, nonexclusive license (exercisable without payment of royalty or other compensation to any Grantor) to use, license or sublicense (subject to the terms of any applicable License) any Intellectual Property now used, owned or hereafter acquired by such Grantor, and wherever the same may be located, and such license shall include reasonable access to all media in which any of the licensed items may be recorded or stored and to all Software used for the compilation or printout thereof, in each case, subject to any Grantor's security policies and obligations of confidentiality, the right to prosecute and maintain all Intellectual Property and the right to sue for past, present or future infringement of the Intellectual Property; provided, however, that nothing in this Section 8 shall require a Grantor to grant any license that is prohibited by any rule of law, statute or regulation or is prohibited by, or constitutes a breach or default under or results in the termination of or gives rise to any right of acceleration, modification or cancellation under any contract, License, agreement, instrument or other document evidencing, giving rise to a right to use or theretofore granted with respect to such property; provided, further, that such licenses to be granted hereunder with respect to Trade-marks shall be subject to the maintenance of quality standards with respect to the goods and services on which such Trade-marks are used sufficient to preserve the

validity of such Trade-marks; and (b) irrevocably agrees that the Administrative Agent may sell any of such Grantor's Inventory directly to any Person, including Persons who have previously purchased the Grantor's Inventory from such Grantor and in connection with any such sale or other enforcement of the Administrative Agent's rights under this Agreement, may sell Inventory which bears any Trade-mark owned by or, subject to the applicable license, licensed to such Grantor and any Inventory that is covered by any Copyright owned by or, subject to the applicable license, licensed to such Grantor and the Administrative Agent may finish any work in process and affix any Trade-mark owned by or, subject to the applicable license, licensed to such Grantor and sell such Inventory as provided herein.

(e) The Administrative Agent may appoint or reappoint by instrument in writing, any Person or Persons, whether an officer or officers or an employee or employees of each Grantor or not, to be an interim receiver, receiver or receivers (hereinafter called a "Receiver", which term when used herein shall include a receiver and manager) of the Collateral of such Grantor (including any interest, income or profits therefrom) and may remove any Receiver so appointed and appoint another in his/her/its stead. Any such Receiver shall, to the extent permitted by applicable law, so far as concerns responsibility for his/her/its acts, be deemed the agent of the Grantor and not of the Administrative Agent, and, in the absence of the Administrative Agent's gross negligence or willful misconduct as finally determined by a court of competent jurisdiction, the Administrative Agent shall not be in any way responsible for any misconduct, negligence or non-feasance on the part of any such Receiver or his/her/its servants, agents or employees. The term "Administrative Agent" when used in the remedial sections of this Agreement will include any such receiver, interim receiver, receiver manager or agent so appointed and the agents, officers and employees of such receiver, interim receiver, receiver and manager or agent.

(f) The Administrative Agent, on behalf of the Secured Parties, and, by accepting the benefits of this Agreement, the Secured Parties, expressly acknowledge and agree that this Agreement may be enforced only by the action of the Administrative Agent and that no other Secured Party shall have any right individually to seek to enforce or to enforce this Agreement or to realize upon the Collateral, it being understood and agreed that such rights and remedies shall be exercised exclusively by the Administrative Agent, for the benefit of the Secured Parties, in accordance with the terms of this Agreement.

SECTION 9. Limitation on the Administrative Agent's Duty in Respect of Collateral.

(a) Beyond reasonable care in the custody thereof, the Administrative Agent shall have no duty as to any Collateral in its possession or control or in the possession or control of any agent or bailee or any income thereon or as to the preservation of rights against prior parties or any other rights pertaining thereto.

(b) The Administrative Agent shall be deemed to have exercised reasonable care in the custody of the Collateral of any Grantor in its possession if such Collateral is accorded treatment substantially equal to that which it accords its own property. The Administrative Agent shall not be liable or responsible for any loss or damage to any of the

Collateral, or for any diminution in the value thereof, by reason of the act or omission of any warehouseman, carrier, forwarding agency, consignee or other agent or bailee selected by the Administrative Agent in good faith.

(c) Neither the Administrative Agent nor any Secured Party shall be required to marshal any present or future Collateral for, or other assurance of payment of, the Secured Obligations or to resort to such Collateral or other assurances of payment in any particular order. All of the rights of the Administrative Agent hereunder and of the Administrative Agent or any other Secured Party in respect of such Collateral and other assurances of payment shall be cumulative and in addition to all other rights, however existing or arising. To the extent that it lawfully may, each Grantor hereby agrees that it will not invoke any law relating to the marshalling of Collateral which might cause delay in or impede the enforcement of the Administrative Agent's rights under this Agreement or under any other instrument creating or evidencing any of the Secured Obligations and, to the extent that it lawfully may, each Grantor hereby irrevocably waives the benefit of all such laws.

SECTION 10. Voting Rights; Dividends and Interest .

(a) Unless and until an Event of Default shall have occurred and be continuing and the Administrative Agent shall have provided at least three (3) Business Days' prior notice to the US Borrower that the rights of the Pledgor under this Section 10 are being suspended:

- (i) Each Pledgor shall be entitled to exercise any and all voting and/or other consensual rights and powers inuring to an owner of Pledged Collateral or any part thereof.
- (ii) The Administrative Agent shall promptly (after reasonable advance notice) execute and deliver to each Pledgor, or cause to be executed and delivered to such Pledgor, all such proxies, powers of attorney and other instruments as such Pledgor may reasonably request for the purpose of enabling such Pledgor to exercise the voting and/or consensual rights and powers it is entitled to exercise pursuant to Section 10(a)(i), all at the expense of such Pledgor.
- (iii) Each Pledgor shall be entitled to receive and retain any and all dividends, interest, principal and other distributions paid on or distributed in respect of the Pledged Collateral to the extent and only to the extent that such dividends, interest, principal and other distributions are not prohibited by, and otherwise paid or distributed in accordance with, the terms and conditions of the Credit Agreement, the other Loan Documents and applicable Laws. So long as no Event of Default has occurred and is continuing, the Administrative Agent shall promptly deliver to each Pledgor any Pledged Collateral in its possession if requested to be delivered to the issuer thereof in connection with any

exchange, sale or redemption of such Pledged Collateral not prohibited by the Credit Agreement.

(b) During the continuance of an Event of Default, after the Administrative Agent shall have provided the US Borrower with the notice required under Section 10(a) of the suspension of the Pledgor's rights under Section 10(a)(iii), then all rights of any Pledgor to dividends, interest, principal or other distributions that such Pledgor is authorized to receive pursuant to Section 10(a)(iii) shall cease, and all such rights shall thereupon become vested in the Administrative Agent, which shall have the sole and exclusive right and authority to receive and retain any dividends, interest, principal or other distributions in respect of Pledged Collateral. All dividends, interest, principal or other distributions received by any Pledgor in violation of the provisions of this Section 10(b) shall be held in trust for the benefit of the Administrative Agent and the Secured Parties, shall be segregated from other property or funds of such Pledgor and shall be promptly (and in any event within ten (10) days) delivered to the Administrative Agent in the same form as so received (with any necessary endorsement reasonably requested by the Administrative Agent).

(c) During the continuance of an Event of Default, after the Administrative Agent shall have provided the US Borrower with the notice required under Section 10(a) of the suspension of its rights under Section 10(a)(i), then all rights of any Pledgor to exercise the voting and consensual rights and powers it is entitled to exercise pursuant to Section 10(a)(i), and the obligations of the Administrative Agent under Section 10(a)(ii) shall cease and all such rights shall thereupon become vested in the Administrative Agent, which shall have the sole and exclusive right and authority to exercise such voting and consensual rights and powers; provided that, unless otherwise directed by the Required Lenders, the Administrative Agent shall have the right from time to time following and during the continuance of an Event of Default to permit the Pledgor to exercise such rights. After all Events of Default have been cured or waived, each Pledgor shall have the exclusive right to exercise the voting and/or consensual rights and powers that such Pledgor would otherwise be entitled to exercise pursuant to the terms of Section 10(a)(i), and the obligations of the Administrative Agent under Section 10(a)(ii) shall be reinstated.

(d) Any notice given by the Administrative Agent to the US Borrower under this Section 10 (i) shall be given in writing, (ii) may be given with respect to one or more of the Pledgors at the same or different times and (iii) may suspend the rights of the Pledgors under Section 10(a)(i) or 10(a)(iii) in part without suspending all such rights (as specified by the Administrative Agent in its sole and absolute discretion) and without waiving or otherwise affecting the Administrative Agent's rights to give additional notices from time to time suspending other rights (to the extent provided for herein) so long as an Event of Default has occurred and is continuing.

(e) Subject to the terms of this Agreement, following at least three (3) Business Days' prior written notice from the Administrative Agent, each Grantor hereby agrees that upon the occurrence and during the continuance of an Event of Default, it will comply with instructions of the Administrative Agent with respect to the Equity Interests in such Grantor that constitute Pledged Equity Interests hereunder that are not certificated without further consent by the issuer of such Equity Interests.

SECTION 11. Application of Proceeds. All monies collected by the Administrative Agent upon the sale or other disposition of any Collateral pursuant to: (i) the enforcement of this Agreement; or (ii) the exercise of any of the remedial provisions hereof, together with all other monies received by the Administrative Agent hereunder (including all monies received in respect of post-petition interest) as a result of the enforcement or exercise of any remedial rights hereunder or of any distribution of any Collateral upon the bankruptcy, arrangement, receivership, assignment for the benefit of creditors or any other action or proceeding involving the readjustment of the obligations and indebtedness of any Grantor, or the application of any Collateral to the payment thereof or any distribution of Collateral upon the liquidation or dissolution of any Grantor, or the winding up of the assets or business of any Grantor shall, in the case of each of clauses (i) and (ii), be applied in the manner set forth in the Credit Agreement. It is understood and agreed that each Grantor shall remain jointly and severally liable to the Secured Parties to the extent of any deficiency between (x) the amount of the Proceeds of the Collateral received by the Administrative Agent hereunder and (y) the aggregate amount of the Secured Obligations.

SECTION 12. Appointment of Co-Agents. At any time or times, in order to comply with any legal requirement in any jurisdiction, the Administrative Agent may appoint another bank or trust company or one or more other Persons reasonably acceptable to the Secured Parties and, so long as no Event of Default has occurred or is continuing, the Grantors, either to act as co-agent or co-agents, jointly with the Administrative Agent, or to act as separate agent or agents on behalf of the Administrative Agent and the Secured Parties with such power and authority as may be necessary for the effectual operation of the provisions hereof and specified in the instrument of appointment (which may, in the discretion of the Administrative Agent, include provisions for the protection of such co-agent or separate agent similar to the provisions of this Section 12). Any such appointment pursuant to this Section 12 will be made subject to Section 9.10 of the Credit Agreement.

SECTION 13. Indemnity; Expenses. The terms of Sections 10.04 and 10.05 of the Credit Agreement with respect to expenses and indemnity are incorporated herein by reference, *mutatis mutandis*, and the parties hereto agree to such terms.

SECTION 14. Governing Law; Jurisdiction; Venue:

(a) THIS AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAW OF THE PROVINCE OF ONTARIO AND THE FEDERAL LAWS OF CANADA APPLICABLE IN THE PROVINCE OF ONTARIO.

(b) ANY LEGAL ACTION OR PROCEEDING WITH RESPECT TO THIS AGREEMENT SHALL BE BROUGHT IN THE COURTS OF THE PROVINCE OF ONTARIO, PROVIDED, THAT ANY SUIT SEEKING ENFORCEMENT AGAINST ANY COLLATERAL OR OTHER PROPERTY MAY BE BROUGHT AT THE ADMINISTRATIVE AGENT'S OPTION, IN THE COURTS OF ANY JURISDICTION WHERE THE ADMINISTRATIVE AGENT ELECTS TO BRING SUCH ACTION OR WHERE SUCH COLLATERAL OR OTHER PROPERTY MAY BE FOUND, AND BY EXECUTION AND DELIVERY OF THIS AGREEMENT, EACH GRANTOR, THE ADMINISTRATIVE AGENT AND EACH SECURED PARTY CONSENTS, FOR ITSELF AND IN RESPECT OF ITS

PROPERTY, TO THE EXCLUSIVE JURISDICTION OF THOSE COURTS AND APPELLATE COURTS FROM ANY THEREOF. EACH GRANTOR, THE ADMINISTRATIVE AGENT AND EACH SECURED PARTY IRREVOCABLY WAIVES, TO THE EXTENT PERMITTED BY APPLICABLE LAW, ANY OBJECTION, INCLUDING ANY OBJECTION TO THE LAYING OF VENUE OR BASED ON THE GROUNDS OF FORUM NON CONVENIENS, WHICH IT MAY NOW OR HEREAFTER HAVE TO THE BRINGING OF ANY ACTION OR PROCEEDING IN SUCH JURISDICTION IN RESPECT OF THIS AGREEMENT OR OTHER DOCUMENT RELATED HERETO.

SECTION 15. Security Interest Absolute.

All rights of the Administrative Agent, the Security Interests and all obligations of the Grantors hereunder shall be absolute and unconditional irrespective of:

- (a) the bankruptcy, insolvency or reorganization of any Grantor or any of their Subsidiaries;
- (b) any lack of validity or enforceability of any Loan Document;
- (c) any change in the time, manner or place of payment of, or in any other term of, all or any of the Secured Obligations, or any other amendment or waiver of or any consent to any departure from the Loan Documents including any increase in the Secured Obligations resulting from the extension of additional credit to any Grantor or any of their Subsidiaries or otherwise;
- (d) any taking, exchange, release or non-perfection of any Collateral, or any taking, release or amendment or waiver of or consent to departure from any guarantee, for all or any of the Secured Obligations;
- (e) any manner of application of Collateral, or Proceeds thereof, to all or any of the Secured Obligations, or any manner of sale or other disposition of any Collateral for all or any part of the Secured Obligations or any other assets of any Grantor or any of their Subsidiaries;
- (f) any change, restructuring or termination of the structure or existence of any Grantor or any of their Subsidiaries; or
- (g) any other circumstance which might otherwise constitute a defense available to, or a discharge of, any Grantor or a third party grantor.

SECTION 16. Additional Grantors. If, pursuant to Section 6.12, 6.14 or 7.14 of the Credit Agreement, any Person that is not a Grantor shall be required to become a Grantor hereunder, such Person shall execute and deliver to the Administrative Agent a Canadian Security Agreement Supplement substantially in the form of Exhibit E hereto and shall thereafter for all purposes be party hereto as a “Grantor” and “Pledgor” having the same rights, benefits and obligations as a Grantor and Pledgor, respectively, initially a party hereto.

SECTION 17. Termination of Security Interests; Release of Collateral.

(a) On the Termination Date, (i) the Security Interests shall terminate, (ii) all rights to the Collateral shall revert to the Grantors and (iii) this Agreement shall terminate.

(b) On the Termination Date and in connection with any other Lien released or subordinated pursuant to Section 9.08 of the Credit Agreement, the Administrative Agent will, at the expense of such Grantor, comply with the provisions of Section 9.08 of the Credit Agreement, but without recourse or warranty to the Administrative Agent.

(c) The Administrative Agent shall have no liability whatsoever to any other Secured Party as the result of any release of Collateral by it in accordance with (or which the Administrative Agent in the absence of gross negligence or willful misconduct (as determined by a final, non-appealable decision of a court of competent jurisdiction) believes to be in accordance with) this Section 17.

SECTION 18. Reinstatement. This Agreement shall remain in full force and effect and continue to be effective should any petition be filed by or against any Grantor for liquidation or reorganization, should any Grantor become insolvent or make an assignment for the benefit of any creditor or creditors or should a receiver, receiver-manager, interim receiver or trustee be appointed for all or any significant part of any Grantor'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," "fraudulent transfer" 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 19. Notices. All communications and notices hereunder shall (except as otherwise expressly permitted herein) be in writing and given as provided in Section 10.02 of the Credit Agreement. All communications and notices hereunder to any Grantor shall be given to it in care of the US Borrower as provided in Section 10.02 of the Credit Agreement.

SECTION 20. No Waiver; Remedies Cumulative. No failure or delay by the Administrative Agent in exercising any right or remedy hereunder, and no course of dealing between any Grantor on the one hand and the Administrative Agent or any Secured Party on the other hand shall operate as a waiver thereof, nor shall any single or partial exercise of any right or remedy hereunder or any other Loan Document preclude any other or further exercise thereof or the exercise of any other right or remedy hereunder or thereunder. The rights and remedies herein and in the other Loan Documents are cumulative and not exclusive of any rights or remedies which the Administrative Agent would otherwise have. No notice to or demand on any Grantor not required hereunder in any case shall entitle any Grantor to any other or further notice or demand in similar or other circumstances or constitute a waiver of the Administrative Agent's rights to any other or further action in any circumstances without notice or demand.

SECTION 21. Successors and Assigns. This Agreement and all obligations of each Grantor hereunder shall be binding upon the successors and assigns of such Grantor (including any debtor-in-possession on behalf of such Grantor) and shall, together with the rights and remedies of the Administrative Agent, for the benefit of the Secured Parties, hereunder and inure to the benefit of the Administrative Agent, the Secured Parties, all future holders of any instrument evidencing any of the Secured Obligations and their respective successors and permitted assigns; provided that no Grantor may assign, transfer or delegate any of its rights or obligations hereunder without the prior written consent of the Administrative Agent and any such assignment, transfer or delegation without such consent shall be null and void. No sales of participations, other sales, assignments, transfers or other dispositions of any agreement governing or instrument evidencing the Secured Obligations or any portion thereof or interest therein shall in any manner affect the Lien granted to the Administrative Agent for the benefit of the Secured Parties hereunder.

SECTION 22. Amendments. No amendment or waiver of any provision of this Agreement, nor consent to any departure by any Grantor herefrom, shall be effective unless the same shall be in writing and effected in accordance with Section 10.01 of the Credit Agreement and then such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given.

SECTION 23. Severability. In the event that any provision in or obligation under this Agreement shall be invalid, illegal or unenforceable, in whole or in part, in any jurisdiction, the validity, legality and enforceability of the remaining provisions or obligations, or of such provision or obligation in any other jurisdiction, shall not in any way be affected or impaired thereby.

SECTION 24. Counterparts. This Agreement may be executed in any number of counterparts and by the different parties hereto on separate counterparts (including by telecopy or other electronic communication), all of which shall together constitute one and the same instrument. Delivery of an executed counterpart of this Agreement by facsimile or other electronic communication shall be equally effective as delivery of an original executed counterpart hereof.

SECTION 25. Headings Descriptive. The headings of the several sections and subsections of this Agreement are inserted for convenience only and shall not in any way affect the meaning or construction of any provision of this Agreement.

[Signatures on Following Page(s)]

IN WITNESS WHEREOF, the parties hereto have caused this Canadian Security Agreement to be duly executed and delivered by their duly authorized officers as of the day and year first above written.

ACUSHNET CANADA INC.

By: _____
Name:
Title:

ACUSHNET INTERNATIONAL INC.

By: _____
Name:
Title:

[Signature Page to Acushnet Canadian Security Agreement]

ADMINISTRATIVE AGENT:

WELLS FARGO BANK, NATIONAL ASSOCIATION , as
Administrative Agent

By:

Name:

Title:

[Signature Page to Acushnet Canadian Security Agreement]

Schedule 1
Pledged Equity Interests

Grantor	Issuer	Type of Organization	# of Shares Owned	Total Shares Outstanding	% of Interest Pledged	Certificate No. (if uncertificated, please indicate so)
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Acquisitions of Equity Interests or Assets

Debtor/Grantor	Date of Acquisition	Description of Acquisition including full legal name of seller and seller's jurisdiction of organization and seller's chief executive office
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Schedule 2
Pledged Debt Securities and Pledged Debt Instruments

Schedule 3

Jurisdiction of Organization; Organizational Identification Number; Legal Name

Name of Grantor	Type of Organization (e.g. corporation, limited liability company, limited partnership)	Jurisdiction of Organization/ Formation	Organizational Identification Number (if any)
------------------------	--	--	--

Schedule 4
Names; Trade Names; Merger Partners

Schedule 5
Chief Executive Office; Registered Office; Mailing Addresses;
Locations of Collateral and Books and Records

Name of Grantor	Chief Executive Office and Mailing Address	Registered Office	Location of Collateral and Operations	Location of Books and Records
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Schedule 6
Letters of Credit

Schedule 7
Material Real Property

Grantor	Property Location	County	Nature and Use

Schedule 8
Intellectual Property

Copyrights, Copyright Applications and Copyright Licenses

Grantor	Title	Filing Date/Issued Date	Status	Application/Registration No.

Patents, Patent Applications and Patent Licenses

Grantor	Title	Filing Date/Issued Date	Status	Application/Registration No.

Trade-marks, Trade-mark Applications and Trade-mark Licenses

Grantor	Title	Filing Date/Issued Date	Status	Application/Registration No.

Industrial Designs and Industrial Design Licenses

Grantor	Title	Filing Date/Issued Date	Status	Application/Registration No.

Exhibit A
Copyright Security Agreement

[See attached.]

GRANT OF SECURITY INTEREST
IN COPYRIGHTS

FOR GOOD AND VALUABLE CONSIDERATION, the receipt and sufficiency of which are hereby acknowledged, [], a [] (the "Grantor"), with principal offices at [], on this [] day of [], 20[], hereby assigns and grants to WELLS FARGO BANK, NATIONAL ASSOCIATION, as Administrative Agent (the "Grantee") with principal offices at 1808 Aston Avenue, Suite 250, Carlsbad, California 92008, a security interest in (i) all of the Grantor's right, title and interest in and to the copyrights, copyright registrations, copyright applications and copyright licenses (the "Copyrights") set forth on Schedule A attached hereto and all reissues, extensions or renewals thereof; (ii) all Proceeds (as such term is defined in the Canadian Security Agreement referred to below) of the Copyrights and (iii) all causes of action arising prior to or after the date hereof for infringement of any of the Copyrights.

THIS GRANT OF SECURITY INTEREST (this "Grant"), is made to secure the satisfactory performance and payment of all the "Secured Obligations" of the Grantor, as such term is defined in the Canadian Security Agreement among the Grantor, the other grantors from time to time party thereto and the Grantee, dated as of [•], 2016 (as the same may be amended, restated, modified and/or supplemented from time to time, the "Canadian Security Agreement").

THE SECURITY INTEREST IN THE COPYRIGHTS BEING GRANTED HEREUNDER SHALL NOT BE CONSTRUED AS AN ABSOLUTE ASSIGNMENT, BUT AS AN ASSIGNMENT TO SECURE THE GRANTOR'S OBLIGATIONS TO GRANTEE UNDER THE CANADIAN SECURITY AGREEMENT.

This Grant has been granted in conjunction with the security interest granted to the Grantee under the Canadian Security Agreement. The rights and remedies of the Grantee with respect to the security interest granted herein are without prejudice to, and are in addition to, those set forth in the Canadian Security Agreement, all terms and provisions of which are incorporated herein by reference. In the event that any provisions of this Grant are deemed to conflict with the Canadian Security Agreement, the provisions of the Canadian Security Agreement shall govern. This Grant may be executed in counterparts. The Grantor authorizes and request that the Registrar of Copyrights record this Grant.

[SIGNATURES ON THE FOLLOWING PAGE]

IN WITNESS WHEREOF, the undersigned have executed this Grant as of the date referenced above.

[_____], as Grantor

By: _____
Name: _____
Title: _____

WELLS FARGO BANK, NATIONAL ASSOCIATION
as Grantee

By: _____
Name: _____
Title: _____

Schedule A to Copyright Security Agreement

Copyrights, Copyright Applications and Copyright Licenses

Grantor	Title	Filing Date/Issued Date	Status	Application/Registration No.

Exhibit B
Patent Security Agreement

[See attached.]

GRANT OF SECURITY INTEREST
IN PATENTS

FOR GOOD AND VALUABLE CONSIDERATION, the receipt and sufficiency of which are hereby acknowledged, [], a [] (the "Grantor"), with principal offices at [], on this [] day of [], 20[], hereby assigns and grants to WELLS FARGO BANK, NATIONAL ASSOCIATION, as Administrative Agent (the "Grantee") with principal offices at 1808 Aston Avenue, Suite 250, Carlsbad, California 92008, a security interest in all of the Grantor's right, title and interest in and to the patents, patent applications and patent licenses (the "Patents") set forth on Schedule A attached hereto and all reissues, continuations, continuations-in-part and extensions thereof, in each case together with all Proceeds (as such term is defined in the Canadian Security Agreement referred to below) of the Patents, and all causes of action arising prior to or after the date hereof for infringement of any of the Patents.

THIS GRANT OF SECURITY INTEREST (this "Grant"), is made to secure the satisfactory performance and payment of all the "Secured Obligations" of the Grantor, as such term is defined in the Canadian Security Agreement among the Grantor, the other grantors from time to time party thereto and the Grantee, dated as of [•], 2016 (as the same may be amended, restated, modified and/or supplemented from time to time, the "Canadian Security Agreement").

THE SECURITY INTEREST IN THE PATENTS BEING GRANTED HEREUNDER SHALL NOT BE CONSTRUED AS AN ABSOLUTE ASSIGNMENT, BUT AS AN ASSIGNMENT TO SECURE THE GRANTOR'S OBLIGATIONS TO GRANTEE UNDER THE CANADIAN SECURITY AGREEMENT.

This Grant has been granted in conjunction with the security interest granted to the Grantee under the Canadian Security Agreement. The rights and remedies of the Grantee with respect to the security interest granted herein are without prejudice to, and are in addition to, those set forth in the Canadian Security Agreement, all terms and provisions of which are incorporated herein by reference. In the event that any provisions of this Grant are deemed to conflict with the Canadian Security Agreement, the provisions of the Canadian Security Agreement shall govern. This Grant may be executed in counterparts. The Grantor authorizes and request that the Commissioner of Patents record this Grant.

[SIGNATURES ON THE FOLLOWING PAGE]

IN WITNESS WHEREOF, the undersigned have executed this Grant as of the date referenced above.

[_____], as Grantor

By: _____
Name: _____
Title: _____

WELLS FARGO BANK, NATIONAL ASSOCIATION
as Grantee

By: _____
Name: _____
Title: _____

Schedule A to Patent Security Agreement

Patents, Patent Applications and Patent Licenses

Grantor	Title	Filing Date/Issued Date	Status	Application/Registration No.

47

Exhibit C
Trade-mark Security Agreement

[See attached.]

GRANT OF SECURITY INTEREST
IN TRADE-MARKS

FOR GOOD AND VALUABLE CONSIDERATION, the receipt and sufficiency of which are hereby acknowledged, [] (the "Grantor"), with principal offices at [], on this [] day of [], 20[], hereby assigns and grants to WELLS FARGO BANK, NATIONAL ASSOCIATION, as Administrative Agent (the "Grantee") with principal offices at 1808 Aston Avenue, Suite 250, Carlsbad, California 92008, a security interest in all of the Grantor's right, title and interest in and to the trade-marks, trade-mark registrations, trade-mark applications and trade-mark licenses (the "Marks") set forth on Schedule A attached hereto and all reissues, extensions or renewals thereof, and the goodwill of the businesses with which the Marks are associated; in each case together with all Proceeds (as such term is defined in the Canadian Security Agreement referred to below) of the Marks, and all causes of action arising prior to or after the date hereof for infringement of any of the Marks or unfair competition regarding the same.

THIS GRANT OF SECURITY INTEREST (this "Grant"), is made to secure the satisfactory performance and payment of all the "Secured Obligations" of the Grantor, as such term is defined in the Canadian Security Agreement among the Grantor, the other grantors from time to time party thereto and the Grantee, dated as of [•], 2016 (as the same may be amended, restated, modified and/or supplemented from time to time, the "Canadian Security Agreement").

THE SECURITY INTEREST IN THE MARKS BEING GRANTED HEREUNDER SHALL NOT BE CONSTRUED AS AN ABSOLUTE ASSIGNMENT, BUT AS AN ASSIGNMENT TO SECURE THE GRANTOR'S OBLIGATIONS TO GRANTEE UNDER THE CANADIAN SECURITY AGREEMENT.

This Grant has been granted in conjunction with the security interest granted to the Grantee under the Canadian Security Agreement. The rights and remedies of the Grantee with respect to the security interest granted herein are without prejudice to, and are in addition to, those set forth in the Canadian Security Agreement, all terms and provisions of which are incorporated herein by reference. In the event that any provisions of this Grant are deemed to conflict with the Canadian Security Agreement, the provisions of the Canadian Security Agreement shall govern. This Grant may be executed in counterparts. The Grantor authorizes and request that the Registrar of Trade-marks record this Grant.

[SIGNATURES ON THE FOLLOWING PAGE]

IN WITNESS WHEREOF, the undersigned have executed this Grant as of the date referenced above.

[_____], as Grantor

By: _____
Name: _____
Title: _____

WELLS FARGO BANK, NATIONAL ASSOCIATION
as Grantee

By: _____
Name: _____
Title: _____

Schedule A to Trade-mark Security Agreement

Trade-marks, Trade-mark Applications and Trade-mark Licenses

Grantor	Title	Filing Date/Issued Date	Status	Application/Registration No.

Exhibit D
Industrial Design Security Agreement

[See attached.]

GRANT OF SECURITY INTEREST
IN INDUSTRIAL DESIGNS

FOR GOOD AND VALUABLE CONSIDERATION, the receipt and sufficiency of which are hereby acknowledged, [] (the "Grantor"), with principal offices at [], on this [] day of [], 20[], hereby assigns and grants to WELLS FARGO BANK, NATIONAL ASSOCIATION, as Administrative Agent (the "Grantee") with principal offices at 1808 Aston Avenue, Suite 250, Carlsbad, California 92008, a security interest in all of the Grantor's right, title and interest in and to the industrial designs, industrial design registrations, industrial design applications and industrial design licenses (the "Industrial Designs") set forth on Schedule A attached hereto and all reissues, extensions or renewals thereof, and the goodwill of the businesses with which the Industrial Designs are associated; in each case together with all Proceeds (as such term is defined in the Canadian Security Agreement referred to below) of the Industrial Designs, and all causes of action arising prior to or after the date hereof for infringement of any of the Industrial Designs or unfair competition regarding the same.

THIS GRANT OF SECURITY INTEREST (this "Grant"), is made to secure the satisfactory performance and payment of all the "Secured Obligations" of the Grantor, as such term is defined in the Canadian Security Agreement among the Grantor, the other grantors from time to time party thereto and the Grantee, dated as of [•], 2016 (as the same may be amended, restated, modified and/or supplemented from time to time, the "Canadian Security Agreement").

THE SECURITY INTEREST IN THE INDUSTRIAL DESIGNS BEING GRANTED HEREUNDER SHALL NOT BE CONSTRUED AS AN ABSOLUTE ASSIGNMENT, BUT AS AN ASSIGNMENT TO SECURE THE GRANTOR'S OBLIGATIONS TO GRANTEE UNDER THE CANADIAN SECURITY AGREEMENT.

This Grant has been granted in conjunction with the security interest granted to the Grantee under the Canadian Security Agreement. The rights and remedies of the Grantee with respect to the security interest granted herein are without prejudice to, and are in addition to, those set forth in the Canadian Security Agreement, all terms and provisions of which are incorporated herein by reference. In the event that any provisions of this Grant are deemed to conflict with the Canadian Security Agreement, the provisions of the Canadian Security Agreement shall govern. This Grant may be executed in counterparts. The Grantor authorizes and request that the Commissioner of Patents record this Grant.

[SIGNATURES ON THE FOLLOWING PAGE]

IN WITNESS WHEREOF, the undersigned have executed this Grant as of the date referenced above.

[_____], as Grantor

By: _____
Name: _____
Title: _____

WELLS FARGO BANK, NATIONAL ASSOCIATION
as Grantee

By: _____
Name: _____
Title: _____

Schedule A to Industrial Design Security Agreement

Industrial Designs and Industrial Design Licenses

Grantor	Title	Filing Date/Issued Date	Status	Application/Registration No.

Exhibit E
Form of Canadian Security Agreement Supplement

[See attached.]

FORM OF CANADIAN SECURITY AGREEMENT SUPPLEMENT

THIS CANADIAN SECURITY AGREEMENT SUPPLEMENT dated as of [], 20[] (this “Supplement”) executed and delivered by [], a [] (the “New Grantor”) in favour of **WELLS FARGO BANK, NATIONAL ASSOCIATION**, as Administrative Agent (the “Administrative Agent”).

WHEREAS, pursuant to that certain Credit Agreement dated as of April 27, 2016 (as amended, restated, supplemented or otherwise modified from time to time, the “Credit Agreement”), by and among **ACUSHNET COMPANY**, a Delaware corporation (the “US Borrower”), **ACUSHNET HOLDINGS CORP.**, a Delaware corporation (“Holdings”), the several banks, financial institutions and lenders from time to time parties thereto (the “Lenders”), and the Administrative Agent and other parties thereto, the Administrative Agent and the Lenders have agreed to make available to the Borrowers certain financial accommodations on the terms and conditions set forth in the Credit Agreement;

WHEREAS, to secure obligations owing by the Loan Parties under the Credit Agreement and the other Loan Documents, the Canadian Borrower, among others, has executed and delivered that certain Canadian Security Agreement dated as of [•], 2016 (as amended, restated, supplemented or otherwise modified from time to time, the “Canadian Security Agreement”) in favour of the Administrative Agent and the Secured Parties;

WHEREAS, the New Grantor, which will benefit directly and indirectly from the financial accommodations extended by the Lenders, will execute this Supplement to become a party to the Canadian Security Agreement.

NOW, THEREFORE, in consideration of the above premises and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by the New Grantor, the New Grantor hereby agrees as follows:

SECTION 1. Accession to Security Agreement; Grant of Security Interest.

The New Grantor agrees that it is a “Grantor” and “Pledgor” under the Canadian Security Agreement and assumes all obligations of a “Grantor” and “Pledgor” thereunder, all as if the New Grantor were an original signatory to the Canadian Security Agreement. Without limiting the generality of the foregoing, the New Grantor hereby:

(a) as security for the full, prompt and complete payment and performance when due (whether at stated maturity, by acceleration or otherwise) of all of its Secured Obligations, mortgages, pledges, assigns and conveys unto the Administrative Agent, for the benefit of the Secured Parties, and grants to the Administrative Agent, for the benefit of the Secured Parties, a continuing Lien on and Security Interest in all of the right, title and interest of such New Grantor in, to and under all of the Collateral (and all rights therein) whether now existing or hereafter, from time to time, created or acquired;

(b) makes to the Administrative Agent and the Secured Parties as of the date hereof each of the representations and warranties contained in Section 4 of the Canadian Security Agreement (as modified hereby) and agrees to be bound by each of the covenants contained in the Canadian Security Agreement, including those contained in Section 5 thereof to the same extent as each other Grantor set forth therein; and

(c) consents and agrees to each other provision set forth in the Canadian Security Agreement to the same extent as each other Grantor set forth therein.

SECTION 2. Supplement to Schedules.

The information set forth in Exhibit I attached hereto is hereby added to the information set forth in Schedules 1 through 8 of the Canadian Security Agreement.

SECTION 3. GOVERNING LAW; Miscellaneous.

(a) The terms of Sections 13 and 14 of the Canadian Security Agreement with respect to expenses, indemnity, governing law, submission to jurisdiction, venue and waiver of right to trial by jury are incorporated herein by reference, *mutatis mutandis*, and the New Grantor hereby agrees to such terms.

SECTION 4. Definitions.

Capitalized terms used herein and not otherwise defined herein shall have their respective defined meanings given them in the Canadian Security Agreement or the Credit Agreement, as applicable.

[Signatures on Next Page]

IN WITNESS WHEREOF, the New Grantor has caused this Canadian Security Agreement Supplement to be duly executed and delivered by its duly authorized officers as of the date first written above.

[NEW GRANTOR]

By: _____
Name: _____
Title: _____

Address for Notices:

Attention:
Telecopy Number:
Telephone Number:

Accepted:

WELLS FARGO BANK, NATIONAL ASSOCIATION,
as Administrative Agent

By: _____
Name: _____
Title: _____

[See attached.]

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EXHIBIT M

Form of UK Share Charge

[See Attached.]

1

[•] 2016

ACUSHNET INTERNATIONAL INC.
(as Chargor)

and

**WELLS FARGO BANK,
NATIONAL ASSOCIATION**
(as Security Agent)

SHARE CHARGE

LATHAM & WATKINS
99 Bishopsgate
London EC2M 3XF
United Kingdom
Tel: +44.20.7710.1000
www.lw.com

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THIS DEED is made on [•] 2016

BETWEEN :

- (1) ACUSHNET INTERNATIONAL INC. , a Delaware corporation (the “ **Chargor** ”); and
- (2) WELLS FARGO BANK, NATIONAL ASSOCIATION as security trustee for itself and the other Secured Parties (the “ **Security Agent** ”).

IT IS AGREED AS FOLLOWS :

1. INTERPRETATION

1.1 Definitions

In this Deed:

“ **Charged Property** ” means all the assets and undertakings of the Chargor which from time to time are subject of the security created or expressed to be created in favour of the Security Agent by or pursuant to this Deed;

“ **Credit Agreement** ” means the senior secured \$750,000,000 credit agreement between, amongst others, the UK Borrower, the Lenders, and the Security Agent dated 27 April;

“ **Lenders** ” means the Lenders as defined in the Credit Agreement;

“ **Parties** ” means each of the parties to this Deed from time to time;

“ **Quasi-Security** ” means a transaction in which the Chargor:

- (a) sells, transfers or otherwise disposes of any of its assets on terms whereby they are or may be leased to or re-acquired by the Chargor or any other member of its Group;
- (b) sells, transfers or otherwise disposes of any of its receivables on recourse terms;
- (c) enters into any arrangement under which money or the benefit of a bank or other account may be applied, set-off or made subject to a combination of accounts other than in the ordinary course of business; or
- (d) enters into any other preferential arrangement having a similar effect,

in circumstances where the arrangement or transaction is entered into primarily as a method of raising indebtedness or of financing the acquisition of an asset;

“ **Receiver** ” means an administrator, a receiver and manager or (if the Security Agent so specifies in the relevant appointment) receiver in each case appointed under this Deed;

“ **Related Rights** ” means all dividends, distributions and other income paid or payable on a Share, together with all shares or other property derived from any Share and all other allotments, accretions, rights, benefits and advantages of all kinds accruing, offered or otherwise derived from or incidental to that Share (whether by way of conversion, redemption, bonus, preference, option or otherwise);

“ **Secured Obligations** ” means (a) all Obligations of the UK Borrower, (b) all Secured Hedge Obligations (other than an Excluded Swap Obligation) of the UK Borrower, (c) all Cash Management Obligations of the UK Borrower, including, in each case, interest and fees that accrue after the commencement by or against the UK Borrower of any proceeding under any

Debtor Relief Laws naming the UK Borrower as the debtor in such proceeding, regardless of whether such interest and fees are allowed claims in such proceedings (including, for the avoidance of doubt, any change or increase in those obligations pursuant to or in connection with any amendment or supplement or restatement or novation of any Loan Document, in each case whether or not anticipated as of the date of this Agreement) excluding the UK Borrower's Parallel Debts and (d) the covenant to pay made by the Chargor pursuant to Clause 2 hereof;

“ **Secured Parties** ” means the Secured Parties (as defined in the Credit Agreement) and any Receiver;

“ **Security** ” means a mortgage, charge, pledge or lien or other security interest securing any obligation of any person or any other agreement or arrangement having a similar effect;

“ **Shares** ” means all shares owned by the Chargor in the UK Borrower including but not limited to the shares specified in Schedule 1 (*Shares*);

“ **Termination Date** ” has the meaning given to it under the Credit Agreement;

“ **Trust Property** ” means:

- (a) the Security created or evidenced or expressed to be created or evidenced under or pursuant to any of the Loan Documents (being the “ **Transaction Security** ”), and expressed to be granted in favour of the Security Agent as trustee for the Secured Parties and all proceeds of that Transaction Security;
- (b) all obligations expressed to be undertaken by the Chargor to pay amounts in respect of its liabilities to the Security Agent as trustee for the Secured Parties and secured by the Transaction Security together with all representations and warranties expressed to be given by the Chargor in favour of the Security Agent as trustee for the Secured Parties;
- (c) the Security Agent's interest in any trust fund created pursuant to any turnover of receipt provisions in any Loan Documents; and
- (d) any other amounts or property, whether rights, entitlements, choses in action or otherwise, actual or contingent, which the Security Agent is required by the terms of the Loan Documents to hold as trustee on trust for the Secured Parties; and

“ **UK Borrower** ” means Acushnet Europe Limited, a limited liability company incorporated under the laws of England and Wales with company number 01198336 and registered office at Caxton Road, St. Ives Industrial Estate, St Ives, Cambridgeshire PE 27 3LU.

1.2 Construction

In this Deed, unless a contrary intention appears, a reference to:

- (a) an “ **agreement** ” includes any legally binding arrangement, concession, contract, deed or franchise (in each case whether oral or written);
- (b) an “ **amendment** ” includes any amendment, supplement, variation, novation, modification, replacement or restatement and “ **amend** ”, “ **amending** ” and “ **amended** ” shall be construed accordingly;
- (c) “ **assets** ” includes present and future properties, revenues and rights of every description, provided that “assets” shall exclude any Excluded Assets (as such term is defined in the Credit Agreement);

- (d) “ **including** ” means including without limitation and “ **includes** ” and “ **included** ” shall be construed accordingly;
- (e) “ **losses** ” includes losses, actions, damages, claims, proceedings, costs, demands, expenses (including fees) and liabilities and “ **loss** ” shall be construed accordingly;
- (f) a “ **person** ” includes any person, firm, company, corporation, government, state or agency of a state or any association, trust or partnership (whether or not having separate legal personality) or any two or more of the foregoing; and
- (g) a “ **regulation** ” includes any regulation, rule, official directive, request or guideline (whether or not having the force of law) of any governmental, intergovernmental or supranational body, agency, department or regulatory, self-regulatory or other authority or organisation.

1.3 **Other References**

- (a) In this Deed, unless a contrary intention appears, a reference to:
 - (i) any Party, Secured Party, the Chargor or any other person is, where relevant, deemed to be a reference to or to include, as appropriate, that person’s successors in title, permitted assignees and transferees and in the case of the Security Agent, any person for the time being appointed as Security Agent or Security Agents in accordance with the Loan Documents;
 - (ii) any Loan Document or other agreement or instrument is to be construed as a reference to that agreement or instrument as amended or novated, including by way of increase of the facilities or other obligations or addition of new facilities or other obligations made available under them or accession or retirement of the parties to these agreements but excluding any amendment or novation made contrary to any provision of any Loan Document;
 - (iii) any clause or schedule is a reference to, respectively, a clause of and schedule to this Deed and any reference to this Deed includes its schedules; and
 - (iv) a provision of law is a reference to that provision as amended or re-enacted.
- (b) The index to and the headings in this Deed are inserted for convenience only and are to be ignored in construing this Deed.
- (c) Words importing the plural shall include the singular and vice versa.

1.4 **Incorporation by reference**

Unless the context otherwise requires or unless otherwise defined in this Deed, words and expressions defined in the Credit Agreement have the same meanings when used in this Deed.

1.5 **Miscellaneous**

- (a) Notwithstanding any other provision of this Deed, the obtaining of a moratorium under section 1A of the Insolvency Act 1986, or anything done with a view to obtaining such a moratorium (including any preliminary decision or investigation), shall not be an event causing any floating charge created by this Deed to crystallise or causing restrictions which would not otherwise apply to be imposed on the disposal of property by any Chargor or a ground for the appointment of a Receiver.

- (b) The Contracts (Rights of Third Parties) Act 1999 shall not apply to this Deed and no rights or benefits expressly or impliedly conferred by this Deed shall be enforceable under that Act against the Parties by any other person.
- (c) The parties hereto intend that this document shall take effect as a deed notwithstanding that any party may only execute this document under hand.

1.6 Declaration of trust

- (a) The Security Agent hereby accepts its appointment as agent and trustee by the Secured Parties and declares (and the Chargor hereby acknowledges) that the Trust Property is held by the Security Agent as a trustee for and on behalf of the Secured Parties on the basis of the duties, obligations and responsibilities set out in the Credit Agreement.
- (b) Section 1 of the Trustee Act 2000 shall not apply to the duties of the Security Agent in relation to the trusts created by this Deed or any other Loan Document. In performing its duties, obligations and responsibilities, the Security Agent shall be considered to be acting only in a mechanical and administrative capacity or as expressly provided in this Deed and the other Loan Documents.
- (c) In acting as trustee for the Secured Parties under this Deed, the Security Agent shall be regarded as acting through its trustee division which shall be treated as a separate entity from any other of its divisions or departments. Any information received by some other division or department of the Security Agent may be treated as confidential and shall not be regarded as having been given to the Security Agent's trustee division.

2. COVENANT TO PAY

The Chargor, as primary obligor, covenants with the Security Agent (for the benefit of itself and the other Secured Parties) that it will on demand pay the Secured Obligations when they fall due for payment.

3. CHARGING PROVISION

The Chargor, as continuing security for the payment of the Secured Obligations, charges in favour of the Security Agent by way of first fixed charge and with full title guarantee all of the Shares, both present and future, from time to time, owned by it or in which it has an interest, and all corresponding Related Rights

4. FURTHER ASSURANCE

- (a) The covenants set out in Section 2(1)(b) of the Law of Property (Miscellaneous Provisions) Act 1994 shall extend to include the obligations set out in sub-clause 4 (b) and (c) below.
- (b) The Chargor shall promptly (and at its own expense) do all such acts (including payment of all stamp duties or fees) or execute or re-execute all such documents (including assignments, transfers, mortgages, charges, notices and instructions as the Security Agent may reasonably specify (and in such form as the Security Agent may reasonably require):
 - (i) to perfect the Security created or intended to be created under or evidenced by this Deed (which may include the execution or re-execution of a mortgage, charge, assignment or other Security over all or any of the assets which are, or

are intended to be, the subject of this Deed) or for the exercise of any rights, powers and remedies of the Security Agent, any Receiver or the other Secured Parties provided by or pursuant to this Deed or by law;

- (ii) to confer on the Security Agent, or on the Secured Parties, Security over any property and assets of that Chargor located in any jurisdiction equivalent or similar to the Security intended to be conferred by or pursuant to this Deed; and/or
 - (iii) to facilitate the realisation of the assets which are, or are intended to be, the subject of the Security created under this Deed.
- (c) The Chargor shall take all such action as is available to it (including making all filings and registrations) as may be necessary for the purpose of the creation, perfection, protection or maintenance of any Security conferred or intended to be conferred on the Security Agent or the Secured Parties by or pursuant to this Deed.

5. NEGATIVE PLEDGE

The Chargor may not:

- (a) create or agree to create or permit to subsist any Security or Quasi-Security over all or any part of the Charged Property;
- (b) sell, transfer, lend or otherwise dispose of all or any part of the Charged Property or the right to receive or to be paid the proceeds arising on the disposal of the same, or agree or attempt to do so; or
- (c) dispose of the equity of redemption in respect of all or any part of the Charged Property,

except as expressly permitted by the Credit Agreement or with the prior consent of the Security Agent.

6. REPRESENTATIONS AND WARRANTIES

6.1 The Chargor represents and warrants to the Security Agent on the date of this Deed and on each date that any representations are repeated under article 5 (*Representations and Warranties*) of the Credit Agreement that:

- (a) it is the legal and beneficial owner of the Shares identified against its name in Schedule 1 (*Shares*) which represent the entire issued share capital of the UK Borrower; and
- (b) all of those Shares are fully paid; and
- (c) the constitutional documents of the Chargor and the UK Borrower do not restrict or otherwise limit the Chargor's right to transfer or charge its shares in the UK Borrower pursuant to the terms of this Deed; and
- (d) none of the Charged Property is the subject of any claim, assertion, infringement, attack, right, action or other restriction or arrangement of whatever nature.

6.2 The Chargor makes the representations set out in sections 5.01 (*Existence, Qualification and Power; Compliance with Laws*), 5.02 (*Authorization; No Contravention*); 5.03 (*Governmental Authorization; Other Consents*) and 5.04 (*Binding Effect*) of the Credit Agreement, as if references to any Loan Document or Collateral Document contained therein were references

to this Deed and as if references to “each Loan Party” and Restricted Subsidiaries were references to the Chargor.

7. PROTECTION OF SECURITY

- 7.1 The Chargor will promptly deposit with the Security Agent (or as it shall direct) all stocks and share certificates and other documents of title relating to the Shares together with stock transfer forms executed in blank and left undated on the basis that the Security Agent shall be able to hold such documents of title and stock transfer forms until the Secured Obligations have been irrevocably and unconditionally discharged in full and shall be entitled, at any time following the occurrence of an Event of Default which is continuing, under its power of attorney given in this Deed, the stock transfer forms on behalf of the Chargor in favour of itself or such other person as it shall select;
- 7.2 The Security Agent may retain any document delivered to it under this Clause 7 or otherwise until the security created under this Deed is released and, if for any reason it ceases to hold any such document before that time, it may by notice to the Chargor require that the document be redelivered to it and the Chargor shall (i) promptly comply (or procure compliance) where such document has been returned to the Chargor, or (ii) promptly comply (or use reasonable endeavours to procure compliance where such document is with a third party) with that notice.
- 7.3 Any document required to be delivered to the Security Agent under Clause 7.1 which is for any reason not so delivered or which is released by the Security Agent to the Chargor shall be held on trust by the Chargor for the Security Agent.

8. VOTING AND DISTRIBUTION RIGHTS

- 8.1 Prior to the occurrence of an Event of Default which is continuing:
- (a) the Chargor shall be entitled to receive and retain all dividends, distributions and other moneys paid on or derived from its Shares; and
 - (b) the Chargor shall be entitled to exercise all voting and other rights and powers attaching to its Shares provided that it shall not exercise any such voting rights or powers in any manner which would prejudice the interests of the Secured Parties under this Deed or adversely affect the validity, enforceability or existence of the Charged Property or the Security created under this Deed.
- 8.2 Upon the occurrence and during the continuance of an Event of Default, all voting rights in respect of the Shares shall be exercised by the Chargor as directed by the Security Agent (in order to preserve and/or realise the value of the security), unless the Security Agent has notified the Chargor in writing that it wishes to give up this right.
- 8.3 Upon the occurrence and during the continuance of an Event of Default, the Chargor shall hold any dividends, distributions and other monies paid on or derived from the Shares on trust for the Secured Parties and pay the same to, or as directed by, the Security Agent.
- 8.4 If, at any time, any Shares are registered in the name of the Security Agent or its nominee, the Security Agent will not be under any duty to ensure that any dividends, distributions or other moneys payable in respect of those Shares are duly and promptly paid or received by it or its nominee, or to verify that the correct amounts are paid or received, or to take any action in connection with the taking up of any (or any offer of any) stocks, shares, rights, moneys or other property paid, distributed, accruing or offered at any time by way of interest, dividend, redemption, bonus, rights, preference, option, warrant or otherwise on or in respect of or in substitution for, any of those Shares.

8.5 After all Events of Default have been cured or waived, the Chargor shall have the exclusive right to exercise the voting and/or consensual rights and powers that the Chargor would otherwise be entitled to exercise pursuant to the terms of Clauses 8.1 to 8.3 of this Deed and the obligations of the Security Agent shall be reinstated.

9. SECURITY AGENT'S POWER TO REMEDY

9.1 Power to Remedy

If the Chargor fails to comply with any obligation set out in Clause 7 (*Protection of Security*) or Clause 8 (*Voting and Distribution Rights*) and that failure is not remedied to the satisfaction of the Security Agent within 14 days of the Security Agent giving notice to the Chargor or the Chargor becoming aware of the failure to comply, it will allow (and irrevocably authorises) the Security Agent or any person which the Security Agent nominates to take any action on behalf of the Chargor which is necessary to ensure that those obligations are complied with.

9.2 Indemnity

Subject to any limitations in the Credit Agreement, the Chargor will indemnify the Security Agent against all losses properly incurred by the Security Agent as a result of a breach by the Chargor of its obligations under Clause 7 (*Protection of Security*) or Clause 8 (*Voting and Distribution Rights*) and in connection with the exercise by the Security Agent of its rights contained in Clause 9.1 above. All sums the subject of this indemnity will be payable by the Chargor to the Security Agent on demand and if not so paid will bear interest at the Default Rate. Any unpaid interest will be compounded monthly.

10. CONTINUING SECURITY

10.1 Continuing Security

The Security constituted by this Deed shall be a continuing security notwithstanding any intermediate payment or settlement of all or any part of the Secured Obligations or any other act, matter or thing.

10.2 Other Security

The Security constituted by this Deed is to be in addition to and shall neither be merged in nor in any way exclude or prejudice or be affected by any other Security or other right which the Security Agent and/or any other Secured Party may now or after the date of this Deed hold for any of the Secured Obligations, and this Security may be enforced against the Chargor without first having recourse to any other rights of the Security Agent or any other Secured Party.

11. ENFORCEMENT OF SECURITY

11.1 Enforcement Powers

For the purpose of all rights and powers implied or granted by statute, the Secured Obligations are deemed to have fallen due on the date of this Deed. The power of sale and other powers conferred by section 101 of the Law of Property Act 1925 and all other enforcement powers conferred by this Deed shall be immediately exercisable at any time after an Event of Default has occurred which is continuing.

11.2 **Statutory Powers**

The powers conferred on mortgagees, receivers or administrative receivers by the Law of Property Act 1925 and the Insolvency Act 1986 (as the case may be) shall apply to the Security created under this Deed, unless they are expressly or impliedly excluded. If there is ambiguity or conflict between the powers contained in those Acts and those contained in this Deed, those contained in this Deed shall prevail.

11.3 **Exercise of Powers**

All or any of the powers conferred upon mortgagees by the Law of Property Act 1925 as varied or extended by this Deed, and all or any of the rights and powers conferred by this Deed on a Receiver (whether expressly or impliedly), may be exercised by the Security Agent without further notice to the Chargor at any time after an Event of Default has occurred which is continuing, irrespective of whether the Security Agent has taken possession or appointed a Receiver of the Charged Property.

11.4 **Disapplication of Statutory Restrictions**

The restriction on the consolidation of mortgages and on power of sale imposed by sections 93 and 103 respectively of the Law of Property Act 1925 shall not apply to the security constituted by this Deed.

11.5 **Appropriation under the Financial Collateral Regulations**

- (a) To the extent that any of the Charged Property constitutes “financial collateral” and this deed and the obligations of the Chargor hereunder constitute “security financial collateral arrangement” (in each case as defined in, and for the purposes of, the Financial Collateral Arrangements (No. 2) Regulations 2003 (as amended)), the Security Agent shall have the right to appropriate all or any part of such financial collateral in or towards discharge of the Secured Obligations and may exercise that right to appropriate by giving notice to the Chargor at any time after an Event of Default has occurred which is continuing.
- (b) The Parties agree that the value of any such appropriated financial collateral shall be: (x) in the case of securities, the price at which such securities can be disposed of by the Security Agent; and (y) in the case of any other asset, the market value of such financial collateral as determined by the Security Agent, in each case, in a commercially reasonable manner (including by way of an independent valuation). The Parties agree that the methods of valuation provided for in this paragraph shall constitute commercially reasonable methods of valuation for the purposes of the Regulations.

12. **RECEIVERS**

12.1 **Appointment of Receiver**

- (a) Subject to paragraph (d) below, at any time after this Deed has become enforceable, or if so requested by the Chargor, the Security Agent may by writing under hand signed by any officer or manager of the Security Agent, appoint any person (or persons) to be a Receiver of all or any part of the Charged Property.
- (b) Section 109(1) of the Law of Property Act 1925 shall not apply to this Deed.
- (c) Paragraph 14 of Schedule B1 to the Insolvency Act 1986 shall apply to any floating charge created by this Deed.

(d) The Security Agent shall be entitled to appoint a Receiver save to the extent prohibited by section 72A Insolvency Act 1986.

12.2 Powers of Receiver

Each Receiver appointed under this Deed shall have (subject to any limitations or restrictions which the Security Agent may incorporate in the deed or instrument appointing it) all the powers conferred from time to time on receivers by the Law of Property Act 1925 and the Insolvency Act 1986 (each of which is deemed incorporated in this Deed), so that the powers set out in schedule 1 to the Insolvency Act 1986 shall extend to every Receiver, whether or not an administrative receiver. In addition, notwithstanding any liquidation of the relevant Chargor, each Receiver shall have power to:

- (a) exercise all voting and other rights attaching to the Shares owned by the Chargor and comprised in the Charged Property, but only following a written notification from either the Receiver or the Security Agent to the Chargor stating that the Security Agent shall exercise all voting rights in respect of the Shares owned by the Chargor and comprised in the Charged Property;
- (b) redeem any prior Security on or relating to the Charged Property and settle and pass the accounts of the person entitled to that prior Security, so that any accounts so settled and passed shall (subject to any manifest error) be conclusive and binding on the Chargor and the money so paid shall be deemed to be an expense properly incurred by the Receiver;
- (c) settle any claims, accounts, disputes, questions and demands with or by any person who is or claims to be a creditor of the Chargor or relating to any of the Charged Property; and
- (d) do all other acts and things (including signing and executing all documents and deeds) as the Receiver considers to be incidental or conducive to any of the matters or powers in this Clause 12.2, or otherwise incidental or conducive to the preservation, improvement or realisation of the Charged Property, and use the name of the Chargor for all such purposes,

and in each case may use the name of the Chargor and exercise the relevant power in any manner which he may think fit.

12.3 Receiver as Agent

Each Receiver shall be the agent of the Chargor, which shall be solely responsible for his acts or defaults, and for his remuneration and expenses, and be liable on any agreements or engagements made or entered into by him. The Security Agent will not be responsible for any misconduct, negligence or default of a Receiver.

12.4 Removal of Receiver

The Security Agent may by notice remove from time to time any Receiver appointed by it (subject to the provisions of section 45 of the Insolvency Act 1986 in the case of an administrative receivership) and, whenever it may deem appropriate, appoint a new Receiver in the place of any Receiver whose appointment has terminated, for whatever reason.

12.5 Remuneration of Receiver

The Security Agent may from time to time fix the remuneration of any Receiver appointed by it.

13. APPLICATION OF PROCEEDS

13.1 Order of Application

All moneys received or recovered by the Security Agent or any Receiver pursuant to this Deed shall (subject to the claims of any person having prior rights thereto) be applied in the order and manner specified by the Credit Agreement notwithstanding any purported appropriation by the Chargor.

13.2 Section 109 Law of Property Act 1925

Sections 109(6) and (8) of the Law of Property Act 1925 shall not apply to a Receiver appointed under this Deed.

13.3 Application against Secured Obligations

Subject to Clause 13.1 above, any moneys or other value received or realised by the Security Agent from the Chargor or a Receiver under this Deed may be applied by the Security Agent to any item of account or liability or transaction forming part of the Secured Obligations to which they may be applicable in any order or manner which the Security Agent may determine.

13.4 Suspense Account

Until the Secured Obligations are paid in full, the Security Agent or the Receiver (as appropriate) may place and keep (for such time as it shall determine) any money received, recovered or realized pursuant to this Deed or on account of the Chargor's liability in respect of the Secured Obligations in an interest bearing separate suspense account (to the credit of either the Chargor or the Security Agent or the Receiver as the Security Agent or the Receiver shall think fit) and the Security Agent or the Receiver may retain the same for the period which it considers expedient without having any obligation to apply all or any part of that money in or towards discharge of the Secured Obligations.

14. PROTECTION OF SECURITY AGENT AND RECEIVER

14.1 No Liability

Neither the Security Agent nor any Receiver shall be liable in respect of any of the Charged Property or for any loss or damage which arises out of the exercise or the attempted or purported exercise of, or the failure to exercise any of, their respective powers under the Loan Documents, unless caused by its or his gross negligence or, wilful default.

14.2 Possession of Charged Property

Without prejudice to Clause 14.1 above, if the Security Agent or the Receiver enters into possession of the Charged Property, it will not be liable to account as mortgagee in possession and may at any time at its discretion go out of such possession.

14.3 Primary liability of Chargor

The Chargor shall be deemed to be a principal debtor and the sole, original and independent obligor for the Secured Obligations and the Charged Property shall be deemed to be a principal security for the Secured Obligations. The liability of the Chargor under this Deed and the charges contained in this Deed shall not be impaired by any forbearance, neglect, indulgence, abandonment, extension of time, release, surrender or loss of securities, dealing, variation or arrangement by the Security Agent or any other Secured Party, or by any other act, event or matter whatsoever whereby the liability of the Chargor (as a surety only) or the

charges contained in this Deed (as secondary or collateral charges only) would, but for this provision, have been discharged.

14.4 **Waiver of defences**

The obligations of the Chargor under this Deed will not be affected by an act, omission, matter or thing which, but for this Deed, would reduce, release or prejudice any of its obligations under this Deed (without limitation and whether or not known to it or any Secured Party) including:

- (a) any time, waiver or consent granted to, or composition with, any Obligor or other person;
- (b) the release of any other Obligor or any other person under the terms of any composition or arrangement with any creditor of any member of the Group;
- (c) the taking, variation, compromise, exchange, renewal or release of, or refusal or neglect to perfect, take up or enforce, any rights against, or security over assets of, any Obligor or other person or any non-presentation or non-observance of any formality or other requirement in respect of any instrument or any failure to realise the full value of any security;
- (d) any incapacity or lack of power, authority or legal personality of or dissolution or change in the members or status of an Obligor or any other person;
- (e) any amendment, novation, supplement, extension restatement (however fundamental and whether or not more onerous) or replacement of a Loan Document or any other document or security including, without limitation, any change in the purpose of, any extension of or increase in any facility or the addition of any new facility under any Loan Document or other document or security;
- (f) any unenforceability, illegality or invalidity of any obligation of any person under any Loan Document or any other document or security; or
- (g) any insolvency or similar proceedings.

14.5 **Security Agent**

The provisions set out in article 9 (*Administrative Agent and Other Agents*) of the Credit Agreement shall govern the rights, duties and obligations of the Security Agent under this Deed.

14.6 **Delegation**

The Security Agent may delegate by power of attorney or in any other manner all or any of the powers, authorities and discretions which are for the time being exercisable by it under this Deed to any person or persons upon such terms and conditions (including the power to sub-delegate) as it may think fit. The Security Agent will not be liable or responsible to the Chargor or any other person for any losses arising from any act, default, omission or misconduct on the part of any delegate.

14.7 **Cumulative Powers**

The powers which this Deed confers on the Security Agent, the other Secured Parties and any Receiver appointed under this Deed are cumulative, without prejudice to their respective powers under the general law, and may be exercised as often as the relevant person thinks appropriate. The Security Agent, the other Secured Parties or the Receiver may, in

connection with the exercise of their powers, join or concur with any person in any transaction, scheme or arrangement whatsoever. The respective powers of the Security Agent, the other Secured Parties and the Receiver will in no circumstances be suspended, waived or otherwise prejudiced by anything other than an express consent or amendment.

15. POWER OF ATTORNEY

The Chargor, by way of security, irrevocably and severally appoints the Security Agent, each Receiver and any person nominated for the purpose by the Security Agent or any Receiver (in writing and signed by an officer of the Security Agent or Receiver) as its attorney (with full power of substitution and delegation) in its name and on its behalf and as its act and deed to execute, seal and deliver (using the company seal where appropriate) and otherwise perfect and do any deed, assurance, agreement, instrument, act or thing which it ought to execute and do under the terms of this Deed, or which may be required or deemed proper in the exercise of any rights or powers conferred on the Security Agent or any Receiver under this Deed or otherwise for any of the purposes of this Deed, and the Chargor covenants with the Security Agent and each Receiver to ratify and confirm all such acts or things made, done or executed by that attorney.

16. PROTECTION FOR THIRD PARTIES

16.1 No Obligation to Enquire

No purchaser from, or other person dealing with, the Security Agent or any Receiver (or their agents) shall be obliged or concerned to enquire whether:

- (a) the right of the Security Agent or any Receiver to exercise any of the powers conferred by this Deed has arisen or become exercisable or as to the propriety or validity of the exercise or purported exercise of any such power; or
- (b) any of the Secured Obligations remain outstanding and/or are due and payable or be concerned with notice to the contrary and the title and position of such a purchaser or other person shall not be impeachable by reference to any of those matters.

16.2 Receipt Conclusive

The receipt of the Security Agent or any Receiver shall be an absolute and a conclusive discharge to a purchaser, and shall relieve him of any obligation to see to the application of any moneys paid to or by the direction of the Security Agent or any Receiver.

17. COSTS AND EXPENSES

The terms of sections 10.04 and 10.05 of the Credit Agreement with respect to expenses and indemnity are incorporated herein by reference, *mutatis mutandis*, and the parties hereto agree to such terms.

18. REINSTATEMENT AND RELEASE

18.1 Amounts Avoided

If any amount paid by the Chargor in respect of the Secured Obligations is capable of being avoided or set aside on the liquidation or administration of the Chargor or otherwise, then for the purposes of this Deed that amount shall not be considered to have been paid.

18.2 **Discharge Conditional**

Any settlement or discharge between the Chargor and any Secured Party shall be conditional upon no security or payment to that Secured Party by the Chargor or any other person being avoided, set aside, ordered to be refunded or reduced by virtue of any provision or enactment relating to insolvency and accordingly (but without limiting the other rights of that Secured Party under this Deed) that Secured Party shall be entitled to recover from the Chargor the value which that Secured Party has placed on that security or the amount of any such payment as if that settlement or discharge had not occurred.

18.3 **Covenant To Release**

- (a) On the Termination Date, (i) the security interests granted under this Deed shall terminate, (ii) all rights to the Charged Property shall revert to the Chargor and (iii) this Deed (including the covenant to pay contained in Clause 2) shall terminate.
- (b) On the Termination Date and in connection with any other Lien released or subordinated pursuant to section 9.08 of the Credit Agreement, the Security Agent will, at the expense of such Chargor, comply with the provisions of section 9.08 of the Credit Agreement, but without recourse or warranty to the Security Agent.
- (c) The Security Agent shall have no liability whatsoever to any other Secured Party as the result of any release of the Charged Property by it in accordance with (or which the Security Agent in the absence of gross negligence or willful misconduct (as determined by a final, non-appealable decision of a court of competent jurisdiction) believes to be in accordance with) this Clause 18.3.

19. **CURRENCY CLAUSES**

19.1 **Conversion**

All moneys received or held by the Security Agent or any Receiver under this Deed may be converted into any other currency which the Security Agent considers necessary to cover the obligations and liabilities comprised in the Secured Obligations in that other currency at the Security Agent's spot rate of exchange then prevailing for purchasing that other currency with the existing currency.

19.2 **No Discharge**

No payment to the Security Agent (whether under any judgment or court order or otherwise) shall discharge the obligation or liability of the Chargor in respect of which it was made unless and until the Security Agent has received payment in full in the currency in which the obligation or liability is payable or, if the currency of payment is not specified, was incurred. To the extent that the amount of any such payment shall on actual conversion into that currency fall short of that obligation or liability expressed in that currency, the Security Agent shall have a further separate cause of action against the Chargor and shall be entitled to enforce the Security constituted by this Deed to recover the amount of the shortfall.

20. **SET-OFF**

20.1 **Set-off rights**

The Security Agent may set off any matured obligation due from the Chargor under the Loan Documents (to the extent beneficially owned by the Security Agent y) against any matured obligation owed by the Security Agent to the Chargor, regardless of the place of payment, booking branch or currency of either obligation. If the obligations are in different currencies,

the Security Agent may convert either obligation at a market rate of exchange in its usual course of business for the purpose of the set-off.

20.2 Unliquidated Claims

If, at any time after notice demanding payment of any sum which is then due but unpaid in respect of the Secured Obligations has been given by the Security Agent to the Chargor, the relevant obligation or liability is unliquidated or unascertained, the Security Agent may set-off the amount which it estimates (in good faith) will be the final amount of that obligation or liability once it becomes liquidated or ascertained.

20.3 No Set-off

The Chargor will pay all amounts payable under this Deed without any set-off, counterclaim or deduction whatsoever unless required by law, in which event the Chargor will pay an additional amount to ensure that the payment recipient receives the amount which would have been payable had no deduction been required to have been made.

21. RULING OFF

If the Security Agent or any other Secured Party receives notice of any subsequent Security or other interest affecting any of the Charged Property (except as permitted by the Credit Agreement) it may open a new account for the Chargor in its books. If it does not do so then (unless it gives express notice to the contrary to the Chargor), as from the time it receives that notice, all payments made by the Chargor to it (in the absence of any express appropriation to the contrary) shall be treated as having been credited to a new account of the Chargor and not as having been applied in reduction of the Secured Obligations.

22. REDEMPTION OF PRIOR CHARGES

The Security Agent may, at any time after an Event of Default has occurred and is continuing, redeem any prior Security on or relating to any of the Charged Property or procure the transfer of that Security to itself, and may settle and pass the accounts of any person entitled to that prior Security. Any account so settled and passed shall (subject to any manifest error) be conclusive and binding on the Chargor. The Chargor will on demand pay to the Security Agent all principal moneys and interest and all losses incidental to any such redemption or transfer.

23. NOTICES

23.1 Communications in writing

Any communication to be made under or in connection with this Deed shall be made in writing and, unless otherwise stated herein or in the Credit Agreement, may be made by fax or letter.

23.2 Addresses

The address and fax number (and the department or officer, if any, for whose attention the communication is to be made) of each party to this Deed for any communication or document to be made or delivered under or in connection with this Deed is:

- (a) in accordance with the provisions of section 10.02 (*Notices and Other Communications; Facsimile Copies*) of the Credit Agreement (in the case of any person who is a party as at the date of this Deed);

- (b) in the case of any person who becomes a party after the date of this Deed, notified in writing to the Security Agent on or prior to the date on which it becomes a party,

or any substitute address or fax number as the party may notify to the Security Agent (or the Security Agent may notify to the other Parties, if a change is made by the Security Agent) by not less than five Business Days' notice.

23.3 **Delivery**

- (a) Any communication or document made or delivered by one person to another under or in connection with this Deed will only be effective:
 - (i) if by way of fax, when received in legible form; or
 - (ii) if by way of letter, when it has been left at the relevant address or five Business Days after being deposited in the post postage prepaid in an envelope addressed to it at that address,

and, if a particular department or officer is specified as part of its address details provided under Clause 23.2, if addressed to that department or officer.

- (b) Any communication or document to be made or delivered to the Security Agent will be effective only when actually received by the Security Agent and then only if it is expressly marked for the attention of the department or officer identified with the Security Agent's signature below (or any substitute department or officer as the Security Agent shall specify for this purpose).

24. **CHANGES TO PARTIES**

24.1 **Assignment by the Security Agent**

The Security Agent may at any time assign or otherwise transfer all or any part of its rights under this Deed in accordance with the Loan Documents.

24.2 **Changes to Parties**

The Chargor authorises and agrees to changes to parties in accordance with the terms of the Credit Agreement and authorises the Security Agent to execute on its behalf any document required to effect the necessary transfer of rights or obligations contemplated by those provisions.

25. **MISCELLANEOUS**

25.1 **Certificates Conclusive**

A certificate or determination of the Security Agent as to any amount payable under this Deed will be conclusive and binding on the Chargor, except in the case of manifest error.

25.2 **Counterparts**

This Deed may be executed in any number of counterparts, and this has the same effect as if the signatures on the counterparts were on a single copy of this Deed.

25.3 **Invalidity of any Provision**

If any provision of this Deed is or becomes invalid, illegal or unenforceable in any respect under any law, the validity, legality and enforceability of the remaining provisions shall not be affected or impaired in any way.

25.4 **Failure to Execute**

Failure by one or more parties (“**Non-Signatories**”) to execute this Deed on the date hereof will not invalidate the provisions of this Deed as between the other Parties who do execute this Deed. Such Non-Signatories may execute this Deed on a subsequent date and will thereupon become bound by its provisions.

26. **GOVERNING LAW AND JURISDICTION**

- (a) This Deed and any non-contractual claims arising out of or in connection with it shall be governed by and construed in accordance with English law.
- (b) Subject to sub-clause (c) below, the Parties agree that the courts of England shall have exclusive jurisdiction to settle any dispute arising out of or in connection with this Deed, whether contractual or non-contractual (including a dispute regarding the existence, validity or termination of this Deed) (a “**Dispute**”). The Parties agree that the courts of England are the most appropriate and convenient courts to settle Disputes and accordingly no party will argue to the contrary.
- (c) The Parties agree that, for the benefit of the Secured Parties only, nothing in this Deed shall limit the right of the Secured Parties to bring any legal action against the Chargor in any other court of competent jurisdiction.

27. **SERVICE OF PROCESS**

Without prejudice to any other mode of service allowed under any relevant law, the Chargor:

- (a) irrevocably appoints Acushnet Europe Limited as its agent for service of process in relation to any proceedings before the English courts in connection with this Deed; and
- (b) agrees that failure by the agent for service of process to notify the relevant Chargor of the process will not invalidate the proceedings concerned.

IN WITNESS whereof this Deed has been duly executed as a deed and is delivered on the date first above written.

SCHEDULE 1

SHARES

Shares

Name in which the shares are held	Name of company issuing shares	Number and class of shares
Acushnet International Inc.	Acushnet Europe Limited, a limited liability company incorporated under the laws of England and Wales with company number 01198336 and registered office at Caxton Road, St. Ives Industrial Estate, St Ives, Cambridgeshire PE 27 3LU	300,699 ordinary shares of £1 each

SIGNATORIES TO SHARE CHARGE(1)

THE CHARGOR

EXECUTED as a **DEED** by
ACUSHNET INTERNATIONAL INC. acting by:

[•] as Authorised Signatory: _____

Notice Details

Address: [•]

Facsimile: [•]

Attention: [•]

Email: [•]

THE SECURITY AGENT

EXECUTED as a **DEED** by
WELLS FARGO BANK, NATIONAL ASSOCIATION acting by:

[•] as Authorised Signatory: _____

Notice Details

Address: [•]

Facsimile: [•]

Attention: [•]

Email: [•]

(1) Each party to confirm execution block.

Form of UK Debenture

[See Attached.]

2016

ACUSHNET EUROPE LIMITED
(as Chargor)

and

**[WELLS FARGO BANK,
NATIONAL ASSOCIATION]**
(as Security Agent)

LATHAM & WATKINS

99 Bishopsgate
London EC2M 3XF
United Kingdom
Tel: +44.20.7710.1000
www.lw.com

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THIS DEED (the “**Debenture**”) is made on [•] 2016

BETWEEN :

- (1) **ACUSHNET EUROPE LIMITED.**, a limited liability company incorporated in England and Wales with registered number 01198336, having its registered office at Caxton Road, St. Ives Industrial Estate, St Ives, Cambridgeshire PE27 3LU (the “**Chargor**”); and
- (2) **[WELLS FARGO BANK, NATIONAL ASSOCIATION]** as security trustee for itself and the other Secured Parties (the “**Security Agent**”).

IT IS AGREED AS FOLLOWS :

1. INTERPRETATION

1.1 Definitions

In this Debenture:

“**Accounts**” means any accounts of the Chargor that may from time to time be identified in writing by a Chargor and the Security Agent, (and any renewal or re-designation of such accounts), together with the debt or debts represented thereby;

“**Account Notice**” means a notice substantially in the form set out in Part III of Schedule 7 (*Forms of Notices*);

“**Assigned Agreements**” means [•](1) and any other agreement designated as an Assigned Agreement by a Chargor and the Security Agent;

“**Charged Property**” means all the assets and undertakings of a Chargor which from time to time are subject of the security created or expressed to be created in favour of the Security Agent by or pursuant to this Debenture and any Security Accession Deed;

“**Chargor**” means the Chargor and each company which grants security over its assets in favour of the Security Agent by executing a Security Accession Deed;

“**Counterparty Notice**” means a notice substantially in the form set out in Part I of Schedule 7 (*Forms of Notices*);

“**Credit Agreement**” means the \$750,000,000 senior secured credit agreement dated 27 April 2016, between, amongst others, the Company, the Chargor, the Canadian Borrower, and the Administrative Agent (each as defined therein);

“**Equipment**” means all plant, machinery, computers, office and other equipment, furnishings and vehicles and other chattels (excluding any for the time being forming part of the Chargor’s stock in trade or work in progress) together with any spare parts, replacements or modifications and the benefit of all contracts, licences and warranties relating thereto, including but not limited to any assets specified in Schedule 4 (*Equipment*);

“**Event of Default**” means an Event of Default as defined in the Credit Agreement;

“**Insurance Notice**” means a notice substantially in the form set out in Part II of Schedule 7 (*Forms of Notices*);

(1) Chargor to confirm whether any material contracts exist

“ **Insurance Policies** ” means all policies of insurance and all proceeds of them either now or in the future held by, or written in favour of, a Chargor or in which it is otherwise interested, including but not limited to the policies of insurance, if any, specified in Schedule 6 (*Insurance Policies*);

“ **Intellectual Property** ” means any patents, trademarks, service marks, designs, business names, copyrights, database rights, design rights, domain names, moral rights, inventions, confidential information, knowhow and other intellectual property rights and interests (which may now or in the future subsist), whether registered or unregistered and the benefit of all applications and rights to use such assets which may now or in the future subsist, including but not limited to the intellectual property, if any, specified in Schedule 3 (*Intellectual Property*);

“ **Investment** ” means any stock, share, debenture, loan stock, securities, bonds, certificates of deposits, options, warrants, interest in any investment fund or investment scheme and any other comparable investment (including all warrants, options and any other rights to subscribe for, convert into or otherwise acquire these investments), including but not limited to the investments, if any, specified in Schedule 2 (*Shares and Investments*) (including, unless the context otherwise requires, the Shares), in each case whether owned directly by or to the order of a Chargor or by any trustee, fiduciary, nominee or clearance system on its behalf and all Related Rights (including all rights against any such trustee, fiduciary, nominee or clearance system);

“ **Lenders** ” means the Lenders as defined in the Credit Agreement;

“ **Other Debts** ” means all book debts and other debts and monetary claims (other than Trading Receivables) owing to a Chargor and any proceeds of such debts and claims;

“ **Parties** ” means each of the parties to this Debenture from time to time;

“ **Property** ” means all freehold and leasehold property from time to time owned by a Chargor or in which a Chargor is otherwise interested and shall include:

- (a) the proceeds of sale of all or any part of such property;
- (b) all rights, benefits, privileges, warranties, covenants, easements, appurtenances and licences relating to such property;
- (c) all money received by or payable to a Chargor in respect of such property; and
- (d) all buildings, fixtures and fittings from time to time on such property;
- (e) including, but not limited to the property, if any, specified in Schedule 1 (*Properties*);

“ **Quasi-Security** ” means a transaction in which a Chargor:

- (a) sells, transfers or otherwise disposes of any of its assets on terms whereby they are or may be leased to or re-acquired by a Chargor or any other member of the Group;
- (b) sells, transfers or otherwise disposes of any of its receivables on recourse terms;
- (c) enters into any arrangement under which money or the benefit of a bank or other account may be applied, set-off or made subject to a combination of accounts; or
- (d) enters into any other preferential arrangement having a similar effect,

in circumstances where the arrangement or transaction is entered into primarily as a method of raising Financial Indebtedness or of financing the acquisition of an asset;

“ **Receiver** ” means an administrator, a receiver and manager or (if the Security Agent so specifies in the relevant appointment) receiver in each case appointed under this Debenture;

“ **Related Rights** ” means all dividends, distributions and other income paid or payable on a Share or Investment, together with all shares or other property derived from any Share or Investment and all other allotments, accretions, rights, benefits and advantages of all kinds accruing, offered or otherwise derived from or incidental to that Share or Investment (whether by way of conversion, redemption, bonus, preference, option or otherwise);

“ **Secured Obligations** ” means (a) all Obligations of the UK Borrower, (b) all Secured Hedge Obligations (other than an Excluded Swap Obligation) of the UK Borrower, (c) all Cash Management Obligations of the UK Borrower, including, in each case, interest and fees that accrue after the commencement by or against the UK Borrower of any proceeding under any Debtor Relief Laws naming the UK Borrower as the debtor in such proceeding, regardless of whether such interest and fees are allowed claims in such proceedings (including, for the avoidance of doubt, any change or increase in those obligations pursuant to or in connection with any amendment or supplement or restatement or novation of any Loan Document, in each case whether or not anticipated as of the date of this Agreement) excluding the UK Borrower’s Parallel Debts and (d) the covenant to pay made by the Chargor pursuant to Clause 2;

“ **Secured Parties** ” means the Secured Parties (as defined in the Credit Agreement) and any Receiver;

“ **Security** ” means a mortgage, charge, pledge or lien or other security interest securing any obligation of any person or any other agreement or arrangement having a similar effect;

“ **Security Accession Deed** ” means a deed executed by a member of the Group substantially in the form set out in Schedule 8 (*Form of Security Accession Deed*), with those amendments which the Security Agent may approve or reasonably require;

“ **Shares** ” means all shares owned by a Chargor in its Subsidiaries including but not limited to the shares, if any, specified in Schedule 2 (*Shares and Investments*);

“ **Termination Date** ” has the meaning given to it under the Credit Agreement;

“ **Trading Receivables** ” means all book and other debts arising in the ordinary course of trading; and

“ **Trust Property** ” means:

- (a) the Security created or evidenced or expressed to be created or evidenced under or pursuant to any of the Loan Documents (being the “ **Transaction Security** ”), and expressed to be granted in favour of the Security Agent as trustee for the Secured Parties and all proceeds of that Transaction Security;
- (b) all obligations expressed to be undertaken by an Obligor to pay amounts in respect of its liabilities to the Security Agent as trustee for the Secured Parties and secured by the Transaction Security together with all representations and warranties expressed to be given by an Obligor in favour of the Security Agent as trustee for the Secured Parties;

- (c) the Security Agent's interest in any trust fund created pursuant to any turnover of receipt provisions in any Loan Documents;
- (d) any other amounts or property, whether rights, entitlements, chooses in action or otherwise, actual or contingent, which the Security Agent is required by the terms of the Loan Documents to hold as trustee on trust for the Secured Parties.

1.2 Construction

In this Debenture, unless a contrary intention appears, a reference to:

- (a) an “**agreement**” includes any legally binding arrangement, concession, contract, deed or franchise (in each case whether oral or written);
- (b) an “**amendment**” includes any amendment, supplement, variation, novation, modification, replacement or restatement and “**amend**”, “**amending**” and “**amended**” shall be construed accordingly;
- (c) “**assets**” includes present and future properties, revenues and rights of every description, provided that “assets” shall exclude any Excluded Assets (as such term is defined in the Credit Agreement);
- (d) “**including**” means including without limitation and “**includes**” and “**included**” shall be construed accordingly;
- (e) “**losses**” includes losses, actions, damages, claims, proceedings, costs, demands, expenses (including fees) and liabilities and “**loss**” shall be construed accordingly;
- (f) a “**person**” includes any person, firm, company, corporation, government, state or agency of a state or any association, trust or partnership (whether or not having separate legal personality) or any two or more of the foregoing;
- (g) a “**regulation**” includes any regulation, rule, official directive, request or guideline (whether or not having the force of law) of any governmental, intergovernmental or supranational body, agency, department or regulatory, self-regulatory or other authority or organisation; and
- (h) the Parties intend that this document shall take effect as a deed notwithstanding the fact that a Party may only execute this document under hand.

1.3 Other References

- (a) In this Debenture, unless a contrary intention appears, a reference to:
 - (i) any Secured Party, Chargor or any other person is, where relevant, deemed to be a reference to or to include, as appropriate, that person's successors in title, permitted assignees and transferees and in the case of the Security Agent, any person for the time being appointed as Security Agent or Security Agents in accordance with the Loan Documents;
 - (ii) any Loan Document or other agreement or instrument is to be construed as a reference to that agreement or instrument as amended or novated, including by way of increase of the facilities or other obligations or addition of new facilities or other obligations made available under them or accession or retirement of the parties to these agreements but excluding any amendment or novation made contrary to any provision of any Loan Document;

- (iii) any clause or schedule is a reference to, respectively, a clause of and schedule to this Debenture and any reference to this Debenture includes its schedules; and
 - (iv) a provision of law is a reference to that provision as amended or re-enacted.
- (b) The index to and the headings in this Debenture are inserted for convenience only and are to be ignored in construing this Debenture.
- (c) Words importing the plural shall include the singular and vice versa.

1.4 **Incorporation by reference**

Unless the context otherwise requires or unless otherwise defined in this Debenture, words and expressions defined in the Credit Agreement have the same meanings when used in this Debenture.

1.5 **Miscellaneous**

- (a) The terms of the documents under which the Secured Obligations arise and of any side letters between a Chargor and any Secured Party relating to the Secured Obligations are incorporated in this Debenture to the extent required for any purported disposition of the Charged Property contained in this Debenture to be a valid disposition in accordance with section 2(1) of the Law of Property (Miscellaneous Provisions) Act 1989.
- (b) Notwithstanding any other provision of this Debenture, the obtaining of a moratorium under section 1A of the Insolvency Act 1986, or anything done with a view to obtaining such a moratorium (including any preliminary decision or investigation), shall not be an event causing any floating charge created by this Debenture to crystallise or causing restrictions which would not otherwise apply to be imposed on the disposal of property by a Chargor or a ground for the appointment of a Receiver.
- (c) The Contracts (Rights of Third Parties) Act 1999 shall not apply to this Debenture and no rights or benefits expressly or impliedly conferred by this Debenture shall be enforceable under that Act against the Parties by any other person.
- (d) The parties hereto intend that this document shall take effect as a deed notwithstanding that any party may only execute this document under hand.

1.6 **Declaration of trust**

- (a) The Security Agent hereby accepts its appointment as agent and trustee by the Secured Parties and declares (and the Chargor hereby acknowledges) that the Trust Property is held by the Security Agent as a trustee for and on behalf of the Secured Parties on the basis of the duties, obligations and responsibilities set out in the Credit Agreement.
- (b) Section 1 of the Trustee Act 2000 shall not apply to the duties of the Security Agent in relation to the trusts created by this Debenture or any other Loan Document. In performing its duties, obligations and responsibilities, the Security Agent shall be considered to be acting only in a mechanical and administrative capacity or as expressly provided in this Debenture and the other Loan Documents.
- (c) In acting as trustee for the Secured Parties under this Debenture, the Security Agent shall be regarded as acting through its trustee division which shall be treated as a

separate entity from any other of its divisions or departments. Any information received by some other division or department of the Security Agent may be treated as confidential and shall not be regarded as having been given to the Security Agent's trustee division.

2. COVENANT TO PAY

The Chargor as primary obligor covenants with the Security Agent (for the benefit of itself and the other Secured Parties) that it will on demand pay the Secured Obligations when they fall due for payment.

3. CHARGING PROVISIONS

3.1 Specific Security

The Chargor, as continuing security for the payment of the Secured Obligations, charges in favour of the Security Agent with full title guarantee the following assets, both present and future, from time to time owned by it or in which it has an interest, provided that the following shall not include any Excluded Assets (as such term is defined in the Credit Agreement):

- (a) by way of first legal mortgage all Material Real Property now belonging to or vested in it; and
- (b) by way of first fixed charge:
 - (i) all other interests (not effectively charged under Clause 3.1(a)) in any Property and the benefit of all other agreements relating to land;
 - (ii) all of its rights, title and interest in the Intellectual Property;
 - (iii) all of its rights, title and interest in the Equipment;
 - (iv) all the Investments, Shares and all corresponding Related Rights;
 - (v) all Trading Receivables and all rights and claims against third parties and against any security in respect of those Trading Receivables;
 - (vi) all Other Debts and all rights and claims against third parties against any security in respect of those Other Debts;
 - (vii) all monies standing to the credit of the Accounts and any other bank accounts which it may have with any bank, financial institution or other person and all of its rights, title and interest in relation to those accounts;
 - (viii) all of its rights and interest in the Hedging Agreements;
 - (ix) the benefit of all licences, consents and agreements held by it in connection with the use of any of its assets;
 - (x) its goodwill and uncalled capital; and
 - (xi) if not effectively assigned by Clause 3.2 (*Security Assignment*), all its rights, title and interest in (and claims under) the Insurance Policies and the Assigned Agreements.

3.2 Security Assignment

As further continuing security for the payment of the Secured Obligations, the Chargor assigns absolutely with full title guarantee to the Security Agent all its rights, title and interest, both present and future, from time to time in, provided that the following shall not include any Excluded Assets (as such term is defined in the Credit Agreement):

the Insurance Policies; and

the Assigned Agreements,

subject in each case to reassignment by the Security Agent to the Chargor of all such rights, title and interest upon payment or discharge in full of the Secured Obligations.

3.3 Floating Charge

(a) As further continuing security for the payment of the Secured Obligations, the Chargor charges with full title guarantee in favour of the Security Agent by way of first floating charge all its present and future assets, undertakings and rights, provided that the foregoing shall not include any Excluded Assets (as such term is defined in the Credit Agreement).

(b) Paragraph 14 of Schedule B1 to the Insolvency Act 1986 shall apply to the floating charge created by this Debenture.

3.4 Conversion of Floating Charge

(a) The Security Agent may, by notice to a Chargor, convert the floating charge created under this Debenture into a fixed charge with immediate effect as regards those assets specified in the notice, if:

- (i) the security constituted by this Debenture has become enforceable in accordance with Clause 11 (*Enforcement of Security*) of this Debenture; or
- (ii) the Security Agent is of the view that any asset charged under the floating charge created under this Debenture is in danger of being seized or sold under any form of distress, attachment, execution or other legal process or is otherwise in jeopardy; or
- (iii) the Security Agent reasonably considers that it is necessary in order to protect the priority, value or enforceability of the Security created under this Debenture.

(b) The floating charge created under this Debenture will automatically (without notice) and immediately be converted into a fixed charge over all the assets of a Chargor which are subject to the floating charge created under this Debenture, if:

- (i) the members of that Chargor convene a meeting for the purposes of considering any resolution for its winding-up, dissolution, or a compromise, assignment or arrangement with any creditor;
- (ii) that Chargor creates, or purports to create, Security (except as permitted by the Loan Documents or with the prior consent of the Security Agent) on or over any asset which is subject to the floating charge created under this Debenture;

- (iii) any third party takes any step with a view to levying distress, attachment, execution or other legal process against any such asset;
 - (iv) any person (entitled to do so) gives notice of its intention to appoint an administrator to any Chargor or files such a notice with the court; or
 - (v) if any other floating charge created by that Chargor crystallises for any reason.
- (c) Upon the conversion of any floating charge pursuant to this Clause 3.4, the relevant Chargor shall, at its own expense, immediately upon request by the Security Agent execute a fixed charge or legal assignment in such form as the Security Agent may require.

3.5 **Property Restricting Charging**

There shall be excluded from the charge created by Clause 3.1 (*Specific Security*) and from the operation of Clause 4 (*Further Assurance*):

- (a) any leasehold property held by a Chargor under a lease which prohibits either absolutely or conditionally (including requiring the consent of any third party) that Chargor from creating any charge over its leasehold interest; and
- (b) any Intellectual Property in which a Chargor has an interest under any licence or other agreement which prohibits either absolutely or conditionally (including requiring the consent of any third party) that Chargor from creating any charge over its interest in that Intellectual Property,

in each case until the relevant condition or waiver has been satisfied or obtained.

4. **FURTHER ASSURANCE**

- (a) The covenants set out in Section 2(1)(b) of the Law of Property (Miscellaneous Provisions) Act 1994 shall extend to include the obligations set out in sub-clause 4 (b) and (c) below.
- (b) The Chargor shall promptly (and at its own expense) do all such acts (including payment of all stamp duties or fees) or execute or re-execute all such documents (including assignments, transfers, mortgages, charges, notices and instructions [on terms equivalent or similar to those set out in this Debenture]) as the Security Agent may reasonably specify (and in such form as the Security Agent may reasonably require):
 - (i) to perfect the Security created or intended to be created under or evidenced by this Debenture (which may include the execution or re-execution of a mortgage, charge, assignment or other Security over all or any of the assets which are, or are intended to be, the subject of this Debenture) or for the exercise of any rights, powers and remedies of the Security Agent, any Receiver or the other Secured Parties provided by or pursuant to this Debenture or by law;
 - (ii) to confer on the Security Agent, or on the Secured Parties, Security over any property and assets of the Chargor located in any jurisdiction equivalent or similar to the Security intended to be conferred by or pursuant to this Debenture; and/or

(iii) to facilitate the realisation of the assets which are, or are intended to be, the subject of the Security created under this Debenture.

(c) The Chargor shall take all such action as is available to it (including making all filings and registrations) as may be necessary for the purpose of the creation, perfection, protection or maintenance of any Security conferred or intended to be conferred on the Security Agent or the Secured Parties by or pursuant to this Debenture.

5. NEGATIVE PLEDGE

No Chargor may:

- (a) create or agree to create or permit to subsist any Security or Quasi-Security over all or any part of the Charged Property;
- (b) sell, transfer, lease out, lend or otherwise dispose of all or any part of the Charged Property (other than in respect of assets charged under Clause 3.3 (*Floating Charge*) on arm's length terms in the ordinary course of trading) or the right to receive or to be paid the proceeds arising on the disposal of the same, or agree or attempt to do so; or
- (c) dispose of the equity of redemption in respect of all or any part of the Charged Property,

except as permitted by the Credit Agreement or with the prior consent of the Security Agent.

6. REPRESENTATIONS AND WARRANTIES

6.1 General

The Chargor represents and warrants to the Security Agent as set out in this Clause 6 on the date of this Debenture and on each date that the representations are repeated under the Credit Agreement.

6.2 Material Real Property

Schedule 1 (*Properties*) identifies all Material Real Property beneficially owned by it as at the date of this Debenture. There are no proceedings, actions or circumstances relating to any of that property which materially and adversely affect that property's value or its ability to use that property for the purposes for which it is currently used.

6.3 Shares

It is the legal and beneficial owner of the Shares identified against its name in Schedule 1 (*Properties*) which represent the entire issued share capital of the relevant Subsidiaries and all of those Shares are fully paid.

6.4 Bank Accounts

It is the legal and beneficial owner of the Accounts. It has full power to establish and maintain the Accounts and to enter into and deliver and to create the Security constituted by this Deed.

7. PROTECTION OF SECURITY

7.1 Title Documents

(a) The Chargor will promptly deposit with the Security Agent (or as it shall direct):

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- (i) all deeds and documents of title relating to all Material Real Property mortgaged or charged under this Debenture and, if those deeds and documents are with the Land Registry, will promptly deposit them with the Security Agent (or as it shall direct) upon their release;
 - (ii) all stock and share certificates and other documents of title relating to the Shares and Investments together with stock transfer forms executed in blank and left undated on the basis that the Security Agent shall be able to hold such documents of title and stock transfer forms until the Secured Obligations have been irrevocably and unconditionally discharged in full and shall be entitled, at any time following the occurrence of an Event of Default which is continuing to complete, under its power of attorney given in this Debenture, the stock transfer forms on behalf of the Chargor in favour of itself or such other person as it shall select;
 - (iii) copies of all Insurance Policies; and
 - (iv) following an Event of Default which is continuing, all other documents relating to the Charged Property which the Security Agent may from time to time reasonably require.

(b) The Security Agent may retain any document delivered to it under this Clause 7.1 or otherwise until the security created under this Debenture is released and, if for any reason it ceases to hold any such document before that time, it may by notice to the Chargor require that the document be redelivered to it and the Chargor shall (i) promptly comply (or procure compliance) where such document has been returned to the Chargor, or

(ii) promptly comply (or use reasonable endeavours to procure compliance where such document is with a third party) with that notice.

- (c) Any document required to be delivered to the Security Agent under Clause 7.1(a) which is for any reason not so delivered or which is released by the Security Agent to the Chargor shall be held on trust by the Chargor for the Security Agent.

7.2 **Insurance Policies, Assigned Agreements and Hedging Agreements**

(a) The Chargor will:

- (i) promptly following execution of this Debenture (or in respect of any Insurance Policy, Assigned Agreement or Hedging Agreement designated as such after the date of execution of this Debenture, promptly after the date of such designation) give notice to the other party to each Insurance Policy, Assigned Agreement and Hedging Agreement that it has assigned or charged its right under the relevant policy or agreement to the Security Agent under this Debenture. Such notice will be a Counterparty Notice, except in the case of the Insurance Policies where it will be an Insurance Notice. Each Chargor will use all reasonable endeavours to procure that the relevant counterparty or insurer signs and delivers to the Security Agent an acknowledgement substantially in the form of that set out in the schedule to the relevant Notice within 14 days of the execution of this Debenture (or, as the case may be, of the entering into of the relevant policy or agreement).
- (ii) perform all its material obligations under the Insurance Policies or Assigned Agreements in a diligent and timely manner except as would not be expected to have a Material Adverse Effect;

(iii) not make or agree to make any amendments to the Insurance Policies or Assigned Agreements, waive any of its rights under such policies or agreements or exercise any right to terminate any Insurance Policy or Assigned Agreement, except with the prior consent of the Security Agent (not to be unreasonably withheld) or except as not otherwise permitted by the Credit Agreement.

(b) The Security Agent shall not be entitled to give any notice referred to in paragraph 2 of the Counterparty Notice or paragraph 2 of the Insurance Notice, unless and until an Event of Default has occurred and is continuing.

7.3 **The Land Registry**

(a) Each Chargor shall apply to the Land Registrar for a restriction to be entered on the Register of Title in relation to all Material Real Property situated in England and Wales and charged by way of legal mortgage under this Debenture (including any unregistered properties subject to compulsory first registration at the date of this Debenture) on the prescribed Land Registry form and in the following or substantially similar terms:

“No disposition of the registered estate by the proprietor of the registered estate is to be registered without a consent signed by the proprietor for the time being of the charge dated [•] in favour of [•] referred to in the charges register”.

(b) Subject to the terms of the Credit Agreement, the Lenders are under an obligation to make further advances to Chargor (which obligation is deemed to be incorporated into this Debenture) and this security has been made for securing those further advances. Each Chargor shall apply to the Land Registrar on the prescribed Land Registry form for a notice to be entered on the Register of Title in relation to Material Real Property situated in England and Wales and charged by way of legal mortgage under this Debenture (including any unregistered properties subject to compulsory first registration at the date of this Debenture) that there is an obligation to make further advances on the security of the registered charge.

(c) If the Chargor fails to make the applications set out in Clauses 7.3(a) or (b) or if the Security Agent gives notice to the Chargor that it will make such applications on its behalf, each Chargor irrevocably consents to the Security Agent making such application on its behalf and shall promptly provide the Security Agent with all information and fees which the Security Agent may request in connection with such application.

(d) In respect of any of the Material Real Property mortgaged or charged under this Debenture title to which is registered at the Land Registry, it is certified that the security created by this Debenture does not contravene any of the provisions of the articles of association of the Chargor.

7.4 **Registration of Intellectual Property**

The Chargor as registered proprietor appoints the Security Agent as its agent to apply for the particulars of this Debenture and of the Secured Parties' interest in its existing trademarks and trade mark applications and any future trade marks or trade mark applications registered or to be registered in the United Kingdom in the name of the Chargor, to be made on the Register of Trade Marks under section 25(1) of the Trade Marks Act 1994, and the Chargor agrees to execute all documents and forms required to enable those particulars to be entered on the Register of Trade Marks.

7.5 **Equipment**

Promptly upon request by the Security Agent, a Chargor shall (at its own expense) affix to a visible part of such pieces of Equipment (except for pieces of Equipment having a fair market value of \$100,000 or less) as the Security Agent shall specify a plate, label, sign or memoranda in such form as the Security Agent shall reasonably require, drawing attention to the security created by this Debenture.

8. **UNDERTAKINGS**

8.1 **General**

- (a) The Chargor undertakes to the Security Agent in the terms of this Clause 8 from the date of this Debenture and for so long as any of the Secured Obligations are outstanding.
- (b) The Chargor will observe and perform all covenants and stipulations from time to time affecting the Charged Property, make all payments, carry out all registrations or renewals and generally take all steps which are necessary to preserve, maintain and renew when necessary or desirable all of the Charged Property.
- (c) The Chargor will, except to the extent that failure to do so could not reasonably be expected, individually or in aggregate, to have a Material Adverse Effect, keep all Material Real Property and Equipment which forms part of the Charged Property in good and substantial repair (fair wear and tear excepted) and, where applicable, in good working order.

8.2 **Real Property**

- (a) Each Chargor will notify the Security Agent if it intends to acquire any estate or interest in any Material Real Property with a value in excess of the equivalent of \$5,000,000 and will in any event notify the Security Agent promptly in writing of the actual acquisition by it of any such Material Real Property.
- (b) No Chargor will grant any lease, tenancy, contractual licence or right to occupy in respect of the whole or any part of the Property or otherwise part with possession of the whole or any part of the Property (except as permitted by the Credit Agreement).
- (c) Each Chargor will give immediate notice to the Security Agent if it receives any notice under section 146 of the Law of Property Act 1925 or any proceedings are commenced against it for the forfeiture of any lease comprised in any Property.

8.3 **Voting and Distribution Rights**

- (a) Prior to the occurrence of an Event of Default which is continuing:
 - (i) the Chargor shall be entitled to receive and retain all dividends, distributions and other monies paid on or derived from its Shares and Investments; and
 - (ii) the Chargor shall be entitled to exercise all voting and other rights and powers attaching to its Shares and Investments provided that it shall not exercise any such voting rights or powers in a manner which would prejudice the interests of the Secured Parties under this Debenture or adversely affect the validity, enforceability or existence of the Charged Property or the Security created under this Deed.

- (b) At any time after the occurrence of and during the continuance of an Event of Default, all voting rights in respect of the Shares and Investments shall be exercised by the Chargor as directed by the Security Agent, unless the Security Agent has notified the Chargor in writing that it wishes to give up this right.
- (c) At any time after the occurrence of and during the continuance of an Event of Default, the Chargor shall hold any dividends, distributions and other monies paid on or derived from the Shares and Investments on trust for the Secured Parties and pay the same to, or as directed by, the Security Agent.
- (d) If, at any time, any Shares or Investments are registered in the name of the Security Agent or its nominee, the Security Agent will not be under any duty to ensure that any dividends, distributions or other monies payable in respect of those Shares or Investments are duly and promptly paid or received by it or its nominee, or to verify that the correct amounts are paid or received, or to take any action in connection with the taking up of any (or any offer of any) stocks, shares, rights, moneys or other property paid, distributed, accruing or offered at any time by way of interest, dividend, redemption, bonus, rights, preference, option, warrant or otherwise on or in respect of or in substitution for, any of those Shares or Investments.
- (e) After all Events of Default have been cured or waived, the Chargor shall have the exclusive right to exercise the voting and/or consensual rights and powers that the Chargor would otherwise be entitled to exercise pursuant to the terms of Clauses 8.3(a) to 8.3(c) of this Debenture and the obligations of the Security Agent shall be reinstated.

9. SECURITY AGENT'S POWER TO REMEDY

9.1 Power to Remedy

If any Chargor fails to comply with any obligation set out in Clause 7 (*Protection of Security*) or Clause 8 (*Undertakings*) and that failure is not remedied to the satisfaction of the Security Agent within 14 days of the Security Agent giving notice to the relevant Chargor becoming aware of the failure to comply, it will allow (and irrevocably authorises) the Security Agent or any person which the Security Agent nominates to take any action on behalf of that Chargor which is necessary to ensure that those obligations are complied with.

9.2 Indemnity

Subject to any limitations in the Credit Agreement, each Chargor will indemnify the Security Agent against all losses incurred by the Security Agent as a result of a breach by any Chargor of its obligations under Clause 7 (*Protection of Security*) or Clause 8 (*Undertakings*) and in connection with the exercise by the Security Agent of its rights contained in Clause 9.1 above. All sums the subject of this indemnity will be payable by the relevant Chargor to the Security Agent on demand and if not so paid will bear interest at the Default Rate. Any unpaid interest will be compounded with monthly rests.

10. CONTINUING SECURITY

10.1 Continuing Security

The Security constituted by this Debenture shall be a continuing security notwithstanding any intermediate payment or settlement of all or any part of the Secured Obligations or any other act, matter or thing.

10.2 Other Security

The Security constituted by this Debenture is to be in addition to and shall neither be merged in nor in any way exclude or prejudice or be affected by any other Security or other right which the Security Agent and/or any other Secured Party may now or after the date of this Debenture hold for any of the Secured Obligations, and this Security may be enforced against each Chargor without first having recourse to any other rights of the Security Agent or any other Secured Party.

11. ENFORCEMENT OF SECURITY

11.1 Enforcement Powers

For the purpose of all rights and powers implied or granted by statute, the Secured Obligations are deemed to have fallen due on the date of this Debenture. The power of sale and other powers conferred by section 101 of the Law of Property Act 1925 and all other enforcement powers conferred by this Debenture shall be immediately exercisable at any time after an Event of Default has occurred and is continuing.

11.2 Statutory Powers

The powers conferred on mortgagees, receivers or administrative receivers by the Law of Property Act 1925 and the Insolvency Act 1986 (as the case may be) shall apply to the Security created under this Debenture, unless they are expressly or impliedly excluded. If there is ambiguity or conflict between the powers contained in those Acts and those contained in this Debenture, those contained in this Debenture shall prevail.

11.3 Exercise of Powers

All or any of the powers conferred upon mortgagees by the Law of Property Act 1925 as varied or extended by this Debenture, and all or any of the rights and powers conferred by this Debenture on a Receiver (whether expressly or impliedly), may be exercised by the Security Agent without further notice to any Chargor at any time after an Event of Default has occurred and is continuing, irrespective of whether the Security Agent has taken possession or appointed a Receiver of the Charged Property.

11.4 Disapplication of Statutory Restrictions

The restriction on the consolidation of mortgages and on power of sale imposed by sections 93 and 103 respectively of the Law of Property Act 1925 shall not apply to the security constituted by this Debenture.

11.5 Appropriation under the Financial Collateral Regulations

- (a) To the extent that any of the Charged Property constitutes “financial collateral” and this Deed and the obligations of the Chargors hereunder constitute “security financial collateral arrangement” (in each case as defined in, and for the purposes of, the Financial Collateral Arrangements (No. 2) Regulations 2003 (as amended) (the “**Regulations** ”)), the Security Agent shall have the right to appropriate all or any part of such financial collateral in or towards discharge of the Secured Obligations and may exercise that right to appropriate by giving notice to the relevant Chargor at any time after an Event of Default has occurred and is continuing.
- (b) The Parties agree that the value of any such appropriated financial collateral shall be: (x) in the case of securities, the price at which such securities can be disposed of by the Security Agent; and (y) in the case of any other asset, the market value of such

financial collateral as determined by the Security Agent, in each case, in a commercially reasonable manner (including by way of an independent valuation). The Parties agree that the methods of valuation provided for in this paragraph shall constitute commercially reasonable methods of valuation for the purposes of the Regulations.

11.6 **Powers of Leasing**

The Security Agent may lease, make agreements for leases at a premium or otherwise, accept surrenders of leases and grant options or vary or reduce any sum payable under any leases or tenancy agreements as it thinks fit, without the need to comply with any of the provisions of sections 99 and 100 of the Law of Property Act 1925.

11.7 **Fixtures**

The Security Agent may sever any fixtures from the property to which they are attached and sell them separately from that property.

11.8 **Bank Accounts**

At any time after an Event of Default has occurred and is continuing the Security Agent may and is hereby irrevocably and unconditionally authorised, without further enquiry and without either giving notice to the Chargor or obtaining any consent, to apply the whole or part of all monies standing to the credit of the Accounts in or towards payment of the Secured Obligations.

12. **RECEIVERS**

12.1 **Appointment of Receiver**

- (a) Subject to paragraph (c) below, at any time after this Debenture has become enforceable, or if so requested by the relevant Chargor, the Security Agent may by writing under hand signed by any officer or manager of the Security Agent, appoint any person (or persons) to be a Receiver of all or any part of the Charged Property.
- (b) Section 109(1) of the Law of Property Act 1925 shall not apply to this Debenture.
- (c) The Security Agent shall be entitled to appoint a Receiver save to the extent prohibited by section 72A Insolvency Act 1986.

12.2 **Powers of Receiver**

Each Receiver appointed under this Debenture shall have (subject to any limitations or restrictions which the Security Agent may incorporate in the deed or instrument appointing it) all the powers conferred from time to time on receivers by the Law of Property Act 1925 and the Insolvency Act 1986 (each of which is deemed incorporated in this Debenture), so that the powers set out in schedule 1 to the Insolvency Act 1986 shall extend to every Receiver, whether or not an administrative receiver. In addition, notwithstanding any liquidation of the relevant Chargor, each Receiver shall have power to:

- (a) manage, develop, reconstruct, amalgamate or diversify any part of the business of the relevant Chargor;
- (b) enter into or cancel any contracts on any terms or conditions;
- (c) incur any liability on any terms, whether secured or unsecured, and whether to rank for payment in priority to this security or not;

- (d) let or lease or concur in letting or leasing, and vary the terms of, determine, surrender leases or tenancies of, or grant options and licences over, or otherwise deal with, all or any of the Charged Property, without being responsible for loss or damage;
- (e) establish subsidiaries to acquire interests in any of the Charged Property and/or arrange for those subsidiaries to trade or cease to trade and acquire any of the Charged Property on any terms and conditions;
- (f) make and effect all repairs, renewals and improvements to any of the Charged Property and maintain, renew, take out or increase insurances;
- (g) exercise all voting and other rights attaching to the Shares or Investments and stocks, shares and other securities owned by the relevant Chargor and comprised in the Charged Property, but only following a written notification from either the Receiver or the Security Agent to the relevant Chargor stating that the Security Agent shall exercise all voting rights in respect of the Shares or Investments and stocks, shares and other securities owned by the relevant Chargor and comprised in the Charged Property;
- (h) redeem any prior Security on or relating to the Charged Property and settle and pass the accounts of the person entitled to that prior Security, so that any accounts so settled and passed shall (subject to any manifest error) be conclusive and binding on the relevant Chargor and the money so paid shall be deemed to be an expense properly incurred by the Receiver;
- (i) appoint and discharge officers and others for any of the purposes of this Debenture and/or to guard or protect the Charged Property upon terms as to remuneration or otherwise as he may think fit;
- (j) settle any claims, accounts, disputes, questions and demands with or by any person who is or claims to be a creditor of the relevant Chargor or relating to any of the Charged Property;
- (k) implement or continue the development of (and obtain all consents required in connection therewith) and/or complete any buildings or structures on any Material Real Property comprised in the Charged Property;
- (l) purchase or acquire any land or any interest in or right over land;
- (m) exercise on behalf of the relevant Chargor all the powers conferred on a landlord or a tenant by any legislation from time to time in force in any relevant jurisdiction relating to rents or agriculture in respect of any part of the Property; and
- (n) do all other acts and things (including signing and executing all documents and deeds) as the Receiver considers to be incidental or conducive to any of the matters or powers in this Clause 12.2, or otherwise incidental or conducive to the preservation, improvement or realisation of the Charged Property, and use the name of the relevant Chargor for all such purposes,

and in each case may use the name of any Chargor and exercise the relevant power in any manner which he may think fit.

12.3 **Receiver as Agent**

Each Receiver shall be the agent of the relevant Chargor, which shall be solely responsible for his acts or defaults, and for his remuneration and expenses, and be liable on any agreements

or engagements made or entered into by him. The Security Agent will not be responsible for any misconduct, negligence or default of a Receiver.

12.4 **Removal of Receiver**

The Security Agent may by notice remove from time to time any Receiver appointed by it (subject to the provisions of section 45 of the Insolvency Act 1986 in the case of an administrative receivership) and, whenever it may deem appropriate, appoint a new Receiver in the place of any Receiver whose appointment has terminated, for whatever reason.

12.5 **Remuneration of Receiver**

The Security Agent may from time to time fix the remuneration of any Receiver appointed by it.

12.6 **Several Receivers**

If at any time there is more than one Receiver, each Receiver may separately exercise all of the powers conferred by this Debenture (unless the document appointing such Receiver states otherwise).

13. **APPLICATION OF PROCEEDS**

13.1 **Order of Application**

All moneys received or recovered by the Security Agent or any Receiver pursuant to this Debenture shall (subject to the claims of any person having prior rights thereto) be applied in the order and manner specified by the Credit Agreement notwithstanding any purported appropriation by the Chargor.

13.2 **Insurance Proceeds**

If an Event of Default has occurred and is continuing, all moneys received by virtue of any insurance maintained or effected in respect of the Charged Property shall be paid to the Security Agent (or, if not paid by the insurers directly to the Security Agent, shall be held on trust for the Security Agent) and shall, at the option of the Security Agent, be applied in replacing or reinstating the assets destroyed, damaged or lost (any deficiency being made good by the relevant Chargor) or (except in the case of leasehold premises) in reduction of the Secured Obligations.

13.3 **Section 109 Law of Property Act 1925**

Sections 109(6) and (8) of the Law of Property Act 1925 shall not apply to a Receiver appointed under this Debenture.

13.4 **Application against Secured Obligations**

Subject to Clause 13.1 above, any moneys or other value received or realised by the Security Agent from a Chargor or a Receiver under this Debenture may be applied by the Security Agent to any item of account or liability or transaction forming part of the Secured Obligations to which they may be applicable in any order or manner which the Security Agent may determine.

13.5 **Suspense Account**

Until the Secured Obligations are paid in full, the Security Agent or the Receiver (as applicable) may place and keep (for such time as it shall determine) any money received,

recovered or realized pursuant to this Debenture or on account of any Chargor's liability in respect of the Secured Obligations in an interest bearing separate suspense account (to the credit of either the relevant Chargor or the Security Agent or the Receiver as the Security Agent or the Receiver shall think fit) and the Security Agent or the Receiver may retain the same for the period which it considers expedient without having any obligation to apply all or any part of that money in or towards discharge of the Secured Obligations.

14. PROTECTION OF SECURITY AGENT AND RECEIVER

14.1 No Liability

Neither the Security Agent nor any Receiver shall be liable in respect of any of the Charged Property or for any loss or damage which arises out of the exercise or the attempted or purported exercise of, or the failure to exercise any of, their respective powers, unless caused by its or his gross negligence, or wilful default.

14.2 Possession of Charged Property

Without prejudice to Clause 14.1 above, if the Security Agent or the Receiver enters into possession of the Charged Property, it will not be liable to account as mortgagee in possession and may at any time at its discretion go out of such possession.

14.3 Primary liability of Chargor

Each Chargor shall be deemed to be a principal debtor and the sole, original and independent obligor for the Secured Obligations and the Charged Property shall be deemed to be a principal security for the Secured Obligations. The liability of each Chargor under this Debenture and the charges contained in this Debenture shall not be impaired by any forbearance, neglect, indulgence, abandonment, extension of time, release, surrender or loss of securities, dealing, variation or arrangement by the Security Agent or any other Secured Party, or by any other act, event or matter whatsoever whereby the liability of the relevant Chargor (as a surety only) or the charges contained in this Debenture (as secondary or collateral charges only) would, but for this provision, have been discharged.

14.4 Waiver of defences

The obligations of each Chargor under this Debenture will not be affected by an act, omission, matter or thing which, but for this this Debenture, would reduce, release or prejudice any of its obligations under this this Debenture (without limitation and whether or not known to it or any Secured Party) including:

- (a) any time, waiver or consent granted to, or composition with, any Obligor or other person;
- (b) the release of any other Obligor or any other person under the terms of any composition or arrangement with any creditor of any member of the Group;
- (c) the taking, variation, compromise, exchange, renewal or release of, or refusal or neglect to perfect, take up or enforce, any rights against, or security over assets of, any Obligor or other person or any non-presentation or non-observance of any formality or other requirement in respect of any instrument or any failure to realise the full value of any security;
- (d) any incapacity or lack of power, authority or legal personality of or dissolution or change in the members or status of an Obligor or any other person;

- (e) any amendment, novation, supplement, extension restatement (however fundamental and whether or not more onerous) or replacement of a Loan Document or any other document or security including, without limitation, any change in the purpose of, any extension of or increase in any facility or the addition of any new facility under any Loan Document or other document or security;
- (f) any unenforceability, illegality or invalidity of any obligation of any person under any Loan Document or any other document or security; or
- (g) any insolvency or similar proceedings.

14.5 **Security Agent**

The provisions set out in article 9 (*Administrative Agent and Other Agents*) of the Credit Agreement shall govern the rights, duties and obligations of the Security Agent under this Debenture.

14.6 **Delegation**

The Security Agent may delegate by power of attorney or in any other manner all or any of the powers, authorities and discretions which are for the time being exercisable by it under this Debenture to any person or persons upon such terms and conditions (including the power to sub-delegate) as it may think fit. The Security Agent will not be liable or responsible to the Chargor or any other person for any losses arising from any act, default, omission or misconduct on the part of any delegate.

14.7 **Cumulative Powers**

The powers which this Debenture confers on the Security Agent, the other Secured Parties and any Receiver appointed under this Debenture are cumulative, without prejudice to their respective powers under the general law, and may be exercised as often as the relevant person thinks appropriate. The Security Agent, the other Secured Parties or the Receiver may, in connection with the exercise of their powers, join or concur with any person in any transaction, scheme or arrangement whatsoever. The respective powers of the Security Agent, the other Secured Parties and the Receiver will in no circumstances be suspended, waived or otherwise prejudiced by anything other than an express consent or amendment.

15. **POWER OF ATTORNEY**

The Chargor, by way of security, irrevocably and severally appoints the Security Agent, each Receiver and any person nominated for the purpose by the Security Agent or any Receiver (in writing and signed by an officer of the Security Agent or Receiver) as its attorney (with full power of substitution and delegation) in its name and on its behalf and as its act and deed to execute, seal and deliver (using the company seal where appropriate) and otherwise perfect and do any deed, assurance, agreement, instrument, act or thing which it ought to execute and do under the terms of this Debenture, or which may be required or deemed proper in the exercise of any rights or powers conferred on the Security Agent or any Receiver under this Debenture or otherwise for any of the purposes of this Debenture, and the Chargor covenants with the Security Agent and each Receiver to ratify and confirm all such acts or things made, done or executed by that attorney.

16. **PROTECTION FOR THIRD PARTIES**

16.1 **No Obligation to Enquire**

No purchaser from, or other person dealing with, the Security Agent or any Receiver (or their agents) shall be obliged or concerned to enquire whether:

- (a) the right of the Security Agent or any Receiver to exercise any of the powers conferred by this Debenture has arisen or become exercisable or as to the propriety or validity of the exercise or purported exercise of any such power; or
- (b) any of the Secured Obligations remain outstanding and/or are due and payable or be concerned with notice to the contrary and the title and position of such a purchaser or other person shall not be impeachable by reference to any of those matters.

16.2 **Receipt Conclusive**

The receipt of the Security Agent or any Receiver shall be an absolute and a conclusive discharge to a purchaser, and shall relieve him of any obligation to see to the application of any moneys paid to or by the direction of the Security Agent or any Receiver.

17. **COSTS AND EXPENSES**

The terms of sections 10.04 and 10.05 of the Credit Agreement with respect to expenses and indemnity are incorporated herein by reference, *mutatis mutandis* , and the parties hereto agree to such terms.

18. **REINSTATEMENT AND RELEASE**

18.1 **Amounts Avoided**

If any amount paid by a Chargor in respect of the Secured Obligations is capable of being avoided or set aside on the liquidation or administration of the relevant Chargor or otherwise, then for the purposes of this Debenture that amount shall not be considered to have been paid.

18.2 **Discharge Conditional**

Any settlement or discharge between a Chargor and any Secured Party shall be conditional upon no security or payment to that Secured Party by that Chargor or any other person being avoided, set aside, ordered to be refunded or reduced by virtue of any provision or enactment relating to insolvency and accordingly (but without limiting the other rights of that Secured Party under this Debenture) that Secured Party shall be entitled to recover from that Chargor the value which that Secured Party has placed on that security or the amount of any such payment as if that settlement or discharge had not occurred.

18.3 **Covenant To Release**

- (a) On the Termination Date, (i) the security interests granted under this Debenture shall terminate, (ii) all rights to the Charged Property shall revert to the Chargor and (iii) this Debenture (including the covenant to pay contained in Clause 2) shall terminate.
- (b) On the Termination Date and in connection with any other Lien released or subordinated pursuant to section 9.08 of the Credit Agreement, the Security Agent will, at the expense of such Chargor, comply with the provisions of section 9.08 of the Credit Agreement, but without recourse or warranty to the Security Agent.

- (c) The Security Agent shall have no liability whatsoever to any other Secured Party as the result of any release of the Charged Property by it in accordance with (or which the Security Agent in the absence of gross negligence or willful misconduct (as determined by a final, non-appealable decision of a court of competent jurisdiction) believes to be in accordance with) this Clause 18.3.

19. CURRENCY CLAUSES

19.1 Conversion

All monies received or held by the Security Agent or any Receiver under this Debenture may be converted into any other currency which the Security Agent considers necessary to cover the obligations and liabilities comprised in the Secured Obligations in that other currency at the Security Agent's spot rate of exchange then prevailing for purchasing that other currency with the existing currency.

19.2 No Discharge

No payment to the Security Agent (whether under any judgment or court order or otherwise) shall discharge the obligation or liability of the Chargor in respect of which it was made unless and until the Security Agent has received payment in full in the currency in which the obligation or liability is payable or, if the currency of payment is not specified, was incurred. To the extent that the amount of any such payment shall on actual conversion into that currency fall short of that obligation or liability expressed in that currency, the Security Agent shall have a further separate cause of action against the Chargor and shall be entitled to enforce the Security constituted by this Debenture to recover the amount of the shortfall.

20. SET-OFF

20.1 Set-off rights

The Security Agent may set off any matured obligation due from the Chargor under the Loan Documents (to the extent beneficially owned by the Security Agent) against any matured obligation owed by the Security Agent to the Chargor, regardless of the place of payment, booking branch or currency of either obligation. If the obligations are in different currencies, the Security Agent may convert either obligation at a market rate of exchange in its usual course of business for the purpose of the set-off.

20.2 Set-off by the Security Agent in its capacity as Account Bank

- (a) Without prejudice to clause 11.8 (*Bank Accounts*), the Security Agent may at any time after an Event of Default has occurred and is continuing set-off its obligations to repay the monies standing to the credit of any Accounts held with the Security Agent in its capacity as account bank against the liabilities of the Chargor under this Deed whether or not the relevant account is then held on time or other deposit terms such that it is not then due for repayment from the Security Agent to the Chargor.
- (b) The Security Agent shall be under no obligation to repay all or any part of the monies standing to the credit of any Accounts held with the Security Agent in its capacity as account bank until the Secured Obligations have been discharged in full.

20.3 Different Currencies

The Security Agent may exercise its rights under clause 20.1 (*Set-off rights*) [and clause 20.2 (*Set-off by the Security Agent in its capacity as Account Bank*)] notwithstanding that the

amounts concerned may be expressed in different currencies and the Security Agent is authorised to effect any necessary conversions at a market rate of exchange selected by it.

20.4 **Unliquidated Claims**

If, at any time after notice demanding payment of any sum which is then due but unpaid in respect of the Secured Obligations has been given by the Security Agent to the Chargor, the relevant obligation or liability is unliquidated or unascertained, the Security Agent may set-off the amount which it estimates (in good faith) will be the final amount of that obligation or liability once it becomes liquidated or ascertained.

20.5 **No Set-off**

The Chargor will pay all amounts payable under this Deed without any set-off, counterclaim or deduction whatsoever unless required by law, in which event the Chargor will pay an additional amount to ensure that the payment recipient receives the amount which would have been payable had no deduction been required to have been made.

21. **RULING OFF**

If the Security Agent or any other Secured Party receives notice of any subsequent Security or other interest affecting any of the Charged Property (except as permitted by the Credit Agreement) it may open a new account for the Chargor in its books. If it does not do so then (unless it gives express notice to the contrary to the Chargor), as from the time it receives that notice, all payments made by the Chargor to it (in the absence of any express appropriation to the contrary) shall be treated as having been credited to a new account of the Chargor and not as having been applied in reduction of the Secured Obligations.

22. **REDEMPTION OF PRIOR CHARGES**

The Security Agent may, at any time after an Event of Default has occurred and is continuing, redeem any prior Security on or relating to any of the Charged Property or procure the transfer of that Security to itself, and may settle and pass the accounts of any person entitled to that prior Security. Any account so settled and passed shall (subject to any manifest error) be conclusive and binding on each Chargor. Each Chargor will on demand pay to the Security Agent all principal monies and interest and all losses incidental to any such redemption or transfer.

23. **NOTICES**

23.1 **Communications in writing**

Any communication to be made under or in connection with this Debenture shall be made in writing and, unless otherwise stated herein or in the Credit Agreement, may be made by fax or letter.

23.2 **Addresses**

The address and fax number (and the department or officer, if any, for whose attention the communication is to be made) of each party to this Debenture for any communication or document to be made or delivered under or in connection with this Debenture is:

- (a) as set out in the Credit Agreement (in the case of any person who is a party as at the date of this Debenture);

- (b) in the case of any person who becomes a party after the date of this Debenture, notified in writing to the Security Agent on or prior to the date on which it becomes a party,

or any substitute address or fax number as the party may notify to the Security Agent (or the Security Agent may notify to the other Parties, if a change is made by the Security Agent) by not less than five Business Days' notice.

23.3 **Delivery**

- (a) Any communication or document made or delivered by one person to another under or in connection with this Debenture will only be effective:
 - (i) if by way of fax, when received in legible form; or
 - (ii) if by way of letter, when it has been left at the relevant address or five Business Days after being deposited in the post postage prepaid in an envelope addressed to it at that address,

and, if a particular department or officer is specified as part of its address details provided under Clause 23.2, if addressed to that department or officer.

- (b) Any communication or document to be made or delivered to the Security Agent will be effective only when actually received by the Security Agent and then only if it is expressly marked for the attention of the department or officer identified with the Security Agent's signature below (or any substitute department or officer as the Security Agent shall specify for this purpose).

24. **CHANGES TO PARTIES**

24.1 **Assignment by the Security Agent**

The Security Agent may at any time assign or otherwise transfer all or any part of its rights under this Debenture in accordance with the Loan Documents.

24.2 **Changes to Parties**

The Chargor authorises and agrees to changes to parties under section 10.07 (*Successors and Assigns*) of the Credit Agreement and authorises the Security Agent to execute on its behalf any document required to effect the necessary transfer of rights or obligations contemplated by those provisions.

24.3 **New Subsidiaries**

The Chargor will procure that any new Subsidiary of it which is required to do so by the terms of the Credit Agreement executes a Security Accession Deed.

24.4 **Consent of Chargor**

- (a) The Chargor consents to new Subsidiaries becoming Chargors as contemplated by Clause 24.3 above.
- (b) The Chargor confirms that the execution of any Security Accession Deed by a new Subsidiary will in no way prejudice or affect the security granted by it under (and the covenants given by each of them in), the Debenture and that the Debenture shall remain in full force and effect as supplemented by any such Security Accession Deed.

- (c) The Chargor further confirms that the execution of any other supplemental security document by it will in no way prejudice or affect the security granted by it under (and the covenants given by each of them in), the Debenture and that the Debenture shall remain in full force and effect as supplemented by any such supplemental security document.

25. MISCELLANEOUS

25.1 Certificates Conclusive

A certificate or determination of the Security Agent as to any amount payable under this Debenture will be conclusive and binding on the Chargor, except in the case of manifest error.

25.2 Counterparts

This Debenture may be executed in any number of counterparts, and this has the same effect as if the signatures on the counterparts were on a single copy of this Debenture.

25.3 Invalidity of any Provision

If any provision of this Debenture is or becomes invalid, illegal or unenforceable in any respect under any law, the validity, legality and enforceability of the remaining provisions shall not be affected or impaired in any way.

25.4 Failure to Execute

Failure by one or more parties (“**Non-Signatories**”) to execute this Deed on the date hereof will not invalidate the provisions of this Deed as between the other Parties who do execute this Deed. Such Non-Signatories may execute this Deed on a subsequent date and will thereupon become bound by its provisions.

26. GOVERNING LAW AND JURISDICTION

- (a) This Debenture and any non-contractual claims arising out of or in connection with it shall be governed by and construed in accordance with English law.
- (b) Subject to sub-clause (c) below, the Parties agree that the courts of England shall have exclusive jurisdiction to settle any dispute arising out of or in connection with this Debenture, whether contractual or non-contractual (including a dispute regarding the existence, validity or termination of this Debenture) (a “**Dispute**”). The Parties agree that the courts of England are the most appropriate and convenient courts to settle Disputes and accordingly no party will argue to the contrary.
- (c) The Parties agree that, for the benefit of the Secured Parties only, nothing in this Debenture shall limit the right of the Secured Parties to bring any legal action against the Chargor in any other court of competent jurisdiction.

IN WITNESS whereof this Debenture has been duly executed as a deed and is delivered on the date first above written.

SCHEDULE 1

PROPERTIES(2)

Registered Land

Chargor	County and District (or London Borough)	Address or description	Freehold or Leasehold	Title No.(3)
[•]	[•]	[•]	[•]	[•]

Unregistered Land

Chargor	County and District (or London Borough)	Address or description	Freehold or Leasehold
[•]	[•]	[•]	[•]

(2) Chargor to confirm.

(3) Registered land included in the charge must be described by reference to the register or in another manner which is sufficient to enable the property to be clearly identified without reference to any other documents. If in doubt ask a real estate lawyer to approve the form of description. Inaccurate or incomplete descriptions may result in incorrect registration of the charge and have an adverse effect on the security.

SCHEDULE 2

SHARES AND INVESTMENTS(4)

Shares

Name of Chargor which holds the shares	Name of company issuing shares	Number and class(5) of shares
[•]	[•]	[•]

Investments

Name of Chargor which holds the investments	Name of issuer	Number and description of investments
[•]	[•]	[•]

(4) Chargor to confirm.

(5) For example, "ordinary shares" or "Class A preference shares"

SCHEDULE 3

INTELLECTUAL PROPERTY(6)

Part 1
Patent and Patent Applications

Name of Chargor	Territory	Description	Patent No. / Application No.	Date of Registration/ Application
[.]	[.]	[.]	[.]	[.]

Part 2
Trade Marks and Trade Mark Applications

Name of Chargor	Territory	Trade Marks	Class No.	Registration No./ Application No.	Date of Registration/ Application
[.]	[.]	[.]	[.]	[.]	[.]

Part 3
Registered Designs and Applications for Registered Designs

Name of Chargor	Territory	Design	Patent No. / Application No.	Date of Registration/ Application
[.]	[.]	[.]	[.]	[.]

Part 4
Copyright Works and Unregistered Designs

Name of Chargor	Description	Date of Creation	Author
[.]	[.]	[.]	[.]

(6) Chargor to confirm.

**Part 5
Other Intellectual Property of the Chargor(7)**

[Include details of any material Intellectual Property not listed above (e.g. unregistered trade marks, databases)].

**Part 6
Intellectual Property Licences**

Name of Chargor	Description of Intellectual Property Licences	Licensor	Date of Licence	Duration of Licence
[.]	[.]	[.]	[.]	[.]

(7) Chargor to confirm.

SCHEDULE 4

EQUIPMENT(8)

Name of Chargor

Description of Equipment

[•]

[•]

(8) Chargor to confirm.

SCHEDULE 5
BANK ACCOUNTS(9)

Accounts

Name of Chargor	Name and address of institution at which account is held	Account Number	Sort Code
[.]	[.]	[.]	[.]

(9) Chargor to confirm.

SCHEDULE 6
INSURANCE POLICIES(10)

Name of Chargor	Insurer	Policy Number	Type of Risk Insured(11)
[•]	[•]	[•]	[•]

(10) Chargor to confirm.

(11) For example “property”, “business interruption”, “sabotage and terrorism”.

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SCHEDULE 7
FORMS OF NOTICES

Part 1
Form of Counterparty Notice

To: [insert name and address of counterparty]

Dated: [•]

Dear Sirs

Re: [here identify the relevant Assigned Agreement/Hedging Agreement] (the “Agreement”)

We notify you that, [insert name of Chargor] (the “ **Chargor** ”) has [charged in favour of]/[assigned to] [insert name of Security Agent] (the “ **Security Agent** ”) for the benefit of itself and certain other banks and financial institutions (the “ **Secured Parties** ”) all its right, title and interest in the Agreement as security for certain obligations owed by the Chargor to the Secured Parties by way of a debenture dated [•].

We further notify you that:

1. the Chargor may not agree to amend or terminate the Agreement without the prior written consent of the Security Agent;
2. you may continue to deal with the Chargor in relation to the Agreement until you receive written notice to the contrary from the Security Agent. Thereafter the Chargor will cease to have any right to deal with you in relation to the Agreement and therefore from that time you should deal only with the Security Agent;
3. you are authorised to disclose information in relation to the Agreement to the Security Agent on request;
4. after receipt of written notice in accordance with paragraph 2 above, you must pay all monies to which the Chargor is entitled under the Agreement direct to the Security Agent (and not to the Chargor) unless the Security Agent otherwise agrees in writing; and
5. the provisions of this notice may only be revoked with the written consent of the Security Agent.

Please sign and return the enclosed copy of this notice to the Security Agent (with a copy to the Chargor) by way of confirmation that:

- (a) you agree to the terms set out in this notice and to act in accordance with its provisions;
- (b) you have not received notice that the Chargor has assigned its rights under the agreement to a third party or created any other interest (whether by way of security or otherwise) in the agreement in favour of a third party; and
- (c) you have not claimed or exercised, nor do you have any outstanding right to claim or exercise against the Chargor any right of set-off, counter-claim or other right relating to the Agreement.

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The provisions of this notice are governed by English law.

Yours faithfully

for and on behalf of
[*insert name of Chargor*]

[*On acknowledgement copy*]

To: [*insert name and address of Security Agent*]

Copy to: [*insert name and address of Chargor*]

We acknowledge receipt of the above notice and confirm the matters set out in paragraphs (a) to (c) above.

for and on behalf of
[*insert name of Counterparty*]

Dated:

Part 2
Form of Insurance Notice

To: [*insert name and address of insurance company*]

Dated: [•]

Dear Sirs

Re: [*here identify the relevant insurance policy(ies)*] (the “Policies”)

We notify you that, [*insert name of Chargor*] (the “**Chargor**”) has assigned to [*insert name of Security Agent*] (the “**Security Agent**”) for the benefit of itself and certain other banks and financial institutions (the “**Secured Parties**”) all its right, title and interest in the Policies as security for certain obligations owed by the Chargor to the Secured Parties by way of a debenture dated [•].

We further notify you that:

1. the Chargor may not agree to amend or terminate the Policies without the prior written consent of the Security Agent;
2. you may continue to deal with the Chargor in relation to the Policies until you receive written notice to the contrary from the Security Agent. Thereafter the Chargor will cease to have any right to deal with you in relation to the Policies and therefore from that time you should deal only with the Security Agent;
3. you are authorised to disclose information in relation to the Policies to the Security Agent on request; and
4. the provisions of this notice may only be revoked with the written consent of the Security Agent.

Please sign and return the enclosed copy of this notice to the Security Agent (with a copy to the Chargor) by way of confirmation that:

- (a) you agree to act in accordance with the provisions of this notice;
- (b) you will note the Security Agent’s interest as first chargee on each of the Policies;
- (c) after receipt of written notice in accordance with paragraph 2 above, you will pay all monies to which the Chargor is entitled under the Policies direct to the Security Agent (and not to the Chargor) unless the Security Agent otherwise agrees in writing;(12)
- (d) you will not cancel or otherwise allow the Policies to lapse without giving the Security Agent not less than 14 days written notice;
- (e) you have not received notice that the Chargor has assigned its rights under the Policies to a third party or created any other interest (whether by way of security or otherwise) in the Policies in favour of a third party; and
- (f) you have not claimed or exercised nor do you have any outstanding right to claim or exercise against the Chargor, any right of set-off, counter-claim or other right relating to the Policies.

(12) TBC with Credit Agreement to ensure that this provision is consistent with it.

The provisions of this notice are governed by English law.

Yours faithfully

for and on behalf of
[*insert name of Chargor*]

[*On acknowledgement copy*]

To: [*insert name and address of Security Agent*]

Copy to: [*insert name and address of Chargor*]

We acknowledge receipt of the above notice and confirm the matters set out in paragraphs (a) to (f) above.

for and on behalf of
[*insert name of insurance company*]

Dated: [•]

Part 3
Form of Account Notice

To: [*insert name and address of Account Bank*] (the “ **Account Bank** ”)

Dated: [•]

Dear Sirs

Re: The [•] Group of Companies - Security over Bank Accounts

We notify you that [*insert name of Chargor*] (the “ **Chargor** ”) and certain other companies identified in the schedule to this notice (together the “ **Customers** ”) charged to [*insert name of Security Agent*] (the “ **Security Agent** ”) for the benefit of itself and certain other banks and financial institutions all their right, title and interest in and to the monies from time to time standing to the credit of the accounts identified in the schedule to this notice and to any other accounts from time to time maintained with you by the Customers (the “ **Charged Accounts** ”) and to all interest (if any) accruing on the Charged Accounts by way of a debenture dated [•] (the “ **Debenture** ”).

1. We irrevocably authorise and instruct you:

- (a) to hold all monies from time to time standing to the credit of the Charged Accounts to the order of the Security Agent and to pay all or any part of those monies to the Security Agent (or as it may direct) promptly following receipt of written instructions from the Security Agent to that effect (where the Debenture becomes enforceable); and
- (b) to disclose to the Security Agent any information relating to the Customers and the Charged Accounts which the Security Agent may from time to time request you to provide.

2. We also advise you that:

- (a) by counter-signing this notice the Security Agent confirms that the Customers may make withdrawals from the Charged Accounts designated as “Not blocked” in the schedule below until such time as the Security Agent shall notify you (with a copy to the Chargor) in writing that their permission is withdrawn. That permission may be withdrawn or modified by the Security Agent in its absolute discretion at any time; and
- (b) the provisions of this notice may only be revoked or varied with the prior written consent of the Security Agent.

3. Please sign and return the enclosed copy of this notice to the Security Agent (with a copy to the Chargor) by way of your confirmation that:

- (a) you agree to act in accordance with the provisions of this notice;
- (b) you have not received notice that any Customer has assigned its rights to the monies standing to the credit of the Charged Accounts or otherwise granted any security or other interest over those monies in favour of any third party;
- (c) you will not exercise any right to combine accounts or any rights of set-off or lien or any similar rights in relation to the monies standing to the credit of the Charged Accounts, except for the netting of credit and debit balances pursuant to current

account netting arrangements previously approved in writing by the Security Agent; and

- (d) you have not claimed or exercised, nor do you have outstanding any right to claim or exercise against the Chargor, any right of set-off, counter-claim or other right relating to the Charged Accounts.

The provisions of this notice are governed by English law.

Schedule

<u>Customer</u>	<u>Account Number</u>	<u>Sort Code</u>
[•]	[•]	[•]

Yours faithfully,

for and on behalf of
[*Insert name of Chargor*]
as agent for and on behalf of
all of the Customers

Counter-signed by

for and on behalf of
[*Insert name of Security Agent*]

[*On acknowledgement copy*]

To: [*Insert name and address of Security Agent*]

Copy to: [*Insert name of Chargor*] (on behalf of all the Customers)

We acknowledge receipt of the above notice and confirm the matters set out in paragraphs (a) to (d) above.

for and on behalf of
[*Insert name of Account Bank*]

Dated: [•]

SCHEDULE 8

FORM OF SECURITY ACCESSION DEED(13)

THIS SECURITY ACCESSION DEED is made on [•]

BETWEEN :

- (1) [•] **Limited**, a company incorporated in England and Wales with registered number [•] (the “ **New Chargor** ”); and
- (2) [•] as security trustee for itself and the other Secured Parties (the “ **Security Agent** ”).

RECITAL :

This deed is supplemental to a debenture dated [•] between, amongst others, the Chargors named therein and the Security Agent, as previously supplemented by earlier Security Accession Deeds (if any) (the “ **Debenture** ”).

NOW THIS DEED WITNESSES as follows:

1. INTERPRETATION

1.1 Definitions

Terms defined in the Debenture shall have the same meaning when used in this deed.

1.2 Construction

Clauses 1.2 (*Construction*) to 1.5 (*Miscellaneous*) of the Debenture will be deemed to be set out in full in this deed, but as if references in those clauses to the “Debenture” and other similar expressions were references to this deed.

2. ACCESSION OF NEW CHARGOR

2.1 Accession

The New Chargor agrees to be a Chargor for the purposes of the Debenture with immediate effect and agrees to be bound by all of the terms of the Debenture as if it had originally been a party to it as a Chargor.

2.2 Covenant to pay

The New Chargor as primary obligor covenants with the Security Agent (for the benefit of itself and the other Secured Parties) that it will on demand pay the Secured Obligations when they fall due for payment.

2.3 Specific Security

The New Chargor, as continuing security for the payment of the Secured Obligations, charges in favour of the Security Agent with full title guarantee the following assets, both present and future, from time to time owned by it or in which it has an interest:

(13) #KM - Please note that the security accession deed must be registered at Companies House (using the appropriate Form MR01/LLMRO1) within 21 days of the date of the charge, in order to perfect the security created under it.

- (a) by way of first legal mortgage all Material Real Property now belonging to or vested in it (including any property specified in Schedule 1(*Properties*)); and
- (b) by way of fixed charge, provided that the following shall not include any Excluded Assets (as such term is defined in the Credit Agreement):
 - (i) all other interests (not charged under Clause 2.3(a)) in any Property and the benefit of all other agreements relating to land;
 - (ii) all of its rights, title and interest in the Intellectual Property;
 - (iii) all of its rights, title and interest in the Equipment;
 - (iv) all the Investments, Shares and all corresponding Related Rights;
 - (v) all Trading Receivables and all rights and claims against third parties and against any security in respect of those Trading Receivables;
 - (vi) all Other Debts and all rights and claims against third parties against any security in respect of those Other Debts;
 - (vii) all monies standing to the credit of the Accounts and any other bank accounts which it may have with any bank, financial institution or other person and all of its rights, title and interest in relation to those accounts;
 - (viii) all rights and interest in the Hedging Agreements;
 - (ix) the benefit of all licences, consents and agreements held by it in connection with the use of any of its assets;
 - (x) its goodwill and uncalled capital; and
 - (xi) if not effectively assigned by Clause 2.4 (*Security Assignment*), all its rights and interests in (and claims under) the Insurance Policies and the Assigned Agreements.

2.4 Security Assignment

As further security for the payment of the Secured Obligations, the New Chargor assigns absolutely with full title guarantee to the Security Agent all its rights, title and interest in:

- (a) the Insurance Policies; and
- (b) the Assigned Agreements,

(subject in each case to reassignment by the Security Agent to the new Chargor of all such rights, title and interest upon payment or discharge in full of the Secured Obligations).

2.5 Floating charge

- (a) As further security for the payment of the Secured Obligations, the New Chargor charges with full title guarantee in favour of the Security Agent (for the benefit of itself and the other Secured Parties) by way of first floating charge all its present and future assets, undertakings and rights.
- (b) Paragraph 14 of Schedule B1 to the Insolvency Act 1986 shall apply to the floating charge created by this deed.

3. NEGATIVE PLEDGE

The New Chargor may not:

- (a) create or agree to create or permit to subsist any Security or Quasi-Security over all or any part of the Charged Property under this deed;
- (b) sell, transfer, lease out, lend or otherwise dispose of all or any part of Charged Property under this deed (other than in respect of assets charged under Clause 2.5(a) (*Floating Charge*) on arm’s length terms in the ordinary course of trading) or the right to receive or to be paid the proceeds arising on the disposal of the same, or agree or attempt to do so; or
- (c) dispose of the equity of redemption in respect of all or any part of the Charged Property under this deed,

except as permitted by the Credit Agreement or with the prior consent of the Security Agent.

4. CONSTRUCTION OF DEBENTURE

- (a) The Debenture shall remain in full force and effect as supplemented by this deed.
- (b) The Debenture and this deed shall be read together as one instrument on the basis that references in the Debenture to “this deed” or “this Debenture” and other similar expressions will be deemed to be references to the Debenture as supplemented by this deed.

5. DESIGNATION AS A LOAN DOCUMENT

This deed is designated as a Loan Document.

6. FAILURE TO EXECUTE

Failure by one or more parties (“ **Non-Signatories** ”) to execute this Deed on the date hereof will not invalidate the provisions of this Deed as between the other Parties who do execute this Deed. Such Non-Signatories may execute this Deed on a subsequent date and will thereupon become bound by its provisions.

7. NOTICES

The New Chargor confirms that its address details for notices in relation to Clause 23 (*Notices*) of the Debenture are as follows:

- Address: [•]
- Facsimile: [•]
- Attention: [•]

8. GOVERNING LAW

This deed (and any dispute, controversy, proceedings or claims of whatever nature arising out of or in any way relating to this deed or its formation) and obligations of the Parties hereto and any matter, claim or dispute arising out of or in connection with this deed (including any non-contractual claims arising out of or in association with it) shall be governed by and construed in accordance with English law.

IN WITNESS whereof this document has been duly executed as a deed and is delivered on the date first above written.

SIGNATORIES TO DEED OF ACCESSION

THE NEW CHARGOR

EXECUTED as a DEED by
[*Name of New Chargor*] acting by:

[•] as Director: _____

Witness: _____

Name: _____

Address: _____

Occupation: _____

Notice Details

Address: [•]

Facsimile: [•]

Attention: [•]

THE SECURITY AGENT

EXECUTED as a DEED by
[*Name of Security Agent*] acting by:

[•] as Authorised Signatory: _____

Notice Details

Address: [•]

Facsimile: [•]

Attention: [•]

Email: [•]

SCHEDULES TO DEED OF ACCESSION

SCHEDULE 1

PROPERTIES

[•]

SCHEDULE 2

SHARES AND INVESTMENTS

[•]

SCHEDULE 3

INTELLECTUAL PROPERTY

[•]

SCHEDULE 4

EQUIPMENT

[•]

SCHEDULE 5

BANK ACCOUNTS

[•]

SCHEDULE 6

INSURANCE POLICIES

[•]

SIGNATORIES TO DEBENTURE

THE CHARGOR(14)

EXECUTED as a DEED by
ACUSHNET EUROPE LIMITED acting by:

[•] as Director: _____

Witness: _____

Name: _____

Address: _____

Occupation: _____

Notice Details

Address: [•]

Facsimile: [•]

Attention: [•]

Email: [•]

THE SECURITY AGENT(15)

EXECUTED as a DEED by
WELLS FARGO BANK, NATIONAL ASSOCIATION acting by:

[•] as Authorised Signatory: _____

Notice Details

Address: [•]

Facsimile: [•]

Attention: [•]

Email: [•]

(14) UK Borrower to confirm execution block.

(15) Security Agent to confirm execution block.

Form of Dutch Pledge of Moveable Assets

[See Attached.]

Exhibit O- 1

-
- **NautaDutilh**
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THIS DEED is dated July 2016 and made between:

1. **ACUSHNET EUROPE LIMITED** , a limited liability company registered in the United Kingdom at Companies House under number 1198336, having its registered address at Caxton Road, St. Ives, Huntington, PE27 3 LU, United Kingdom, as pledgor (the “ **Pledgor** ”);
2. **ACUSHNET NEDERLAND B.V.** , a private company with limited liability (*besloten vennootschap met beperkte aansprakelijkheid*), having its corporate seat at Etten-Leur (address: Prins Bernhardplein 200, 1097 JB Amsterdam, the Netherlands, trade register number: 20073854), as custodian (the “ **Custodian** ”); and
3. **WELLS FARGO BANK, NATIONAL ASSOCIATION** , a national banking association formed under the laws of the United States of America, as pledgee (the “ **Pledgee** ”).

IT IS AGREED as follows:

1. **DEFINITIONS AND INTERPRETATION**

1.1. **Definitions**

Capitalised terms used in this deed have the following meanings:

- | | |
|-----------------------------|---|
| “ Clause ” | a clause in this deed. |
| “ Collateral ” | all movable assets (<i>roerende zaken</i>) including equipment (<i>bedrijfsuitrusting</i>), inventory (<i>inventaris</i>) and stock (<i>voorraden</i>), at any time located in the Netherlands, owned by the Pledgor or which the Pledgor may acquire in the future. |
| “ Credit Agreement ” | the USD 750,000,000 credit agreement between, among others, Acushnet Company as US borrower and borrowers representative, Acushnet Canada, Inc., as Canadian borrower, the Pledgor as UK borrower, Wells Fargo Securities, LLC and PNC Capital Markets LLC as joint lead arrangers and joint bookrunners, the Pledgee as administrative agent, L/C issuer, lender and swingline lender and the other parties named in it as a party, dated 27 April 2016. |
| “ Default ” | has the meaning given thereto in the Credit Agreement. |

“ Enforcement Event ”	an Event of Default which is or has resulted in a default (<i>verzuim</i>) within the meaning of section 3:248 NCC with respect to the payment of the Secured Obligations by any Obligor.
“ Event of Default ”	has the meaning given thereto in the Credit Agreement.
“ Lien ”	has the meaning given thereto in the Credit Agreement.
“ Loan Documents ”	has the meaning given thereto in the Credit Agreement.
“ Loan Parties ”	has the meaning given thereto in the Credit Agreement.
“ NCC ”	the Netherlands Civil Code (<i>Burgerlijk Wetboek</i>).
“ Party ”	a party to this deed.
“ Pledge ”	the pledge created pursuant to Clause 2.2 (<i>Creation of pledge over Collateral</i>).
“ Schedule ”	a schedule to this deed.
“ Secured Obligations ”	all monetary payment obligations (whether present or future, actual or contingent) owing by the Pledgor to the Pledgee at any time under or in connection with section 9.14 (<i>Parallel Debt</i>) of the Credit Agreement.
“ Secured Parties ”	has the meaning given thereto in the Credit Agreement.
“ Termination Date ”	has the meaning given thereto in the Credit Agreement.

1.2. Construction

- (a) A reference to any “ **Collateral** ” is a reference to that Collateral in whole or in part and includes all rights attached to such Collateral, including dependent rights and ancillary rights.
- (b) A reference to the “ **Pledgee** ” is also a reference to any successor or assignee of the Pledgee and a reference to the “ **Pledgor** ” is also a reference to any successor or assignee of the Pledgor.
- (c) A reference to the “ **registration** ” of this deed and a reference to “ **register** ” is a reference to the presentation for registration of this deed to the Rotterdam office of the Tax Authorities which provide registration services.

- (d) A reference to a “**right of pledge**” is, unless the context requires otherwise, a reference to a right of pledge purported to be created under this deed over each individual asset falling within the scope of the definition of Collateral.

- (e) A reference to a “ **default** ” with respect to the payment of the Secured Obligations is a reference to any non-payment of the Secured Obligations when due, without any reminder letter or notice of default being required.
- (f) An Event of Default is “ **continuing** ” if it has not been waived by the Lenders authorised to do so or remedied by a Loan Party in accordance with the relevant terms of the Credit Agreement.
- (g) A “ **person** ” includes any natural person, legal entity, partnership, firm, trust, association, state, government or governmental or regulatory agency (in each case whether or not having separate legal personality) and any combination of two or more of the aforementioned.
- (h) Words denoting the singular shall include the plural and vice versa.
- (i) English language words used in this deed intend to describe Netherlands legal concepts only and the consequences of the use of those words in English law or any other foreign law are to be disregarded.
- (j) Clause and Schedule headings are for ease of reference only.

1.3 Third-party rights

Except where this deed expressly provides otherwise:

- (a) a person who is not a Party has no right under section 6:253 NCC to exercise or enforce any term or condition of this deed; and
- (b) where a person has a right under section 6:253 NCC to exercise or enforce a term or condition of this deed, this deed (including, for the avoidance of doubt, that person’s rights under this deed) may be terminated, amended, supplemented or waived without that person’s consent.

2. AGREEMENT, CREATION AND REGISTRATION OF PLEDGE

2.1. Agreement to pledge Collateral

As security for the payment when due of the Secured Obligations, the Pledgor hereby agrees with the Pledgee to grant to the Pledgee a right of pledge over each Collateral.

2.2. Creation of pledge over Collateral

As security for the payment when due of the Secured Obligations, the Pledgor, as the case may be in advance (*bij voorbaat*), hereby grants to the Pledgee a right of pledge over each Collateral. The Pledgee, as the case may be in advance (*bij voorbaat*), hereby accepts this right of pledge.

2.3. Nature of pledge

- (a) The Pledge is a separate right of pledge on each Collateral.

(b) The Pledge is an undisclosed right of pledge (*stil pandrecht*).

2.4. Registration of pledge

The Pledgee will immediately upon signing of this deed register this deed.

2.5. Security intent

The Pledgor confirms and agrees that any Pledge so created is intended to not be affected by, and to extend from time to time to, any (however fundamental) of the following or any combination thereof:

- (a) variation, amendment, modification, novation, restatement, increase, extension or addition of or to any of the Loan Documents or to any agreement or document (under whatever name) including without limitation by way of increase, reduction, alteration of the purpose or other amendment of the facilities made available under it, addition of new facilities, any rescheduling of indebtedness incurred thereunder;
- (b) accession or retirement of the parties to any of the Loan Documents;
- (c) extension of any commitment (or its maturity or availability) or any redenomination of a commitment into another currency under any Loan Documents;
- (d) any deferral or redenomination of any amount owing under any Loan Documents;
- (e) any facility, tranche or amount made available under any of the Loan Documents in any currency or currencies after the date of this deed for the purposes of or in connection with any of the following: business acquisitions of any nature; increasing working capital; enabling investor distributions to be made; carrying out restructurings; refinancing existing facilities; refinancing any other indebtedness; making facilities available to new borrowers; any other variation or extension of the purposes for which any such facility, tranche or amount might be made available from time to time; and/or
- (f) owing or accruing under any Loan Documents or any fees, costs and/or expenses associated with any of the foregoing.

3. REPRESENTATIONS AND WARRANTIES

3.1. Representations and warranties

The Pledgor, and with respect to Clauses 3.1(c), 3.1(d) and 3.1(e), the Custodian, represent and warrant to the Pledgee that:

- (a) the Pledgor has full title to the Collateral to the extent acquired prior to the moment of this representation and it has full power (*beschikkingsbevoegdheid*) to dispose of and encumber that Collateral;
- (b) except as permitted under the Loan Documents, the Collateral is not subject to any limited right or other encumbrance and no offer has been made or agreement entered into to transfer or encumber, whether or not in advance, the Collateral and no attachment has been levied on the Collateral;
- (c) except as permitted under the Loan Documents, the Collateral is not located at any address in the Netherlands other than the addresses listed in Schedule 1;
- (d) except as permitted under the Loan Documents, the Pledgor and the Custodian (as applicable) have exclusive control (*feitelijke macht*) over the Collateral, other than any Collateral (i) in transit in the ordinary course of business or (ii) being held on behalf of the Pledgor or the Custodian (as applicable) by a wharehouseman, bailee, agent or other person; and
- (e) the execution and performance of this deed does not violate any agreement or other legal relationship to which it is a party.

3.2. Times when representations made

Except for clause 3.1(c), the representations and warranties in Clause 3.1 (*Representations and warranties*) are deemed to be repeated by the Pledgor on each day the Pledgor acquires an asset falling within the scope of the definition of Collateral. Each representation and warranty deemed to be made after the date of this deed shall be deemed to be made by reference to the facts and circumstances existing at the date the representation and warranty is deemed to be made.

4. UNDERTAKINGS

4.1. Information

At the Pledgee's reasonable request and in such form as the Pledgee may reasonably designate, the Pledgor must provide all information, evidence and documents relating to the Collateral which the Pledgee may deem necessary to exercise its rights under this deed.

4.2. Duty to notify

- (a) The Pledgor and the Custodian shall notify the Pledgee immediately of all circumstances of which it becomes aware which could affect the interests of the Pledgee under this deed, including but not limited to:

- i. an application being filed for the Pledgor's or the Custodian's bankruptcy or (provisional) suspension of payments;

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- ii. the Pledgor or the Custodian being declared bankrupt, being granted (provisional) suspension of payments, being unable to pay its debts in respect of taxes or social security premiums or planning to notify the relevant authorities thereof;

- iii. an attachment being levied on any Collateral and/or any claim or notice from any third party with respect to any Collateral; and

- iv. an event analogous to any of the above occurring under the laws of any other jurisdiction.

- (b) The Pledgor and the Custodian shall promptly notify in writing, at their own expense, the existence of this deed and each Pledge to any court process server (*deurwaarder*), bankruptcy trustee (*curator*), administrator (*bewindvoerder*) or similar officer in any jurisdiction or to any other person claiming to have a right to the Collateral, and shall promptly send to the Pledgee a copy of the relevant correspondence.

4.3. Disposal and negative pledge

Except as permitted under the Loan Documents, neither the Pledgor nor the Custodian (as applicable) shall without the prior written consent of the Pledgee:

- (a) other than in the ordinary course of business sell, transfer or otherwise dispose of the Collateral in whole or in part and whether or not in advance;
- (b) alter or remove any identifying symbol or number on the Collateral; or
- (c) create or permit to subsist whether or not in advance any limited right or other encumbrance on the Collateral other than as envisaged under this deed or permit to subsist any attachment over the Collateral other than customary rights of retention arising by operation of law.

4.4. Location of Collateral

Except as permitted under the Loan Documents, the Pledgor shall not store its Collateral at a location other than a location notified to the Pledgee (except for Collateral having an aggregate fair market value of USD 1,000,000 or less).

4.5. Further assurances

At the Pledgee's reasonable request, the Pledgor shall at its own expense execute any further encumbrances and assurances in favour of, or for the benefit of, the Pledgee and perform all acts as the Pledgee may reasonably deem necessary to create, perfect or protect the rights of pledge purported to be created or to exercise or have the full benefit of its rights under or in connection with this deed (including the right to enforce these

rights).

5. AUTHORITY TO REQUIRE POSSESSION

Upon the occurrence of an Event of Default which is continuing, the Pledgee may require the Collateral to be brought into its possession or the possession of a third party appointed by it for this purpose. Without prejudice to the foregoing sentence, upon the occurrence of an Event of Default which is continuing the Pledgee shall be authorised to enter upon any premises where Collateral is located and remove the same or have the same delivered by the Pledgor to such place as the Pledgee may designate. The Custodian shall provide the Pledgee access and shall cooperate with any actions of the Pledgee in this respect, and shall act as a third party within the meaning of section 3:237 NCC, in each case if so required by the Pledgee.

6. IMMEDIATE FORECLOSURE

- (a) Upon the occurrence of an Enforcement Event the Pledgee may, without any further notice of default or other notice being required, sell the Collateral in accordance with applicable law and have recourse against the proceeds of any such sale.
- (b) The Pledgor shall not be entitled to file a request with an interim provisions judge to request that its Collateral be sold in a deviating manner as provided for in section 3:251 NCC.
- (c) The Pledgee shall not be obliged to give notice of an intended sale as provided for in section 3:249 NCC, and the Pledgee shall not be obliged to give the notice following the sale as provided for in section 3:252 NCC.
- (d) The Pledgee is not obliged to first foreclose on any other security right created under or in connection with the Loan Documents.

7. APPLICATION OF PROCEEDS

The Pledgee will apply the proceeds from the sale of or the collection of and recourse against any Collateral towards satisfaction of the Secured Obligations in accordance with the relevant provisions of the Loan Documents, subject to mandatory provisions of Netherlands law.

8. CANCELLATION

- (a) The Pledgee is at any time entitled to cancel (*opzeggen*) any Pledge and any contractual arrangement under this deed in whole or in part by notice in writing to the Pledgor within the meaning of section 3:81(2)(d) NCC. The Pledgor hereby accepts any such cancellation (*opzegging*) in anticipation.

- (b) On the Termination Date, (i) the Pledge shall terminate, (ii) all rights to the Collateral shall revert to the Pledgor and (iii) this deed shall terminate.
- (c) On the Termination Date and in connection with any other Lien released or subordinated pursuant to Section 9.08 of the Credit Agreement, the Pledgee will, at the expense of the Pledgor, comply with the provisions of Section 9.08 of the Credit Agreement, but without recourse or warranty to the Pledgee.
- (d) The Pledgee shall have no liability whatsoever to any other Secured Party as the result of any release of Collateral by it in accordance with (or which the Pledgee in the absence of gross negligence or willful misconduct (as determined by a final, non-appealable decision of a court of competent jurisdiction) believes to be in accordance with) this Clause 8.

9. LIABILITY

The Pledgee is not liable to the Pledgor for any loss or damage arising from any exercise of, or failure to exercise, its rights under this deed, except for gross negligence or wilful misconduct of the Pledgee.

10. POWER OF ATTORNEY

The Pledgor grants to the Pledgee an irrevocable power of attorney with the power of substitution to perform all acts which the Pledgor must perform pursuant to this deed. The Pledgee may act as counterparty of the Pledgor even in the event of a conflict of interest. The Pledgor hereby waives its rights under section 3:68 NCC which waiver is hereby accepted by the Pledgee. The Pledgee shall only use this power of attorney if the Pledgor fails to comply with any of its obligations under or in connection with this deed or an Event of Default has occurred which is continuing.

11. MISCELLANEOUS

11.1. No rescission, nullification or suspension

To the extent permitted by law, the Pledgor hereby waives any right it may have at any time:

- (a) under sections 6:228 or 6:265 NCC or any other ground (under any applicable law) to rescind or nullify, or demand in legal proceedings the rescission or nullification of this deed; and
- (b) under sections 6:52, 6:262 or 6:263 NCC or any other ground (under any applicable law) to suspend any obligation under or in connection with this deed.

11.2. Transfer of rights and obligations

- (a) Except as otherwise permitted under the Loan Documents, the Pledgor cannot transfer any of its rights or obligations or its contractual relationship under or in connection with this deed without the prior written consent of the Pledgee.
- (b) The Pledgee may transfer its rights and obligations under or in connection with this deed by an assignment or transfer of contractual relationship. The Pledgor in advance irrevocably consents to and provides its co-operation with any such assumption of debt and/or transfer of contractual relationship, as the case may be.
- (c) Any transfer as referred to in Clause 12.2(b) shall be made by a deed of transfer governed by Dutch law.
- (d) Any transfer shall take effect by notice to the Pledgor (whether prior or after the signing of the deed of transfer).
- (e) Upon a transfer by the Pledgee of any rights in respect of the Secured Obligations the transferee will become entitled to the rights of pledge or to a corresponding undivided part thereof, as the case may be.
- (f) The Pledgee is entitled to provide any transferee or proposed transferee with any information concerning the Pledgor and/or the Collateral.

11.3. Notices

- (a) Any communication to be made under or in connection with this deed shall be made in accordance with the relevant provisions of the Credit Agreement.
- (b) The address and fax number (and the department or officer, if any, for whose attention the communication is to be made) of each Party for any communication or document to be made or delivered under or in connection with this deed is the address shown with its name on the signature pages below.

11.4. Records and calculations of the Pledgee

The books and records maintained by the Pledgee and any calculation or determination by the Pledgee of the existence and the amount of the Secured Obligations, are conclusive evidence (*dwingend bewijs*) of the existence and the amounts of the Secured Obligations and other matters to which they relate, subject to proof of the contrary.

11.5. Partial invalidity

If, at any time, any provision of this deed is or becomes illegal, invalid or unenforceable in any respect under any law of any jurisdiction, neither the legality, validity or enforceability of the remaining provisions nor the legality, validity or enforceability of such provision under the law of any other jurisdiction will in any way be affected or impaired.

11.6. Amendments

This deed may only be amended by a written agreement signed by all Parties.

11.7. No implied waiver and no forfeiture

- (a) Any waiver under this deed must be given by written notice to that effect.
- (b) Where the Pledgee does not exercise any right under or in connection with this deed (which includes the granting by the Pledgee to the Pledgor of an extension of time in which to perform its obligations under any of these provisions), this is not deemed to constitute a waiver of that right and does not lead to forfeiture of that right of the Pledgee under this deed.
- (c) The rights of the Pledgee under this deed are not deemed to constitute a waiver of any other right the Pledgee may have under Netherlands law or any other applicable law. In case of a conflict of the rights of the Pledgee under this deed and the rights of the Pledgee under Netherlands law or any other applicable law, the provisions of this deed will apply.

12. GOVERNING LAW AND JURISDICTION

- (a) This deed is governed by the laws of the Netherlands (including for the avoidance of doubt the obligation of the Pledgor to create the rights of pledge set out in Clause 2.1 (*Agreement to pledge Collateral*) notwithstanding that such obligation may be governed by any other law pursuant to any other Loan Document).
- (b) If a Party is represented by an attorney in connection with the signing and/or execution of this deed or any other deed, agreement or document referred to in this deed or made pursuant to this deed, it is hereby expressly acknowledged and accepted by each other Party that the existence and extent of the attorney's authority and the effects of the attorney's exercise or purported exercise of his authority shall be governed by the laws of the Netherlands.
- (c) The courts of Amsterdam, the Netherlands have exclusive jurisdiction to settle any dispute arising from or in connection with this deed (including a dispute regarding the existence, validity, termination or amendment of this deed) (a “ **Dispute** ”). This paragraph (c) is for the benefit of the Pledgee only. As a result, the Pledgee shall not be prevented from taking proceedings relating to a Dispute in any other courts with jurisdiction. To the extent allowed by law, the Pledgee may take concurrent proceedings in any number of jurisdictions.

This deed has been entered into on the date stated at the beginning of this deed and may be signed in any number of counterparts and by way of exchange of pdf or facsimile copies of signed signature pages, all of which taken together shall constitute one and the same deed.

[*signature page follows*]

SIGNATURES

THE PLEDGOR

Acushnet Europe Limited

Address : Caxton Road, St. Ives, Huntington, PE27 3 LU, United Kingdom
Fax number : []
Attn. : []

By :
Title : Authorised signatory

By :
Title : Authorised signatory

THE CUSTODIAN

Acushnet Nederland B.V.

Address : Prins Bernhardplein 200, 1097 JB Amsterdam, the Netherlands
Fax number : []
Attn. : []

By :
Title : Authorised signatory

By :
Title : Authorised signatory

THE PLEDGEE

Wells Fargo Bank, National Association

Address : []
Fax number : []
Attn. : []

By : _____ By : _____
Title : Authorised signatory Title : Authorised signatory

SCHEDULE 1
LIST OF ADDRESSES OF LOCATIONS WHERE COLLATERAL IS HELD

Addresses of all location where Collateral of the Pledgor
is held

Acushnet Europe Limited

[...]

15

EXHIBIT P

Form of Cayman Mortgage

[See Attached.]

1

DATED [•] 2016

- (1) **ACUSHNET COMPANY**
(2) **WELLS FARGO BANK, NATIONAL ASSOCIATION**
-

EQUITABLE SHARE MORTGAGE IN RESPECT OF SHARES OF ACUSHNET CAYMAN LIMITED

**THE TAKING OR SENDING BY ANY PERSON OF AN ORIGINAL OF THIS DOCUMENT
INTO THE CAYMAN ISLANDS MAY GIVE RISE TO THE IMPOSITION OF CAYMAN
ISLANDS STAMP DUTY**

 **WALKERS**

190 Elgin Avenue, George Town
Grand Cayman KY1-9001, Cayman Islands
T +1 345 949 0100 F +1 345 949 7886 www.walkersglobal.com

REF: JCB/SE/W1932-138541

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THIS EQUITABLE SHARE MORTGAGE is made on [•] 2016

BETWEEN

- (1) **ACUSHNET COMPANY** , a Delaware corporation (the “ **Mortgagor** ”); and
- (2) **WELLS FARGO BANK, NATIONAL ASSOCIATION** , as security agent for and on behalf of the Secured Parties and acting in such capacity (the “ **Mortgagee** ”).

IT IS AGREED

1. DEFINITIONS AND INTERPRETATION

- 1.1 In this Mortgage, unless the context otherwise requires, words and expressions which are capitalised but not defined herein shall have the same meanings as are given to them in the Credit Agreement. In addition, the following definitions shall apply:

“ **Companies Law** ” means the Companies Law (as amended) of the Cayman Islands.

“ **Company** ” means Acushnet Cayman Limited, an exempted company with registered office at PO Box 309, Uglan House, South Church Street, George Town, Grand Cayman KY1-1104, Cayman Islands.

“ **Credit Agreement** ” means the credit agreement dated on 27 April 2016 by and among, Acushnet Holdings Corp. as holdings, Acushnet Company as US Borrower and Borrower Representative, Acushnet Canada Inc. as Canadian borrower, Acushnet Europe Limited as UK Borrower, Wells Fargo Bank, National Association as administrative agent, L/C issuer and swing line lender and the other lenders party hereto.

“ **Event of Default** ” means an Event of Default as defined in the Credit Agreement.

“ **Loan Documents** ” has the meaning ascribed to such term in the Credit Agreement.

“ **Mortgage** ” means this share mortgage.

“ **Mortgaged Property** ” means the Mortgaged Shares and all rights, benefits and advantages now or at any time in the future deriving from or incidental to any of the Mortgaged Shares including:

- (a) all dividends or other distributions (whether in cash, securities or other property), interest and other income paid or payable in relation to any Mortgaged Shares;
- (b) all shares, securities, rights, monies or other property whether certificated or uncertificated accruing, offered or issued at any time by way of redemption, conversion, exchange, substitution, preference, option, bonus issue or otherwise in respect of any Mortgaged Shares (including but not limited to proceeds of sale); and
- (c) all certificates or other evidence of title to any of the Mortgaged Shares now and from time to time hereafter deposited with the Mortgagee.

“ **Mortgaged Shares** ” means:

- (a) [1.3] ordinary shares owned by the Mortgagor in the Company;
- (b) any shares acquired in respect of Mortgaged Shares by reason of a stock split, stock dividend, reclassification or otherwise; and

(c) all other shares in the Company from time to time legally or beneficially owned by the Mortgagor, provided that, notwithstanding the foregoing, the Mortgaged Shares shall at no time exceed 65% of the voting equity interests of the Company.

“ **Parties** ” means the parties to this Mortgage.

“ **Register of Directors** ” means the register of directors of the Company maintained by the Company in accordance with the Companies Law.

“ **Register of Members** ” means the register of members of the Company (including any applicable branch register and non-listed shares register) maintained by the Company in accordance with the Companies Law.

“ **Secured Obligations** ” has the meaning ascribed to such term in the Credit Agreement.

“ **Security Interest** ” means:

- (a) a mortgage, charge, pledge, lien, assignment by way of security or other encumbrance or security arrangement (including any hold back or “ **flawed asset** ” arrangement) securing any obligation of any person;
- (b) any arrangement under which money or claims to, or the benefit of, a bank or other account may be applied, set off or made subject to a combination of accounts so as to effect discharge of any sum owed or payable to any person;
- (c) any other type of arrangement having a similar effect; or
- (d) agreements to create the foregoing.

“ **Security Period** ” means the period commencing on the date of execution of this Mortgage and ending on the Termination Date

“ **Termination Date** ” has the meaning given to it under the Credit Agreement.

1.2 In construing this Mortgage, unless otherwise specified:

- (a) references to any Party shall be construed so as to include that Party’s respective successors in title, permitted assigns and permitted transferees;
- (b) “ **including** ” and “ **in particular** ” shall not be construed restrictively but shall mean respectively “including, without prejudice to the generality of the foregoing” and “including without limitation”, and “in particular, but without prejudice to the generality of the foregoing”;
- (c) references to a “ **person** ” shall be construed so as to include any individual, firm, company or other body corporate, government, state or agency of a state, local or municipal authority or government body or any joint venture, association or partnership (whether or not having separate legal personality); and in each case, its successors and assigns and persons deriving title under or through it, in whole or in part, and any person which replaces any party to any document in its respective role thereunder, whether by assuming the rights and obligations of the party being replaced or whether by executing a document in or substantially in the form of the document it replaces;

- (d) “ **variation** ” includes any variation, amendment, accession, novation, restatement, modification, assignment, transfer, supplement, extension, deletion or replacement however effected and “ **vary** ” and “ **varied** ” shall be construed accordingly;
- (e) “ **writing** ” includes facsimile transmission legibly received except in relation to any certificate, notice or other document which is expressly required by this Mortgage to be signed and “ **written** ” has a corresponding meaning;
- (f) references to the “ **consent** ” of the Mortgagee shall be construed as the consent of the Mortgagee acting in its absolute discretion;
- (g) references to this Mortgage or to any other document include references to this Mortgage or such other document as varied from time to time, even if changes are made to:
 - (i) the composition of the Parties to this Mortgage or such other document or to the nature or amount (including any increase) of any facilities made available or liability assumed under such other document; or
 - (ii) the nature or extent of any obligations under such other document;
- (h) references to uncertificated shares are to shares the title to which can be transferred by means of an electronic or other entry and references to certificated shares are to shares which are not uncertificated shares;
- (i) references to the singular shall include the plural and vice versa and references to the masculine shall include the feminine or neuter and vice versa;
- (j) references to clauses and schedules are to clauses of, and schedules to, this Mortgage;
- (k) references to any statute or statutory provision shall be construed as a reference to the same as it may have been, or may from time to time be amended, modified or re-enacted;
- (l) headings and titles are for convenience only and do not affect the interpretation of this Mortgage;
- (m) an Event of Default is “ **continuing** ” if it has not been remedied or waived; and
- (n) this Mortgage is a “ **Foreign Security Agreement** ” and a “ **Loan Document** ” under the terms of the Credit Agreement.

2. REPRESENTATION AND WARRANTIES

2.1 The Mortgagor hereby represents and warrants to the Mortgagee (for the benefit of each Secured Party) on the date of this Mortgage that:

- (a) it has been duly incorporated and registered as a Delaware corporation under the laws of the State of Delaware;
- (b) it has the power to own its assets and carry on its business as it is being conducted;
- (c) it is the sole legal and beneficial owner of the Mortgaged Property free from any Security Interest (other than that created by this Mortgage) or other interest and any options or rights of pre-emption;

- (d) the Mortgaged Shares represent 65 percent of the issued shares of the Company;
- (e) any Mortgaged Shares are, or will be when mortgaged and charged, duly authorised, validly issued, fully paid, non-assessable, freely transferable and constitute shares in the capital of a Cayman Islands exempted company. To the extent they are in existence there are no moneys or liabilities outstanding or payable in respect of any such shares nor will there be any and they have not been redeemed nor cancelled in any way nor will they be;
- (f) no person has or is entitled to any conditional or unconditional option, warrant or other right to subscribe for, purchase or otherwise acquire any issued or unissued shares, or any interest in shares, in the capital of the Company;
- (g) the Mortgaged Shares are freely transferable on the books of the Company and no consents or approvals are required in order to register a transfer of the Mortgaged Shares;
- (h) the Mortgaged Shares are not issued with any preferred, deferred or other special rights or restrictions whether in regard to dividends, voting, return of any amount paid on account of shares or otherwise which are not expressly set out in the memorandum and articles of association of the Company;
- (i) there are no covenants, agreements, conditions, interest, rights or other matters whatsoever which adversely affect the Mortgaged Property;
- (j) it has not received any notice of an adverse claim by any person in respect of the ownership of the Mortgaged Property or any interest in the Mortgaged Property;
- (k) it has full power and authority to:
 - (i) execute and deliver this Mortgage;
 - (ii) be the legal and beneficial owner of the Mortgaged Property; and
 - (iii) comply with the provisions of, and perform all its obligations under this Mortgage;
- (l) it has duly executed and delivered this Mortgage;
- (m) this Mortgage constitutes its legal, valid and binding obligations enforceable against it in accordance with its terms;
- (n) the execution and performance of its obligations and liabilities under this Mortgage will not:
 - (i) contravene any law or regulation or any order of any governmental or other official authority, body or agency or any judgment, order or decree of any court having jurisdiction over it;
 - (ii) conflict with, or result in any breach of any of the terms of, or constitute a default under, any agreement or other instrument to which it is a party or any licence or other authorisation to which it is subject or by which it or any of its property is bound; or
 - (iii) contravene or conflict with any provision of its constitutional documents;

- (o) it has not taken any action nor have any steps been taken or legal proceedings been started or threatened in writing against it for:
 - (i) winding up, dissolution or reorganisation;
 - (ii) the enforcement of any Security Interest over its assets; or
 - (iii) the appointment of a liquidator, receiver, administrative receiver, administrator, trustee or similar officer of it or of any or all of its assets;
- (p) it is not in breach (nor would be in breach with the giving of notice, passing of time, or satisfaction of any other condition) or in default under any deed, instrument or any agreement to which it is a party or which is binding on it or any of its assets;
- (q) no action, litigation, arbitration or administrative proceeding has been commenced or is pending or threatened in writing against it, nor is there subsisting any unsatisfied judgment or award given against it by any court, board of arbitration or other body;
- (r) all licences, consents, exemptions, clearance filings, registration, payments of taxes, notarisation and authorisations as are or may be necessary or desirable for the proper conduct of its business, trade, and ordinary activities and for the performance and discharge of its obligations and liabilities under this Mortgage and which are required in connection with the execution, delivery, validity, enforceability or admissibility in evidence of this Mortgage and the creation of security over the Mortgaged Property have been obtained and are in full force and effect;
- (s) it has not taken any action whereby the rights attaching to the Mortgaged Property are altered or diluted save to the extent such alteration or dilution is expressly permitted under this Mortgage or any Loan Document;
- (t) it has taken all corporate and other action required to approve its execution, delivery, performance and enforceability of this Mortgage; and
- (u) this Mortgage is effective to create a valid and enforceable first equitable mortgage and first priority fixed charge upon the Mortgaged Property in favour of the Mortgagee ranking in priority to the interests of any of its creditors or any liquidator (or similar officer) appointed in respect of it.

2.2 The Mortgagor also represents and warrants to and undertakes with the Mortgagee that the foregoing representations and warranties will be true and accurate throughout the continuance of this Mortgage with reference to the facts and circumstances subsisting from time to time.

3. SECURITY

3.1 As a continuing security for the discharge and/or payment of the Secured Obligations, the Mortgagor as legal and beneficial owner hereby:

- (a) mortgages in favour of the Mortgagee by way of a first equitable mortgage the Mortgaged Shares; and
- (b) charges in favour of the Mortgagee, by way of a first fixed charge, all of its right, title and interest in and to the Mortgaged Property including all benefits, present and future, actual and contingent accruing in respect of the Mortgaged Property (to the extent not effectively mortgaged under Clause 3.1(a)).

3.2 The Mortgagor hereby agrees to deliver, or cause to be delivered, to the Mortgagee on the date hereof:

- (a) the corporate documents, resolutions and authorities of the Mortgagor required to authorise the execution of this Mortgage;
- (b) an executed but undated share transfer certificate in respect of the Mortgaged Shares in favour of the Mortgagee or its nominees (as the Mortgagee shall direct) in the form set out in Schedule 1 to this Mortgage and any other documents which from time to time may be requested by the Mortgagee in order to enable the Mortgagee or its nominees to be registered as the owner or otherwise obtain legal title to the Mortgaged Shares;
- (c) share certificates representing the Mortgaged Shares, a certified copy of the Register of Members showing the Mortgagor as registered owner of the Mortgaged Shares and a certified copy of the Register of Directors;
- (d) an executed irrevocable proxy and an executed irrevocable power of attorney made in respect of the Mortgaged Shares in favour of the Mortgagee in respect of all general meetings and written resolutions of the Company respectively in the form set out in Schedule 2 to this Mortgage;
- (e) executed but undated letters of resignation and release together with letters of authority to date the same from each of the directors of the Company in the forms set out in Parts I and II of Schedule 3 to this Mortgage;
- (f) an executed irrevocable deed of undertaking and confirmation from the Company to the Mortgagee in the form set out in Schedule 4 to this Mortgage;
- (g) executed but undated written resolutions of all the directors of the Company in the form set out in Schedule 5 to this Mortgage; and
- (h) an executed irrevocable letter of instructions from the Company to its registered office provider in the form set out in Schedule 6 of this Mortgage (which executed letter shall be delivered by, or on behalf of, the Company to its registered office provider immediately after execution of this Mortgage and promptly thereafter and in any event no later than seven Business Days from the date of execution of this Mortgage, the Mortgagor shall deliver, or cause to be delivered, to the Mortgagee a copy of such letter signed by the registered office provider of the Company acknowledging, and agreeing to the terms of, such letter).

3.3 The Mortgagor will procure that, other than as permitted by the Loan Documents, there shall be no increase or reduction in the authorised or issued share capital of the Company, no change in the registered office or registered office provider, no change to the Register of Members, and no appointment of any further director or officers of the Company, in each case, without the prior consent in writing of the Mortgagee.

3.4 The Mortgagor will deliver, or cause to be delivered, to the Mortgagee immediately upon (without prejudice to Clause 3.3) the issue of any further Mortgaged Shares, the items listed in Clauses 3.2(b) and 3.2(c) in respect of all such further Mortgaged Shares.

- 3.5 The Mortgagor will deliver or cause to be delivered to the Mortgagee immediately upon (without prejudice to Clause 3.3):
- (a) the appointment of any further director or officer of the Company, the items listed in Clause 3.2(e) (with respect to each newly appointed director or officer); and
 - (b) the appointment or resignation of any director of the Company, the item listed in Clause 3.2(g).
- 3.6 Without limiting the provisions of Clause 9 or any other provisions of this Mortgage, the Mortgagor shall immediately after execution of this Mortgage, make all filings and registrations necessary in its jurisdiction of incorporation to protect and perfect the security interests created pursuant to this Mortgage and immediately after such filings and registrations have been made, provide the Mortgagee with evidence that the same have been made satisfactory to the Mortgagee.
- 3.7 The Mortgagor shall immediately after execution of this Mortgage procure that the following notation be entered on the Register of Members of the Company:
- “ [1.3] ordinary shares issued as fully paid up and registered in the name of Acushnet Company are mortgaged and charged in favour of Wells Fargo Bank, National Association pursuant to a share mortgage dated [•] 2016, as amended from time to time. ”*
- 3.8 The Mortgagor shall, promptly within seven Business Days from the date of execution of this Mortgage provide the Mortgagee with a certified true copy of the Register of Members with the annotation referred to in Clause 3.7.
- 3.9 The Mortgagor shall, on or prior to the date of execution of this Mortgage, deliver, or cause to be delivered, to the Mortgagee a certified copy of resolutions of the members of the Company in form and substance satisfactory to the Mortgagee amending and restating the memorandum and articles of association of the Company in form and substance satisfactory to the Mortgagee.
- 4. RIGHTS IN RESPECT OF MORTGAGED PROPERTY**
- 4.1 Unless and until the occurrence of an Event of Default which is continuing:
- (a) the Mortgagor shall be entitled to exercise all voting and consensual powers pertaining to the Mortgaged Property or any part thereof for all purposes not inconsistent with the terms of this Mortgage; and
 - (b) the Mortgagor shall be entitled to receive and retain any dividends, interest or other moneys or assets accruing on or in respect of the Mortgaged Property or any part thereof.
- 4.2 The Mortgagor shall pay all calls, instalments or other payments and shall discharge all other obligations, which may become due in respect of any of the Mortgaged Property. The Mortgagee may at any time if it thinks fit make such payments or discharge such obligations on behalf of the Mortgagor. Any sums so paid by the Mortgagee in respect thereof shall be repayable on demand and pending such repayment shall constitute part of the Secured Obligations.
- 4.3 The Mortgagee shall not have any duty to ensure that any dividends, interest or other moneys and assets receivable in respect of the Mortgaged Property are duly and punctually paid, received or collected as and when the same become due and payable or to ensure that the correct amounts (if any) are paid or received on or in respect of the Mortgaged Property or to ensure the taking up of any (or any offer of any) stocks, shares, rights, moneys or other property

paid, distributed, accruing or offered at any time by way of redemption, bonus, rights, preference, or otherwise on or in respect of, any of the Mortgaged Property.

4.4 The Mortgagor hereby authorises the Mortgagee to arrange at any time and from time to time after the occurrence of an Event of Default which is continuing for the Mortgaged Property or any part thereof to be registered in the name of the Mortgagee (or its nominee) thereupon to be held, as so registered, subject to the terms of this Mortgage and at the request of the Mortgagee, the Mortgagor shall without delay procure that the foregoing shall be done.

5. PRESERVATION OF SECURITY

5.1 It is hereby agreed and declared that:

- (a) the security created by this Mortgage shall be held by the Mortgagee as a continuing security for the payment and discharge of the Secured Obligations and the security so created shall not be satisfied by any intermediate payment or satisfaction of any part of the Secured Obligations;
- (b) the Mortgagee shall not be bound to enforce any other security before enforcing the security created by this Mortgage;
- (c) no delay or omission on the part of the Mortgagee in exercising any right, power or remedy under this Mortgage shall impair such right, power or remedy or be construed as a waiver thereof nor shall any single or partial exercise of any such right, power or remedy preclude any further exercise thereof or the exercise of any other right, power or remedy. The rights, powers and remedies herein provided are cumulative and not exclusive of any rights, powers and remedies provided by law and may be exercised from time to time and as often as the Mortgagee may deem expedient; and
- (d) any waiver by the Mortgagee of any terms of this Mortgage shall only be effective if given in writing and then only for the purpose and upon the terms for which it is given.

5.2 Any settlement or discharge under this Mortgage between the Mortgagee and the Mortgagor shall be conditional upon no security or payment to the Mortgagee by the Company or the Mortgagor or any other person being avoided or set aside or ordered to be refunded or reduced by virtue of any provision or enactment relating to bankruptcy, insolvency, administration or liquidation for the time being in force and, if such condition is not satisfied, the Mortgagee shall be entitled to recover from the Mortgagor on demand the value of such security or the amount of any such payment as if such settlement or discharge had not occurred the payment of which amounts shall, for the avoidance of doubt, form part of the Secured Obligations, provided that any settlement or discharge between the Mortgagee and the Mortgagor shall become unconditional six months and a day after the date of any such settlement or discharge.

5.3 The rights of the Mortgagee under this Mortgage and the security hereby constituted shall not be affected by any act, omission, matter or thing which, but for this provision, might operate to impair, affect or discharge such rights and security, in whole or in part, including, and whether or not known to or discoverable by the Company, the Mortgagor, the Mortgagee or any other person:

- (a) any time or waiver granted to or composition with the Company, the Mortgagor or any other person;
- (b) the taking, variation, compromise, renewal or release of or refusal or neglect to perfect or enforce any rights, remedies or securities against the Company, the Mortgagor or any other person;

- (c) any legal limitation, disability, incapacity or other circumstances relating to the Company, the Mortgagor or any other person;
- (d) any amendment or supplement to any other document or security (including any amendment the effect of which is to change the nature or amount of any facilities made available thereunder or to change the nature or extent of any obligations thereunder);
- (e) the dissolution, liquidation, amalgamation, reconstruction or reorganisation of the Company, the Mortgagor or any other person; or
- (f) the unenforceability, invalidity or frustration of any obligations of the Company, the Mortgagor or any other person under any other document or security.

5.4 Until the Secured Obligations have been unconditionally and irrevocably satisfied and discharged in full to the satisfaction of the Mortgagee, the Mortgagor shall not by virtue of any payment made hereunder on account of the Secured Obligations or by virtue of any enforcement by the Mortgagee of its rights under, or the security constituted by, this Mortgage or by virtue of any relationship between or transaction involving the Mortgagor and/or the Company (whether such relationship or transaction shall constitute the Mortgagor a creditor of the Company, a guarantor of the obligations of the Company or in part subrogated to the rights of others against the Company or otherwise howsoever and whether or not such relationship or transaction shall be related to, or in connection with, the subject matter of this Mortgage):

- (a) exercise any rights of subrogation against the Company or any other person in relation to any rights, security or moneys held or received or receivable by the Mortgagee or any person;
- (b) exercise any right of contribution from any co-surety liable in respect of such moneys and liabilities under any other guarantee, security or agreement;
- (c) exercise any right of set-off or counterclaim against the Company or any such co-surety;
- (d) receive, claim or have the benefit of any payment, distribution, security or indemnity from the Company or any such co-surety; or
- (e) unless so directed by the Mortgagee (when the Mortgagor will prove in accordance with such directions), claim as a creditor of the Company or any such co-surety in competition with the Mortgagee.

The Mortgagor shall hold in trust for the Mortgagee and forthwith pay or transfer (as appropriate) to the Mortgagee any such payment (including an amount to any such set-off), distribution or benefit of such security, indemnity or claim in fact received by it.

5.5 Until the Secured Obligations have been unconditionally and irrevocably satisfied and discharged in full to the satisfaction of the Mortgagee, the Mortgagee may at any time keep in a separate account or accounts (without liability to pay interest thereon) in the name of the Mortgagee for as long as it may think fit, any moneys received, recovered or realised under this Mortgage or under any other guarantee, security or agreement relating in whole or in part to the Secured Obligations without being under any intermediate obligation to apply the same or any part thereof in or towards the discharge of the Secured Obligations; provided that the Mortgagee shall be obliged to apply amounts standing to the credit of such account or accounts once the aggregate amount held by the Mortgagee in any such account or accounts opened pursuant hereto is sufficient to satisfy the outstanding amount of the Secured Obligations in full.

5.6 Other than as permitted under the Loan Documents, the Mortgagor shall not, without the prior written consent of the Mortgagee:

- (a) cause or permit any rights attaching to the Mortgaged Property to be varied or abrogated;
- (b) cause or permit any of the Mortgaged Property to be consolidated, sub-divided or converted or the capital of the Company to be re-organised, exchanged or repaid; or
- (c) cause or permit anything to be done which may depreciate, jeopardise or otherwise prejudice the value of the security hereby given.

5.7 The Mortgagor hereby covenants that during the Security Period it will remain the legal and beneficial owner of the Mortgaged Property (subject to the Security Interests hereby created) and that it will not, other than as permitted under the Loan Documents:

- (a) create or suffer the creation of any Security Interests (other than those created by this Mortgage) or any other interest on or in respect of the whole or any part of the Mortgaged Property or any of its interest therein;
- (b) sell, assign, transfer or otherwise dispose of any of its interest in the Mortgaged Property without the prior consent in writing of the Mortgagee; or
- (c) permit the Register of Members for the Company to be maintained outside of the Cayman Islands or by a service provider other than the person to whom the letter of instructions in Schedule 6 has been given (unless in the latter case, the Company has executed and delivered a new letter of instruction in substantially the form of Schedule 6 to the new service provider) and the new service provider signs a copy of such letter to acknowledge, and agree to the terms of, such letter and a copy of such acknowledgment is delivered by or on behalf of the Company to the Mortgagee within seven Business Days from the date of the appointment of the new service provider.

5.8 The Mortgagor shall remain liable to perform all the obligations assumed by it in relation to the Mortgaged Property and the Mortgagee shall be under no

obligation of any kind whatsoever in respect thereof or be under any liability whatsoever in the event of any failure by the Mortgagor to perform its obligations in respect thereof.

5.9 The Mortgagor shall procure that the Company shall not, other than as permitted under the Loan Documents:

- (a) create or permit to subsist any Security Interest upon the whole or any part of its assets;
- (b) register any transfer of the Mortgaged Shares to any person (except to the Mortgagee or its nominees pursuant to the provisions of this Mortgage);
- (c) issue any replacement share certificates in respect of any of the Mortgaged Shares;
- (d) continue its existence under the laws of any jurisdiction other than the Cayman Islands;
- (e) do anything which might prejudice its status as an exempted company;
- (f) issue, allot or grant warrants or options with respect to any additional shares;
- (g) exercise any rights of forfeiture over any of the Mortgaged Shares; or

(h) purchase, redeem, otherwise acquire, cancel, sub-divide, amalgamate, reclassify or otherwise restructure any of the Mortgaged Property, during the Security Period without the prior written consent of the Mortgagee.

5.10 The Mortgagor shall procure that the Company shall irrevocably consent to any transfer of the Mortgaged Shares by the Mortgagee or its nominee to any other person pursuant to the exercise of the Mortgagee's rights under this Mortgage.

5.11 The Mortgagor shall not, without the prior written consent of the Mortgagee, participate in any vote concerning a members' liquidation or compromise in respect of the Company pursuant to section 116 of the Companies Law.

6. ENFORCEMENT OF SECURITY

6.1 At any time after the occurrence of an Event of Default which is continuing or if a demand is made for the payment of the Secured Obligations the security hereby constituted shall become immediately enforceable and the rights of enforcement of the Mortgagee under this Mortgage shall be immediately exercisable upon and at any time thereafter and, without prejudice to the generality of the foregoing the Mortgagee without further notice to the Mortgagor may, whether acting on its own behalf or through a receiver or agent:

- (a) solely and exclusively exercise all voting and/or consensual powers pertaining to the Mortgaged Property or any part thereof and may exercise such powers in such manner as the Mortgagee may think fit;
- (b) date and present to the Company or any other person any undated documents provided to it pursuant to Clause 3 or any other provision of this Mortgage, including to remove the then existing directors and officers (with or without cause) by dating and presenting the undated, signed letters of resignation delivered pursuant to this Mortgage to appoint such persons as directors of the Company as it shall deem appropriate;
- (c) receive and retain all dividends, interest or other moneys or assets accruing on or in respect of the Mortgaged Property or any part thereof, such dividends, interest or other moneys or assets to be held by the Mortgagee, as additional security mortgaged and charged under and subject to the terms of this Mortgage and any such dividends, interest and other moneys or assets received by the Mortgagor after such time shall be held in trust by the Mortgagor for the Mortgagee and paid or transferred to the Mortgagee on demand;
- (d) take possession of, get in, assign, exchange, sell, transfer, grant options over or otherwise dispose of the Mortgaged Property or any part thereof at such place and in such manner and at such price or prices as the Mortgagee may deem fit, and thereupon the Mortgagee shall have the right to deliver, assign and transfer in accordance therewith the Mortgaged Property so sold, transferred, granted options over or otherwise disposed of including by way of changing the ownership of the Mortgaged Shares as shown on the Register of Members;
- (e) borrow or raise money either unsecured or on the security of the Mortgaged Property (either in priority to the Mortgage or otherwise);
- (f) settle, adjust, refer to arbitration, compromise and arrange any claims, accounts, disputes, questions and demands with or by any person who is or claims to be a creditor of the Mortgagor or relating to the Mortgaged Property;

- (g) bring, prosecute, enforce, defend and abandon actions, suits and proceedings in relation to the Mortgaged Property or any business of the Mortgagor;
- (h) redeem any security (whether or not having priority to the Mortgage) over the Mortgaged Property and to settle the accounts of any person with an interest in the Mortgaged Property;
- (i) exercise and do (or permit the Mortgagor or any nominee of the Mortgagor to exercise and do) all such rights and things as the Mortgagee would be capable of exercising or doing if it were the absolute beneficial owner of the Mortgaged Property;
- (j) do anything else it may think fit for the realisation of the Mortgaged Property or incidental to the exercise of any of the rights conferred on the Mortgagee under or by virtue of any document to which the Mortgagor is party; and
- (k) exercise all rights and remedies afforded to it under this Mortgage and applicable law.

6.2 The Mortgagee shall not be obliged to make any enquiry as to the nature or sufficiency of any payment received by it under this Mortgage or to make any claim or to take any action to collect any moneys assigned by this Mortgage or to enforce any rights or benefits assigned to the Mortgagee by this Mortgage or to which the Mortgagee may at any time be entitled hereunder.

6.3 Upon any sale of the Mortgaged Property or any part thereof by the Mortgagee, the purchaser shall not be bound to see or enquire whether the Mortgagee's power of sale has become exercisable in the manner provided in this Mortgage and the sale shall be deemed to be within the power of the Mortgagee, and the receipt of the Mortgagee for the purchase money shall effectively discharge the purchaser who shall not be concerned with the manner of application of the proceeds of sale or be in any way answerable therefor.

6.4 Any money received or realised under the powers conferred by this Mortgage shall be paid or applied in the order as set out in section 8.03 of the Credit Agreement.

6.5 Until all Secured Obligations have been unconditionally and irrevocably paid and discharged in full, the Mortgagee may refrain from applying or enforcing any other moneys, security or rights held by it in respect of the Secured Obligations or may apply and enforce such moneys, security or rights in such manner and in such order as it shall decide in its unfettered discretion.

6.6 Neither the Mortgagee nor its agents, managers, officers, employees, delegates and advisers shall be liable for any claim, demand, liability, loss, damage, cost or expense incurred or arising in connection with the exercise or purported exercise of any rights, powers and discretions hereunder in the absence of dishonesty or wilful default.

6.7 The Mortgagee shall not by reason of the taking of possession of the whole or any part of the Mortgaged Property or any part thereof be liable to account as mortgagee-in-possession or for anything except actual receipts or be liable for any loss upon realisation or for any default or omission for which a mortgagee-in-possession might be liable.

7. APPOINTMENT OF A RECEIVER

7.1 At any time after:

- (a) the declaration or occurrence of an Event of Default which is continuing; or
- (b) a request has been made by the Mortgagor to the Mortgagee for the appointment of a receiver over its assets or in respect of the Mortgagor,

then notwithstanding the terms of any other agreement between the Mortgagor and any person, the Mortgagee may (unless precluded by law) appoint in writing any person or persons to be a receiver or receiver and manager of all or any part of the Mortgaged Property as the Mortgagee may choose in its entire discretion.

7.2 Where more than one receiver is appointed, the appointees shall have power to act jointly or separately unless the Mortgagee shall specify to the contrary.

7.3 The Mortgagee may from time to time determine the remuneration of a receiver.

7.4 The Mortgagee may remove a receiver from all or any of the Mortgaged Property of which he is the receiver and after the receiver has vacated office or ceased to act in respect of any of the Mortgaged Property, appoint a further receiver over all or any of the Mortgaged Property in respect of which he shall have ceased to act.

7.5 Such an appointment of a receiver shall not preclude:

- (a) the Mortgagee from making any subsequent appointment of a receiver over all or any Mortgaged Property over which a receiver has not previously been appointed or has ceased to act; or
- (b) the appointment of an additional receiver to act while the first receiver continues to act.

7.6 The receiver shall be the agent of the Mortgagor (which shall be solely liable for his acts, defaults and remuneration). The receiver shall not at any time become the agent of the Mortgagee.

8. POWERS OF A RECEIVER

8.1 In addition to those powers conferred by law, a receiver shall have and be entitled to exercise in relation to the Mortgagor all the powers set out below:

- (a) to exercise all rights of the Mortgagee under or pursuant to this Mortgage including all voting and other rights attaching to the Mortgaged Property;
- (b) to make any arrangement or compromise with others as he shall think fit;
- (c) to appoint managers, officers and agents for the above purposes at such remuneration as the receiver may determine;
- (d) to redeem any prior encumbrance and settle and pass the accounts of the encumbrancer and any accounts so settled and passed shall (subject to any manifest error) be conclusive and binding on the Mortgagor and the money so paid shall be deemed an expense properly incurred by the receiver;
- (e) to pay the proper administrative charges in respect of time spent by his agents and employees in dealing with matters raised by the receiver or relating to the receivership of the Mortgagor; and
- (f) to do all such other acts and things as may be considered by the receiver to be incidental or conducive to any of the above matters or powers or otherwise incidental or conducive to the preservation, improvement or realisation of the Mortgaged Property or the value thereof.

9. FURTHER ASSURANCES

- 9.1 The Mortgagor shall at its own expense promptly do all such acts or execute all such documents (including assignments, transfers, mortgages, charges, notices and instructions) as the Mortgagee may specify and in such form as the Mortgagee may reasonably require in order to:
- (a) perfect or protect the security created or intended to be created under or evidenced by this Mortgage (which may include the execution of a legal mortgage, charge, assignment or other security over all or any of the assets which are, or are intended to be, the subject of this Mortgage) or for the exercise of any rights, powers and remedies of the Mortgagee provided by or pursuant to this Mortgage or by law;
 - (b) confer on the Mortgagee security over any property and assets of the Mortgagor located in any jurisdiction which is (to the extent permitted by local law) equivalent or similar to the security intended to be conferred by or pursuant to this Mortgage; or
 - (c) following an Event of Default which is continuing, facilitate the realisation of the assets which are, or are intended to be, the subject of this Mortgage.
- 9.2 Without limiting the other provisions of this Mortgage, the Mortgagor shall at its own expense take all such action as is available to it (including making all filings and registrations) as may be necessary for the purpose of the creation, perfection, protection or maintenance of any security conferred or intended to be conferred on the Mortgagee by or pursuant to this Mortgage.

10. POWER OF ATTORNEY

- 10.1 The Mortgagor, by way of security and in order more fully to secure the performance of its obligations hereunder, hereby irrevocably appoints the Mortgagee and the persons deriving title under it (including, but without any limitation, any receiver) jointly and also severally (with full power of substitution and delegation) to be its attorney-in-fact:
- (a) to execute and complete in favour of the Mortgagee or its nominees or of any purchaser any documents which the Mortgagee may from time to time require for perfecting the Mortgagee's title to, for vesting any of the assets and property hereby mortgaged or charged in the Mortgagee or its nominees or in any purchaser or for any of the purposes contemplated in Clause 6.1 hereof;
 - (b) to give effectual discharges for payments, to take and institute on non-payment (if the Mortgagee in its sole discretion so decides) all steps and proceedings in the name of the Mortgagor or of the Mortgagee for the recovery of such moneys, property and assets hereby mortgaged or charged;
 - (c) to agree accounts and make allowances and give time or other indulgence to any surety or other person liable;
 - (d) so as to enable the Mortgagee to carry out in the name of the Mortgagor any obligation imposed on the Mortgagor by this Mortgage (including the execution and delivery of any deeds, charges, assignments or other security and any transfers of the Mortgaged Property and the exercise of all the Mortgagor's rights and discretions in relation to the Mortgaged Property);
 - (e) so as to enable the Mortgagee and any receiver or other person to exercise, or delegate the exercise of, any of the rights, powers and authorities conferred on them by or pursuant to this Mortgage or by law (including the exercise of any right of a legal and beneficial owner of the Mortgaged Property); and

(f) generally for it and in its name and on its behalf and as its act and deed or otherwise execute, seal and deliver and otherwise perfect and do any such legal assignments and other assurances, charges, authorities and documents over the moneys, property and assets hereby charged, and all such deeds, instruments, acts and things which may be required for the full exercise of all or any of the powers conferred or which may be deemed proper on or in connection with any of the purposes aforesaid.

10.2 Notwithstanding any other provision of Clause 10.1, such power shall not be exercisable by or on behalf of the Mortgagee as the case may be until:

- (a) an Event of Default has occurred and is continuing; or
- (b) the Mortgagor has failed to comply with Clause 9.

10.3 The power hereby conferred shall be a general power of attorney and the Mortgagor hereby ratifies and confirms and agrees to ratify and confirm any instrument, act or thing which any attorney appointed pursuant hereto may execute or do. In relation to the power referred to herein, the exercise by the Mortgagee of such power shall be conclusive evidence of its right to exercise the same.

11. RELEASE

11.1 Subject to Clause 11.2:

- (a) Upon the expiry of the Security Period, (i) the security interests created pursuant to this Mortgage shall terminate, (ii) all rights to the Mortgaged Property shall revert to the Mortgagor and (iii) this Mortgage shall terminate.
- (b) Upon the expiry of the Security Period and in connection with any other Lien released or subordinated pursuant to Section 9.08 of the Credit Agreement, the Mortgagee will, at the expense of such Mortgagor, comply with the provisions of Section 9.08 of the Credit Agreement, but without recourse or warranty to the Mortgagee.
- (c) The Mortgagee shall have no liability whatsoever to any other Secured Party as the result of any release of the Mortgaged Property by it in accordance with (or which the Mortgagee in the absence of gross negligence or willful misconduct (as determined by a final, non-appealable decision of a court of competent jurisdiction) believes to be in accordance with) this Clause 11.1.

11.2 If the Mortgagee considers in good faith that any amount received in payment or purported payment of the Secured Obligations is capable of being avoided or reduced by virtue of any insolvency or other similar laws:

- (a) the liability of the Mortgagor under this Mortgage and the security constituted by this Mortgage shall continue and such amount shall not be considered to have been irrevocably paid; and
- (b) the Mortgagee may keep any security held by it in respect of the Mortgagor's liability under the Loan Documents in order to protect the Secured Parties against any possible claim under insolvency law. If a claim is made against a Secured Party prior to the discharge of any such security, the Mortgagee may keep the security until that claim has finally been dealt with.

12. NOTICES

12.1 Any notice or other communication given or made under or in connection with the matters contemplated by this Mortgage shall be in writing, in the English language, and may be sent by a recognised courier service, prepaid airmail (in the case of international service), fax, email or may be delivered personally to the address of the relevant party as set out below. Without prejudice to the foregoing, any notice shall be deemed to have been received:

- (a) if sent by a recognised courier service, 48 hours after the time when the letter containing the same is delivered to the courier service;
- (b) if sent by fax it shall be deemed to have been received on the same day or if not a Business Day, the next Business Day;
- (c) if sent by email it shall be deemed to have been received on the same day or if not a Business Day, the next Business Day;
- (d) if sent by prepaid airmail it shall be deemed to have been received five days after the date of posting; and
- (e) if delivered personally it shall be deemed to have been received on the same day or if not a Business Day, the next Business Day.

12.2 The Mortgagor

Address: [Address]
Telephone: [Tel No]
Email: [Email]
Fax: [Fax No]
Attention: [Name]

12.3 The Mortgagee

Address: MC D1109-019
1525 West W.T. Harris Blvd.
Charlotte, North Carolina 28262

Telephone: 704-590-2730

Email: agencyservices.requests@wellsfargo.com

Fax: 704-590-3481

Attention: Syndication Agency Services

With a copy to:

Address: 1808 Aston Avenue, Suite 250
Carlsbad, California 92008

Telephone: 760-918-2700
Fax: 760-918-2727
Attention: Loan Administration

13. ASSIGNMENTS

- 13.1 This Mortgage shall be binding upon and shall enure to the benefit of the Mortgagor, the Mortgagee and each of their respective successors and (subject as hereinafter provided) assigns and references in this Mortgage to any of them shall be construed accordingly.
- 13.2 The Mortgagor may not assign or transfer all or any part of its rights and/or obligations under this Mortgage.
- 13.3 The Mortgagee may assign or transfer all or any part of its rights or obligations under this Mortgage to any assignee or transferee without the consent of the Mortgagor.

14. SET-OFF

- 14.1 The Mortgagor authorises the Mortgagee (but the Mortgagee shall not be obliged to exercise such right), after the occurrence of an Event of Default which is continuing, to set-off against the Secured Obligations any amount or other obligation (contingent or otherwise) owing by the Mortgagee to the Mortgagor.

15. SUBSEQUENT SECURITY INTERESTS

- 15.1 If the Mortgagee at any time receives or is deemed to have received notice of any subsequent Security Interest affecting all or any part of the Mortgaged Property or any assignment or transfer of the Mortgaged Property which is prohibited by the terms of this Mortgage, all payments thereafter by or on behalf of the Mortgagor to the Mortgagee shall be treated as having been credited to a new account of the Mortgagor and not as having been applied in reduction of the Secured Obligations as at the time when the Mortgagee received such notice.

16. MISCELLANEOUS

- 16.1 The Mortgagee, at any time and from time to time, may delegate by power of attorney or in any other manner to any person or persons all or any of the powers, authorities and discretions which are for the time being exercisable by the Mortgagee under this Mortgage in relation to the Mortgaged Property or any part thereof. Any such delegation may be made upon such terms and be subject to such regulations as the Mortgagee may think fit. The Mortgagee shall not be in any way liable or responsible to the Mortgagor for any loss or damage arising from any act, default, omission or misconduct on the part of any such delegate provided the Mortgagee has acted reasonably in selecting such delegate.
- 16.2 If any of the clauses, conditions, covenants or restrictions (the “ **Provision** ”) of this Mortgage or any deed or document emanating from it shall be found to be void but would be valid if some part thereof were deleted or modified, then the Provision shall apply with such deletion or modification as may be necessary to make it valid and effective.
- 16.3 This Mortgage (together with any documents referred to herein) constitutes the whole agreement between the Parties relating to its subject matter and no variations hereof shall be effective unless made in writing and signed by each of the Parties.

- 16.4 Each document, instrument, statement, report, notice or other communication delivered in connection with this Mortgage shall be in English or where not in English shall be accompanied by a certified English translation which translation shall with respect to all documents of a contractual nature and all certificates and notices to be delivered hereunder be the governing version and upon which in all cases the Mortgagee and the Secured Parties shall be entitled to rely.
- 16.5 This Mortgage may be executed in counterparts each of which when executed and delivered shall constitute an original but all such counterparts together shall constitute one and the same instrument.
- 16.6 The Parties intend that this Mortgage takes effect as a deed notwithstanding the fact that the Mortgagee may only execute it under hand.
- 16.7 Nothing in this Mortgage shall constitute or be deemed to constitute a partnership between any of the Secured Parties and the Mortgagee.
- 16.8 Unless expressly provided to the contrary in this Mortgage or other Loan Document, a person who is not a party to this Mortgage shall not have any rights under the Contracts (Rights of Third Parties) Law, 2014 (the “**CRTP Law**”) to enforce or to enjoy the benefit of any term of this Mortgage.
- 16.9 Any receiver, agent, attorney or delegate will have the right to enforce the provisions of this Mortgage which are given in its favour.
- 16.10 Any other Secured Party may enforce and enjoy the benefit of any term of this Mortgage in accordance with the CRTP Law.
- 16.11 Notwithstanding any term of this Mortgage or other Loan Document, the consent of or notice to any receiver, agent, attorney, delegate or other person who is not a party to this Mortgage or such other Loan Document shall not be required for any termination, rescission or agreement to any variation, waiver, assignment, novation, release or settlement under this Mortgage or such other Loan Document at any time.

17. LAW AND JURISDICTION

- 17.1 This Mortgage shall be governed by and construed in accordance with the laws of the Cayman Islands and the Parties hereby irrevocably submit to the non-exclusive jurisdiction of the courts of the Cayman Islands, provided that nothing in this clause shall affect the right of the Mortgagee to serve process in any manner permitted by law or limit the right of the Mortgagee to take proceedings with respect to this Mortgage against the Mortgagor in any jurisdiction nor shall the taking of proceedings with respect to this Mortgage in any jurisdiction preclude the Mortgagee from taking proceedings with respect to this Mortgage in any other jurisdiction, whether concurrently or not.
- 17.2 The Mortgagor agrees that the process by which any proceedings in the Cayman Islands are begun may be served on it by being delivered to the process agent referred to below.

17.3 Without prejudice to any other mode of service allowed under any relevant law, the Mortgagor:

(a) irrevocably appoints Maples Corporate Services Limited of PO Box 309, Ugland House, Grand Cayman, KY1-1104 as its agent for service of process in relation to any proceedings before the Cayman Islands courts in connection with this Mortgage and confirms that such agent for service of process has duly accepted such appointment; and

(b) agrees that failure by the process agent to notify the Mortgagor of the process will not invalidate the proceedings concerned.

17.4 If the appointment of the person mentioned in Clause 17.3 ceases to be effective, the Mortgagor shall immediately appoint another person in the Cayman Islands to accept service of process on its behalf. If the Mortgagor fails to do so, the Mortgagee shall be entitled to appoint such a person by notice to the Mortgagor. Nothing contained herein shall restrict the right to serve process in any other manner allowed by law.

IN WITNESS whereof this Deed has been executed by the Parties on the day and year first above written.

EXECUTED AS A DEED for and on behalf of **ACUSHNET COMPANY** :)

)
) _____
) Duly Authorised Signatory
)
) Name: _____
)
) Title: _____

in the presence of:

Signature of Witness

Name: _____

Address: _____

EXECUTED AS A DEED for and on behalf of **WELLS FARGO BANK, NATIONAL ASSOCIATION** :)

)
) _____
) Duly Authorised Signatory
)
) Name: _____
)
) Title: _____

in the presence of:

Signature of Witness

Name: _____

Address: _____

SCHEDULE 1

ACUSHNET CAYMAN LIMITED

(THE "COMPANY")

SHARE TRANSFER CERTIFICATE

SHARE TRANSFER CERTIFICATE dated _____ (the "**Transferee**") (the "**Transferor**") does hereby transfer to _____ (the "**Shares**") of a par value of _____ each in the Company.

SIGNED for and on behalf of the **Transferor** : _____)
_____)
_____) Duly Authorised Signatory
_____)
_____) Name: _____
_____)
_____) Title: _____

And I/we do hereby agree to take the Shares.

SIGNED for and on behalf of the **Transferee** : _____)
_____)
_____) Duly Authorised Signatory
_____)
_____) Name: _____
_____)
_____) Title: _____

SCHEDULE 2

ACUSHNET CAYMAN LIMITED

IRREVOCABLE APPOINTMENT OF PROXY AND POWER OF ATTORNEY

We, Acushnet Company, hereby irrevocably appoint Wells Fargo Bank, National Association as our:

1. proxy to vote at meetings of the Shareholders of Acushnet Cayman Limited (the “ **Company** ”) in respect of any existing or further shares in the Company which may have been or may from time to time be issued and/or registered in our name and which are mortgaged pursuant to the Equitable Share Mortgage dated [•] 2016 between Acushnet Company and Wells Fargo Bank, National Association (the “ **Share Mortgage** ”); and
2. duly authorised representative and duly appointed attorney-in-fact to sign resolutions in writing of the Company in respect of any existing or further shares in the Company which may have been or may from time to time be issued and/or registered in our name and are mortgaged pursuant to the Share Mortgage.

This proxy and this power of attorney are irrevocable by reason of being coupled with the interest of Wells Fargo Bank, National Association as mortgagee of the aforesaid shares.

IN WITNESS whereof this Deed has been executed on [•] 2016.

EXECUTED AS A DEED for and on behalf of ACUSHNET COMPANY :)

) _____
) Duly Authorised Signatory
)
) Name: _____
)
) Title: _____

in the presence of:

Signature of Witness

Name: _____

Address: _____

SCHEDULE 3

PART I

LETTER OF RESIGNATION FROM DIRECTOR

[LEFT UNDATED]

Board of Directors
Acushnet Cayman Limited
PO Box 309
Ugland House
South Church Street
George Town
Grand Cayman KY1-1104
Cayman Islands

Dear Sirs

LETTER OF RESIGNATION RE: ACUSHNET CAYMAN LIMITED (THE “COMPANY”)

I hereby resign as a Director of the Company and confirm that I have no claims against the Company for loss of office, arrears of pay or otherwise howsoever arising, but to the extent that I may have any such claim, I hereby irrevocably waive the same.

This resignation is to be effective as at the date hereof.

Yours faithfully

[Name]
Director

SCHEDULE 3

PART II

LETTER OF AUTHORISATION FROM DIRECTOR

[•] 2016

Wells Fargo Bank, National Association
MC D1109-019
1525 West W.T. Harris Blvd.
Charlotte, North Carolina 28262
Attention: Syndication Agency Services
Tel: 704-590-2730
Fax: 704-590-3481
Email: agencyservices.requests@wellsfargo.com

With a copy to:

Wells Fargo Bank, National Association
1808 Aston Avenue, Suite 250
Carlsbad, California 92008
Attention: Loan Administration
Tel: 760-918-2700
Fax: 760-918-2727

Dear Sirs

SHARE MORTGAGE BETWEEN ACUSHNET COMPANY AND WELLS FARGO BANK, NATIONAL ASSOCIATION DATED [•] 2016 (THE “MORTGAGE”) IN RESPECT OF SHARES IN ACUSHNET CAYMAN LIMITED (THE “COMPANY”)

I refer to my executed but undated letter of resignation as a Director of the Company and the executed but undated written resolutions of all the directors of the Company signed by me provided in accordance with the Mortgage.

I hereby authorise you to date, deliver, and give full effect to and otherwise complete the resignation letter and the undated written resolutions referred to above in the event of an Event of Default (as defined in the Mortgage) which is continuing.

I hereby authorise you to send them to the Company’s registered office thereby terminating my directorship of the Company without compensation for loss of office. I acknowledge and agree that your discretion to act in this regard is to be exercised solely in the interests of the Mortgagee relating to the Mortgage executed over shares in the Company in your favour.

I confirm that you may delegate the authority conferred by this letter to any of your successors and assigns as Mortgagee in relation to the mortgage and charge granted or to be granted over shares in the Company.

Yours faithfully

SCHEDULE 4

DEED OF UNDERTAKING AND CONFIRMATION FROM THE COMPANY TO THE MORTGAGEE

ACUSHNET CAYMAN LIMITED

[•] 2016

Wells Fargo Bank, National Association (the “**Mortgagee**”)

Dear Sirs

ACUSHNET CAYMAN LIMITED (THE “COMPANY”)

We refer to the equitable share mortgage in respect of Shares of the Company dated [•] 2016 between Acushnet Company as mortgagor (the “**Mortgagor**”) and the Mortgagee whereby, *inter alia*, the Mortgagor granted a mortgage and charge over the Mortgaged Property in favour of the Mortgagee (the “**Mortgage**”).

Capitalised words and expressions used in this deed poll which are not expressly defined herein have the meanings ascribed to them in the Mortgage.

“**Discharge Date**” means the date on which the Company provides its registered office in the Cayman Islands with a copy of the written confirmation of release of the security interests over the Mortgaged Shares and provided by the Mortgagee.

This deed of undertaking and confirmation is given pursuant to the Mortgage.

1. For valuable consideration receipt of which is hereby acknowledged, the Company hereby unconditionally undertakes at any time following the occurrence of an Event of Default (and for so long as the same continues) and until the Discharge Date, written notice of each having been received by the Company, to register in the Register of Members any and all share transfers to the Mortgagee or its nominee in respect of the Mortgaged Shares submitted to the Company by the Mortgagee.
2. The Company hereby confirms that it has instructed its registered office provider to make an annotation of the existence of the Mortgage and the security interests created thereby in the original Register of Members pursuant to the Mortgage.
3. The Company hereby confirms that the Register of Members provided to the Mortgagee pursuant to the Mortgage is a certified copy of the original Register of Members and it will not redesignate or otherwise seek to recreate the Register of Members.

THIS DEED POLL has been executed and delivered as a Deed Poll on the day and year first above written.

EXECUTED AS A DEED for and on behalf of **ACUSHNET CAYMAN LIMITED** by:

)
)
) _____
) Duly Authorised Signatory
)
) Name: _____
)
) Title: _____

in the presence of:

Signature of Witness

Name: _____

Address: _____

SCHEDULE 5

ACUSHNET CAYMAN LIMITED
(THE "COMPANY")

WRITTEN RESOLUTIONS OF THE DIRECTORS
OF THE COMPANY DATED [LEFT UNDATED]

1. THE COMPANY

1.1 Written resolution of all the directors made pursuant to the articles of association of the Company.

2. SHARE TRANSFER

2.1 **IT IS RESOLVED** that the following transfer(s) of the shares of the Company be approved with immediate effect:

[to be left blank]

3. CHANGES IN DIRECTORS

3.1 **IT IS RESOLVED** that:

(a) the following persons be appointed as directors of the Company with immediate effect:

[to be left blank]

(b) that the resignation of the following persons as directors of the Company be accepted with immediate effect:

[to be left blank]

4. REGISTER OF MEMBERS

4.1 **IT IS RESOLVED** that the Register of Members of the Company be updated to record the transfer of the shares to the transferee referred to above and the registered office provider of the Company be hereby authorised and instructed to:

(a) update the original Register of Members if it retains the original to record the transferee as the registered holder of the relevant shares; and

(b) provide a copy of the updated Register of Members to the transferee.

5. REGISTER OF DIRECTORS

5.1 **IT IS RESOLVED** that the Register of Directors of the Company be updated to record the above changes in directors of the Company and the registered office provider be hereby authorised and instructed to:

(a) update the original Register of Directors and provide a copy of the updated Register of Directors to the transferee; and

(b) make the necessary filings with the Registrar of Companies to reflect the change of directors.

[Name]
Director

[Name]
Director

SCHEDULE 6

FORM OF LETTER OF INSTRUCTIONS FROM THE COMPANY TO ITS REGISTERED OFFICE PROVIDER

ACUSHNET CAYMAN LIMITED

[•] 2016

Maples Corporate Services Limited
PO Box 309
Ugland House
South Church Street
George Town
Grand Cayman KY1-1104
Cayman Islands

cc: Wells Fargo Bank, National Association
MC D1109-019
1525 West W.T. Harris Blvd.
Charlotte, North Carolina 28262
Attention: Syndication Agency Services
Tel: 704-590-2730
Fax: 704-590-3481
Email: agencyservices.requests@wellsfargo.com

With a copy to:

Wells Fargo Bank, National Association
1808 Aston Avenue, Suite 250
Carlsbad, California 92008
Attention: Loan Administration
Tel: 760-918-2700
Fax: 760-918-2727

Dear Sirs

ACUSHNET CAYMAN LIMITED (THE “COMPANY”) — INSTRUCTIONS TO REGISTERED OFFICE PROVIDER

1. We irrevocably instruct that as from the date hereof, the following shall be an instructing party for the Company:

Wells Fargo Bank, National Association (the “**New Instructing Party**”), until such time as you are notified in writing otherwise by the New Instructing Party. As from the period starting from the date on which the New Instructing Party (or any successor-in-title) notifies you in writing that there has been an Event of Default (as defined in the Share Mortgage between Acushnet Company and the New Instructing Party dated [•] 2016 in respect of shares in the Company (“**Mortgage**”)) which is continuing and ending on the date on which the New Instructing Party (or its successor-in-title) informs you that such Event of Default no longer subsists, you will be instructed to regard the New Instructing Party (or its successor-in-title) as the sole instructing party for the Company and without limiting the foregoing if at any time the New Instructing Party notifies you in writing that an Event of Default has occurred and is continuing and instructs you to register the New

Instructing Party or its nominee (or any successor-in-title) as the registered holder of any of the shares the subject of the Mortgage you are hereby authorised and instructed to do so and update the original Register of Members of the Company accordingly without notice to us or consent from us. Such authorisation and entitlement to rely on the instructions of the New Instructing Party (or its successor in title) shall terminate upon the discharge and release of the Mortgage and notification of the same to you in writing by the New Instructing Party (or its successor in title).

2. We instruct you to make an annotation of the existence of the Mortgage and the security interests created thereby in the Company's original Register of Members pursuant to the Mortgage, which shall be removed following a release of the security interests created by the Mortgage and notification of the same to you in writing by the New Instructing Party (or its successor in title).

Please confirm by countersigning below and returning a copy of such countersigned letter to us with a copy to the New Instructing Party at the address stated above that you have received this correspondence and that you have actioned the above and updated your records accordingly.

Yours faithfully

[Name]
Director

Acknowledged and agreed.

[Name]
for and on behalf of Maples Corporate Services Limited

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EXHIBIT Q

Form of Thai Share Pledge Agreement

[See Attached.]

1

DATED [•] 2016

ACUSHNET COMPANY

as Pledgor

and

WELLS FARGO BANK, NATIONAL ASSOCIATION

as Pledgee on behalf of the Secured Parties

and

ACUSHNET FOOTJOY (THAILAND) LIMITED

as Company

SHARE PLEDGE AGREEMENT
(in respect of shares in Acushnet Footjoy (Thailand) Limited)

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- (1) **ACUSHNET COMPANY** a company under the laws of Delaware, United States of America, having its principal place of Business at 333 Bridge Street, Fairhaven, MA 02719, USA (the “**Pledgor**”); and
- (2) **WELLS FARGO BANK, NATIONAL ASSOCIATION** in its capacity as the administrative agent for and on behalf of the Secured Parties (as defined in the Facility Agreement as defined below), having its registered office at [•] (the “**Pledgee**”); and
- (3) **ACUSHNET FOOTJOY (THAILAND) LIMITED** a limited liability company incorporated and existing under the laws of Thailand (Registration No. 0105532059691) and having its register address at 49/23 Moo 5 Laemchabang Industrial Estate, Thung Suk La, Si Racha, Chonburi Province, Thailand (the “**Company**”).

WHEREAS

- (A) The Pledgor is the legal and beneficial owner and holder of 1,576,258 shares constituting 99.99 % of the total issued and paid up capital of the Company.
- (B) Under the US Dollars 750,000,000 Credit Agreement dated 27 April 2016 (the “**Facility Agreement**”) by and among Acushnet Holdings Corp as holdings, the Pledgor as US borrower and borrower representative (the “**US Borrower**”), Acushnet Canada Inc. as Canadian borrower (the “**Canadian Borrower**”), Acushnet Europe Limited as UK borrower (the “**UK Borrower**”) and together with the US Borrower and the Canadian Borrower, collectively the “**Borrowers**” and individually, each a “**Borrower**”), and the Pledgee as administrative agent for the other lender party hereto (collectively, the “**Lenders**” and individually each a “**Lender**”), and for itself as a Lender and such other Secured Parties, the Pledgor is required to enter into this Agreement to grant a pledge of 1,024,569 shares in the Company held by it (which constitutes 65.0% of the total outstanding shares in the Company entitled to vote), in favour of the Pledgee in its capacity as administrative agent for the benefit of the Secured Parties to secure the Secured Obligations under the Facility Agreement.

IT IS AGREED as follows:

1. **INTERPRETATION**

1.1 **Definitions:**

In this Agreement, except as otherwise provided herein or to the extent that the context requires otherwise, expressions defined in or construed for the purposes of the Facility Agreement shall have the same meanings or shall be construed in the same manner when used in this Agreement. In addition the following words and expressions shall have the following meanings:

“**Acknowledgement of Pledge of Shares**” means an acknowledgement in the form set out in Schedule 4 (*Form of Acknowledgement of Pledge of Shares*).

“ **Additional Pledge** ” means a letter of additional pledge in the form set out in Schedule 2 (*Form of Additional Pledge*).

“ **Additional Shares** ” means any shares in the Company (other than the Shares) to be owned or acquired by the Pledgor on or after the date of this Agreement, together with the relevant share certificate(s).

“ **Agreement** ” shall mean this Agreement and any Additional Pledges.

“ **Authorization** ” includes any consent, authorization, registration, filing, lodgement, agreement, notarization, certificate, permission, license, approval, authority or exemption from, by or with a governmental authority or body.

“ **Collateral Documents** ” has the meaning given to it in the Facility Agreement and among others, the security interest created under or pursuant to this Agreement..

“ **Dividend Proceeds** ” means any and all of proceeds, dividends, interest and other monies or distributions of an income nature received in respect of or arising from the Pledged Collateral.

“ **Enforcement Event** ” has the meaning given to such term in Clause 9 (*Enforcement*) of this Agreement.

“ **Loan Documents** ” has the meaning given to it in the Facility Agreement.

“ **New Security Agreement** ” means any security document or agreement for the purpose of creating a security interest over any part of the Secured Collateral or any assets or the entire business or a division, department or sub-division or the like of the business of the Company under the Business Security Act B. E. 2558 (2015) entered into by either of the Pledgor or the Company in favor of any person.

“ **Notice of Pledge of Shares** ” means a notice in the form set out in Schedule 3 (*Form of Notice of Pledge of Shares*).

“ **Pledged Collateral** ” means:

- (a) the Shares;
- (b) the Additional Shares (if any); and
- (c) all other shares, share certificates and/or instruments (if any) pledged to the Pledgee in accordance with Clause 3.3.

provided that, notwithstanding the foregoing, the Shares shall at no time exceed 65% of the voting equity interests of the Company.

“ **Related Assets** ” means all rights, entitlements, benefits, proceeds, dividends, interest and other monies at any time payable in respect of the Pledged Collateral (including the Dividend Proceeds) and all other rights, benefits and proceeds in respect of or derived from the Pledged Collateral (whether by way of redemption, bonus, preference, option, substitution, conversion or otherwise) held by, to the order or on behalf of the Pledgor at any time.

“ **Secured Collateral** ” means the Pledged Collateral and the Related Assets.

“ **Secured Obligations** ” has the meaning given to it under the Facility Agreement.

“ **Secured Parties** ” has the meaning given to it under the Facility Agreement.

“ **Security Period** ” means the period beginning on the date of this Agreement and ending on the Termination Date.

“ **S hares** ” means 1,024,569 shares in the Company owned by the Pledgor, together with the relevant share certificates, details of which are provided in Schedule 1 (*Shares*).

“ **Termination Date** ” has the meaning given to it under the Facility Agreement.

“ **Transaction Security** ” means the security as provided to the Secured Parties under the Collateral Documents.

“ **Voting Proxy** ” means a proxy in the form set out in Schedule 5 (*Form of Voting Proxy*).

1.2 **Construction:**

1.2.1 Any reference in this Agreement to:

- (a) “this Agreement”, the Facility Agreement, a Loan Document or any agreement or document is a reference to this Agreement, the Facility Agreement, that Loan Document or that other agreement or document as amended, modified, supplemented, restated or novated from time to time and includes a reference to any document which amends, waives, is supplemental to, novates or is entered into, made or given pursuant to or in accordance with any of the terms of this Agreement, the Facility Agreement, that Loan Document or any such other agreement or document;
- (b) “entire business” means all businesses or business lines and every single business of an entity.
- (c) unless the context otherwise requires, words denoting the singular number only shall include the plural and vice versa; and
- (d) save where otherwise indicated, a “Clause” or “Schedule” is a reference to a Clause of or Schedule to this Agreement and to a sub-clause, paragraph or sub-paragraph is to a sub-clause of the Clause, paragraph of the sub-clause or sub-paragraph of the paragraph in which the reference appears.
- (e) A reference to a Business Day includes any day that is not a Saturday, Sunday or other official holiday in Thailand.
- (f) A reference to any party to this Agreement or any other agreement or document includes the party’s successors and permitted assigns.

- 1.2.2 Headings and titles shall be ignored in construing this Agreement.
- 1.2.3 Schedules form part of this Agreement.
- 1.2.4 The rules of construction and interpretation set out in Article 1 (*Definitions and Accounting Terms*) of the Facility Agreement shall apply *mutatis mutandis* to this Agreement.

1.3 **Pledgee**

- 1.3.1 The Pledgee has entered into this Agreement as agent and for the benefit of each of the Secured Parties and accordingly each right granted to it under this Agreement will be the right of each of the Secured Parties, and each undertaking and each warranty of the Pledgor in favour of the Pledgee will be deemed an undertaking or warranty in favour of the Pledgee and in favour of each of the Secured Parties.
- 1.3.2 The powers conferred on the Pledgee hereunder are solely to protect its interest under this Agreement and shall not impose any duty upon it to exercise any such powers. Except for the safe custody of any share certificate in respect of the Pledged Collateral in its possession and the accounting for monies actually received by it hereunder, the Pledgee shall have no duty, as to ascertaining or taking action with respect to calls, conversions, exchanges, maturities, tenders or other matters relative to any Pledged Collateral, whether or not the Pledgee or any other Secured Parties has or is deemed to have knowledge of such matters, or as to the taking of any necessary steps to preserve rights against any parties or any other rights pertaining to the Pledged Collateral. The Pledgee shall be deemed to have exercised reasonable care in the custody and preservation of the Pledged Collateral in its possession if the Pledged Collateral are accorded treatment substantially equal to that which the Pledgee accords its own property.

2. **PLEDGE**

- 2.1 To secure the payment, performance, discharge and satisfaction in full of the Secured Obligations, the Pledgor hereby pledges the Shares and agrees to pledge the Additional Shares (when acquired by it) to and in favour of the Pledgee for the benefit of the Secured Parties in accordance with the terms of this Agreement.
- 2.2 The Pledgor hereby assigns any and all of the Related Assets (including, without limitation, upon capital reduction or liquidation of the Company) to the Pledgee for the benefit of the Secured Parties, subject to Clause 8 (*Dividends and Voting Rights*).

3. **PERFECTION OF PLEDGE**

- 3.1 On the date of this Agreement and of any Additional Pledge, the Pledgor shall:
 - 3.1.1 deliver to the Pledgee the original share certificate(s) representing the Shares or the Additional Shares (as the case may be);

- 3.1.2 execute and deliver to the Company the Notice of Pledge of Shares with respect to the Shares or the Additional Shares (as the case may be);
- 3.1.3 cause the Company to duly:
 - (a) register the pledge of the Shares or the Additional Shares (as the case may be) in the share registration book of the Company in accordance with the quotation set out in such Notice of Pledge of Shares;
 - (b) deliver to the Pledgee a copy of the relevant page(s) of the share registration book of the Company showing the registration of such pledge, certified as true and correct copy by the authorized director(s) of the Company; and
 - (c) execute and deliver to the Pledgee the Acknowledgement of Pledge of Shares with respect to the Shares or the Additional Shares (as the case may be);
- 3.1.4 execute and deliver to the Pledgee an undated Voting Proxy; and
- 3.1.5 execute and deliver to the Pledgee the undated share transfer form in respect of the Shares or the Additional Shares (as the case may be), duly executed by the Pledgor in the form set out in Schedule 6 (*Share Transfer Form*).

3.2 If the Pledgor acquires any Additional Shares, the Pledgor shall promptly pledge such Additional Shares to the Pledgee by (i) executing and delivering to the Pledgee the Additional Pledge with respect to such Additional Shares; and (ii) taking the actions set out in Clause 3.1 in respect of such Additional Shares.

3.3 If at any time:

- 3.3.1 by reason of changes in registered capital, an increase of registered capital, amalgamation, takeover, bonus, scrip or rights issue, splitting of the Pledged Collateral (or any part thereof), change of par value of the Pledged Collateral or for any reason whatsoever;
- 3.3.2 the Pledged Collateral (or any part thereof) is represented by other shares, share certificates or instruments additional to or different from those originally pledged pursuant to this Agreement, and/or other shares, share certificates or instruments shall accrue to or be declared in respect of the Pledged Collateral,

the Pledgor shall , promptly on receipt, pledge such other shares, share certificates or instruments to the Pledgee by (i) executing and delivering to the Pledgee the Additional Pledge with respect to such shares, share certificates, and/or instruments; (ii) delivering the share certificate evidencing its ownership over such shares, share certificates or instruments to the Pledgee, and (iii) taking the actions set out in Clause 3.1 in respect of such shares, share certificates, and/or instruments.

Such other shares, share certificates or instruments, shall be deemed to be included within the definition of the “Pledged Collateral” for all purposes of this Agreement.

- 3.4 At the request reasonable of the Pledgee, the Pledgor shall promptly, at its own cost and expense, execute any documents and take any other action that the Pledgee may reasonably consider necessary, proper, or desirable to ensure that the Pledgee are able to be duly registered as the pledgee of the Pledged Collateral.

4. **UNDERTAKINGS**

4.1 Further Assurance

At the reasonable request of the Pledgee, the Pledgor shall promptly, at its own cost and expense, execute any documents and take any other action that the Pledgee may reasonably consider necessary, proper, or desirable for the purpose of obtaining, maintaining, perfecting or protecting the rights and the security interest intended to be created by this Agreement over all or any part of the Secured Collateral or for facilitating the realisation of the Secured Collateral or enforcing the rights of the Pledgee constituted or intended to be constituted by this Agreement, or for enforcing the obligations hereunder, the exercise of all powers, authorities and discretions vested in the Pledgee or in any such delegate or sub-delegate pursuant to this Agreement and for rendering any assignment of rights and/or obligations pursuant to this Agreement valid and enforceable under applicable law.

4.2 From the date of this Agreement and throughout the Security Period:

- 4.2.1 the Pledgor will not (and will not agree, conditionally or unconditionally, to) sell, transfer, lend or otherwise dispose of or give any conditional or unconditional option, warrant or other rights to subscribe for, purchase or otherwise acquire, or create (or agree, conditionally or unconditionally, to create) or have outstanding any security on or over, any of the Secured Collateral or any interest therein, except for any Transaction Security;
- 4.2.2 the Pledgor will not take or omit to take any action which act or omission could adversely affect or diminish the value of any of the Secured Collateral or vary the rights attaching to or conferred by all or any part of the Pledged Collateral, and it will, at its own expense, promptly take all actions which are at any time necessary or desirable to protect the value of its interests in and rights to, and the Pledgee’s interests in and rights to, the Secured Collateral;
- 4.2.3 the Pledgor will duly pay any calls, subscription moneys and/or other moneys payable on or in respect of the Pledged Collateral when the same has become due and payable. If they do not do so, the Pledgee may (but shall not be obliged to) do so and, if the Pledgee does so, the Pledgor shall on demand indemnify the Pledgee against such payment together with interest thereon for the period beginning on the date of such payment and ending on the date on which the Pledgee has been indemnified in full by the Pledgor calculated at such default rate of interest as may be specified under the terms of the Loan Documents;

- 4.2.4 the Pledgor will procure that (i) the Company does not, except with the prior written consent of the Pledgee, cancel, increase, create, sub-divide or issue or agree to issue or put under option any share or otherwise alter its share capital and (ii) until the security interest created by this Agreement shall be terminated in accordance with the provision set out in Clause 13 (*Release and Discharge*), the Company shall, unless instructed in writing otherwise by the Pledgee, comply exactly with all of the relevant terms and conditions hereof including the Notice of Pledge of Shares;
- 4.2.5 the Pledgor will not, except with the prior written consent of the Pledgee, amend or alter or pass any resolution or take any action to amend or alter the Memorandum of Association or the Articles of Association (or such constitutive documents as the case may be) of the Company. The Pledgee agrees that such prior written consent of the Pledgee shall not be unreasonably withheld;
- 4.2.6 the Pledgor agrees, at its own expense, to take any and all actions reasonably necessary to defend title to the Secured Collateral against all persons and to defend the Security of the Pledgee in the Secured Collateral and the priority thereof against any other Security;
- 4.2.7 the Pledgor shall comply with all applicable laws, statutes, and regulations pertaining to the Secured Collateral;
- 4.2.8 the Pledgor shall pay, when due, all taxes, fees, charges, and other impositions on or in connection with the Secured Collateral;
- 4.2.9 the Pledgor agrees that if any terms and conditions of this Agreement and any terms and conditions of all the share pledge agreements with respect of the shares in the Company, entered into by it before the date of this Agreement, are not consistent, the terms and condition of this Agreement shall prevail;
- 4.2.10 the Pledgor shall not without prior written consent from the Pledgee, (i) enter into the New Security Agreement to create and effect any security interest over any of the Secured Collateral pursuant to the Business Security Act B.E. 2558 (2015) or (ii) approve or take any action which would result in the Company entering into the New Security Agreement to create and effect any security interest over any asset or the entire business or a division, department or sub-division or the like of the business of the Company pursuant to the Business Security Act B.E. 2558 (2015) and the Pledgor shall procure that the Company will not enter into the New Security Agreement in respect of item (ii) of this clause 4.2.10. For avoidance of doubt, the restriction on creation of security interest will apply only to the Secured Collateral and the registration of an asset or an entire business or a division, department or sub-division or the like of the business of the Company as the security under the Business Security Act B.E. 2558 (2015) to the extent that such creation of security interest over the

Secured Collateral or the business of the Company is prohibited or restricted under the Loan Documents.

- 4.3 The Pledgor shall, upon request, provide to the Pledgee all information and evidence concerning the Secured Collateral to enable the Pledgee to enforce the provisions of this Agreement.
- 4.4 The Pledgor shall notify the Pledgee as soon as reasonably practicable but in any event no later than three (3) Business Days from the occurrence of any increase in the registered capital of the Company, change of par value of the shares in the Company, payment by the Company of any Dividend Proceeds and issuance by the Company of new shares.

5. **UNDERTAKINGS OF THE COMPANY**

From the date of this Agreement and throughout the Security Period:

- 5.1 The Company shall not, without prior written consent from the Pledgee, enter into the New Security Agreement to create and effect any security interest over any asset or the entire business or a division, department or sub-division or the like of the business of the Company pursuant to the Business Security Act B.E. 2558 (2015); For avoidance of doubt, the restriction on creation of security interest will apply only to the registration of any asset or the entire business or a division, department or sub-division or the like of the business of the Company as the security under the Business Security Act B.E. 2558 (2015) to the extent that such creation of security interest over the business of the Company is prohibited or restricted under the Loan Documents; and
- 5.2 In addition to Clause 5.1, the Company will not dishonestly do anything to materially and adversely affect the Pledgee's rights under this Agreement or dishonestly take any action which could adversely affect or diminish the value of any of the Secured Collateral.

6. **REPRESENTATIONS AND WARRANTIES**

- 6.1 The Pledgor, as applicable, represents and warrants to the Pledgee on and as of the date of this Agreement that:

- 6.1.1 it is a limited liability company and is duly incorporated and validly existing under the laws of its place of formation;
- 6.1.2 the entry into and performance by the Pledgor of, and the transactions contemplated by, this Agreement and the granting of the Transaction Security do not and will not conflict with:
- (a) any law or regulation applicable to it;
 - (b) its constitutional documents; or
 - (c) any agreement or instrument binding upon it or any of its assets or constitute a default or termination event (however described) under any such agreement or instrument;

- 6.1.3 it has the power to enter into, exercise its right, perform and deliver, and it has taken all necessary action to authorize its entry into, performance and delivery of, this Agreement and the transactions contemplated by this Agreement;
- 6.1.4 all Authorizations, actions, conditions and things required to be taken, fulfilled and done (including the obtaining of any necessary consent from any person and the board of directors of the Company pursuant to the Articles of Association of the Company) in order (i) to enable the Pledgor lawfully to enter into, exercise its rights and perform and comply with its obligations under this Agreement, (ii) to ensure that those obligations are legally binding and enforceable and (iii) to make this Agreement admissible in evidence in its jurisdiction of incorporation, have been taken, performed, fulfilled and done and have happened and/or, in strict compliance with all applicable laws and regulations and this Agreement (as applicable), subject to any necessary translation of this Agreement into Thai language (which shall be obtained when required under applicable law);
- 6.1.5 except for the registration of the pledge in the share registration book of the Company pursuant to Clause 3.1.3(a), it is not necessary that this Agreement be filed, recorded or enrolled with any court or other governmental or regulatory authority in the jurisdiction of its incorporation to ensure the legality, validity or admissibility in evidence of this Agreement;
- 6.1.6 subject to the applicable laws, it is not necessary that any stamp, registration or similar tax be paid on or in relation to this Agreement or the transactions contemplated by this Agreement;
- 6.1.7 the obligations expressed to be assumed by it in this Agreement are, subject to any general principles of law as at the date of this Agreement limiting its obligations, legal, valid, binding and enforceable obligations and the Transaction Security expressed to be created by this Agreement are valid, binding and enforceable and will rank ahead of any other present or future security on or over the Secured Collateral or any part thereof;
- 6.1.8 the Pledgor is not entitled to immunity from suit, execution, attachment or other legal process, and the Pledgor's execution of this Agreement constitutes, and the exercise of its rights and compliance with its obligations under it will constitute, private and commercial acts done and performed for private and commercial purposes.
- 6.1.9 the attached as Schedule 1 (*Shares*) is a true and correct list as of the date of this Agreement of each of all of the issued and outstanding shares owned by the Pledgor constituting Pledged Collateral and the Pledgor is the direct owner, beneficially and of record, of the Pledged Collateral. The Pledgor holds such Pledged Collateral free and clear of any Security;

- 6.1.10 all Pledged Collateral has been duly authorized and validly issued by the Company and is fully paid and not subject to any option to purchase or similar rights;
- 6.1.11 the constitutional documents of the Company or any agreement or arrangement binding on the Pledgor, (i) do not and could not restrict or inhibit a pledge or the creation of any Transaction Security over any Secured Collateral; (ii) do not contain any condition or require any approval or consent from any person whatsoever in respect of the pledge or the creation of any Transaction Security over any Secured Collateral or any transfer of the Secured Collateral upon enforcement of the Transaction Security;
- 6.1.12 to the best of the Pledgor's knowledge, there are no agreements in force which provide for the issue or allotment of, or grant any person the right to call for the issue or allotment of, any share or loan capital of the Company (including any option right or right of pre-emption or conversion);
- 6.1.13 there are no claims, demands, disputes or litigation pending or constituted or threatened in writing to be constituted in respect of any part of the Secured Collateral;
- 6.1.14 its execution of this Agreement constitutes, and its exercise of its rights and performance of its obligations under this Agreement will constitute, private and commercial acts done and performed for private and commercial purposes and the entering into of this Agreement is for its corporate benefit; and
- 6.1.15 there is no New Security Agreement in force which creates security interest over any asset or the entire business or a division, department or sub-division or the like of the business of the Company under the Business Security Act B.E. 2558 (2015) or any part of the Secured Collateral in favour of any third party to the extent that such creation of security interest over the Secured Collateral or the business of the Company is prohibited or restricted under the Loan Documents (unless a consent from the Pledgee is obtained).

6.2 Each of the above representations and warranties will be deemed to be repeated by the Pledgor on each date an Additional Pledge is executed and on each date of Borrowing date and the first day of each Interest Period.

7. **OTHER OBLIGATIONS**

7.1 The Pledgor shall remain liable to observe and perform all of the other conditions and obligations assumed by the Pledgor in respect of the Secured Collateral. The Pledgee shall not be required to perform or fulfil any obligation of the Pledgor in respect of the Secured Collateral, or to make any payment, or to make any enquiry as to the nature or sufficiency of any payment received by them or the Pledgor, or to present or file any claim, or take any other action to collect or enforce the payment of any amount to

which the Pledgor may have been, or to which the Pledgor may be, entitled under this Agreement at any time or times.

7.2 No action taken by the Pledgee pursuant to its rights under the Loan Documents shall give rise to any defense, counterclaim, or right of setoff in favour of the Pledgor under the Loan Documents against the Pledgee, or affect or impair the Secured Obligations.

8. **DIVIDENDS AND VOTING RIGHTS**

8.1 Dividend Proceeds

Unless and until an Enforcement Event occurs and continues, the Pledgor shall be entitled to continue to receive any and all Dividend Proceed and other incomes arising from the Pledged Collateral.

8.2 Voting rights

Subject to Clause 8.3 below, the Pledgor shall have the rights to exercise all voting rights relating to the Pledged Collateral for all purposes not inconsistent with this Agreement, the Facility Agreement or any other Loan Document, provided that such voting rights may not be exercised in a manner which would (i) be inconsistent with its obligations under this Agreement or any other Loan Document or (ii) materially or adversely affect the Pledgee's rights or its security hereunder or under any other Loan Document.

8.3 Upon the occurrence of an Enforcement Event, the Pledgee may:

8.3.1 demand that any and all Dividend Proceeds in respect of the Pledged Collateral be paid to the Pledgee; and/or

8.3.2 exercise the Voting Proxy in respect of any voting rights relating to the Pledged Collateral in such manner as it may think fit and exercising any voting and/or other rights attached to any of the Secured Collateral. In such event, the Pledgor shall fully co-operate and instruct the Company to allow the Pledgee to exercise its right under the Voting Proxy.

9. **ENFORCEMENT**

9.1 Upon the occurrence of an Event of Default (each an “**Enforcement Event**”), the security created by or pursuant to this Agreement is immediately enforceable and at any time thereafter, the Pledgee shall be entitled to cause the pledge constituted under or pursuant to Clause 2 (*Pledge*) to become immediately enforceable by sale of the Pledged Collateral by way of public auction or by other means permitted under the applicable law, in accordance with the applicable law and the relevant Loan Documents.

9.2 Except as otherwise provided herein or in the other Loan Documents, the Pledgee shall have absolute discretion as to the time of application of any such proceeds, moneys or balances in accordance with this Agreement.

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9.3 The Pledgee may enforce the pledge granted under this Agreement before it enforces any other right or remedy:

9.3.1 against any other person; or

9.3.2 under any other document, such as another encumbrances or security.

If the Pledgee holds more than one security for the Secured Obligations, the Pledgee may enforce them in any order it chooses.

9.4 The Pledgor waives any right that the Pledgor may have of first requiring the Pledgee to proceed against or claim payment from the Company or any other person under the Loan Documents, or enforce any right, guarantee or security before enforcing this Agreement and the security constituted by this Agreement.

9.5 In the enforcement of any pledge created by or pursuant to this Agreement, the Pledgee may select any or all of the Secured Collateral against which to take enforcement action as the Pledgee deems appropriate. The right to enforce the security created under this Agreement is an absolute discretion right of the Pledgee who shall be under no obligation to exercise any right, power or privilege conferred on it by or pursuant hereto or by any law or to make any enquiry as to the nature or sufficiency of any payment received by it or to make any claim or to take any other action to enforce any such right, power or privilege or any amount which may become payable thereunder.

9.6 No person dealing with the Pledgee or with any such delegate or sub-delegate as aforesaid shall be concerned to enquire whether any event has happened upon which any of the powers, authorities and discretions conferred by or pursuant to this Agreement in relation to such property or any part thereof is or may be exercisable by the Pledgee or by any such delegate or sub-delegate or otherwise as to the propriety or regularity of acts purporting or intended to be in the exercise of any such powers.

9.7 The Pledgor shall ensure that any person who becomes transferee of the Shares pursuant to the enforcement of the pledge is registered as the owner of the Shares in the Company's share register book.

10. **APPLICATION OF PROCEEDS**

Any moneys (including the net proceeds of any sale or disposal) received by the Pledgee under this Agreement, shall be applied towards the discharge of

any of the Secured Obligations in accordance with the terms of the Loan Documents.

11. **POWER OF ATTORNEY**

11.1 Appointment and Powers

To the extent permitted by applicable law, the Pledgor irrevocably appoints the Pledgee and/or any authorised person of the Pledgee to be its attorney and, on its behalf, acts in accordance with this Agreement to execute, deliver and perfect all documents and do and perform all lawful things that the attorney may reasonably consider to be required or desirable (including inserting the date and relevant

information in the Voting Proxy and the share transfer form delivered pursuant to this Agreement) for:

- 11.1.1 carrying out any obligation imposed on the Pledgor by this Agreement or any other agreement binding on the Pledgor made in connection with this Agreement or the Secured Collateral (including the execution and delivery of any agreements or any assignments of rights under this Agreement);
- 11.1.2 enabling the Pledgee to exercise, or delegate the exercise of, all or any of the Pledgor's rights regarding the Transaction Security from time to time constituted by this Agreement; and
- 11.1.3 enabling the Pledgee to exercise, or delegate the exercise of, any of the rights, powers and authorities conferred on it by or pursuant to this Agreement or by law.

- 11.2 The Pledgor waives its right to revoke the aforementioned authorisation to the Pledgee and/or the authorised person of the Pledgee unless and until the end of the Security Period.
- 11.3 The Pledgee shall be entitled to exercise any rights and powers granted to it under this Clause following the occurrence of an Enforcement Event.
- 11.4 The Pledgor shall ratify and confirm all things lawfully done and all documents duly executed by the Pledgee or any person delegated by it as an attorney in the exercise or purported exercise of all or any of the powers hereby granted.

12. CONTINUING SECURITY

12.1 Continuing Security

- 12.1.1 The rights and the Transaction Security from time to time constituted by this Agreement shall be continuing and will remain in full force and effect as a continuing security and shall extend to the ultimate balance of the Secured Obligations, regardless of any intermediate payment or discharge in part thereof.
 - 12.1.2 This Agreement, the rights and powers created by or pursuant hereto and the Transaction Security constituted by this Agreement shall be in addition to, independent of and without prejudice to, any other security now or hereafter held by the Pledgee for the Secured Obligations. All Secured Obligations of the Pledgor under this Agreement are in addition to, and independent of, the obligations of the Pledgor under other Loan Documents.
- 12.2 During the Security Period, the Transaction Security from time to time constituted under this Agreement and the obligations of the Pledgor constituted under this Agreement shall, to the extent permitted by applicable law, remain in force and shall not be discharged, impaired, or otherwise affected by:

- 12.2.1 any waiver, release, time or other indulgence or consent at any time granted to the Company, the Pledgor, any of the Loan Parties or any other person liable, whether by the Pledgee or any other person;
- 12.2.2 any amendment or variation (however fundamental) to or replacement of the Loan Documents or any other related document or any other security, guarantee, indemnity, right, remedy or lien;
- 12.2.3 the making or absence of any demand on the Company, the Pledgor or any of the other Loan Parties or any other person liable for payment;
- 12.2.4 the enforcement or absence of enforcement of any of the Loan Documents or any other security, guarantee, indemnity, right, remedy or lien or any failure to take or failure to realise the value of any other collateral in respect of the Secured Obligations;
- 12.2.5 the release of any of the Loan Documents or any other security, guarantee, indemnity, right, remedy or lien (including the release of any part of the Secured Collateral);
- 12.2.6 the release of any Loan Party or any other person under the terms of any composition or arrangement with any creditor of any Loan Party ;
- 12.2.7 the taking, variation, compromise, exchange, renewal or release of, or refusal or neglect to perfect, execute, take up or enforce, any rights against, or security over assets of, any Loan Party or any other person or any non-presentation or non-observance of any formality or other requirement in respect of any instrument or any failure to realise the full value of any security;
- 12.2.8 any incapacity or lack of power, authority or legal personality of or dissolution or change in the members or status of any Loan Party or any other person;
- 12.2.9 the liquidation, bankruptcy, insolvency, winding-up, amalgamation, dissolution, administration, reconstruction or reorganisation or any change in the construction of the Company, any of the other Loan Parties or any other person liable (or the commencement of any of the foregoing);
- 12.2.10 the illegality, invalidity or unenforceability of or any defect in any provision of any of the Loan Documents or any other agreement, security, guarantee, indemnity, rights, remedy or lien or any of the obligations of any of the parties thereunder, whether on the grounds of the ultra vires, not being in the interests of the Company, the Pledgor, any of the other Loan Parties or any other person liable, not having been duly authorised, executed or delivered by the Company, the Pledgor, any of the other Loan Parties or any other person liable;
- 12.2.11 the occurrence of any Event of Default, whether or not continuing;
- 12.2.12 any of the Secured Obligations being at any time illegal, invalid, unenforceable or ineffective;

12.2.13 any intermediate payment or discharge in part or parts of the Secured Obligations; or

12.2.14 any other act, event or omission which but for this provision would or might operate to impair, discharge or otherwise affect the obligations of the Loan Parties hereunder.

12.3 Avoidance of Payments

Notwithstanding Clause 13 (*Release and Discharge*), if the Pledgee considers that any amount paid or credited to it is capable of being avoided or reduced by virtue of any bankruptcy, insolvency, liquidation or similar laws the liability of the Pledgor under this Agreement, this Agreement and the Transaction Security from time to time constituted by this Agreement shall continue and that amount shall not be considered to have been irrevocably paid.

12.4 Reinstatement

In the event that (i) any settlement or discharge of any or all of the Secured Obligations is subsequently nullified for any reason whatsoever, and/or (ii) an order or judgment is made against the Pledgee under Section 237 of the Thai Civil and Commercial Code (or any modification or reenactment thereof from time to time in force) or under Sections 90/40, 90/41, 113, 114 and/or 115 of the Bankruptcy Act of Thailand (or any modification or re-enactment thereof from time to time in force) or any analogous provisions under similar laws of any other jurisdiction directing the Pledgee to pay any sum received or held by it from the Pledgor or by others to settle all or part of the Secured Obligations to an official receiver, liquidator, planner, plan administrator, creditor of the Pledgor or any other person or official, then (A) (i) the returned moneys, losses, damages, costs and expenses of the Pledgee arising as a result of such nullified settlement or discharge, and/or (as the case may be) (ii) the sum paid by it pursuant to such order or judgment, shall be recoverable from the Pledgor on demand and (B) such moneys, losses, damages, costs and sums referred to in (A) (i) and (ii) shall be added to and become part of the Secured Obligations.

13. **RELEASE AND DISCHARGE**

13.1 Release

13.1.1 Upon the expiry of the Security Period, (i) the security interests created pursuant to this Agreement shall terminate, (ii) all rights to the Secured Collateral shall revert to the Pledgor and (iii) this Agreement shall terminate.

13.1.2 Upon the expiry of the Security Period and in connection with any other Lien released or subordinated pursuant to Section 9.08 of the Facility Agreement, the Pledgee will, at the expense of such Pledgor, comply with the provisions of Section 9.08 of the Facility Agreement, but without recourse or warranty to the Pledgee.

13.1.3 The Pledgee shall have no liability whatsoever to any other Secured Party as the result of any release of the Secured Collateral by it in accordance with (or which the Pledgee in the absence of gross negligence or willful misconduct (as

determined by a final, non-appealable decision of a court of competent jurisdiction) believes to be in accordance with) this Clause 13.1.

13.2 If following the satisfaction in whole or part of the Secured Obligations, any payment is “clawed back” or any transaction in satisfaction in whole or part of the Secured Obligations is cancelled or become void or voidable in the liquidation of the Pledgor, under any applicable law or otherwise, the Pledgor shall immediately indemnify the Pledgee for the amount that would otherwise have been satisfied and the Pledgee shall not be required to discharge the pledge until such time as the Secured Obligations (including the amount owing under this indemnity, but excluding other contingent indemnification obligations) have been indefeasibly and irrevocably discharged in full under the Loan Documents.

14. **WAIVER**

A provision of a right created under this Agreement may not be waived or varied except if such waiver or variation is made in accordance with the Loan Documents. No failure on the part of the Pledgee to exercise, or delay on its part in exercising any of the rights, powers and remedies provided for by this Agreement or by law shall operate as a waiver thereof, nor shall any single or partial waiver of any such rights, powers or remedies preclude any further exercise of such rights, powers or remedies or the exercise of any other rights, powers or remedies.

15. **NO LIABILITY**

None of the Pledgee or its agent(s) appointed pursuant to this Agreement shall be liable by reason of (a) taking any action permitted by this Agreement or (b) the taking possession or realisation of all or any part of the Secured Collateral except as a result of the willful misconduct or the negligence of the Pledgee or its agent(s).

16. **AMENDMENTS**

No amendment of this Agreement shall be valid unless it is in writing and signed by each of the parties.

17. **Partial Invalidity**

The illegality, invalidity or unenforceability of any provision of this Agreement under the law of any jurisdiction shall not affect its legality, validity or enforceability under the law of any other jurisdiction nor the legality, validity or enforceability of any other provision of this Agreement.

18. **ASSIGNMENT**

18.1 This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective permitted successors, assigns and transferees provided that the Pledgor may not assign or transfer all or any of its rights or obligations under this Agreement without the prior written consent of the Pledgee.

18.2 The Pledgee may assign or transfer all or any of its rights or obligations under this Agreement in accordance with the relevant provisions of the Facility Agreement or the Loan Documents as the case may be. The Pledgor agrees that in such case, it will

do all things necessary to ensure that this Agreement as affected by such assignment and transfer is executed and registered.

19. **SET-OFF**

The Pledgee may set-off any obligation due from the Pledgor under this Agreement against any obligation owed by the Pledgee to the Pledgor, regardless of the place of payment, booking branch or due date or currency of either obligation. If the obligations are in different currencies, the Pledgee may convert either obligation at a market rate of exchange in its usual course of business for the purpose of the set-off.

20. **NOTICES**

Any communication to be made by one person to another under or in connection with this Agreement shall be made in accordance with Section 10.02 (*Notices and Other Communications; Facsimile Copies*) of the Facility Agreement.

21. **LANGUAGE AND COMMUNICATIONS**

English is the language used in this Agreement, the other Loan Documents and for communications between the parties. The English language version of any such writing shall govern if there is any discrepancy between the English language version and (a) a version of the document that has been executed in another language such as Thai or (b) a translation of the writing into any other language. For the avoidance of doubt, a communication by telefacsimile or other electronic means shall be deemed to have been given in writing.

22. **COUNTERPARTS**

This Agreement may be executed in any number of counterparts, and this has the same effect as if the signatures on the counterparts were on a single copy of this Agreement.

23. **EFFECTIVENESS**

This Agreement shall become effective and binding on the parties hereto upon the execution by all parties to this Agreement.

24. **GOVERNING LAW**

This Agreement shall take effect under and be governed by and construed in accordance with the laws of Thailand.

25. **JURISDICTION**

The courts of the Kingdom of Thailand shall have non-exclusive jurisdiction over any dispute arising with respects to this Agreement and the parties submit to the jurisdiction of the courts.

IN WITNESS WHEREOF this Agreement has been executed by the duly authorized representatives of the parties hereto.

THE PLEDGOR:

ACUSHNET COMPANY

By: _____

Name:

Title:

Witness: _____

Name:

[Signature Page to Share Pledge Agreement]

THE PLEDGEE in its capacity as administrative agent acting for the Secured Parties :

WELLS FARGO BANK, NATIONAL ASSOCIATION

By: _____

Name:

Title: Duly Authorized Signatory

Witness: _____

Name:

[Signature Page to Share Pledge Agreement]

**SCHEDULE 2
FORM OF ADDITIONAL PLEDGE**

Date: [insert date]

To: Wells Fargo Bank, National Association
as Pledgee in its capacity as administrative agent for the benefit of the Secured Parties

Re: Share Pledge Agreement dated [], 2016 (the “**Pledge of Shares**”) between Acushnet Company (as Pledgor) and Wells Fargo Bank, National Association (as Pledgee) in its capacity as administrative agent for the benefit of the Secured Parties and Acushnet Footjoy (Thailand) Limited (as Company) in respect of shares in Acushnet Footjoy (Thailand) Limited

Dear Sir or Madam:

We, Acushnet Company, hereby pledge the following shares in the Company (the “**Pledged Shares**”) and assign all Related Assets in relation to the Pledged Shares, to and in favour of the Pledgee in accordance with the Pledge of Shares:

Share Certificate Number	Serial Numbers of Shares		Number of Shares
	From	To	
[•]	[•]	[•]	[•]
[•]	[•]	[•]	[•]
Total			[•]

We will take such action with respect to the Pledged Shares as is required under Clause 3.1 of the Pledge of Shares.

We hereby represent and warrant that the representations and warranties of the Pledgor set forth in Clause 6 (*Representations and Warranties*) of the Pledge of Shares are true and correct as of the date hereof.

All terms and conditions set forth in the Pledge of Shares will apply to this Additional Pledge and be deemed to be incorporated *mutatis mutandis* as if fully set out herein. The Additional Pledge shall form part of the Pledge of Shares.

Terms defined in the Pledge of Shares (and by reference to any other agreement mentioned therein) shall, unless otherwise defined herein, have the same meanings herein.

This pledge is governed by and construed in accordance with the laws of Thailand.

Yours truly,

[•]
as Pledgor

Name:
Title:

**SCHEDULE 3
FORM OF NOTICE OF PLEDGE OF SHARES**

Date: [insert date]

To: Acushnet Footjoy (Thailand) Limited (the “**Company**”)
as Company

cc: Wells Fargo Bank, National Association
as Pledgee in its capacity as administrative agent for the benefit of the Secured Parties

Re: [Share Pledge Agreement dated [], 2016 (the “**Pledge of Shares**”) between Acushnet Company (as Pledgor) and Wells Fargo Bank, National Association (as Pledgee) in its capacity as administrative agent for the benefit of the Secured Parties and Acushnet Footjoy (Thailand) Limited (as Company) in respect of shares in Acushnet Footjoy (Thailand) Limited]

[Additional Pledge dated [•] in respect of the pledge of additional shares in Acushnet Footjoy (Thailand) Limited granted by Acushnet Company (as Pledgor) in favour of Wells Fargo Bank, National Association (as Pledgee) in its capacity as administrative agent for the benefit of the Secured Parties and Acushnet Footjoy (Thailand) Limited (as Company) (the “**Additional Pledge**”) executed in connection with the Share Pledge Agreement dated [], 2016 (the “**Pledge of Shares**”) between Acushnet Company (as Pledgor) and Wells Fargo Bank, National Association (as Pledgee) in its capacity as administrative agent for the benefit of the Secured Parties and Acushnet Footjoy (Thailand) Limited (as Company)]

Dear Sir or Madam:

We, [•], hereby give you notice that pursuant to [the Pledge of Shares] [the Additional Pledge], we have pledged the following shares in the Company (the “**Pledged Shares**”) to the Pledgee:

Share Certificate Number	Serial Numbers of Shares		Number of Shares
	From	To	
[•]	[•]	[•]	[•]
[•]	[•]	[•]	[•]
Total			[•]

We ask that you register the details of the pledge of the Pledged Shares in favor of the Pledgee in the share registration book of the Company, as follows:

“Shares numbers [•] to [•], represented by the share certificate number [•] [is]/[are] subject to a pledge pursuant to the terms and conditions of the Share Pledge Agreement dated [•] between Acushnet Company (as Pledgor) and Wells Fargo Bank, National Association of [•] (as Pledgee) in its capacity as administrative agent for and on behalf of the Secured Parties (as defined in the Credit Agreement dated 27 April 2016 by and among Acushnet Holdings Corp. as holdings, the Company as US borrower and borrower representative, Acushnet Canada Inc. as Canadian borrower,

Acushnet Europe Limited as UK borrower, and the Pledgee as administrative agent lender for the other lenders party thereto (collectively, the “**Lenders**” and individually each a “**Lender**”), and for itself as a Lender and such other Secured Parties [and the Additional Pledge dated [•]]. This pledge is for the benefit of the Pledgee and the Secured Parties.”

Terms defined in the Pledge of Shares [and the Additional Pledge] (and by reference to any other agreement mentioned therein) shall, unless otherwise defined herein, have the same meanings herein.

Please confirm the registration of the pledge of the Pledged Shares in the share registration book of the Company by:

- (a) delivering to the Pledgee a copy of the relevant page(s) of the share registration book of the Company showing such registration, certified as a true and correct copy by the authorized director(s) of the Company; and
- (b) executing and delivering to the Pledgee a copy of the Acknowledgement of Pledge of Shares (in the form attached) with respect to the Pledged Shares.

When the Pledged Shares are released, the Pledgee or its successor will inform you accordingly so that the pledge can be withdrawn from the share register book. In case of enforcement of the pledge by auction, the Pledgee will inform you accordingly to cancel the pledge and register the shares in the name of the selected bidder.

Yours truly,

[[•]]
as **Pledgor**

Name:
Title:

Attachment: Form of Acknowledgement of Pledge of Shares

SCHEDULE 4
FORM OF ACKNOWLEDGEMENT OF PLEDGE OF SHARES

[Letterhead of Acushnet Footjoy (Thailand) Limited]

Date: [insert date]

To: Wells Fargo Bank, National Association
as Pledgee in its capacity as administrative agent for the benefit of the Secured Parties

Cc: [[•]/[•]]
as Pledgor

Re: [Share Pledge Agreement dated [] 2016 (the “**Pledge of Shares**”) between Acushnet Company (as Pledgor) and Wells Fargo Bank, National Association (as Pledgee) in its capacity as administrative agent for the benefit of the Secured Parties and Acushnet Footjoy (Thailand) Limited (as Company)in respect of shares in Acushnet Footjoy (Thailand) Limited]

[Additional Pledge dated [•] in respect of the pledge of additional shares in Acushnet Footjoy (Thailand) Limited between Acushnet Company (as Pledgor) and Wells Fargo Bank, National Association (as Pledgee) in its capacity as administrative agent for the benefit of the Secured Parties (the “**Additional Pledge**”) executed in connection with the Share Pledge Agreement dated [] 2016 (the “**Pledge of Shares**”) between Acushnet Company (as Pledgor) and Wells Fargo Bank, National Association (as Pledgee) in its capacity as administrative agent for the benefit of the Secured Parties and Acushnet Footjoy (Thailand) Limited (as Company)]

Dear Sir or Madam:

We, Acushnet Footjoy (Thailand) Limited (the “**Company**”), hereby acknowledge receipt of the Notice of Pledge of Shares dated [•], issued by [•] (the “**Notice of the Pledge of Shares**”).

We confirm that the pledge of the Pledged Shares identified in the Notice of the Pledge of Shares has been registered in the share registration book of the Company. We enclose a copy of the relevant page of the share registration book showing the registration of the pledge of the Pledged Shares in favor of the Pledgee, certified as a true and correct copy by our authorized director(s).

We agree that following the occurrence of an Enforcement Event: (i) we will pay to you all dividends payable thereafter relating to such Pledged Shares; and (ii) we will accept, and have no objection against you to exercise your rights under the Voting Proxy executed by the Pledgor authorising you to attend and cast any and all voting rights in respect of the above shares at any shareholder meeting of the Company.

Terms defined in the Notice of Pledge of Shares (and by reference to any other agreement mentioned therein) shall, unless otherwise defined herein, have the same meanings herein.

Yours truly,

Acushnet Footjoy (Thailand) Limited

Name:
Title:

บริษัทจำกัดซึ่งจดทะเบียนตามกฎหมายแห่งราชอาณาจักรไทย ทะเบียนเลขที่
a limited company registered under the laws of Thailand (Registration No. _____),
ให้แก่ผู้รับโอน ทายาทของผู้รับโอน ผู้จัดการมรดก ทายาทตามพินัยกรรม หรือผู้รับโอนสิทธิจากผู้โอน
โดยอยู่ภายใต้เงื่อนไขของบริษัทซึ่งผู้โอนได้อธิบายไว้ในเวลาที่ได้มีการทำตราสารนี้
to hold unto the said Transferee, his/her/its heir(s), administrator(s), successor(s) or assign(s), subject to all conditions under which the Transferor
holds the same at the time of the execution hereof.

และข้าพเจ้าผู้รับโอนขอตกลงรับโอนหุ้นจำนวนดังกล่าว โดยอยู่ภายใต้เงื่อนไขของบริษัทเช่นเดียวกับที่ได้กล่าวมาแล้วข้างต้น

AND I/We, the Transferee, do hereby agree to take and accept the transfer of such share(s) subject to the same conditions as aforesaid.

เพื่อเป็นหลักฐานแห่งการนี้ ผู้โอนและผู้รับโอนจึงได้ลงลายมือชื่อไว้เป็นสำคัญต่อหน้าพยาน

As witness hereof, the Transferor and the Transferee therefore affixed their signatures in the presence of witness

ณ วันที่ เดือน ปี ณ
on this _____ day of _____ Year _____ at _____

พยาน

ผู้โอน

Witness

the Transferor

พยาน

ผู้รับโอน

Witness

the Transferee

หมายเหตุ : ต้องปิดอากรแสตมป์บนตราสารนี้ในอัตราที่บังคับตามกฎหมายในเวลาที่ได้มีการทำตราสารนี้

(Note : Stamp duty is payable on this document at rate applicable at the time of the execution hereof)

- S-6-1 -

NY7645615.2

SUBSIDIARIES OF THE REGISTRANT

Name	State or Other Jurisdiction of Incorporation or Organization
Acushnet Company	Delaware
AASI, Inc.	Delaware
Webb Acquisition Co.	Delaware
Acushnet FootJoy (Thailand) Limited	Thailand
Acushnet Cayman Limited	Cayman Islands
Acushnet International Inc.	Delaware
Acushnet Australia Pty. Ltd.	Australia
Acushnet Canada Inc.	Canada
Acushnet Korea Co., Ltd.	South Korea
Acushnet Hong Kong Limited	Hong Kong
Acushnet Golf Products Trading (Shenzhen) Co. Ltd.	China
Acushnet Japan, Inc.	Delaware
Acushnet Golf (Thailand) Limited	Thailand
Acushnet Malaysia Sdn. Bhd.	Malaysia
Acushnet New Zealand Limited	New Zealand
Acushnet Singapore Pte Ltd.	Singapore
ACTM LLC	Delaware
Acushnet Netherlands Manufacturing C.V.	Netherlands
Acushnet Netherlands Manufacturing B.V.	Netherlands
Acushnet Netherlands Services B.V.	Netherlands
Acushnet Titleist (Thailand) Limited	Thailand
Acushnet Europe Ltd.	United Kingdom
Acushnet France S.A.S.	France
Acushnet Danmark ApS	Denmark
Acushnet GmbH	Germany
Acushnet Nederland B.V.	Netherlands
Acushnet Osterreich GmbH	Austria
Acushnet South Africa (Pty.) Ltd.	South Africa
Acushnet Sverige Aktiebolag	Sweden
Acushnet Ireland Limited	Ireland
Acushnet Espana, S.L.U.	Spain

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the use in this Registration Statement on Form S-1 of Acushnet Holdings Corp. of our report dated June 17, 2016 relating to the financial statements which appears in such Registration Statement. We also consent to the references to us under the heading "Experts" in such Registration Statement.

/s/ PricewaterhouseCoopers LLP
Boston, Massachusetts
June 17, 2016

CONSENT

The undersigned hereby consents to being named in the registration statement on Form S-1, in each related prospectus and in all subsequent amendments and post-effective amendments or supplements thereto and in any registration statement for the same offering that is to be effective upon filing pursuant to Rule 462(b) under the Securities Act (the “Registration Statement”) of Acushnet Holdings Corp., a Delaware corporation (the “Company”), as an individual to become a director of the Company and to the inclusion of her biographical information in the Registration Statement.

In witness whereof, this Consent is signed and dated as of the 17 day of June, 2016.

/s/ Jennifer O. Estabrook
Jennifer O. Estabrook
