BLACKHAWK NETWORK HOLDINGS, INC
Form DEFM14A
March 02, 2018
TABLE OF CONTENTS

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

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a)
of the Securities Exchange Act of 1934

Filed by the Registrant

Filed by a Party other than the Registrant o

Check the appropriate box:

o Preliminary Proxy Statement
o **Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
Definitive Proxy Statement
o Definitive Additional Materials
o Soliciting Material under § 240.14a-12

BLACKHAWK NETWORK HOLDINGS, INC.
(Name of Registrant as Specified in Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

o No fee required.
o Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

(5) Total fee paid:

Fee paid previously with preliminary materials.

oCheck box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

TABLE OF CONTENTS

March 2, 2018

Dear Fellow Stockholders:

You are cordially invited to attend a special meeting of the stockholders of Blackhawk Network Holdings, Inc., which we will hold at Blackhawk Network Holdings, Inc. s executive offices at 6220 Stoneridge Mall Road, Pleasanton, CA 94588, on March 30, 2018,, at 8:00 a.m. local time.

At the special meeting, our stockholders will be asked to consider and vote on a proposal to adopt the Agreement and Plan of Merger that we entered into on January 15, 2018, which we refer to as the merger agreement, providing for the acquisition of Blackhawk Network Holdings, Inc. by BHN Holdings, Inc. in a transaction that we refer to as the merger. If the merger agreement is adopted and the merger is completed, each share of our common stock (other than certain shares specified in the merger agreement) will be converted into the right to receive $45.25 per share in cash, without interest and subject to required withholding taxes, representing a premium of approximately 29.3% over the average closing share price of our common stock for the 90 calendar days ended January 12, 2018.

The Blackhawk Network Holdings, Inc. board of directors unanimously recommends that our stockholders vote **FOR** the proposal to adopt the merger agreement and **FOR** the other matters to be considered at the special meeting.

The enclosed proxy statement describes the merger agreement, the merger and related matters, and attaches a copy of the merger agreement. We urge stockholders to read the entire proxy statement carefully, as it sets forth the details of the merger agreement and other important information related to the merger.

Your vote is very important. The merger cannot be completed unless a majority of the outstanding shares of our common stock entitled to vote at the special meeting vote in favor of the proposal to adopt the merger agreement. If you fail to vote in person or by proxy, or fail to instruct your broker on how to vote, it will have the same effect as a vote **AGAINST** the proposal to adopt the merger agreement.

On behalf of the entire board of directors, I want to thank you for your continued support.

Sincerely,

Talbott Roche

Chief Executive Officer and President

Neither the U.S. Securities and Exchange Commission nor any state securities regulatory agency has approved or disapproved the merger, passed upon the merits or fairness of the merger, the merger agreement or the other transactions contemplated thereby or passed upon the adequacy or accuracy of the disclosure in this document. Any representation to the contrary is a criminal offense.

This proxy statement is dated March 2, 2018 and is first being mailed to stockholders on or about March 2, 2018.

TABLE OF CONTENTS

BLACKHAWK NETWORK HOLDINGS, INC.

NOTICE OF SPECIAL MEETING OF STOCKHOLDERS

Date:	**March 30, 2018**
Time:	**8:00 a.m. local time**
Place:	**Blackhawk Network Holdings, Inc.'s executive offices at 6220 Stoneridge Mall Road Pleasanton, CA 94588**
Record Date:	**February 28, 2018**

Meeting Agenda:

To consider and vote upon the following proposals:

1. to adopt the Agreement and Plan of Merger, dated as of January 15, 2018 (as it may be amended from time to time, referred to in this proxy statement as the merger agreement), by and among Blackhawk Network Holdings, Inc., a Delaware corporation (referred to in this proxy statement as the Company), BHN Holdings, Inc., a Delaware corporation (referred to in this proxy statement as Parent), and BHN Merger Sub, Inc., a Delaware corporation and a wholly owned subsidiary of Parent (referred to in this proxy statement as Merger Sub), pursuant to which Merger Sub will merge with and into the Company (referred to in this proxy statement as the merger);
2. to approve, on an advisory (non-binding) basis, certain compensation that may be paid or become payable to the Company's named executive officers in connection with the merger; and
3. to approve the adjournment of the special meeting, if necessary or appropriate, including to solicit additional proxies if there are insufficient votes at the time of the special meeting to approve the proposal to adopt the merger agreement or in the absence of a quorum.

Please vote your shares. We encourage stockholders to vote promptly. **If you fail to vote, the effect will be the same as a vote AGAINST the proposal to adopt the merger agreement.**

If you are a stockholder of record, you may vote in the following ways:

By Telephone	**By Internet**	**By Mail**	**In Person**
In the U.S. or Canada you can vote by calling 1-800-690-6903.	You can vote online at www.proxyvote.com.	You can vote by mail by marking, dating and signing your proxy card and returning it in the postage-paid envelope.	You can vote in person at the special meeting. Please refer to the section of this proxy statement entitled *The Special Meeting — Date, Time and Place of the Special Meeting* for further information regarding attending the special meeting.

If your shares of common stock are held by a broker, bank or other nominee on your behalf in street name, your broker, bank or other nominee will send you instructions as to how to provide voting instructions for your shares. Many brokerage firms and banks have a process for their customers to provide voting instructions by telephone or via the Internet, in addition to providing voting instructions by a voting instruction form.

TABLE OF CONTENTS

The Company board of directors has unanimously determined that the merger agreement, the merger and the other transactions contemplated by the merger agreement are fair to, and in the best interests of, the Company and its stockholders (other than Parent, Merger Sub and any of Parent s other direct or indirect wholly owned subsidiaries), and unanimously approved and declared advisable the merger agreement, the merger and the other transactions contemplated by the merger agreement. **The Company board of directors unanimously recommends that the stockholders of the Company vote (1) FOR the proposal to adopt the merger agreement, (2) FOR the advisory (non-binding) proposal to approve certain compensation that may be paid or become payable to the named executive officers of the Company in connection with the merger, and (3) FOR the proposal to approve the adjournment of the special meeting, if necessary or appropriate, including to solicit additional proxies or in the absence of a quorum.** If you sign, date and return your proxy card without indicating how you wish to vote on a proposal, your proxy will be voted **FOR** each of the foregoing proposals in accordance with the recommendation of the Company board of directors.

Your vote is important, regardless of the number of shares of common stock you own. The adoption of the merger agreement requires the affirmative vote of a majority of the outstanding shares of common stock entitled to vote at the special meeting and is a condition to the completion of the merger. The approval of the advisory (non-binding) proposal to approve certain compensation that may be paid or become payable to the named executive officers of the Company in connection with the merger and the approval of the proposal to adjourn the special meeting, if necessary or appropriate, including to solicit additional proxies or in the absence of a quorum, each requires the affirmative vote of the holders of a majority in voting power of the shares of common stock present in person or by proxy at the special meeting and entitled to vote thereon, but approval of these two proposals is not a condition to the completion of the merger. **If you fail to vote in person or by proxy, or fail to instruct your broker, bank or other nominee on how to vote, the shares of common stock that you own will not be counted for purposes of determining whether a quorum is present at the special meeting, and will have the same effect as a vote AGAINST the proposal to adopt the merger agreement.**

Under Delaware law, stockholders who do not vote in favor of the proposal to adopt the merger agreement will have the right to seek appraisal of the fair value of their shares of the Company as determined by the Delaware Court of Chancery if the merger is completed, but only if they submit a written demand for an appraisal before the vote on the proposal to adopt the merger agreement and comply with the other Delaware law procedures explained in the accompanying proxy statement. See the section of this proxy statement entitled *Appraisal Rights*.

You may revoke your proxy at any time before the vote at the special meeting by following the procedures outlined in the accompanying proxy statement.

Only holders of record of Company common stock as of the close of business on February 28, 2018, the record date for the special meeting, are entitled to receive notice of and to vote at the special meeting.

Before voting your shares, we urge you to, and you should, read the entire proxy statement carefully, including its annexes and the documents incorporated by reference in the proxy statement. If you have any questions or need assistance in submitting a proxy or your voting instructions, please call our proxy solicitor, Innisfree M&A Incorporated, toll-free at (888) 750-5834 (stockholders) or (212) 750-5833 (banks and brokerage firms).

By order of the Board of Directors,

Kirsten E. Richesson
General Counsel and Secretary
Blackhawk Network Holdings, Inc.
6220 Stoneridge Mall Road
Pleasanton, CA 94588

March 2, 2018

TABLE OF CONTENTS

TABLE OF CONTENTS

TABLE OF CONTENTS

TABLE OF CONTENTS

SUMMARY

This summary highlights selected information contained in this proxy statement, including with respect to the merger agreement and the merger. We encourage you to, and you should, read carefully this entire proxy statement, its annexes and the documents referred to or incorporated by reference in this proxy statement, as this summary may not contain all of the information that may be important to you in determining how to vote. We have included page references to direct you to a more complete description of the topics presented in this summary. You may obtain the information incorporated by reference into this proxy statement without charge by following the instructions under the section of this proxy statement entitled Where You Can Find Additional Information.

The Companies (page 22)

Blackhawk Network Holdings, Inc.

Blackhawk Network Holdings, Inc., referred to as Blackhawk, the Company, we, our or us, is a Delaware corpo
Blackhawk (NASDAQ: HAWK) is a global financial technology company and a leader in connecting brands and people through branded value solutions. Blackhawk platforms and solutions enable the management of branded value products, promotions and rewards programs in retail, ecommerce, financial services and mobile wallets. Blackhawk s Hawk Commerce division offers technology solutions to businesses and direct to consumers. The Hawk Incentives division offers enterprise, SMB and reseller partners an array of platforms and branded value products to incent and reward consumers, employees and sales channels. Headquartered in Pleasanton, California, Blackhawk operates in 26 countries.

Additional information about Blackhawk is contained in its public filings, which are incorporated by reference herein. See the sections of this proxy statement entitled *Where You Can Find Additional Information* and *The Companies — Blackhawk Network Holdings, Inc.*

BHN Holdings, Inc., BHN Intermediate Holdings, Inc. and BHN Merger Sub, Inc.

BHN Holdings, Inc., referred to as Parent, is a newly formed Delaware corporation. BHN Intermediate Holdings, Inc., referred to as Intermediate, is a newly formed Delaware corporation and a wholly owned subsidiary of Parent. BHN Merger Sub, Inc., referred to as Merger Sub, is a newly formed Delaware corporation and a wholly owned subsidiary of Intermediate. Each of Parent, Intermediate and Merger Sub is an affiliate of the limited partnership referred to in this proxy as SLP Equity Investor and was formed solely for the purpose of entering into the merger agreement and consummating the transactions contemplated by the merger agreement. None of Parent, Intermediate and Merger Sub has engaged in any business except for activities incidental to its formation and in connection with the transactions contemplated by the merger agreement. Upon the consummation of the merger, Merger Sub will be merged with and into the Company, and Merger Sub will cease to exist and the Company will continue as the surviving corporation, a wholly owned subsidiary of Intermediate and an indirect wholly owned subsidiary of Parent. See the section of this proxy statement entitled *The Companies — BHN Holdings, Inc., BHN Intermediate Holdings, Inc. and BHN Merger Sub, Inc.*

The Special Meeting (page 23)

Date, Time and Place of the Special Meeting

The special meeting of stockholders of Blackhawk (referred to in this proxy statement as the special meeting) will be held at Blackhawk s executive offices at 6220 Stoneridge Mall Road, Pleasanton, CA 94588, on March 30, 2018, at 8:00 a.m. local time.

Purposes of the Special Meeting

At the special meeting, Blackhawk stockholders will be asked to consider and vote on the following proposals:

- to adopt the Agreement and Plan of Merger, dated as of January 15, 2018, by and among the Company, Parent and Merger Sub, which, as it may be amended from time to time, is referred to in this proxy statement as the merger agreement ;
- to approve, on an advisory (non-binding) basis, certain compensation that may be paid or become payable to the Company's named executive officers in connection with the merger, the value of which is disclosed

1

TABLE OF CONTENTS

in the table in the section of this proxy statement entitled *The Merger — Interests of Blackhawk s Directors and Executive Officers in the Merger — Quantification of Potential Payments to Blackhawk s Named Executive Officers in Connection with the Merger*; and

- to approve the adjournment of the special meeting, if necessary or appropriate, including to solicit additional proxies if there are insufficient votes at the time of the special meeting to approve the proposal to adopt the merger agreement or in the absence of a quorum.

Our stockholders must adopt the merger agreement for the merger to occur. If our stockholders fail to adopt the merger agreement, the merger will not occur. See the sections of this proxy statement entitled *The Special Meeting* and *The Merger Agreement*.

Only business that is specified in the notice of the special meeting may be transacted at the special meeting. Any action may be taken on the items of business described above at the special meeting on the date specified above, or on any date or dates to which, by original or later adjournment, the special meeting may be adjourned.

Record Date, Notice and Quorum

The holders of record of Blackhawk common stock as of the close of business on February 28, 2018, the record date for the special meeting, are entitled to receive notice of and to vote at the special meeting. At the close of business on the record date, 56,805,674 shares of Company common stock were outstanding and entitled to vote at the special meeting.

The presence at the special meeting, in person or represented by proxy, of the holders of a majority in voting power of the shares of capital stock of the Company issued and outstanding as of the close of business on the record date will constitute a quorum for purposes of the special meeting. A quorum is necessary to transact business at the special meeting. If a quorum is not present at the special meeting, we expect that the special meeting will be adjourned to a later date.

Abstentions will be counted as shares present for purposes of determining the presence of a quorum. If your shares are held in street name by your broker, bank or other nominee and you do not instruct the nominee how to vote your shares, your broker, bank or other nominee will not vote on your behalf with respect to any of the proposals, and your shares will not be counted for purposes of determining whether a quorum is present for the transaction of business at the special meeting.

Required Vote

Each share of common stock outstanding at the close of business on the record date is entitled to one vote on each of the proposals to be considered at the special meeting.

For the Company to complete the merger, Blackhawk stockholders holding a majority of the shares of Company common stock outstanding at the close of business on the record date must vote **FOR** the proposal to adopt the merger agreement. An abstention with respect to the proposal to adopt the merger agreement, or a failure to vote your shares of common stock (including a failure to instruct your broker, bank or other nominee to vote shares held on your behalf), will have the same effect as a vote **AGAINST** this proposal.

Approval of each of (1) the advisory (non-binding) proposal to approve certain compensation that may be paid or become payable to the named executive officers of the Company in connection with the merger and (2) the proposal to adjourn the special meeting, if necessary or appropriate, including to solicit additional proxies or in the absence of a quorum, requires the affirmative vote of the holders of a majority in voting power of the shares of common stock

present in person or by proxy at the special meeting and entitled to vote thereon, but is not a condition to the completion of the merger. An abstention with respect to either proposal will have the same effect as a vote **AGAINST** these proposals. A failure to return your proxy card or otherwise vote your shares of common stock (including a failure of your broker, bank or other nominee to vote shares held on your behalf) will have no effect on these proposals, assuming a quorum is present.

The Company s directors and executive officers have informed us that they intend to vote their shares of Company common stock in favor of the proposal to adopt the merger agreement and the other proposals to be considered at the special meeting, although they have no obligation to do so. As of the close of business on the record date, our directors and executive officers owned and were entitled to vote, in the aggregate, approximately 700,491 shares of Company common stock, or approximately 1.23% of the outstanding shares of Company common stock entitled to vote at the special meeting.

TABLE OF CONTENTS

Proxies; Revocation

Any Blackhawk stockholder of record entitled to vote at the special meeting may submit a proxy by telephone or over the Internet, or by returning the enclosed proxy card, or may vote in person at the special meeting. If your shares of common stock are held in street name by your broker, bank or other nominee, you should instruct your broker, bank or other nominee on how to vote your shares using the instructions provided by your broker, bank or other nominee.

Any proxy may be revoked at any time prior to its exercise by submitting a properly executed, later-dated proxy through any of the methods available to you, by giving written notice of revocation to our General Counsel and Secretary at Blackhawk Network Holdings, Inc., 6220 Stoneridge Mall Road, Pleasanton, CA 94588, or by attending the special meeting and voting in person.

The Merger (page 28)

You will be asked to consider and vote upon the proposal to adopt the merger agreement. A copy of the merger agreement is attached to this proxy statement as Annex A. The merger agreement provides, among other things, that at the effective time of the merger (referred to in this proxy statement as the effective time), Merger Sub will be merged with and into the Company, with the Company surviving the merger (referred to in this proxy statement as the surviving corporation). In the merger, each share of common stock, par value $0.001 per share, of the Company (referred to in this proxy statement as the common stock, the Company common stock or the Blackhawk common stock) issued and outstanding immediately before the effective time (other than certain shares specified in the merger agreement) will be converted into the right to receive $45.25 per share in cash, without interest (referred to in this proxy statement as the per share merger consideration), and subject to required withholding taxes. Upon completion of the merger, the Company will be an indirect wholly owned subsidiary of Parent, the Company common stock will no longer be publicly traded and the Company s existing stockholders will cease to have any ownership interest in the Company.

Treatment of Company Equity Awards (page 60)

Except as may be otherwise agreed between Parent and an award holder, awards in respect of Blackhawk common stock that are outstanding immediately prior to the effective time would be treated in the merger as described below.

Stock Options and Stock Appreciation Rights. At the effective time, each award of stock options or stock appreciation rights (referred to in this proxy statement as SARs) in respect of Blackhawk common stock that is then outstanding, whether vested or unvested, would become fully vested and be settled, with respect to each share of Blackhawk common stock subject to the award, for the excess of the per share merger consideration over the applicable per share exercise price.

Restricted Shares. At the effective time, each share of Blackhawk common stock that is then outstanding and subject to a restricted share award would become fully vested and settled for a cash payment equal to the per share merger consideration.

Restricted Stock Units. At the effective time, each Blackhawk restricted stock unit (referred to in this proxy statement as an RSU) award:

- Granted to an employee prior to June 1, 2016 or granted to a non-employee director at any time, in each case, that remains outstanding as of the effective time would vest and be settled, with respect to each share of Blackhawk common stock subject to the award, for the per share merger consideration;
-

Granted to an employee on or after June 1, 2016 (other than an RSU award granted on or after January 1, 2018 to an employee of Blackhawk at the level of vice president or higher) that remains outstanding as of the effective time would be converted into the right to receive an amount in cash equal to the per share merger consideration in respect of each share of Blackhawk common stock subject to such award, which cash payment would remain subject to the same vesting schedule and other relevant payment terms and conditions of the underlying RSU award; or

- Granted on or after January 1, 2018 to an employee of Blackhawk at the level of vice president or higher that remains outstanding as of the effective time would be converted into an RSU award of substantially equivalent value in respect of capital stock of Parent, which award would remain subject to the same vesting schedule and other relevant payment terms and conditions of the underlying RSU award.

3

TABLE OF CONTENTS

Performance Shares. At the effective time, each Blackhawk performance share award that is then outstanding would vest (based on actual performance for completed performance periods and target performance for incomplete performance periods) and be settled, with respect to each share of Blackhawk common stock subject to the award, for the per share merger consideration.

Conditions to Completion of the Merger (page 74)

Each party s obligation to complete the merger is subject to the satisfaction or waiver at or before the effective time of each of the following conditions:

- the adoption of the merger agreement by a majority of the outstanding shares of Blackhawk common stock entitled to vote thereon (referred to in this proxy statement as the requisite company vote);
- the expiration or termination of the waiting period applicable to the completion of the merger under the Hart-Scott-Rodino Antitrust Improvements Act of 1976 (referred to in this proxy statement as the HSR Act) and the grant of the decisions, orders or consents, or the expiration of any waiting periods, required to complete the merger under Germany's Act against Restraints of Competition, as amended (referred to in this proxy statement as the GWB) and Australia's Foreign Acquisitions and Takeovers Act 1975 (referred to in this proxy statement as the FATA);
- receipt of consents applicable to the consummation of the merger (or confirmation that no consent is required) from the applicable regulatory authority in (1) the United Kingdom, (2) Ontario, Canada and (3) 35 U.S. states, Puerto Rico and the District of Columbia; and
- no law having been enacted, issued, promulgated or enforced or order having been issued, enforced or entered by a court or other governmental entity of competent jurisdiction that is in effect and that restrains, enjoins, makes illegal or otherwise prohibits the completion of the merger.

The respective obligations of Parent and Merger Sub to complete the merger are subject to the satisfaction or waiver by Parent at or before the effective time of the following additional conditions:

- the accuracy of the representations and warranties of the Company as of January 15, 2018 and as of the closing date (except for any representations and warranties made as of a particular date or period of time, which representations and warranties must be true and correct only as of that date or period of time), generally subject to certain materiality or other qualification provided in the merger agreement;
- the performance by the Company in all material respects of all obligations required to be performed by it under the merger agreement at or prior to the closing date;
- the absence of an effect that, individually or in the aggregate with other effects, has resulted in or would reasonably be expected to result in a material adverse effect after the date of the merger agreement;
- the receipt by Parent at the closing of a certificate signed by an executive officer of the Company, to the effect that the conditions summarized in the three preceding bullet points have been satisfied; and
- holders of shares of Blackhawk common stock that have properly exercised and have not withdrawn dissenters' rights under Section 262 of the General Corporation Law of the State of Delaware (referred to in this proxy statement as the DGCL) must not represent more than 10.0% of the outstanding shares of Blackhawk common stock.

The obligation of the Company to complete the merger is subject to the satisfaction or waiver by the Company at or before the effective time of the following additional conditions:

- the accuracy of the representations and warranties of Parent and Merger Sub as of January 15, 2018 and as of the closing date (except for any representations and warranties made as of a particular date or period of time, which representations and warranties must be true and correct only as of that date or period of time), generally subject to certain materiality or other qualification provided in the merger agreement;
- the performance by each of Parent and Merger Sub in all material respects of all obligations required to be performed by it under the merger agreement at or prior to the closing date; and
-

the receipt by the Company at the closing of a certificate signed by an executive officer of Parent, to the effect that the conditions summarized in the two preceding bullet points have been satisfied.

4

TABLE OF CONTENTS

Recommendation of the Blackhawk Board of Directors (page 33)

After careful consideration, the Blackhawk board of directors unanimously determined that the merger agreement, merger and other transactions contemplated by the merger agreement are fair to, and in the best interests of, the Company and its stockholders (other than Parent, Merger Sub and any of Parent s other direct or indirect wholly owned subsidiaries), and unanimously approved and declared advisable the merger agreement, the merger and the other transactions contemplated by the merger agreement. **The Blackhawk board of directors unanimously recommends that Blackhawk stockholders vote FOR the proposal to adopt the merger agreement at the special meeting and FOR the other proposals to be considered at the special meeting.**

Reasons for the Merger (page 33)

For a description of the reasons considered by the Blackhawk board of directors in resolving to recommend in favor of the adoption of the merger agreement, see the section of this proxy statement entitled *The Merger — Reasons for the Merger*; *Recommendation of the Blackhawk Board of Directors*.

Opinion of Blackhawk's Financial Advisor (page 40)

In connection with the merger, at the meeting of the Blackhawk board of directors on January 14, 2018, Sandler O Neill & Partners, L.P. (referred to in this proxy statement as Sandler O Neill) rendered its oral opinion to the Blackhawk board of directors, confirmed by delivery of a written opinion, dated January 14, 2018, that as of such date and based upon and subject to the factors and assumptions set forth in its opinion, the per share merger consideration is fair, from a financial point of view, to the holders of Company common stock (other than Parent, Merger Sub and any of Parent s other direct or indirect wholly owned subsidiaries).

The full text of the written opinion of Sandler O Neill, dated January 14, 2018, which outlines the procedures followed, assumptions made, matters considered and qualifications and limitations on the review undertaken, is attached as Annex B to this proxy statement and is incorporated herein by reference. The summary of the opinion of Sandler O Neill set forth in this proxy statement is qualified in its entirety by reference to the full text of such opinion. The Company s stockholders are urged to read the opinion in its entirety. Sandler O Neill s written opinion was addressed to the Blackhawk board of directors (in its capacity as such) in connection with its consideration of the merger agreement and the merger and does not constitute a recommendation to any stockholder of Blackhawk as to how any such stockholder should vote at any meeting of shareholders called to consider and vote upon the adoption of the merger agreement and approval of the merger. Sandler O Neill s opinion is directed only to the fairness, from a financial point of view, of the per share merger consideration to the holders of Blackhawk common stock (other than Parent, Merger Sub, and any of Parent s other direct or indirect wholly-owned subsidiaries) and does not address the underlying business decision of Blackhawk to engage in the merger, the form or structure of the merger or any other transactions contemplated in the merger agreement, the relative merits of the merger as compared to any other alternative transactions or business strategies that might exist for Blackhawk or the effect of any other transaction in which Blackhawk might engage.

For further information, see the section of this proxy statement entitled *The Merger — Opinion of Blackhawk s Financial Advisor* and the full text of the written opinion of Sandler O Neill attached as Annex B to this proxy statement.

Interests of Blackhawk's Directors and Executive Officers in the Merger (page 50)

In considering the recommendation of the Blackhawk board of directors that Blackhawk stockholders vote in favor of the adoption of the merger agreement, Blackhawk stockholders should be aware that the directors and executive

officers of Blackhawk have potential interests in the merger that may be different from or in addition to the interests of Blackhawk stockholders generally. The Blackhawk board of directors was aware of these interests and considered them, among other matters, in approving the merger agreement and in making its recommendation that Blackhawk s stockholders vote in favor of the adoption of the merger agreement. These interests include:

- Each Blackhawk stock option, SAR, restricted share award or performance share award, as well as each RSU award granted to an employee prior to June 1, 2016 or granted to a non-employee director at any time, would vest upon the effective time and be settled for the per share merger consideration with respect to each share of Blackhawk common stock subject to the award (less, for stock options and SARs, the applicable per share exercise price);

TABLE OF CONTENTS

- Each Blackhawk RSU award (1) granted to employees on or after June 1, 2016 (other than an RSU award granted on or after January 1, 2018 to an employee of Blackhawk at the level of vice president or higher) would be converted into the right to receive an amount in cash equal to the per share merger consideration in respect of each share of Blackhawk common stock subject to such award, or (2) granted on or after January 1, 2018 to an employee of Blackhawk at the level of vice president or higher would be converted into an RSU award of substantially equivalent value in respect of capital stock of Parent, in each case, which payment or award would remain subject to the same vesting schedule and other relevant payment terms and conditions of the underlying RSU award;
- Under Blackhawk's executive change in control severance plan, the executive officers would be eligible for enhanced severance benefits in the event of a qualifying termination of employment following the merger; and
- Blackhawk's directors and executive officers are entitled to continued indemnification and insurance coverage after the effective time.

For a more complete description of these interests, see *The Merger — Interests of Blackhawk s Directors and Executive Officers in the Merger*.

Voting and Support Agreement (page 54)

On January 15, 2018, Parent entered into a voting and support agreement with P2 Capital Master Fund I, L.P., a Cayman Islands exempted limited partnership, P2 Capital Master Fund VI, L.P., a Delaware limited partnership, and P2 Capital Master Fund XII, L.P., a Delaware limited partnership (referred to in this proxy statement collectively as the P2 Stockholders) and P2 Capital Partners, LLC, a Delaware limited liability company (referred to in this proxy statement as the P2 Manager and, together with the P2 Stockholders, as the P2 Parties), pursuant to which the P2 Stockholders agreed, among other things, to vote the shares of Company common stock over which they have voting power (1) in favor of the adoption of the merger agreement, approval of the merger and the transactions contemplated by the merger agreement and in favor of any other matter submitted to the Company s stockholders necessary to consummate the merger and (2) against a change in the Company s board of directors, against acquisition proposals and against any other proposal or action that would constitute a breach of the merger agreement or prevent, frustrate, impede, interfere with, materially delay or adversely affect the merger or other transactions contemplated by the merger agreement. In addition, each of the P2 Stockholders irrevocably granted to, and appointed, Parent and any duly appointed designee thereof as such P2 Stockholder s proxy and attorney-in-fact, for and in the name, place and stead of such P2 Stockholder, to attend any meeting of the Company s shareholders on behalf of such P2 Stockholder with respect to the matters set forth above in clauses (1) and (2), to include such P2 Stockholder s shares of Company common stock in any computation for purposes of establishing a quorum at any such meeting and to vote such P2 Stockholder s shares of Company common stock in connection with any such meeting. As of the close of business on February 28, 2018, the record date for the special meeting, the P2 Stockholders owned 3,000,000 shares, or approximately 5.28% of the shares of Company common stock outstanding and entitled to vote at the special meeting. The voting and support agreement also contains certain restrictions on the transfer of shares of Company common stock by the P2 Stockholders and contains a waiver of appraisal rights. See the section of this proxy statement entitled *The Merger — Voting and Support Agreement*.

Financing for the Merger (page 47)

We anticipate that the total amount of funds needed to complete the merger (including the funds to pay (1) Blackhawk stockholders the amounts due to them under the merger agreement, (2) fees and expenses in connection with the merger and the financing of the merger, (3) for the refinancing of certain of Blackhawk s existing indebtedness and (4) amounts due in respect of the Company s convertible notes in connection with or relating to the merger) will be approximately $3.5 billion. We expect this amount will be funded through a combination of equity and debt sources described below and cash on hand at the Company and its subsidiaries.

In connection with the merger agreement, (1) each of Silver Lake Partners V, L.P. (referred to in this proxy statement as SLP Equity Investor) and P2 Capital Master Fund I, L.P. (referred to in this proxy statement as P2 Equity Investor) delivered to Blackhawk an equity commitment letter dated as of January 15, 2018 (referred to in this proxy statement collectively as the equity commitment letters) representing aggregate equity commitments of $1.757 billion (referred to in this proxy statement as the equity financing) and (2) Intermediate and Merger Sub have obtained an amended and restated debt commitment letter, dated as of February 2, 2018 (referred to in this proxy

TABLE OF CONTENTS

statement as the debt commitment letter), from Bank of America, N.A., Merrill Lynch, Pierce, Fenner & Smith Incorporated, JPMorgan Chase Bank, N.A., Barclays Bank PLC, Citigroup Global Markets Inc., Goldman Sachs Bank USA, Wells Fargo Bank, National Association, Wells Fargo Securities, LLC, Bank of Montreal, BMO Capital Markets Corp., Deutsche Bank AG New York Branch, Deutsche Bank Securities Inc., Fifth Third Bank, The Bank of Tokyo-Mitsubishi UFJ, Ltd., Royal Bank of Canada, SunTrust Robinson Humphrey, Inc. and SunTrust Bank, pursuant to which certain parties have committed, upon certain terms and subject to certain conditions, to lend to Merger Sub (prior to the merger) and to Blackhawk (immediately after the merger) a total of up to $2.15 billion, including a committed revolving credit facility of up to $400 million, a portion of which will be available at the closing of the merger. See the section of this proxy statement entitled *The Merger — Financing for the Merger*.

We have agreed to use our reasonable best efforts to provide, cause our subsidiaries to use their reasonable best efforts to provide and use our reasonable best efforts to cause our and our subsidiaries representatives to provide, all cooperation reasonably requested by Parent necessary and customary in connection with the arrangement of the financing contemplated by the debt commitment letter. For more information, see the section of this proxy statement entitled *The Merger Agreement — Financing and Financing Cooperation*.

The equity and debt financings are subject to the satisfaction of the conditions set forth in the commitment letters described below. Although obtaining the equity or debt financing is not a condition to the completion of the merger, the failure of Parent and its subsidiaries to obtain sufficient financing at the effective time of the merger would likely result in the failure of the merger to be completed. In that case, Parent may be obligated to pay the Company a fee of $136.2 million as described in the section of this proxy statement entitled *The Merger Agreement — Parent Termination Fee*. Payment of such fee is guaranteed by the guarantors as described in the section of this proxy statement entitled *The Merger — Limited Guarantees*.

Limited Guarantees (page 50)

In connection with the execution of the merger agreement, SLP Equity Investor and P2 Equity Investor have each executed and delivered a limited guarantee in favor of the Company (referred to in this proxy statement collectively as the limited guarantees), pursuant to which SLP Equity Investor and P2 Equity Investor, severally and not jointly, have unconditionally and irrevocably guaranteed, on the terms and conditions set forth therein, the due and punctual observance, performance and discharge of their respective applicable percentage of certain payment obligations of Parent. See the section of this proxy statement entitled *The Merger — Limited Guarantees*.

Material U.S. Federal Income Tax Consequences of the Merger (page 54)

The receipt of cash in exchange for shares of common stock pursuant to the merger will generally be a taxable transaction for U.S. federal income tax purposes, and may also be a taxable transaction under applicable state, local or foreign income or other tax laws. In general, for U.S. federal income tax purposes, a U.S. holder (as defined in the section of this proxy statement entitled *The Merger — Material U.S. Federal Income Tax Consequences of the Merger*) who receives cash in exchange for shares of common stock pursuant to the merger will recognize capital gain or loss in an amount equal to the difference, if any, between (1) the amount of cash received and (2) the U.S. holder s adjusted tax basis in such shares. You should consult your own tax advisor regarding the particular tax consequences to you of the exchange of shares of common stock for cash pursuant to the merger in light of your particular circumstances (including the application and effect of any state, local or foreign income and other tax laws). See the section of this proxy statement entitled *The Merger — Material U.S. Federal Income Tax Consequences of the Merger*.

Regulatory Approvals (page 56)

HSR Clearance. Under the HSR Act and related rules, certain transactions, including the merger, may not be completed until notifications have been given and information furnished to the Antitrust Division of the United States Department of Justice (referred to in this proxy statement as the Antitrust Division) and the United States Federal Trade Commission (referred to in this proxy statement as the FTC) and all statutory waiting period requirements have been satisfied. Completion of the merger is subject to the expiration or termination of the applicable waiting period under the HSR Act. Notification and Report Forms were filed in respect of Parent and the Company with the Antitrust Division and the FTC on January 29, 2018. Early termination of the applicable waiting period under the HSR Act was granted on February 7, 2018.

Germany Antitrust Clearance. Pursuant to the GWB, certain transactions, including the merger, may not be completed until filings are made with the Federal Cartel Office (referred to in this proxy statement as the FCO)

TABLE OF CONTENTS

and the transactions are cleared by the FCO, or deemed to have been cleared by the FCO due to the expiration of the applicable time limit under the GWB. Completion of the merger is subject to the clearance or deemed clearance of the merger under the GWB. German counsel filed with the FCO on behalf of Parent and the Company on January 30, 2018. The FCO cleared the merger on February 5, 2018.

Australia Foreign Investment Review Board. Pursuant to the FATA, certain acquisitions by foreign persons of Australian companies, businesses and real property assets, including the merger, must be notified to the Foreign Investment Review Board (referred to in this proxy statement as FIRB) for approval by the Australian Treasurer. Intermediate submitted a FIRB application on January 26, 2018. The filing fee was accepted on February 9, 2018, beginning the review process.

Money Transmitter and Other Licensing Requirements. Blackhawk holds money transmitter licenses in numerous U.S. and foreign jurisdictions. The money transmission laws and regulations of certain of these jurisdictions require that, prior to the acquisition of control of a licensee, the licensee and/or acquiror must notify the applicable regulatory authority, make certain filings with such regulatory authority, and/or obtain the approval of such regulatory authority. It is a condition to each party s obligation to complete the merger that all consents applicable to the completion of the merger (or confirmation that no consent is required) will have been made or obtained, as applicable, from the applicable regulatory authority in (1) the United Kingdom, (2) Ontario, Canada (which is regarding Blackhawk s lottery/gaming license and is not a money transmitter license) and (3) 35 U.S. states, Puerto Rico and the District of Columbia.

Commitments to Obtain Approvals. The Company and Parent are each required to use reasonable best efforts to take all actions reasonably necessary, proper or advisable to complete the merger, including cooperating to obtain regulatory approvals. This includes, if required by regulatory authorities, proposing, negotiating, and committing to and effecting the sale, divestiture, license or other disposition of the assets, properties or businesses of Blackhawk, Parent, or their respective subsidiaries, provided that any such disposition is conditioned upon regulatory approval. See the section of this proxy statement entitled *The Merger Agreement — Efforts to Complete the Merger — Regulatory Matters*.

Appraisal Rights (page 86)

Under Section 262 of the DGCL, Blackhawk stockholders who do not vote for the adoption of the merger agreement will have the right to seek appraisal of the fair value of their shares in cash as determined by the Delaware Court of Chancery, but only if they comply fully with all of the applicable requirements of the DGCL, which are summarized in this proxy statement. Any appraisal amount determined by the court could be more than, the same as, or less than the value of the per share merger consideration. Any stockholder intending to exercise appraisal rights must, among other things, submit a written demand for appraisal to the Company before the vote on the adoption of the merger agreement and must not vote or otherwise submit a proxy in favor of adoption of the merger agreement. Failure to follow exactly the procedures specified under the DGCL will result in the loss of appraisal rights. Because of the complexity of the DGCL relating to appraisal rights, if you are considering exercising your appraisal rights, we encourage you to seek the advice of your own legal counsel. The discussion of appraisal rights contained in this proxy statement is not a full summary of the law pertaining to appraisal rights under the DGCL and is qualified in its entirety by the full text of Section 262 of the DGCL that is attached to this proxy statement as Annex C.

Delisting and Deregistration of Company Common Stock (page 57)

If the merger is completed, the Company common stock will be delisted from the NASDAQ Stock Market (referred to in this proxy statement as the NASDAQ) and deregistered under the U.S. Securities Exchange Act of 1934, as amended (referred to in this proxy statement as the Exchange Act).

Acquisition Proposals; No Solicitation (page 67)

Pursuant to the merger agreement, until one minute after 11:59 p.m. (New York City time) on February 9, 2018, Blackhawk, its subsidiaries, and their respective representatives, were permitted to:

- initiate, solicit, facilitate and encourage acquisition proposals, as described in the section of this proxy statement entitled *The Merger Agreement — Acquisition Proposals; No Solicitation* (or inquiries, proposals or offers or other efforts or attempts that may reasonably be expected to lead to an acquisition proposal), including by providing access to nonpublic information to any person and its representatives, its

TABLE OF CONTENTS

affiliates and its prospective equity and debt financing sources pursuant to a confidentiality agreement meeting certain requirements (provided that the Company made available to Parent any non-public information before, or substantially concurrently with, the time such information was made available to any such person, and any competitively sensitive information or data provided to any person who is, or whose affiliates include, a direct competitor, supplier or customer of the Company or any of its subsidiaries was provided in a separate clean data room and subject to customary clean team arrangements); and

- enter into, engage in, continue or otherwise participate in any discussions or negotiations with any persons and their representatives, their affiliates and their prospective equity and debt financing sources regarding an acquisition proposal (or inquiries, proposals or offers or other efforts or attempts that may reasonably be expected to lead to an acquisition proposal), and otherwise cooperate with, assist, participate in or facilitate any such inquiries, proposals, offers, attempts, discussions or negotiations or any effort or attempt to make any acquisition proposals.

Beginning at 12:00 a.m. (New York City time) on February 10, 2018, Blackhawk and its subsidiaries and their respective directors, officers and employees were required to cease, and Blackhawk was required to instruct and use its reasonable best efforts to cause Blackhawk s and its subsidiaries respective representatives to cease, any activities described above and any existing activities, solicitations, discussions or negotiations with any parties previously conducted with respect to any acquisition proposal.

From 12:00 a.m. (New York City time) on February 10, 2018 until the earlier of the effective time or the termination of the merger agreement in accordance with its terms, Blackhawk and its subsidiaries and their respective directors, officers and employees must not, and Blackhawk must instruct and use its reasonable best efforts to cause Blackhawk s and its subsidiaries respective representatives not to:

- initiate, solicit or knowingly facilitate or encourage any inquiries or the making of any proposal or offer that constitutes, or would reasonably be expected to lead to, any acquisition proposal;
- engage in, continue or otherwise participate in any discussions or negotiations regarding, or that would reasonably be expected to lead to, an acquisition proposal, or provide any nonpublic information or data to any person in connection with the foregoing;
- take any action to exempt any third party from the restrictions on business combinations contained in Section 203 of the DGCL or any other applicable takeover statute or otherwise cause such restrictions not to apply; or
- resolve or agree to do any of the foregoing.

From and after 12:00 a.m. (New York City time) on February 10, 2018, Blackhawk must promptly (and, in any event, within twenty-four hours) notify Parent if any inquiries, proposals or offers with respect to an acquisition proposal or that may reasonably be expected to lead to an acquisition proposal are received by, any information is requested from, or any related discussions or negotiations are sought to be initiated or continued with, Blackhawk or any of its representatives. Blackhawk must indicate the name of the person making the acquisition proposal and provide unredacted copies of any written requests, proposals or offers, including proposed agreements, the material terms and conditions of any proposals or offers and must keep Parent reasonably informed, on a current basis, of the status and terms of any such inquiries, proposals or offers (including any amendments) and the status of any such discussions or negotiations.

However, before the requisite company vote is obtained, if Blackhawk receives an unsolicited *bona fide* written acquisition proposal that did not result from a breach of the non-solicitation provisions described above, and if (1) the Blackhawk board of directors determines in good faith, after consultation with its outside legal counsel and financial advisor, that failure to take the action described below, in light of the acquisition proposal and the terms of the merger agreement, would be reasonably likely to be inconsistent with its fiduciary duties under applicable law and (2) the Blackhawk board of directors has determined in good faith, based on the information then available and after consultation with its outside legal counsel and financial advisor, that the acquisition proposal constitutes a superior proposal, as described in the section of this proxy statement entitled *The Merger Agreement — Acquisition Proposals;*

No Solicitation — Receipt of Acquisition Proposals, or would reasonably be expected to result in a superior proposal, then Blackhawk and its representatives may:

- provide information to the person and its representatives, affiliates and prospective equity and debt financing sources, subject to a confidentiality agreement meeting certain requirements; or

9

TABLE OF CONTENTS

- engage or otherwise participate in any discussions or negotiations with that person.

Change in Board Recommendation (page 69)

The Blackhawk board of directors has unanimously recommended that Blackhawk stockholders vote **FOR** the proposal to adopt the merger agreement. The merger agreement permits the Blackhawk board of directors to effect a change of recommendation (as described in the section of this proxy statement entitled *The Merger Agreement — Acquisition Proposals; No Solicitation — Change in Board Recommendation*) only in certain circumstances, as described below.

Before the requisite company vote is obtained, the Blackhawk board of directors may (1) make a change of recommendation if an intervening event (as described in the section of this proxy statement entitled *The Merger Agreement — Acquisition Proposals; No Solicitation — Change in Board Recommendation*) has occurred and the Blackhawk board of directors determines in good faith, after consultation with its outside legal counsel and financial advisor, that failure to take such action would reasonably be expected to be inconsistent with the directors fiduciary duties under applicable law or (2) make a change of recommendation or, prior to 12:00 a.m. (New York City time) on February 10, 2018, authorize Blackhawk to terminate the merger agreement and enter into a definitive written agreement with respect to a superior proposal if Blackhawk receives an acquisition proposal and (i) the Blackhawk board of directors determines in good faith, based on the information then available and after consultation with its outside legal counsel and financial advisor, that failure to take such action, in light of the acquisition proposal and the terms of the merger agreement, would reasonably be expected to be inconsistent with the directors fiduciary duties under applicable law and (ii) the Blackhawk board of directors has determined in good faith, based on the information then available and after consultation with its outside legal counsel and financial advisor, that such acquisition proposal constitutes a superior proposal, provided that:

- there has been no breach of the non-solicitation obligations in the merger agreement;
- Blackhawk provides Parent at least five business days' prior written notice that it intends to make a change of recommendation or terminate the merger agreement to enter into a definitive written agreement with respect to a superior proposal and, during such period, Blackhawk negotiates with Parent in good faith should Parent propose to make amendments or other revisions to the terms and conditions of the merger agreement such that, in the case of a superior proposal, the acquisition proposal no longer constitutes a superior proposal and, in the case of an intervening event, the failure to take such action would no longer be reasonably be expected to be inconsistent with the directors' fiduciary duties under applicable law as determined by the Blackhawk board of directors in good faith after consultation with its outside legal counsel and financial advisor; and
- the Blackhawk board of directors has taken into account any amendments or other revisions to the terms and conditions of the merger agreement agreed to by Parent in writing prior to the end of the five business day notice period and determined in good faith, after consultation with its outside legal counsel and financial advisor, that a failure to make such change of recommendation continues to reasonably be expected to be inconsistent with the directors' fiduciary duties under applicable law.

See the section of this proxy statement entitled *The Merger Agreement — Acquisition Proposals; No Solicitation — Change in Board Recommendation*.

Termination (page 75)

The merger agreement may be terminated and the merger may be abandoned in the following circumstances:

- at any time prior to the effective time by the mutual written consent of Blackhawk and Parent;
- at any time prior to the effective time by either Parent or Blackhawk, if:
- the merger has not been completed by July 31, 2018 (referred to in this proxy statement as the outside date), which is subject to (1) automatic extension no more than three times in the aggregate, each time by a period of one month, if

one or more of the conditions summarized in the second and third bullet points in the section of this proxy statement entitled *The Merger Agreement — Conditions to Completion of the Merger* have not been satisfied or waived on or before July 31, 2018 but all other conditions to closing have been satisfied or waived or would be capable of being satisfied if the closing took place on such date or (2) extension until three business days after the final date of the

10

TABLE OF CONTENTS

marketing period (as described below in the section of this proxy statement entitled *The Merger Agreement — When the Merger Becomes Effective*), if the marketing period has commenced but not yet been completed (or would have commenced but for certain blackout dates) as of July 31, 2018 (this termination right is referred to in this proxy statement as the outside date termination right); or

the adoption of the merger agreement by the stockholders of the Company has not been obtained at the special meeting or at any adjournment, recess or postponement of the special meeting taken in accordance with the merger agreement (this termination right is referred to in this proxy statement as the stockholder approval termination right); or

an order permanently restraining, enjoining or otherwise prohibiting the completion of the merger has become final and non-appealable or any law has been enacted, entered, enforced or deemed applicable to the merger that prohibits, makes illegal or enjoins the completion of the merger;

provided that the right to terminate the merger agreement pursuant to the termination provisions referred to in the preceding bullet points will not be available to any party that breached in any material respect its obligations under the merger agreement in any manner that was the primary cause of the failure of a condition to completion of the merger;

- by Blackhawk:

prior to 12:00 a.m. (New York City time) on February 10, 2018, if (1) Blackhawk is not in material breach of any of the terms of the merger agreement, (2) the Blackhawk board of directors authorizes Blackhawk, subject to complying with the terms of the merger agreement, to enter into a definitive written agreement with respect to a superior proposal, (3) Blackhawk enters into a definitive written agreement providing for such superior proposal concurrently with or immediately after the termination of the merger agreement in accordance with its terms and (4) Blackhawk, before such termination, pays to Parent in immediately available funds any fees required to be paid (as described below in the section of this proxy statement entitled *The Merger Agreement — Company Termination Fee and Expense Reimbursement*) (this termination right is referred to in this proxy statement as the superior proposal termination right); or

prior to the effective time, if Parent or Merger Sub has breached any of its representations, warranties, covenants or agreements in the merger agreement, or any such representations and warranties have become untrue, such that any of the conditions to the obligation of Blackhawk to complete the merger related to Parent's or Merger Sub's representations, warranties, covenants and agreements in the merger agreement would not be satisfied and such breach or condition is not curable, or, if curable, is not cured within the earlier of (1) 30 days after written notice is given by Blackhawk to Parent and (2) one business day before the outside date; provided that Blackhawk does not have the right to terminate the merger agreement pursuant to the termination provision referred to in this bullet point if it is in breach of the merger agreement, such that any condition to the obligations of Parent or Merger Sub to complete the merger related to Blackhawk's representations, warranties, covenants and agreements in the merger agreement would not be satisfied and the breach or condition is not curable, or, if curable, is not cured within the earlier of (1) 30 days after written notice is given by Parent to Blackhawk and (2) one business day before the outside date (this termination right is referred to in this proxy statement as the parent breach termination right); or

prior to the effective time, if (1) the marketing period has ended and all of the conditions to the obligation of Parent to complete the merger have been satisfied or waived (other than those that, by their nature, are to be satisfied at the closing, each of which is capable of being satisfied if the closing were to occur), (2) Blackhawk has irrevocably confirmed by written notice to Parent that (i) all conditions to the obligation of Blackhawk to complete the merger have been satisfied (other than those that, by their nature, are to be satisfied at the closing) or that it would be willing to waive any unsatisfied conditions, and (ii) it is ready, willing, and able to complete the closing and (3) Parent fails to complete the closing within two business days following the later of (i) the date the closing was required to have occurred and (ii) delivery of such confirmation (this termination right is referred to in this proxy statement as the failure to close termination right); or

TABLE OF CONTENTS

- by Parent:
  prior to the time the requisite company vote is obtained, if (1) the Blackhawk board of directors has made a change of recommendation, (2) Blackhawk or any of its subsidiaries has committed a willful and material breach of the non-solicitation provisions in the merger agreement or (3) the Blackhawk board of directors has authorized Blackhawk to enter into an alternative acquisition agreement (as described below in the section of this proxy statement entitled *The Merger Agreement — Acquisition Proposals; No Solicitation — Change in Board Recommendation*) with respect to a superior proposal (this termination right is referred to in this proxy statement as the change of recommendation termination right); or
  prior to the time the requisite company vote is obtained, if a tender offer or exchange offer for outstanding shares of Company common stock has been publicly disclosed and, before the earlier of (1) three business days prior to the date of the special meeting or the date of any adjournment, recess or postponement of the special meeting and (2) eleven business days after the commencement of such tender or exchange offer pursuant to Rule 14d-2 under the Exchange Act, the Blackhawk board of directors fails to recommend unequivocally against acceptance of such offer (this termination right is referred to in this proxy statement as the tender offer recommendation termination right); or
  prior to the effective time, if Blackhawk has breached any of its representations, warranties, covenants or agreements in the merger agreement, or any such representations and warranties have become untrue, such that any of the conditions to the obligations of Parent or Merger Sub to complete the merger related to Blackhawk's representations, warranties, covenants and agreements in the merger agreement would not be satisfied and such breach or condition is not curable, or, if curable, is not cured within the earlier of (1) 30 days after written notice is given by Parent to Blackhawk and (2) one business day before the outside date; provided that Parent does not have the right to terminate the merger agreement pursuant to the termination provision referred to in this bullet point if it is in breach of the merger agreement, such that any condition to the obligation of Blackhawk to complete the merger related to Parent's or Merger Sub's representations, warranties, covenants and agreements in the merger agreement would not be satisfied and the breach or condition is not curable, or, if curable, is not cured within the earlier of (1) 30 days after written notice is given by Blackhawk to Parent and (2) one business day before the outside date (this termination right is referred to in this proxy statement as the Blackhawk breach termination right).

Company Termination Fee and Expense Reimbursement (page 76)

In the following circumstances, Blackhawk will pay designees notified to Blackhawk by Parent a termination fee in an amount equal to $109,000,000 (referred to in this proxy statement as the company termination fee):

- if the following two conditions are satisfied:
  (1) the merger agreement is terminated (i) by either Blackhawk or Parent pursuant to the outside date termination right, (ii) by either Blackhawk or Parent pursuant to the stockholder approval termination right or (iii) by Parent pursuant to the Blackhawk breach termination right, and
  (2) (i) before the requisite company vote is obtained an acquisition proposal has been made known to the Blackhawk board of directors, Blackhawk or any of its subsidiaries or has been publicly made or disclosed or any person has publicly announced an intention (whether or not conditional) to make an acquisition proposal with respect to Blackhawk or any of its subsidiaries and (ii) within twelve months of such termination, (x) Blackhawk or any of its subsidiaries has entered into an alternative acquisition agreement with respect to, or has completed, approved or recommended to the Company's stockholders or otherwise not opposed, an acquisition proposal (whether or not such acquisition proposal is the same acquisition proposal referred to in clause (2)(i)) or (y) an acquisition proposal has been completed (whether or not such acquisition proposal is the same acquisition proposal referred to in clause (2)(i)) (substituting in both instances 50% for 15% in the definition of acquisition proposal); or
- if the merger agreement is terminated by Parent pursuant to the change of recommendation termination right or the tender offer recommendation termination right; or

TABLE OF CONTENTS

- if the merger agreement is terminated by Blackhawk pursuant to the superior proposal termination right, except the company termination fee will be $81,700,000 if the merger agreement is terminated pursuant to the superior proposal termination right and the fee is paid on or prior to 12:00 a.m. (New York City time) on February 10, 2018.

Blackhawk will reimburse the P2 Manager and Silver Lake Management Company V, L.L.C. (or their respective designees) for the documented out-of-pocket expenses incurred by Parent or Merger Sub in connection with the merger agreement and the transactions contemplated by the merger agreement including the financing (including fees and expenses of counsel, accountants, investment bankers, other advisors and financing sources) (1) subject to an aggregate cap on reimbursement of $6,800,000, if Blackhawk or Parent terminates the merger agreement pursuant to the stockholder approval termination right, Blackhawk terminates the merger agreement pursuant to the superior proposal termination right or Parent terminates the merger agreement pursuant to the change of recommendation termination right, the tender offer recommendation termination right or the Blackhawk breach termination right and the company termination fee is payable by Blackhawk as a result of such termination, or (2) subject to an aggregate cap on reimbursement of $27,200,000, if Blackhawk or Parent terminates the merger agreement pursuant to the stockholder approval termination right at a time when neither the company termination fee nor the parent termination fee is otherwise payable (although damages may still be payable by Blackhawk).

Parent Termination Fee (page 77)

Parent will pay Blackhawk a termination fee in an amount equal to $136,200,000 (referred to in this proxy statement as the parent termination fee) if the merger agreement is terminated by Blackhawk pursuant to the parent breach termination right or the failure to close termination right.

Market Price of the Company Common Stock (page 81)

The Company common stock is listed on the NASDAQ under the symbol HAWK. The closing sale price of our common stock on January 12, 2018, the last trading day prior to the execution of the merger agreement, was $36.50 per share. On February 28, 2018, the most recent practicable date before the filing of this proxy statement, the closing price for our common stock was $44.75 per share. You are encouraged to obtain current market quotations for our common stock in connection with voting your shares of common stock.

TABLE OF CONTENTS

QUESTIONS AND ANSWERS ABOUT THE SPECIAL MEETING AND THE MERGER

The following questions and answers address briefly some questions you may have regarding the special meeting and the proposals to be voted on at the special meeting. These questions and answers may not address all of the questions that may be important to you as a stockholder of the Company. Please refer to the more detailed information contained elsewhere in this proxy statement, the annexes to this proxy statement and the documents referred to or incorporated by reference in this proxy statement, which you should read carefully and in their entirety. You may obtain the documents incorporated by reference into this proxy statement without charge by following the instructions in the section of this proxy statement entitled Where You Can Find Additional Information.

Q: Why am I receiving this proxy statement?

A: On January 15, 2018, the Company entered into a merger agreement providing for the acquisition of the Company by Parent in a merger for a price of $45.25 per share in cash, without interest and subject to required withholding taxes. You are receiving this proxy statement in connection with the solicitation of proxies by the Blackhawk board of directors in favor of the proposal to adopt the merger agreement and to approve the other related proposals to be voted on at the special meeting.

Q: As a stockholder of Blackhawk, what will I receive in the merger?

A: If the merger is completed you will receive $45.25 in cash, without interest and subject to required withholding taxes, for each issued and outstanding share of common stock that you own immediately prior to the effective time unless you have perfected and not withdrawn a demand for (or otherwise lost your right to) your appraisal rights in accordance with Section 262 of the DGCL with respect to such shares.

Q: When and where is the special meeting?

A: The special meeting will be held at Blackhawk's executive offices at 6220 Stoneridge Mall Road, Pleasanton, CA 94588, on March 30, 2018, at 8:00 a.m. local time.

Q: Who is entitled to vote at the special meeting?

A: Only holders of record of Blackhawk common stock as of the close of business on February 28, 2018, the record date for the special meeting, are entitled to receive these proxy materials and to vote their shares at the special meeting. Each share of Blackhawk common stock issued and outstanding as of the close of business on the record date will be entitled to one vote on each matter submitted to a vote at the special meeting.

Q: What matters will be voted on at the special meeting?

A: At the special meeting, you will be asked to consider and vote on the following proposals:

- to adopt the merger agreement;
- to approve, on an advisory (non-binding) basis, certain compensation that may be paid or become payable to the named executive officers of the Company in connection with the merger; and
- to approve the adjournment of the special meeting, if necessary or appropriate, including to solicit additional proxies if there are insufficient votes at the time of the special meeting to approve the proposal to adopt the merger agreement or in the absence of a quorum.

Q: How do I attend the special meeting?

A: If you plan to attend the special meeting in person, you must provide proof of ownership of Blackhawk common stock as of the close of business on the record date, such as an account statement indicating ownership on that date, and a form of personal identification for admission to the meeting. If you hold your shares in street name, and you also wish to be able to vote at the meeting, you must obtain a legal proxy, executed in your favor, from your bank, broker or other nominee.

Q: How many shares are needed to constitute a quorum?

A: A quorum will be present if holders of a majority in voting power of the shares of capital stock of the Company issued and outstanding and entitled to vote at the special meeting are present in person or represented by proxy at the special meeting. If a quorum is not present at the special meeting, the special meeting may be adjourned from time to time until a quorum is present.

14

TABLE OF CONTENTS

As of the close of business on February 28, 2018, the record date for the special meeting, there were 56,805,674 shares of common stock issued and outstanding.

If you submit a proxy but fail to provide voting instructions or abstain on any of the proposals listed on the proxy card, your shares will be counted for the purpose of determining whether a quorum is present at the special meeting.

If your shares are held in street name by your broker, bank or other nominee and you do not instruct the nominee how to vote your shares, your broker, bank or other nominee will not vote on your behalf with respect to any of the proposals, and your shares will not be counted for purposes of determining whether a quorum is present for the transaction of business at the special meeting.

Q: What vote of Blackhawk stockholders is required to adopt the merger agreement?

A: Adoption of the merger agreement requires the affirmative vote of a majority of the shares of common stock outstanding at the close of business on the record date for the special meeting.

An abstention with respect to the proposal to adopt the merger agreement, or a failure to vote your shares of common stock (including a failure to instruct your broker, bank or other nominee to vote shares held on your behalf), will have the same effect as a vote **AGAINST** this proposal.

Q: What vote of Blackhawk stockholders is required to approve the other proposals to be voted upon at the special meeting?

A: Each of (1) the advisory (non-binding) proposal to approve certain compensation that may be paid or become payable to the named executive officers of the Company in connection with the merger and (2) the proposal to adjourn the special meeting, if necessary or appropriate, including to solicit additional proxies or in the absence of a quorum, requires the affirmative vote of the holders of a majority in voting power of the shares of common stock present in person or by proxy at the special meeting and entitled to vote thereon.

An abstention with respect to either proposal will have the same effect as a vote **AGAINST** these proposals. A failure to return your proxy card or otherwise vote your shares of common stock (including a failure of your broker, bank or other nominee to vote shares held on your behalf), will have no effect on these proposals, assuming a quorum is present.

Q: How does the Blackhawk board of directors recommend that I vote?

A: The Blackhawk board of directors unanimously recommends that Blackhawk stockholders vote:

- **FOR** the proposal to adopt the merger agreement;
- **FOR** the advisory (non-binding) proposal to approve certain compensation that may be paid or become payable to the named executive officers of the Company in connection with the merger; and
- **FOR** the proposal regarding adjournment of the special meeting.

For a discussion of the factors that the Blackhawk board of directors considered in determining to recommend in favor of the adoption of the merger agreement, see the section of this proxy statement entitled *The Merger — Reasons for the Merger; Recommendation of the Blackhawk Board of Directors*. In addition, in considering the recommendation of the Blackhawk board of directors with respect to the merger agreement, you should be aware that some of our directors and executive officers have interests that may be different from, or in addition to, the interests of Blackhawk stockholders generally. For a discussion of these interests, see the section of this proxy statement entitled *The Merger — Interests of Blackhawk s Directors and Executive Officers in the Merger*.

Q: How do Blackhawk's directors and officers intend to vote?

A: The Company's directors and executive officers have informed us that they intend to vote their shares of Company common stock in favor of the proposal to adopt the merger agreement and the other proposals to be considered at the special meeting, although they have no obligation to do so. As of the close of business on the record date, our directors and executive officers owned and were entitled to vote, in the aggregate, approximately 700,491 shares of

Company common stock, or approximately 1.23% of the issued and outstanding shares of Company common stock entitled to vote at the special meeting.

15

TABLE OF CONTENTS

Q: Have any stockholders already agreed to approve the merger?

A: Yes. On January 15, 2018, Parent entered into a voting and support agreement with the P2 Parties, pursuant to which the P2 Stockholders agreed, among other things, to vote the shares of Company common stock over which they have voting power in favor of the adoption of the merger agreement, approval of the merger and the transactions contemplated by the merger agreement and in favor of any other matter submitted to the Company's stockholders necessary to consummate the merger. As of the close of business on February 28, 2018, the record date for the special meeting, the P2 Stockholders owned 3,000,000 shares, or approximately 5.28% of the shares of Company common stock outstanding and entitled to vote at the special meeting. See the section of this proxy statement entitled *The Merger — Voting and Support Agreement*.

Q: Am I entitled to rights of appraisal under the DGCL?

A: If the merger is completed, stockholders who do not vote in favor of the adoption of the merger agreement and who properly demand appraisal of their shares will be entitled to appraisal rights in connection with the merger under Section 262 of the DGCL. This means that holders of shares of our common stock are entitled to have their shares appraised by the Delaware Court of Chancery and to receive payment in cash of the fair value of their shares of common stock, exclusive of any elements of value arising from the accomplishment or expectation of the merger, together with interest on the amount determined to be fair value, if any, as determined by the court. Stockholders who wish to seek appraisal of their shares are in any case encouraged to seek the advice of legal counsel with respect to the exercise of appraisal rights due to the complexity of the appraisal process. The DGCL requirements for exercising appraisal rights are described in additional detail in this proxy statement, and the relevant section of the DGCL regarding appraisal rights is reproduced in Annex C to this proxy statement. See the section of this proxy statement entitled *Appraisal Rights*.

Q: When is the merger expected to be completed?

A: As of the date of this proxy statement, we expect to complete the merger by mid-2018. However, completion of the merger is subject to the satisfaction or waiver of the conditions to the completion of the merger, which are described in this proxy statement, and we cannot be certain when or if the conditions to the merger will be satisfied or, to the extent permitted, waived.

Q: What happens if the merger is not completed?

A: If the merger agreement is not adopted by the Company's stockholders, or if the merger is not completed for any other reason, the Company's stockholders will not receive any payment for their shares of common stock in connection with the merger. Instead, the Company will remain a public company, and shares of our common stock will continue to be registered under the Exchange Act, as well as listed and traded on the NASDAQ. In the event that either Blackhawk or Parent terminates the merger agreement, then, in certain specified circumstances, Blackhawk may be required to pay Parent a termination fee in an amount equal to $109,000,000 or Parent may be required to pay Blackhawk a termination fee in an amount equal to $136,200,000. In addition, if the merger agreement is terminated under certain specified circumstances and the company termination fee is payable by Blackhawk as a result of such termination, Blackhawk will reimburse expenses incurred by Parent or Merger Sub up to $6,800,000 or, if Blackhawk or Parent terminates the merger agreement pursuant to the stockholder approval termination right at a time when neither the company termination fee nor the parent termination fee is otherwise payable, Blackhawk will reimburse expenses incurred by Parent or Merger Sub up to $27,200,000. See the sections of this proxy statement entitled *The Merger Agreement — Company Termination Fee and Expense Reimbursement* and *The Merger Agreement — Parent Termination Fee.*

Q: Why am I being asked to consider and cast a vote on the advisory (non-binding) proposal on certain compensation that may be paid or become payable to the Company's named executive officers in connection with the merger? What will happen if stockholders do not approve this proposal?

A: The inclusion of this proposal is required by the rules of the Securities and Exchange Commission (referred to in this proxy statement as the SEC); however, the approval of this proposal is not a condition to the completion of the merger and the vote on this proposal is an advisory vote by stockholders and will not be binding on the Company or Parent. If the merger agreement is adopted by the Company's stockholders and the merger is completed, the merger-related compensation will be paid to the Company's named executive officers in accordance with the terms

of their compensation agreements and arrangements even if stockholders fail to approve this proposal.

16

TABLE OF CONTENTS

Q: What do I need to do now? How do I vote my shares of common stock?

A: We urge you to, and you should, read this entire proxy statement carefully, including its annexes and the documents incorporated by reference in this proxy statement, and consider how the merger affects you. Your vote is important, regardless of the number of shares of common stock you own.

Voting in Person

Stockholders of record will be able to vote in person at the special meeting. If you are not a stockholder of record but instead hold your shares of common stock in street name through a broker, bank or other nominee, you must provide a legal proxy executed in your favor from your broker, bank or other nominee in order to be able to vote in person at the special meeting.

It is not necessary to attend the special meeting in order to vote your shares. To ensure that your shares of common stock are voted at the special meeting, we recommend that you provide voting instructions promptly by proxy, even if you plan to attend the special meeting in person.

Attending the special meeting in person does not itself constitute a vote on any proposal.

Shares of Common Stock Held by Record Holder

You can ensure that your shares are voted at the special meeting by submitting your proxy via:

- mail, by completing, signing and dating the enclosed proxy card and returning it in the enclosed postage-paid envelope;
- telephone, by using the toll-free number 1-800-690-6903; or
- the Internet, at www.proxyvote.com.

The telephone and Internet voting facilities for stockholders of record will close at 8:59 p.m. PDT on March 29, 2018.

If you sign, date and return your proxy card without indicating how you wish to vote, your proxy will be voted **FOR** (1) the proposal to adopt the merger agreement, (2) the advisory (non-binding) proposal to approve certain compensation that may be paid or become payable to the named executive officers of the Company in connection with the merger and (3) the proposal to adjourn the special meeting, if necessary or appropriate, including to solicit additional proxies if there are insufficient votes at the time of the special meeting to approve the proposal to adopt the merger agreement or in the absence of a quorum.

We encourage you to vote by proxy even if you plan on attending the special meeting.

A failure to vote or an abstention will have the same effect as a vote **AGAINST** the adoption of the merger agreement.

Shares of Common Stock Held in Street Name

If you hold your shares in street name through a broker, bank or other nominee, you should follow the directions provided by your broker, bank or other nominee regarding how to instruct your broker, bank or other nominee to vote your shares. Without those instructions, your shares will not be voted, which will have the same effect as a vote **AGAINST** the proposal to adopt the merger agreement.

Q: Can I revoke my proxy?

A: Yes. You can revoke your proxy before the vote is taken at the special meeting. If you are a stockholder of record, you may revoke your proxy by notifying the Company's Secretary in writing to the Company, in care of the General

Counsel and Secretary, at Blackhawk Network Holdings, Inc., 6220 Stoneridge Mall Road, Pleasanton, CA 94588, or by submitting a new proxy with a later date, by using the telephone or Internet proxy submission procedures described above at any time up to 8:59 p.m. PDT on March 29, 2018, or by completing, signing, dating and returning a new proxy card by mail to the Company. In addition, you may revoke your proxy by attending the special meeting and voting in person; however, simply attending the special meeting will not cause your proxy to be revoked. Please note that if you want to revoke your proxy by mailing a new proxy card to the Company or by sending a written notice of revocation to the Company, you should ensure that you send your new proxy card or written notice of revocation in sufficient time for it to be received by the Company before the special meeting.

TABLE OF CONTENTS

If you hold your shares in street name and you have instructed a broker, bank or other nominee to vote your shares, you should instead follow the instructions received from your broker, bank or other nominee to revoke your prior voting instructions. If you hold your shares in street name, you may also revoke a prior proxy by voting in person at the special meeting if you obtain a legal proxy executed in your favor from your broker, bank or other nominee in order to be able to vote in person at the special meeting.

Q: What happens if I do not vote or if I abstain from voting on the proposals?

A: The requisite number of shares to approve the proposal to adopt the merger agreement is based on the total number of shares of Company common stock outstanding as of the close of business on record date, not just the shares that are voted. If you do not vote, or abstain from voting, on the proposal to adopt the merger agreement, or if you hold your shares in street name and fail to give voting instructions to your broker, bank or other nominee, it will have the same effect as a vote **AGAINST** the proposal to adopt the merger agreement.

The requisite number of shares to approve the other two proposals is based on the total number of shares of common stock present in person or by proxy at the special meeting and entitled to vote thereon. If you abstain from voting on (1) the advisory (non-binding) proposal to approve certain compensation that may be paid or become payable to the named executive officers of the Company in connection with the merger and (2) the proposal regarding adjournment of the special meeting, it will have the same effect as a vote **AGAINST** these proposals. If you do not return your proxy card or otherwise fail to vote your shares of common stock (including a failure of your broker, bank or other nominee to vote shares held on your behalf), it will have no effect on these proposals, assuming a quorum is present.

Q: Will my shares of common stock held in street name or held in another form of record ownership be combined for voting purposes with shares I hold of record?

A: No. Because any shares of common stock you may hold in street name will be deemed to be held by a different stockholder (that is, your broker, bank, or other nominee) than any shares of common stock you hold of record, any shares of common stock held in street name will not be combined for voting purposes with shares of common stock held of record. Similarly, if you own shares of common stock in various registered forms, such as jointly with your spouse, as trustee of a trust or as custodian for a minor, you will receive, and will need to sign, date and return, a separate proxy card for those shares of common stock because they are held in a different form of record ownership. Shares of common stock held by a corporation or business entity must be voted by an authorized officer of the entity. Please indicate title or authority when completing and signing the proxy card.

Q: What does it mean if I get more than one proxy card or voting instruction card?

A: If your shares of common stock are registered differently or are held in more than one account, you will receive more than one proxy card or voting instruction card. Please complete and return all of the proxy cards and voting instruction cards you receive (or submit each of your proxies by telephone or the Internet) to ensure that all of your shares of common stock are voted.

Q: What happens if I sell my shares of common stock before completion of the merger?

A: In order to receive the per share merger consideration, you must hold your shares of common stock through completion of the merger. Consequently, if you transfer your shares of common stock before completion of the merger, you will have transferred your right to receive the per share merger consideration.

The record date for stockholders entitled to vote at the special meeting is earlier than the completion of the merger. If you transfer your shares of common stock after the close of business on the record date but before the closing of the merger, you will have the right to vote at the special meeting but not the right to receive the per share merger consideration.

Q: If the merger is completed, how do I obtain the per share merger consideration for my shares of common stock?

A: Following the completion of the merger, your shares of common stock will automatically be converted into the right to receive your portion of the per share merger consideration. After the merger is completed, you will receive a letter of transmittal and related materials from the paying agent for the merger with detailed written

18

TABLE OF CONTENTS

instructions for exchanging your shares of common stock evidenced by stock certificates or book-entry shares for the per share merger consideration. If your shares of common stock are held in street name by your broker, bank or other nominee, you may receive instructions from your broker, bank or other nominee as to what action, if any, you need to take to effect the surrender of your street name shares in exchange for the per share merger consideration.

Q: Should I send in my stock certificates or other evidence of ownership now?

A: No. **You should not return your stock certificates or send in other documents evidencing ownership of common stock with the proxy card.** If the merger is completed, the paying agent for the merger will send you a letter of transmittal and related materials and instructions for exchanging your shares of common stock for the per share merger consideration.

Q: Is the merger expected to be taxable to me?

A: The receipt of cash by U.S. holders in exchange for shares of common stock pursuant to the merger will generally be a taxable transaction for U.S. federal income tax purposes, and may also be a taxable transaction under applicable state, local or foreign income or other tax laws. In general, for U.S. federal income tax purposes, a U.S. holder who receives cash in exchange for shares of common stock pursuant to the merger will recognize capital gain or loss in an amount equal to the difference, if any, between (1) the amount of cash received and (2) the U.S. holder's adjusted tax basis in such shares. See *The Merger — Material U.S. Federal Income Tax Consequences of the Merger* for a more complete discussion of the U.S. federal income tax consequences of the merger. You should consult your own tax advisor regarding the particular tax consequences to you of the exchange of shares of common stock for cash pursuant to the merger in light of your particular circumstances (including the application and effect of any state, local or foreign income and other tax laws).

Q: What is householding and how does it affect me?

A: The SEC permits companies to send a single set of proxy materials to any household at which two or more stockholders reside, unless contrary instructions have been received, but only if the company provides advance notice and follows certain procedures. In such cases, each stockholder continues to receive a separate notice of the meeting and proxy card. Certain brokerage firms may have instituted householding for beneficial owners of common stock held through brokerage firms. If your family has multiple accounts holding common stock, you may have already received a householding notification from your broker. Please contact your broker directly if you have any questions or require additional copies of this proxy statement. The broker will arrange for delivery of a separate copy of this proxy statement promptly upon your written or oral request. You may decide at any time to revoke your decision to household, and thereby receive multiple copies.

Q: Where can I find more information about Blackhawk?

A: You can find more information about us from various sources described in the section of this proxy statement entitled *Where You Can Find Additional Information*.

Q: Who will solicit and pay the costs of soliciting proxies?

A: The Blackhawk board of directors is soliciting your proxy, and the Company will bear the costs of this solicitation. This includes the charges and expenses of brokerage firms and others for forwarding solicitation material to beneficial owners of Blackhawk's outstanding common stock. The Company has retained Innisfree M&A Incorporated, a proxy solicitation firm, to assist the Blackhawk board of directors in the solicitation of proxies for the special meeting, and we expect to pay Innisfree M&A Incorporated approximately $20,000, plus reimbursement of out-of-pocket expenses. Proxies may be solicited by mail, personal interview, e-mail, telephone or via the Internet or, without additional compensation, by certain of the Company's directors, officers and employees.

TABLE OF CONTENTS

Q: Who can help answer my other questions?

A: If you have more questions about the merger, or require assistance in submitting your proxy or voting your shares or need additional copies of the proxy statement or the enclosed proxy card, please contact Innisfree M&A Incorporated, which is acting as the proxy solicitation agent for the Company in connection with the merger, at the telephone numbers, email address or address below.

Innisfree M&A Incorporated
Banks and Brokerage Firms Call: (212) 750-5833
Stockholders Call Toll Free: (888) 750-5834

If your broker, bank or other nominee holds your shares, you should also call your broker, bank or other nominee for additional information.

TABLE OF CONTENTS

CAUTIONARY STATEMENTS REGARDING FORWARD-LOOKING INFORMATION

Certain statements contained in this proxy statement, and the documents incorporated by reference in this proxy statement, may constitute forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 (referred to in this proxy statement as the Securities Act) and Section 21E of the Securities Exchange Act of 1934. Also, documents we subsequently file with the SEC and incorporate by reference may contain forward-looking statements. Forward-looking statements are indicated by words or phrases such as guidance, believes, expects, intends, forecasts, can, could, may, anticipates, estimates, plans, projects, seeks, should, targ continuing, ongoing, and similar words or phrases and the negative of such words and phrases. Forward-looking statements are based on the Company s current plans and expectations and involve risks and uncertainties which are, in many instances, beyond the Company s control, and which could cause actual results to differ materially from those included in or contemplated or implied by the forward-looking statements. In addition to other factors and matters contained in or incorporated by reference in this document, we believe such risks and uncertainties include the following:

- the occurrence of any event, change or other circumstance that could give rise to the termination of the merger agreement;
- the failure to obtain the requisite company vote;
- the failure to obtain certain required regulatory approvals to the completion of the merger or the failure to satisfy any of the other conditions to the completion of the merger;
- delays in closing the merger and the possibility that the merger may not be completed at all;
- the effect of the announcement of the merger on the ability of the Company to retain and hire key personnel and maintain relationships with its partners, clients, customers, providers, advertisers, and others with whom it does business, or on its operating results and businesses generally;
- risks associated with the disruption of management’s attention from ongoing business operations due to the merger;
- limitations placed on the Company’s ability to operate its business under the merger agreement;
- the ability to meet expectations regarding the timing and completion of the merger;
- the risk that stockholder litigation in connection with the merger may affect the timing or occurrence of the merger or result in significant costs of defense, indemnification and liability;

and other risks and uncertainties described in the Company s reports and filings with the SEC, including the risks and uncertainties set forth in Item 1A under the heading Risk Factors in the Company s Annual Report on Form 10-K for the year ended December 30, 2017 filed with the SEC on February 28, 2018 and other periodic reports the Company files with the SEC. See the section of this proxy statement entitled *Where You Can Find Additional Information*.

The Company undertakes no obligation to update forward-looking statements to reflect developments or information obtained after the date they are made and disclaims any obligation to do so other than as may be required by law. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date they are made.

TABLE OF CONTENTS

THE COMPANIES

Blackhawk Network Holdings, Inc.

Blackhawk is a Delaware corporation. Blackhawk (NASDAQ: HAWK) is a global financial technology company and a leader in connecting brands and people through branded value solutions. Blackhawk platforms and solutions enable the management of branded value products, promotions and rewards programs in retail, ecommerce, financial services and mobile wallets. Blackhawk s Hawk Commerce division offers technology solutions to businesses and direct to consumers. The Hawk Incentives division offers enterprise, SMB and reseller partners an array of platforms and branded value products to incent and reward consumers, employees and sales channels. Headquartered in Pleasanton, California, Blackhawk operates in 26 countries.

Blackhawk s principal executive offices are located at 6220 Stoneridge Mall Road, Pleasanton, California 94588 and its telephone number is (925) 226-9990.

A detailed description of the Company s business is contained in the Company s Annual Report on Form 10-K for the fiscal year ended December 30, 2017 filed with the SEC on February 28, 2018, which is incorporated by reference into this proxy statement. See the section of this proxy statement entitled *Where You Can Find Additional Information.*

BHN Holdings, Inc., BHN Intermediate Holdings, Inc. and BHN Merger Sub, Inc.

Parent is a newly formed Delaware corporation. Intermediate is a newly formed Delaware corporation and a wholly owned subsidiary of Parent. Merger Sub is a newly formed Delaware corporation and a wholly owned subsidiary of Intermediate. Each of Parent, Intermediate and Merger Sub is an affiliate of SLP Equity Investor and was formed solely for the purpose of entering into the merger agreement and consummating the transactions contemplated by the merger agreement. None of Parent, Intermediate and Merger Sub has engaged in any business except for activities incidental to its formation and in connection with the transactions contemplated by the merger agreement. Upon the consummation of the merger, Merger Sub will be merged with and into the Company, and Merger Sub will cease to exist and the Company will continue as the surviving corporation, a wholly owned subsidiary of Intermediate and an indirect wholly owned subsidiary of Parent. The principal executive offices of each of Parent, Intermediate and Merger Sub are located at c/o Silver Lake Partners, 9 West 57th Street, 32nd Floor New York, NY 10019 and their telephone number is (212) 981-5600.

TABLE OF CONTENTS

THE SPECIAL MEETING

We are furnishing this proxy statement to the Company s stockholders as part of the solicitation of proxies by the Blackhawk board of directors for use at the special meeting or any adjournment or postponement thereof. This proxy statement provides the Company s stockholders with the information they need to know to be able to vote or instruct their vote to be cast at the special meeting or any adjournment or postponement thereof.

Date, Time and Place of the Special Meeting

This proxy statement is being furnished to our stockholders as part of the solicitation of proxies by the Blackhawk board of directors for use at the special meeting to be held at Blackhawk s executive offices at 6220 Stoneridge Mall Road, Pleasanton, CA 94588, on March 30, 2018, at 8:00 a.m. local time, or at any adjournment or postponement thereof.

For information regarding attending the special meeting, see *— Voting; Proxies; Revocation — Attendance*.

Purposes of the Special Meeting

At the special meeting, Blackhawk stockholders will be asked to consider and vote on the following proposals:

- to adopt the merger agreement, dated as of January 15, 2018, by and among the Company, Parent and Merger Sub (as it may be amended from time to time);
- to approve, on an advisory (non-binding) basis, certain compensation that may be paid or become payable to the Company's named executive officers in connection with the merger, the value of which is disclosed in the table in the section of this proxy statement entitled *The Merger — Interests of Blackhawk's Directors and Executive Officers in the Merger — Quantification of Potential Payments to Blackhawk's Named Executive Officers in Connection with the Merger* ; and
- to approve the adjournment of the special meeting, if necessary or appropriate, including to solicit additional proxies if there are insufficient votes at the time of the special meeting to approve the proposal to adopt the merger agreement or in the absence of a quorum.

Our stockholders must adopt the merger agreement for the merger to occur. If our stockholders fail to adopt the merger agreement, the merger will not occur. A copy of the merger agreement is attached to this proxy statement as Annex A, and certain provisions of the merger agreement are described in the section of this proxy statement entitled *The Merger Agreement*.

The vote on the named executive officer merger-related compensation proposal is a vote separate and apart from the vote on the proposal to adopt the merger agreement. Accordingly, you may vote to adopt the merger agreement and vote not to approve the named executive officer merger-related compensation proposal and vice versa. Because the vote on the named executive officer merger-related compensation proposal is advisory only, it will not be binding on either Blackhawk or Parent. Accordingly, if the merger agreement is adopted and the merger is completed, the compensation will be payable, subject only to the conditions applicable thereto under the applicable compensation agreements and arrangements, regardless of the outcome of the non-binding, advisory vote of Blackhawk s stockholders.

Only business that is specified in the notice of special meeting may be transacted at the special meeting. Any action may be taken on the items of business described above at the special meeting on the date specified above, or on any date or dates to which, by original or later adjournment, the special meeting may be adjourned.

This proxy statement and the enclosed form of proxy are first being mailed to our stockholders on or about March 2, 2018.

Record Date, Notice and Quorum

The holders of record of Blackhawk common stock as of the close of business on February 28, 2018, the record date for the special meeting, are entitled to receive notice of and to vote at the special meeting. At the close of business on the record date, 56,805,674 shares of Company common stock were outstanding and entitled to vote at the special meeting.

The presence at the special meeting, in person or represented by proxy, of the holders of a majority in voting power of the shares of capital stock of the Company issued and outstanding and entitled to vote at the special meeting

TABLE OF CONTENTS

at the close of business on the record date will constitute a quorum. Once a share is represented at the special meeting, it will be counted for purposes of determining whether a quorum is present at the special meeting. However, if a new record date is set for an adjourned special meeting, a new quorum will have to be established. Proxies received but marked as abstentions will be included in the calculation of the number of shares considered to be present at the special meeting.

Required Vote

Each share of common stock outstanding at the close of business on the record date is entitled to one vote on each of the proposals to be considered at the special meeting.

For the Company to complete the merger, Blackhawk stockholders holding a majority of the shares of Company common stock outstanding at the close of business on the record date must vote **FOR** the proposal to adopt the merger agreement. An abstention with respect to the proposal to adopt the merger agreement, or a failure to vote your shares of common stock (including a failure to instruct your broker, bank or other nominee to vote shares held on your behalf), will have the same effect as a vote **AGAINST** this proposal.

Approval of each of (1) the advisory (non-binding) proposal to approve certain compensation that may be paid or become payable to the Company s named executive officers in connection with the merger and (2) the adjournment proposal requires the affirmative vote of the holders of a majority in voting power of the shares of common stock present in person or by proxy at the special meeting and entitled to vote thereon, but is not a condition to the completion of the merger. An abstention with respect to either proposal will have the same effect as a vote **AGAINST** these proposals. A failure to return your proxy card or otherwise vote your shares of common stock (including a failure of your broker, bank or other nominee to vote shares held on your behalf), will have no effect on these proposals, assuming a quorum is present.

Stock Ownership and Interests of Certain Persons

Voting by the Company s Directors and Executive Officers

At the close of business on the record date, directors and executive officers of the Company were entitled to vote approximately 700,491 shares of Company common stock, or approximately 1.23% of the shares of Company common stock issued and outstanding on that date and entitled to vote at the special meeting. The Company s directors and executive officers have informed us that they intend to vote their shares in favor of the proposal to adopt the merger agreement and the other proposals to be considered at the special meeting, although they have no obligation to do so.

Voting and Support Agreement

On January 15, 2018, Parent entered into a voting and support agreement with the P2 Parties, pursuant to which the P2 Stockholders agreed, among other things, to vote the shares of Company common stock over which they have voting power in favor of the adoption of the merger agreement, approval of the merger and the transactions contemplated by the merger agreement and in favor of any other matter submitted to the Company s stockholders necessary to consummate the merger. In addition, each of the P2 Stockholders irrevocably granted to, and appointed, Parent and any duly appointed designee thereof as such P2 Stockholder s proxy and attorney-in-fact, for and in the name, place and stead of such P2 Stockholder, to attend any meeting of the Company s shareholders on behalf of such P2 Stockholder with respect to the matters set forth above in the preceding sentence and to vote such P2 Stockholder s shares of Company common stock in connection with any such meeting. As of the close of business on February 28, 2018, the record date for the special meeting, the P2 Stockholders owned 3,000,000 shares, or approximately 5.38% of

the shares of Company common stock outstanding and entitled to vote at the special meeting. The voting and support agreement also contains certain restrictions on the transfer of shares of common stock by the P2 Stockholders and contains a waiver of appraisal rights.

Voting; Proxies; Revocation

Attendance

All holders of shares of common stock as of the close of business on February 28, 2018, the record date, including stockholders of record and beneficial owners of common stock registered in the street name of a broker, bank or other nominee, are invited to attend the special meeting.

TABLE OF CONTENTS

To attend the special meeting in person, you must provide proof of ownership of Blackhawk common stock as of the close of business on the record date, such as an account statement indicating ownership on that date, and a form of personal identification for admission to the meeting. If you hold your shares in street name, and you also wish to be able to vote at the meeting, you must obtain a legal proxy, executed in your favor, from your bank, broker or other nominee.

Voting in Person

Stockholders of record will be able to vote in person at the special meeting. If you are not a stockholder of record, but instead hold your shares of common stock in street name through a broker, bank or other nominee, you must provide a legal proxy executed in your favor from your broker, bank or other nominee in order to be able to vote in person at the special meeting. Attending the special meeting in person does not itself constitute a vote on any proposal.

Providing Voting Instructions by Proxy

To ensure that your shares of common stock are voted at the special meeting, we recommend that you provide voting instructions promptly by proxy, even if you plan to attend the special meeting in person.

Shares of Common Stock Held by Record Holder

If you are a stockholder of record, you may provide voting instructions by proxy using one of the methods described below.

Submit a Proxy by Telephone or via the Internet. This proxy statement is accompanied by a proxy card with instructions for submitting voting instructions. You may vote by telephone by calling the toll-free number or via the Internet by accessing the Internet address specified on the enclosed proxy card. Your shares of common stock will be voted as you direct in the same manner as if you had completed, signed, dated and returned your proxy card, as described below.

Submit a Proxy Card. If you complete, sign, date and return the enclosed proxy card by mail so that it is received in time for the special meeting, your shares of common stock will be voted in the manner directed by you on your proxy card.

If you sign, date and return your proxy card without indicating how you wish to vote, your proxy will be voted in favor of each of the proposal to adopt the merger agreement, the advisory (non-binding) proposal to approve certain compensation that may be paid or become payable to the named executive officers of the Company in connection with the merger, and the proposal to adjourn the special meeting, if necessary or appropriate, including to solicit additional proxies if there are insufficient votes at the time of the special meeting to approve the proposal to adopt the merger agreement or in the absence of a quorum. If you fail to return your proxy card or vote by telephone or via the Internet, and you are a holder of record as of the close of business on the record date, unless you attend the special meeting and vote in person, your shares of common stock will not be considered present at the special meeting for purposes of determining whether a quorum is present at the special meeting, which will have the same effect as a vote AGAINST the proposal to adopt the merger agreement and, assuming a quorum is present, will have no effect on the advisory (non-binding) proposal to approve certain compensation that may be paid or become payable to the named executive officers of the Company in connection with the merger, or the vote regarding the adjournment of the special meeting, if necessary or appropriate, including to solicit additional proxies or in the absence of a quorum.

Shares of Common Stock Held in Street Name

If your shares of common stock are held by a broker, bank or other nominee on your behalf in street name, your broker, bank or other nominee will send you instructions as to how to provide voting instructions for your shares. Many brokerage firms and banks have a process for their customers to provide voting instructions by telephone or via the Internet, in addition to providing voting instructions by a voting instruction form.

In accordance with applicable stock exchange rules, brokers, banks and other nominees that hold shares of common stock in street name for their customers do not have discretionary authority to vote the shares with respect to (1) the proposal to adopt the merger agreement, (2) the advisory (non-binding) proposal to approve certain compensation that may be paid or become payable to the named executive officers of the Company in connection

TABLE OF CONTENTS

with the merger, or (3) the adjournment of the special meeting, if necessary or appropriate, including to solicit additional proxies or in the absence of a quorum. Accordingly, if brokers, banks or other nominees do not receive specific voting instructions from the beneficial owner of such shares, they cannot vote such shares with respect to these proposals. Therefore, unless you attend the special meeting in person with a properly executed legal proxy from your broker, bank or other nominee, your failure to provide instructions to your broker, bank or other nominee will result in your shares of Blackhawk common stock not being present at the meeting and not being voted on any of the proposals. As a result, a failure to vote your shares of common stock (including a failure to instruct your broker, bank or other nominee to vote shares held on your behalf) will have the same effect as a vote **AGAINST** the proposal to adopt the merger agreement, but it will have no effect on the other proposals, assuming a quorum is present.

Revocation of Proxies

Any person giving a proxy pursuant to this solicitation has the power to revoke and change it before it is voted. If you are a stockholder of record, you may revoke your proxy before the vote is taken at the special meeting by:

- submitting a new proxy with a later date, by using the telephone or Internet proxy submission procedures described above at any time up to 8:59 p.m. PDT on March 29, 2018, or by completing, signing, dating and returning a new proxy card by mail to the Company;
- attending the special meeting and voting in person; or
- delivering a written notice of revocation by mail to the Company, in care of the General Counsel and Secretary, at Blackhawk Network Holdings, Inc., 6220 Stoneridge Mall Road, Pleasanton, CA 94588.

Please note, however, that only your last-dated proxy will count. Attending the special meeting without taking one of the actions described above will not in itself revoke your proxy. Please note that if you want to revoke your proxy by mailing a new proxy card to the Company or by sending a written notice of revocation to the Company, you should ensure that you send your new proxy card or written notice of revocation in sufficient time for it to be received by the Company before the special meeting.

If you hold your shares in street name through a broker, bank or other nominee, you will need to follow the instructions provided to you by your broker, bank or other nominee in order to revoke your proxy or submit new voting instructions. If you hold your shares in street name, you may also revoke a prior proxy by voting in person at the special meeting if you obtain a legal proxy executed in your favor from your broker, bank or other nominee in order to be able to vote in person at the special meeting.

Abstentions

An abstention occurs when a stockholder attends the special meeting, either in person or represented by proxy, but abstains from voting. Abstentions will be included in the calculation of the number of shares of common stock present or represented at the special meeting for purposes of determining whether a quorum has been achieved.

Abstaining from voting will have the same effect as a vote **AGAINST** the proposal to adopt the merger agreement, a vote **AGAINST** the advisory (non-binding) proposal to approve certain compensation that may be paid or become payable to the named executive officers of the Company in connection with the merger and a vote **AGAINST** the proposal to approve the adjournment of the special meeting.

Solicitation of Proxies

The Blackhawk board of directors is soliciting your proxy, and the Company will bear the costs of this solicitation. This includes the charges and expenses of brokerage firms and others for forwarding solicitation material to beneficial owners of Blackhawk s outstanding common stock. The Company has retained Innisfree M&A Incorporated, a proxy

solicitation firm, to assist the Blackhawk board of directors in the solicitation of proxies for the special meeting, and we expect to pay Innisfree M&A Incorporated approximately $20,000, plus reimbursement of out-of-pocket expenses. Proxies may be solicited by mail, personal interview, e-mail, telephone or via the Internet or, without additional compensation, by certain of the Company s directors, officers and employees.

Adjournments and Postponements

Although it is not currently expected, the special meeting may be adjourned or postponed if necessary or appropriate, including to solicit additional proxies if there are insufficient votes at the time of the special meeting to approve the proposal to adopt the merger agreement or in the absence of a quorum.

TABLE OF CONTENTS

Holders of a majority of shares present in person or by proxy at the special meeting, whether or not constituting a quorum, and entitled to vote may adjourn the special meeting. Any adjournment may be made without notice (provided the adjournment is not for more than 30 days) by an announcement at the special meeting of the time, date and place of the adjourned meeting. If the adjournment is for more than 30 days, or if after the adjournment a new record date is fixed for the adjourned meeting, a notice of the adjourned meeting must be given to each stockholder of record entitled to vote at the meeting. Adjournments and postponements are subject to certain restrictions in the merger agreement, including that the special meeting may not be adjourned or postponed except to the extent required by applicable law and with prior notice to Parent or in certain other circumstances.

Other Information

You should not return your stock certificates or send in other documents evidencing ownership of common stock with the proxy card. If the merger is completed, the paying agent for the merger will send you a letter of transmittal and related materials and instructions for exchanging your shares of common stock for the per share merger consideration.

TABLE OF CONTENTS

THE MERGER

The description of the merger in this section and elsewhere in this proxy statement is qualified in its entirety by reference to the complete text of the merger agreement, a copy of which is attached as Annex A and is incorporated by reference into this proxy statement. This summary does not purport to be complete and may not contain all of the information about the merger that is important to you. You are encouraged to read the merger agreement carefully and in its entirety.

Certain Effects of the Merger

Pursuant to the terms of the merger agreement, if the merger agreement is adopted by the Company s stockholders and the other conditions to the closing of the merger are satisfied or waived, Merger Sub will be merged with and into the Company, with the Company surviving the merger as a wholly owned subsidiary of Parent.

Upon the terms and subject to the conditions of the merger agreement, at the effective time, each share of Company common stock issued and outstanding immediately before the effective time (other than shares owned by (1) Parent, Merger Sub or any other direct or indirect wholly owned subsidiary of Parent, and in each case not held on behalf of third parties, (2) the Company or any direct or indirect wholly owned subsidiary of the Company, and in each case not held on behalf of third parties and (3) holders of shares of Company common stock who have perfected and not withdrawn a demand for (or otherwise lost their right to), appraisal rights pursuant to Section 262 of the DGCL) will be converted into the right to receive the per share merger consideration of $45.25 in cash, without interest and subject to required withholding taxes, and will cease to be outstanding, will be cancelled and will cease to exist, upon surrender of certificates or book-entry shares.

The Company common stock is currently registered under the Exchange Act and is listed on the NASDAQ under the symbol HAWK. As a result of the merger, the Company will cease to be a publicly traded company and will be an indirect wholly owned subsidiary of Parent. Following the completion of the merger, the Company common stock will be delisted from the NASDAQ and deregistered under the Exchange Act, following which the Company will no longer be required to file periodic reports with the SEC with respect to its common stock in accordance with applicable laws, rules and regulations.

Background of the Merger

As part of its ongoing consideration and evaluation of its long-term prospects and strategies, the Blackhawk board of directors and senior management have regularly and formally reviewed and assessed the Company s business strategies, objectives and key initiatives, including strategic opportunities and challenges, and have considered various strategic options potentially available to the Company, all with the goal of enhancing value for the Company s stockholders. The strategic considerations have focused on, among other things, the business environment facing the Company and its industry as well as the Company s business prospects. From time to time, these strategic opportunities have included consideration of potential investment or business combination transactions and have included discussions with Silver Lake Partners, P2 Capital Partners and other financial sponsors (including the financial sponsor referred to in this proxy statement as Party A).

In mid-2017, the Company engaged in discussions with Silver Lake Partners and P2 Capital Partners (a public stockholder of the Company since September 12, 2014) regarding a potential minority private investment in the Company s equity, the proceeds of which could be used to fund future acquisitions by the Company. The Company entered into a confidentiality agreement with Silver Lake Partners on May 22, 2017, and with P2 Capital Partners on May 25, 2017.

Also in mid-2017, Sandler O Neill & Partners, L.P. began acting as the Company s financial advisor in connection with its consideration of potential alternatives to fund the Company s acquisition strategy, including a potential minority investment by Silver Lake Partners and P2 Capital Partners, as well as to review potential acquisitions by the Company.

Between May 22 and October 11, 2017, the Company, Silver Lake Partners and P2 Capital Partners continued to discuss a potential minority private investment in the Company s equity.

TABLE OF CONTENTS

On October 11, 2017, the Company announced its third quarter results and informed its shareholders and investors that it now expected that its adjusted EBITDA results for the fourth quarter and fiscal year 2017 would be below the midpoint of its previously disclosed guidance for such results and that the U.S. physical retail environment would remain challenging. In the day following this announcement, the Company stock price decreased from $44.20 on October 11, 2017 to $35.15 on October 12, 2017.

On October 18 2017, Michael Bingle, Managing Partner and Managing Director of Silver Lake Partners, and Alexander Silver, a Partner at P2 Capital Partners, contacted Talbott Roche, the Chief Executive Officer and President of the Company, to express interest in an acquisition of the Company by Silver Lake Partners and P2 Capital Partners. Ms. Roche indicated that the Company had not been considering a sale, but would discuss any bona fide offer with the Blackhawk board of directors.

On October 20, 2017, Silver Lake Partners and P2 Capital Partners (referred to in this proxy statement as the Sponsors) submitted a non-binding indication of interest in acquiring the Company (referred to in this proxy statement as the October indication of interest) at a valuation range of $47.00 – $49.00 per share of common stock, payable in cash, which represented a premium of approximately 37 – 43% over the $34.20 closing price of Company common stock on October 19, 2017. The October indication of interest noted, among other things, that the Sponsors would need to complete due diligence and arrange the necessary financing before being in a position to enter into definitive transaction documents. The October indication of interest stated that the Sponsors would only pursue a transaction with the full support of the Blackhawk board of directors and indicated that the Sponsors would permit the Company to engage in a customary post-signing go-shop process. It also requested that the Company enter into a three week exclusive negotiations period.

Over the next several days, Talbott Roche, the Chief Executive Officer of the Company, and William Y. Tauscher, the Executive Chairman of the Blackhawk board of directors of the Company, discussed the October indication of interest with members of the Blackhawk board of directors. Based on the feedback received from members of the Blackhawk board of directors, the Company notified Silver Lake Partners that it was willing to allow the Sponsors to conduct preliminary due diligence with respect to the Company. On October 25, 2017, the Company entered into an amendment to its May 22, 2017 confidentiality agreement with Silver Lake Partners to provide for the sharing of information with respect to a potential acquisition of the Company. That same day, the Company also entered into a customary confidentiality agreement with P2 Capital Partners, which replaced the confidentiality agreement entered into on May 25, 2017. However, the Company did not enter into an exclusivity agreement with the Sponsors.

On November 6, 2017, a special telephonic meeting of the Blackhawk board of directors was held, which was attended by representatives of Sandler O Neill, and Wachtell, Lipton, Rosen & Katz (referred to in this proxy statement as Wachtell Lipton), the Company s legal counsel. The Company s senior management and representatives from Sandler O Neill reviewed with the Blackhawk board of directors the terms of the October indication of interest. Members of management also provided an overview of the status of the Sponsors due diligence and discussions with the Sponsors regarding the potential timing and process for negotiating a potential transaction in the event that the Blackhawk board of directors determined to consider such a transaction. Among other things, management noted that the Sponsors had deferred any discussions regarding transaction price until after the preliminary due diligence review had been completed, and that Silver Lake had indicated that it would meet internally on November 20, 2017, to determine whether to submit an updated indication of interest to acquire the Company. Representatives from Sandler O Neill discussed with the Blackhawk board of directors its preliminary financial analyses with respect to a potential transaction with the Sponsors. Representatives of Wachtell Lipton discussed the Blackhawk board of directors fiduciary duties in connection with its evaluation of the proposal. Management also noted that the Company was currently preparing its 2018 fiscal year plan, which would form the basis of management s expectations for 2018 performance. After full discussion, the Blackhawk board of directors indicated that it supported management further investigating the potential transaction and determined to meet again during the week of November 20, 2017.

From October 30 through November 20, 2017, the Company provided preliminary diligence information to the Sponsors during in-person and telephonic meetings with members of the Company s senior management team. During the management meetings, the Sponsors were provided with an overview of the Company s business and operations and certain financial information and other preliminary due diligence materials regarding the Company.

TABLE OF CONTENTS

On November 21, 2017, a special telephonic meeting of the Blackhawk board of directors was held, which was attended by representatives of Sandler O Neill and Wachtell Lipton. The Company s senior management discussed with the Blackhawk board of directors the status of the Company s 2018 fiscal year plan and noted that the Company s performance in 2018 was likely to be lower than expected levels, as the Company faced challenges in its U.S. retail sector that would limit organic growth, including as a result of the renewal of a contract with a key retail partner on terms that were significantly less favorable than the terms of the previous contract. Management also noted that the long-term forecast provided to the Sponsors did not reflect the revised expectations regarding the Company s 2018 performance, but that management had provided the Sponsors with a general overview of potential factors affecting the Company s future performance. Representatives from Sandler O Neill also discussed with the Blackhawk board of directors its preliminary financial analysis of the proposed transaction using, at the Company s direction, a forecasted range of estimated fiscal year 2018 Adjusted EBITDA of $240 million to $280 million (as further discussed in — *Certain Blackhawk Unaudited Prospective Financial Information*), which range reflected the challenges and uncertainties discussed with the board. Sandler O Neill also discussed the potential risks and benefits of pursuing a transaction with the Sponsors or others or pursuing the Company s strategy as a standalone public company.

Following the Blackhawk board meeting on November 21, 2017, Ms. Roche and Mr. Bingle discussed the transaction process. Mr. Bingle provided an update on the status of the Sponsors diligence review and Ms. Roche indicated that the Company would continue to engage with the Sponsors on due diligence. Mr. Bingle did not provide an updated valuation range. Between November 21 and December 11, 2017, the Sponsors continued to perform preliminary due diligence on the Company, including additional in-person and telephonic meetings with members of the Company s senior management.

On December 4, 2017, a regularly scheduled meeting of the Blackhawk board of directors was held to review the Company s preliminary fiscal year 2018 plan prepared by management, which was also attended by representatives of Sandler O Neill and Wachtell Lipton. The Company s senior management discussed with the Blackhawk board of directors a variety of topics relating to the Company s strategic direction, including the competitive landscape facing the Company; trends, opportunities, challenges, and risks that the Company faced; the Company s financial performance; and strategic initiatives. Representatives of Sandler O Neill and representatives of Wachtell Lipton also discussed the current status of discussions with the Sponsors, including that the Sponsors had indicated that their diligence efforts were ongoing, and they were not yet ready to submit an updated indication of interest, and discussed both the opportunities and challenges of pursuing a transaction with the Sponsors at that time. Sandler O Neill also provided an updated preliminary financial analysis with respect to the Company, which reflected management s revised fiscal year 2018 Adjusted EBITDA estimate of $260 million (as further discussed in — *Certain Blackhawk Unaudited Prospective Financial Information*).

On December 10, 2017, representatives from Sandler O Neill spoke with representatives of Silver Lake Partners regarding the Sponsors anticipated updated non-binding indication of interest. Silver Lake Partners indicated that, given information that the Company had provided to the Sponsors through due diligence, including regarding the Company s financial performance and future prospects at a more detailed level than had previously been made available prior to the submission of the October indication of interest, the Sponsors expected to provide an updated indication of interest at a valuation range that was lower than the $47.00 – $49.00 valuation range set forth in the October indication of interest. Representatives from Sandler O Neill indicated that based on its conversations with the Company, Sandler O Neill believed that the Blackhawk board of directors might not support a transaction at a price per share that was significantly lower than the initial valuation range, and encouraged Silver Lake Partners to make its best possible offer.

On December 11, 2017, the Sponsors submitted a non-binding indication of interest in acquiring the Company (referred to in this proxy statement as the December indication of interest) at a valuation range of $44.00 – $45.00 per share of common stock, payable in cash, which represented a premium of approximately 28% – 31% over the $34.25

closing price of Company common stock on the last preceding business day, December 8, 2017. The December indication of interest stated that the decreased offer price was based on the results of the Sponsors due diligence review, including with respect to challenges that the Company expected to face in its U.S. end market and the Company s lowered expectations for its performance over the next several years. The December indication of interest again requested that the Company enter into a three week exclusive negotiations period with the Sponsors.

On December 13, 2017, a special telephonic meeting of the Blackhawk board of directors was held, which representatives of Sandler O Neill and Wachtell Lipton attended. Members of the Company s senior management

TABLE OF CONTENTS

team discussed the Company s strategies and prospects as a stand-alone company, including the opportunities and challenges associated with pursuing the Company s strategy as a public company. Representatives from Sandler O Neill then reviewed the terms of the Sponsors revised proposal and discussed Sandler O Neill s financial analysis, which was based, at the Company s direction, on the revised Adjusted EBITDA forecast of $260 million for the 2018 fiscal year. Representatives from Wachtell Lipton also discussed the fiduciary duties of the Blackhawk board of directors in considering the Sponsors proposal. The Blackhawk board of directors also discussed whether to solicit other proposals to acquire the Company and the benefits and risks inherent in undertaking an auction process, but ultimately determined not to do so because of the risk of losing the Sponsors proposal if the Company elected to solicit other proposals, the risk that the Sponsors might lower their proposal if the Company elected to solicit other proposals and little to no competitive bidding emerged, and the potential significant harm to the Company s business if it became known that the Company was seeking to be sold (without assurance that a financially superior proposal would be made or consummated). The Blackhawk board of directors also considered the likelihood of receiving a proposal from another potential buyer and considered that any transaction agreement with the Sponsors would include a go-shop permitting the Company to solicit alternative proposals. After extensive discussion, the Blackhawk board of directors determined to authorize the Company s management to continue with due diligence and enter into negotiations with the Sponsors of a definitive agreement, and Sandler O Neill to engage in negotiations with respect to transaction price, subject in each case to further and final approval by the Blackhawk board of directors, if negotiations proved to be successful.

Following this meeting, representatives from Sandler O Neill conveyed to representatives of Silver Lake Partners that the Company was willing to allow the Sponsors to undertake confirmatory due diligence and negotiate definitive transaction documentation, subject to reaching agreement on transaction price. The Company did not enter into an exclusivity agreement with the Sponsors.

Over the next several weeks, the Company made available to the Sponsors and their representatives additional due diligence materials and the Sponsors continued their due diligence review of the Company through both in-person and telephonic meetings with members of the Company s management and legal teams and a review of documents provided by the Company in an electronic data room.

On January 2, 2018, Simpson Thacher & Bartlett LLP (referred to in this proxy statement as Simpson Thacher), counsel to Silver Lake Partners, distributed an initial draft of the proposed merger agreement to Wachtell Lipton. Consistent with the indications of interest, the proposed merger agreement included a 25-day go-shop period. It also included a two-tier Company termination fee of 3% and 4% of equity value, respectively (the 3% fee payable if the termination occurred due to a superior proposal during the go-shop period), an uncapped expense reimbursement payable in addition to the Company termination fee, and a reverse termination fee of 5% of equity value. It also provided that P2 Capital Partners, which held approximately 5% of the Company s outstanding shares, would, if it determined to participate in a transaction, enter into a voting and support agreement to commit to vote such shares in favor of the deal.

On January 4, 2018, representatives from the Company, Sandler O Neill and the Sponsors met to discuss preliminary transaction dollar volume results for the fourth quarter of the Company s fiscal year 2017, as only transaction dollar volume results were available at the time of the January 4, 2018 meeting. The Company s senior management noted that transaction dollar volume for the fourth quarter was slightly below expectations.

On January 4, 2018, representatives from Party A contacted Ms. Roche by email to indicate that Party A had studied the industries in which the Company operated and had an interest in pursuing discussions regarding the acquisition of the Company by Party A. Ms. Roche consulted with Sandler O Neill and Wachtell Lipton and responded to Party A that she would follow-up with Party A shortly.

On January 8, 2018, Wachtell Lipton delivered a revised draft of the proposed merger agreement to Simpson Thacher. The revised draft provided, among other things, that an expense reimbursement would only be payable by the Company if the merger agreement was terminated because the Company stockholders did not approve the merger, and no other termination fee was payable. Such expense reimbursement would be capped at 1% of equity value.

On January 10, 2018, Simpson Thacher delivered a further revised draft of the merger agreement providing, among other things, that an expense reimbursement would be payable in addition to the Company termination fee, but capped the expense reimbursement at 1% of equity value.

TABLE OF CONTENTS

On January 11, 2018, a special in-person meeting of the Blackhawk board of directors was held, which representatives of Wachtell Lipton and Sandler O'Neill attended. Representatives of Wachtell Lipton discussed the key terms of the draft merger agreement, including closing conditions, termination provisions, regulatory considerations and the structure of the go-shop period. Representatives of Wachtell Lipton also discussed with the Blackhawk board of directors its fiduciary duties under Delaware law in connection with the proposed transaction. Representatives from Sandler O'Neill provided an overview of the terms of the debt and equity commitments that were proposed to be obtained by the Sponsors in connection with the transaction and discussed Sandler O'Neill's financial analysis, which was based, at the Company's direction, on a further refined 2018 fiscal year plan indicating an Adjusted EBITDA range of $240 million to $250 million (as further discussed in — *Certain Blackhawk Unaudited Prospective Financial Information*). Representatives from Sandler O'Neill also provided an update on discussions with Silver Lake Partners regarding transaction price, including that Sandler O'Neill had conveyed to Silver Lake Partners that it believed that the Blackhawk board of directors would not be willing to accept a price that was less than $44.00 per share, the lower end of the range included in the December indication of interest, and encouraging Silver Lake Partners to make its best possible offer. The Blackhawk board of directors directed Sandler O'Neill and management to continue negotiating the transaction price, subject to further and final board approval. The Blackhawk board of directors also instructed management to finalize the remaining open points in the merger agreement, disclosure letter and ancillary documents. The Blackhawk board of directors also discussed the contact from Party A and considered whether or not to enter into discussions with Party A or provide them information at this time. The Blackhawk board of directors considered the likelihood that the Sponsors transaction could be executed within a few days, that Party A had not indicated a price, or even a range of prices, at which it would be willing to acquire the Company, and that, as a financial sponsor, it would likely need to do significant diligence in order to make such a proposal. The Blackhawk board of directors also considered that pursuing a transaction with Party A would divert management's attention away from the potential transaction with the Sponsors and so could jeopardize the transaction with the Sponsors, that delaying the transaction with the Sponsors for the time required to provide Party A with sufficient information for Party A to formulate a proposal that included a price could result in the loss of the transaction with the Sponsors with no guaranty that Party A would be willing to enter into a transaction on terms equivalent to or better than those of the Sponsors, that the transaction with the Sponsors would include a go-shop which would permit post-signing discussions with Party A and that if the transaction with the Sponsors were not executed within a few days that the Blackhawk board of directors could enter discussions with Party A at that time. In light of these considerations, the Blackhawk board of directors decided against pursuing the contact with Party A.

During the next several days, the Sponsors and the Company and their respective counsels engaged in discussions and negotiations to complete due diligence and finalize the merger agreement, disclosure letter and related ancillary documents. Among other things, the parties agreed that an expense reimbursement capped at 0.25% of equity value would be payable by the Company if the merger agreement were terminated under specified circumstances and the Company termination fee were payable as a result of such termination, and that an expense reimbursement capped at 1% would be payable by the Company if the merger agreement were terminated because the Company stockholders did not approve the merger and no other termination fee were payable at that time.

During this period, Sandler O Neill continued to negotiate the transaction price with representatives of Silver Lake Partners, with input and direction from members of the Blackhawk board of directors. During these discussions, at the direction of such board members, the representative of Sandler O Neill proposed to Silver Lake Partners that the Sponsors should pay $46.00 per share. After lengthy discussions over several days, Sandler O Neill and representatives of Silver Lake Partners negotiated a transaction price of $45.25, payable in cash, subject to Company board approval. This price was $0.25 more than the upper end of the range included in the December indication of interest and represented a 24% premium over Blackhawk s closing share price of $36.50 on January 12, 2018 and a 29.3% premium over Blackhawk s average closing share price during the 90 calendar days ended January 12, 2018. Representatives of Silver Lake Partners indicated that $45.25 per share was the highest price that the Sponsors would be willing to pay.

On the evening of January 14, 2018, a special telephonic meeting of the Blackhawk board of directors was held, which representatives of Wachtell Lipton and Sandler O Neill attended. Representatives of Sandler O Neill reported on the resolution of price negotiations with Silver Lake Partners. Sandler O Neill then rendered its oral opinion to the Blackhawk board of directors, which was confirmed by delivery of a written opinion, dated January 14, 2018, that, as of such date and based upon and subject to the factors and assumptions set forth in its opinion, the per share merger consideration of $45.25 was fair, from a financial point of view, to the holders of Blackhawk common stock (other than Parent, Merger Sub and any of Parent s other direct or indirect wholly-owned subsidiaries).

TABLE OF CONTENTS

Representatives of Wachtell Lipton also reviewed with the Blackhawk board of directors its fiduciary obligations, summarized the material terms of the proposed merger agreement and related ancillary documents and reported on the resolution of open issues during the course of negotiations with Simpson Thacher. After receiving management s recommendation to approve the proposed transaction with the Sponsors on the terms set forth in the proposed merger agreement, the Blackhawk board of directors unanimously resolved to authorize and approve the proposed merger agreement.

On January 15, 2018, the respective parties to the merger agreement, voting and support agreement and limited guarantees executed those agreements, and the respective parties to the debt and equity commitment letters executed such letters.

On January 16, 2018, Blackhawk issued a press release announcing the proposed acquisition by the Sponsors.

The merger agreement provides that after the execution and delivery of the merger agreement and until one minute after 11:59 p.m. (New York City time) on February 9, 2018 (referred to in this proxy statement as the go-shop period), the Company, its subsidiaries and their respective representatives were permitted to initiate, solicit, facilitate and encourage the making of acquisition proposals, provide non-public information to, and engage in discussions or negotiations with, third parties in respect of acquisition proposals.

Shortly following the public announcement of the merger agreement, Party A contacted the Company to indicate that they were interested in engaging with the Company during the go-shop period. Party A executed a confidentiality agreement on January 17, 2018, and subsequently received confidential information from the Company and held several meetings, telephonically and in-person, with members of the Company s senior management as well as with the Company s financial advisor. On February 3, Party A indicated that the Company had responded to its diligence requests and that it would be in touch if it had additional questions. Party A did not contact the Company again or make an acquisition proposal prior to the expiration of the go-shop period. Following the expiration of the go-shop period, the Company notified Party A that the go-shop period had expired and, therefore, the Company was formally terminating discussions, and Party A acknowledged this termination.

Representatives of Sandler O Neill also contacted eight strategic entities and five additional financial sponsors that it believed might have an interest in making a proposal to acquire the Company. None of these parties indicated that they were interested in engaging with the Company during the go-shop period. No third parties other than Party A indicated that they had any interest in engaging with the Company during the go-shop period or in entering into a confidentiality agreement to obtain non-public information with respect to the Company.

Reasons for the Merger; Recommendation of the Blackhawk Board of Directors

The Blackhawk board of directors, with the assistance of its financial and legal advisors, evaluated the merger agreement, the merger and the other transactions contemplated by the merger agreement, unanimously determined that the merger is fair to, and in the best interests of, the Company and its stockholders, and unanimously approved and declared advisable the merger agreement, the merger and the other transactions contemplated by the merger agreement. Accordingly, on January 14, 2018, the Blackhawk board of directors unanimously resolved to recommend that the stockholders of Blackhawk approve the adoption of the merger agreement and the other transactions contemplated thereby.

In the course of reaching its recommendation, the Blackhawk board of directors considered a number of positive factors relating to the merger agreement and the merger, each of which the Blackhawk board of directors believed supported its decision, including the following:

- *Attractive Value*. The Blackhawk board of directors considered that the $45.25 per share price provides stockholders with attractive value for their shares of Blackhawk common stock. The Blackhawk board of directors considered the current and historical market prices of Blackhawk common stock, including the fact that $45.25 per share in cash represented a premium of approximately 29% over Blackhawk's average closing share price during the 90 calendar days ended January 12, 2018 and a premium of 24% over Blackhawk's closing share price on January 12, 2018, the last trading day prior to the execution of the merger agreement. The Blackhawk board of directors also considered the per share merger consideration in light of the current environment in the payment technologies industry, including but not limited to certain risk factors detailed in the Company's most recent Annual Report on Form 10-K for the fiscal year ended December 31, 2016, as well as broader macroeconomic trends affecting the Company's financial results.

TABLE OF CONTENTS

Best Alternative for Maximizing Stockholder Value. The Blackhawk board of directors considered that the per share merger consideration was more favorable to Blackhawk stockholders than the potential value that would reasonably be expected to result from other alternatives reasonably available to Blackhawk, including the continued operation of Blackhawk on a standalone basis as an independent public company, taking into account its strategic alternatives and financing plans on an ongoing basis, in light of a number of factors, including:

- the Blackhawk board of directors' assessment of Blackhawk's business, assets and prospects, its competitive position and historical and projected financial performance, and the nature of the industries in which Blackhawk operates, including recent industry trends and changing competitive dynamics;
- the Company's strategy to grow through acquisition, and the likelihood that the Company would not be able to successfully pursue this strategy as a public company, including, among other reasons, due to its limited ability to finance such acquisitions;
- the challenges being experienced by the retail industry, and the resulting pricing pressure that the Company has experienced in connection with renewals of contracts with certain partners;
- the strategic alternatives reasonably available to Blackhawk, on both a standalone basis and with a third party, and the risks and uncertainties associated with those alternatives;
- the Blackhawk board of directors' belief, following consultation with the Company's financial advisor, that the Sponsors would be the potential transaction partners most likely to offer the best combination of value and closing certainty to Blackhawk stockholders;
- the course and history of the negotiations between Parent and Blackhawk, as described under *— Background of the Merger*, and the Blackhawk board of directors' belief that it had obtained the Sponsors' best and final offer and that it was unlikely that any other party would be willing to acquire the Company at a higher price;
- the anticipated future trading prices of the Company common stock on a standalone basis, based on management estimates and adjusted for different scenarios, and the risks and uncertainties of continuing on a standalone basis as an independent public company; and
- the Blackhawk board of directors' belief that the terms of the merger agreement, taken as a whole, are reasonable.

Greater Certainty of Value. The Blackhawk board of directors considered that the per share merger consideration is a fixed all-cash amount, thereby providing Blackhawk stockholders with certainty of value and liquidity for their shares upon the closing of the merger, especially when viewed against the risks and uncertainties inherent in Blackhawk's business, including risks associated with Blackhawk's standalone strategy in light of recent industry trends, changing competitive dynamics and risks relating to the execution of management's standalone plan.

Receipt of Fairness Opinion from Sandler O'Neill. The Blackhawk board of directors considered the oral opinion of Sandler O'Neill rendered to the Blackhawk board of directors at the meeting of the Blackhawk board of directors on January 14, 2018, confirmed by delivery of a written opinion, dated January 14, 2018, that as of such date and based upon and subject to the factors and assumptions set forth in such opinion, the per share merger consideration was fair, from a financial point of view, to the holders of Blackhawk common stock (other than Parent, Merger Sub and any of Parent's other direct or indirect wholly-owned subsidiaries). The full text of the written opinion of Sandler O'Neill is attached as Annex B to this proxy statement and is incorporated by reference in this proxy statement in its entirety. The opinion of Sandler O'Neill is more fully described below under the caption *— Opinion of Blackhawk's Financial Advisor*.

Likelihood of Completion. The Blackhawk board of directors considered the likelihood of completion of the merger to be significant, in light of, among other things:

- the limited overlaps between the businesses of Blackhawk and Parent and its affiliates relative to those that could be present in transactions with certain industry participants;

TABLE OF CONTENTS

- the commitment of Parent in the merger agreement to use its reasonable best efforts to complete the merger as soon as practicable (see the section of this proxy statement entitled *The Merger Agreement — Efforts to Complete the Merger*);
- the absence of a financing condition in the merger agreement;
- the fact that Parent and Merger Sub had already obtained committed debt and equity financing for the transaction, the reputation of the debt financing sources, the limited number and nature of the conditions to the debt and equity financing and the obligation of Parent and Merger Sub to use reasonable best efforts to consummate the debt and equity financing;
- the Sponsors' experience and reputation consummating similar transactions;
- the commitment of Parent in the merger agreement to pay the Company a termination fee in an amount equal to $136,200,000 in certain circumstances in the event that the merger is not completed and the guarantee of such payment obligation, pursuant to the terms of the limited guarantees, as more fully described under *— Limited Guarantees* and *The Merger Agreement — Parent Termination Fee*; and
- the conditions to closing contained in the merger agreement, which the Blackhawk board of directors believed are reasonable and customary in number and scope, and which, in the case of the condition related to the accuracy of Blackhawk's representations and warranties to be made as of the closing date, are generally subject to a material adverse effect qualification (see the section of this proxy statement entitled *The Merger Agreement — Conditions to Completion of the Merger*).

Right to Receive Higher Offers. The Blackhawk board of directors considered the Company's rights under the merger agreement to solicit higher offers during the go-shop period and to consider and negotiate certain higher offers thereafter, including:

- the Company's right to solicit offers with respect to acquisition proposals during a 25-day go-shop period and to terminate the merger agreement to enter into an agreement with respect to a superior proposal during the go-shop period, subject to Parent's right to receive payment of a termination fee of $81,700,000, which amount the Blackhawk board of directors believed to be reasonable under the circumstances, taking into account the size of the transaction and the range of such termination fees in similar transactions, and an expense reimbursement capped at $6,800,000; and
- the Company's right, subject to certain conditions, to respond to and negotiate with respect to certain unsolicited acquisition proposals made after the end of the go-shop period and prior to the time the Company's stockholders approve the proposal to adopt the merger agreement.

The Merger Agreement. The Blackhawk board of directors considered other terms and conditions of the merger agreement and related transaction documents, including:

- the provision of the merger agreement allowing the Blackhawk board of directors to make a change of recommendation prior to obtaining the company stockholder approval in specified circumstances relating to a superior proposal or intervening event, subject to Parent's right to terminate the merger agreement and receive payment of a termination fee of $109,000,000, which amount the Blackhawk board of directors believed to be reasonable under the circumstances, taking into account the size of the transaction and the range of such termination fees in similar transactions, and an expense reimbursement capped at $6,800,000, and further taking into account the go-shop period; and
- the Company's ability, under circumstances specified in the merger agreement, to seek specific performance of Parent's obligation to cause, and, pursuant to the equity commitment letters, to seek specific performance to directly cause, the equity financing sources to fund their contributions as contemplated by the merger agreement and the equity commitment letters.

Opportunity for Blackhawk Stockholders to Vote. The Blackhawk board of directors also considered the fact that the merger would be subject to the approval of the Company's stockholders, and the Company's stockholders would be free to evaluate the merger and vote for or against the adoption of the merger agreement at the Blackhawk stockholders meeting.

TABLE OF CONTENTS

In the course of reaching its recommendation, the Blackhawk board of directors also considered certain risks and potentially adverse factors relating to the merger agreement and the merger, including:

- that Blackhawk stockholders will have no ongoing equity participation in Blackhawk following the merger, and that such stockholders will therefore cease to participate in Blackhawk's future earnings or growth, if any, or to benefit from increases, if any, in the value of the Company common stock following or resulting from the merger;
- the provisions of the merger agreement that restrict the Company's ability, following the 25-day go-shop period, to solicit or participate in discussions or negotiations regarding acquisition proposals, subject to certain exceptions, and that restrict the Company from terminating the merger agreement to enter into alternative acquisition agreements;
- the possibility that the merger is not completed in a timely manner or at all for any reason, including the failure to obtain certain required regulatory approvals to the completion of the merger or the failure to satisfy any of the other conditions to the completion of the merger, as well as the risks and costs to Blackhawk if the merger is not completed or if there is uncertainty about the likelihood, timing or effects of completion of the merger, including uncertainty about the effect of the merger on Blackhawk's employees, customers, content providers, distribution partners, and other third parties, which could impair Blackhawk's ability to attract, retain and motivate key personnel and could cause third parties to seek to terminate, change or not enter into business relationships with Blackhawk, as well as the risk of management distraction as a result of the merger, and the effect on the trading price of the Company common stock if the merger agreement is terminated or the merger is not completed for any reason;
- the merger agreement's restrictions on the conduct of Blackhawk's business before completion of the merger, generally requiring Blackhawk to conduct its business in the ordinary course of business consistent with past practice and prohibiting Blackhawk from taking specified actions, which could delay or prevent Blackhawk from undertaking certain business opportunities that might arise pending completion of the merger (as more fully described in the section of this proxy statement entitled *The Merger Agreement — Conduct of Business Pending the Merger*);
- the possibility that Blackhawk could be required under the terms of the merger agreement to pay a termination fee of $81,700,000 under certain circumstances during the go-shop period, or $109,000,000 after the go-shop period (as more fully described in the section of this proxy statement entitled *The Merger Agreement — Company Termination Fee and Expense Reimbursement*), and that such termination fee could discourage other potential bidders from making a competing bid to acquire the Company;
- the possibility that Blackhawk could be required under the terms of the merger agreement to pay up to $6,800,000 or $27,200,000, depending on the circumstances, of Parent's expenses related to the merger (as more fully described in the section of this proxy statement entitled *The Merger Agreement — Company Termination Fee and Expense Reimbursement*), in addition to the Company's own expenses, which are substantial, including expenses incurred in connection with any litigation that may result from the announcement or pendency of the merger;
- the risk that the debt financing contemplated by the debt commitment letters and the equity financing contemplated by the equity commitment letters will not be obtained, resulting in Parent and its subsidiaries not having sufficient funds to complete the merger;
- that the receipt of cash by Blackhawk stockholders in exchange for their shares of common stock pursuant to the merger will be a taxable transaction to Blackhawk stockholders for U.S. federal income tax purposes (as more fully described in the section of this proxy statement entitled *Material U.S. Federal Income Tax Consequences of the Merger*);
- the fact that Parent and Merger Sub are newly formed corporations with essentially no assets and that the Company's remedy in the event of breach of the merger agreement by Parent and Merger Sub may be limited to a receipt of a $136,200,000 termination fee payable by Parent and that, under certain circumstances, the Company may not be entitled to receive such a fee; and

TABLE OF CONTENTS

- that some of the Company's directors and executive officers have interests that may be different from, or in addition to, the interests of Blackhawk stockholders generally, as described in the section of this proxy statement entitled *The Merger — Interests of Blackhawk's Directors and Executive Officers in the Merger*.

The foregoing discussion of the information and factors considered by the Blackhawk board of directors includes the material factors considered by the Blackhawk board of directors but is not intended to be exhaustive and does not necessarily include all of the factors considered by the Blackhawk board of directors. In view of the complexity and variety of factors considered in connection with its evaluation of the merger agreement and the merger, the Blackhawk board of directors did not find it practicable to, and did not, quantify or otherwise assign relative weights to the specific factors considered in reaching its determination and recommendation. In addition, individual directors may have given different weights to different factors. The above factors are not presented in any order of priority. The explanation of the factors and reasoning set forth above contain forward-looking statements that should be read in conjunction with the section of this proxy statement entitled *Cautionary Statements Regarding Forward-Looking Information*.

The Blackhawk board of directors unanimously resolved to recommend that the stockholders of Blackhawk approve the merger and adopt the merger agreement based upon the totality of information it considered.

Certain Blackhawk Unaudited Prospective Financial Information

Except for quarterly and annual guidance, Blackhawk does not as a matter of course make public projections as to future performance, and is especially wary of making projections for extended periods, due to, among other reasons, the inherent difficulty of accurately predicting financial performance for future periods and the uncertainty of underlying assumptions and estimates. However, Blackhawk is including in this proxy statement a summary of certain limited unaudited prospective financial information for Blackhawk on a standalone basis, without giving effect to the merger (referred to in this proxy statement as the Blackhawk Projections), solely because such financial information was given to the Blackhawk board of directors, Sandler O Neill and/or Parent for purposes of considering and evaluating the merger. Blackhawk advised the recipients of the Blackhawk Projections that its internal financial forecasts are subjective in many respects. The inclusion of the Blackhawk Projections should not be regarded as an indication that the Blackhawk board of directors, Sandler O Neill, Blackhawk or its management, Parent, Merger Sub or any other recipient of this information considered, or now considers, it to be an assurance of the achievement of future results or an accurate prediction of future results, and they should not be relied on as such.

The Blackhawk Projections and the underlying assumptions upon which the Blackhawk Projections were based are subjective in many respects, and subject to multiple interpretations and frequent revisions attributable to the dynamics of Blackhawk s industry and based on actual experience and business developments. The Blackhawk Projections, while presented with numerical specificity, reflect numerous assumptions with respect to company performance, industry performance, general business, economic, regulatory, market and financial conditions and other matters, many of which are difficult to predict, subject to significant economic and competitive uncertainties and beyond Blackhawk s control. Multiple factors, including those described in the section of this proxy statement entitled *Cautionary Statements Regarding Forward-Looking Information* could cause the Blackhawk Projections or the underlying assumptions to be inaccurate. As a result, there can be no assurance that the Blackhawk Projections will be realized or that actual results will not be significantly higher or lower than projected. Because the Blackhawk Projections cover multiple years, such information by its nature becomes less reliable with each successive year. The Blackhawk Projections do not take into account any circumstances or events occurring after the date on which they were prepared, including the merger. Economic and business environments can and do change quickly, which adds an additional significant level of uncertainty as to whether the results portrayed in the Blackhawk Projections will be achieved. As a result, the inclusion of the Blackhawk Projections in this proxy statement does not constitute an admission or representation by Blackhawk, Sandler O Neill or any other person that the information is material. Blackhawk made no representation to Parent, Merger Sub or any other person, in the merger agreement or otherwise,

concerning the Blackhawk Projections. The summary of the Blackhawk Projections is not provided to influence Blackhawk stockholders decisions regarding whether to vote for the merger proposal or any other proposal. The financial projections should be evaluated, if at all, in conjunction with the historical financial statements and other information contained in Blackhawk s public filings with the SEC.

The Blackhawk Projections were not prepared with a view toward public disclosure or toward compliance with United States generally accepted accounting principles (referred to in this proxy statement as GAAP), published

TABLE OF CONTENTS

guidelines of the SEC or the guidelines established by the American Institute of Certified Public Accountants for preparation and presentation of prospective financial information. Neither Deloitte & Touche LLP (referred to in this proxy statement as Deloitte), Blackhawk s independent registered public accounting firm, nor any other accounting firm, has examined, compiled or performed any procedures with respect to the Blackhawk Projections, and accordingly, Deloitte does not express an opinion or any other form of assurance with respect thereto. The Deloitte report incorporated by reference in this proxy statement relates to Blackhawk s historical financial information. It does not extend to the prospective financial information contained herein and should not be read to do so.

The Blackhawk Projections

Blackhawk s management prepared non-public, unaudited financial forecasts with respect to Blackhawk s business, as a standalone company, for fiscal years 2017 through 2020, which are referred to as the Initial Projections.

The Initial Projections were based on the information contained in Blackhawk s financial model, which was prepared by Blackhawk s management during the Summer of 2017 from financial models used in connection with its annual internal planning processes, and were provided to Sandler O Neill, the Sponsors and the Blackhawk board of directors in late October and early November 2017.

In connection with the November 21, 2017 meeting of the Blackhawk board of directors, Blackhawk s management prepared a revised non-public, unaudited financial forecast with respect to Blackhawk s business, as a standalone company, for fiscal year 2018, which showed a range of estimated performance and is referred to as the November Estimate Range. The November Estimate Range was provided to Sandler O Neill and the Blackhawk board of directors.

In December 2017, in connection with its annual internal planning processes, Blackhawk s management prepared a revised non-public, unaudited financial forecast with respect to Blackhawk s business, as a standalone company, for fiscal year 2018, which is referred to as the Preliminary 2018 Plan. The Preliminary 2018 Plan was provided to Sandler O Neill, the Blackhawk board of directors and the Sponsors.

In January 2018, subsequent to the end of the Company s 2017 fiscal year and a review of the Company s preliminary results for the fourth quarter of 2017, Blackhawk s management prepared a revised non-public, unaudited financial forecast with respect to Blackhawk s business, as a standalone company, for fiscal year 2017 and a range of estimated performance for fiscal year 2018, which are referred to as the Revised Projections. The Revised Projections were provided to the Blackhawk board of directors, Sandler O Neill and the Sponsors. Blackhawk s management directed Sandler O Neill to use the Revised Projections, rather than the Initial Projections, the November Estimate Range or the Preliminary 2018 Plan, for purposes of its opinion described in the section of this proxy statement entitled *The Merger — Opinion of Blackhawk s Financial Advisor — Opinion of Sandler O Neill & Partners, L.P.* based on management s view that the Revised Projections were significantly more likely to reflect the future business performance of the Company on a standalone basis than would the Initial Projections, the November Estimate Range or the Preliminary 2018 Plan.

The following is a summary of the Blackhawk Projections:

Summary of the Initial Projections
(dollars in millions except per share amounts)

	2017E	2018E	2019E	2020E
Adjusted EBITDA[(1)]	$ 233	$ 275	$ 330	$ 402

Adjusted Operating Revenues[2]	$ 960	$ 1,054	$ 1,174	$ 1,331
Adjusted Net Income[3]	$ 98	$ 120	$ 152	$ 195
Adjusted Earnings Per Share[4]	$ 1.72	$ 2.10	$ 2.68	$ 3.43

(1) Adjusted EBITDA reflects EBITDA plus adjustments for the impact of business units held for sale, stock based compensation, acquisitions-related employee compensation expenses, revenue adjustments from purchase accounting, goodwill and other asset impairment charges, the change in the fair value of contingent consideration, the net gain on the transaction to transition Blackhawk's program-managed general-purpose reloadable (referred to as GPR) business to another program manager, the gain on the sale of Blackhawk's member interest in Visa Europe and legal and accounting related costs incurred in conjunction with the sale of Grass Roots Meetings & Events Limited. This measure is different from measures determined in accordance with GAAP and may not be comparable to similar measures used by other companies.

TABLE OF CONTENTS

(2) Adjusted Operating Revenues are prepared and presented to offset the distribution commissions paid and other compensation paid to distribution partners and business clients as well as to adjust for marketing and other pass-through revenues that have offsetting expense, to adjust for the impact on revenues recognized from the step down in basis of deferred revenue from its carrying value to fair value in a business combination at the acquisition date and to adjust for the impact of business units held for sale. This measure is different from measures determined in accordance with GAAP and may not be comparable to similar measures used by other companies.

(3) Adjusted Net Income reflects GAAP Net Income adjusted for the adjustments in respect of Adjusted EBITDA described in footnote (1) above as well as the addition of acquired intangibles on a tax-effected basis. This measure is different from measures determined in accordance with GAAP and may not be comparable to similar measures used by other companies.

(4) Adjusted Earnings Per Share represents diluted earnings per share adjusted for the per share impact of the adjustments in respect of Adjusted Net Income described in footnote (3) above. This measure is different from measures determined in accordance with GAAP and may not be comparable to similar measures used by other companies.

Summary of the November Estimate Range

(dollars in millions)

	2018E
Adjusted EBITDA[(1)]	$240 to $280

Summary of the Preliminary 2018 Plan

(dollars in millions)

	2018E
Adjusted EBITDA[(1)]	$ 260

Summary of the Revised Projections

(dollars in millions)

	2017E	**2018E**
Adjusted EBITDA[(1)]	$ 228	$240 to $250

(1) Adjusted EBITDA reflects EBITDA plus adjustments for the impact of business units held for sale, stock based compensation, acquisitions-related employee compensation expenses, revenue adjustments from purchase accounting, goodwill and other asset impairment charges, the change in the fair value of contingent consideration, the net gain on the transaction to transition Blackhawk’s program-managed GPR business to another program manager, the gain on the sale of Blackhawk’s member interest in Visa Europe and legal and accounting related costs incurred in conjunction with the sale of Grass Roots Meetings & Events Limited. This measure is different from measures determined in accordance with GAAP and may not be comparable to similar measures used by other companies.

Reconciliations of net income to Adjusted EBITDA, total operating revenues to Adjusted Operating Revenues, net income to Adjusted Net Income and diluted earnings per share to Adjusted Earnings Per Share are not provided. There is inherent difficulty and uncertainty in estimating or predicting the various components of each of net income, net cash provided by operating activities, total operating revenues and diluted earnings per share, which components could significantly impact that financial measure. In addition, when planning, forecasting and analyzing future periods, the Company does so primarily on a non-GAAP basis without preparing a GAAP analysis, as that would require estimates for various reconciling items that would be difficult to predict with reasonable accuracy. As a result, the Company does not believe that a GAAP reconciliation to forward-looking non-GAAP financial measures would provide meaningful supplemental information about the Company s outlook.

The Blackhawk Projections do not take into account the possible financial and other effects on Blackhawk of the merger and do not attempt to predict or suggest future results following the merger. The Blackhawk Projections do not give effect to the merger, including the impact of negotiating or executing the merger agreement, the expenses that may be incurred in connection with completing the merger, the effect on Blackhawk of any business or strategic decision or action that has been or will be taken as a result of the merger agreement having been executed, or the effect of any business or strategic decisions or actions that would likely have been taken if the merger agreement had not been executed, but that were instead altered, accelerated, postponed or not taken in anticipation of the merger. Further, the Blackhawk Projections do not take into account the effect on Blackhawk of any possible failure of the merger to occur.

For the foregoing reasons, and considering that the special meeting will be held several months after the Blackhawk Projections were prepared, as well as the uncertainties inherent in any forecasting information, readers of this proxy statement are cautioned not to place unwarranted reliance on the Blackhawk Projections set forth above. No one has made or makes any representation to any investor or stockholder regarding the information included in the Blackhawk Projections. Blackhawk urges all Blackhawk stockholders to review its most recent SEC filings for a description of its reported financial results. See the section of this proxy statement entitled *Where You Can Find Additional Information*.

TABLE OF CONTENTS

In addition, except as described above, the Blackhawk Projections have not been updated or revised to reflect information or results after the date the Blackhawk Projections were prepared or as of date of this proxy statement, and except as required by applicable securities laws, Blackhawk does not intend to update or otherwise revise the Blackhawk Projections or the specific portions presented to reflect circumstances existing after the date when made or to reflect the occurrence of future events, even in the event that any or all of the assumptions are shown to be in error.

Opinion of Blackhawk s Financial Advisor

Pursuant to an engagement letter dated December 13, 2017, Blackhawk retained Sandler O Neill to act as an independent financial advisor to the Blackhawk board of directors in connection with Blackhawk s consideration of a possible business combination. Sandler O Neill is a nationally recognized investment banking firm whose principal business specialty is financial institutions. In the ordinary course of its investment banking business, Sandler O Neill is regularly engaged in the valuation of financial technology companies and their securities in connection with mergers and acquisitions and other corporate transactions.

Sandler O Neill acted as an independent financial advisor to Blackhawk in connection with the proposed transaction and participated in certain of the negotiations leading to the execution of the merger agreement. At the January 14, 2018 meeting at which the Blackhawk board of directors considered and discussed the terms of the merger agreement and the merger, Sandler O Neill delivered to the Blackhawk board of directors its oral opinion, which was subsequently confirmed in writing on January 14, 2018, to the effect that, as of such date, the per share merger consideration was fair, from a financial point of view, to the holders of Blackhawk common stock (other than Parent, Merger Sub and any of Parent s other direct or indirect wholly-owned subsidiaries). **The full text of Sandler O Neill s opinion is attached as Annex B to this proxy statement. The opinion outlines the procedures followed, assumptions made, matters considered and qualifications and limitations on the review undertaken by Sandler O Neill in rendering its opinion. The description of the opinion set forth below is qualified in its entirety by reference to the full text of the opinion. Holders of Blackhawk common stock are urged to read the entire opinion carefully in connection with their consideration of the merger agreement and the merger.**

Sandler O Neill s opinion speaks only as of the date of the opinion. Sandler O Neill s opinion is directed to the Blackhawk board of directors in connection with its consideration of the merger agreement and the merger and does not constitute a recommendation to any stockholder of Blackhawk as to how any such stockholder should vote at any meeting of shareholders called to consider and vote upon the adoption of the merger agreement and approval of the merger. Sandler O Neill s opinion is directed only to the fairness, from a financial point of view, of the per share merger consideration to the holders of Blackhawk common stock (other than Parent, Merger Sub. and any of Parent s other direct or indirect wholly-owned subsidiaries) and does not address the underlying business decision of Blackhawk to engage in the merger, the form or structure of the merger or any other transactions contemplated in the merger agreement, the relative merits of the merger as compared to any other alternative transactions or business strategies that might exist for Blackhawk or the effect of any other transaction in which Blackhawk might engage. Sandler O Neill also did not express any opinion as to the fairness of the amount or nature of the compensation to be received in the merger by any officer, director or employee of Blackhawk, or any class of such persons, if any, relative to the amount of compensation to be received in the merger by any other stockholder. The opinion was approved by Sandler O'Neill's fairness opinion committee.

In connection with its opinion, Sandler O Neill reviewed and considered, among other things:

- an execution version of the merger agreement;
- certain publicly available financial statements and other historical financial information of Blackhawk that Sandler O'Neill deemed relevant;
-

publicly available mean and median analyst adjusted EBITDA estimates for Blackhawk for the years ending December 31, 2017 and December 31, 2018;

- internal estimated adjusted EBITDA for Blackhawk for the year ending December 31, 2017 and adjusted EBITDA range for Blackhawk for the year ending December 31, 2018, all as provided by the senior management of Blackhawk;

TABLE OF CONTENTS

- the publicly reported historical price and trading activity for Blackhawk common stock, including a comparison of certain stock market information for Blackhawk common stock and certain stock indices, as well as publicly available information for certain other similar companies, the securities of which are publicly traded;
- a comparison of certain financial information for Blackhawk with similar institutions for which information is publicly available;
- the financial terms of certain recent business combinations in the financial technology, prepaid and payment processing and ecommerce solutions industries (on a global basis), to the extent publicly available;
- the current market environment generally and the financial technology environment in particular; and
- such other information, financial studies, analyses and investigations and financial, economic and market criteria as Sandler O'Neill considered relevant.

Sandler O Neill also discussed with certain members of the senior management of Blackhawk the business, financial condition, results of operations and prospects of Blackhawk.

In performing its review, Sandler O Neill relied upon the accuracy and completeness of all of the financial and other information that was available to and reviewed by Sandler O Neill from public sources, that was provided to Sandler O Neill by Blackhawk or its representatives or that was otherwise reviewed by Sandler O Neill and Sandler O Neill assumed such accuracy and completeness for purposes of rendering its opinion without any independent verification or investigation. Sandler O Neill relied on the assurances of the senior management of Blackhawk that they were not aware of any facts or circumstances that would make any of such information inaccurate or misleading. Sandler O Neill was not asked to and did not undertake an independent verification of any of such information and Sandler O Neill did not assume any responsibility or liability for the accuracy or completeness thereof. Sandler O Neill did not make an independent evaluation or perform an appraisal of the specific assets, the collateral securing assets or the liabilities (contingent or otherwise) of Blackhawk or any of its affiliates or subsidiaries, nor was Sandler O Neill furnished with any such evaluations or appraisals. Sandler O Neill rendered no opinion or evaluation on the collectability of any assets of Blackhawk or any of its affiliates or subsidiaries.

In preparing its analyses, Sandler O Neill used internal estimated adjusted EBITDA for Blackhawk for the year ending December 31, 2017 and adjusted EBITDA range for Blackhawk for the year ending December 31, 2018, all as provided by the senior management of Blackhawk. With respect to the foregoing information, the senior management of Blackhawk confirmed to Sandler O Neill that such information reflected the best estimates then available to the management of Blackhawk of the future financial performance of Blackhawk and Sandler O Neill assumed that such performance would be achieved. Sandler O Neill expressed no opinion as to such estimates, or the assumptions on which they were based. Sandler O Neill assumed that there had been no material change in Blackhawk s or any of its affiliates or subsidiaries assets, financial condition, results of operations, business or prospects since the date of the most recent financial statements made available to Sandler O Neill. Sandler O Neill assumed in all respects material to its analysis that Blackhawk would remain as a going concern for all periods relevant to its analyses.

Except for quarterly and annual guidance, Blackhawk does not as a matter of course make public projections as to future performance, and is especially wary of making projections for extended periods, due to, among other reasons, the inherent difficulty of accurately predicting financial performance for future periods and the uncertainty of underlying assumptions and estimates. The Blackhawk Projections were not prepared with a view toward public disclosure or toward compliance with GAAP, published guidelines of the SEC or the guidelines established by the American Institute of Certified Public Accountants for preparation and presentation of prospective financial information. The Blackhawk Projections, while presented with numerical specificity, reflect numerous assumptions with respect to company performance, industry performance, general business, economic, regulatory, market and financial conditions and other matters, many of which are difficult to predict, subject to significant economic and competitive uncertainties and beyond Blackhawk s control. Multiple factors, including those described in the section of this proxy statement entitled *Cautionary Statements Regarding Forward-Looking Information*, could cause the Blackhawk Projections or the underlying assumptions to be inaccurate. As a result, there can be no assurance that the

41

TABLE OF CONTENTS

Blackhawk Projections will be realized or that actual results will not be significantly higher or lower than projected. For more information regarding the use of the Blackhawk Projections, see the section of this proxy statement entitled *The Merger — Certain Blackhawk Unaudited Prospective Financial Information*.

Sandler O Neill also assumed, with Blackhawk s consent, that (1) each of the parties to the merger agreement would comply in all material respects with all material terms and conditions of the merger agreement and all related agreements, that all of the representations and warranties contained in such agreements were true and correct in all material respects, that each of the parties to such agreements would perform in all material respects all of the covenants and other obligations required to be performed by such party under such agreements and that the conditions precedent in such agreements were not and would not be waived, (2) in the course of obtaining the necessary regulatory or third party approvals, consents and releases with respect to the merger, no delay, limitation, restriction or condition would be imposed that would have an adverse effect on Blackhawk, Parent, Merger Sub, the merger or any related transaction, and (3) the merger and any related transaction would be consummated in accordance with the terms of the merger agreement without any waiver, modification or amendment of any material term, condition or agreement thereof and in compliance with all applicable laws and other requirements. Sandler O Neill expressed no opinion as to any of the legal, accounting or tax matters relating to the merger or any other transactions contemplated in connection therewith.

Sandler O Neill s opinion was necessarily based on financial, economic, market and other conditions as in effect on, and the information made available to Sandler O Neill as of, the date thereof. Events occurring after the date thereof could materially affect Sandler O Neill s opinion. Sandler O Neill has not undertaken to update, revise, reaffirm or withdraw its opinion or otherwise comment upon events occurring after the date thereof.

In rendering its opinion, Sandler O Neill performed a variety of financial analyses. The summary below is not a complete description of all the analyses underlying Sandler O Neill s opinion rendered to the Blackhawk board of directors on January 14, 2018 or the presentation made by Sandler O Neill to Blackhawk s board of directors on such date, but is a summary of the material analyses performed and presented by Sandler O Neill. The summary includes information presented in tabular format. **In order to fully understand the financial analyses, these tables must be read together with the accompanying text. The tables alone do not constitute a complete description of the financial analyses.** The preparation of a fairness opinion is a complex process involving subjective judgments as to the most appropriate and relevant methods of financial analysis and the application of those methods to the particular circumstances. The process, therefore, is not necessarily susceptible to a partial analysis or summary description. Sandler O Neill believes that its analyses must be considered as a whole and that selecting portions of the factors and analyses to be considered without considering all factors and analyses, or attempting to ascribe relative weights to some or all of such factors and analyses, could create an incomplete view of the evaluation process underlying its opinion. The order of analyses does not represent the relative importance or weight given to those analyses by Sandler O Neill. Also, no company included in Sandler O Neill s comparative analyses described below is identical to Blackhawk and no transaction is identical to the merger. Accordingly, an analysis of comparable companies or transactions involves complex considerations and judgments concerning differences in financial and operating characteristics of the companies and other factors that could affect the public trading values or merger transaction values, as the case may be, of Blackhawk and the companies to which they were compared. In arriving at its opinion, Sandler O Neill did not attribute any particular weight to any analysis or factor that it considered. Rather, Sandler O Neill made qualitative judgments as to the significance and relevance of each analysis and factor. Sandler O Neill did not form an opinion as to whether any individual analysis or factor (positive or negative) considered in isolation supported or failed to support its opinion; rather, Sandler O Neill made its determination as to the fairness of the per share merger consideration on the basis of its experience and professional judgment after considering the results of all of its analyses taken as a whole.

In performing its analyses, Sandler O Neill also made numerous assumptions with respect to industry performance, business and economic conditions and various other matters, many of which are beyond the control of Blackhawk and Sandler O Neill. The analyses performed by Sandler O Neill are not necessarily indicative of actual values or future results, both of which may be significantly more or less favorable than suggested by such analyses. Sandler O Neill prepared its analyses solely for purposes of rendering its opinion and provided such analyses to the Blackhawk board of directors at its January 14, 2018 meeting. Estimates on the values of companies do not purport to be appraisals or necessarily reflect the prices at which companies or their securities may actually be sold. Such estimates are inherently subject to uncertainty and actual values may be materially different. Accordingly, Sandler O Neill s analyses do not necessarily reflect the value of Blackhawk common stock or the price at which Blackhawk

TABLE OF CONTENTS

common stock may be sold at any time. The analyses of Sandler O Neill and its opinion were among a number of factors taken into consideration by the Blackhawk board of directors in making its determination to approve the merger agreement and the analyses described below should not be viewed as determinative of the decision of the Blackhawk board of directors or management with respect to the fairness of the merger.

Summary of Proposed Per Share Merger Consideration and Implied Transaction Metrics

Sandler O Neill reviewed the financial terms of the proposed merger. Pursuant to the terms of the merger agreement, upon the effective time, each share of Blackhawk common stock issued and outstanding immediately before the effective time (other than certain shares specified in the merger agreement) will be converted into the right to receive $45.25 per share in cash, without interest. Sandler O Neill calculated a transaction value of approximately $2,724 million, assuming 60.2 million fully diluted shares of Blackhawk common stock outstanding, comprised of 55.8 million shares of common stock outstanding as of January 12, 2018, 2.4 million options outstanding at a weighted average strike price of $28.04, 2.8 million RSUs (inclusive of anticipated first quarter 2018 equity grant), 0.1 million PSUs, and 0.6 million warrants (assumed to be exercised upon announcement). Sandler O Neill calculated a total enterprise value of approximately $3,539 million, assuming $815.0 million in net debt, as provided by Blackhawk management. For purposes of this section, enterprise value is referred to as EV, last twelve months is referred to as LTM, and next twelve months is referred to as NTM. Sandler O Neill calculated the following transaction pricing multiples based on the per share merger consideration:

Total EV / LTM Adjusted EBITDA (as of 9/30/2017)	18.8x
Total EV / 2017 Consensus Estimated Adjusted EBITDA [1]	15.3x
Total EV / 2018 Consensus Estimated Adjusted EBITDA [1]	13.1x
Total EV / 2017 Estimated Adjusted EBITDA [2]	15.5x
Total EV / 2018 Estimated Adjusted EBITDA [2]	14.2x – 14.7x
Transaction Value / LTM Adjusted Net Income (as of 9/30/2017)	36.1x
Implied Premium to Stock Price as of 01/12/2018	24.0%
Implied Premium to Stock Price as of 10/19/2017 [3]	32.3%

(1) Consensus estimates for 2017 and 2018 reflect Wall Street median consensus analyst estimates.

(2) 2017 Adjusted EBITDA of $228 million as provided by Blackhawk management; 2018 estimated Adjusted EBITDA range of $240 million to $250 million as provided by Blackhawk management.

(3) Reflects the closing price of Blackhawk common stock on the day prior to receiving an initial indication of interest from Silver Lake Partners and P2 Capital Partners.

Note: Adjusted EBITDA reflects EBITDA plus adjustments for the impact of business units held for sale, stock based compensation, acquisitions-related employee compensation expenses, revenue adjustments from purchase accounting, goodwill and other asset impairment charges, the change in the fair value of contingent consideration, the net gain on the transaction to transition Blackhawk s program-managed GPR business to another program manager, the gain on the sale of Blackhawk s member interest in Visa Europe and legal and accounting related costs incurred in conjunction with the sale of Grass Roots Meetings & Events Limited; Adjusted Net Income reflects GAAP Net Income adjusted for the above adjustments as well as the addition of acquired intangibles on a tax effected basis.

Note: 2017 Adjusted EBITDA estimate and 2018 estimated Adjusted EBITDA range exclude results from Grass Roots Meetings & Events Limited and Cardpool, Inc.

Stock Trading History

Sandler O Neill reviewed the history of the publicly reported trading price from S&P Global Market Intelligence of Blackhawk common stock for the three-year period ended January 12, 2018. Sandler O Neill then compared the relationship between the movements in the price of Blackhawk common stock to the Blackhawk Peer Group as well as certain stock indices.

Blackhawk s Three-Year Stock Performance

	Beginning Value January 12, 2015	Ending Value January 12, 2018
Blackhawk	100.0 %	100.8 %
Blackhawk Peer Group	100.0 %	148.5 %
S&P 500 Index	100.0 %	137.4 %

43

TABLE OF CONTENTS

Comparable Company Analysis

Sandler O Neill used publicly available information, including from S&P Global Market Intelligence, to compare selected financial information for Blackhawk with a group of companies selected by Sandler O Neill. The Blackhawk peer group consisted of twelve comparable prepaid and payment processing companies (referred to in this proxy statement as the Blackhawk Peer Group). The Blackhawk Peer Group consisted of the following companies:

FleetCor Technologies, Inc.	The Western Union Company
Global Payments Inc.	WEX Inc.
First Data Corporation	Euronet Worldwide, Inc.
Alliance Data Systems Corporation	Green Dot Corporation
Total System Services, Inc.	ACI Worldwide, Inc.
Vantiv, Inc.	VeriFone Systems, Inc.

The analysis compared publicly available financial information for Blackhawk with the corresponding data for the Blackhawk Peer Group as of January 12, 2018. The table below sets forth the data for Blackhawk and the median, mean, low and high data for the Blackhawk Peer Group.

Comparable Company Analysis

	Blackhawk	Blackhawk Peer Group Median	Blackhawk Peer Group Mean	Blackhawk Peer Group Low	Blackhawk Peer Group High
Market Capitalization ($MM)	$ 2,074	$ 11,157	$ 10,229	$ 2,062	$ 18,244
Stock Price as % of 52-Week High	78.2 %	96.0 %	95.5 %	85.4 %	99.7 %
EV ($MM)	$ 2,889	$ 14,684	$ 15,343	$ 2,405	$ 37,393
EV / 2017 Estimated EBITDA	12.5x	14.1x	14.2x	8.8x	18.3x
EV / 2018 Estimated EBITDA	10.7x	12.0x	12.1x	8.8x	16.2x
Price / 2017 Estimated Earnings	22.5x	23.6x	22.0x	11.5x	37.1x
Price / 2018 Estimated Earnings	18.3x	21.1x	19.5x	11.5x	36.6x

Note: Market data as of market close on January 12, 2018.

Note: 2017 Estimated EBITDA, 2018 Estimated EBITDA, 2017 Estimated Earnings, and 2018 Estimated Earnings reflect Wall Street median consensus analyst estimates; assumes $815.0 million in net debt as provided by Blackhawk management.

Analysis of Precedent Merger Transactions

Sandler O Neill reviewed a global group of recent merger and acquisition transactions consisting of comparable payments / cards, loyalty and ecommerce solutions transactions announced after September 30, 2015 (referred to in this proxy statement as the Precedent Transactions).

The Precedent Transactions group was composed of the following eleven transactions:

Acquiror	Target
Thales S.A.	Gemalto N.V.

Hellman & Friedman LLC	Nets Holding A/S
Vantiv, Inc.	Worldpay Group plc
Blackstone Group; CVC Capital Partners	Paysafe Group Plc
First Data Corp.	CardConnect Corp.
Harland Clarke Holdings Corp.	RetailMeNot, Inc.
Apollo Global Management LLC	Outerwall Inc.
Mercury UK Holdco Ltd.	Setefi Services S.p.A. and Intesa Sanpaolo Card d.o.o.
Total System Services, Inc.	TransFirst Holdings Corp.
Global Payments Inc.	Heartland Payment Systems, Inc.
Diebold, Incorporated	Wincor Nixdorf AG

Using the latest publicly available information, including from Bloomberg and S&P Global Market Intelligence, prior to the announcement of the relevant transaction, Sandler O Neill reviewed the following transaction metrics:

TABLE OF CONTENTS

enterprise value to last twelve months EBITDA, enterprise value to next twelve months EBITDA, transaction price to last twelve months net income, transaction price to next twelve months net income, one-day market premium, one-week market premium and one-month market premium. Sandler O Neill compared the indicated transaction metrics for the merger to the median, mean, low and high metrics of the Precedent Transactions group.

	Parent / Blackhawk[1]	Median Precedent Transactions	Mean Precedent Transactions	Low Precedent Transactions	High Precedent Transactions
EV / LTM EBITDA	15.5x	16.3 x	15.7 x	3.5 x	26.6 x
EV / NTM EBITDA	14.2x – 14.7x	12.2 x	11.8 x	4.0 x	18.3 x
Price / LTM Net Income[1]	—	23.3 x	23.6 x	6.9 x	45.9 x
Price / NTM Net Income[1]	—	20.3 x	20.5 x	8.7 x	31.0 x
One-Day Market Premium	24.0%	10.7 %	15.6 %	(6.8 %)	49.7 %
One-Week Market Premium	26.6%	21.5 %	24.7 %	7.9 %	57.1 %
One-Month Market Premium	28.7%	22.2 %	26.6 %	7.3 %	58.2 %

(1) Market data as of market close on January 12, 2018 and reflects $45.25 per share merger consideration; Blackhawk EV / LTM EBITDA multiple reflects 2017 Adjusted EBITDA estimate of $228 million as provided by Blackhawk management and Blackhawk EV / NTM EBITDA multiples range reflects range of 2018 Adjusted EBITDA estimates ($240 million to $250 million) as provided by Blackhawk management. LTM Net Income and NTM Net Income metrics were not provided for Blackhawk, but see above for a Transaction Value / LTM Adjusted Net Income (as of 9/30/2017) multiple.

Note: 2017 Adjusted EBITDA estimate and 2018 estimated Adjusted EBITDA range exclude results from Grass Roots Meetings & Events Limited and Cardpool, Inc.

Public Company Premium Analysis

Sandler O Neill reviewed a group of merger and acquisition transactions involving public companies across all industries in order to compare the market premium in the proposed merger to similarly sized transactions. The group of transactions included ninety-two transactions across all industries that were announced after January 1, 2016 and closed before January 14, 2018. These transactions also included public targets with 100% cash consideration and deal value at announcement between $1,500 million and $3,500 million (referred to in this proxy statement as the All Industries Precedent Transactions). Sandler O Neill then compared the market premium in the proposed merger to the group of merger and acquisition transactions described above.

Premium to Target Spot Price

Premium to Target Spot Price	Parent / Blackhawk[1]	Mean All Industries Precedent Transactions	Median All Industries Precedent Transactions
One-Day Prior to Announcement	24.0 %	30.3 %	21.0 %
One-Week Prior to Announcement	26.6 %	31.8 %	22.2 %
One-Month Prior to Announcement	28.7 %	38.3 %	28.7 %

(1) Market data as of market close on January 12, 2018 and reflects per share merger consideration of $45.25.

Implied Near-Term Growth Analysis

Sandler O Neill performed an analysis that showed the implied near-term growth rates implied by the projected range of 2018 estimated Adjusted EBITDA of $240 million to $250 million, as provided by Blackhawk management. 2017 Adjusted EBITDA estimate and 2018 estimated Adjusted EBITDA range exclude results from Grass Roots Meetings & Events Limited and Cardpool, Inc.

Implied Near-Term Growth Rates

	2018 Estimated Adjusted EBITDA ($MM)				
2017 Estimated Adjusted EBITDA ($MM)	**$ 240.0**	**$ 242.5**	**$ 245.0**	**$ 247.5**	**$ 250.0**
$228.0	5.26 %	6.36 %	7.46 %	8.55 %	9.65 %

TABLE OF CONTENTS

Discounted Cash Flow Analysis

Sandler O Neill performed an analysis that estimated the annual growth rates in Blackhawk s estimated Adjusted EBITDA through 2021 required to generate a net present value per share of $45.25, applying a range of enterprise value / Adjusted EBITDA multiples from 10.0x to 14.0x and a discount rate of 11.27%, discounted back to January 1, 2018. Sandler O Neill employed the Duff & Phelps 2017 Valuation Handbook in determining the appropriate discount rate in which the discount rate equals the sum of the risk free rate, the equity risk premium, the size premium and the industry premium. Sandler O Neill assumed a range of $240 million to $250 million for Blackhawk s 2018 estimated Adjusted EBITDA, as provided by senior management of Blackhawk.

	2018 Estimated Adjusted EBITDA Equal to $240 Million Implied Annual Adjusted EBITDA Growth		
Net Present Value Per Share	**10.0x**	**12.0x**	**14.0x**
$45.25	23.14 %	16.62 %	11.30 %

	2018 Estimated Adjusted EBITDA Equal to $250 Million Implied Annual Adjusted EBITDA Growth		
Net Present Value Per Share	**10.0x**	**12.0x**	**14.0x**
$45.25	21.39 %	14.97 %	9.73 %

Note: Assumes $815.0 million in net debt as provided by Blackhawk management; 2017 Adjusted EBITDA estimate and 2018 estimated Adjusted EBITDA range exclude results from Grass Roots Meetings & Events Limited and Cardpool, Inc.; assumes fully diluted Blackhawk common stock outstanding of 60.2 million as provided by Blackhawk management.

Sandler O Neill also performed an analysis that estimated the net present value per share of Blackhawk s common stock assuming Blackhawk s compound annual growth rate of EBITDA from 2018 to 2021 ranged from 5.00% to 15.00%, applying a range of enterprise value / Adjusted EBITDA multiples from 10.0x to 14.0x and a discount rate of 11.27%, discounted back to January 1, 2018. Sandler O Neill assumed a range of $240 million to $250 million for Blackhawk s 2018 estimated Adjusted EBITDA, as provided by senior management of Blackhawk.

	2018 Estimated Adjusted EBITDA Equal to $240 Million Net Present Value Per Blackhawk Share		
Compounded Annual Growth Rate of EBITDA: 2018 - 2021	**10.0x**	**12.0x**	**14.0x**
5.00%	$ 24.37	$ 30.39	$ 36.41

7.50%	$ 26.87	$ 33.34	$ 39.80
10.00%	$ 29.49	$ 36.42	$ 43.34
12.50%	$ 32.23	$ 39.64	$ 47.04
15.00%	$ 35.09	$ 43.00	$ 50.91

	2018 Estimated Adjusted EBITDA Equal to $250 Million Net Present Value Per Blackhawk Share		
Compounded Annual Growth Rate of EBITDA: 2018 - 2021	**10.0x**	**12.0x**	**14.0x**
5.00%	$ 25.89	$ 32.16	$ 38.43
7.50%	$ 28.50	$ 35.23	$ 41.96
10.00%	$ 31.23	$ 38.44	$ 45.65
12.50%	$ 34.08	$ 41.80	$ 49.51
15.00%	$ 37.06	$ 45.30	$ 53.54

Note: Assumes $815.0 million in net debt as provided by Blackhawk management; 2017 Adjusted EBITDA estimate and 2018 estimated Adjusted EBITDA range exclude results from Grass Roots Meetings & Events Limited and Cardpool, Inc.; assumes fully diluted Blackhawk common stock outstanding of 60.2 million as provided by Blackhawk management.

TABLE OF CONTENTS

Sandler O Neill s Relationship

Sandler O Neill is acting as financial advisor to Blackhawk in connection with the merger. Blackhawk has agreed to pay Sandler O Neill a transaction fee in an amount equal to 0.85% of the aggregate merger consideration, which fee at the time of announcement was approximately $23.2 million and is contingent upon the closing of the merger. Sandler O Neill also received a fee in an amount equal to $1,000,000 upon Sandler O Neill rendering its fairness opinion, which opinion fee will be credited in full toward the transaction fee becoming payable to Sandler O Neill upon the closing of the merger. Blackhawk has also agreed to indemnify Sandler O Neill against certain claims and liabilities arising out of its engagement and to reimburse Sandler O Neill for certain of its out-of-pocket expenses incurred in connection with the engagement.

Sandler O Neill did not provide any other investment banking services to Blackhawk in the two years preceding the date of its opinion, nor did Sandler O Neill provide any investment banking services to entities affiliated with Silver Lake Partners or P2 Capital Partners in the two years preceding the date of its opinion. In the ordinary course of Sandler O Neill s business as a broker-dealer, Sandler O Neill may purchase securities from and sell securities to Blackhawk and its affiliates. Sandler O Neill may also actively trade the equity and debt securities of Blackhawk for its own account and for the accounts of its customers.

Financing for the Merger

We anticipate that the total amount of funds needed to complete the merger (including the funds to pay (1) Blackhawk stockholders the amounts due to them under the merger agreement, (2) fees and expenses in connection with the merger and the financing of the merger, (3) for the refinancing of certain of Blackhawk s existing indebtedness and (4) amounts due in respect of the Company s convertible notes in connection with or relating to the merger) will be approximately $3.5 billion.

We expect this amount will be funded through a combination of (1) equity financing of up to $1.727 billion to be provided by SLP Equity Investor and its permitted assignees, if any, which is described under *— SLP Equity Investor Equity Financing*, (2) equity financing of up to $30 million to be provided by P2 Equity Investor and its permitted assignees, if any, which is described under *— P2 Equity Investor Equity Financing*, (3) debt financing of up to $2.15 billion, which is described under *— Debt Financing* and (4) cash on hand at the Company and its subsidiaries.

The equity and debt financings are subject to the satisfaction of the conditions set forth in the commitment letters described below. Although obtaining the equity or debt financing is not a condition to the completion of the merger, the failure of Parent and its subsidiaries to obtain sufficient financing at the effective time of the merger would likely result in the failure of the merger to be completed. In that case, Parent may be obligated to pay the Company a fee of $136.2 million as described in the section of this proxy statement entitled *The Merger Agreement — Parent Termination Fee.* Payment of such fee is guaranteed by the guarantors as described in the section of this proxy statement entitled *The Merger — Limited Guarantees.*

SLP Equity Investor Equity Financing

Parent has entered into a letter agreement, which we refer to as the SLP equity commitment letter, with SLP Equity Investor, dated as of January 15, 2018, pursuant to which SLP Equity Investor has committed, upon the terms and subject to the conditions set forth in the SLP equity commitment letter, to purchase (or cause its permitted assigns to purchase) immediately prior to the closing of the merger, for an aggregate purchase price equal to $1,727,000,000, equity of Parent. SLP Equity Investor may assign all or a portion of its equity commitment to one or more other investors, although no assignment of its equity commitment to other investors will relieve SLP Equity Investor of its obligations under the SLP equity commitment letter.

The equity commitment of SLP Equity Investor is generally subject to the satisfaction or waiver by Parent of the conditions to Parent and Merger Sub s obligations to effect the merger, as set forth in the merger agreement, and the substantially concurrent receipt of the proceeds of both the P2 Equity Investor equity financing described below and the debt financing described below. The amount to be funded under the SLP equity commitment letter may be reduced in the event that Parent does not require all of the equity commitment of SLP Equity Investor in order to consummate the transactions contemplated by the merger agreement.

SLP Equity Investor s obligation to fund the equity commitment contemplated by the SLP equity commitment letter will terminate upon the earliest to occur of (1) the valid termination of the merger agreement in accordance with

TABLE OF CONTENTS

its terms, (2) the assertion by the Company or any of its affiliates of any claim against SLP Equity Investor, P2 Equity Investor, Parent, Merger Sub or certain of their related parties relating to the SLP equity commitment letter, the P2 equity commitment letter described below, either of the limited guarantees described below, the merger agreement or any of the transactions contemplated thereby other than any claim permitted under the SLP equity commitment letter, the P2 equity commitment letter, either of the limited guarantees or the merger agreement or any claim under the confidentiality agreements relating to the merger and certain provisions of the voting and support agreement with the P2 Parties, (3) any judgment against Parent, Merger Sub, SLP Equity Investor or P2 Equity Investor with respect to any claim permitted under the SLP equity commitment letter, the P2 equity commitment letter, either of the limited guarantees or the merger agreement that includes an award of money damages or the payment of any amount due pursuant to either of the limited guarantees, (4) the closing of the merger and (5) payment by SLP Equity Investor of its obligations under the limited guarantee delivered by it and described below.

The Company is a third-party beneficiary of the SLP equity commitment letter solely in the limited circumstances in accordance with the merger agreement in which the Company is entitled to seek specific performance of Parent s obligation to cause the equity financing contemplated by the SLP equity commitment letter to be funded, as described in the section of this proxy statement entitled *The Merger Agreement — Jurisdiction; Specific Enforcement.*

P2 Equity Investor Equity Financing

Parent has entered into a letter agreement, which we refer to as the P2 equity commitment letter, with P2 Equity Investor, dated as of January 15, 2018, pursuant to which P2 Equity Investor has committed, upon the terms and subject to the conditions set forth in the P2 equity commitment letter, to purchase (or cause its permitted assigns to purchase) immediately prior to the closing of the merger, for cash and/or an aggregate number of shares of Company common stock (valued on a per share basis at the per share merger consideration of $45.25) equal to $30,000,000, equity of Parent. P2 Equity Investor may assign all or a portion of its equity commitment to one or more other investors, although no assignment of its equity commitment to other investors will relieve P2 Equity Investor of its obligations under the P2 equity commitment letter.

The equity commitment of P2 Equity Investor is generally subject to the satisfaction or waiver by Parent of the conditions to Parent and Merger Sub s obligations to effect the merger, as set forth in the merger agreement, and the substantially concurrent receipt of the proceeds of both the SLP Equity Investor equity financing described above and the debt financing described below. The amount to be funded under the P2 equity commitment letter may be reduced in the event that Parent does not require all of the equity commitment of P2 Equity Investor in order to consummate the transactions contemplated by the merger agreement.

P2 Equity Investor s obligation to provide the equity commitment contemplated by the P2 equity commitment letter will terminate upon the earliest to occur of (1) the valid termination of the merger agreement in accordance with its terms, (2) the assertion by the Company or any of its affiliates of any claim against P2 Equity Investor, SLP Equity Investor, Parent, Merger Sub or certain of their related parties relating to the P2 equity commitment letter, the SLP equity commitment letter described above, either of the limited guarantees described below, the merger agreement or any of the transactions contemplated hereby other than any claim permitted under the P2 equity commitment letter, the SLP equity commitment letter, either of the limited guarantees or the merger agreement or any claim under the confidentiality agreements relating to the merger and certain provisions of the voting and support agreement with the P2 Parties, (3) any judgment against Parent, Merger Sub, P2 Equity Investor or SLP Equity Investor with respect to any claim permitted under the P2 equity commitment letter, the SLP equity commitment letter, either of the limited guarantees or the merger agreement that includes an award of money damages or the payment of any amount due pursuant to either of the limited guarantees, (4) the closing of the merger and (5) payment by P2 Equity Investor of its obligations under the limited guarantee delivered by it and described below.

The Company is a third-party beneficiary of the P2 equity commitment letter solely in the limited circumstances in accordance with the merger agreement in which the Company is entitled to seek specific performance of Parent s obligation to cause the equity financing contemplated by the P2 equity commitment letter to be funded, as described in the section of this proxy statement entitled *The Merger Agreement — Jurisdiction; Specific Enforcement.*

Debt Financing

In connection with the merger agreement, Intermediate and Merger Sub have obtained an amended and restated debt commitment letter, which we refer to as the debt commitment letter, from Bank of America, N.A., Merrill Lynch, Pierce, Fenner & Smith Incorporated, JPMorgan Chase Bank, N.A., Barclays Bank PLC, Citigroup Global Markets

TABLE OF CONTENTS

Inc., Goldman Sachs Bank USA, Wells Fargo Bank, National Association, Wells Fargo Securities, LLC, Bank of Montreal, BMO Capital Markets Corp., Deutsche Bank AG New York Branch, Deutsche Bank Securities Inc., Fifth Third Bank, The Bank of Tokyo-Mitsubishi UFJ, Ltd., Royal Bank of Canada, SunTrust Robinson Humphrey, Inc. and SunTrust Bank, dated as of February 2, 2018, pursuant to which Bank of America, N.A., JPMorgan Chase Bank, N.A., Barclays Bank PLC, Citigroup Global Markets Inc., Goldman Sachs Bank USA, Wells Fargo Bank, National Association, Bank of Montreal, Deutsche Bank AG New York Branch, Fifth Third Bank, WFB, BMO, DBNY, Fifth Third, The Bank of Tokyo-Mitsubishi UFJ, Ltd., Royal Bank of Canada and SunTrust Bank have committed to provide, through themselves and/or their affiliates, severally and not jointly, upon the terms and subject to the conditions set forth in the debt commitment letter, in the aggregate up to $2.15 billion in debt financing, consisting of (1) up to $1.35 billion under a senior secured first lien term loan facility, (2) up to $0.4 billion under a senior secured first lien revolving credit facility (a portion of which will be available on the closing date) and (3) up to $0.4 billion under a senior secured second lien term loan facility. The proceeds of the debt financing will be used (1) to finance, in part, the payment of the amounts payable under the merger agreement, the refinancing of certain of Blackhawk s existing indebtedness and the payment of related fees and expenses, (2) to finance the payment of any amounts due in respect of Blackhawk s convertible notes in connection with or relating to the merger, (3) to provide ongoing working capital and (4) for other general corporate purposes of Blackhawk and its subsidiaries.

The debt financing contemplated by the debt commitment letter is conditioned on the consummation of the merger in accordance with the merger agreement as well as other customary conditions, including, but not limited to (1) the execution and delivery by the borrowers and guarantors of definitive documentation, consistent with the debt commitment letter, (2) the consummation of the equity financings described above substantially concurrently with the initial borrowing under the term loan facilities contemplated by the debt commitment letter, (3) subject to certain limitations, the absence of a material adverse effect (as contemplated by the merger agreement) since the date of the merger agreement, (4) payment of all applicable fees and expenses, (5) delivery of certain audited and unaudited financial statements, (6) the commitment parties pursuant to the terms of the debt commitment letter being afforded a marketing period of at least 12 consecutive business days (subject to certain blackout dates) following receipt of certain financial statements, (7) receipt by the administrative agents and lead arrangers pursuant to the terms of the debt commitment letter of documentation and other information about the borrowers and guarantors required under applicable know your customer and anti-money laundering rules and regulations (including without limitation the PATRIOT Act), (8) subject to certain limitations, the execution and delivery of guarantees by the guarantors and all documents and instruments required to create and perfect a security interest in specified items of collateral, (9) the repayment of certain outstanding indebtedness of Blackhawk and (10) the accuracy in all material respects of certain representations and warranties in the merger agreement and specified representations and warranties in the loan documents.

If any portion of the debt financing becomes unavailable, Parent and Merger Sub are required to promptly notify the Company and use reasonable best efforts to obtain alternative debt financing (in an amount sufficient, when taken together with the available portion of the equity and debt financings, available cash at the Company and its subsidiaries and other available cash or other funds of Parent and its subsidiaries, to provide the total amount of funds needed to pay (1) Blackhawk stockholders the amounts due to them under the merger agreement, (2) fees and expenses in connection with the merger and the financing of the merger, (3) for the refinancing of certain of Blackhawk s existing indebtedness and (4) amounts due in respect of the Company s convertible notes in connection with or relating to the merger) from the same or other sources on terms and conditions that are not less favorable to Parent and its subsidiaries than the terms and conditions contemplated in the debt commitment letter. As of February 28, 2018, the most recent practicable date before the filing of this proxy statement, no alternative financing arrangements or alternative financing plans have been made in the event the debt financing described above is not available as anticipated. The documentation governing debt financing contemplated by the debt commitment letter has not been finalized and, accordingly, the actual terms of the debt financing may differ from those described in this proxy statement.

We have agreed to use our reasonable best efforts to provide, cause our subsidiaries to use their reasonable best efforts to provide and use our reasonable best efforts to cause our and our subsidiaries representatives to provide, all cooperation reasonably requested by Parent necessary and customary in connection with the arrangement of the financing contemplated by the debt commitment letter. For more information, see the section of this proxy statement entitled *The Merger Agreement — Financing and Financing Cooperation.*

TABLE OF CONTENTS

Limited Guarantees

Concurrently with the execution of the merger agreement, SLP Equity Investor and P2 Equity Investor have each executed and delivered a limited guarantee in favor of the Company, which we refer to as the limited guarantees, pursuant to which they have unconditionally and irrevocably guaranteed, on the terms and conditions set forth therein, the due and punctual observance, performance and discharge of their respective applicable percentage (98.3% in the case of SLP Equity Investor and 1.7% in the case of P2 Equity Investor) of the payment obligations of Parent with respect to (1) the parent termination fee of $136.2 million, as described in the section of this proxy statement entitled *The Merger Agreement — Parent Termination Fee,* if and when due pursuant to the merger agreement and (2) certain reimbursement and indemnification obligations that may become payable by Parent pursuant to the merger agreement.

Each of the limited guarantees will terminate upon the earliest to occur of (1) the closing of the merger, (2) payment in full of the applicable percentage of the relevant payment obligations of Parent and (3) the valid termination of the merger agreement in accordance with its terms by mutual consent of the parties or under circumstances in which Parent is not obligated to pay the parent termination fee of $136.2 million, as described in the section of this proxy statement entitled *The Merger Agreement — Parent Termination Fee.*

In the event that the Company or any of its affiliates asserts in any litigation or other proceeding (1) that certain provisions of either of the limited guarantees are illegal, invalid or unenforceable in whole or in part or (2) any theory of liability against a guarantor or certain related parties of such guarantor with respect to its limited guarantee, the equity commitment letter to which such guarantor is a party, the merger agreement or any of the transactions contemplated thereby (other than certain specified permitted claims), then (i) the obligations of such guarantor under such limited guarantee will terminate, (ii) if such guarantor has previously made any payments under such limited guarantee, it will be entitled to recover such payments and (iii) neither such guarantor nor certain related parties of such guarantor shall have any liability to the Company with respect to the transactions contemplated by the merger agreement under such limited guarantee.

Interests of Blackhawk s Directors and Executive Officers in the Merger

In considering the recommendation of the Blackhawk board of directors that Blackhawk stockholders vote in favor of the adoption of the merger agreement, Blackhawk stockholders should be aware that the directors and executive officers of Blackhawk have potential interests in the merger that may be different from or in addition to the interests of Blackhawk stockholders generally. The Blackhawk board of directors was aware of these interests and considered them, among other matters, in approving the merger agreement and in making its recommendation that Blackhawk s stockholders vote in favor of the adoption of the merger agreement.

Treatment of Blackhawk Equity Awards

Except as may be otherwise agreed between Parent and an award holder, awards in respect of Blackhawk common stock that are outstanding immediately prior to the effective time would be treated in the merger as described below.

Stock Options and Stock Appreciation Rights. At the effective time, each award of stock options or SARs in respect of Blackhawk common stock that is then outstanding, whether vested or unvested, would become fully vested and be settled, with respect to each share of Blackhawk common stock subject to the award, for the excess of the per share merger consideration over the applicable per share exercise price.

Restricted Shares. At the effective time, each share of Blackhawk common stock that is then outstanding and subject to a restricted share award would become fully vested and settled for a cash payment equal to the per share merger consideration.

Restricted Stock Units. At the effective time, each Blackhawk RSU award:

- Granted to an employee prior to June 1, 2016 or granted to a non-employee director at any time, in each case, that remains outstanding as of the effective time would vest and be settled, with respect to each share of Blackhawk common stock subject to the award, for the per share merger consideration;
- Granted to an employee on or after June 1, 2016 (other than an RSU award granted on or after January 1, 2018 to an employee of Blackhawk at the level of vice president or higher) that remains outstanding as of

TABLE OF CONTENTS

the effective time would be converted into the right to receive an amount in cash equal to the per share merger consideration in respect of each share of Blackhawk common stock subject to such award, which cash payment would remain subject to the same vesting schedule and other relevant payment terms and conditions of the underlying RSU award; or

- Granted on or after January 1, 2018 to an employee of Blackhawk at the level of vice president or higher that remains outstanding as of the effective time would be converted into an RSU award of substantially equivalent value in respect of capital stock of Parent, which award would remain subject to the same vesting schedule and other relevant payment terms and conditions of the underlying RSU award.

Any RSU awards that do not vest upon the effective time will be eligible for accelerated vesting following the effective time upon the holder s termination of employment without cause or due to death or disability, or, in the case of participants in Blackhawk s executive change in control severance plan, termination for good reason. In addition, awards that were granted prior to January 15, 2018 and that provide for retirement vesting will continue to provide for such retirement vesting following the effective time. Further, in connection with the merger, Blackhawk is planning to terminate its deferred compensation plan, under which non-employee directors can defer settlement of their RSUs, and settle RSUs that have been deferred thereunder at the same time as RSUs generally that vest upon the occurrence of the effective time.

Performance Shares. At the effective time, each Blackhawk performance share award that is then outstanding would vest (based on actual performance for completed performance periods and target performance for incomplete performance periods) and be settled, with respect to each share of Blackhawk common stock subject to the award, for the per share merger consideration.

For an estimate of the amounts that would become payable to each of Blackhawk s named executive officers in settlement of his or her unvested equity awards, see — *Quantification of Potential Payments to Blackhawk s Named Executive Officers in Connection with the Merger*. If the effective time occurred on February 28, 2018, based on a price per share of Blackhawk common stock of $45.25, Blackhawk estimates the aggregate amount that would become payable to Blackhawk s executive officer who is not a named executive officer in settlement of his unvested equity awards if he experienced a qualifying termination of employment at such time to be $3,591,988, and the aggregate amount that would become payable to Blackhawk s ten non-employee directors in settlement of their unvested equity awards to be $1,487,820.

Executive Change in Control Severance Plan

Blackhawk maintains an executive change in control severance plan under which its executive officers would be eligible for severance benefits upon a qualifying termination of employment. Under the plan, if the employment of an executive officer of Blackhawk were terminated involuntarily without cause or by the executive officer for good reason within two years following a change in control of Blackhawk (such as the merger), the executive officer would be entitled to the following:

- *Prorated Annual Incentive*. A cash payment equal to the executive officer’s target annual incentive opportunity for the fiscal year of termination, prorated for the portion of the year elapsed as of the termination date, which payment would be payable in a lump sum on the 60th day following the termination date;
- *Severance Payment*. A cash severance payment equal to the product of (1) a severance multiplier of two (for Ms. Roche and Mr. Tauscher), or one and one-half (for Blackhawk’s other executive officers), *multiplied by* (2) the sum of the executive officer’s annual base salary plus target annual incentive opportunity for the fiscal year of termination, which severance payment would be payable in substantially equal installments, in accordance with Blackhawk’s normal payroll procedures, over the 24-month period (for Ms. Roche and Mr. Tauscher) or the 18-month period (for Blackhawk’s other executive officers) following the termination date;

- *Ancillary Benefits*. Payment or reimbursement of COBRA premiums through the earlier of the end of the applicable COBRA period or the date on which the executive officer becomes eligible for health care coverage from a subsequent employer; and
- *Equity Award Vesting*. Full vesting of the executive officer's equity awards (in the case of performance shares, based on target performance).

51

TABLE OF CONTENTS

None of the executive officers are eligible for a gross-up in respect of excise taxes that might be incurred under Section 4999 of the Internal Revenue Code of 1986 (referred to in this proxy statement as the Code). Instead, the plan provides that, if any payments thereunder are subject to an excise tax under Section 4999 of the Code, such payments would be reduced to the extent that the reduction would result in a greater after-tax benefit to the executive officer. Prior to the effective time, Blackhawk may take certain actions to mitigate the impact of Section 4999 of the Code, including if Blackhawk reasonably determines that the effective time will not occur in 2018, accelerating into 2018 the vesting or payment of compensation or benefits that are scheduled to be paid either in 2019 or upon the effective time, or paying out accrued paid time off or sick leave.

As a condition of receiving the severance benefits under the plan, the executive officers are required to execute a release of claims.

For an estimate of the amounts that would become payable to each of Blackhawk s named executive officers under the plan if a severance-qualifying termination of employment were to occur immediately following the effective time, see — *Quantification of Potential Payments to Blackhawk s Named Executive Officers in Connection with the Merger.* Blackhawk estimates that the aggregate value of the prorated annual incentives, severance payments and ancillary benefits that would become payable to Blackhawk s executive officer who is not a named executive officer under the plan if the effective time of the merger were February 28, 2018 and he incurred a severance-qualifying termination of employment on that date, to be $4,691,662.

Indemnification; Directors and Officers Insurance

Blackhawk is party to indemnification agreements with each of its directors and executive officers that require Blackhawk, among other things, to indemnify the directors and executive officers against certain liabilities that may arise by reason of their status or service as directors or officers.

In addition, pursuant to the merger agreement, from the effective time until the sixth anniversary thereof, the surviving corporation will indemnify certain persons, including Blackhawk s directors and executive officers. Further, for at least six years from the effective time, the surviving corporation will maintain an insurance and indemnification policy for the benefit of certain persons, including Blackhawk s directors and executive officers. For additional information, see *The Merger Agreement — Indemnification and Insurance*.

Post-Closing Compensation Arrangements

It is expected that upon or following the effective time, Parent will establish a new equity incentive plan for certain employees of Blackhawk. In addition, Parent or its affiliates may enter into other compensation or benefits arrangements with employees of Blackhawk that are effective following the effective time. However, the terms of such equity incentive plan or any other post-closing compensation or benefits arrangements have not been agreed or otherwise determined as of the date of this proxy statement.

Quantification of Potential Payments to Blackhawk s Named Executive Officers in Connection with the Merger

The information set forth in the table below is intended to comply with Item 402(t) of Regulation S-K, which requires disclosure of information about certain compensation for each of Blackhawk s named executive officers that is based on or otherwise relates to the merger and assumes, among other things, that Blackhawk s named executive officers will incur a severance-qualifying termination of employment immediately following the effective time. For additional details regarding the terms of the payments described below, see the discussion under the caption — *Interests of Blackhawk s Directors and Executive Officers in the Merger.*

The amounts indicated below are estimates based on multiple assumptions that may or may not actually occur or be accurate on the relevant date, including assumptions described below, and do not reflect certain compensation actions that may occur before the effective time. For purposes of calculating such amounts, we have assumed:

- The effective time occurs on February 28, 2018; and
- Each named executive officer experiences a severance-qualifying termination of employment immediately following the effective time.

TABLE OF CONTENTS

Name[1]	Cash ($)[2]	Equity ($)[3]	Perquisites/ Benefits ($)[4]	Total ($)
Named Executive Officers				
Talbott Roche	3,996,747	11,246,346	38,275	15,281,368
William Y. Tauscher	1,491,726	1,489,445	26,705	3,007,876
Charles O. Garner	1,513,684	4,525,000	38,681	6,077,365
David C. Tate	1,244,899	2,602,006	38,681	3,885,586
Kirsten Richesson	811,747	1,604,658	32,450	2,448,855
Sachin Dhawan	1,244,899	4,859,105	12,806	6,116,810

(1) Jerry Ulrich and Christopher C. Crum, who were named executive officers of the Company, ceased being employed by Blackhawk in 2017, and these former executives hold no unvested Blackhawk equity awards and are not eligible to receive other compensation or benefits in connection with the merger.

(2) The cash amounts payable to the named executive officers include the following components:

(a) A cash payment equal to the named executive officer's target annual incentive opportunity for the fiscal year of termination, prorated for the portion of the year elapsed as of the termination date, which payment would be payable in a lump sum on the 60th day following the termination date; and

(b) A cash severance payment equal to the product of (1) a severance multiplier of two (for Ms. Roche and Mr. Tauscher), or one and one-half (for Blackhawk's other named executive officers), *multiplied by* (2) the sum of the named executive officer's annual base salary plus target annual incentive opportunity for the fiscal year of termination, which severance payment would be payable in substantially equal installments, in accordance with Blackhawk's normal payroll procedures, over the 24-month period (for Ms. Roche and Mr. Tauscher) or the 18-month period (for Blackhawk's other named executive officers) following the termination date.

All components of such cash amount are contingent upon a qualifying termination of employment (*i.e.*, double-trigger). As a condition of receiving the prorated annual incentive and severance payment, the named executive officers must execute a release of claims. The estimated amount of each component of the cash payment is set forth in the table below.

Name	Prorated Target Annual Short-Term Incentive ($)	Severance Payment ($)
Named Executive Officers		
Talbott Roche	171,747	3,825,000
William Y. Tauscher	51,726	1,440,000
Charles O. Garner	69,184	1,444,500
David C. Tate	56,899	1,188,000
Kirsten Richesson	24,247	787,500
Sachin Dhawan	56,899	1,188,000

(3) As described in more detail in *The Merger Agreement — Treatment of Blackhawk Equity Awards*, (1) each Blackhawk stock option and performance share award, as well as each RSU award granted to a named executive officer prior to June 1, 2016, would vest upon the effective time (*i.e.*, single-trigger) and be settled for the per share merger consideration with respect to each share of Blackhawk common stock subject to the award (less, for stock

options, the applicable per share exercise price) and (2) each Blackhawk RSU award granted to a named executive officer on or after June 1, 2016 would be converted into either (i) the right to receive an amount in cash equal to the per share merger consideration in respect of each share of Blackhawk common stock subject to such award or (ii) an RSU award of substantially equivalent value in respect of capital stock of Parent, which cash payment or RSU award would remain subject to the same vesting schedule and other relevant payment terms and conditions of the underlying RSU award. Any RSU awards that do not vest upon the effective time will be eligible for accelerated vesting upon a qualifying termination of employment following the effective time (*i.e.*, double-trigger).

The amounts above and in the table below assume a price per share of Blackhawk common stock of $45.25. Set forth below are the values of each type of unvested Blackhawk equity award held by the named executive officers that would become vested upon the consummation of the merger or a qualifying termination of employment thereafter (excluding awards for which Mr. Tauscher is retirement-eligible under the terms of the applicable award agreements).

Name	Options (Single-Trigger) ($)	Pre-June 2016 RSUs (Single-Trigger) ($)	June 2016 and Later RSUs (Double-Trigger) ($)	Performance Shares (Single-Trigger) ($)
Named Executive Officers				
Talbott Roche	737,848	1,174,192	6,652,746	2,681,560
William Y. Tauscher	534,987	—	—	954,458
Charles O. Garner	—	—	4,525,000	—
David C. Tate	236,652	349,466	1,238,674	777,214
Kirsten Richesson	86,521	591,010	927,127	—
Sachin Dhawan	465,375	—	3,393,750	999,980

TABLE OF CONTENTS

(4) The amounts in this column reflect the value of COBRA premiums that would be payable or reimbursable to the named executive officers for the 18 months following the termination date. All such amounts are contingent upon a qualifying termination of employment (*i.e.*, double-trigger). As a condition of receiving the foregoing benefits, the named executive officers must execute a release of claims.

Voting and Support Agreement

Parent and Merger Sub have entered into a voting and support agreement with the P2 Parties, dated as of January 15, 2018. As of the close of business on February 28, 2018, the record date for the special meeting, the P2 Stockholders owned 3,000,000 shares, or approximately 5.38% of the shares of Company common stock outstanding and entitled to vote at the special meeting.

The voting and support agreement contemplates, among other things, that the P2 Stockholders will vote the shares of Company common stock over which they have voting power (1) in favor of the adoption of the merger agreement, approval of the merger and the transactions contemplated by the merger agreement and in favor of any other matter submitted to the Company s stockholders necessary to consummate the merger and (2) against a change in the Company s board of directors, against acquisition proposals and against any other proposal or action that would constitute a breach of the merger agreement or prevent, frustrate, impede, interfere with, materially delay or adversely affect the merger or other transactions contemplated by the merger agreement. In addition, each of the P2 Stockholders irrevocably granted to, and appointed, Parent and any duly appointed designee thereof as such P2 Stockholder s proxy and attorney-in-fact, for and in the name, place and stead of such P2 Stockholder, to attend any meeting of the Company s shareholders on behalf of such P2 Stockholder with respect to the matters set forth above in clauses (1) and (2), to include such P2 Stockholder s shares of Company common stock in any computation for purposes of establishing a quorum at any such meeting and to vote such P2 Stockholder s shares of Company common stock in connection with any such meeting.

The P2 Stockholders also agreed, under the voting and support agreement, not to directly or indirectly (1) grant or create any lien, other than permitted liens, on any or all of such P2 Stockholder s shares of Company common stock, (2) transfer, sell, assign, tender, gift, hedge, pledge or otherwise dispose of, or enter into any derivative arrangement with respect to (which we collectively refer to in this paragraph as transfer), any of such P2 Stockholder s shares of Company common stock, or any right, title or interest therein, (3) enter into any contract with respect to any transfer of such P2 Stockholder s shares of Company common stock, (4) grant or permit the grant of any proxy, power-of-attorney or other authorization or consent in or with respect to any of such P2 Stockholder s shares of Company common stock, (5) deposit or permit the deposit of any of such P2 Stockholder s shares of Company common stock into a voting trust or enter into a voting agreement or similar arrangement, commitment or understanding with respect to any of such shares or (6) take or permit any other action that would reasonably be expected to prevent or materially restrict, disable or delay the consummation by the P2 Parties of the transactions contemplated by the voting and support agreement or otherwise adversely impact the P2 Parties ability to perform its obligations thereunder in any material respect. The P2 Stockholders also agreed to waive their appraisal rights in connection with the merger.

The voting and support agreement will terminate upon the earlier of the consummation of the merger, the valid termination of the merger agreement in accordance with its terms or the mutual written consent of the parties.

The description of the voting and support agreement in this section and elsewhere in this proxy statement is qualified in its entirety by reference to the full text of such agreement, a copy of which is attached as Exhibit B to the merger agreement, a copy of which is attached hereto as Annex A, and which is incorporated by reference into this proxy statement.

Material U.S. Federal Income Tax Consequences of the Merger

The following is a discussion of the material U.S. federal income tax consequences of the merger to U.S. holders (as defined below) of common stock whose shares are exchanged for cash pursuant to the merger. This discussion is based on the provisions of the Internal Revenue Code of 1986, as amended (referred to in this proxy statement as the Code), applicable U.S. Treasury Regulations, judicial opinions and administrative rulings and published positions of the Internal Revenue Service (referred to in this proxy statement as the IRS), each as in effect as of the date hereof. These authorities are subject to change or differing interpretations, possibly on a retroactive basis, and any such change or interpretation could affect the accuracy of the statements and conclusions set forth in this

TABLE OF CONTENTS

discussion. This discussion does not address any tax consequences arising under the unearned income Medicare contribution tax pursuant to the Health Care and Education Reconciliation Act of 2010, nor does it address any tax considerations under state, local or foreign laws or U.S. federal laws other than those pertaining to U.S. federal income tax.

For purposes of this discussion, the term U.S. holder means a beneficial owner of common stock that is for U.S. federal income tax purposes:

- a citizen or individual resident of the United States;
- a corporation, or other entity classified as a corporation for U.S. federal income tax purposes, created or organized in or under the laws of the United States, any state thereof, or the District of Columbia;
- a trust if (1) a court within the United States is able to exercise primary supervision over the trust's administration, and one or more U.S. persons are authorized to control all substantial decisions of the trust or (2) such trust has a valid election in effect under applicable U.S. Treasury Regulations to be treated as a U.S. person; or
- an estate the income of which is subject to U.S. federal income tax regardless of its source.

This discussion applies only to U.S. holders of shares of common stock who hold such shares as a capital asset under the Code (generally, property held for investment). Further, this discussion does not purport to address all aspects of U.S. federal income taxation that may be relevant to a U.S. holder in light of its particular circumstances, or that may apply to U.S. holders subject to special treatment under U.S. federal income tax laws (including, for example, insurance companies, dealers or brokers in securities or foreign currencies, traders in securities who elect to apply the mark-to-market method of accounting, holders subject to the alternative minimum tax, U.S. holders that have a functional currency other than the U.S. dollar, tax-exempt organizations, tax-qualified retirement plans, banks and other financial institutions, mutual funds, certain former citizens or former long-term residents of the United States, partnerships or other entities or arrangements treated as partnerships for U.S. federal income tax purposes or other flow-through entities (and investors therein), S corporations, real estate investment trusts, regulated investment companies, U.S. holders who hold shares of common stock as part of a hedge, straddle, constructive sale, conversion or other integrated transaction, U.S. holders required to accelerate the recognition of any item of gross income with respect to the common stock as a result of such income being recognized on an applicable financial statement, and U.S. holders who acquired their shares of common stock through the exercise of employee stock options or other compensation arrangements). This discussion also does not address the U.S. federal income tax consequences to holders of shares of common stock who exercise appraisal rights in connection with the merger under the DGCL.

If a partnership (including for this purpose any entity or arrangement treated as a partnership for U.S. federal income tax purposes) holds shares of common stock, the tax treatment of a partner in such partnership will generally depend on the status of the partners and the activities of the partnership. If you are, for U.S. federal income tax purposes, a partner in a partnership holding shares of common stock, you should consult your tax advisor.

Holders of common stock are urged to consult their own tax advisors to determine the particular tax consequences to them of the merger, including the applicability and effect of the alternative minimum tax, the unearned income Medicare contribution tax and any other U.S. federal, or state, local, foreign or other tax laws.

The receipt of cash by U.S. holders in exchange for shares of common stock pursuant to the merger will be a taxable transaction for U.S. federal income tax purposes. In general, for U.S. federal income tax purposes, a U.S. holder who receives cash in exchange for shares of common stock pursuant to the merger will recognize capital gain or loss in an amount equal to the difference, if any, between (1) the amount of cash received and (2) the U.S. holder s adjusted tax basis in such shares (which generally will equal the price the U.S. holder paid for such shares).

Any such gain or loss will be long-term capital gain or loss if a U.S. holder s holding period in the shares of common stock surrendered in the merger is greater than one year as of the date of the merger. Long-term capital gains of certain non-corporate holders, including individuals, are generally subject to U.S. federal income tax at preferential rates. The deductibility of capital losses is subject to limitations. If a U.S. holder acquired different blocks of common stock at different times and different prices, such U.S. holder must determine its adjusted tax basis, gain or loss and holding period separately with respect to each block of common stock.

TABLE OF CONTENTS

Information Reporting and Backup Withholding

Payments made in exchange for shares of common stock pursuant to the merger may be subject, under certain circumstances, to information reporting and backup withholding (currently at a rate of 24%). To avoid backup withholding, a U.S. holder that does not otherwise establish an exemption should complete and return to the applicable withholding agent a properly completed and executed IRS Form W-9, certifying that such U.S. holder is a U.S. person, that the taxpayer identification number provided is correct, and that such U.S. holder is not subject to backup withholding.

Backup withholding is not an additional tax. Any amounts withheld under the backup withholding rules may be refunded or credited against a holder s U.S. federal income tax liability, if any, provided that such holder furnishes the required information to the IRS in a timely manner. The IRS may impose a penalty upon any taxpayer that fails to provide the correct taxpayer identification number.

Regulatory Approvals

HSR Clearance. Under the HSR Act and related rules, certain transactions, including the merger, may not be completed until notifications have been given and information furnished to the Antitrust Division and the FTC and all statutory waiting period requirements have been satisfied. Completion of the merger is subject to the expiration or termination of the applicable waiting period under the HSR Act. Notification and Report Forms were filed in respect of Parent and the Company with the Antitrust Division and the FTC on January 29, 2018. Early termination of the applicable waiting period under the HSR Act was granted on February 7, 2018.

Germany Antitrust Clearance. Pursuant to the GWB, certain transactions, including the merger, may not be completed until filings are made with the FCO and the transactions are cleared by the FCO, or deemed to have been cleared by the FCO due to the expiration of the applicable time limit under the GWB. Completion of the merger is subject to the clearance or deemed clearance of the merger under the GWB. German counsel filed with the FCO on behalf of Parent and the Company on January 30, 2018. The FCO cleared the merger on February 5, 2018.

In addition, non-U.S. regulatory bodies and U.S. state attorneys general could take action under antitrust laws as they deem necessary or desirable in the public interest, including, without limitation, seeking to enjoin the completion of the merger or permitting completion subject to regulatory conditions. Private parties may also seek to take legal action under antitrust laws under some circumstances. There can be no assurance that a challenge to the merger on antitrust grounds will not be made or, if such a challenge is made, that it would not be successful.

Australia Foreign Investment Review Board. Pursuant to the FATA, certain acquisitions by foreign persons of Australian companies, businesses and real property assets, including the merger, must be notified to the FIRB for approval by the Australian Treasurer. Intermediate submitted a FIRB application on January 26, 2018. The filing fee was accepted on February 9, 2018, beginning the review process.

Money Transmitter and Other Licensing Requirements. Blackhawk holds money transmitter licenses in numerous U.S. and foreign jurisdictions. The money transmission laws and regulations of certain of these jurisdictions require that, prior to the acquisition of control of a licensee, the licensee and/or acquiror must notify the applicable regulatory authority, make certain filings with such regulatory authority, and/or obtain the approval of such regulatory authority. It is a condition to each party s obligation to complete the merger that all consents applicable to the completion of the merger (or confirmation that no consent is required) will have been made or obtained, as applicable, from the applicable regulatory authority in (1) the United Kingdom, (2) Ontario, Canada (which is regarding Blackhawk s lottery/gaming license and is not a money transmitter license) and (3) 35 U.S. states, Puerto Rico and the District of Columbia (the consents in clauses (1), (2) and (3) are referred to in this proxy statement as required money transmitter

consents). Blackhawk and Parent have begun the process of obtaining the required money transmitter consents, but there can be no assurance that all such consents will be obtained before the outside date.

Commitments to Obtain Approvals. The Company and Parent are each required to use reasonable best efforts to take all actions reasonably necessary, proper or advisable to complete the merger, including cooperating to obtain regulatory approvals. This includes, if required by regulatory authorities, proposing, negotiating, and committing to and effecting the sale, divestiture, license or other disposition of the assets, properties or businesses of Blackhawk, Parent, or their respective subsidiaries, provided that any such disposition is conditioned upon regulatory approval. See the section of this proxy statement entitled *The Merger Agreement — Efforts to Complete the Merger — Regulatory Matters*.

TABLE OF CONTENTS

There can be no assurance that regulatory authorities will not impose conditions on the completion of the merger or require changes to the terms of the transaction.

Delisting and Deregistration of Company Common Stock

If the merger is completed, the Company common stock will be delisted from the NASDAQ and deregistered under the Exchange Act.

TABLE OF CONTENTS

THE MERGER AGREEMENT

The following is a summary of the material provisions of the merger agreement, a copy of which is attached to this proxy statement as Annex A and which is incorporated by reference into this proxy statement. This summary does not purport to be complete and may not contain all of the information about the merger agreement that is important to you. We encourage you to read carefully the merger agreement in its entirety, as the rights and obligations of the parties thereto are governed by the express terms of the merger agreement and not by this summary or any other information contained in this proxy statement.

Explanatory Note Regarding the Merger Agreement

The following summary of the merger agreement, and the copy of the merger agreement attached as Annex A to this proxy statement, are intended to provide information regarding the terms of the merger agreement and are not intended to provide any factual information about Blackhawk or modify or supplement any factual disclosures about Blackhawk in its public reports filed with the SEC. In particular, the merger agreement and the related summary are not intended to be, and should not be relied upon as, disclosures regarding the actual state of any facts and circumstances relating to Blackhawk. The merger agreement contains representations and warranties by and covenants of Blackhawk, Parent and Merger Sub, and they were made only for purposes of the merger agreement and as of specified dates. The representations, warranties and covenants in the merger agreement were made solely for the benefit of the parties to the merger agreement, may be subject to limitations agreed upon by the contracting parties, including being qualified by confidential disclosures made for the purposes of allocating contractual risk between the parties to the merger agreement instead of establishing these matters as facts, and may be subject to contractual standards of materiality or material adverse effect applicable to the contracting parties that generally differ from those applicable to investors. In addition, information concerning the subject matter of the representations, warranties and covenants may change after the date of the merger agreement, which subsequent information may or may not be fully reflected in Blackhawk s public disclosures. The representations, warranties and covenants in the merger agreement and any descriptions thereof should be read in conjunction with the disclosures in Blackhawk s periodic and current reports, proxy statements and other documents filed with the SEC. See the section of this proxy statement entitled *Where You Can Find Additional Information*. Moreover, the description of the merger agreement below does not purport to describe all of the terms of such agreement and is qualified in its entirety by reference to the full text of such agreement, a copy of which is attached hereto as Annex A and which is incorporated herein by reference.

Additional information about Blackhawk may be found elsewhere in this proxy statement and Blackhawk s other public filings. See the section of this proxy statement entitled *Where You Can Find Additional Information*.

Structure of the Merger; Certificate of Incorporation; Bylaws; Directors and Officers

At the effective time, Merger Sub will be merged with and into Blackhawk, and the separate corporate existence of Merger Sub will cease. Blackhawk will be the surviving corporation in the merger and will continue its corporate existence as a Delaware corporation and a wholly owned subsidiary of Parent. At the effective time, the certificate of incorporation of the surviving corporation will be amended and restated in its entirety to be in the form attached as Exhibit A to the merger agreement. At the effective time, the bylaws of the surviving corporation will be amended and restated in their entirety to be in the form of the bylaws of Merger Sub in effect immediately prior to the effective time, except that the name of the surviving corporation will be Blackhawk Network Holdings, Inc.

The individuals holding positions as directors of Merger Sub immediately prior to the effective time will become the directors of the surviving corporation. The individuals holding positions as officers of Blackhawk immediately prior to the effective time will be the officers of the surviving corporation.

When the Merger Becomes Effective

The closing of the merger will take place (1) at 9:00 a.m. (New York City time), on the first Friday that is a business day at least five business days after the day on which the last of the conditions set forth in the merger agreement (other than those conditions that by their nature are to be satisfied at the closing, but subject to the satisfaction or waiver of those conditions at the closing) has been satisfied or waived in accordance with the merger agreement, unless the marketing period (as defined below) has not ended on or before the time the closing would have otherwise been required to occur, in which case the closing will not occur until the earlier of (i) a business day during the marketing period specified by Parent on no fewer than three business days written notice to Blackhawk and

TABLE OF CONTENTS

(ii) the first business day following the final day of the marketing period that is a Friday (subject in each case to the satisfaction or waiver of all of the conditions set forth in the merger agreement (other than those conditions that by their nature are to be satisfied at the closing, but subject to the satisfaction or waiver of those conditions at the closing)), or (2) at such other date, time and place as the parties may agree in writing. The day on which the closing of the merger actually occurs is referred to in this proxy statement as the closing date. For purposes of the merger agreement, business day refers to any day ending at 11:59 p.m. (New York City time) other than a Saturday or Sunday or a day on which (1) banks are required or authorized to close in New York City, New York, or (2) for purposes of determining the closing date only, the Department of State of the State of Delaware is required or authorized to close.

On the closing date, the surviving corporation will cause a certificate of merger to be executed, acknowledged and filed with the Secretary of State of the State of Delaware. The merger will become effective at the time when the certificate of merger has been duly filed with and accepted by the Secretary of State of the State of Delaware or at such later time as may be agreed by the parties in writing and specified in the certificate of merger.

As of the date of this proxy statement, we expect to complete the merger in mid-2018. However, completion of the merger is subject to the satisfaction or waiver of the conditions to the completion of the merger, which are described below and include various regulatory clearances and approvals, and it is possible that the merger will not be completed until a later time, or at all.

For purposes of the merger agreement, marketing period means the first period of 14 consecutive business days commencing after the date of the merger agreement throughout which (1) Parent must have the required financial information (as defined below) and such required financial information (which must be the same information throughout the period) is compliant (as defined below) and (2) the conditions set forth in sections 8.1 and 8.2 of the merger agreement must have been satisfied (other than those conditions that by their nature are to be satisfied at the closing), assuming that the closing date were to be scheduled for any time during such 14 consecutive business day period, or (to the extent permitted by applicable law) waived; provided, however, that (i) (x) if such 14 consecutive business day period has not ended on or prior to June 29, 2018, then such period will not start until July 9, 2018, and (y) if such 14 consecutive business day period has not ended on or prior to August 17, 2018, then such period will not start until September 4, 2018, and (ii) the marketing period will be deemed not to have commenced if, after the date of the merger agreement and prior to the completion of such 14 consecutive business day period, (x) the independent auditors of Blackhawk will have withdrawn its audit opinion with respect to any year-end audited financial statements of Blackhawk and its subsidiaries included in the required financial information, in which case the marketing period will be deemed not to commence unless and until such independent auditors or another nationally recognized independent accounting firm reasonably acceptable to Parent has issued an unqualified audit opinion with respect to such financial statements or (y) any of the financial statements of Blackhawk and its subsidiaries included in the required financial information will have been restated or Blackhawk will have determined or publicly announced that a restatement of any financial statements of Blackhawk and its subsidiaries included in the required financial information is required, in which case the marketing period will be deemed not to commence unless and until such restatement has been completed and the required financial information has subsequently been amended and delivered to Parent or Blackhawk has determined in writing or publicly announced, as applicable, that no such restatement will be required; provided, that if Blackhawk in good faith reasonably believes that it has provided the required financial information and that such required financial information is compliant, it may deliver to Parent a written notice to that effect (stating the date upon which it believes it completed such delivery or provided such access to required financial information that is compliant), in which case (subject to satisfaction of any other conditions, and compliance with the terms of each other provision, of this definition (including the requirement that required financial information be the same information throughout the period)) such 14 consecutive business day period referred to above will be deemed to have commenced on the date such notice is delivered to Parent unless Parent in good faith reasonably believes Blackhawk has not provided the required financial information that is compliant or that clause (2) of this definition has not been satisfied and, within two business days after Blackhawk s giving of such notice, gives a written notice to

Blackhawk to that effect (stating with specificity any elements of noncompliance and/or nonsatisfaction).

For purposes of the merger agreement, required financial information means certain financial statements of the Company required to be delivered to satisfy certain conditions in the debt commitment letter.

TABLE OF CONTENTS

For purposes of the merger agreement, compliant means, with respect to the required financial information, that such required financial information, when taken as a whole, does not, in each case, with respect to Blackhawk and its subsidiaries, contain any untrue statement of a material fact or omit to state any material fact necessary in order to make such required financial information not materially misleading in light of the circumstances under which it was furnished.

Effect of the Merger on the Common Stock

At the effective time, each share of Company common stock issued and outstanding immediately before the effective time (referred to in this proxy statement as eligible shares) (other than shares owned by (1) Parent, Merger Sub or any other direct or indirect wholly owned subsidiary of Parent, and in each case not held on behalf of third parties (referred to in this proxy statement as cancelled shares), (2) Blackhawk or any direct or indirect wholly owned subsidiary of Blackhawk, and in each case not held on behalf of third parties (referred to in this proxy statement as converted shares) and (3) stockholders of the Company who have perfected and not withdrawn a demand for (or otherwise lost their right to) appraisal rights pursuant to Section 262 of the DGCL (referred to in this proxy statement as dissenting shares, and the shares referred to in clauses (1), (2) and (3), excluded shares)) will automatically be cancelled and converted into the right to receive the per share merger consideration, upon surrender of certificates or book-entry shares. The per share merger consideration will be $45.25 in cash, without interest and subject to required withholding taxes.

At the effective time, each dissenting share will cease to be outstanding, will be cancelled without payment of any consideration and will cease to exist, subject to any appraisal rights, pursuant to the terms of the merger agreement. At the effective time, each of the cancelled shares will be cancelled without payment of any consideration and will cease to exist. In addition, at the effective time, each of the converted shares will automatically be converted into shares of common stock of the surviving corporation, so as to maintain the same relative ownership percentages. As of the date hereof, there are not expected to be any converted shares.

At the effective time, each share of common stock, par value $0.001 per share, of Merger Sub issued and outstanding immediately prior to the effective time will be converted into one share of common stock, par value $0.001 per share, of the surviving corporation.

Each warrant to purchase shares of Company common stock pursuant to the Stock Purchase Warrant issued by Blackhawk to The Kroger Co. on October 31, 2017 (referred to in this proxy statement as the Kroger warrant) that is outstanding and unexercised as of immediately prior to the effective time will be cancelled and converted into the right to receive an amount in cash, without interest, equal to the product of (1) the excess, if any, of the per share merger consideration over the exercise price per share of Company common stock of the Kroger warrant, multiplied by (2) the number of shares of Company common stock subject to such Kroger warrant as of immediately prior to the effective time. The Kroger warrant was exercised in full on January 19, 2018.

Treatment of Company Equity Awards

Except as may be otherwise agreed between Parent and an award holder, awards in respect of Blackhawk common stock that are outstanding immediately prior to the effective time would be treated in the merger as described below.

Stock Options and Stock Appreciation Rights. At the effective time, each award of stock options or SARs in respect of Blackhawk common stock that is then outstanding, whether vested or unvested, would become fully vested and be settled, with respect to each share of Blackhawk common stock subject to the award, for the excess of the per share merger consideration over the applicable per share exercise price.

Restricted Shares. At the effective time, each share of Blackhawk common stock that is then outstanding and subject to a restricted share award would become fully vested and settled for a cash payment equal to the per share merger consideration.

Restricted Stock Units. At the effective time, each Blackhawk RSU award:

- Granted to an employee prior to June 1, 2016 or granted to a non-employee director at any time, in each case, that remains outstanding as of the effective time would vest and be settled, with respect to each share of Blackhawk common stock subject to the award, for the per share merger consideration;
- Granted to an employee on or after June 1, 2016 (other than an RSU award granted on or after January 1, 2018 to an employee of Blackhawk at the level of vice president or higher) that remains outstanding as of

TABLE OF CONTENTS

the effective time would be converted into the right to receive an amount in cash equal to the per share merger consideration in respect of each share of Blackhawk common stock subject to such award, which cash payment would remain subject to the same vesting schedule and other relevant payment terms and conditions of the underlying RSU award; or

- Granted on or after January 1, 2018 to an employee of Blackhawk at the level of vice president or higher that remains outstanding as of the effective time would be converted into an RSU award of substantially equivalent value in respect of capital stock of Parent, which award would remain subject to the same vesting schedule and other relevant payment terms and conditions of the underlying RSU award.

Performance Shares. At the effective time, each Blackhawk performance share award that is then outstanding would vest (based on actual performance for completed performance periods and target performance for incomplete performance periods) and be settled, with respect to each share of Blackhawk common stock subject to the award, for the per share merger consideration.

Payment for Common Stock in the Merger

At the effective time, Parent will deposit, or cause to be deposited, with a paying agent an amount in cash in immediately available funds sufficient in the aggregate to provide all funds necessary for the paying agent to make payments in respect of the eligible shares. As promptly as reasonably practicable after the effective time (and in any event within three business days), the surviving corporation (with the assistance of Parent if necessary) will cause the paying agent to provide or make available to each holder of record of eligible shares that are (1) represented by certificates or (2) book-entry shares not held through the Depository Trust Company (referred to in this proxy statement as DTC) notice advising such holders of the effectiveness of the merger, which notice shall include (i) appropriate transmittal materials (including a customary letter of transmittal) and (ii) instructions for effecting the surrender of certificates or book-entry shares to the paying agent in exchange for the per share merger consideration. With respect to book-entry shares held through DTC, Parent and Blackhawk will cooperate to establish procedures with the paying agent, DTC and such other necessary or desirable third-party intermediaries to ensure that the paying agent will transmit to DTC or its nominees as promptly as reasonably practicable after the effective time (and in any event within three business days), upon surrender of eligible shares held of record by DTC or its nominees, the per share merger consideration.

Upon surrender to the paying agent of eligible shares that (1) are represented by certificates, by physical surrender of such certificate together with the letter of transmittal, duly completed and validly executed, and such other documents as may be reasonably required by the paying agent in accordance with the terms of the materials and instructions provided by the paying agent, (2) are book-entry shares not held through DTC, by book-receipt of an agent s message by the paying agent in connection with the surrender of book-entry shares, in each case pursuant to such materials and instructions as contemplated by the merger agreement and (3) are book-entry shares held through DTC, in accordance with DTC s customary surrender procedures and such other procedures as agreed by Blackhawk, Parent, the paying agent, DTC and such other necessary or desirable third-party intermediaries, the holder of such certificate or book-entry share will be entitled to receive in exchange therefor, and Parent will cause the paying agent to pay and deliver as promptly as reasonably practicable to such holders, an amount in cash in immediately available funds equal to the product obtained by multiplying the number of eligible shares by the per share merger consideration (after giving effect to any required tax withholding).

Representations and Warranties

The merger agreement contains representations and warranties of Blackhawk, subject to certain exceptions in the merger agreement, in the company disclosure letter delivered in connection with the merger agreement and in Blackhawk s public filings, as to, among other things:

- organization, good standing and qualification;
- capital structure;
- corporate power and authority relating to the execution, delivery and performance of the merger agreement, the Blackhawk board of directors' approval of and determination of fairness to Blackhawk and holders of Company common stock of the merger agreement, merger and other transactions contemplated by the merger agreement and the opinion of Blackhawk's financial advisor;

TABLE OF CONTENTS

- consents and approvals relating to the execution, delivery and performance of the merger agreement and the absence of certain required filings and violations;
- the forms, statements, certifications, reports and other documents required to be filed or furnished with the SEC, the establishment and maintenance of certain disclosure controls and procedures and internal control over financial reporting and the fair presentation of Blackhawk's consolidated financial position in its consolidated financial statements;
- the absence of certain changes;
- the absence of certain litigation and liabilities;
- compliance with applicable laws and the provisions of anti-bribery and anti-corruption laws, economic sanctions, export and re-export laws and anti-money laundering laws;
- money transmitter licenses and other licenses;
- card association matters;
- escheat;
- significant content providers and distribution partners;
- material contracts;
- real property matters;
- employee benefit plans and other agreements, plans and policies with or concerning employees;
- labor matters;
- environmental matters;
- taxes;
- intellectual property and information technology assets;
- insurance policies;
- takeover statutes and absence of anti-takeover agreements; and
- broker's fees.

The merger agreement also contains representations and warranties of Parent and Merger Sub, subject to certain exceptions in the merger agreement, as to, among other things:

- organization, good standing and qualification;
- corporate power and authority relating to the execution, delivery and performance of the merger agreement;
- consents and approvals relating to the execution, delivery and performance of the merger agreement and the absence of certain required filings and violations;
- the absence of certain litigation;
- the executed debt commitment letter and equity commitment letters providing for a commitment to provide debt and equity financing to Parent, the sufficiency of the proceeds to be disbursed under the debt and equity commitment letters, together with other sources of financing available to Blackhawk and its subsidiaries or Parent and its subsidiaries, to pay the aggregate per share merger consideration and the other amounts payable under the merger agreement, and the enforceability of the debt and equity commitment letters;
- solvency;
- enforceability of the limited guarantees;
- capitalization of Merger Sub;

TABLE OF CONTENTS

- the absence of certain beneficial ownership of Company shares by Parent, Merger Sub, P2 Equity Investor or any of their respective affiliates; and
- the accuracy of information supplied for the purposes of this proxy statement.

Some of the representations and warranties in the merger agreement are qualified by materiality qualifications or a material adverse effect qualification, as discussed below.

For purposes of the merger agreement, a material adverse effect means any change, event, occurrence, state of facts, condition, circumstance, development or effect (each, referred to in this proxy statement as an effect) that, individually or in the aggregate with such other effects has had, or would reasonably be expected to have, a material adverse effect on the business, results of operations or financial condition of Blackhawk and its subsidiaries, taken as a whole. However, none of the following, in and of itself or themselves will be deemed to constitute or be taken into account in determining whether there has occurred or would reasonably be expected to occur a material adverse effect:

a. changes in the economy, credit or financial markets or political, regulatory or business conditions in the United States or any other countries in which Blackhawk or any of its subsidiaries has any material operations;
b. effects that are the result of factors generally affecting the industries in which Blackhawk and its subsidiaries operate;
c. changes in United States generally accepted accounting principles (referred to in this proxy statement as GAAP) or in any law unrelated to the merger agreement or the merger and of general applicability, including the repeal thereof, or in the interpretation or enforcement thereof, after January 15, 2018;
d. any failure by Blackhawk to meet any internal or public projections or forecasts or estimates of revenues or earnings; provided that this exception will not prevent or otherwise affect a determination that any effect (not otherwise excluded under this definition) underlying such failure has resulted in, or contributed to, or would reasonably be expected to result in, or contribute to a material adverse effect;
e. any effect resulting from acts of war (whether or not declared), civil disobedience, hostilities, sabotage (other than cyberattacks affecting Blackhawk and its subsidiaries), terrorism, military actions or the escalation of any of the foregoing, any hurricane, flood, tornado, earthquake or other catastrophic weather or natural disaster, or any pandemic;
f. the entry into, announcement, pendency or performance of the merger agreement and the transactions contemplated thereby, including any changes in the relationship of Blackhawk or any of its subsidiaries, contractual or otherwise, with customers, employees, unions, suppliers, distributors, financing sources, partners or similar relationships; provided, however, that the foregoing exceptions will not apply with respect to references to a material adverse effect in certain representations and warranties;
g. a decline in the market price, or change in trading volume, of the shares of Company common stock on the NASDAQ; provided that this exception will not prevent or otherwise affect a determination that any effect (not otherwise excluded under this definition) underlying such decline or change has resulted in, or contributed to, or would reasonably be expected to result in, or contribute to, a material adverse effect; or
h. any legal proceedings made or brought by any of the current or former stockholders of Blackhawk (on their own behalf or on behalf of Blackhawk), but in any event only in their capacities as current or former stockholders, or otherwise under the DGCL or other applicable law, arising out of or related to the merger agreement or any of the transactions contemplated thereby.

However, with respect to the matters described in clauses (a), (b), (c) and (e), such effect will be taken into account in determining whether a material adverse effect has occurred if it disproportionately adversely affects Blackhawk and its subsidiaries compared to other companies of similar size operating in the industries in which Blackhawk and its subsidiaries operate (provided, that only the incremental disproportionate adverse effects of such effects may be taken into account in determining whether there has been, or would reasonably be expected to be, a material adverse effect).

TABLE OF CONTENTS

Conduct of Business Pending the Merger

The merger agreement provides that, from and after January 15, 2018 and prior to the effective time or the earlier termination of the merger agreement (unless Parent otherwise approves in writing (such approval not to be unreasonably withheld, conditioned or delayed), and except as otherwise expressly contemplated by the merger agreement) and except as required by applicable laws, the business of Blackhawk and its subsidiaries will be conducted in the ordinary course of business consistent with past practice, and Blackhawk and its subsidiaries will use their respective reasonable best efforts to preserve their business organizations intact and maintain existing relations and goodwill with governmental entities, customers, suppliers, distributors, creditors, lessors, employees and business associates. Without limiting the generality of, and in furtherance of, the foregoing, from January 15, 2018 until the effective time, except as required by applicable law, as otherwise expressly required by the merger agreement, as Parent may approve in writing (such approval not to be unreasonably withheld, conditioned or delayed) or as set forth in the company disclosure letter delivered in connection with the merger agreement, Blackhawk will not and will cause its subsidiaries not to:

- adopt or propose any change in its certificate of incorporation or bylaws or other applicable governing instruments;
- merge or consolidate the Company or any of its subsidiaries with any other person, except for any such transactions among wholly owned subsidiaries of the Company, or restructure, reorganize or completely or partially liquidate or otherwise enter into any agreements or arrangements imposing material changes or restrictions on its assets, operations or businesses;
- acquire assets from any other person with a value or purchase price in excess of $5 million in any individual transaction or series of related transactions or $10 million in the aggregate, other than acquisitions pursuant to any material contracts in effect as of January 15, 2018;
- allow for the commencement of any new offering periods under the Company ESPPs or issue, sell, pledge, dispose of, grant, transfer, encumber, or authorize the issuance, sale, pledge, disposition, grant, transfer, lease, license, guarantee or encumbrance of, any shares of capital stock of the Company or any of its subsidiaries (other than the issuance of shares (1) by a wholly owned subsidiary of the Company to the Company or another wholly owned subsidiary, (2) in respect of the settlement or exercise of Company equity awards outstanding as of January 15, 2018 in accordance with their terms and, as applicable, the stock plans as in effect on January 15, 2018 or granted after January 15, 2018 in accordance with the terms of the merger agreement, (3) upon the exercise of the Kroger warrant, (4) in respect of a conversion of the Company's convertible notes that are outstanding on January 15, 2018 or (5) the grant of any liens to secure obligations of the Company or any of its subsidiaries in respect of any indebtedness permitted under the tenth bullet point in this section), securities convertible or exchangeable into or exercisable for any shares of such capital stock, or any options, warrants or other rights of any kind to acquire any shares of such capital stock or such convertible or exchangeable securities;
- create or incur any lien material to the Company or any of its subsidiaries on any assets, rights or properties of the Company or any of its subsidiaries, other than permitted liens;
- make any loans, advances, or capital contributions to or investments in any person, including guarantees of the obligations of such person (in each case other than the Company or any direct or indirect wholly owned subsidiary of the Company and in each case other than guarantees in respect of obligations under the Company's credit agreement) in excess of $1 million in the aggregate;
- declare, set aside, make or pay any dividend or other distribution, payable in cash, stock, property or otherwise, with respect to any of its capital stock (except for dividends paid by any direct or indirect wholly owned subsidiary to the Company or to any other direct or indirect wholly owned subsidiary) or enter into any agreement with respect to the voting of its capital stock;
- reclassify, split, combine, subdivide or redeem, purchase or otherwise acquire or offer to redeem, repurchase or otherwise acquire, directly or indirectly, any of its capital stock or securities convertible or exchangeable into or exercisable for any shares of its capital stock (other than (1) the withholding of shares to satisfy withholding tax obligations, or the payment of any applicable exercise or purchase price, upon

64

TABLE OF CONTENTS

the exercise, vesting or settlement of Company equity awards outstanding as of January 15, 2018 in accordance with their terms and, as applicable, the stock plans as in effect on January 15, 2018 or granted after January 15, 2018 in accordance with the terms of the merger agreement or (2) as required pursuant to the terms of the Company s convertible notes);

- take any action that would result in a change to the conversion rate of any of the Company's convertible notes from 20.0673 shares of Company common stock per thousand dollar principal amount;
- (1) incur any indebtedness for borrowed money or guarantee such indebtedness of, another person, or issue or sell any debt securities or warrants or other rights to acquire any debt security of the Company or any of its subsidiaries, except for (i) indebtedness for borrowed money incurred in the ordinary course of business after January 15, 2018 pursuant to the Company's credit agreement in an amount not to exceed $125 million outstanding at any time; provided, that if the Company reasonably expects that an amount exceeding $50 million will be outstanding on a Saturday or Sunday, then the Company must provide written notice of such outstanding amount to Parent on or prior to the relevant Friday or (ii) guarantees incurred in compliance with this section by the Company of indebtedness of wholly owned subsidiaries of the Company and guarantees of obligations under the Company's credit agreement or (2) enter into any interest rate swaps, hedges, forward sales contracts or similar financial instruments;
- except as set forth in the capital expenditures budget set forth in the company disclosure letter delivered in connection with the merger agreement and consistent therewith, make or authorize any capital expenditure;
- enter into any contract that would have been a certain type of material contract had it been entered into prior to the merger agreement, other than contracts with customers or suppliers entered into in the ordinary course of business consistent with past practice;
- amend, modify, cancel, fail to renew or terminate any material contract (other than, with respect to contracts, amendments, modifications or terminations entered into in the ordinary course of business consistent with past practice), lease or sublease, or cancel, modify or waive any material debts or claims held by it or waive any material rights;
- amend certain material licenses with governmental entities in any material respect, or allow any such material license to lapse, expire or terminate;
- except as expressly provided for in the section of the merger agreement on directors' and officers' insurance, amend, modify, terminate, cancel or let lapse a material insurance policy (or reinsurance policy) or self-insurance program of the Company or its subsidiaries in effect as of January 15, 2018, unless simultaneous with such termination, cancellation or lapse, replacement policies underwritten by insurance and reinsurance companies of nationally recognized standing or self-insurance programs, in each case, providing coverage equal to or greater than the coverage under the terminated, canceled or lapsed policies for substantially similar premiums, as applicable, are in full force and effect;
- make any changes with respect to accounting policies or procedures, except as required by GAAP;
- settle or compromise any proceeding in excess of an amount of $1 million individually or $3 million in the aggregate, or which would reasonably be expected to (1) prevent or materially delay or impair the completion of the merger or the other transactions contemplated by the merger agreement, (2) have a material negative impact on the operations of the Company and its subsidiaries or (3) involve any criminal liability, any admission of material wrongdoing or any material wrongful conduct by the Company or any of its subsidiaries;
- (1) make, change or revoke any material tax election, (2) enter into any settlement or compromise of any material tax liability, (3) file any amended tax return with respect to any material tax, (4) adopt or change any material method of tax accounting or tax accounting period, (5) enter into any closing agreement relating to any material tax, (6) agree to an extension or waiver of the statute of limitations with respect to the assessment or determination of any material tax or (7) surrender any right to claim a material tax refund;

TABLE OF CONTENTS

- transfer, sell, lease, license, mortgage, pledge, surrender, encumber, divest, cancel, abandon or allow to lapse or expire or otherwise dispose of any material assets, rights, properties or businesses, in whole or in part, except in the ordinary course of business consistent with past practice, for non-exclusive licenses and sales or other dispositions of obsolete assets, or pursuant to contracts in effect prior to January 15, 2018;
- except as required pursuant to the terms of any benefit plan in effect as of January 15, 2018 or as otherwise required by applicable law, (1) increase in any manner the compensation or consulting fees, bonus, pension, welfare, fringe or other benefits, severance or termination pay of any director, officer, employee or independent contractor (who is a natural person) of the Company or any of its subsidiaries, other than base salary and wage rate increases (and corresponding increases in bonus or incentive opportunities), as applicable, for non-officer employees with an annual base compensation of less than $175,000 in the ordinary course of business and consistent with past practice, (2) become a party to, establish, adopt, amend, commence participation in or terminate any benefit plan or any arrangement that would have been a benefit plan had it been entered into prior to the merger agreement, (3) grant any new awards, or amend or modify the terms of any outstanding awards (including, without limitation, any Company equity awards), (4) take any action to accelerate the vesting, lapsing of restrictions or payment, or to fund or in any other way secure the payment, of compensation or benefits under any benefit plan, (5) change any actuarial or other assumptions used to calculate funding obligations with respect to any benefit plan that is required by applicable law to be funded or to change the manner in which contributions to such plans are made or the basis on which such contributions are determined, except as may be required by GAAP, (6) forgive any loans or issue any loans to directors, officers or employees of the Company or any of its subsidiaries (except for loans made in the ordinary course of business consistent with past practice and not in excess of $100,000 individually or $500,000 in the aggregate), (7) hire any employee or engage any independent contractor (who is a natural person) with an annual salary or wage rate or consulting fees in excess of $175,000 or (8) terminate the employment of any executive officer other than for cause or permanent disability;
- recognize any union, works council or other labor organization as the representative of any of the employees of the Company or any of the Company's subsidiaries, or enter into any Company labor agreement, in each case, except as required by applicable law;
- amend any privacy policies or the operation or security of any material IT assets used in their businesses other than in the ordinary course of business consistent with past practice and in a manner that does not, on a net basis, when taking into account the potential benefits of such change, adversely affect the Company or its subsidiaries or its other material IT assets, as applicable; or
- agree, commit, arrange, authorize, resolve or enter into any understanding to do any of the foregoing.

In addition, Parent has agreed that it will not, and will not permit its subsidiaries to, enter into any transaction, or any agreement to effect any transaction (including any merger or acquisition) that would reasonably be expected to materially delay satisfaction of the condition to the completion of the merger set forth in section 8.1(b) of the merger agreement or otherwise prevent the completion of the merger or the other transactions contemplated by the merger agreement.

Access and Reports

Subject to applicable law and any applicable privileges and protections (including attorney-client privilege, attorney work-product protections and confidentiality protections) and contractual confidentiality obligations, in each case that would not reasonably be expected to be preserved or maintained through counsel-to-counsel disclosure, redaction or other customary procedures (and with respect to any contractual confidentiality obligations, so long as Blackhawk has taken, or has caused its subsidiaries, as applicable, to take, commercially reasonable efforts to obtain a waiver with respect to such contractual confidentiality obligations), upon reasonable prior written notice, Blackhawk will (and will cause its subsidiaries to) afford Parent s officers and other representatives (including, to the extent requested by Parent, the debt financing sources and consultants) reasonable access, during normal business hours throughout the period prior to the effective time, to its employees, properties, books, contracts and records and, during such period, Blackhawk will (and will cause its subsidiaries to) furnish promptly to Parent all information concerning its business,

properties and personnel as may reasonably be requested (including, to the extent requested by Parent, the debt financing sources and consultants). However, no investigation made in accordance with the foregoing will affect or be deemed to modify any representation or warranty made by Blackhawk in the merger

TABLE OF CONTENTS

agreement and the foregoing will not require Blackhawk (1) to permit any inspection, or to disclose any information, that in the reasonable judgment of Blackhawk would result in the disclosure of any trade secrets of third parties or violate any of its obligations with respect to confidentiality if Blackhawk will have used reasonable best efforts to obtain the consent of such third party to such inspection or disclosure or (2) to disclose any privileged information of Blackhawk or any of its subsidiaries. In each case of clause (1) and (2), Blackhawk will give notice to Parent of the fact that it is withholding information or documents and Blackhawk and Parent will use their respective reasonable best efforts to cause such information to be provided in a manner that would not reasonably be expected to violate such restriction or waive the applicable privilege or protection. All such information will be governed by the terms of certain confidentiality agreements; provided that (1) Parent will be permitted to involve, and to disclose such information in connection with seeking, equity co-investors, subject to customary confidentiality undertakings and (2) the disclosure of information to the debt financing sources will not require the prior written consent of the Blackhawk.

Acquisition Proposals; No Solicitation

Pursuant to the merger agreement, until one minute after 11:59 p.m. (New York City time) on February 9, 2018, Blackhawk, its subsidiaries, and their respective representatives, were permitted to:

- initiate, solicit, facilitate and encourage acquisition proposals, as described below (or inquiries, proposals or offers or other efforts or attempts that may reasonably be expected to lead to an acquisition proposal), including by providing access to nonpublic information to any person and its representatives, its affiliates and its prospective equity and debt financing sources pursuant to a confidentiality agreement meeting certain requirements (provided that the Company made available to Parent any non-public information before, or substantially concurrently with, the time such information was made available to any such person, and any competitively sensitive information or data provided to any person who is, or whose affiliates include, a direct competitor, supplier or customer of the Company or any of its subsidiaries was provided in a separate clean data room and subject to customary clean team arrangements); and
- enter into, engage in, continue or otherwise participate in any discussions or negotiations with any third parties and their representatives, their affiliates and their prospective equity and debt financing sources regarding an acquisition proposal (or inquiries, proposals or offers or other efforts or attempts that may reasonably be expected to lead to an acquisition proposal), and otherwise cooperate with, assist, participate in or facilitate any such inquiries, proposals, offers, attempts, discussions or negotiations or any effort or attempt to make any acquisition proposals.

From 12:00 a.m. (New York City time) on February 10, 2018 until the earlier of the effective time or the termination of the merger agreement in accordance with its terms, Blackhawk and its subsidiaries and their respective directors, officers and employees must not, and Blackhawk must instruct and use its reasonable best efforts to cause Blackhawk s and its subsidiaries respective representatives not to:

- initiate, solicit or knowingly facilitate or encourage any inquiries or the making of any proposal or offer that constitutes, or would reasonably be expected to lead to, any acquisition proposal;
- engage in, continue or otherwise participate in any discussions or negotiations regarding, or that would reasonably be expected to lead to, an acquisition proposal, or provide any nonpublic information or data to any person in connection with the foregoing;
- take any action to exempt any third party from the restrictions on business combinations contained in Section 203 of the DGCL or any other applicable takeover statute or otherwise cause such restrictions not to apply; or
- resolve or agree to do any of the foregoing.

Pursuant to the merger agreement, an acquisition proposal means: (a) any inquiry, proposal or offer with respect to a merger, joint venture, partnership, consolidation, dissolution, liquidation, tender offer, recapitalization, reorganization, spin-off, share exchange, business combination, purchase or similar transaction involving Blackhawk or any of its subsidiaries; and (b) any acquisition by any person or group (as defined in or under Section 13 of the Exchange Act) other than Blackhawk or any of its subsidiaries, Parent, Merger Sub or any of their controlled affiliates, or proposal or offer, which, in the case of each of clauses (a) and (b), if completed would result in any person or group (as defined in

or under Section 13 of the Exchange Act) becoming the beneficial owner, directly or

TABLE OF CONTENTS

indirectly, in one or a series of related transactions, of 15% or more of the total voting power of any class of equity securities of Blackhawk or any of its subsidiaries, or 15% or more of the consolidated net income, consolidated net revenue or consolidated total assets (including equity securities of its subsidiaries) of Blackhawk, in each case other than the transactions contemplated by the merger agreement.

Termination of Existing Discussions or Negotiations

Beginning at 12:00 a.m. (New York City time) on February 10, 2018, Blackhawk and its subsidiaries and their respective directors, officers and employees were required to cease, and Blackhawk was required to instruct and use its reasonable best efforts to cause Blackhawk s and its subsidiaries respective representatives to cease, any activities described above and any existing activities, solicitations, discussions or negotiations with any parties previously conducted with respect to any acquisition proposal. In accordance with the merger agreement, Blackhawk was required to promptly inform the applicable persons of its obligations under the merger agreement relating to non-solicitation. Before 12:00 a.m. (New York City time) on February 11, 2018, Blackhawk was required to (1) request that each person who had executed a confidentiality agreement in connection with any acquisition proposal or consideration of any acquisition proposal return or destroy all confidential information furnished to such person and (2) terminate any data room or other diligence access of such person. Before 12:00 a.m. (New York City time) on February 11, 2018, Blackhawk was also required to notify Parent in writing of the identity of each person who signed a confidentiality agreement or from whom the Company received an acquisition proposal prior to 12:00 a.m. (New York City time) on February 10, 2018 and provide Parent with unredacted copies of any written requests, proposals or offers, including proposed agreements, and the material terms and conditions of any proposals or offers (or where no such copies were available, a reasonably detailed written description).

From January 15, 2018 and continuing until the earlier to occur of the termination of the merger agreement in accordance with its terms and the effective time, Blackhawk will not terminate, amend, modify or waive any provision of any confidentiality agreement, standstill agreement or similar agreement to which Blackhawk or any of its subsidiaries is a party and will enforce, to the fullest extent permitted under applicable law, the provisions of any such agreement. However, Blackhawk may terminate, amend, modify, waive or fail to enforce any provision of any confidentiality agreement, standstill agreement or similar agreement to the extent the Blackhawk board of directors determines in good faith, after consultation with its outside legal counsel and financial advisor, that failure to take such action would reasonably be expected to be inconsistent with the directors fiduciary duties under applicable law.

Receipt of Acquisition Proposals

From and after 12:00 a.m. (New York City time) on February 10, 2018, Blackhawk must promptly (and, in any event, within twenty-four hours) notify Parent if any inquiries, proposals or offers with respect to an acquisition proposal or that may reasonably be expected to lead to an acquisition proposal are received by, any information is requested from, or any related discussions or negotiations are sought to be initiated or continued with, Blackhawk or any of its representatives. Blackhawk must indicate the name of the person making the acquisition proposal or such inquiries, proposals or offers that may reasonably be expected to lead to an acquisition proposal and provide unredacted copies of any written requests, proposals or offers, including proposed agreements, the material terms and conditions of any proposals or offers and must keep Parent reasonably informed, on a current basis, of the status and terms of any such inquiries, proposals or offers (including any amendments) and the status of any such discussions or negotiations.

However, before the requisite company vote is obtained, if Blackhawk receives an unsolicited *bona fide* written acquisition proposal that did not result from a breach of the non-solicitation provisions described above, and if (1) the Blackhawk board of directors determines in good faith, after consultation with its outside legal counsel and financial advisor, that failure to take the action described below, in light of the acquisition proposal and the terms of the merger agreement, would be reasonably likely to be inconsistent with its fiduciary duties under applicable law and (2) the

Blackhawk board of directors has determined in good faith, based on the information then available and after consultation with its outside legal counsel and financial advisor, that the acquisition proposal constitutes a superior proposal, as described below, or would reasonably be expected to result in a superior proposal, then Blackhawk and its representatives may:

- provide information to the person and its representatives, affiliates and prospective equity and debt financing sources, subject to a confidentiality agreement meeting certain requirements; or
- engage or otherwise participate in any discussions or negotiations with that person.

TABLE OF CONTENTS

Pursuant to the merger agreement, a superior proposal means an unsolicited *bona fide* written acquisition proposal that would result in any person or group (as defined in or under Section 13 of the Exchange Act) other than Blackhawk or any of its subsidiaries, Parent, Merger Sub or any controlled affiliate thereof becoming the beneficial owner, directly or indirectly, of 50% or more of the total voting power of the equity securities of Blackhawk (or of the surviving entity in a merger involving Blackhawk or the resulting direct or indirect parent of Blackhawk or such surviving entity) or 50% or more of the consolidated total assets (including equity securities of its subsidiaries) of Blackhawk that the Blackhawk board of directors has determined in good faith, after consultation with its outside legal counsel and financial advisor:

- would result in a transaction that, if completed, would be more favorable to the stockholders of Blackhawk from a financial point of view than the merger and the other transactions contemplated by the merger agreement (after taking into account any revisions to the terms of the merger and the other transaction and the time likely to be required to complete such acquisition proposal); and
- is reasonably capable of being completed on the terms so proposed, taking into account all financial, regulatory, legal and other aspects of such proposal, including the likelihood of termination, the sources of and terms of any financing, financing market conditions and the existence of a financing contingency, the timing of closing and the identity of the person making the proposal.

Change in Board Recommendation

The Blackhawk board of directors has unanimously recommended that Blackhawk stockholders vote **FOR** the proposal to adopt the merger agreement.

Except as expressly permitted by the merger agreement, the Blackhawk board of directors and each committee of the Blackhawk board of directors may not:

- withhold, withdraw, qualify or modify (or publicly propose or resolve to withhold, withdraw, qualify or modify), in a manner adverse to Parent, the recommendation of the Blackhawk board of directors that the Company's stockholders adopt the merger agreement (referred to in this proxy statement as the company recommendation);
- authorize, approve, recommend or otherwise declare advisable any acquisition proposal or proposal reasonably likely to lead to an acquisition proposal;
- fail to include the company recommendation in this proxy statement;
- take any action or make any recommendation or public statement in connection with a tender offer or exchange offer other than an unequivocal recommendation against such offer or a temporary stop, look and listen communication by the Blackhawk board of directors of the type contemplated by Rule 14d-9(f) under the Exchange Act in which the Blackhawk board of directors or Blackhawk indicates that the Blackhawk board of directors has not changed the company recommendation;
- fail to reaffirm the company recommendation within the earlier of three business days before the stockholders meeting and five business days after receiving a written request to do so from Parent; or
- cause or permit Blackhawk or any of its subsidiaries to enter into any letter of intent, memorandum of understanding, agreement in principle, acquisition agreement, merger agreement or other similar agreement (other than the confidentiality agreements expressly permitted by the merger agreement) (referred to in this proxy statement as an alternative acquisition agreement) relating to any acquisition proposal or otherwise resolve or agree to do so.

The actions described in the first five bullet points above are referred to in this proxy statement as a change of recommendation.

However, before the requisite company vote is obtained, the Blackhawk board of directors may (1) make a change of recommendation if an intervening event (as defined below) has occurred and the Blackhawk board of directors determines in good faith, after consultation with its outside legal counsel and financial advisor, that failure to take such action would reasonably be expected to be inconsistent with the directors fiduciary duties under applicable law or

(2) make a change of recommendation or, prior to 12:00 a.m. (New York City time) on February 10, 2018, authorize Blackhawk to terminate the merger agreement and enter into a definitive written agreement with respect to a superior proposal if Blackhawk receives an acquisition proposal and (i) the Blackhawk board of directors

TABLE OF CONTENTS

determines in good faith, based on the information then available and after consultation with its outside legal counsel and financial advisor, that failure to take such action, in light of the acquisition proposal and the terms of the merger agreement, would reasonably be expected to be inconsistent with the directors fiduciary duties under applicable law and (ii) the Blackhawk board of directors has determined in good faith, based on the information then available and after consultation with its outside legal counsel and financial advisor, that such acquisition proposal constitutes a superior proposal, provided that:

- there has been no breach of the non-solicitation obligations in the merger agreement;
- Blackhawk provides Parent at least five business days' prior written notice that it intends to make a change of recommendation or terminate the merger agreement to enter into a definitive written agreement with respect to a superior proposal, which notice must include, in the case of a superior proposal, the identity of the person making the proposal and unredacted copies of the proposal and, in the case of an intervening event, a reasonably detailed description of the intervening event;
- during the five business day notice period, Blackhawk must, and must cause its representatives to, negotiate with Parent in good faith should Parent propose to make amendments or other revisions to the terms and conditions of the merger agreement such that, in the case of a superior proposal, the acquisition proposal no longer constitutes a superior proposal and, in the case of an intervening event, the failure to take such action would no longer reasonably be expected to be inconsistent with the directors' fiduciary duties under applicable law as determined by the Blackhawk board of directors in good faith after consultation with its outside legal counsel and financial advisor; and
- the Blackhawk board of directors has taken into account any amendments or other revisions to the terms and conditions of the merger agreement agreed to by Parent in writing prior to the end of the five business day notice period and determined in good faith, after consultation with its outside legal counsel and financial advisor, that a failure to make such change of recommendation continues to reasonably be expected to be inconsistent with the directors' fiduciary duties under applicable law.

Any new amendments or other revisions to any acquisition proposal will be deemed to be a new acquisition proposal, including for purposes of the notice period. Subsequent to the initial notice period, the notice period will be reduced to three business days.

Pursuant to the merger agreement, an intervening event means a material positive event, fact, development or occurrence (other than any event, fact, development or occurrence resulting from a breach of the merger agreement by Blackhawk) with respect to Blackhawk and its subsidiaries or their business, in each case taken as a whole, that (1) is neither known, nor reasonably foreseeable (with respect to substance or timing), by the Blackhawk board of directors as of or before January 15, 2018 and (2) first occurs, arises or becomes known to the Blackhawk board of directors after January 15, 2018 and on or before the date of the requisite company vote. However, (1) any event, fact, development or occurrence that involves or relates to an acquisition proposal or a superior proposal or any inquiry or communications or matters relating thereto, (2) any event, fact, development or occurrence that results from the announcement, pendency and consummation of the merger agreement or the merger or any actions required to be taken or to be refrained from being taken pursuant to the merger agreement, (3) the fact that Blackhawk meets or exceeds any internal or analysts expectations or projections, or (4) any changes or lack of changes after January 15, 2018 in the market price or trading volume of the shares of Company common stock, individually or in the aggregate, will not be deemed to constitute an intervening event.

The merger agreement does not prohibit Blackhawk from (1) taking and disclosing a position contemplated by Rule 14d-9, Rule 14e-2(a)(2) or (3) or Item 1012(a) of Regulation M-A promulgated under the Exchange Act or (2) making any disclosure that constitutes a stop, look and listen communication pursuant to Rule 14d-9(f) promulgated under the Exchange Act, which actions will not constitute or be deemed to constitute a change of recommendation unless such disclosure does not reaffirm the company recommendation or has the effect of withdrawing or adversely modifying the company recommendation pursuant to which Parent may terminate the merger agreement.

Blackhawk Stockholders Meeting

Blackhawk has agreed to take all action necessary to convene a meeting of the holders of Company common stock (which meeting is referred to in this proxy statement as the stockholders meeting) as promptly as practicable and in any event on the thirtieth calendar day immediately following the date of mailing of this proxy statement (and

TABLE OF CONTENTS

if such day is not a business day, on the first business day subsequent to such day), to consider and vote upon the adoption of the merger agreement and to cause such vote to be taken. Blackhawk is not permitted to postpone, recess or adjourn the stockholders meeting except to the extent required by applicable law and with prior notice to Parent unless (1) two business days before the date the stockholders meeting is scheduled (i) Blackhawk has not received proxies representing the requisite company vote or (ii) it is necessary to ensure that any supplement or amendment to this proxy statement is required to be delivered and, in each case, Parent so requests, as long as the date of the stockholders meeting is not postponed, recessed or adjourned more than ten days in connection with any one postponement, recess or adjournment or more than an aggregate of thirty days from the original date of the stockholders meeting or (2) within the five business days before any date that the stockholders meeting is scheduled to be held, Blackhawk delivers a notice of an intent to make a change of recommendation, in which case Parent may direct Blackhawk to postpone, recess or adjourn the stockholders meeting for up to ten business days and Blackhawk will promptly, and in any event no later than the next business day, postpone, recess or adjourn the stockholders meeting as directed by Parent.

Blackhawk may not change the record date for the stockholders meeting after Blackhawk has established said record date without the prior written consent of Parent (such consent not to be unreasonably withheld, conditioned or delayed). Unless and until the Blackhawk board of directors shall have effected a change of recommendation, as described in the section of this proxy statement entitled — *Acquisition Proposals; No Solicitation — Change in Board Recommendation*, the Blackhawk board of directors must make the company recommendation.

In the event that the Blackhawk board of directors makes a change of recommendation, or there is a commencement of announcement or disclosure of or communication to Blackhawk of an acquisition proposal, Blackhawk will be required to hold the stockholders meeting unless the merger agreement is terminated in accordance with its terms.

Financing and Financing Cooperation

Prior to the execution of the merger agreement, Parent delivered to Blackhawk (1) a copy of a fully executed debt commitment letter, pursuant to which Bank of America, N.A., JPMorgan Chase Bank, N.A., Barclays Bank PLC, Citigroup Global Markets Inc. and Goldman Sachs Bank USA committed, upon the terms and subject to the conditions set forth therein, to lend to Merger Sub (prior to the merger) and to Blackhawk (immediately after the merger) a total of up to $2.15 billion in connection with the financing of the amounts payable under the merger agreement and the transactions contemplated thereby and the refinancing of certain of Blackhawk s existing indebtedness and (2) a redacted copy of the related fee letter. Following execution of the merger agreement, Parent delivered to Blackhawk (1) a copy of a fully executed amended and restated debt commitment letter, pursuant to which Bank of America, N.A., JPMorgan Chase Bank, N.A., Barclays Bank PLC, Citigroup Global Markets Inc., Goldman Sachs Bank USA, Wells Fargo Bank, National Association, Bank of Montreal, Deutsche Bank AG New York Branch, Fifth Third Bank, The Bank of Tokyo-Mitsubishi UFJ, Ltd., Royal Bank of Canada and SunTrust Bank have committed, upon certain terms and subject to certain conditions, to lend to Merger Sub (prior to the merger) and to Blackhawk (immediately after the merger) a total of up to $2.15 billion in connection with the financing of the amounts payable under the merger agreement and the transactions contemplated thereby and the refinancing of certain of Blackhawk s existing indebtedness (referred to in this proxy statement as the debt financing and, together with the equity financing, the financing) and (2) a redacted copy of the related amended and restated fee letter.

Parent and Merger Sub have agreed to use reasonable best efforts to take, or cause to be taken, all actions and to use reasonable best efforts to do, or cause to be done, all things necessary, proper or advisable to obtain the proceeds of the financing and any replacement financing on the terms and conditions described in the debt commitment letter and equity commitment letters or replacement financing documents, as applicable, as promptly as possible but in any event prior to the date upon which the merger is required to be completed pursuant to the terms of the merger agreement. Blackhawk has agreed to use its reasonable best efforts to provide, cause its subsidiaries to use their

reasonable best efforts to provide and use its reasonable best efforts to cause its and its subsidiaries representatives to provide, all cooperation reasonably requested by Parent necessary and customary in connection with the arrangement of the financing contemplated by the debt commitment letter.

Employee Matters

From the effective time until the first anniversary thereof, Parent will provide each employee of Blackhawk and its subsidiaries who continues in employment with Blackhawk or the applicable subsidiary following the effective

TABLE OF CONTENTS

time with (1) a base salary or wage rate that is no less favorable than that in effect for the applicable continuing employee as of immediately prior to the effective time, (2) target cash incentive or bonus opportunities (excluding equity-based compensation) that are no less favorable than those in effect for the applicable continuing employee (excluding equity-based compensation) as of immediately prior to the effective time, (3) defined contribution retirement benefits and welfare benefits that are substantially comparable, in the aggregate, to those in effect for the applicable continuing employee immediately prior to the effective time, and (4) severance benefits that are no less favorable than those in effect for the applicable continuing employee as of immediately prior to the effective time.

Parent also will cause certain employee benefit plans in which the continuing employees are entitled to participate after the effective time to take into account for all purposes (other than benefit accruals under any defined benefit pension plan or as would result in a duplication of benefits) such employees service prior to the effective time with Blackhawk and its subsidiaries (and any predecessors) as if such service were with Parent or its subsidiaries. In addition, with respect to any group health, dental, pharmaceutical or vision plans of Parent or its subsidiaries, Parent will cause any pre-existing condition limitations, actively-at-work requirements or eligibility waiting period requirements to be waived with respect to continuing employees and their eligible dependents, and give credit for any expenses paid by a continuing employee during the plan year in which the effective time occurs (or, if later, the year in which the continuing employee becomes eligible to participate in the applicable benefit plan) towards applicable deductibles, co-insurances and annual out-of-pocket limits.

Efforts to Complete the Merger

Blackhawk and Parent have agreed to cooperate with each other and use (and to cause their respective subsidiaries to use) their respective reasonable best efforts to take or cause to be taken all actions, and do or cause to be done all things, reasonably necessary, proper or advisable on its part under the merger agreement and applicable laws to complete and make effective the merger and the other transactions contemplated by the merger agreement as soon as practicable, including preparing and filing as promptly as reasonably practicable all documentation to effect all necessary notices, reports and other filings and to obtain as promptly as reasonably practicable all consents, registrations, approvals, permits and authorizations necessary or advisable to be obtained from any third party and/or any governmental entity in order to complete the merger or any of the other transactions contemplated by the merger agreement including certain approvals required to be obtained by both Blackhawk and Parent under the merger agreement. Subject to applicable laws relating to the exchange of information, Parent has the right to direct all matters with any governmental entity consistent with its obligations under the merger agreement.

Parent and Blackhawk have the right to review in advance and, to the extent practicable, each will consult with the other on and consider in good faith the views of the other in connection with any material correspondence, filings or communications with any third party and/or any governmental entity in connection with the merger and the other transactions contemplated by the merger agreement. However, such materials may be redacted (1) to remove references concerning the valuation of Blackhawk, (2) as necessary to comply with contractual arrangements and (3) as necessary to address reasonable attorney-client or other privilege or confidentiality concerns, to the extent that such attorney-client or other privilege or confidentiality concerns are not governed by a common interest privilege or doctrine. Additionally, Parent and Blackhawk may, as each deem advisable and necessary, designate any competitively sensitive information provided to the other under this section as outside counsel only. The materials and the information contained therein will be given only to outside counsel of the recipient and will not be disclosed by outside counsel to employees, officers or directors of the receiving party unless advance, express permission is given from the source of the materials. In exercising the foregoing rights, each of Blackhawk and Parent will act reasonably and as promptly as practicable.

Blackhawk and Parent each have agreed to promptly notify the other party of any substantive or material communication with any other governmental entity and promptly furnish the other with copies of notices or other

communications received by Parent or Blackhawk, as the case may be, or any of its subsidiaries, from any third party and/or any governmental entity with respect to the merger and the other transactions contemplated by the merger agreement. Neither Blackhawk nor Parent may permit any of its officers or any other representatives or agents to participate in any meeting, telephone call, or discussion with any governmental entity in respect of any filings, investigation or other inquiry relating to the transactions contemplated by the merger agreement unless it consults with the other party in advance and, to the extent permitted by the governmental entity, gives the other party the opportunity to attend and participate.

TABLE OF CONTENTS

Blackhawk also has agreed to use its, and cause its subsidiaries to use their, reasonable best efforts to take or cause to be taken all actions, and do or cause to be done all things, reasonably necessary and proper or advisable on its part under the merger agreement and applicable law to obtain as promptly as reasonably practicable certain third-party consents.

Regulatory Matters

As described above, Blackhawk and Parent have agreed to cooperate with each other and use (and to cause their respective subsidiaries to use) their respective reasonable best efforts to take or cause to be taken all actions, and do or cause to be done all things, reasonably necessary, proper or advisable on its part under the merger agreement and applicable laws to complete and make effective the transactions contemplated by the merger agreement as soon as practicable. Further to this commitment, the parties have agreed to prepare and file an appropriate filing of a Notification and Report Form pursuant to the HSR Act with respect to the transactions contemplated by the merger agreement no later than January 29, 2018, to request early termination of the waiting period under the HSR Act, and to prepare and file any filings or reports with respect to the transactions contemplated by the merger agreement required under the GWB or the FATA as promptly as reasonably practicable.

Parent has agreed to use (and to cause its subsidiaries to use) reasonable best efforts to take any and all steps necessary to avoid or eliminate each and every impediment under any law that may be asserted so as to enable the parties to complete the transactions contemplated by the merger agreement as promptly as practicable, including proposing, negotiating, and committing to and effecting the sale, divestiture, license or other disposition of the assets, properties or businesses of Blackhawk, Parent, or their respective subsidiaries, provided that any such disposition is conditioned upon regulatory approval.

The parties have agreed (1) to prepare and file (and cause their affiliates to prepare and file, except for any portfolio company of Silver Lake Partners), as promptly as reasonably practicable after January 15, 2018 (and in no event more than twenty business days thereafter), with any governmental entity (including the U.K. Financial Conduct Authority) with whom any filings or reports are required to be filed, or to whom any notifications are required to be made, or from whom any approvals, consents or waivers are required to be obtained, in connection with a change of control of Blackhawk or any subsidiary of Blackhawk holding money transmitter licenses, all filings or reports required to be so filed, all notifications required to be so made and all documentation required to obtain such approval, consent or waiver as promptly as practicable and (2) to cooperate with each other and use (and cause their respective affiliates to use, except for any portfolio company of Silver Lake Partners) their respective reasonable best efforts to take or cause to be taken all actions, and do or cause to be done all things, reasonably necessary, proper or advisable on their part to obtain as promptly as practicable any approval, consent or waiver of any governmental entity (including the U.K. Financial Conduct Authority) required in connection with a change of control of Blackhawk or any subsidiary of Blackhawk holding money transmitter licenses.

Indemnification and Insurance

From and after the effective time until the sixth anniversary thereof, the surviving corporation will, and Parent will cause the surviving corporation to, indemnify and hold harmless each present and former director and officer of Blackhawk or any of its subsidiaries determined as of the effective time (collectively referred to in this proxy statement as the indemnified parties), against any costs or expenses (including reasonable attorneys fees), judgments, fines, losses, claims, damages or liabilities incurred in connection with any proceeding, arising out of matters existing at or occurring before the effective time, whether asserted or claimed prior to, at or after the effective time, to the fullest extent that Blackhawk would have been permitted under Delaware law and its certificate of incorporation or bylaws in effect on January 15, 2018 to indemnify such person. Parent or the surviving corporation must also advance expenses as incurred to the fullest extent permitted under applicable law and Blackhawk s certificate of incorporation

or bylaws in effect on January 15, 2018, provided that the person to whom expenses are advanced provides an undertaking to repay such advances if it is ultimately determined that such person is not entitled to indemnification.

In addition, at Blackhawk s option, notice of which must be provided to Parent reasonably in advance of the effective time, Blackhawk may (and will use reasonable best efforts to consult with Parent), or Parent will cause the surviving corporation as of the effective time to, obtain and fully pay for tail insurance policies (providing only for the Side A coverage for indemnified parties where the existing policies also include Side B coverage for Blackhawk) with a claims period of at least six years from and after the effective time from an insurance carrier with

TABLE OF CONTENTS

a credit rating the same as or better than Blackhawk s current insurance carrier with respect to directors and officers liability insurance and fiduciary liability insurance with benefits and levels of coverage at least as favorable as the Company s existing policies with respect to matters existing or occurring at or prior to the effective time (including in connection with the merger agreement or the transactions or actions contemplated thereby). However, in no event will the surviving corporation be required, or, before the effective time, will Blackhawk be permitted, to expend for such policies an annual premium amount in excess of 250% of the annual premiums currently paid by Blackhawk for such insurance. If the annual premiums of the insurance coverage exceed the 250%, the surviving corporation will obtain a policy with the greatest coverage available for a cost not exceeding such amount.

Coordination on Transaction Litigation

Blackhawk has agreed to promptly notify Parent of any stockholder litigation related to the merger agreement, the merger or the other transactions contemplated by the merger agreement that is brought, or, to Blackhawk s knowledge, threatened, against Blackhawk or any members of the Blackhawk board of directors after January 15, 2018 and prior to the effective time (referred to in this proxy statement as transaction litigation) and to keep Parent reasonably informed of its status. Blackhawk will give Parent the opportunity to participate in the defense of any transaction litigation, will consider in good faith Parent s advice with respect to such transaction litigation and will not settle or agree to settle any transaction litigation without Parent s prior written consent.

Other Covenants and Agreements

The merger agreement also contains additional covenants, including covenants relating to (1) the filing of this proxy statement, (2) the deregistration of Company common stock under the Exchange Act and delisting from the NASDAQ, (3) public announcements with respect to the transactions contemplated by the merger agreement, (4) the termination of Blackhawk s commitments under its credit agreement and actions related to its convertible notes and (5) other actions related to takeover statutes and reporting requirements under Section 16 of the Exchange Act.

Conditions to Completion of the Merger

Each party s obligation to complete the merger is subject to the satisfaction or waiver at or prior to the effective time of each of the following conditions:

- the adoption of the merger agreement by a majority of the outstanding shares of Blackhawk common stock entitled to vote thereon;
- the expiration or termination of the waiting period applicable to the completion of the merger under the HSR Act and the grant of the decisions, orders or consents, or the expiration of any waiting periods, required to complete the merger under the GWB and the FATA;
- receipt of consents applicable to the consummation of the merger (or confirmation that no consent is required) from the applicable regulatory authority in (1) the United Kingdom, (2) Ontario, Canada and (3) 35 U.S. states, Puerto Rico and the District of Columbia; and
- no law having been enacted, issued, promulgated or enforced or order having been issued, enforced or entered by a court or other governmental entity of competent jurisdiction that is in effect and that restrains, enjoins, makes illegal or otherwise prohibits the completion of the merger.

The respective obligations of Parent and Merger Sub to complete the merger are subject to the satisfaction or waiver by Parent at or prior to the effective time of the following additional conditions:

- the accuracy of the representations and warranties of the Company as of January 15, 2018 and as of the closing date (except for any representations and warranties made as of a particular date or period of time, which representations and warranties must be true and correct only as of that date or period of time), generally subject to certain materiality

or other qualification provided in the merger agreement;

- the performance by the Company in all material respects of all obligations required to be performed by it under the merger agreement at or prior to the closing date;
- the absence of an effect that, individually or in the aggregate with other effects, has resulted in or would reasonably be expected to result in a material adverse effect after the date of the merger agreement;
- the receipt by Parent at the closing of a certificate signed by an executive officer of the Company, to the effect that the conditions summarized in the three preceding bullet points have been satisfied; and

TABLE OF CONTENTS

- holders of shares of Blackhawk common stock that have properly exercised and have not withdrawn dissenters' rights under Section 262 of the DGCL must not represent more than 10.0% of the outstanding shares of Blackhawk common stock.

The obligation of the Company to complete the merger is subject to the satisfaction or waiver by the Company at or prior to the effective time of the following additional conditions:

- the accuracy of the representations and warranties of Parent and Merger Sub as of January 15, 2018 and as of the closing date (except for any representations and warranties made as of a particular date or period of time, which representations and warranties must be true and correct only as of that date or period of time), generally subject to certain materiality or other qualification provided in the merger agreement;
- the performance by each of Parent and Merger Sub in all material respects of all obligations required to be performed by it under the merger agreement at or prior to the closing date; and
- the receipt by the Company at the closing of a certificate signed by an executive officer of Parent, to the effect that the conditions summarized in the two preceding bullet points have been satisfied.

Termination

The merger agreement may be terminated and the merger may be abandoned in the following circumstances:

- at any time prior to the effective time by the mutual written consent of Blackhawk and Parent;
- at any time prior to the effective time by either Parent or Blackhawk, if:

the merger has not been completed by July 31, 2018, which is subject to (1) automatic extension no more than three times in the aggregate, each time by a period of one month, if one or more of the conditions summarized in the second and third bullet points in the section of this proxy statement entitled *— Conditions to Completion of the Merger* have not been satisfied or waived on or before July 31, 2018 but all other conditions to closing have been satisfied or waived or would be capable of being satisfied if the closing took place on such date or (2) extension until three business days after the final date of the marketing period, if the marketing period has commenced but not yet been completed (or would have commenced but for certain blackout dates) as of July 31, 2018; or

- the adoption of the merger agreement by the stockholders of the Company has not been obtained at the special meeting or at any adjournment, recess or postponement of the special meeting taken in accordance with the merger agreement; or
- an order permanently restraining, enjoining or otherwise prohibiting the completion of the merger has become final and non-appealable or any law has been enacted, entered, enforced or deemed applicable to the merger that prohibits, makes illegal or enjoins the consummation of the merger;

provided that the right to terminate the merger agreement pursuant to the termination provisions referred to in the preceding bullet points will not be available to any party that breached in any material respect its obligations under the merger agreement in any manner that was the primary cause of the failure of a condition to completion of the merger;

- by Blackhawk:

prior to 12:00 a.m. (New York City time) on February 10, 2018, if (1) Blackhawk is not in material breach of any of the terms of the merger agreement, (2) the Blackhawk board of directors authorizes Blackhawk, subject to complying with the terms of the merger agreement, to enter into a definitive written agreement with respect to a superior proposal, (3) Blackhawk enters into a definitive written agreement providing for such superior proposal concurrently with or immediately after the termination of the merger agreement in accordance with its terms and (4) Blackhawk, before such termination, pays to Parent in immediately available funds any fees required to be paid (as described below in the section of this proxy statement entitled *— Company Termination Fee and Expense Reimbursement*); or

- prior to the effective time, if Parent or Merger Sub has breached any of its representations, warranties, covenants or agreements in the merger agreement, or any such representations and warranties have become untrue, such that any of the conditions to the obligation of Blackhawk to complete the merger

75

TABLE OF CONTENTS

related to Parent s or Merger Sub s representations, warranties, covenants and agreements in the merger agreement would not be satisfied and such breach or condition is not curable, or, if curable, is not cured within the earlier of (1) 30 days after written notice is given by Blackhawk to Parent and (2) one business day before the outside date; provided that Blackhawk does not have the right to terminate the merger agreement pursuant to the termination provision referred to in this bullet point if it is in breach of the merger agreement, such that any condition to the obligations of Parent or Merger Sub to complete the merger related to Blackhawk s representations, warranties, covenants and agreements in the merger agreement would not be satisfied and the breach or condition is not curable, or, if curable, is not cured within the earlier of (1) 30 days after written notice is given by Parent to Blackhawk and (2) one business day before the outside date; or

prior to the effective time, if (1) the marketing period has ended and all of the conditions to the obligation of Parent to complete the merger have been satisfied or waived (other than those that, by their nature, are to be satisfied at the closing, each of which is capable of being satisfied if the closing were to occur), (2) Blackhawk has irrevocably confirmed by written notice to Parent that (i) all conditions to the obligation of Blackhawk to complete the merger have been satisfied (other than those that, by their nature, are to be satisfied at the closing) or that it would be willing to waive any unsatisfied conditions, and (ii) it is ready, willing, and able to complete the closing and (3) Parent fails to complete the closing within two business days following the later of (i) the date the closing was required to have occurred and (ii) delivery of such confirmation; or

- by Parent:

prior to the time the requisite company vote is obtained, if (1) the Blackhawk board of directors has made a change of recommendation, (2) Blackhawk or any of its subsidiaries has committed a willful and material breach of the non-solicitation provisions in the merger agreement or (3) the Blackhawk board of directors has authorized Blackhawk to enter into an alternative acquisition agreement with respect to a superior proposal; or

prior to the time the requisite company vote is obtained, if a tender offer or exchange offer for outstanding shares of Company common stock has been publicly disclosed and, before the earlier of (1) three business days prior to the date of the special meeting or the date of any adjournment, recess or postponement of the special meeting and (2) eleven business days after the commencement of such tender or exchange offer pursuant to Rule 14d-2 under the Exchange Act, the Blackhawk board of directors fails to recommend unequivocally against acceptance of such offer; or

prior to the effective time, if Blackhawk has breached any of its representations, warranties, covenants or agreements in the merger agreement, or any such representations and warranties have become untrue, such that any of the conditions to the obligations of Parent or Merger Sub to complete the merger related to Blackhawk's representations, warranties, covenants and agreements in the merger agreement would not be satisfied and such breach or condition is not curable, or, if curable, is not cured within the earlier of (1) 30 days after written notice is given by Parent to Blackhawk and (2) one business day before the outside date; provided that Parent does not have the right to terminate the merger agreement pursuant to the termination provision referred to in this bullet point if it is in breach of the merger agreement, such that any condition to the obligation of Blackhawk to complete the merger related to Parent's or Merger Sub's representations, warranties, covenants and agreements in the merger agreement would not be satisfied and the breach or condition is not curable, or, if curable, is not cured within the earlier of (1) 30 days after written notice is given by Blackhawk to Parent and (2) one business day before the outside date.

Company Termination Fee and Expense Reimbursement

In the following circumstances, Blackhawk will pay designees notified to Blackhawk by Parent a termination fee in an amount equal to $109,000,000:

- if the following two conditions are satisfied:

(1) the merger agreement is terminated (i) by either Blackhawk or Parent pursuant to the outside date termination right, (ii) by either Blackhawk or Parent pursuant to the stockholder approval termination right or (iii) by Parent pursuant to the Blackhawk breach termination right, and

76

TABLE OF CONTENTS

(2) (i) before the requisite company vote is obtained an acquisition proposal has been made known to the Blackhawk board of directors, Blackhawk or any of its subsidiaries or has been publicly made or disclosed or any person has publicly announced an intention (whether or not conditional) to make an acquisition proposal with respect to Blackhawk or any of its subsidiaries and (ii) within twelve months of such termination, (x) Blackhawk or any of its subsidiaries has entered into an alternative acquisition agreement with respect to, or has completed, approved or recommended to the Company's stockholders or otherwise not opposed, an acquisition proposal (whether or not such acquisition proposal is the same acquisition proposal referred to in clause (2)(i)) or (y) an acquisition proposal has been completed (whether or not such acquisition proposal is the same acquisition proposal referred to in clause (2)(i)) (substituting in both instances 50% for 15% in the definition of acquisition proposal); or

- if the merger agreement is terminated by Parent pursuant to the change of recommendation termination right or the tender offer recommendation termination right; or
- if the merger agreement is terminated by Blackhawk pursuant to the superior proposal termination right, except the company termination fee will be $81,700,000 if the merger agreement is terminated pursuant to the superior proposal termination right and the fee is paid on or prior to 12:00 a.m. (New York City time) on February 10, 2018.

Blackhawk will reimburse the P2 Manager and Silver Lake Management Company V, L.L.C. (or their respective designees) for the documented out-of-pocket expenses incurred by Parent or Merger Sub in connection with the merger agreement and the transactions contemplated by the merger agreement including the financing (including fees and expenses of counsel, accountants, investment bankers, other advisors and financing sources) (1) subject to an aggregate cap on reimbursement of $6,800,000, if Blackhawk or Parent terminates the merger agreement pursuant to the stockholder approval termination right, Blackhawk terminates the merger agreement pursuant to the superior proposal termination right or Parent terminates the merger agreement pursuant to the change of recommendation termination right, the tender offer recommendation termination right or the Blackhawk breach termination right and the company termination fee is payable by Blackhawk as a result of such termination, or (2) subject to an aggregate cap on reimbursement of $27,200,000, if Blackhawk or Parent terminates the merger agreement pursuant to the stockholder approval termination right at a time when neither the company termination fee nor the parent termination fee is otherwise payable (although damages may still be payable by Blackhawk).

In no event will Blackhawk be required to pay the company termination fee on more than one occasion. In addition, in no event will Parent be entitled to receive both (1) a grant of specific performance or other equitable relief that results in the equity financing being funded or the closing occurring and (2) monetary damages (which are only available with respect to a breach by Blackhawk) or the payment of the company termination fee in connection with the merger agreement or any termination of the merger agreement (although Parent may be able to receive both monetary damages with respect to a willful and material breach by Blackhawk and the company termination fee).

Parent Termination Fee

Parent will pay Blackhawk the parent termination fee in an amount equal to $136,200,000 if the merger agreement is terminated by Blackhawk pursuant to the parent breach termination right or the failure to close termination right.

In no event will Parent be obligated to pay the parent termination fee on more than one occasion. In addition, in no event will Blackhawk be entitled to receive both (1) a grant of specific performance or other equitable relief that results in the equity financing being funded or the closing occurring and (2) the payment of the parent termination fee in connection with the merger agreement or any termination of the merger agreement.

Limitation on Remedies

In the event of the termination of the merger agreement and the abandonment of the merger in accordance with the provisions described in the section of this proxy statement entitled — *Termination*, the merger agreement will become void and of no effect with no liability to any person on the part of Blackhawk, Parent or Merger Sub (or any of their

representatives or affiliates) except that (1) no such termination will relieve Blackhawk of any liability or damages to Parent and Merger Sub resulting from fraud or any willful and material breach of the merger agreement before such termination and (2) certain sections of the merger agreement, including sections relating to termination, termination fees and expenses, will survive termination.

TABLE OF CONTENTS

Except as otherwise provided in the merger agreement, Blackhawk s right to terminate the merger agreement and for Blackhawk to receive payment of the parent termination fee to the extent it is payable under the terms of the merger agreement shall constitute the sole and exclusive remedy of Blackhawk and its subsidiaries and their respective affiliates and any of their respective related parties against Parent, SLP Equity Investor, P2 Equity Investor and their respective affiliates, the debt financing sources, any other potential debt or equity financing source and any of their respective related parties for all losses and damages in respect of the merger agreement (or the termination thereof) or the transactions contemplated by the merger agreement (or the failure of such transactions to occur for any reason or for no reason) or any breach (whether willful, intentional, unilateral or otherwise) of any covenant or agreement or otherwise in respect of the merger agreement.

Expenses

Except as otherwise provided in the merger agreement, whether or not the merger is consummated, all costs and expenses incurred in connection with the merger agreement, the merger and the other transactions contemplated by the merger agreement will be paid by the party incurring such expense, except the filing fee for certain approvals required to be obtained by Parent and Blackhawk will be shared equally by Parent and Blackhawk.

Modification or Amendment

Subject to the provisions of applicable laws, at any time prior to the effective time, Parent, Merger Sub and Blackhawk may modify or amend the merger agreement by written agreement, executed and delivered by duly authorized officers of the respective parties, except that (1) after receipt of the requisite company vote, no amendment may be made which, by law or in accordance with the rules of any relevant stock exchange, requires further approval by Blackhawk s stockholders unless the requisite company vote is obtained again with respect to the effectiveness of such amendment and (2) no amendments or modifications to, or waivers or terminations of, the provisions of which the debt financing sources are expressly made third-party beneficiaries (or any of the defined terms used therein) will be permitted in a manner adverse to any debt financing source without the prior written consent of such debt financing source.

Jurisdiction; Specific Enforcement

Under the merger agreement, each of the parties has agreed that it will bring any proceeding in respect of the interpretation and enforcement of the provisions of the merger agreement and of the documents referred to in the merger agreement, and in respect of the transactions contemplated by the merger agreement, in courts of the State of Delaware and the federal courts of the United States of America located in the State of Delaware. However, each of the parties has agreed that it will not bring or support any action or claim against any of the debt financing sources or any of their respective representatives, in any way relating to the merger agreement or any of the transactions contemplated by the merger agreement (including any dispute arising out of or relating in any way to the debt financing, the debt commitment letter or any other letter or agreement related to the debt financing or its performance), in any forum other than any state or federal court sitting in the Borough of Manhattan in the City of New York.

Each of the parties has agreed that if for any reason any of the provisions of the merger agreement are not performed in accordance with their specific terms or are otherwise breached, immediate and irreparable harm or damage would be caused for which money damages would not be an adequate remedy. Accordingly, in addition to any other available remedies the parties may have in equity or at law, each party will be entitled to an injunction restraining any breach or violation or threatened breach or violation of the provisions of the merger agreement and to enforce specifically the terms and provisions of the merger agreement without necessity of posting a bond or other form of security. No party will allege, and each party waives the defense, that there is an adequate remedy at law.

Notwithstanding the foregoing, Blackhawk will only be entitled to specific performance of Parent s obligations to, or any other equitable remedy that would, cause the equity financing to be funded or to effect the closing if, and only if, (1) all the conditions in sections 8.1 and 8.2 of the merger agreement have been satisfied or waived (other than those, that by their nature, are to be satisfied at the closing, but which conditions at such time are capable of being satisfied) at the time the closing is required to have occurred and Parent fails to complete the closing on such date, (2) the debt financing has been funded or will be funded at the closing if the equity financing is funded at the closing and (3) Blackhawk has irrevocably confirmed in writing to Parent that if specific performance is granted and the financing (including any replacement financing) is funded, then Blackhawk will cause the closing to occur.

TABLE OF CONTENTS

ADVISORY VOTE ON NAMED EXECUTIVE OFFICER MERGER-RELATED COMPENSATION

As required by Section 14A of the Exchange Act and the applicable SEC rules issued thereunder, Blackhawk is providing its stockholders with a separate advisory (non-binding) vote to approve certain compensation that may be paid or become payable to its named executive officers in connection with the merger, as described in the table in the section of this proxy statement entitled *The Merger — Interests of Blackhawk's Directors and Executive Officers in the Merger — Quantification of Potential Payments to Blackhawk's Named Executive Officers in Connection with the Merger*, including the footnotes to the table and related narrative discussion beginning on page 52 of this proxy statement.

The Blackhawk board of directors unanimously recommends that the stockholders of Blackhawk approve the following resolution:

RESOLVED, that the compensation that may be paid or become payable to Blackhawk s named executive officers in connection with the merger, and the agreement or understandings pursuant to which such compensation may be paid or become payable, in each case, as disclosed pursuant to Item 402(t) of Regulation S-K in the table in the section of this proxy statement entitled The Merger — Interests of Blackhawk s Directors and Executive Officers in the Merger — Quantification of Potential Payments to Blackhawk s Named Executive Officers in Connection with the Merger, *including the footnotes to the table and the related narrative discussion, is hereby APPROVED.*

The vote on the named executive officer merger-related compensation proposal is a vote separate and apart from the vote on the proposal to adopt the merger agreement. Accordingly, you may vote to adopt the merger agreement and vote not to approve the named executive officer merger-related compensation proposal and vice versa. Because the vote on the named executive officer merger-related compensation proposal is advisory only, it will not be binding on either Blackhawk or Parent. Accordingly, if the merger agreement is adopted and the merger is completed, the compensation will be payable, subject only to the conditions applicable thereto under the applicable compensation agreements and arrangements, regardless of the outcome of the non-binding, advisory vote of Blackhawk s stockholders.

The above resolution approving the merger-related compensation of Blackhawk s named executive officers on an advisory (non-binding) basis requires the affirmative vote of the holders of a majority in voting power of the shares of common stock present in person or by proxy at the special meeting and entitled to vote thereon.

The Blackhawk board of directors unanimously recommends that the stockholders of Blackhawk vote FOR the named executive officer merger-related compensation proposal.

TABLE OF CONTENTS

VOTE ON ADJOURNMENT

The Company s stockholders are being asked to approve a proposal that will give the Blackhawk board of directors authority to adjourn the special meeting, if necessary or appropriate, including to solicit additional proxies in favor of the proposal to adopt the merger agreement, if there are insufficient votes at the time of the special meeting to approve the proposal to adopt the merger agreement or in the absence of a quorum. If this adjournment proposal is approved, the special meeting could be adjourned by the Blackhawk board of directors to any date (subject to certain restrictions in the merger agreement). In addition, the Blackhawk board of directors, under certain circumstances in the merger agreement, could postpone the special meeting before it commences. If the special meeting is adjourned for the purpose of soliciting additional proxies, stockholders who have already submitted their proxies will be able to revoke them at any time before their use. If you sign, date and return a proxy and do not indicate how you wish to vote on any proposal, or if you sign, date and return a proxy and you indicate that you wish to vote in favor of the proposal to adopt the merger agreement but do not indicate a choice on the adjournment proposal, your shares of common stock will be voted in favor of the adjournment proposal.

The Company does not anticipate calling a vote on this proposal if the proposal to adopt the merger agreement is approved by the requisite number of shares of Blackhawk common stock at the special meeting.

The vote on the adjournment proposal is a vote separate and apart from the vote on the proposal to adopt the merger agreement. Accordingly, you may vote to approve the proposal to adopt the merger agreement and vote not to approve the adjournment proposal and vice versa.

Approval of the adjournment proposal requires the affirmative vote of the holders of a majority in voting power of the shares of common stock present in person or by proxy at the special meeting and entitled to vote thereon.

The Blackhawk board of directors unanimously recommends that the stockholders of Blackhawk vote FOR the adjournment proposal, if a vote on the adjournment proposal is called.

TABLE OF CONTENTS

MARKET PRICE OF THE COMPANY COMMON STOCK

Blackhawk s common stock is traded on the NASDAQ under the symbol HAWK. On February 28, 2018, there were approximately 7,855 holders of record of our common stock. Certain shares of our common stock are held in street name and accordingly, the number of beneficial owners of such shares is not known or included in the foregoing number.

The following table sets forth for the periods indicated the high and low sales prices per share for our common stock on the NASDAQ. We have never paid cash dividends on our common stock.

	Market Price	
	Low	**High**
Fiscal 2015		
First Quarter	$ 32.98	$ 40.57
Second Quarter	$ 33.59	$ 41.47
Third Quarter	$ 33.59	$ 46.13
Fourth Quarter	$ 39.09	$ 48.40
Fiscal 2016		
First Quarter	$ 29.91	$ 43.67
Second Quarter	$ 31.00	$ 35.77
Third Quarter	$ 31.14	$ 37.62
Fourth Quarter	$ 28.88	$ 39.10
Fiscal 2017		
First Quarter	$ 33.50	$ 39.55
Second Quarter	$ 37.75	$ 44.90
Third Quarter	$ 40.85	$ 46.70
Fourth Quarter	$ 32.60	$ 45.55
Fiscal 2018		
First Quarter (through February 28, 2018)	$ 33.45	$ 47.00

The closing sale price of our common stock on January 12, 2018, the last trading day prior to the execution of the merger agreement, was $36.50 per share. On February 28, 2018, the most recent practicable date before the filing of this proxy statement, the closing price for our common stock was $44.75 per share. You are encouraged to obtain current market quotations for our common stock in connection with voting your shares of common stock.

TABLE OF CONTENTS

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

Except as noted below, the following table sets forth the amount and percent of shares of our common stock that as of February 28, 2018, are deemed under the rules of the SEC to be beneficially owned by each member of the Blackhawk board of directors, by each of our named executive officers, by all of our directors and executive officers as a group, and by any person or group (as that term is used in section 13(d)(3) of the Exchange Act) known to us to be a beneficial owner of more than 5% of the outstanding shares of our common stock as of that date. The information concerning the beneficial ownership of our directors and officers is based solely on information provided by those individuals. Unless otherwise stated, the beneficial owner has sole voting and investment power over the listed common stock or shares such power with his or her spouse.

	Common Stock Beneficially Owned[1]	
Name of Beneficial Owner	**Number of Shares of Common Stock**	**Percentage of Class**
The Vanguard Group[2]	4,908,116	8.64 %
Wellington Management Group LLP[3]	4,151,443	7.31 %
Three Bays Capital LP[4]	3,699,129	6.51 %
BlackRock, Inc.[5]	3,449,457	6.07 %
Standard Life Investments Ltd[6]	3,265,621	5.75 %
Mario J. Gabelli[7]	3,188,531	5.61 %
P2 Capital Partners, LLC[8]	3,000,000	5.28 %
Talbott Roche[9][10]	510,205	*
William Y. Tauscher[9][11]	1,093,637	1.93 %
Charles O. Garner[9][12]	0	*
David C. Tate[9][13]	75,075	*
Kirsten Richesson[9][14]	26,826	*
Sachin Dhawan[9][15]	28,621	*
Jerry Ulrich[9][16]	135,422	*
Christopher C. Crum[9][17]	N/A	*
Anil. D Aggarwal[9][18]	4,207	*
Richard H. Bard[9][19]	11,779	*
Thomas Barnds[9][20]	0	*
Steven A. Burd[9][21]	65,693	*
Robert L. Edwards[9][22]	87,469	*
Mohan Gyani[9][23]	19,636	*
Paul Hazen[9][24]	72,282	*
Robert B. Henske[9][25]	4,500	*
Arun Sarin[9][26]	15,529	*

Jane J. Thompson[9][27]	3,750		*
All current executive officers and directors as a group (19 persons)	2,175,690	3.83	%

*Less than 1% of our outstanding common stock

(1) This table is based upon information supplied by executive officers, directors and principal stockholders and Schedules 13D and 13G filed with the SEC. The percentage of shares owned is based on 56,805,674 shares of Company common stock outstanding as of February 28, 2018.

Shares of Company common stock issuable by us (i) pursuant to options or SARs held by the respective persons which may be exercised within 60 days following February 28, 2018 and (ii) upon vesting of RSUs or performance share awards that vest by their terms within 60 days after February 28, 2018, are deemed to be outstanding and to be beneficially owned by the person holding such stock options, RSUs and/or performance share awards for the purpose of computing the percentage ownership of such person, but are not treated as outstanding for the purpose of computing the percentage ownership of any other person. The shares of Company common stock issuable by us pursuant to options or SARs exercisable within 60 days (including all executive officers and directors as a group), consists of 1,390,631 shares, of which no shares had an exercise price in excess of the $45.25 per share per share merger consideration on February 28, 2018. There are 28,149 shares of Company common stock issuable pursuant to vesting of restricted stock units or performance share awards within 60 days after February 28, 2018.

TABLE OF CONTENTS

(2) The Vanguard Group (referred to in this proxy statement as Vanguard) has sole voting power over 107,226 shares of Company common stock, shared voting power over 10,419 shares of Company Common Stock, sole dispositive power over 4,794,788 shares of Company common stock and shared dispositive power over 113,328 shares of Company common stock.

Vanguard Fiduciary Trust Company, a wholly-owned subsidiary of Vanguard is the beneficial owner of 102,909 shares of Company common stock as a result of its serving as investment manager of collective trust accounts.

Vanguard Investments Australia, Ltd., a wholly-owned subsidiary of Vanguard is the beneficial owner of 14,736 shares of Company common stock as a result of its serving as investment manager of Australian investment offerings.

The address of Vanguard is 100 Vanguard Blvd., Malvern, PA 19355.

(3) Wellington Management Group LLP (referred to in this proxy statement as Wellington Management Group) has shared voting power over 3,707,144 shares of Company common stock and shared dispositive power over 4,151,443 shares of Company common stock. Wellington Group Holdings LLP (referred to in this proxy statement as Wellington Group Holdings) has shared voting power over 3,707,144 shares of Company common stock and shared dispositive power over 4,151,443 shares of Company common stock. Wellington Investment Advisors Holdings LLP (referred to in this proxy statement as Wellington Investment Advisors Holdings) has shared voting power over 3,707,144 shares of Company common stock and shared dispositive power over 4,151,443 shares of Company common stock. Wellington Management Company LLP (referred to in this proxy statement as Wellington Management Company) has shared voting power over 3,635,419 shares of Company common stock and shared dispositive power over 4,007,633 shares of Company common stock.

The subsidiaries of Wellington Management Group that acquired the security being reported on its Schedule 13G/A are Wellington Group Holdings, Wellington Investment Advisors LLP and Wellington Management Global Holdings, Ltd. (referred to in this proxy statement as Wellington Management Global) and the following investment advisers (referred to in this proxy statement as the Wellington Investment Advisers): Wellington Management Company LLP, Wellington Management Canada LLC, Wellington Management Singapore Pte Ltd, Wellington Management Hong Kong Ltd, Wellington Management International Ltd, Wellington Management Japan Pte Ltd, and Wellington Management Australia Pty Ltd.

Wellington Management Group is the parent holding company of certain holding companies and Wellington Investment Advisers, for which the shares of Company common stock in the table above are owned of record by clients of Wellington Investment Advisers. Wellington Investment Advisors Holdings controls directly, or indirectly through Wellington Management Global, the Wellington Investment Advisers. Wellington Investment Advisors Holdings is owned by Wellington Group Holdings. Wellington Group Holdings is owned by Wellington Management Group.

The address of Wellington Management Group, Wellington Group Holdings, Wellington Investment Advisors Holdings and Wellington Management Company is c/o Wellington Management Company LLP, 280 Congress Street, Boston, MA 02210.

(4) Three Bays Capital LP (referred to in this proxy statement as Three Bays Capital) has sole voting power and sole dispositive power over 3,699,129 shares of Company common stock. TBC GP LLC (referred to in this proxy statement as TBC GP) has sole voting power and sole dispositive power over 3,699,129 shares of Company common stock. TBC Master LP (referred to in this proxy statement as TBC Master) has sole voting power and sole dispositive power over 3,699,129 shares of Company common stock. TBC Partners GP LLC (referred to in this proxy statement as TBC Partners GP) has sole voting power and sole dispositive power over 3,699,129 shares of Company common stock. Matthew Sidman has sole voting power and sole dispositive power over 3,699,129 shares of Company common stock.

Three Bays Capital is a Delaware limited partnership and investment manager to TBC Master. TBC GP is a Delaware limited liability company and the General Partner of Three Bays Capital. TBC Master is a Cayman Islands exempted limited partnership. TBC Partners GP is a Delaware limited liability company and the General Partner of TBC Master. Matthew Sidman is the Managing Member of TBC GP and TBC Partners GP.

The address of Three Bays Capital LP, TBC GP, TBC Partners GP and Matthew Sidman is c/o Three Bays Capital LP, 222 Berkeley Street, 19th Floor, Boston, Massachusetts 02116. The address for TBC Master is c/o Morgan Stanley Fund Services (Cayman) Ltd., Cayman Corporate Centre, 27 Hospital Road, George Town, Grand Cayman KY1-9008, Cayman Islands.

(5) BlackRock, Inc. (referred to in this proxy statement as BlackRock) has sole voting power over 3,336,209 shares of Company common stock and sole dispositive power over 3,449,457 shares of Company common stock. The address of BlackRock is 55 East 52nd Street, New York, NY 10055.

The subsidiaries of BlackRock that acquired the security being reported on its Schedule 13G/A are BlackRock (Netherlands) B.V.; BlackRock Advisors, LLC; BlackRock Asset Management Canada Limited; BlackRock Asset Management Ireland Limited; BlackRock Asset Management Schweiz AG; BlackRock Financial Management, Inc.; BlackRock Fund Advisors; BlackRock Institutional Trust Company, National Association; BlackRock Investment Management (Australia) Limited; BlackRock Investment Management (UK) Limited; and BlackRock Investment Management, LLC.

(6) Standard Life Investments Ltd (referred to in this proxy statement as Standard Life) has sole voting power and sole dispositive power over 3,265,621 shares of Company common stock. The address of Standard Life is One George Street, Edinburgh EH2 2LL, United Kingdom.

(7) Gabelli Funds, LLC (referred to in this proxy statement as Gabelli Funds) has sole voting power and sole dispositive power over 1,873,268 shares of Company common stock. GAMCO Asset Management Inc. (referred to in this proxy statement as GAMCO) has sole voting power over 614,843 shares of Company common stock and sole dispositive power over 680,543 shares of Company common stock. Gabelli & Company Investment Advisers, Inc. (referred to in this proxy statement as GCIA) has sole voting power and sole dispositive power over 581,120 shares of Company common stock. MJG Associates, Inc. (referred to in this proxy statement as MJG Associates) has sole voting power and sole dispositive power over 3,000 shares of Company common stock. Gabelli Foundation, Inc. (referred to in this proxy statement as the Foundation) has sole voting power and sole dispositive power over 10,000 shares of Company common stock. GGCP, Inc. (referred to in this proxy statement as GGCP) has sole voting power and sole dispositive power over 5,000 shares of Company common stock. GAMCO Investors Inc. (referred to in this proxy statement as GBL) has voting power and dispositive power over no shares of Company common stock. Associated Capital Group, Inc. (referred to in this proxy statement as AC) has sole voting power and sole dispositive power over 12,600 shares of Company common stock. Mario J. Gabelli (referred to in this proxy statement as Mario Gabelli), who directly or indirectly controls the aforementioned entities or acts as chief investment officer for them, has sole voting power and sole dispositive power over 23,000 shares of Company common stock.

TABLE OF CONTENTS

GGCP makes investments for its own account and is the manager and a member of GGCP Holdings LLC (referred to in this proxy statement as GGCP Holdings), which is the controlling shareholder of GBL and AC. GBL, a public company listed on the New York Stock Exchange, is the parent company for a variety of companies engaged in the securities business, including certain of those named below. AC, a public company listed on the New York Stock Exchange, is the parent company for a variety of companies engaged in the securities business, including certain of those listed below.

GAMCO, a wholly-owned subsidiary of GBL, is an investment adviser registered under the Investment Advisers Act of 1940, as amended (referred to in this proxy statement as the Advisers Act). GAMCO is an investment manager providing discretionary managed account services for employee benefit plans, private investors, endowments, foundations and others.

GCIA, a wholly owned subsidiary of AC, is an investment adviser registered under the Advisers Act and serves as a general partner or investment manager to limited partnerships and offshore investment companies and other accounts. As a part of its business, GCIA may purchase or sell securities for its own account. GCIA is a general partner or investment manager of a number of funds or partnerships.

Gabelli Funds, a wholly owned subsidiary of GBL, is a limited liability company. Gabelli Funds is an investment adviser registered under the Advisers Act which provides advisory services for a number of entities.

MJG Associates provides advisory services to private investment partnerships and offshore funds. Mario Gabelli is the sole shareholder, director and employee of MJG Associates.

The Foundation is a private foundation. Mario Gabelli is the Chairman, a Trustee and the Investment Manager of the Foundation. Elisa M. Wilson is the President of the Foundation.

Mario Gabelli is the controlling stockholder, Chief Executive officer and a director of GGCP and Chairman and Chief Executive Officer of GBL. He is the Executive Chairman of AC. Mario Gabelli is also a member of GGCP Holdings.

GAMCO is a New York corporation and GBL, AC, and GCIA are Delaware corporations, each having its principal business office at One Corporate Center, Rye, New York 10580. GGCP is a Wyoming corporation having its principal business office at 140 Greenwich Avenue, Greenwich, CT 06830. GGCP Holdings is a Delaware limited liability corporation having its principal business office at 140 Greenwich Avenue, Greenwich, CT 06830. Gabelli Funds is a New York limited liability company having its principal business office at One Corporate Center, Rye, New York 10580. MJG Associates is a Connecticut corporation having its principal business office at 140 Greenwich Avenue, Greenwich, CT 06830. The Foundation is a Nevada corporation having its principal offices at 165 West Liberty Street, Reno, Nevada 89501.

(8) P2 Capital Partners, LLC (referred to in this proxy statement as the P2 Manager) has shared voting power and shared dispositive power over 3,000,000 shares of Company common stock. P2 Capital Master Fund I, L.P. (referred to in this proxy statement as P2 Equity Investor) has shared voting power and shared dispositive power over 1,058,616 shares of Company common stock. P2 Capital Master Fund VI, L.P. (referred to in this proxy statement as Master Fund VI) has shared voting power and shared dispositive power over 1,124,897 shares of Company common stock. P2 Capital Master Fund XII, L.P. (referred to in this proxy statement as Master Fund XII) has shared voting power and shared dispositive power over 816,487 shares of Company common stock. Claus Moller has shared voting power and shared dispositive power over 3,000,000 shares of Company common stock. P2 Equity Investor is a Cayman Islands exempted limited partnership, Master Fund VI is a Delaware limited partnership and Master Fund XII is a Delaware limited partnership (together, the P2 Funds) and the P2 Funds are principally involved in the business of investing in securities. The P2 Manager is a Delaware limited liability company

and is principally involved in the business of providing investment advisory and investment management services to the P2 Funds and, among other things, exercises all voting and other powers and privileges attributable to any securities held for the account of the P2 Funds. Claus Moller is the managing member of the P2 Manager.

The address of the P2 Manager, the P2 Funds and Claus Moller is 590 Madison Avenue, 25th Floor, New York, NY 10022.

(9) The address of each director and executive officer of Blackhawk is c/o Blackhawk Network Holdings, Inc., 6220 Stoneridge Mall Road, Pleasanton, California 94588.

(10) Consists of (i) 198,355 shares of Company common stock held by Talbott Roche as of February 28, 2018; (ii) 256,600 shares issuable upon exercise of options exercisable within 60 days of February 28, 2018; (iii) 5,250 shares issuable upon vesting of RSUs within 60 days of February 28, 2018; and (iv) 50,000 shares issuable upon exercise of SARs exercisable within 60 days of February 28, 2018.

(11) Consists of (i) 159,212 shares of Company common stock held by William Y. Tauscher as of February 28, 2018; (ii) 825,663 shares issuable upon exercise of options exercisable within 60 days of February 28, 2018; (iii) 8,762 shares issuable upon vesting of RSUs within 60 days of February 28, 2018; and (iv) 100,000 shares issuable upon exercise of SARs exercisable within 60 days of February 28, 2018.

(12) Mr. Garner was appointed Chief Financial Officer on October 23, 2017. He held no shares of Company common stock as of February 28, 2018.

(13) Consists of (i) 29,412 shares of Company common stock held by David C. Tate as of February 28, 2018; (ii) 34,676 shares issuable upon exercise of options exercisable within 60 days of February 28, 2018; (iii) 1,987 shares issuable upon vesting of RSUs within 60 days of February 28, 2018 and (iv) 9,000 shares issuable upon exercise of SARs exercisable within 60 days of February 28, 2018.

(14) Consists of (i) 12,075 shares of Company common stock held by Kirsten Richesson as of February 28, 2018; (ii) 12,376 shares issuable upon exercise of options exercisable within 60 days of February 28, 2018; and (iii) 2,375 shares issuable upon vesting of RSUs within 60 days of February 28, 2018.

(15) Consists of (i) 16,121 shares of Company common stock held by Sachin Dhawan as of February 28, 2018 and (ii) 12,500 shares issuable upon exercise of options exercisable within 60 days of February 28, 2018.

(16) Consists of (i) 54,058 shares of Company common stock held by Jerry Ulrich as of February 28, 2018; (ii) 38,864 shares issuable upon exercise of options exercisable within 60 days of February 28, 2018; and (iii) 42,500 shares issuable upon exercise of SARs exercisable within 60 days of February 28, 2018.

(17) Mr. Crum retired September 30, 2016. Blackhawk does not have access to holdings as of February 28, 2018.

(18) Consists of 4,207 shares of Company common stock held by Anil D. Aggarwal as of February 28, 2018.

(19) Consists of 11,779 shares of Company common stock held by Richard H. Bard as of February 28, 2018.

(20) Mr. Barnds was appointed to the Board on February 13, 2017. He held no shares of Company common stock as of February 28, 2018.

(21) Consists of 65,693 shares of Company common stock held by Steven A. Burd as of February 28, 2018.

(22) Consists of (i) 34,800 shares of Company common stock held by Robert L. Edwards as of February 28, 2018; and (ii) 52,669 shares of Company common stock held by the Edwards Family Trust dated July 30, 2015 as of February 28, 2018.

TABLE OF CONTENTS

(23) Consists of 19,636 shares of Company common stock held by Mohan Gyani as of February 28, 2018.
(24) Consists of 72,282 shares of Company common stock held by Paul Hazen as of February 28, 2018.
(25) Consists of 4,500 shares of Company common stock held by Robert Henske as of February 28, 2018.
(26) Consists of 15,529 shares of Company common stock held by Arun Sarin as of February 28, 2018.
(27) Consists of 3,750 shares of Company common stock held by Declaration of Trust Jane J. Thompson December 26, 1995 as of February 28, 2018.

TABLE OF CONTENTS

APPRAISAL RIGHTS

Under the DGCL, you have the right to dissent from the merger and to receive payment in cash for the fair value of your shares of common stock as determined by the Delaware Court of Chancery, together with interest, if any, as determined by the Court, in lieu of the consideration you would otherwise be entitled to pursuant to the merger agreement. These rights are known as appraisal rights. Stockholders electing to exercise appraisal rights must comply with the provisions of Section 262 of the DGCL in order to perfect their rights. Strict compliance with the statutory procedures is required to perfect appraisal rights under Delaware law.

The following is intended as a brief summary of the material provisions of the Delaware statutory procedures required to be followed by a stockholder in order to dissent from the merger and perfect appraisal rights. This summary, however, is not a complete statement of all applicable requirements and is qualified in its entirety by reference to Section 262 of the DGCL, the full text of which appears in Annex C to this proxy statement. Failure to precisely follow any of the statutory procedures set forth in Section 262 of the DGCL may result in the loss or waiver of your appraisal rights. All references in this summary to a stockholder are to the record holder of shares of common stock of the Company unless otherwise indicated.

Beneficial owners of shares of common stock who do not also hold such shares of record may have the registered owner, such as a broker, bank or other nominee, submit the required demand in respect of those shares. If shares of common stock are owned of record in a fiduciary capacity, such as by a trustee, guardian or custodian, execution of a demand for appraisal should be made in that capacity, and if the shares of common stock are owned of record by more than one person, as in a joint tenancy or tenancy in common, the demand should be executed by or for all joint owners. An authorized agent, including an authorized agent for two or more joint owners, may execute the demand for appraisal on behalf of a stockholder of record; however, the agent must identify the record owner or owners and expressly disclose the fact that, in executing the demand, he or she is acting as agent for the record owner. In the event a record owner, such as a broker, who holds shares of common stock as a nominee for others, exercises his or her right of appraisal with respect to the shares of common stock held for one or more beneficial owners, while not exercising this right for other beneficial owners, we recommend that the written demand state the number of shares of common stock as to which appraisal is sought. Where no number of shares is expressly mentioned, we will presume that the demand covers all shares held in the name of the record owner. If you hold your shares of common stock in a brokerage account or in other nominee form and you wish to exercise appraisal rights, you should consult with your broker or the other nominee to determine the appropriate procedures for the making of a demand for appraisal by the nominee.

Section 262 of the DGCL requires that stockholders for whom appraisal rights are available be notified not less than 20 days before the stockholders meeting to vote on the merger in connection with which appraisal rights will be available. A copy of Section 262 of the DGCL must be included with such notice. This proxy statement constitutes our notice to the Company s stockholders of the availability of appraisal rights in connection with the merger in compliance with the requirements of Section 262 of the DGCL and a copy of the full text of Section 262 of the DGCL is attached hereto as Annex C. If you wish to consider exercising your appraisal rights, you should carefully review the text of Section 262 of the DGCL contained in Annex C to this proxy statement since failure to timely and properly comply with the requirements of Section 262 of the DGCL will result in the loss of your appraisal rights under the DGCL.

If you elect to demand appraisal of your shares, you must satisfy each of the following conditions:

- You must deliver to us a written demand for appraisal of your shares before the vote with respect to the merger is taken. This written demand for appraisal must be in addition to and separate from any proxy or vote abstaining from or voting against the adoption and approval of the merger agreement and the merger. Voting against or failing to vote

for the adoption and approval of the merger agreement and the merger by itself does not constitute a demand for appraisal within the meaning of Section 262 of the DGCL. The demand must reasonably inform us of the identity of the stockholder and the intention of the stockholder to demand appraisal of his, her or its shares. A stockholder's failure to make a written demand before the vote with respect to the merger is taken will constitute a waiver of appraisal rights.

- You must not vote in favor of, or consent in writing to, the adoption and approval of the merger agreement and the merger. A vote in favor of the adoption and approval of the merger agreement and merger, by proxy submitted by mail, over the Internet, by telephone or in person, will constitute a waiver of your appraisal rights in respect of the shares so voted and will nullify any previously filed written demands for appraisal.

TABLE OF CONTENTS

A proxy that does not contain voting instructions will, unless revoked, be voted in favor of the adoption and approval of the merger agreement and the merger. Therefore, a stockholder who votes by proxy and who wishes to exercise appraisal rights must vote against the merger agreement and the merger or abstain from voting on the merger agreement and the merger.

- You must continue to hold your shares of common stock from the date of making the demand through the effective date of the merger. Therefore, a stockholder who is the record holder of shares of common stock on the date the written demand for appraisal is made but who thereafter transfers the shares before the effective date of the merger will lose any right to appraisal with respect to such shares.
- You must otherwise comply with the procedures set forth in Section 262.

If you fail to comply with any of these conditions and the merger is completed, you will be entitled to receive the per share merger consideration, but you will have no appraisal rights with respect to your shares of common stock.

All demands for appraisal pursuant to Section 262 of the DGCL should be addressed to the Company, in care of the General Counsel and Secretary at Blackhawk Network Holdings, Inc., 6220 Stoneridge Mall Road, Pleasanton, CA 94588, and must be delivered before the vote on the merger agreement is taken at the special meeting and should be executed by, or on behalf of, the record holder of the shares of common stock.

Within 10 days after the effective date of the merger, the surviving corporation (*i.e.*, Blackhawk Network Holdings, Inc.) must give written notice that the merger has become effective to each stockholder who has properly filed a written demand for appraisal and who did not vote in favor of the merger agreement and the merger. At any time within 60 days after the effective date of the merger, any stockholder who has demanded an appraisal, and who has not commenced an appraisal proceeding or joined that proceeding as a named party, has the right to withdraw such stockholder s demand for appraisal and to accept the per share merger consideration specified by the merger agreement for his or her shares of common stock; after this period, the stockholder may withdraw such demand for appraisal only with the consent of the surviving corporation. Within 120 days after the effective date of the merger, any stockholder who has complied with Section 262 of the DGCL will, upon written request to the surviving corporation, be entitled to receive a written statement setting forth the aggregate number of shares not voted in favor of the merger agreement and the merger and with respect to which demands for appraisal rights have been received and the aggregate number of holders of such shares. A person who is the beneficial owner of shares of common stock held in a voting trust or by a nominee on behalf of such person may, in such person s own name, request from the corporation the statement described in the previous sentence. Such written statement will be mailed to the requesting stockholder within 10 days after such written request is received by the surviving corporation or within 10 days after expiration of the period for delivery of demands for appraisal, whichever is later. Within 120 days after the effective time, but not thereafter, either the surviving corporation or any stockholder who has complied with the requirements of Section 262 of the DGCL and who is otherwise entitled to appraisal rights may file a petition in the Delaware Court of Chancery demanding a determination of the fair value of the shares held by all stockholders entitled to appraisal. A person who is the beneficial owner of shares of common stock held in a voting trust or by a nominee on behalf of such person may, in such person s own name, file the petition described in the previous sentence. Upon the filing of the petition by a stockholder, service of a copy of such petition shall be made upon the Company, as the surviving corporation. If no such petition is filed within that 120-day period, appraisal rights will be lost for all holders of shares who had previously demanded appraisal of their shares. The surviving corporation has no obligation to file such a petition in the event there are dissenting stockholders. Accordingly, the failure of a stockholder to file such a petition within the period specified could nullify the stockholder s previously written demand for appraisal. There is no present intent on the part of the Company to file an appraisal petition, and stockholders seeking to exercise appraisal rights should not assume that the Company will file such a petition or that the Company will initiate any negotiations with respect to the fair value of such shares. Accordingly, stockholders who desire to have their shares appraised should initiate any petitions necessary for the perfection of their appraisal rights within the time periods and in the manner prescribed in Section 262 of the DGCL.

If a petition for appraisal is duly filed by a stockholder and a copy of the petition is delivered to the surviving corporation, the surviving corporation will then be obligated, within 20 days after receiving service of a copy of the petition, to file in the office of the Register in Chancery in which the petition was filed a duly verified list containing the names and addresses of all stockholders who have demanded payment for their shares and with whom agreements as to the value of their shares have not been reached by the surviving corporation. The Register in Chancery, if so ordered by the Delaware Court of Chancery, must give notice of the time and place fixed for the hearing of such

TABLE OF CONTENTS

petition by registered or certified mail to the surviving corporation and to the stockholders shown on the list at the addresses therein stated. Such notice must also be given by one or more publications at least one week before the day of the hearing, in a newspaper of general circulation published in the City of Wilmington, Delaware or such publication as the Delaware Court of Chancery deems advisable. The forms of the notices by mail and by publication must be approved by the Delaware Court of Chancery, and the costs thereof will be borne by the surviving corporation. At the hearing on such petition, the Delaware Court of Chancery will determine the stockholders who have complied with Section 262 of the DGCL and who have become entitled to appraisal rights. The Delaware Court of Chancery may require the stockholders who have demanded appraisal for their shares and who hold stock represented by certificates to submit their stock certificates to the Register in Chancery for notation thereon of the pendency of the appraisal proceedings; if any stockholder fails to comply with that direction, the Delaware Court of Chancery may dismiss the proceedings as to that stockholder. If immediately before the merger the shares of the class or series of stock as to which appraisal rights are available were listed on a national securities exchange, the Delaware Court of Chancery will dismiss the proceedings as to all holders of such shares who are otherwise entitled to appraisal rights unless (1) the total number of shares entitled to appraisal exceeds 1% of the outstanding shares of the class or series eligible for appraisal, (2) the value of the consideration provided in the merger for such total number of shares exceeds $1 million or (3) the merger was approved pursuant to Sections 253 or 267 of the DGCL.

After determination of the stockholders entitled to appraisal of their shares of common stock, the Delaware Court of Chancery will appraise the shares, determining their fair value exclusive of any element of value arising from the accomplishment or expectation of the merger, together with interest, if any. Unless the Delaware Court of Chancery in its discretion determines otherwise for good cause shown, and except as otherwise provided in Section 262, interest from the effective date of the merger through the date of payment of the judgment will be compounded quarterly and will accrue at 5% over the Federal Reserve discount rate (including any surcharge) as established from time to time during the period between the effective date of the merger and the date of payment of the judgment. At any time before the entry of judgment in the proceedings, the surviving corporation may pay to each stockholder entitled to appraisal an amount in cash, in which case interest shall accrue thereafter only upon the sum of (1) the difference, if any, between the amount paid and the fair value of the shares as determined by the Delaware Court of Chancery, and (2) interest theretofore accrued, unless paid at that time. Upon application by the surviving corporation or by any stockholder entitled to participate in the appraisal proceeding, the Delaware Court of Chancery may, in its discretion, proceed to trial upon the appraisal before the final determination of the stockholders entitled to an appraisal. Any stockholder whose name appears on the list filed by the surviving corporation and who has submitted such stockholder s certificates of stock to the Register in Chancery, if such is required, may participate fully in all proceedings until it is finally determined that such stockholder is not entitled to appraisal rights under Section 262 of the DGCL. When the fair value is determined, the Delaware Court of Chancery will direct the payment of such value, with interest thereon, if any, by the surviving corporation to the stockholders entitled to receive the same, in the case of holders of uncertificated stock forthwith, and in the case of holders of shares represented by certificates upon the surrender to the surviving corporation of the certificates representing such stock.

In determining the fair value of the shares of common stock and, if applicable, interest, the Delaware Court of Chancery is required to take into account all relevant factors. In *Weinberger* v. *UOP, Inc.*, the Delaware Supreme Court discussed the factors that could be considered in determining fair value in an appraisal proceeding, stating that proof of value by any techniques or methods which are generally considered acceptable in the financial community and otherwise admissible in court should be considered, and that [f]air price obviously requires consideration of all relevant factors involving the value of a company.

The Delaware Supreme Court has stated that in making this determination of fair value, the court must consider market value, asset value, dividends, earnings prospects, the nature of the enterprise and any other facts that could be ascertained as of the date of the merger that throw any light on future prospects of the merged corporation. Section 262 of the DGCL provides that fair value is to be exclusive of any element of value arising from the accomplishment

or expectation of the merger. In *Cede & Co.* v. *Technicolor, Inc.*, the Delaware Supreme Court stated that such exclusion is a narrow exclusion [that] does not encompass known elements of value, but rather applies only to the speculative elements of value arising from such accomplishment or expectation. In *Weinberger*, the Delaware Supreme Court also stated that elements of future value, including the nature of the enterprise, which are known or susceptible of proof as of the date of the merger and not the product of speculation, may be considered.

TABLE OF CONTENTS

You should be aware that the fair value of your shares of common stock as determined under Section 262 of the DGCL could be more than, the same as, or less than the value that you are entitled to receive under the terms of the merger agreement and that an opinion of an investment banking firm as to the fairness, from a financial point of view, of the consideration payable in a sale transaction, such as the merger, is not an opinion as to, and does not otherwise address, fair value under Section 262 of the DGCL.

Moreover, we do not anticipate offering more than the per share merger consideration to any stockholder exercising appraisal rights and reserve the right to assert, in any appraisal proceeding, that, for purposes of Section 262 of the DGCL, the fair value of a share of common stock is less than the per share merger consideration.

Costs of the appraisal proceeding may be imposed upon the surviving corporation and the stockholders participating in the appraisal proceeding by the Delaware Court of Chancery as the Court deems equitable in the circumstances. Upon the application of a stockholder, the Delaware Court of Chancery may order all or a portion of the expenses incurred by any stockholder in connection with the appraisal proceeding, including, without limitation, reasonable attorneys fees and the fees and expenses of experts, to be charged pro rata against the value of all shares entitled to appraisal. In the absence of an order, each party bears its own expenses. Any stockholder who has duly demanded and perfected appraisal rights in compliance with Section 262 of the DGCL will not, after the effective time, be entitled to vote shares subject to that demand for any purpose or to receive payments of dividends or any other distribution with respect to those shares, other than with respect to payment as of a record date before the effective time; however, if no petition for appraisal is filed within 120 days after the effective date of the merger, or if the stockholder delivers a written withdrawal of his or her demand for appraisal and an acceptance of the terms of the merger within 60 days after the effective date of the merger or thereafter with the written approval of the Company, then the right of that stockholder to appraisal will cease and that stockholder will be entitled to receive the per share merger consideration, without interest and subject to required withholding taxes, for shares of his, her or its shares of common stock pursuant to the merger agreement. No appraisal proceeding in the Delaware Court of Chancery will be dismissed as to any stockholder without the prior approval of the Court, and such approval may be conditioned upon such terms as the Delaware Court of Chancery deems just; provided, however, that any stockholder who has not commenced an appraisal proceeding or joined that proceeding as a named party will maintain the right to withdraw its demand for appraisal and to accept the per share merger consideration that such holder would have received pursuant to the merger agreement within 60 days after the effective date of the merger.

In view of the complexity of Section 262 of the DGCL, stockholders who may wish to dissent from the merger and pursue appraisal rights should consult their legal advisors.

TABLE OF CONTENTS

MULTIPLE STOCKHOLDERS SHARING ONE ADDRESS

In accordance with Rule 14a-3(e)(1) under the Exchange Act, one proxy statement will be delivered to two or more stockholders who share an address, unless the Company has received contrary instructions from one or more of the stockholders. Each stockholder will receive a separate proxy card. The Company will deliver promptly upon written or oral request a separate copy of the proxy statement to a stockholder at a shared address to which a single copy of the proxy statement was delivered. Requests for additional copies of the proxy statement should be directed to the Company, in care of the General Counsel and Secretary at Blackhawk Network Holdings, Inc., 6220 Stoneridge Mall Road, Pleasanton, CA 94588, or by calling (925) 226-9990. In addition, stockholders who share a single address, but receive multiple copies of the proxy statement, may request that in the future they receive a single copy by contacting the Company at the address and phone number set forth in the prior sentence.

TABLE OF CONTENTS

SUBMISSION OF STOCKHOLDER PROPOSALS

If the merger is completed, the Company does not expect to hold a 2018 annual meeting of stockholders. However, if the merger is not completed, the Company will hold a 2018 annual meeting of stockholders.

Stockholders who intended to have a proposal included in our proxy materials for presentation at our 2018 annual meeting of stockholders pursuant to Rule 14a-8 under the Exchange Act were required to submit the proposal to our General Counsel and Secretary at Blackhawk Network Holdings, Inc., 6220 Stoneridge Mall Road, Pleasanton, CA 94588, in writing by December 27, 2017. Any additional proposals must comply with and are subject to the requirements and restrictions below.

Stockholders who wish to submit a proposal that is not to be included in our proxy materials pursuant to the SEC s stockholder proposal procedures or to nominate a director must comply with the requirements set forth in our Amended and Restated Bylaws, which require, among other things, that notice must be delivered to or mailed and received by our General Counsel and Secretary at Blackhawk Network Holdings, Inc., 6220 Stoneridge Mall Road, Pleasanton, CA 94588 not less than 90 days nor more than 120 days prior to the first anniversary of the preceding year s annual meeting. Therefore, we must receive notice of such a proposal or nomination for the 2018 annual meeting of stockholders between February 9, 2018 and March 11, 2018; provided that if the date of the annual meeting is earlier than May 10, 2018 or later than August 8, 2018 the proposal to be timely must be submitted not earlier than the 120th day prior to the annual meeting date and not later than the 90th day prior to the annual meeting date or, if later, the 10th day following the day on which public disclosure of the annual meeting date is first made. Under applicable SEC rules, we are not required to include stockholder proposals in our proxy materials unless certain other conditions specified in such rules are met.

Additional information regarding the procedures to submit a stockholder proposal at the 2018 annual meeting, if one will be held, is included in the Company s proxy statement for its 2017 annual meeting of stockholders, filed on April 20, 2017.

TABLE OF CONTENTS

WHERE YOU CAN FIND ADDITIONAL INFORMATION

The Company files annual, quarterly and current reports, proxy statements and other information with the SEC. You may read and copy any reports, proxy statements or other information that we file with the SEC at the following location of the SEC:

Public Reference Room
100 F Street, N.E.
Washington, D.C. 20549

Please call the SEC at 1-800-SEC-0330 for further information regarding the public reference room. You may also obtain copies of this information by mail from the Public Reference Section of the SEC at its address above, at prescribed rates. The Company s public filings are also available to the public from document retrieval services and the Internet website maintained by the SEC at www.sec.gov.

The Company will make available a copy of its public reports, without charge, on the Investor Relations page of its website at www.blackhawknetwork.com as soon as reasonably practicable after the Company files the reports electronically with the SEC. The information provided on our website is not part of this proxy statement, and is not incorporated by reference herein. In addition, you may obtain a copy of the reports, without charge, by contacting the Company at Blackhawk Network Holdings, Inc., 6220 Stoneridge Mall Road, Pleasanton, CA 94588, Attention: General Counsel and Secretary, or by calling (925) 226-9990. In order to ensure timely delivery of the documents before the special meeting, any request should be made promptly to the Company.

The SEC allows us to incorporate by reference into this proxy statement documents we file with the SEC. This means that we can disclose important information to you by referring you to those documents. The information incorporated by reference is considered to be a part of this proxy statement, and later information that we file with the SEC will update and supersede that information. Information in documents that is deemed, in accordance with SEC rules, to be furnished and not filed will not be deemed to be incorporated by reference into this proxy statement. We incorporate by reference the documents listed below and any documents filed by us pursuant to Section 13(a), 13(c), 14 or 15(d) of the Exchange Act after the date of this proxy statement, and before the date of the special meeting (provided that we are not incorporating by reference any information furnished to, but not filed with, the SEC):

- Blackhawk’s Annual Report on Form 10-K for the fiscal year ended December 30, 2017 filed with the SEC on February 28, 2018; and
- Blackhawk’s Current Reports on Form 8-K, in each case to the extent filed and not furnished with the SEC on March 20, 2017; April 18, 2017; April 27, 2017; May 22, 2017; June 9, 2017; October 6, 2017; October 23, 2017; December 5, 2017; January 16, 2018; and February 21, 2018.

THIS PROXY STATEMENT DOES NOT CONSTITUTE THE SOLICITATION OF A PROXY IN ANY JURISDICTION TO OR FROM ANY PERSON TO WHOM OR FROM WHOM IT IS UNLAWFUL TO MAKE SUCH PROXY SOLICITATION IN THAT JURISDICTION. YOU SHOULD RELY ONLY ON THE INFORMATION CONTAINED OR INCORPORATED BY REFERENCE INTO THIS PROXY STATEMENT TO VOTE YOUR SHARES AT THE SPECIAL MEETING. NO PERSONS HAVE BEEN AUTHORIZED TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATIONS ABOUT THE MERGER OR THE SPECIAL MEETING OTHER THAN THOSE CONTAINED IN THIS PROXY STATEMENT, AND, IF GIVEN OR MADE, SUCH INFORMATION OR REPRESENTATIONS MUST NOT BE RELIED UPON AS HAVING BEEN AUTHORIZED BY US OR ANY OTHER PERSON. THIS PROXY STATEMENT IS DATED MARCH 2, 2018. YOU SHOULD NOT ASSUME THAT THE INFORMATION CONTAINED IN THIS PROXY STATEMENT IS ACCURATE AS OF ANY DATE OTHER THAN THAT DATE, AND THE MAILING OF THIS PROXY STATEMENT TO STOCKHOLDERS DOES NOT AND

WILL NOT CREATE ANY IMPLICATION TO THE CONTRARY.

92

TABLE OF CONTENTS

Annex A

AGREEMENT AND PLAN OF MERGER

by and among

BLACKHAWK NETWORK HOLDINGS, INC.,

BHN HOLDINGS, INC.

and

BHN MERGER SUB, INC.

Dated as of January 15, 2018

A-1

TABLE OF CONTENTS

TABLE OF CONTENTS

TABLE OF CONTENTS

TABLE OF CONTENTS

TABLE OF CONTENTS

AGREEMENT AND PLAN OF MERGER

This AGREEMENT AND PLAN OF MERGER, dated as of January 15, 2018 (this Agreement), is entered into by and among Blackhawk Network Holdings, Inc., a Delaware corporation (the Company), BHN Holdings, Inc., a Delaware corporation (Parent), and BHN Merger Sub, Inc., a Delaware corporation and a wholly owned Subsidiary of Parent (Merger Sub and, together with the Company and Parent, the Parties and each, a Party).

RECITALS

WHEREAS, the Parties intend that, on the terms and subject to the conditions set forth in this Agreement, Merger Sub shall merge with and into the Company (the Merger), with the Company surviving the Merger, pursuant to the provisions of the Delaware General Corporation Law (the DGCL);

WHEREAS, the board of directors of the Company (the Company Board) has unanimously (a) approved and declared advisable this Agreement and the Merger and the other transactions contemplated by this Agreement, upon the terms and conditions set forth in this Agreement, (b) determined that this Agreement and the Merger and the other transactions contemplated by this Agreement are fair to, and in the best interests of, the Company and the holders of shares (other than Parent, Merger Sub and any of Parent s other direct or indirect wholly owned Subsidiaries) of the Company s common stock, par value $0.001 per share (Shares and each, a Share) and (c) resolved to recommend that the holders of Shares adopt this Agreement;

WHEREAS, the board of directors of Merger Sub has unanimously (a) approved and declared advisable this Agreement and the Merger and the other transactions contemplated by this Agreement, upon the terms and conditions set forth in this Agreement, (b) determined that this Agreement and the Merger and the other transactions contemplated by this Agreement are fair to, and in the best interests of, Merger Sub and BHN Intermediate Holdings, Inc., a Delaware corporation and a wholly owned Subsidiary of Parent (Intermediate Holdings) (as its sole stockholder) and (c) resolved to recommend that Intermediate Holdings (as its sole stockholder) adopt this Agreement;

WHEREAS, concurrently with the execution and delivery of this Agreement, Parent and P2 Capital Master Fund I, L.P., a Cayman Islands exempted limited partnership (P2 Fund I), P2 Capital Master Fund VI, L.P., a Delaware limited partnership, and P2 Capital Master Fund XII, L.P., a Delaware limited partnership (collectively, the P2 Funds), have entered into a Voting and Support Agreement in the form attached hereto as Exhibit B, pursuant to which and subject to the terms thereof, among other things, the P2 Funds are agreeing to vote the Shares owned by them in favor of the adoption of this Agreement, and to take certain other actions in furtherance of the transactions contemplated by this Agreement;

WHEREAS, as a material inducement to, and as a condition to, the Company entering into this Agreement, concurrently with the execution of this Agreement, each of Silver Lake Partners V, L.P. and P2 Fund I (collectively, the Guarantors) is entering into a limited guarantee, dated as of the date hereof (each, a Limited Guarantee), guaranteeing certain of Parent s and Merger Sub s obligations under this Agreement as more particularly set forth therein, and is delivering such Limited Guarantee to the Company simultaneously with the execution of this Agreement; and

WHEREAS, the Company, Parent and Merger Sub desire to make certain representations, warranties, covenants and agreements in connection with this Agreement and to set forth certain conditions to the Merger.

NOW, THEREFORE, in consideration of the premises, and of the representations, warranties, covenants and agreements contained herein, the Parties intending to be legally bound agree as follows:

ARTICLE I

The Merger; Closing; Effective Time

1.1. The Merger. Upon the terms and subject to the conditions set forth in this Agreement, at the Effective Time, Merger Sub shall be merged with and into the Company and the separate corporate existence of Merger Sub shall thereupon cease. The Company shall be the surviving corporation in the Merger (sometimes hereinafter referred to as the Surviving Corporation) and, from and after the Merger, shall be a wholly owned Subsidiary of Parent and the separate corporate existence of the Company, with all of its property, rights, privileges, immunities, powers and franchises, shall continue unaffected by the Merger, except as set forth in Article II. The Merger shall have the effects specified in the DGCL.

TABLE OF CONTENTS

1.2. Closing. The closing for the Merger (the Closing) shall take place: (a) at the offices of Simpson Thacher & Bartlett LLP, 425 Lexington Avenue, New York City, New York 10017, at 9:00 a.m. (New York City time), on the first Friday that is a Business Day at least five Business Days after the day on which the last of the conditions set forth in Article VIII (other than those conditions that by their nature are to be satisfied at the Closing, but subject to the satisfaction or waiver of such conditions at the Closing) has been satisfied or waived (and all such conditions remain satisfied or waived on such Business Day) in accordance with this Agreement, provided, that if the Marketing Period has not ended on or prior to the time the Closing would have otherwise been required to occur pursuant to the foregoing, the Closing shall not occur until the earlier to occur of (i) a Business Day during the Marketing Period specified by Parent on no fewer than three Business Days written notice to the Company (it being understood that such date may be conditioned upon the simultaneous completion of the Debt Financing) and (ii) the first Business Day following the final day of the Marketing Period that is a Friday (subject, in the case of each of the foregoing clauses (i) and (ii), to the satisfaction or (to the extent permitted by applicable Law) waiver of all of the conditions set forth in Article VIII (other than those conditions that by their nature are to be satisfied at the Closing, but subject to the satisfaction or waiver of such conditions at the Closing) as of the date determined pursuant to this proviso) or (b) at such other date, time and place as the Parties may agree in writing. The day on which the Closing actually occurs is referred to as the Closing Date.

1.3. Effective Time. At the Closing, the Surviving Corporation shall cause a certificate of merger relating to the Merger (the Certificate of Merger) to be executed, acknowledged and filed with the Secretary of State of the State of Delaware as provided in Section 251 of the DGCL and the Parties shall make all other filings or recordings required under the DGCL in connection with the Merger. The Merger shall become effective at the time when the Certificate of Merger has been duly filed with and accepted by the Secretary of State of the State of Delaware or at such later time as may be agreed by the Parties in writing and specified in the Certificate of Merger (the Effective Time).

ARTICLE II

Certificate of Incorporation and Bylaws of the Surviving Corporation

2.1. The Certificate of Incorporation. At the Effective Time, the certificate of incorporation of the Surviving Corporation (the Charter) shall be amended and restated in its entirety to read as set forth in Exhibit A, until thereafter amended, restated or amended and restated as provided therein or by applicable Law, in each case consistent with the obligations set forth in Section 7.11.

2.2. The Bylaws. The Parties shall take all actions necessary so that the bylaws of Merger Sub in effect immediately prior to the Effective Time shall be the bylaws of the Surviving Corporation (the Bylaws), until thereafter amended, restated or amended and restated as provided therein or by applicable Law, in each case consistent with the obligations set forth in Section 7.11.

ARTICLE III

Directors and Officers of the Surviving Corporation

3.1. Directors. The directors of Merger Sub immediately prior to the Effective Time shall, from and after the Effective Time, be the directors of the Surviving Corporation, each to hold office until his or her successor has been duly elected or appointed and qualified or until his or her earlier death, resignation or removal pursuant to the Charter, the Bylaws and applicable Law.

3.2. Officers. The officers of the Company immediately prior to the Effective Time shall, from and after the Effective Time, be the officers of the Surviving Corporation, each to hold office until his or her successor has been

duly elected or appointed and qualified or until his or her earlier death, resignation or removal pursuant to the Charter, the Bylaws and applicable Law.

TABLE OF CONTENTS

ARTICLE IV

Effect of the Merger on Capital Stock;
Exchange of Certificates

4.1. Effect on Capital Stock. At the Effective Time, by virtue of the Merger and without any action on the part of the holder of any capital stock of the Company or on the part of the sole stockholder of Merger Sub:

(a) Merger Consideration. Other than the Shares owned by (i) Parent, Merger Sub or any other direct or indirect wholly owned Subsidiary of Parent, and in each case not held on behalf of third parties, (ii) the Company or any direct or indirect wholly owned Subsidiary of the Company, and in each case not held on behalf of third parties, and (iii) holders of Shares who have perfected and not withdrawn a demand for (or otherwise lost their right to) appraisal rights pursuant to Section 262 of the DGCL (such Shares, Dissenting Shares, such holders, Dissenting Stockholders and each Dissenting Share and each Share referred to in the foregoing clauses (i) and (ii) of this Section 4.1(a), an Excluded Share and, collectively, the Excluded Shares), each Share issued and outstanding immediately prior to the Effective Time (such Shares, the Eligible Shares) shall be converted into the right to receive $45.25 per Share in cash, without interest (the Per Share Merger Consideration), and shall cease to be outstanding, shall be cancelled and shall cease to exist, and (A) each certificate formerly representing any of the Eligible Shares (each, a Certificate), and (B) each book-entry account formerly representing any non-certificated Eligible Shares (each, a Book-Entry Share), shall thereafter represent only the right to receive the Per Share Merger Consideration.

(b) Treatment of Excluded Shares. Each (i) Excluded Share that is a Dissenting Share shall cease to be outstanding, shall be cancelled without payment of any consideration therefor and shall cease to exist, subject to any rights the holders thereof may have pursuant to Section 4.2(f) with respect to any Dissenting Shares, (ii) each Excluded Share of the type referred to in Section 4.1(a)(i) shall be cancelled without payment of any consideration therefor and shall cease to exist, and (iii) each Excluded Share of the type referred to in Section 4.1(a)(ii) shall automatically be converted into such number of shares of common stock of the Surviving Corporation so as to maintain the same relative ownership percentages.

(c) Merger Sub. Each share of common stock, par value $0.001 per share, of Merger Sub issued and outstanding immediately prior to the Effective Time shall be converted into one share of common stock, par value $0.001 per share, of the Surviving Corporation.

4.2. Exchange of Certificates and Delivery of Merger Consideration.

(a) Deposit of Merger Consideration and Paying Agent.

(i) At the Effective Time, Parent shall deposit, or cause to be deposited, with a paying agent selected by Parent and reasonably acceptable to the Company (such acceptance not to be unreasonably conditioned, withheld or delayed) (the Paying Agent), an amount in cash in immediately available funds sufficient in the aggregate to provide all funds necessary for the Paying Agent to make payments in respect of the Eligible Shares pursuant to Section 4.1(a) (such cash being hereinafter referred to as the Exchange Fund).

(ii) The agreement pursuant to which Parent shall appoint the Paying Agent (the Paying Agent Agreement) shall be in form and substance reasonably acceptable to the Company (such acceptance not to be unreasonably conditioned, withheld or delayed). Pursuant to the Paying Agent Agreement, among other things, the Paying Agent shall (A) act as the paying agent for the payment and delivery of the Per Share Merger Consideration and (B) invest the Exchange Fund, if and as directed by Parent; provided, however, that, subject to the terms of the Paying Agent Agreement, any investment shall be in obligations of or guaranteed as to principal and interest by the U.S. government, in commercial

paper obligations rated A-1 or P-1 or better by Moody s Investors Service, Inc. or Standard & Poor s Financial Services LLC, respectively, in certificates of deposit, bank repurchase agreements or banker s acceptances of commercial banks with capital exceeding $1 billion (based on the most recent financial statements of such bank that are then publicly available), or in money market funds having a rating in the highest investment category granted by a recognized credit rating agency at the time of acquisition or a combination of the foregoing and, in any such case, no such instrument shall have a maturity exceeding three months. To the extent that there are losses with respect to such investments, or the Exchange Fund diminishes for other reasons below the level required to make prompt cash payment of the aggregate Per Share Merger Consideration as contemplated hereby, Parent shall promptly replace or restore or cause the replacement or restoration of the cash in the Exchange Fund lost through such investments or other events so as to ensure that the Exchange Fund is at all times maintained at a level

TABLE OF CONTENTS

sufficient to make such cash payments. Subject to the terms of the Paying Agent Agreement, any interest and other income resulting from such investment (if any) shall become a part of the Exchange Fund, and any amounts (if any) in excess of the amounts payable under Section 4.1(a) shall be promptly returned to Parent or the Surviving Corporation, as requested by Parent.

(b) Procedures for Surrender.

(i) As promptly as reasonably practicable after the Effective Time (and in any event within three Business Days thereafter), the Surviving Corporation (with the assistance of Parent if necessary) shall cause the Paying Agent to provide or make available to each holder of record of Eligible Shares that are (A) represented by Certificates or (B) Book-Entry Shares not held through The Depository Trust Company (DTC) notice advising such holders of the effectiveness of the Merger, which notice shall include (I) appropriate transmittal materials (including a customary letter of transmittal) specifying that delivery shall be effected, and risk of loss and title to the Certificates or such Book-Entry Shares shall pass only upon delivery of the Certificates (or affidavits of loss in lieu of the Certificates, as provided in Section 4.2(e)) or the surrender of such Book-Entry Shares to the Paying Agent (which is deemed to have been effected upon the delivery of a customary agent s message with respect to such Book-Entry Shares or such other evidence reasonably acceptable to Parent or the Paying Agent, of such surrender), as applicable, such materials to be in such form and have such other provisions as Parent desires and are reasonably acceptable to the Company (such acceptance not to be unreasonably conditioned, withheld or delayed) and (II) instructions for effecting the surrender of the Certificates (or affidavits of loss in lieu of the Certificates, as provided in Section 4.2(e)) or the Book-Entry Shares to the Paying Agent in exchange for the Per Share Merger Consideration that such holder is entitled to receive as a result of the Merger pursuant to Section 4.1(a).

(ii) With respect to Book-Entry Shares held through DTC, Parent and the Company shall cooperate to establish procedures with the Paying Agent, DTC and such other necessary or desirable third-party intermediaries to ensure that the Paying Agent will transmit to DTC or its nominees as promptly as reasonably practicable after the Effective Time (and in any event within three Business Days thereafter), upon surrender of Eligible Shares held of record by DTC or its nominees in accordance with DTC s customary surrender procedures and such other procedures as agreed by Parent, the Company, the Paying Agent, DTC and such other necessary or desirable third-party intermediaries, the Per Share Merger Consideration, to which the beneficial owners thereof are entitled pursuant to the terms of this Agreement.

(iii) Upon surrender to the Paying Agent of Eligible Shares that (A) are represented by Certificates, by physical surrender of such Certificate (or affidavits of loss in lieu of the Certificates, as provided in Section 4.2(e)) together with the letter of transmittal, duly completed and validly executed, and such other documents as may be reasonably required by the Paying Agent in accordance with the terms of the materials and instructions provided by the Paying Agent, (B) are Book-Entry Shares not held through DTC, by book-receipt of an agent s message by the Paying Agent in connection with the surrender of Book-Entry Shares (or such other evidence, if any, of surrender with respect to such Book-Entry Shares), in each case pursuant to such materials and instructions as contemplated by Section 4.2(b)(i), and (C) are Book-Entry Shares held through DTC, in accordance with DTC s customary surrender procedures and such other procedures as agreed by the Company, Parent, the Paying Agent, DTC and such other necessary or desirable third-party intermediaries pursuant to Section 4.2(b)(ii), the holder of such Certificate or Book-Entry Share shall be entitled to receive in exchange therefor, and Parent shall cause the Paying Agent to pay and deliver as promptly as reasonably practicable to such holders, an amount in cash in immediately available funds (after giving effect to any required Tax withholdings as provided in Section 4.2(g)) equal to the product obtained by *multiplying* (I) the number of Eligible Shares represented by such Certificates (or affidavits of loss in lieu of the Certificates, as provided in Section 4.2(e)) or such Book-Entry Shares by (II) the Per Share Merger Consideration.

(iv) For the avoidance of doubt, no interest will be paid or accrued for the benefit of any holder of Eligible Shares on any amount payable upon the surrender of any Eligible Shares as contemplated by the foregoing provisions of this Section 4.2(b), and any Certificates and Book-Entry Shares so surrendered shall be cancelled by the Paying Agent. Payment of the Per Share Merger Consideration upon surrender of an Eligible Share to which such Eligible Share is entitled pursuant to Section 4.1(a) will be deemed to have been paid in full satisfaction of all rights pertaining to such Eligible Share.

(v) In the event of a transfer of ownership of any Eligible Shares that is not registered in the stock transfer books of the Company or if the consideration payable is to be paid in a name other than that in which the Certificate or Certificates surrendered or transferred in exchange therefor are registered in the stock transfer books or ledger of

TABLE OF CONTENTS

the Company, a check for any cash to be exchanged upon due surrender of any such Certificate or Certificates may be issued to such a transferee if the Certificate or Certificates formerly representing such Eligible Shares is properly endorsed and otherwise in proper form for surrender and presented to the Paying Agent, accompanied by all documents required to evidence and effect such transfer and to evidence that any applicable transfer, documentary, sales, use, stamp or registration Taxes or other similar Taxes have been paid or are not applicable, in each case, in form and substance, reasonably satisfactory to Parent and the Paying Agent. Payment of the applicable Per Share Merger Consideration with respect to Book-Entry Shares shall only be made to the Person in whose name such Book-Entry Shares are registered in the stock transfer books of the Company.

(vi) Subject to the terms of the Paying Agent Agreement, Parent, in the exercise of its reasonable discretion, shall have the right to make all determinations, not inconsistent with the terms of this Agreement, governing the validity of any such transmittal materials described herein and compliance by any holder of Shares with the procedures contemplated by this Agreement.

(c) Transfers. From and after the Effective Time, there shall be no transfers on the stock transfer books of the Company of the Eligible Shares. If, after the Effective Time, any Certificate or acceptable evidence of a Book-Entry Share formerly representing any Eligible Shares is presented to the Surviving Corporation, Parent or the Paying Agent for transfer, it shall be cancelled and exchanged for the cash amount in immediately available funds to which the holder thereof is entitled in accordance with this Article IV.

(d) Termination of Exchange Fund. Any portion of the Exchange Fund (including the proceeds of any investments thereof (if any)) that remains unclaimed by the holders of Shares for one year from and after the Closing Date shall be delivered to the Surviving Corporation. Any holder of Eligible Shares who has not theretofore complied with the procedures, materials and instructions contemplated by this Article IV shall thereafter look only to the Surviving Corporation for payment of the Per Share Merger Consideration (after giving effect to any required Tax withholdings as provided in Section 4.2(g)) payable pursuant to Section 4.1(a) and Section 4.2(b). Notwithstanding anything to the contrary in the foregoing, none of the Surviving Corporation, Parent, the Paying Agent or any other Person shall be liable to any former holder of Shares for any amount properly delivered to a public official pursuant to applicable abandoned property, escheat or similar Laws. Any Per Share Merger Consideration remaining unclaimed by the holders of Certificates or Book-Entry Shares immediately prior to such time as such amounts would otherwise escheat to, or become property of, any Governmental Entity will, to the extent permitted by applicable Law, become the property of the Surviving Corporation or an Affiliate thereof designated by the Surviving Corporation, free and clear of any claim or interest of any Person previously entitled thereto.

(e) Lost, Stolen or Destroyed Certificates. In the event any Certificate representing Eligible Shares shall have been lost, stolen or destroyed, upon the making of an affidavit of that fact by the Person claiming such Certificate to be lost, stolen or destroyed and, if required by Parent, the posting by such Person of a bond in customary amount and upon such terms as may be required by Parent as indemnity against any claim that may be made against it or the Surviving Corporation with respect to such Certificate, the Paying Agent will issue a check in the amount (after giving effect to any required Tax withholdings as provided in Section 4.2(g)) equal to the product obtained by *multiplying* (i) the number of Eligible Shares represented by such lost, stolen or destroyed Certificate by (ii) the Per Share Merger Consideration.

(f) Appraisal Rights. No Person who has perfected a demand for appraisal rights pursuant to Section 262 of the DGCL shall be entitled to receive the Per Share Merger Consideration with respect to the Shares owned by such Person unless and until such Person shall have effectively withdrawn or otherwise lost such Person s right to appraisal under the DGCL. Each Dissenting Stockholder shall be entitled to receive only the payment provided by Section 262 of the DGCL with respect to the Dissenting Shares owned by such Dissenting Stockholder and such Dissenting Stockholder shall cease to have any other rights with respect to such Shares. If any Dissenting Stockholder shall have

effectively withdrawn or otherwise lost the right under Section 262 of the DGCL with respect to any Dissenting Shares, such Dissenting Shares shall become Eligible Shares and shall thereupon be deemed to have converted, at the Effective Time, into the right to receive the aggregate Per Share Merger Consideration with respect to such Shares pursuant to this Article IV. The Company shall give Parent (i) prompt notice and copies of any written demands for appraisal, withdrawals or attempted withdrawals of such demands, and any other instruments served pursuant to applicable Law that are received by the Company relating to the Company s stockholders demands of appraisal and (ii) the opportunity to direct all negotiations and Proceedings with respect to any demand for appraisal under the DGCL, including any determination to make any payment to any of the Dissenting Stockholders with respect to any

TABLE OF CONTENTS

of their Dissenting Shares under Section 262(h) of the DGCL prior to the entry of judgment in the appraisal Proceedings. The Company shall not, except with the prior written consent of Parent, voluntarily make any payment with respect to any demands for appraisals, offer to settle or settle any such demands or approve any withdrawal of any such demands, or agree to do any of the foregoing.

(g) Withholding Rights. Notwithstanding anything in this Agreement to the contrary, each of Parent, the Paying Agent and the Surviving Corporation (and any of their Affiliates) shall be entitled to deduct and withhold from the consideration otherwise payable pursuant to this Agreement to any Person such amounts as it is required to deduct and withhold with respect to the making of such payment under the Internal Revenue Code of 1986, as amended (the Code), or any other applicable state, local or foreign Tax Law. To the extent that amounts are so withheld, such withheld amounts (i) shall be remitted to the applicable Governmental Entity and (ii) shall be treated for all purposes of this Agreement as having been paid to the Person in respect of which such deduction and withholding was made.

4.3. Treatment of Stock Plans.

(a) Treatment of Company Options and Company SARs. Except as otherwise agreed to in writing prior to the Effective Time by Parent and a holder of any Company Options or Company SARs (each, whether or not vested, a Company Exercisable Award) with respect to such holder s Company Exercisable Awards, immediately prior to the Effective Time, each Company Exercisable Award shall, automatically and without any required action on the part of the holder thereof, cease to represent an option or stock appreciation right, as applicable, to purchase Shares, be cancelled and converted into only the right to receive as promptly as reasonably practicable after the Effective Time, without interest, an amount in cash equal to the product obtained by *multiplying* (i) the number of Shares subject to such Company Exercisable Award immediately prior to the Effective Time by (ii) the excess, if any, of the Per Share Merger Consideration over the exercise price per Share under such Company Exercisable Award, *less* applicable Taxes required to be withheld with respect to such payment (such payment, the Company Exercisable Award Consideration). The Company Exercisable Award Consideration shall be fully vested as of the Effective Time and shall be paid as promptly as reasonably practicable after the Effective Time. For the avoidance of doubt, any Company Exercisable Award that has a per Share exercise price that is greater than or equal to the Per Share Merger Consideration shall be cancelled at the Effective Time for no consideration, payment or right to consideration or payment.

(b) Company Restricted Share Awards. Except as otherwise agreed to in writing prior to the Effective Time by Parent and a holder of any Company Restricted Share Awards with respect to such holder s Company Restricted Share Awards, immediately prior to the Effective Time, each outstanding restricted share award (a Company Restricted Share Award) under the Stock Plans shall, automatically and without any action on the part of the holder thereof, be cancelled and converted into and the holder thereof shall only be entitled to receive, without interest, an amount in cash equal to the product obtained by *multiplying* (i) the total number of Shares subject to such Company Restricted Share Award immediately prior to the Effective Time by (ii) the Per Share Merger Consideration, less applicable Taxes required to be withheld with respect to such payment (the Company Restricted Share Award Consideration). The Company Restricted Share Award Consideration shall be fully vested as of the Effective Time and shall be paid as promptly as reasonably practicable after the Effective Time.

(c) Treatment of Restricted Stock Units. Except as otherwise agreed to in writing prior to the Effective Time by Parent and a holder of any Company RSU Awards with respect to such holder s Company RSU Awards, immediately prior to the Effective Time, each outstanding award of restricted stock units (a Company RSU Award) under the Stock Plans shall, automatically and without any action on the part of the holder thereof, be cancelled and converted into, and the holder thereof shall only be entitled to the right to receive the following:

(i) with respect to each Company Cashed Out RSU Award, without interest, an amount in cash equal to the product obtained by *multiplying* (i) the total number of Shares subject to such Company RSU Award immediately prior to the Effective Time by (ii) the Per Share Merger Consideration (the "Company RSU Award Consideration"), which Company RSU Award Consideration shall be fully vested as of the Effective Time and shall be paid as soon as reasonably practicable after the Effective Time; provided that with respect to any Company Cashed Out RSU Awards that constitute nonqualified deferred compensation subject to Section 409A of the Code, the Company RSU Award Consideration will be paid at the earliest time permitted under the applicable Stock Plan, award agreement or Benefit Plan that will not trigger a Tax or penalty under Section 409A of the Code;

(ii) with respect to each Company Pre-2018 RSU Award and Company 2018 Employee RSU Award, the Company RSU Award Consideration, which Company RSU Award Consideration shall remain subject to the same

TABLE OF CONTENTS

vesting schedule and other relevant payment terms and conditions (including continued service) applicable immediately prior to the Effective Time to the Company Pre-2018 RSU Award or Company 2018 Employee RSU Award to which such payment relates, and which will be paid no later than three Business Days after the applicable vesting date of such former Company Pre-2018 RSU Award or Company 2018 Employee RSU Award; provided that with respect to any Company Pre-2018 RSU Awards and Company 2018 Employee RSU Awards that constitute nonqualified deferred compensation subject to Section 409A of the Code, the Company RSU Award Consideration will be paid at the earliest time permitted under the applicable Stock Plan, award agreement or Benefit Plan that will not trigger a Tax or penalty under Section 409A of the Code; and

(iii) with respect to each Company 2018 VP RSU Award, a Parent restricted stock unit award with respect to the aggregate number of shares of Parent Capital Stock equal to the product of (A) the number of Shares subject to such Company 2018 VP RSU Award immediately prior to the Effective Time and (B) the Exchange Ratio, rounded up or down to the nearest whole unit (a Converted RSU Award), which Converted RSU Award shall remain subject to the same vesting schedule and other terms and conditions (including continued service) applicable immediately prior to the Effective Time to the Company 2018 VP RSU Award to which such payment relates.

(iv) Treatment of Performance Shares Awards. Except as otherwise agreed to in writing prior to the Effective Time by Parent and a holder of any Company Performance Share Awards with respect to such holder s Company Performance Share Award, immediately prior to the Effective Time, each outstanding performance share award (a Company Performance Share Award) under the Stock Plans shall automatically and without any action on the part of the holder thereof, be cancelled and converted into, and the holder thereof shall only be entitled to the right to receive, without interest, an amount in cash equal to the product obtained by *multiplying* (i) the total number of Shares subject to such Company Performance Share Award immediately prior to the Effective Time (based on (x) the target level of performance with respect to each such Company Performance Share Award for which the applicable performance year has not been completed prior to the Effective Time (or, if so completed, with respect to which the level of performance achieved has not yet been determined) and (y) the actual level of performance achieved for all other outstanding Company Performance Share Awards) by (ii) the Per Share Merger Consideration (the Company Performance Share Award Consideration)). The Company Performance Share Award Consideration shall be fully vested as of the Effective Time and shall be paid as soon as reasonably practicable after the Effective Time; provided that with respect to any Company Performance Share Awards that constitute nonqualified deferred compensation subject to Section 409A of the Code, the Company Performance Share Award Consideration will be paid at the earliest time permitted under the applicable Stock Plan, award agreement or Benefit Plan that will not trigger a Tax or penalty under Section 409A of the Code.

(d) Company Equity Awards Payments. Any payment to which a holder of Company Exercisable Awards, Company Restricted Share Awards, Company Cashed Out RSU Awards, Company Pre-2018 RSU Awards, Company 2018 Employee RSU Awards or Company Performance Share Awards becomes entitled pursuant to Sections 4.3(a) through 4.3(d) (as applicable), shall be made (i) as promptly as reasonably practicable after the Effective Time in the case of Company Exercisable Awards, Company Restricted Share Awards, Company Cashed Out RSU Awards and Company Performance Share Awards or (ii) no later than three Business Days after the applicable vesting date in the case of Company Pre-2018 RSU Awards and Company 2018 Employee RSU Awards. The payments contemplated by clauses (i) and (ii) of the immediately preceding sentence shall be made, unless otherwise determined by Parent, through the Surviving Corporation s payroll. Company 2018 VP RSU Awards converted into Converted RSU Awards shall be settled for Parent Capital Stock no later than three Business Days after the applicable vesting date, and the award agreements governing each such Converted RSU Award shall provide that any Tax obligations incurred by a holder in respect of such Converted RSU Award shall be satisfied through Parent s withholding of a number of shares of Parent Capital Stock with a fair market value equal to the amount of such Tax obligations.

(e) Corporate Actions. At or prior to the Effective Time, the Company, the Company Board or the compensation committee of the Company Board (the Compensation Committee), as applicable, shall adopt resolutions approving the treatment of the Company Equity Awards in accordance with the provisions of Sections 4.3(a) through 4.3(d).

(f) Employee Stock Purchase Plans. The Company shall, prior to the Effective Time, take all actions necessary to terminate the Company ESPPs and all outstanding rights thereunder as of immediately prior to the Effective Time; provided, that, from and after the date hereof, the Company shall take all actions necessary to ensure that (i) no new offering periods under the Company ESPPs shall commence after the date hereof, (ii) no new participants be permitted into the Company ESPPs, and (iii) the existing participants thereunder may not increase their elections with

TABLE OF CONTENTS

respect to the offering period then in effect. Immediately prior to the Effective Time, any then outstanding offering periods under the Company ESPPs shall terminate and the Company shall distribute to each participant in a Company ESPP all Company Common Stock purchased pursuant to such offering period and all of his or her remaining accumulated payroll deductions with respect to such offering period.

4.4. Adjustments to Prevent Dilution. Notwithstanding anything in this Agreement to the contrary, if, from the date hereof to the earlier of the Effective Time and termination in accordance with Article IX, the issued and outstanding Shares or securities convertible or exchangeable into or exercisable for Shares shall have been changed into a different number of shares or securities or a different class by reason of any reclassification, stock split (including a reverse stock split), stock dividend or distribution, recapitalization, merger, issuer tender offer or exchange offer, or other similar transaction, or a stock dividend with a record date within such period shall have been declared, then the Per Share Merger Consideration shall be equitably adjusted to provide the holders of Shares the same economic effect as contemplated by this Agreement prior to such event, and as so adjusted shall, from and after the date of such event, be the Per Share Merger Consideration; provided, however, nothing in this Section 4.4 shall be construed to permit the Company, any Subsidiary of the Company or any Person to take any action except to the extent consistent with, and not otherwise prohibited or restricted by, the terms of this Agreement.

4.5. Treatment of Warrants. Each warrant to purchase Shares pursuant to the Kroger Warrant that is outstanding and unexercised as of immediately prior to the Effective Time shall be cancelled and converted into the right to receive an amount in cash, without interest, equal to the product of (i) the excess, if any, of the Per Share Merger Consideration *over* the exercise price per Share of the Kroger Warrant, *multiplied by* (ii) the number of Shares subject to such Kroger Warrant as of immediately prior to the Effective Time; provided that if the Kroger Warrant has an exercise price per Share that equals or exceeds the Per Share Merger Consideration, the Kroger Warrant shall be cancelled for no consideration.

ARTICLE V

Representations and Warranties of the Company

Except as set forth in the publicly available Company Reports filed with the U.S. Securities and Exchange Commission (the SEC) since January 1, 2017 and publicly available on or before the day that is two Business Days prior to the date hereof (excluding, in each case, any disclosures contained or referenced therein under the captions Risk Factors, Forward- Looking Statements and Quantitative and Qualitative Disclosures About Market Risk to the extent such disclosures are general and cautionary, predictive or forward-looking in nature) or in the corresponding sections or subsections of the confidential disclosure letter delivered to Parent by the Company prior to entering into this Agreement (the Company Disclosure Letter) (it being agreed that (a) for purposes of the representations and warranties set forth in this Article V, disclosure of any item in any section or subsection of the Company Disclosure Letter shall be deemed disclosure with respect to any other section or subsection (other than the representations and warranties set forth in Section 5.1, 5.2, 5.3, 5.6(b)(i), 5.21 or 5.22 thereof) to which the relevance of such item is readily apparent on its face and (b) nothing disclosed in the Company Reports shall be deemed to modify or qualify the representations and warranties set forth in Section 5.1, 5.2, 5.3, 5.6(b)(i), 5.21 or 5.22), the Company hereby represents and warrants to Parent and Merger Sub that:

5.1. Organization, Good Standing and Qualification. Each of the Company and its Subsidiaries is a legal entity duly organized, validly existing and, to the extent such concept is applicable, in good standing under the Laws of its respective jurisdiction of organization and has all requisite corporate or similar power and authority to own, lease and operate its properties, rights and assets and to carry on its business as presently conducted and is qualified to do business and, to the extent such concept is applicable, is in good standing as a foreign corporation or other legal entity in each jurisdiction where the ownership, leasing or operation of its assets or properties or conduct of its business

requires such qualification, except where the failure to be so organized, existing, qualified or, to the extent such concept is applicable, in good standing, or to have such power or authority, would not, individually or in the aggregate, reasonably be expected to result in a Material Adverse Effect or to prevent or materially delay or impair the consummation of the Merger and the other transactions contemplated by this Agreement. The Company has made available to Parent prior to the date hereof complete and correct copies of the certificates of incorporation and bylaws or comparable governing documents, each as amended, restated or amended and restated to the date hereof, of the Company and each of its Significant Subsidiaries, and each as so delivered is in full force and effect.

TABLE OF CONTENTS

5.2. Capital Structure.

(a) The authorized capital stock of the Company consists of 210,000,000 Shares, of which 55,824,265 Shares (including 250 Shares in respect of Company Restricted Share Awards) were outstanding as of the close of business on January 12, 2018 and 10,000,000 shares of preferred stock, par value $0.001 per share, of which none are outstanding as of the date hereof. 1,176,069 Shares are held by the Company in its treasury as of the date hereof. No Shares are held by any Subsidiary of the Company. All of the outstanding Shares have been duly authorized and are validly issued, fully paid and nonassessable. Other than 8,881,080 Shares reserved for issuance under the Stock Plans (consisting of 2,356,863 Shares underlying outstanding Company Exercisable Awards, 2,142,655 Shares underlying outstanding Company RSU Awards, 149,930 Shares underlying outstanding Company Performance Share Awards (assuming performance goals for 2017, 2018 and 2019 are satisfied at the target level) and 4,231,632 Shares available for issuance in respect of future Company Equity Awards), 1,381,992 Shares reserved for issuance under the Company ESPPs, 34,365,716 Shares reserved for issuance upon conversion of the Convertible Notes and 1,333,333 Shares reserved for issuance upon exercise of the Kroger Warrant, the Company has no Shares reserved for issuance. Section 5.2(a) of the Company Disclosure Letter contains a complete and correct list of all outstanding Company Equity Awards granted under the Stock Plans, in each case as of January 12, 2018, including (i) the number of Shares subject to each Company Equity Award, (ii) the holder (on an anonymized basis), (iii) date of grant, (iv) for Company RSU Awards other than Company Cashed Out RSU Awards, the vesting schedule, (v) for Company RSU Awards, whether such Company RSU Award is a Company Cashed Out RSU Award or a Company Pre-2018 RSU Award, and (vi) where applicable, exercise price with respect to each Company Equity Award. With respect to each Company 2018 VP RSU Award, the Company shall provide to Parent the information contemplated by clauses (i) through (v) of the immediately preceding sentence as soon as reasonably practicable following the grant date thereof. There are outstanding $500,000,000 aggregate principal amount of Convertible Notes (with a conversion rate as of the date hereof equal to 20.0673 Shares per thousand dollar principal amount, subject to adjustment as provided in the Convertible Notes Indenture). Each of the outstanding shares of capital stock or other securities of each of the Company s Subsidiaries is duly authorized, validly issued, fully paid and nonassessable and owned by the Company or by a direct or indirect wholly owned Subsidiary of the Company, free and clear of any lien, charge, pledge, security interest, claim, adverse ownership interest or other encumbrance (each, a Lien) other than Permitted Liens. Except as set forth above, there are no preemptive or other outstanding rights, options, warrants, conversion rights, stock appreciation rights, performance units, phantom stock rights, profit participation rights, redemption rights, repurchase rights, agreements, arrangements, calls, commitments or rights, obligations or contracts of any kind that obligate the Company or any of its Subsidiaries to issue or sell any shares of capital stock or other securities of the Company or any of its Subsidiaries or any securities or obligations convertible or exchangeable into or exercisable for, or giving any Person a right to subscribe for or acquire, any securities of the Company or any of its Subsidiaries, and no securities or obligations evidencing such rights are authorized, issued or outstanding. Except for the Convertible Notes, the Company does not have outstanding any bonds, debentures, notes or other obligations the holders of which have the right to vote (or convertible into or exercisable for securities having the right to vote) with the stockholders of the Company on any matter.

(b) Section 5.2(b) of the Company Disclosure Letter sets forth (i) each of the Company s Subsidiaries and the ownership interest of the Company in each such Subsidiary, as well as the ownership interest of any other Person or Persons in each such Subsidiary and (ii) the Company s or its Subsidiaries capital stock, equity interest or other direct or indirect ownership interest in any other Person, other than equity securities in a publicly traded company (A) held for investment by the Company or any of its Subsidiaries and (B) consisting of less than one percent of the outstanding capital stock of such company.

(c) Each Company Option and each Company SAR (i) was granted and properly approved by the Company Board, the Compensation Committee or a permitted designee in compliance with all applicable Laws, including the applicable requirements of NASDAQ, and all of the terms and conditions of the Stock Plan pursuant to which it was

issued, (ii) has an exercise price per Share equal to or greater than the fair market value of a Share on the date of such grant, and (iii) has a grant date identical to or following the date on which the Company Board, Compensation Committee or permitted designee approved the grant of such Company Option or Company SAR.

(d) Section 5.2(d) of the Company Disclosure Letter sets forth each Convertible Note Hedge Obligation and each Convertible Note Warrant.

TABLE OF CONTENTS

5.3. Corporate Authority; Approval and Fairness.

(a) The Company has all requisite corporate power and authority and has taken all corporate action necessary in order to execute, deliver and perform its obligations under this Agreement and to consummate the Merger and the other transactions contemplated by this Agreement, subject only to adoption of this Agreement by the holders of a majority of the outstanding Shares entitled to vote on such matter at a stockholders meeting duly called and held for such purpose (the Requisite Company Vote). This Agreement has been duly executed and delivered by the Company and constitutes a valid and binding agreement of the Company enforceable against the Company in accordance with its terms, subject to bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium and similar Laws of general applicability relating to or affecting creditors rights and to general equity principles (the Bankruptcy and Equity Exception).

(b) The Company Board has (i) unanimously (A) approved and declared advisable this Agreement and the Merger and the other transactions contemplated by this Agreement, upon the terms and conditions set forth in this Agreement, (B) determined that this Agreement and the Merger and the other transactions contemplated by this Agreement, are fair to, and in the best interests of, the Company and the holders of Shares (other than Parent, Merger Sub and any of Parent s other direct or indirect wholly owned Subsidiaries) and (C) resolved to recommend that the holders of Shares adopt this Agreement (the Company Recommendation), (ii) directed that this Agreement be submitted to the holders of Shares for their adoption and (iii) received the opinion of its financial advisor, Sandler O Neill & Partners, L.P. (Sandler O Neill), to the effect that the Per Share Merger Consideration is fair, from a financial point of view, as of the date of such opinion, to such holders (other than Parent, Merger Sub and any of Parent s other direct or indirect wholly owned Subsidiaries) of Shares, a copy of which opinion has been delivered to Parent. It is understood and agreed that such opinion is for the benefit of the Company Board and may not be relied upon by Parent or Merger Sub. The Company Board has taken all action so that Parent will not be an interested stockholder or prohibited from entering into or consummating a business combination with the Company (in each case, as such term is used in Section 203 of the DGCL) as a result of the execution of this Agreement and the consummation of the Merger and the other transactions contemplated by this Agreement in the manner contemplated hereby.

5.4. Governmental Filings; No Violations; Certain Contracts.

(a) Other than the filings, notices, reports, consents, registrations, approvals, permits, waivers, expirations of waiting periods or authorizations pursuant to, in compliance with or required to be made under, (i) the DGCL, (ii) the Exchange Act, (iii) the Hart-Scott-Rodino Antitrust Improvements Act of 1976 (the HSR Act), (iv) those requirements set forth in Section 5.4(a)(iv), Section 8.1(b) and Section 8.1(c) of the Company Disclosure Letter, (v) the rules and regulations of NASDAQ and (vi) state securities, takeover and blue sky Laws (the filings, notices, reports, consents, registrations, approvals, permits, waivers, expirations of waiting periods and authorizations contemplated by the foregoing clauses (i) through (vi), the Company Approvals), no filings, notices, reports, consents, registrations, approvals, permits, waivers, expirations of waiting periods or authorizations are required to be obtained by the Company from, or to be given by the Company to, or be made by the Company with, any U.S., non-U.S. or supranational or transnational governmental, regulatory, self-regulatory or quasi-governmental authority, entity, agency, commission, body, department or instrumentality (including any state banking department or similar agency) or any court, tribunal or arbitrator or other legislative, executive or judicial governmental entity or political subdivision thereof (each, a Governmental Entity), in connection with the execution, delivery and performance of this Agreement by the Company and the consummation of the Merger and the other transactions contemplated by this Agreement, or in connection with the continuing operation of the business of the Company and its Subsidiaries as of immediately following the Effective Time, except those that the failure to give, make or obtain would not, individually or in the aggregate, reasonably be expected to result in a Material Adverse Effect or prevent or materially delay or impair the consummation of the Merger and the other transactions contemplated by this Agreement.

(b) The execution, delivery and performance of this Agreement by the Company do not, and the consummation of the Merger and the other transactions contemplated by this Agreement will not, constitute or result in (i) subject to obtaining the Requisite Company Vote, a breach or violation of, or a default under, the certificate of incorporation or bylaws of the Company or the comparable governing documents of any of its Subsidiaries, or (ii) assuming the giving, making or obtaining of those filings, notices, reports, consents, registrations, approvals, permits, waivers, expirations of waiting periods and authorizations set forth in Section 5.4(b)(ii) of the Company Disclosure Letter (the Third-Party Consents), with or without notice, lapse of time or both, a breach or violation of, a termination or cancellation (or right of termination or cancellation) of or a default under, a requirement for

TABLE OF CONTENTS

consent under, the loss of any benefit or right under, the creation or acceleration of any obligations under or the creation of a Lien, other than any Permitted Lien, on any of the properties, rights or assets of the Company or any of its Subsidiaries pursuant to any Material Contract binding upon the Company or any of its Subsidiaries or, assuming (solely with respect to performance of this Agreement and consummation of the Merger and the other transactions contemplated by this Agreement), compliance with the matters referred to in Section 5.4(a), under any applicable Law or Privacy Policy to which the Company or any of its Subsidiaries is subject, except, in the case of clause (ii) directly above, for any such breach, violation, termination, cancellation, default, creation or acceleration that would not, individually or in the aggregate, reasonably be expected to result in a Material Adverse Effect or prevent or materially delay or impair the consummation of the Merger and the other transactions contemplated by this Agreement.

5.5. Company Reports; Financial Statements.

(a) The Company has filed or furnished, as applicable, on a timely basis, all forms, statements, certifications, reports and documents required to be filed or furnished by it to the SEC pursuant to the Exchange Act or the Securities Act since January 1, 2015 (the Applicable Date) (the forms, statements, certifications, reports and other documents filed or furnished to the SEC since the Applicable Date and subsequent to the date hereof, including any amendments thereto, the Company Reports). Each of the Company Reports, at the time of its filing or being furnished, complied or, if not yet filed or furnished, will comply in all material respects with the applicable requirements of the Securities Act, the Exchange Act and the Sarbanes-Oxley Act of 2002 (the Sarbanes-Oxley Act) applicable to the Company Reports. As of their respective dates (or, if amended prior to the date hereof, as of the date of such amendment), the Company Reports did not, and any Company Reports filed with or furnished to the SEC subsequent to the date hereof will not, contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements made therein, in light of the circumstances in which they were made, not misleading. None of the Subsidiaries of the Company is subject to the reporting requirements of Section 13(a) or 15(d) of the Exchange Act.

(b) The Company is in compliance in all material respects with the Sarbanes-Oxley Act and the applicable listing and corporate governance rules and regulations of NASDAQ.

(c) The Company maintains disclosure controls and procedures required by Rule 13a-15 or 15d-15 under the Exchange Act. Such disclosure controls and procedures are designed to provide reasonable assurances that all information required to be disclosed by the Company is reported on a timely basis to the individuals responsible for the preparation of the Company s filings with the SEC and other public disclosure documents. The Company s internal control over financial reporting (as defined in Rule 13a-15 or 15d-15, as applicable, under the Exchange Act) is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with GAAP.

(d) The Company, based on its most recent evaluation of internal control over financial reporting, has not identified (i) any significant deficiencies and material weaknesses in the design or operation of its internal controls over financial reporting that are reasonably likely to adversely affect the Company s ability to record, process, summarize and report financial information or (ii) any fraud, whether or not material, that involves management or other employees who have a significant role in the Company s internal control over financial reporting. Since the Applicable Date, no material complaints, allegations, assertions or claims from any source regarding accounting, internal accounting controls or auditing matters, and no material concerns from Company employees regarding questionable accounting or auditing matters, have been received by the Company or, to the Knowledge of the Company, the Company s independent registered public accounting firm.

(e) Each of the consolidated financial statements of the Company included in or incorporated by reference into the Company Reports (including the related notes and schedules thereto) fairly presents in all material respects, or, in the

case of Company Reports filed after the date hereof, will fairly present in all material respects, the consolidated financial position of the Company and its consolidated Subsidiaries as of the respective dates thereof and the consolidated results of operations, changes in stockholders equity, cash flows and changes in financial position, as the case may be, of such companies for the periods set forth therein (subject, in the case of unaudited statements, to normal year-end audit adjustments that will not be material in amount or effect) and, in each case, were, or, in the case of Company Reports filed after the date hereof, will be, prepared in accordance with GAAP consistently applied during the periods involved (subject, in the case of unaudited statements, to the absence of notes and normal year-end audit adjustments that will not be material in amount or effect).

TABLE OF CONTENTS

5.6. Absence of Certain Changes.

(a) Since December 31, 2016, the Company and its Subsidiaries have conducted their respective businesses only in, and have not engaged in any material transaction other than in accordance with, the ordinary course of such businesses consistent with past practice, in each case in all material respects.

(b) Since December 31, 2016, (i) there has not been any Effect that, individually or in the aggregate with such other Effects, has resulted in, or would reasonably be expected to result in a Material Adverse Effect or that would prevent or materially delay or impair the ability of the Company to consummate the Merger and the other transactions contemplated by this Agreement and (ii) neither the Company nor any of its Subsidiaries has taken any action that is prohibited, limited or circumscribed by Subsections (vii), (viii), (ix), (x), (xv), (xvi) and (xviii) of Section 7.1(b) or has agreed, committed, arranged, authorized or entered into any understanding to do any of the actions prohibited, limited or circumscribed by the foregoing Subsections of Section 7.1(b).

5.7. Litigation and Liabilities.

(a) There are no Proceedings pending or, to the Company s Knowledge, threatened against the Company or any of its Subsidiaries, except for those that would not, individually or in the aggregate, reasonably be expected to result in a Material Adverse Effect or prevent or materially delay or impair the consummation of the Merger and the other transactions contemplated by this Agreement. Neither the Company nor any of its Subsidiaries is a party to or subject to the provisions of any Order that restricts in any material respect the manner in which the Company and its Subsidiaries conduct their businesses, that otherwise is material to the Company and its Subsidiaries taken as a whole or that would, individually or in the aggregate, reasonably be expected to prevent or materially delay or impair the consummation of the Merger and the other transactions contemplated by this Agreement.

(b) Except as reflected or reserved against in the Company s most recent consolidated balance sheet (including the related notes and schedules) included in the Company Reports filed prior to the date hereof, for obligations or liabilities incurred in the ordinary course of business consistent with past practice since the date of such consolidated balance sheet, and executory obligations under Material Contracts and other contracts entered into in the ordinary course of business (in each case so long as not arising out of any breach or default of the Company under any such Material Contract or other contract), neither the Company nor any of its Subsidiaries has any liabilities or obligations of any nature (whether accrued, absolute, matured, unmatured, contingent or otherwise) that are material to the Company and its Subsidiaries, taken as a whole.

5.8. Compliance with Laws; Licenses; Anti-Corruption Laws; Anti-Money Laundering Laws, Import and Export Laws.

(a) Since the Applicable Date, the businesses of each of the Company and its Subsidiaries have not been, and are not being, conducted in violation of any federal, state, local or foreign law, statute or ordinance, common law, or any rule, regulation, standard, judgment, code, Order, arbitration award, agency requirement or License of any Governmental Entity (including Privacy Laws) (collectively, Laws) or any policies, Privacy Policies or Consumer Policies, in each case, except for violations that, individually or in the aggregate, would not reasonably be expected to result in a Material Adverse Effect or prevent or materially delay or impair the consummation of the Merger and the other transactions contemplated by this Agreement. Each of the Company and its Subsidiaries are taking all necessary actions to ensure material compliance with the European Union s General Data Protection Regulation 2016/679 of April 27, 2016 (and all other pending applicable European Union Privacy Laws due to become effective in 2018) as of their upcoming effective dates.

(b) Each of the Company and its Subsidiaries has obtained with all permits, licenses, certifications, approvals, registrations, consents, authorizations, franchises, variances, exemptions and Orders issued or granted by a Governmental Entity (Licenses) necessary to conduct its business as presently conducted, except those the absence of which, individually or in the aggregate, would not reasonably be expected to result in a Material Adverse Effect or prevent or materially delay or impair the consummation of the Merger and the other transactions contemplated by this Agreement. The operation of the business of the Company and its Subsidiaries as presently conducted is not, and has not been since the Applicable Date, in violation of, nor is the Company or its Subsidiaries in default or violation under, any License, and, to the Company s Knowledge, no event has occurred which, with notice or the lapse of time or both, would constitute a default or violation of any material term, condition or provision of any License, except where such default or violation of such License, individually or in the aggregate, would not reasonably be expected to result in a Material Adverse Effect or prevent or materially delay or impair the consummation of the Merger and

TABLE OF CONTENTS

the other transactions contemplated by this Agreement. There are no Proceedings pending or, to the Company s Knowledge, threatened, that seek the revocation, cancellation or adverse modification of any License, except where such revocation, cancellation or adverse modification would not, individually or in the aggregate, reasonably be expected to result in a Material Adverse Effect or prevent or materially delay or impair the consummation of the Merger and the other transactions contemplated by this Agreement. Since the Applicable Date, neither the Company nor any of its Subsidiaries has received any written notice of any material noncompliance or alleged material noncompliance with any material Licenses.

(c) For the past five years, (i) none of the Company, its Subsidiaries or, to the Company s Knowledge, any Person associated with or acting on behalf of the Company or any of its Subsidiaries, including any officer, director, employee, agent and Affiliate thereof has granted, paid, offered or promised to grant, pay, or authorized or ratified the granting of payment, directly or indirectly, of any rebates, monies or anything of value to any Government Official or any political party or candidate for political office, or to any other Person under circumstances where the Company, any of its Subsidiaries, or any Person associated with or acting on behalf of the Company or any of its Subsidiaries, including any officer, director, employee, agent and Affiliate thereof, knew or had reason to know that all or a portion of such rebates, monies or things of value would be offered, promised, or given, directly or indirectly, to any Government Official, for the purpose of (A) influencing any act or decision of such Government Official in his or her official capacity; (B) inducing such Government Official to do, or omit to do, any act in relation to his or her lawful duty; (C) securing any improper advantage; or (D) inducing such Government Official to influence or affect any act or decision of any Governmental Entity, in each case, in order to assist the Company, any of its Subsidiaries or any Person associated with or acting on behalf of the Company or any of its Subsidiaries, including any officer, director, employee, agent and Affiliate thereof, in obtaining or retaining business for or with, or directing business to, any Person or to secure any other improper benefit or advantage, (ii) the Company, its Subsidiaries and each Person associated with or acting on behalf of the Company or any of its Subsidiaries, including any officer, director, employee, agent and Affiliate thereof, have complied in all material respects with the Anti-Corruption Laws and (iii) the Company and its Subsidiaries (A) have maintained and enforced policies and procedures reasonably designed to ensure compliance with the Anti-Corruption Laws in all material respects, (B) have not been subject to any pending Proceeding or, to the Company s Knowledge, threatened with any Proceeding that alleges any material violation of any of the Anti-Corruption Laws and (C) have not made a voluntary disclosure to a Governmental Entity in respect of any of the Anti-Corruption Laws.

(d) For the past five years, (i) the Company and its Subsidiaries have at all times complied in all material respects with all applicable Import and Export Laws, (ii) none of the Company, any Subsidiary, or any of their respective officers, directors, employees, agents or affiliates has been or is currently the subject or target of any sanctions under any Import and Export Law, and (iii) none of the Company of any of its Subsidiaries has maintained at any time any offices, branches, operations, assets, investments, employees, or agents in any country that is the subject or target of comprehensive sanctions under any Import and Export Law (at the time of this Agreement, Cuba, Iran, Syria, North Korea or the Crimea region of Ukraine).

(e) For the past five years, none of the Company or its Subsidiaries has engaged in, nor is now engaging in, any dealings or transactions with (i) any Person that at the time of the dealing or transaction is or was the subject or the target of sanctions under any Import and Export Law, (ii) any Person in Cuba, Iran, Syria, North Korea or the Crimea region of Ukraine, or (iii) any Person owned or controlled by any Person or Persons described in the foregoing clauses (i) or (ii).

(f) Without limiting the foregoing Subsections (d) and (e), for the past five years, there have been no investigations or Proceedings, nor are there any pending, or to the Company s Knowledge, any threatened investigations or Proceedings, by any Governmental Entity of potential violations against the Company or any of its Subsidiaries with respect to compliance with Import and Export Laws.

(g) For the past five years, the Company and its Subsidiaries have maintained and enforced policies and procedures reasonably designed to ensure compliance with Import and Export Laws.

(h) The operations of the Company and each of its Subsidiaries are and have been conducted at all times in material compliance with Anti-Money Laundering Laws, including the Bank Secrecy Act of 1970, as amended by Title III of the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001. Neither the Company nor any of its Subsidiaries: (i) is under investigation by FinCEN or any other Governmental Entity with respect to money laundering, drug trafficking, terrorist-related activities, any other

TABLE OF CONTENTS

money laundering predicate crimes or any violation of any Anti-Money Laundering Laws; (ii) has been charged with or convicted of money laundering, drug trafficking, terrorist-related activities, any other money laundering predicate crimes or any violation of any Anti-Money Laundering Laws; (iii) has been assessed civil penalties under any Anti-Money Laundering Laws; or (iv) has had any of its funds seized or forfeited in an action under any Anti-Money Laundering Laws. The Company and its Subsidiaries have maintained and enforced policies and procedures reasonably designed to ensure material compliance with the Anti-Money Laundering Laws in all material respects.

5.9. Money Transmitter and Other Licenses. Section 5.9 of the Company Disclosure Letter sets forth (i) each jurisdiction in which the Company or any of its Subsidiaries holds a license or is authorized by a Governmental Entity as a money transmitter or money services business (a "Money Transmitter License"), (ii) each jurisdiction in which the Company or any of its Subsidiaries have applications pending for any Money Transmitter Licenses, (iii) to the extent the Company or any of its Subsidiaries does not have a Money Transmitter License in a particular jurisdiction and a Money Transmitter License is generally required for the Company or any of its Subsidiaries, or a Person through which the Company or any of its Subsidiaries distributes, markets, offers or makes available Cards for sale or distribution to cardholders or other end-users (a "Distributor"), to sell or reload Cards in such jurisdiction, a general description of the contractual or other arrangements currently in place upon which the Company or the relevant Subsidiary relies as a basis for the sale or reload of Cards by the Company, any of its Subsidiaries or such Distributor in such jurisdiction without a Money Transmitter License, and (iv) each jurisdiction which would require the Company or any of its Subsidiaries to obtain a Money Transmitter License in order for the Company, any of its Subsidiaries or a Distributor to sell or reload Cards in such jurisdiction if the Company or relevant Subsidiary did not have a contractual or other arrangement contemplated by clause (iii), and indicates whether any consent or approval from, or notice to or registration with, any Governmental Entity with respect to any Money Transmitter License is required in connection with the Merger or the other transactions contemplated by this Agreement. All Money Transmitter Licenses that the Company or any of its Subsidiaries holds are valid and in full force and effect, except as would not have or reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect. Since the Applicable Date, neither the Company nor any of its Subsidiaries has received written notice from any Governmental Entity regarding (and to the knowledge of the Company there is not): (i) any actual or possible material violation of or failure to comply with any material term or requirement of any Money Transmitter License; (ii) any actual or possible revocation, withdrawal, suspension, cancellation, termination or modification of any Money Transmitter License; or (iii) any denial of, or failure to obtain or receive, any Money Transmitter License, in each case related to the Company or any of its Subsidiaries in any jurisdiction that is material to the business of the Company and its Subsidiaries, taken as a whole. Since the Applicable Date, neither the Company nor any of its Subsidiaries has been denied a Money Transmitter License by any Governmental Entity nor has any such Money Transmitter License been revoked, suspended or materially limited.

5.10. Card Association Matters. Since the Applicable Date, there has been no failure by the Company or any of its Subsidiaries to comply in any material respect with the applicable bylaws, operating rules and identification standards manual of, and any other rules, regulations, manuals, policies and procedures promulgated by, any Card Association (including the Payment Card Industry Data Security Standards (PCI DSS)), in each case as may be in effect from time to time (collectively, "Network Rules"). Since the Applicable Date, the Company and its Subsidiaries have properly responded in all material respects to all written notices from any Card Association alleging any failure to comply with the rules and regulations of the Card Associations. To the Knowledge of the Company, no Contract between the Company or any of its Subsidiaries and any Issuing Bank violates in any material respect the Network Rules applicable thereto, and the performance by the Company and its Subsidiaries of their respective obligations thereunder does not violate in any material respect any of the Network Rules applicable thereto.

5.11. Escheat. For the past five years, (i) except as would not be material to the business of the Company and its Subsidiaries, taken as a whole, the Company and its Subsidiaries have timely filed or caused to be timely filed all unclaimed property, contingent liability and similar reports required to be filed, and have remitted to the appropriate

Governmental Entity all unclaimed property required to be remitted, under applicable abandoned property, escheat or similar Laws, (ii) the Company and its Subsidiaries have complied in all material respects with all applicable abandoned property, escheat or similar Laws, and (iii) to the Knowledge of the Company, the financial institutions that serve as the Company s issuing banks for its products and services have complied in all material respects with abandoned property, escheat or similar Laws relating to any funds held for the benefit of the Company, the Company s customers, or any of the Company s products or services.

TABLE OF CONTENTS

5.12. Content Providers and Distribution Partners.

(a) Content Providers. Since December 31, 2016, (i) none of the fifteen largest content providers of the Company and its Subsidiaries, determined on the basis of content partner specific gross distribution commissions, *plus* program management fees, taken as a whole, during the twelve-month period ended on December 31, 2016 or the twelve-month period ended on September 30, 2017 (each, a Significant Content Provider) has suspended, terminated or materially reduced its relationship with the Company or its Subsidiaries or changed the terms and conditions on which it conducts business with the Company or its Subsidiaries, in any material respect (or, to the Company s Knowledge, indicated an intention to do any of the foregoing), and (ii) neither the Company nor any of its Subsidiaries are currently engaging or have engaged in a material dispute with a Significant Content Provider.

(b) Distribution Partners. Since December 31, 2016, (i) none of the fifteen largest distribution partners to the Company and its Subsidiaries, determined on the basis of Adjusted Operating Revenue (as contemplated by the relevant annual or quarterly reports of the Company pursuant to Section 13 or 15(d) of the Exchange Act, in each case filed with the SEC and publicly available on or before the day that is two Business Days prior to the date hereof), taken as a whole, during the twelve-month period ended on December 31, 2016 or the twelve-month period ended on September 30, 2017 (each, a Significant Distribution Partner) has suspended, terminated or materially reduced its relationship with the Company or its Subsidiaries or changed the terms and conditions on which it conducts business with the Company or its Subsidiaries, in any material respect (or, to the Company s Knowledge, indicated an intention to do any of the foregoing), and (ii) neither the Company nor any of its Subsidiaries are currently engaging or have engaged in a material dispute with a Significant Distribution Partner.

(c) Performance. Except as would not, individually or in the aggregate, reasonably be expected to result in a Material Adverse Effect, since the Applicable Date, no Person has brought or threatened in writing to bring a Proceeding with respect to the failure of (or damages incurred by such Person s use of) any product or service of the Company or its Subsidiaries under any theory, including indemnity, breach of warranty, product liability, defect, error, strict liability, negligence or failure to warn (except for individual claims for support or refunds in the ordinary course of business).

5.13. Material Contracts.

(a) Except for this Agreement and except for the Contracts filed as exhibits to the Company Reports, as of the date hereof, none of the Company or its Subsidiaries is a party to or bound by any Contract (or, in each case, any group of related Contracts with respect to a single transaction or series of related transactions):

(i) that would be required to be filed by the Company as a material contract pursuant to Item 601(b)(10) of Regulation S-K under the Securities Act;

(ii) with any Significant Content Provider or Significant Distribution Partner;

(iii) that is a Standstill Agreement or that contains any standstill or similar agreement pursuant to which the Company or any of its Affiliates has agreed not to acquire assets or securities of another Person;

(iv) (A) that purports to limit in any material respect either the type of business in which the Company or any of its Affiliates (or, after the Effective Time, Parent or any of its Affiliates) may engage or the manner or locations in which any of them may so engage in any business, (B) that could require the disposition of any material assets or line of business of the Company or any of its Affiliates (or, after the Effective Time, Parent or any of its Affiliates), (C) that grants most favored nation status or contains exclusivity, requirements obligations or similar provisions that, following the Merger, would purport to apply to Parent or any of its Affiliates, including the Company and its

Subsidiaries, (D) that prohibits or limits the right of the Company or any of its Affiliates to make, sell or distribute any products or services, (E) that includes take or pay requirements or similar provisions obligating a Person to obtain a minimum quantity of goods or services from another Person or (F) pursuant to which the Company or any of its Affiliates has granted pricing discounts in connection with bundling of products or services, sales volume or services levels, in each case, as it relates to a counterparty to any such Contract;

(v) pursuant to which the Company or any of its Subsidiaries has potentially material indemnification obligations to any Person, except for any Contract entered into in the ordinary course of business consistent with past practice;

TABLE OF CONTENTS

(vi) relating to the acquisition or disposition of any business (whether by merger, sale of stock, sale of assets or otherwise) (A) that was entered into after the Applicable Date and (B) pursuant to which any potential earn-out, deferred or contingent payment obligations remain outstanding (excluding indemnification obligations in respect of representations and warranties) or otherwise survive as of the date hereof);

(vii) relating to the formation, creation, operation, management, control or governance of any partnership, joint venture, long-term alliance or other similar agreement or arrangement material to the Company or any of its Subsidiaries or in which the Company or any of its Subsidiaries owns more than ten percent voting, economic or other membership or partnership interest, or any interest valued at more than $5 million without regard to percentage voting or economic interest;

(viii) between the Company or any of its Subsidiaries, on the one hand, and any director or officer of the Company or any Person beneficially owning five percent or more of the outstanding Shares or any of their respective Affiliates (other than the Company and its Subsidiaries), on the other hand;

(ix) relating to indebtedness for borrowed money or the deferred purchase price of property (in either case, whether incurred, assumed, guaranteed or secured by any asset), in either case, in excess of $5 million;

(x) that grants any right of first refusal or right of first offer or similar right or that limits or purports to limit the ability of the Company or any of its Subsidiaries to sell, transfer, pledge or otherwise dispose of any material assets or businesses;

(xi) containing a put, call or similar right pursuant to which the Company or any of its Subsidiaries could be required to purchase or sell, as applicable, any equity interests of any Person or assets that have a fair market value or purchase price of more than $5 million;

(xii) evidencing financial or commodity hedging or similar trading activities, including any interest rate swaps, financial derivatives master agreements or confirmations, or futures account opening agreements and/or brokerage statements or similar Contract to which the Company or any of its Subsidiaries is a party;

(xiii) relating to material Intellectual Property Rights or IT Assets, excluding (i) non-exclusive licenses to commercially available software with annual fees of less than $500,000 or (ii) non-exclusive licenses granted by the Company or its Subsidiaries to customers in the ordinary course of business;

(xiv) that is a public or posted Privacy Policy of the Company and its Subsidiaries;

(xv) that is a Company Labor Agreement; or

(xvi) that prohibits the payment of dividends or distributions in respect of the capital stock of the Company or any of its Subsidiaries, the pledging of the capital stock of the Company or any of its Subsidiaries or the incurrence of indebtedness for borrowed money or guarantees by the Company or any of its Subsidiaries.

Each Contract of a type described in Subsections (i) through (xvi) of this Section 5.13(a) is referred to herein as a Material Contract.

(b) A complete and correct copy of each Material Contract has been made available to Parent in an electronic data room prior to the date hereof. Each of the Material Contracts (and those Contracts which would be Material Contracts but for the exception of being filed as exhibits to the Company Reports) is valid and binding on the Company or its Subsidiaries, as the case may be, and, to the Company s Knowledge, each other party thereto, and is in full force and

effect, in each case subject to the Bankruptcy and Equity Exception, except for such failures to be valid and binding or to be in full force and effect as would not, or would not reasonably be expected to, individually or in the aggregate, result in a Material Adverse Effect. There exists no breach or event of default with respect to any such Material Contracts on the part of the Company or its Subsidiaries or, to the Company s Knowledge, any other party thereto, and no event has occurred that with the lapse of time or the giving of notice or both would constitute a breach or default thereunder by the Company or its Subsidiaries or, to the Company s Knowledge, any other party thereto, except in each case, for such invalidity, failure to be binding, unenforceability, ineffectiveness, breaches or defaults that would not, individually or in the aggregate, reasonably be expected to result in a Material Adverse Effect.

TABLE OF CONTENTS

5.14. Real Property.

(a) With respect to the real property leased or subleased to the Company or its Subsidiaries (the Leased Real Property), the lease or sublease for such property is valid, legally binding, enforceable and in full force and effect in accordance with its terms, and none of the Company or any of its Subsidiaries is in breach of or default under such lease or sublease, and no event has occurred which, with notice, lapse of time or both, would constitute a breach or default by any of the Company or its Subsidiaries or permit termination, modification or acceleration by any third party thereunder, or prevent or materially delay or impair the consummation of the transactions contemplated by this Agreement, except as would not, individually or in the aggregate, reasonably be expected to result in a Material Adverse Effect. The Company or one of its Subsidiaries, as applicable, has valid leasehold interests in all of its Leased Real Property, free and clear of any Real Property Encumbrance other than Permitted Liens. The Leased Real Property and all buildings, structures, improvements, and fixtures located on the Leased Real Property are suitable for the purposes for which they have currently used, except as would not, individually or in the aggregate, reasonably be expected to result in a Material Adverse Effect. There are no Contracts or written or oral concessions granting to any Person other than the Company or its Subsidiaries the right to use or occupy any of the Leased Real Property. Neither the Company nor any of its Subsidiaries owns any real property or interest in real property in fee.

(b) Section 5.14(b) of the Company Disclosure Letter contains a complete and correct list of all Leased Real Property, including a correct street address and such other information as is reasonably necessary to identify each parcel of Leased Real Property.

5.15. Employee Benefits.

(a) Section 5.15(a) of the Company Disclosure Letter sets forth a complete and correct list of each material Benefit Plan and separately identifies each material Benefit Plan that is maintained primarily for the benefit of employees outside of the United States (a Non-U.S. Benefit Plan).

(b) With respect to each material Benefit Plan, the Company has made available to Parent, to the extent applicable, prior to the date hereof complete and correct copies of (i) the Benefit Plan document, including any amendments or supplements thereto, and all related trust documents, insurance contracts or other funding vehicles, (ii) a written description of such Benefit Plan if such plan is not set forth in a written document, (iii) the most recently prepared actuarial report and (iv) all material correspondence to or from any Governmental Entity received in the last three years with respect to any Benefit Plan.

(c) Except as would not reasonably be expected to result in material liability to the Company and its Subsidiaries taken as a whole (i) each Benefit Plan (including any related trusts), other than Non-U.S. Benefit Plans, has been established, operated and administered in substantial compliance with its terms and applicable Laws, including ERISA and the Code, (ii) all contributions or other amounts payable by the Company or any Subsidiary with respect to each Benefit Plan have been paid or accrued in accordance with GAAP and (iii) there are no pending or, to the Company s Knowledge, threatened claims (other than routine claims for benefits) or Proceedings by a Governmental Entity by, on behalf of or against any Benefit Plan or any trust related thereto.

(d) With respect to each ERISA Plan, the Company has made available to Parent, to the extent applicable, prior to the date hereof complete and correct copies of (i) the most recent summary plan description together with any summaries of all material modifications thereto, (ii) the most recent Internal Revenue Service (IRS) determination or opinion letter and (iii) the two most recent annual reports (Form 5500 or 990 series and all schedules and financial statements attached thereto and any amendments or supplements thereto).

(e) Each ERISA Plan that is intended to be qualified under Section 401(a) of the Code, has received a favorable determination letter from the IRS or is entitled to rely upon a favorable opinion issued by the IRS and, to the Company s Knowledge, nothing has occurred that would adversely affect the qualification or tax exemption of any such Benefit Plan. With respect to any ERISA Plan, neither the Company nor any Subsidiary of the Company has engaged in a transaction in connection with which the Company or a Subsidiary of the Company reasonably would be subject to either a material civil penalty assessed pursuant to Section 409 or 502(i) of ERISA or a tax imposed by either Section 4975 or 4976 of the Code.

(f) Neither the Company nor any ERISA Affiliate has maintained, established, participated in or contributed to, or is or has been obligated to contribute to, or has otherwise incurred any material obligation or liability (including any contingent liability) under, (i) a plan that is subject to Section 412 of the Code or Section 302 or title IV of ERISA

TABLE OF CONTENTS

or (ii) any multiemployer plans within the meaning of Section 3(37) of ERISA, in each case, in the last six years. No Benefit Plan is, and none of the Company or any ERISA Affiliate has any liability under, a multiple employer welfare arrangement (as defined in Section 3(40) of ERISA) or a multiple employer plan (as defined in Section 400(a)(15) of ERISA).

(g) Except as required by applicable Law, no Benefit Plan provides retiree or post-employment medical, disability, life insurance or other welfare benefits to any Person, and none of the Company or any of its Subsidiaries has any obligation to provide such benefits. To the extent that the Company or any of its Subsidiaries sponsors such plans, the Company or the applicable Subsidiaries has reserved the right to amend, terminate or modify any such plan at any time.

(h) Each Benefit Plan that is a nonqualified deferred compensation plan (within the meaning of Section 409A of the Code) is in documentary compliance with, and has been operated and administered in compliance with, Section 409A of the Code and the guidance issued by the IRS provided thereunder.

(i) Neither the execution, delivery or performance of this Agreement, stockholder adoption or other approval of this Agreement nor the consummation of the Merger or the other transactions contemplated hereby could, either alone or in combination with another event, (i) entitle any current or former employee, director, officer or independent contractor of the Company or any of its Subsidiaries to severance pay or any material increase in severance pay, (ii) accelerate the time of payment or vesting or materially increase the amount of compensation due to any such employee, director, officer, or independent contractor or (iii) directly or indirectly cause the Company to transfer or set aside any assets to fund any payments or benefits under any Benefit Plan.

(j) Neither the execution, delivery or performance of this Agreement, stockholder adoption or other approval of this Agreement nor the consummation of the Merger or the other transactions contemplated by this Agreement would reasonably be expected to, either alone or in combination with another event, result in the payment of any amount that would, individually or in combination with any other such payment, constitute an excess parachute payment as defined in Section 280G(b)(1) of the Code.

(k) Neither the Company nor any Subsidiary has any obligation to provide, and no Benefit Plan or other agreement provides any individual with the right to, a gross-up, indemnification, reimbursement, make-whole or other payment for any excise Taxes, interest or penalties incurred pursuant to Section 409A or Section 4999 of the Code.

(l) All Non-U.S. Benefit Plans comply in all material respects with applicable local law, and all such plans that are intended to be funded and/or book-reserved are funded and/or book-reserved, as appropriate, based upon reasonable actuarial assumptions determined by qualified actuaries. As of the date hereof, there is no pending or threatened material litigation relating to Non-U.S. Benefit Plans.

5.16. Labor Matters.

(a) Neither the Company nor any of its Subsidiaries is a party to or otherwise bound by any collective bargaining agreement or other agreement with a labor union, works council or similar organization or employee representative body (collectively, the Company Labor Agreements), nor is any Company Labor Agreement presently being negotiated. There are no Proceedings or, to the Company s Knowledge, other activities, by any individual or group of individuals, including representatives of any employees of the Company or any of its Subsidiaries or representatives of any labor organizations, works councils, trade unions, labor unions, or other employee representative body seeking to authorize representation by any labor organization of any employees of the Company or any of its Subsidiaries, and no such Proceedings or activities have taken place within the past three years.

(b) There are no labor unions, works councils or like organizations that represent employees of the Company or any of its Subsidiaries with respect to their service to the Company and its Subsidiaries. The execution, delivery and performance of this Agreement and the consummation of the Merger and the other transactions contemplated by this Agreement, either alone or in combination with another event, will not require the consent of, negotiation with, or advance notification to, any labor union, works council or like organization with respect to employees of the Company and its Subsidiaries.

(c) There is no strike, lockout, slowdown, work stoppage, unfair labor practice or other labor dispute, or Proceeding or grievance pending or, to the Company s Knowledge, threatened, and neither the Company nor any of its Subsidiaries has experienced any such labor controversy within the past three years.

TABLE OF CONTENTS

(d) Except as set forth on Section 5.16(d) of the Company Disclosure Letter, neither the Company nor any of its Subsidiaries has closed any plant or facility, effectuated any layoffs of employees or implemented any early retirement, separation or window program within the past three years, nor planned or announced any such action or program for the future, in each case, that would implicate the Worker Adjustment and Retraining Notification Act of 1988 (or similar laws).

(e) The Company and its Subsidiaries are, and since the Applicable Date, have been, in material compliance with all applicable Laws, rules and regulations, ordinances, Orders, Contracts, policies, plans and programs relating to employment, employment practices, compensation, employee leave, benefits, hours, terms and conditions of employment, and the termination of employment, including but not limited to any obligations pursuant to the Worker Adjustment and Retraining Notification Act of 1988 (or similar laws), the classification of employees as exempt or non-exempt from overtime pay requirements, the provision of meal and rest breaks, pay for all working time, the proper classification of individuals as nonemployee contractors or consultants, immigration, withholding from pay, and unemployment insurance.

(f) Except as set forth on Section 5.16(f) of the Company Disclosure Letter, neither the Company nor any of the Subsidiaries is a party to, or otherwise bound by, any consent decree with, or citation by, any Governmental Entity relating to employees or employment practices.

5.17. Environmental Matters. Except for such matters that, individually or in the aggregate, would not reasonably be expected to result in a Material Adverse Effect or prevent or materially delay or impair the consummation of the Merger and the other transactions contemplated by this Agreement: (i) the Company and its Subsidiaries have at all times since the Applicable Date been in compliance with all, and have not violated any, applicable Environmental Laws; (ii) Leased Real Property or any other real property, currently or formerly owned, leased or operated by the Company or any of its Subsidiaries (including soils, groundwater, surface water, buildings or other structures) has been contaminated with any Hazardous Substance in a manner that would reasonably be expected to result in liability to the Company or any of its Subsidiaries; (iii) neither the Company nor any of its Subsidiaries is subject to liability for any Hazardous Substance disposal or contamination on any third-party property or is otherwise subject to any liability regarding any failure to properly store or handle, or any release of or exposure to, any Hazardous Substance; (iv) neither the Company nor any of its Subsidiaries has received any notice, demand, letter, claim or request for information or is a party to or the subject of any pending or, to the Company s Knowledge, threatened Proceeding alleging that the Company or any of its Subsidiaries may be in violation of or subject to liability under any Environmental Law or regarding any Hazardous Substance; and (v) neither the Company nor any of its Subsidiaries is subject to any Order or other arrangement with any Governmental Entity or has assumed or retained any liability of any third party relating to any Environmental Law or regarding any Hazardous Substance.

5.18. Taxes.

(a) The Company and each of its Subsidiaries (i) have duly and timely filed (taking into account any extension of time within which to file) all material Tax Returns required to be filed by any of them and all such filed Tax Returns are true, complete and correct in all material respects, (ii) have timely paid all material Taxes that are required to be paid (whether or not shown on such Tax Returns) in full, except with respect to matters contested in good faith by appropriate Proceedings and for which adequate reserves have been established in accordance with GAAP, (iii) have timely withheld from, and remitted to the applicable Governmental Entity all material amounts required to be withheld and remitted and (iv) have not waived any statute of limitations with respect to a material amount of Taxes or agreed to any extension of time with respect to an assessment or deficiency of a material amount of Taxes and there has been no request by a Governmental Entity to execute such a waiver or extension. There are no material Tax Liens upon any property or assets of the Company or any of its Subsidiaries except Liens for current Taxes not yet due and payable and Liens for Taxes that are being contested in good faith by appropriate Proceedings and for which adequate reserves

have been established in accordance with GAAP.

(b) As of the date hereof, (i) no deficiencies for a material amount of Taxes have been proposed or assessed in writing against or with respect to any Taxes due by, or Tax Returns of, the Company or any of its Subsidiaries, (ii) there are not pending or, to the Company s Knowledge, threatened, any audits, examinations, investigations or other Proceedings in respect of any material Taxes or material Tax Returns of the Company or any of its Subsidiaries and (iii) no material claim has been made (that has not been resolved with prejudice) by a Governmental Entity in any jurisdiction where the Company or any of its Subsidiaries does not file Tax Returns that the Company or any of

TABLE OF CONTENTS

its Subsidiaries is or may be subject to material taxation by, or required to file Tax Returns in, such jurisdiction, which claim has not been fully resolved. There are not, to the Company s Knowledge, any unresolved questions or claims concerning any material Tax liability of the Company or any of its Subsidiaries that are not disclosed or provided for in the Company Reports.

(c) As of the date hereof, neither the Company nor any of its Subsidiaries (i) has been a member of an affiliated group filing an affiliated, combined, unitary, consolidated or similar income Tax Return (other than a group the common parent of which is the Company or any of its Subsidiaries), (ii) is a party to any Tax allocation, Tax sharing, Tax indemnity or similar agreement (other than any such agreements (x) between or among any of the Company and its Subsidiaries or (y) entered into in the ordinary course of business the primary subject matter of which is not Tax) or (iii) has liability for the Taxes of any Person (other than the Company or any of its Subsidiaries) under Treasury Regulation Section 1.1502-6 (or any similar provision of state, local or foreign Law) or as transferee or successor, by contract or otherwise.

(d) There are no closing agreements, private letter rulings, technical advance memoranda or similar agreements or rulings that have been entered into or issued by any Tax authority in respect of any material Tax matters with respect to the Company or any of its Subsidiaries which are still in effect as of the date hereof.

(e) During the last five years, neither the Company nor any of its Subsidiaries has been either a distributing corporation or a controlled corporation in a transaction intended to qualify under Section 355 of the Code.

(f) Neither the Company nor any of its Subsidiaries has participated within the meaning of Treasury Regulation Section 1.6011-4(c)(3)(i)(A) in any listed transaction within the meaning of Section 6011 of the Code and the Treasury Regulations thereunder, as in effect and as amended by any guidance published by the IRS for the applicable period.

Notwithstanding any other representation or warranty in this Agreement to the contrary, the representations and warranties in Section 5.5, Section 5.11, Section 5.15 and this Section 5.18 constitute the sole and exclusive representations and warranties of the Company to Parent and Merger Sub with respect to Taxes.

5.19. Intellectual Property.

(a) Section 5.19(a) of the Company Disclosure Letter sets forth a complete and accurate list of all registered and applied for Intellectual Property Rights and all material IT Assets owned by the Company or any of its Subsidiaries, and all of the above registered and applied for items are subsisting and unexpired, and, to the Knowledge of the Company, valid and enforceable.

(b) The Company and its Subsidiaries exclusively own the items on Section 5.19(a) of the Company Disclosure Letter and all of the material unregistered Intellectual Property Rights owned or purported to be owned by the Company, free and clear of any and all Liens other than Permitted Liens, except as would not reasonably be expected to result in a Material Adverse Effect. All Persons who invented, created or contributed to material proprietary Intellectual Property Rights of the Company or its Subsidiaries have assigned in writing to the Company all of their rights in same that did not vest initially with the Company by operation of law.

(c) Except as would not reasonably be expected to result in a Material Adverse Effect, the operation of the Company s and its Subsidiaries businesses does not infringe, misappropriate or violate the Intellectual Property Rights of any other Person, and, since the Applicable Date, no Person has alleged the same in writing (and/or sent a cease and desist letter or invitation to take a patent license to the Company or its Subsidiaries) or challenged the validity or enforceability of the Company or its Subsidiaries rights in their Intellectual Property Rights. To the Knowledge of the

Company, no Person is infringing, misappropriating or violating any material Intellectual Property Rights of the Company or its Subsidiaries, and neither the Company nor its Subsidiaries have sent any written notices to any Person alleging same.

(d) The Company and its Subsidiaries have taken all commercially reasonable actions, and have established physical, technical and administrative measures, policies and procedures that are materially consistent with industry standard with respect to their scope, terms and conditions, to protect (i) its and their material trade secrets and confidential information, (ii) any Personal Information collected, stored, used, disclosed, transmitted, processed or disposed of by or on behalf of the Company or its Subsidiaries and (iii) the integrity, continuous operation and security of the IT Assets used in their businesses (and all data stored, transmitted, or processed thereby), and the Company and its Subsidiaries are in compliance with all such measures, policies and procedures, except as would

TABLE OF CONTENTS

not reasonably be expected to result in a Material Adverse Effect. There has been no unauthorized access to, and no material breaches, outages or violations of any IT Assets used by the Company or any of its Subsidiaries, except for any that were resolved without material liability or cost or the obligation to notify any other Person.

(e) No material software of the Company and its Subsidiaries containing proprietary source code contains, is derived from or otherwise interacts with any copyleft or viral open source software (such as open source software licensed under the General Public License). No material proprietary software of the Company and its Subsidiaries that is licensed, distributed, conveyed or made available to other Persons (whether incorporated into a product or otherwise) contains, is derived from or otherwise interacts with any open source software such that the Company or its Subsidiaries are required to license or make available their proprietary source code to any Person under such circumstances.

(f) No Person (other than employees of the Company and its Subsidiaries on a need to know basis) has possession of or the current or contingent right to access or possess any material proprietary source code of the Company or its Subsidiaries.

5.20. Insurance. The Company and each of its Subsidiaries are covered by insurance policies and self-insurance programs and arrangements relating to the business, assets and operations of the Company and its Subsidiaries that (a) are in full force and effect in all material respects and (b) are sufficient for material compliance with all applicable Laws and Contracts to which the Company or any of its Subsidiaries is a party or by which it is bound and as is customary in the industries in which the Company and its Subsidiaries operate. All premiums due under such insurance policies and self-insurance programs and arrangements have been paid.

5.21. Takeover Statutes. Assuming the accuracy of the representations set forth in Section 6.9, no fair price, moratorium, control share acquisition or other similar anti-takeover statute or regulation, including Section 203 of the DGCL (each, a Takeover Statute) or any anti-takeover provision in the Company s certificate of incorporation or bylaws is applicable to the Merger or the other transactions contemplated by this Agreement.

5.22. Brokers and Finders. Neither the Company nor any of its officers, directors or employees has employed any broker or finder or incurred any liability for any brokerage fees, commissions or finders fees in connection with the Merger or the other transactions contemplated by this Agreement except that the Company has employed Sandler O Neill as its financial advisor. The Company has made available to Parent a complete and correct copy of all agreements pursuant to which Sandler O Neill is entitled to any fees and expenses in connection with the Merger or any of the transactions contemplated by this Agreement or pursuant to which the Company would have any obligations to Sandler O Neill following the Closing.

5.23. No Other Company Representations or Warranties. Notwithstanding anything to the contrary contained herein, the Company Disclosure Letter, or any of the Schedules or Exhibits hereto or thereto, neither the Company nor any of its Affiliates, nor any of their respective Representatives, makes or has made any representation or warranty, oral or written, express or implied, other than as expressly made by them in this Article V or as may be separately stated in writing in any certificate delivered hereunder, and that Parent and its Affiliates have not relied on any such other representation or warranty, except in the case of fraud or intentional misrepresentation by the Company or any of its Affiliates.

ARTICLE VI

Representations and Warranties of Parent and Merger Sub

Except as set forth in the referenced sections or subsections of the Company Disclosure Letter, Parent and Merger Sub each hereby represents and warrants to the Company that:

6.1. Organization, Good Standing and Qualification. Each of Parent and Merger Sub is a legal entity duly organized, validly existing and, to the extent such concept is applicable, in good standing under the Laws of its respective jurisdiction of organization and has all requisite corporate or similar power and authority to own, lease and operate its properties, rights and assets and to carry on its business as presently conducted and is qualified to do business and, to the extent such concept is applicable, is in good standing as a foreign corporation or other legal entity in each jurisdiction where the ownership, leasing or operation of its assets or properties or conduct of its business requires such qualification, except where the failure to be so organized, qualified or, to the extent such concept is applicable, in good standing, or to have such power or authority, would not, individually or in the aggregate, reasonably be expected to prevent or materially delay or impair the consummation of the Merger and the other

TABLE OF CONTENTS

transactions contemplated by this Agreement. Parent has made available to the Company prior to the date hereof complete and correct copies of the certificates of incorporation and bylaws or comparable governing documents, each as amended, restated or amended and restated to the date hereof, of Parent and Merger Sub, and each as so delivered is in full force and effect.

6.2. Corporate Authority. No vote of holders of capital stock of Parent is necessary to approve this Agreement and the Merger and the other transactions contemplated hereby. Each of Parent and Merger Sub has all requisite corporate power and authority and has taken all corporate action necessary in order to execute and deliver this Agreement and to perform its obligations under this Agreement and to consummate the Merger and the other transactions contemplated by this Agreement, subject only to adoption of this Agreement by a Subsidiary of Parent as the sole stockholder of Merger Sub. This Agreement has been duly executed and delivered by each of Parent and Merger Sub and constitutes a valid and binding agreement of Parent and Merger Sub, enforceable against each of Parent and Merger Sub in accordance with its terms, subject to the Bankruptcy and Equity Exception.

6.3. Governmental Filings; No Violations.

(a) Other than the filings, notices, reports, consents, registrations, approvals, permits, waivers, expirations of waiting periods or authorizations pursuant to, in compliance with or required to be made under, (i) the DGCL, (ii) the Exchange Act, (iii) the HSR Act, (iv) those set forth in Section 5.4(a)(iv), Section 8.1(b) and Section 8.1(c) of the Company Disclosure Letter, (v) the rules and regulations of NASDAQ and (vi) state securities, takeover and blue sky Laws (the filings, notices, reports, consents, registrations, approvals, permits, waivers, expirations of waiting periods and authorizations contemplated by the foregoing clauses (i) through (vi), the Parent Approvals), no filings, notices, reports, consents, registrations, approvals, permits, waivers, expirations of waiting periods or authorizations are required to be obtained by Parent or Merger Sub from or to be given by Parent or Merger Sub to, or be made by Parent or Merger Sub with, any Governmental Entity in connection with the execution, delivery and performance of this Agreement by Parent and Merger Sub and the consummation of the Merger and the other transactions contemplated by this Agreement, except those that the failure to give, make or obtain would not, individually or in the aggregate, reasonably be expected to prevent or materially delay or impair the consummation of the Merger and the other transactions contemplated by this Agreement.

(b) The execution, delivery and performance of this Agreement by Parent and Merger Sub do not, and the consummation of the Merger and the other transactions contemplated by this Agreement will not, constitute or result in (i) a breach or violation of, or a default under, the certificate of incorporation or bylaws of Parent or Merger Sub, (ii) with or without notice, lapse of time or both, a breach or violation of, a termination or cancellation (or right of termination or cancellation) of or a default under, a requirement for consent under, the loss of any benefit under, the creation or acceleration of any obligations under or the creation of a Lien (other than a Permitted Lien) on any of the properties, rights or assets of Parent or any of its Subsidiaries pursuant to any Contracts binding upon Parent or any of its Subsidiaries or, assuming (solely with respect to performance of this Agreement and consummation of the Merger and the other transactions contemplated by this Agreement) compliance with the matters referred to in Section 6.3(a), under any applicable Law to which Parent or any of its Subsidiaries is subject or (iii) any change in the rights or obligations of any party under any Contract legally binding upon Parent or any of its Subsidiaries, except, in the case of clause (ii) or (iii) directly above in this Section 6.3(b), for any such breach, violation, termination, cancellation, default, creation, acceleration or change that would not, individually or in the aggregate, prevent or materially delay or impair the consummation of the Merger and the other transactions contemplated by this Agreement.

6.4. Litigation. As of the date hereof, there are no Proceedings pending or, to Parent s Knowledge, threatened against Parent or Merger Sub that seek to enjoin, or would reasonably be expected to have the effect of preventing, making illegal, or otherwise interfering with, any of the transactions contemplated by this Agreement, except as would not, individually or in the aggregate, reasonably be expected to prevent or materially delay or impair the ability of Parent

and Merger Sub to consummate the Merger and the other transactions contemplated by this Agreement.

6.5. Financing.

(a) Parent has delivered to the Company complete and correct copies of (i) the executed debt commitment letter, dated as of the date hereof (together with all exhibits, annexes and schedules thereto, the Debt Commitment Letter), from the Debt Financing Sources party thereto, pursuant to which the Debt Financing Sources have agreed to provide, on the terms and subject to the conditions thereof, the full amount of the debt financing set forth therein (the debt financing committed pursuant to the Debt Commitment Letter is collectively referred to in this Agreement

TABLE OF CONTENTS

as the Debt Financing), and any fee letters related thereto, subject, in the case of such fee letters, to redaction solely of fee and other economic provisions that are customarily redacted in connection with transactions of this type and that do not adversely affect the availability or amount of the Debt Financing, and (ii) the executed equity commitment letters, dated as of the date hereof (the Equity Commitment Letters and, together with the Debt Commitment Letter, the Financing Commitments) from Silver Lake Partners V, L.P. and P2 Fund I (the Equity Financing Sources) pursuant to which the Equity Financing Sources have committed to invest, on the terms and subject to the conditions thereof, cash in an amount up to the amounts set forth therein (the Equity Financing and, together with the Debt Financing, the Financing).

(b) Except as expressly set forth in the Financing Commitments, as of the date hereof, there are no conditions precedent to the obligations of the Debt Financing Sources to provide the Debt Financing or of the Equity Financing Sources to provide the Equity Financing or any contingencies that would permit the Debt Financing Sources or the Equity Financing Sources to reduce the total amount of the Financing, including any condition or other contingency relating to the availability of the Debt Financing pursuant to any flex provision. As of the date hereof, neither Parent nor Merger Sub has any reason to believe that it will be unable to satisfy on a timely basis all terms and conditions to be satisfied by it in the Financing Commitments on or prior to the Closing Date, nor does Parent or Merger Sub have knowledge that any of the Debt Financing Sources or the Equity Financing Sources will not perform its obligations thereunder. As of the date hereof, there are no side letters, understandings or other agreements, contracts or arrangements of any kind relating to the Financing Commitments that could adversely affect the availability of the Financing contemplated by the Financing Commitments.

(c) The Financing, when funded in accordance with the Financing Commitments, together with available cash at the Company and its Subsidiaries and other available cash or other funds of Parent and its Subsidiaries, shall, in the aggregate, provide Parent and its Subsidiaries with cash proceeds (after netting out original issue discount and similar premiums and charges after giving effect to the maximum amount of flex (including original issue discount flex) provided under the Debt Commitment Letter and any related fee letter) on the Closing Date sufficient for the satisfaction of all of Parent s and Merger Sub s obligations under this Agreement and under the Debt Commitment Letter, including paying (A) the aggregate Per Share Merger Consideration and the other amounts payable under Article IV, (B) any and all fees and expenses required to be paid by Parent, Merger Sub and the Surviving Corporation at the Closing in connection with the Merger and the Financing, including in respect of the Convertible Notes, (C) for any refinancing of any outstanding indebtedness of the Company or its Subsidiaries contemplated by this Agreement and the Financing Commitments and (D) any amounts due in respect of the Convertible Notes and the Convertible Note Warrants in connection with or relating to the Merger (the Required Financing Amount).

(d) As of the date hereof, each of the Financing Commitments is (i) a legal, valid, binding and enforceable obligation of Parent and Merger Sub and, to the Knowledge of Parent and Merger Sub, of each of the other parties thereto, subject to the Bankruptcy and Equity Exception, and (ii) in full force and effect. Assuming satisfaction or waiver (to the extent permitted by Law) of the conditions to Parent s and Merger Sub s obligations to consummate the Merger, as of the date hereof, (i) no event has occurred which (with or without notice, lapse of time or both) would constitute a failure to satisfy a condition by Parent or Merger Sub under the terms and conditions of any Financing Commitment and (ii) neither Parent nor Merger Sub has any reason to believe that any of the conditions to the Financing will not be satisfied by Parent on a timely basis or that the Financing will not be available to Parent or one or more of its Subsidiaries on the Closing Date. Parent or Merger Sub has paid in full any and all commitment fees or other fees required to be paid pursuant to the terms of the Financing Commitments on or before the date hereof, and will pay (or cause to be paid) in full any such amounts due on or before the Closing Date. The Financing Commitments have not been modified, amended or altered as of the date hereof and, as of the date hereof, none of the commitments under the Financing Commitments has been withdrawn or rescinded in any respect, and, to the Knowledge of Parent and Merger Sub, no withdrawal or rescission thereof is contemplated. To the Knowledge of Parent and Merger Sub, no modification of, or amendment to, the Commitment Letters is currently contemplated

except for the addition of Debt Financing Sources, lead arrangers, bookrunners, agents or similar entities who have not executed the Debt Commitment Letter as of the date hereof.

6.6. Solvency. Neither Parent nor Merger Sub is entering into this Agreement with the intent to hinder, delay or defraud either present or future creditors of the Company or any of its Subsidiaries. Assuming (a) the satisfaction of the conditions set forth in Sections 8.1 and 8.2 (in each case, other than those conditions that by their nature are to be satisfied at the Closing, but subject to the satisfaction or waiver of such conditions at the Closing), (b) that the representations and warranties set forth in Article V as written are true and correct at and immediately after the

TABLE OF CONTENTS

Closing and (c) the estimates, projections or forecasts provided by or on behalf of the Company or its Subsidiaries to Parent or Merger Sub prior to the date hereof (as may have been updated in writing prior to the date hereof) have been prepared in good faith on assumptions that were, and continue to be, reasonable, at and immediately after the Closing (it being understood that Accounting Standards Update 2014-09 Revenue from Contracts with Customers (Topic 606) shall not affect the reasonableness of the assumptions underlying such estimates, projections or forecasts), then, after giving effect to the consummation of the transactions contemplated by this Agreement (including the Financing being entered into in connection therewith), the Surviving Corporation and its Subsidiaries would be Solvent.

6.7. Limited Guarantee. Concurrently with the execution of this Agreement, each of the Guarantors has duly executed and delivered to the Company a Limited Guarantee. As of the date hereof, each Limited Guarantee is in full force and effect and is the legal, valid and binding obligation of such Guarantor, enforceable in accordance with its terms, subject to the Bankruptcy and Equity Exception, and has not been amended, withdrawn or rescinded in any respect. As of the date hereof, no event has occurred which, with or without notice, lapse of time or both, would constitute a default on the part of such Guarantor under such Limited Guarantee.

6.8. Capitalization of Merger Sub. The authorized capital stock of Merger Sub consists solely of 1,000 shares of common stock, par value $0.001 per share, all of which are validly issued and outstanding. All of the issued and outstanding capital stock of Merger Sub is, and at the Effective Time will be, owned by Parent or a direct or indirect wholly owned Subsidiary of Parent. Merger Sub has been formed solely for the purpose of the Merger, has not conducted any business and has no, and prior to the Effective Time will have no, assets, liabilities or obligations of any nature other than those incident to its formation, continued existence and pursuant to this Agreement and the Merger and the other transactions contemplated by this Agreement.

6.9. Ownership of Shares. None of Parent, Merger Sub, P2 Fund I or any of their respective affiliates or associates is an interested stockholder of the Company subject to the restrictions on business combinations (in each case, as such quoted terms are defined under Section 203 of the DGCL) set forth in Section 203(a) of the DGCL.

6.10. Information Supplied. None of the information supplied or to be supplied by Parent or Merger Sub for inclusion in the Proxy Statement will, at the time such document is first mailed to the stockholders of the Company and at the time of the Stockholders Meeting, contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances under which they are made, not misleading.

6.11. No Other Parent or Merger Sub Representation or Warranties. Notwithstanding anything to the contrary contained herein, the Company Disclosure Letter, or any of the Schedules or Exhibits hereto or thereto, neither Parent nor Merger Sub, nor any of their Affiliates, nor any of their respective Representatives, makes or has made any representation or warranty, oral or written, express or implied, other than as expressly made by them in this Article VI and in any or as may be separately stated in writing in any certificate delivered hereunder, and that the Company has not relied on any such other representation or warranty, except in the case of fraud or intentional misrepresentation by Parent or Merger Sub, any of their Affiliates. Each of Parent and Merger Sub acknowledges that neither the Company nor any Person has made any representation or warranty, express or implied, as to the accuracy or completeness of any information regarding the Company furnished or made available to Parent, its Affiliates (including Merger Sub) and their respective Representatives (and has not relied on any representation, warranty or other statement made by any Person on behalf of the Company or any of its Subsidiaries), except as expressly set forth in Article V (which includes exceptions set forth therein and in the Company Disclosure Letter) or as may be separately stated in writing in any certificate delivered hereunder, and that all other representations and warranties, express or implied, are specifically disclaimed.

ARTICLE VII

Covenants

7.1. Interim Operations.

(a) The Company covenants and agrees as to itself and its Subsidiaries that, from the execution of this Agreement and prior to the Effective Time or the earlier termination of this Agreement (unless Parent shall otherwise approve in writing (such approval not to be unreasonably withheld, conditioned or delayed), and except as otherwise expressly contemplated by this Agreement) and except as required by applicable Laws, the business of it and its

TABLE OF CONTENTS

Subsidiaries shall be conducted in the ordinary course of business consistent with past practice and, to the extent consistent therewith, it and its Subsidiaries shall use their respective reasonable best efforts to preserve their business organizations intact and maintain existing relations and goodwill with Governmental Entities, customers, suppliers, distributors, creditors, lessors, employees and business associates and keep available the services of its and its Subsidiaries present employees and agents; provided, however, that no action by the Company or its Subsidiaries with respect to matters permitted by any provision of Section 7.1(b) shall be deemed a breach of this Section 7.1(a) unless such action would constitute a breach of such other provision.

(b) Without limiting the generality of, and in furtherance of, the foregoing, from the execution of this Agreement until the Effective Time, except as required by applicable Law, as otherwise expressly required by this Agreement, as Parent may approve in writing (such approval not to be unreasonably withheld, conditioned or delayed) or as set forth in Section 7.1(b) of the Company Disclosure Letter, the Company will not and will cause its Subsidiaries not to:

(i) adopt or propose any change in its certificate of incorporation or bylaws or other applicable governing instruments;

(ii) merge or consolidate the Company or any of its Subsidiaries with any other Person, except for any such transactions among wholly owned Subsidiaries of the Company, or restructure, reorganize or completely or partially liquidate or otherwise enter into any agreements or arrangements imposing material changes or restrictions on its assets, operations or businesses;

(iii) acquire assets from any other Person with a value or purchase price in excess of $5 million in any individual transaction or series of related transactions or $10 million in the aggregate, other than acquisitions pursuant to any Material Contracts set forth in Section 5.13(a) in effect as of the date hereof;

(iv) allow for the commencement of any new offering periods under the Company ESPPs or issue, sell, pledge, dispose of, grant, transfer, encumber, or authorize the issuance, sale, pledge, disposition, grant, transfer, lease, license, guarantee or encumbrance of, any shares of capital stock of the Company or any of its Subsidiaries (other than the issuance of shares (A) by a wholly owned Subsidiary of the Company to the Company or another wholly owned Subsidiary, (B) in respect of the settlement or exercise of Company Equity Awards outstanding as of the date hereof in accordance with their terms and, as applicable, the Stock Plans as in effect on the date hereof or granted after the date hereof in accordance with the terms of this Agreement, (C) upon the exercise of the Kroger Warrant, (D) in respect of a conversion of Convertible Notes that are outstanding on the date hereof or (E) the grant of any Liens to secure obligations of the Company or any of its Subsidiaries in respect of any Indebtedness permitted under clause (x) below), securities convertible or exchangeable into or exercisable for any shares of such capital stock, or any options, warrants or other rights of any kind to acquire any shares of such capital stock or such convertible or exchangeable securities;

(v) create or incur any Lien material to the Company or any of its Subsidiaries on any assets, rights or properties of the Company or any of its Subsidiaries, other than Permitted Liens;

(vi) make any loans, advances, or capital contributions to or investments in any Person, including guarantees of the obligations of such Person (in each case other than the Company or any direct or indirect wholly owned Subsidiary of the Company and in each case other than guarantees in respect of obligations under the Credit Agreement) in excess of $1 million in the aggregate;

(vii) declare, set aside, make or pay any dividend or other distribution, payable in cash, stock, property or otherwise, with respect to any of its capital stock (except for dividends paid by any direct or indirect wholly owned Subsidiary to the Company or to any other direct or indirect wholly owned Subsidiary) or enter into any agreement with respect to

the voting of its capital stock;

(viii) reclassify, split, combine, subdivide or redeem, purchase or otherwise acquire or offer to redeem, repurchase or otherwise acquire, directly or indirectly, any of its capital stock or securities convertible or exchangeable into or exercisable for any shares of its capital stock (other than (A) the withholding of shares to satisfy withholding Tax obligations, or the payment of any applicable exercise or purchase price, upon the exercise, vesting or settlement of Company Equity Awards outstanding as of the date hereof in accordance with their terms and, as applicable, the Stock Plans as in effect on the date hereof or granted after the date hereof in accordance with the terms of this Agreement or (B) as required pursuant to the terms of the Convertible Notes);

TABLE OF CONTENTS

(ix) take any action that would result in a change to the conversion rate of any of the Convertible Notes from that rate set forth in Section 5.2(a);

(x) (A) incur any indebtedness for borrowed money or guarantee such indebtedness of, another Person, or issue or sell any debt securities or warrants or other rights to acquire any debt security of the Company or any of its Subsidiaries, except for (I) indebtedness for borrowed money incurred in the ordinary course of business after the date hereof pursuant to the Credit Agreement in an amount not to exceed $125 million outstanding at any time; provided, that if the Company reasonably expects that an amount exceeding $50 million will be outstanding on a Saturday or Sunday, then the Company shall provide written notice (which may be via e-mail) of such outstanding amount to Parent on or prior to the relevant Friday or (II) guarantees incurred in compliance with this Section 7.1(b) by the Company of indebtedness of wholly owned Subsidiaries of the Company and guarantees of obligations under the Credit Agreement or (B) enter into any interest rate swaps, hedges, forward sales contracts or similar financial instruments;

(xi) except as set forth in the capital budgets set forth in Section 7.1(b)(xi) of the Company Disclosure Letter and consistent therewith, make or authorize any capital expenditure;

(xii) enter into any Contract that would have been a Material Contract under Subsections (i), (ii), (iii), (iv), (vi), (vii), (x), (xi) or (xvi) of Section 5.13(a) had it been entered into prior to this Agreement, other than Contracts with customers or suppliers entered into in the ordinary course of business consistent with past practice;

(xiii) amend, modify, cancel, fail to renew or terminate any Material Contract (other than, with respect to Contracts, amendments, modifications or terminations entered into in the ordinary course of business consistent with past practice), lease or sublease, or cancel, modify or waive any material debts or claims held by it or waive any material rights;

(xiv) amend any material License contemplated by Section 5.8(b) in any material respect, or allow any such material License to lapse, expire or terminate;

(xv) except as expressly provided for by Section 7.11, amend, modify, terminate, cancel or let lapse a material insurance policy (or reinsurance policy) or self-insurance program of the Company or its Subsidiaries in effect as of the date hereof, unless simultaneous with such termination, cancellation or lapse, replacement policies underwritten by insurance and reinsurance companies of nationally recognized standing or self-insurance programs, in each case, providing coverage equal to or greater than the coverage under the terminated, canceled or lapsed policies for substantially similar premiums, as applicable, are in full force and effect;

(xvi) make any changes with respect to accounting policies or procedures, except as required by GAAP;

(xvii) other than with respect to Transaction Litigation, which is governed by Section 7.17(c), settle or compromise any Proceeding in excess of an amount of $1 million individually or $3 million in the aggregate, or which would reasonably be expected to (A) prevent or materially delay or impair the consummation of the Merger or the other transactions contemplated by this Agreement, (B) have a material negative impact on the operations of the Company and its Subsidiaries or (C) involve any criminal liability, any admission of material wrongdoing or any material wrongful conduct by the Company or any of its Subsidiaries;

(xviii) (A) make, change or revoke any material Tax election, (B) enter into any settlement or compromise of any material Tax liability, (C) file any amended Tax Return with respect to any material Tax, (D) adopt or change any material method of Tax accounting or Tax accounting period, (E) enter into any closing agreement relating to any material Tax, (F) agree to an extension or waiver of the statute of limitations with respect to the assessment or

determination of any material Tax or (G) surrender any right to claim a material Tax refund;

(xix) transfer, sell, lease, license, mortgage, pledge, surrender, encumber, divest, cancel, abandon or allow to lapse or expire or otherwise dispose of any material assets, rights, properties or businesses, in whole or in part, except in the ordinary course of business consistent with past practice, for non-exclusive licenses and sales or other dispositions of obsolete assets, or pursuant to Contracts in effect prior to the date hereof;

(xx) except as required pursuant to the terms of any Benefit Plan in effect as of the date hereof or as otherwise required by applicable Law, (A) increase in any manner the compensation or consulting fees, bonus, pension, welfare, fringe or other benefits, severance or termination pay of any director, officer, employee or independent contractor (who is a natural person) of the Company or any of its Subsidiaries, other than base salary and wage rate increases (and corresponding increases in bonus or incentive opportunities), as applicable, for non- officer employees with an

TABLE OF CONTENTS

annual base compensation of less than $175,000 in the ordinary course of business and consistent with past practice, (B) become a party to, establish, adopt, amend, commence participation in or terminate any Benefit Plan or any arrangement that would have been a Benefit Plan had it been entered into prior to this Agreement, (C) grant any new awards, or amend or modify the terms of any outstanding awards (including, without limitation, any Company Equity Awards), (D) take any action to accelerate the vesting, lapsing of restrictions or payment, or to fund or in any other way secure the payment, of compensation or benefits under any Benefit Plan, (E) change any actuarial or other assumptions used to calculate funding obligations with respect to any Benefit Plan that is required by applicable Law to be funded or to change the manner in which contributions to such plans are made or the basis on which such contributions are determined, except as may be required by GAAP, (F) forgive any loans or issue any loans to directors, officers or employees of the Company or any of its Subsidiaries (except for loans made in the ordinary course of business consistent with past practice and not in excess of $100,000 individually or $500,000 in the aggregate), (G) hire any employee or engage any independent contractor (who is a natural person) with an annual salary or wage rate or consulting fees in excess of $175,000 or (H) terminate the employment of any executive officer other than for cause or permanent disability;

(xxi) recognize any union, works council or other labor organization as the representative of any of the employees of the Company or any of the Subsidiaries, or enter into any Company Labor Agreement, in each case, except as required by applicable Law;

(xxii) amend any Privacy Policies or the operation or security of any material IT Assets used in their businesses other than in the ordinary course of business consistent with past practice and in a manner that does not, on a net basis, when taking into account the potential benefits of such change, adversely affect the Company or its Subsidiaries or its other material IT Assets, as applicable; or

(xxiii) agree, commit, arrange, authorize, resolve or enter into any understanding to do any of the foregoing.

(c) Subject to Section 7.2(g), the Company shall not waive obligations with respect to the disclosure of confidential information in confidentiality agreements entered into with any Person with respect to an Acquisition Proposal on or prior to the date hereof.

(d) Nothing contained in this Agreement is intended to give Parent, directly or indirectly, the right to control or direct the Company s or its Subsidiaries operations prior to the Effective Time, and nothing contained in this Agreement is intended to give the Company, directly or indirectly, the right to control or direct Parent s or its Subsidiaries operations. Prior to the Effective Time, each of Parent and the Company shall exercise, consistent with the terms and conditions of this Agreement, complete control and supervision over its and its Subsidiaries respective operations.

7.2. Go-Shop; Acquisition Proposals.

(a) Go-Shop Period. Notwithstanding anything to the contrary contained in this Agreement, but subject to Section 7.2(b) and Section 7.3, during the period beginning on the date hereof and ending one minute after 11:59 p.m. (New York City time) on the twenty-fifth calendar day after the date hereof (the Go-Shop Period), the Company, its Subsidiaries and their respective Representatives shall have the right to directly or indirectly:

(i) initiate, solicit, facilitate and encourage Acquisition Proposals (or inquiries, proposals or offers or other efforts or attempts that may reasonably be expected to lead to an Acquisition Proposal), including by way of providing access to nonpublic information to any Person and its Representatives, its Affiliates and its prospective equity and debt financing sources pursuant to a confidentiality agreement on terms that are no more favorable to such Person than those contained in the Confidentiality Agreements (unless the Company offers to amend the Confidentiality

Agreements to reflect such more favorable terms), it being understood that such confidentiality agreement need not include explicit or implicit standstill provisions that would restrict the making, amendment or modification of a confidential Acquisition Proposal; provided, however, that the Company shall not pay, agree to pay or cause to be paid, or reimburse, agree to reimburse or cause to be reimbursed the expenses of any such Person in connection with any Acquisition Proposals (or inquiries, proposals or offers or other efforts or attempts that may lead to an Acquisition Proposal), in each case, without the prior consent of Parent; provided further, however, that (x) any such nonpublic information has previously been made available to Parent or shall be made available to Parent prior to, or substantially concurrently with, the time such information is made available to such Person, and (y) any competitively sensitive information or data provided to any such Person who is, or whose Affiliates include, a direct

TABLE OF CONTENTS

competitor, supplier or customer of the Company or any of its Subsidiaries will be provided in a separate clean data room and subject to customary clean team arrangements regarding access to such information or data, as reasonably determined by the Company with advice from its outside legal counsel; and

(ii) enter into, engage in, continue or otherwise participate in any discussions or negotiations with any Person or groups of Persons and their Representatives, their Affiliates and their prospective equity and debt financing sources regarding an Acquisition Proposal (or inquiries, proposals or offers or other efforts or attempts that may reasonably be expected to lead to an Acquisition Proposal), and otherwise cooperate with or assist or participate in or facilitate any such inquiries, proposals, offers, attempts, discussions or negotiations or any effort or attempt to make any Acquisition Proposals.

(b) No Solicitation or Negotiation. The Company agrees that, except as expressly permitted by this Section 7.2, the Company and its Subsidiaries and the directors, officers and employees of it and its Subsidiaries shall, and that it shall instruct and use its reasonable best efforts to cause its and its Subsidiaries investment bankers, attorneys, accountants and other advisors or representatives (such directors, officers, employees, investment bankers, attorneys, consultants, accountants and other advisors or representatives, collectively, Representatives) to (x) at 12:00 a.m. (New York city time) on the twenty-sixth calendar day after the date hereof (the No-Shop Period Start Date) immediately cease all actions permitted by Section 7.2(a) with any Persons that may be ongoing with respect to an Acquisition Proposal, and (y) from the No-Shop Period Start Date until the earlier of the Effective Time or the termination of this Agreement in accordance with Article IX, not:

(i) initiate, solicit or knowingly facilitate or encourage any inquiries or the making of any proposal or offer that constitutes, or would reasonably be expected to lead to, any Acquisition Proposal;

(ii) engage in, continue or otherwise participate in any discussions or negotiations regarding, or that would reasonably be expected to lead to, an Acquisition Proposal, or provide any nonpublic information or data to any Person in connection with the foregoing, in each case, except to notify such Person of the existence of the provisions of this Section 7.2;

(iii) take any action to exempt any third party from the restrictions on business combinations contained in Section 203 of the DGCL or any other applicable Takeover Statute or otherwise cause such restrictions not to apply; or

(iv) resolve or agree to do any of the foregoing.

Notwithstanding anything to the contrary in the foregoing provisions of this Section 7.2(b), at any time following the No-Shop Period Start Date and prior to the time, but not after, the Requisite Company Vote is obtained, the Company and its Representatives may (A) in response to a request therefor by a Person who has made an unsolicited *bona fide* written Acquisition Proposal that did not result from a breach of this Section 7.2(b), provide information to such Person and its Representatives, its Affiliates and its prospective equity and debt financing sources, if the Company receives from the Person so requesting such information an executed confidentiality agreement on terms that are no more favorable to such Person than those contained in the Confidentiality Agreements (unless the Company offers to amend the Confidentiality Agreements to reflect such more favorable terms); it being understood that such confidentiality agreement need not include explicit or implicit standstill provisions that would restrict the making, amendment or modification of a confidential Acquisition Proposal; provided, however, that that the Company shall not pay, agree to pay or cause to be paid, or reimburse, agree to reimburse or cause to be reimbursed the expenses of any such Person in connection with any Acquisition Proposals (or inquiries, proposals or offers or other efforts or attempts that may lead to an Acquisition Proposal), in each case, without the prior consent of Parent; provided further, however, that (x) any such nonpublic information has previously been made available to Parent or shall be made available to Parent prior to, or substantially concurrently with, the time such information is made available to such

Person, and (y) any competitively sensitive information or data provided to any such Person who is, or whose Affiliates include, a direct competitor, supplier or customer of the Company or any of its Subsidiaries will be provided in a separate clean data room and subject to customary clean team arrangements regarding access to such information or data, as reasonably determined by the Company with advice from its outside legal counsel, or (B) engage or otherwise participate in any discussions or negotiations with any Person who has made such an unsolicited *bona fide* written Acquisition Proposal, if and only to the extent that, (I) prior to taking any action described in clause (A) or (B) directly above, the Company Board determines in good faith, after consultation with its outside legal counsel and financial advisor, that failure to take such action, in light of the Acquisition Proposal and the terms of this Agreement, would be reasonably likely to be inconsistent with the directors fiduciary duties under

TABLE OF CONTENTS

applicable Law and (II) in each such case referred to in clause (A) or (B) directly above, the Company Board has determined in good faith, based on the information then available and after consultation with its outside legal counsel and financial advisor, that such Acquisition Proposal either constitutes a Superior Proposal or would reasonably be expected to result in a Superior Proposal.

(c) No Change in Recommendation or Alternative Acquisition Agreement. Except as set forth in this Section 7.2(c), the Company Board and each committee of the Company Board shall not:

(i) (A) withhold, withdraw, qualify or modify (or publicly propose or resolve to withhold, withdraw, qualify or modify), in a manner adverse to Parent, the Company Recommendation with respect to the Merger, (B) authorize, approve, recommend or otherwise declare advisable, or publicly propose to authorize, approve, recommend or otherwise declare advisable, any Acquisition Proposal or proposal reasonably likely to lead to an Acquisition Proposal, (C) fail to include the Company Recommendation in the Proxy Statement, (D) take any action or make any recommendation or public statement in connection with a tender offer or exchange offer other than an unequivocal recommendation against such offer or a temporary stop, look and listen communication by the Company Board of the type contemplated by Rule 14d-9(f) under the Exchange Act in which the Company Board or the Company indicates that the Company Board has not changed the Company Recommendation or (E) fail to reaffirm the Company Recommendation within the earlier of three Business Days prior to the Stockholders Meeting and five Business Days after receiving a written request to do so from Parent (any of the foregoing, a Change of Recommendation); or

(ii) except as expressly permitted by, and after compliance with, the last paragraph of this Section 7.2(c), cause or permit the Company or any of its Subsidiaries to enter into any letter of intent, memorandum of understanding, agreement in principle, acquisition agreement, merger agreement or other similar agreement (other than a confidentiality agreement referred to in Section 7.2(a) or 7.2(b) entered into in compliance with Section 7.2(a) or 7.2(b)) (an Alternative Acquisition Agreement) relating to any Acquisition Proposal or otherwise resolve or agree to do so.

Notwithstanding anything to the contrary set forth in this Section 7.2(c), the Company Board may, prior to but not after the time the Requisite Company Vote is obtained, (A) make a Change of Recommendation if an Intervening Event has occurred and the Company Board determines in good faith, after consultation with its outside legal counsel and financial advisor, that failure to take such action would reasonably be expected to be inconsistent with the directors fiduciary duties under applicable Law or (B) make a Change of Recommendation or, prior to the expiration of the Go-Shop Period only, authorize the Company to terminate this Agreement pursuant to Section 9.3(a) if the Company receives an Acquisition Proposal and (I) prior to taking such action, the Company Board determines in good faith, after consultation with its outside legal counsel and financial advisor, that failure to take such action, in light of the Acquisition Proposal and the terms of this Agreement, would reasonably be expected to be inconsistent with the directors fiduciary duties under applicable Law and (II) the Company Board has determined in good faith, based on the information then available and after consultation with its outside legal counsel and financial advisor, that such Acquisition Proposal constitutes a Superior Proposal; provided that the Company Board may not take any such action unless (I) there has been no breach of this Section 7.2, (II) prior to making such Change of Recommendation or authorizing such termination to enter into a definitive written agreement with respect to such Superior Proposal pursuant to Section 9.3(a), the Company provides prior written notice to Parent at least five Business Days in advance (the Notice Period) of its intention to take such action and the basis thereof, which notice shall include, in the case of a Superior Proposal, all required information under Section 7.2(f) and, in the case of an Intervening Event, a reasonably detailed description of such Intervening Event, (III) during the Notice Period the Company shall, and shall cause its Representatives to, negotiate with Parent in good faith (including providing Parent the opportunity to make a presentation to the Company Board regarding this Agreement and any adjustments thereto) should Parent propose to make amendments or other revisions to the terms and conditions of this Agreement such that, in the case of a Superior Proposal, such Acquisition Proposal no longer constitutes a Superior Proposal and, in the case of an Intervening

Event, the failure to take such action would no longer reasonably be expected to be inconsistent with the directors fiduciary duties under applicable Law as determined by the Company Board in good faith after consultation with its outside legal counsel and financial advisor and (IV) the Company Board has taken into account any amendments or other revisions to the terms and conditions of this Agreement agreed to by Parent in writing prior to the end of the Notice Period and determined in good faith, after consultation with its outside legal counsel and financial advisor, that a failure to make such Change of Recommendation continues to reasonably be expected to be

TABLE OF CONTENTS

inconsistent with the directors fiduciary duties under applicable Law; it being understood that any amendments or other revisions to any Acquisition Proposal will be deemed to be a new Acquisition Proposal, including for purposes of the Notice Period; provided, however, that subsequent to the initial Notice Period, the Notice Period shall be reduced to three Business Days.

(d) Certain Permitted Disclosure. Nothing contained in this Section 7.2 shall prohibit the Company from (i) taking and disclosing a position contemplated by Rule 14d-9, Rule 14e-2(a)(2) or (3) or Item 1012(a) of Regulation M-A promulgated under the Exchange Act or (ii) making any disclosure that constitutes a stop, look and listen communication pursuant to Section 14d-9(f) promulgated under the Exchange Act, which actions shall not constitute or be deemed to constitute a Change of Recommendation; provided, however, that, if such disclosure does not reaffirm the Company Recommendation or has the effect of withdrawing or adversely modifying the Company Recommendation, such disclosure shall be deemed to be a Change of Recommendation and Parent shall have the right to terminate this Agreement as set forth in Section 9.4(a).

(e) Existing Discussions. The Company agrees that, from and after the No-Shop Period Start Date, it will cease and cause to be terminated any existing activities, solicitations, discussions or negotiations with any parties conducted theretofore with respect to any Acquisition Proposal. The Company agrees that it will take the necessary steps to promptly inform the individuals or entities referred to in the first sentence of this Section 7.2(e) of the obligations undertaken in this Section 7.2. The Company also agrees that it will as promptly as possible (and in all events within twenty-four hours of the expiration of the Go-Shop Period) (i) request each Person that has executed a confidentiality agreement in connection with any Acquisition Proposal or its consideration of any Acquisition Proposal to return or destroy all confidential information furnished to such Person by or on behalf of it or any of its Subsidiaries and (ii) terminate any data room or other diligence access of such Person.

(f) Notice. In addition to the Company s obligation to provide prior written notices to Parent pursuant to Section 7.2(c), within twenty-four hours of the expiration of the Go-Shop Period, the Company shall (x) notify Parent in writing of the identity of each Person who signed a confidentiality agreement contemplated by Section 7.2(a) or from whom the Company received an Acquisition Proposal after the beginning of the Go-Shop Period and prior to the No-Shop Period Start Date and (y) provide Parent with unredacted copies of any written requests, proposals or offers, including proposed agreements, and the material terms and conditions of any proposals or offers (or where no such copies are available, a reasonably detailed written description thereof). From and after the No-Shop Period Start Date, the Company agrees that it will promptly (and, in any event, within twenty-four hours) notify Parent if any inquiries, proposals or offers with respect to an Acquisition Proposal or that may reasonably be expected to lead to an Acquisition Proposal are received by, any information in connection therewith is requested from, or any discussions or negotiations related thereto are sought to be initiated or continued with, it or any of its Representatives indicating, in connection with such notice, the name of such Person making the Acquisition Proposal and providing unredacted copies of any written requests, proposals or offers, including proposed agreements, the material terms and conditions of any proposals or offers (or where no such copies are available, a reasonably detailed written description thereof) and thereafter shall keep Parent reasonably informed, on a current basis, of the status and terms of any such inquiries, proposals or offers (including any amendments thereto) and the status of any such discussions or negotiations, including any change in the Company s intentions as previously notified.

(g) Standstills. During the period commencing with the execution and delivery of this Agreement and continuing until the earlier to occur of the termination of this Agreement pursuant to Article IX and the Effective Time, the Company shall not terminate, amend, modify or waive any provision of any confidentiality agreement, Standstill Agreement or similar agreement to which the Company or any of its Subsidiaries is a party and shall enforce, to the fullest extent permitted under applicable Law, the provisions of any such agreement, including by obtaining injunctions to prevent any breaches of such agreements and to enforce specifically the terms and provisions thereof. Notwithstanding anything to the contrary contained in this Agreement, the Company shall be permitted to terminate,

amend, modify, waive or fail to enforce any provision of any confidentiality agreement, Standstill Agreement or similar agreement to the extent the Company Board determines in good faith, after consultation with its outside legal counsel and financial advisor, that failure to take such action would reasonably be expected to be inconsistent with the directors fiduciary duties under applicable Law. The Company acknowledges and agrees that nothing in the Confidentiality Agreements shall prohibit, prevent or restrict the ability of Parent or any Person acting on behalf of Parent to propose or make amendments or other revisions to the terms and conditions of this Agreement or otherwise exercise its rights under the last paragraph of Section 7.2(c) and any acts taken in connection therewith shall under no circumstances be considered a breach of either of the Confidentiality Agreements.

TABLE OF CONTENTS

7.3. Proxy Filing; Information Supplied.

(a) The Company shall prepare and file with the SEC, as promptly as practicable after the date hereof, and in any event within five Business Days after the expiration of the Go-Shop Period, a proxy statement in preliminary form relating to the Stockholders Meeting (such proxy statement, including any amendment or supplement thereto, the Proxy Statement). The Company agrees, as to itself and its Subsidiaries, that (i) the Proxy Statement will comply in all material respects with the applicable provisions of the Exchange Act and the rules and regulations thereunder and (ii) none of the information included by it or any of its Subsidiaries for inclusion or incorporation by reference in the Proxy Statement will, at the date of mailing to stockholders of the Company or at the time of the Stockholders Meeting, contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading. Except to the extent expressly permitted by Section 7.2(c), the Proxy Statement shall include the Company Recommendation and, unless there has been a Change of Recommendation in accordance with Section 7.2(c), the Company will continue to use its reasonable best efforts to obtain the Requisite Company Vote including the solicitation of proxies therefor.

(b) The Company will provide Parent and its legal counsel with a reasonable opportunity to review and comment on drafts of the Proxy Statement and other documents related to the Stockholders Meeting prior to filing such documents with the applicable Governmental Entity and mailing such documents to the Company s stockholders. The Company will consider in good faith for inclusion in the Proxy Statement and such other documents related to the Stockholders Meeting all comments reasonably and promptly proposed by Parent or its legal counsel and the Company agrees that all information relating to Parent and its Subsidiaries included in the Proxy Statement shall be in form and content satisfactory to Parent, acting reasonably. The Company shall ensure that the Proxy Statement (i) will not on the date it is first mailed to stockholders of the Company and at the time of the Stockholders Meeting or filed with the SEC (as applicable) contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances under which they are made, not misleading and (ii) will comply as to form in all material respects with the applicable requirements of the Exchange Act. Notwithstanding the foregoing, (A) the Company assumes no responsibility with respect to information supplied in writing by or on behalf of Parent or Merger Sub or their Affiliates for inclusion or incorporation by reference in the Proxy Statement and (B) Parent, Merger Sub and their respective Affiliates assume no responsibility with respect to information supplied in writing by or on behalf of the Company or its Affiliates for inclusion or incorporation by reference in the Proxy Statement. If at any time prior to the Stockholders Meeting any information relating to the Company or Parent, or any of their respective Affiliates, should be discovered by a party, which information should be set forth in an amendment or supplement to the Proxy Statement, so that either the Proxy Statement would not include any misstatement of a material fact or omit to state any material fact necessary to make the statements therein, in light of the circumstances under which they are made, not misleading, the party that discovers such information shall promptly notify the other party and the Company shall prepare (with the assistance of Parent) and mail to its stockholders such an amendment or supplement, in each case, to the extent required by applicable Law. The Company agrees to cause the Proxy Statement as so corrected or supplemented promptly to be filed with the SEC and to be disseminated to its stockholders, in each case as and to the extent required by applicable Law.

7.4. Stockholders Meeting.

(a) The Company will take, in accordance with applicable Law and its certificate of incorporation and bylaws, all action necessary to convene a meeting of holders of Shares (the Stockholders Meeting) as promptly as practicable and in any event on the thirtieth calendar day immediately following the date of mailing of the Proxy Statement (and if such day is not a Business Day, on the first Business Day subsequent to such day), to consider and vote upon the adoption of this Agreement and to cause such vote to be taken, and shall not postpone, recess or adjourn such meeting

except to the extent required by applicable Law and with prior notice to Parent or, if, (i) on a date that is two Business Days prior to the date the Stockholders Meeting is scheduled (the Original Date), (A) the Company has not received proxies representing the Requisite Company Vote, whether or not a quorum is present or (B) it is necessary to ensure that any supplement or amendment to the Proxy Statement is required to be delivered and in each case, if Parent so requests, the Company shall postpone, recess or adjourn, or make one or more successive postponements, recesses or adjournments of, the Stockholders Meeting as long as the date of the Stockholders Meeting is not postponed, recessed or adjourned more than ten days in connection with any one postponement, recess or adjournment or more than an aggregate of thirty days from the Original Date in reliance on

TABLE OF CONTENTS

the preceding sentence or (ii) within the five Business Days prior to the Original Date or any date that the Stockholders Meeting is then scheduled to be held, the Company delivers a notice of an intent to make a Change of Recommendation, Parent may direct the Company to postpone, recess or adjourn the Stockholders Meeting for up to ten Business Days and the Company shall promptly, and in any event no later than the next Business Day, postpone, recess or adjourn the Stockholders Meeting in accordance with Parent s direction.

(b) Once the Company has established a record date for the Stockholders Meeting, the Company will not change such record date or establish a different record date for the Stockholders Meeting without the prior written consent of Parent (such consent not to be unreasonably withheld, conditioned or delayed). The Company agrees that, unless this Agreement is terminated in accordance with its terms, and, to the extent required by the terms of this Agreement, the Company has paid to Parent the Termination Fee in accordance with Section 9.5(b), its obligations to hold the Stockholders Meeting pursuant to this Section 7.4 shall not be affected in any manner, including in connection with (i) the making of a Change of Recommendation by the Company Board or (ii) the commencement of or announcement or disclosure of or communication to the Company of any Acquisition Proposal.

(c) Unless and until the Company Board shall have effected a Change of Recommendation in accordance with Section 7.2(c), the Company Board shall make the Company Recommendation.

(d) The Company agrees to provide Parent reasonably detailed periodic updates concerning proxy solicitation results on a timely basis (including, if requested, promptly providing daily voting reports). Without the prior written consent of Parent, the adoption of this Agreement will be the only matter (other than related procedural matters) that the Company will propose to be acted on by the Company s stockholders at the Stockholders Meeting.

7.5. Filings; Other Actions; Notification.

(a) Proxy Statement. The Company shall promptly notify Parent of the receipt of all comments of the SEC with respect to the Proxy Statement and of any request by the SEC for any amendment or supplement thereto or for additional information and without limiting the generality of the undertakings pursuant to this Section 7.5, will (i) promptly provide to Parent copies of all correspondence between the Company and the SEC with respect to the Proxy Statement, (ii) provide Parent, its financial advisors and legal counsel a reasonable opportunity to review the Company s proposed response to such comments, (iii) consider in good faith any comments proposed by Parent, its financial advisors and legal counsel and (iv) provide Parent and its counsel a reasonable opportunity to participate in any discussions or meetings with the SEC (or portions of any such meetings that relate to the Proxy Statement). The Company shall use its reasonable best efforts to promptly provide responses to the SEC with respect to all comments received on the Proxy Statement by the SEC, and the Company shall cause the definitive Proxy Statement to be mailed as promptly as possible after the date the SEC staff advises that it has no further comments thereon or that the Company may commence mailing the Proxy Statement.

(b) Cooperation. Subject to the terms and conditions set forth in this Agreement, the Company and Parent shall cooperate with each other and use (and shall cause their respective Subsidiaries to use) their respective reasonable best efforts to take or cause to be taken all actions, and do or cause to be done all things, reasonably necessary, proper or advisable on its part under this Agreement and applicable Laws to consummate and make effective the Merger and the other transactions contemplated by this Agreement as soon as practicable, including, subject to the other provisions of this Section 7.5, preparing and filing as promptly as reasonably practicable all documentation to effect all necessary notices, reports and other filings and to obtain as promptly as reasonably practicable all consents, registrations, approvals, permits and authorizations necessary or advisable to be obtained from any third party and/or any Governmental Entity in order to consummate the Merger or any of the other transactions contemplated by this Agreement including the Company Approvals and the Parent Approvals. Subject to applicable Laws relating to the exchange of information, Parent shall have the right to direct all matters with any Governmental Entity consistent with

its obligations hereunder; provided that, subject to applicable Law, Parent and the Company shall have the right to review in advance and, to the extent practicable, each will consult with the other on and consider in good faith the views of the other in connection with any material correspondence, filings or communications with any third party and/or any Governmental Entity in connection with the Merger and the other transactions contemplated by this Agreement; provided, however, that such materials may be redacted (x) to remove references concerning the valuation of the Company, (y) as necessary to comply with contractual arrangements, and (z) as necessary to address reasonable attorney-client or other privilege or confidentiality concerns, to the extent that such attorney-client or other privilege or confidentiality concerns are not governed by a common interest privilege or doctrine; provided, further, that Parent and the Company may, as each deem advisable and necessary, designate

TABLE OF CONTENTS

any competitively sensitive information provided to the other under this Section 7.5 as outside counsel only. Such materials and the information contained therein shall be given only to outside counsel of the recipient and will not be disclosed by such outside counsel to employees, officers or directors of the receiving party unless advance, express permission is given from the source of the materials (Parent or the Company, as the case may be). In exercising the foregoing rights, each of the Company and Parent shall act reasonably and as promptly as practicable. Notwithstanding anything to the contrary contained in this Agreement, all obligations of the Company, Parent and Merger Sub to obtain the Financing or any other financing for the transactions contemplated hereby shall be governed exclusively by Sections 7.12, 7.13, 7.14 and 7.15, and not this Section 7.5.

(c) Certain Regulatory Matters.

(i) Without limiting the generality of, and in furtherance of, Section 7.5(b), each of the Parties, as applicable, agrees to prepare and file, within ten Business Days of the date hereof, an appropriate filing of a Notification and Report Form pursuant to the HSR Act and, as promptly as reasonably practicable, any filings or reports required under any applicable non-U.S. antitrust, competition or foreign investment Laws identified in Section 8.1(b) of the Company Disclosure Letter. The Company and Parent shall each request early termination of the waiting period with respect to the Merger under the HSR Act. Subject to the terms and conditions set forth in this Agreement, without limiting the generality of the undertakings pursuant to this Section 7.5, each of the Company and Parent agree to, as promptly as reasonably practicable, provide or cause to be provided to each and every federal, state, local or foreign court or Governmental Entity with jurisdiction over enforcement of any applicable antitrust, competition and foreign investment Laws (Government Regulatory Entity) non-privileged information and documents requested by any Government Regulatory Entity or that are necessary, proper or advisable to permit consummation of the Merger and the other transactions contemplated by this Agreement.

(ii) Without limiting the generality of Section 7.5(b), Parent shall, and shall cause each of its Subsidiaries to, use reasonable best efforts to take any and all steps necessary to avoid or eliminate each and every impediment under any Law that may be asserted by any Government Regulatory Entity or any other party so as to enable the parties hereto to consummate the Merger and the other transactions contemplated by this Agreement as promptly as practicable, and in any event prior to the Outside Date, including proposing, negotiating, committing to and effecting, by consent decree, hold separate orders, or otherwise, the sale, divestiture, license or other disposition of such of its and their assets, properties or businesses or of the assets, properties or businesses to be acquired by Parent pursuant hereto, and entering into such other arrangements, as are necessary in order to avoid the entry of, and the commencement of litigation seeking the entry of, or to effect the dissolution of, any injunction, temporary restraining order or other Order in any suit or proceeding that would otherwise have the effect of materially delaying or preventing the consummation of the Merger and the other transactions contemplated by this Agreement; provided, that any such sale, divestiture, license or other disposition referred to above is conditioned upon clearance under the HSR Act and any applicable non-U.S. antitrust, competition or foreign investment Laws identified in Section 8.1(b) of the Company Disclosure Letter and consummation of the Merger and the other transactions contemplated by this Agreement.

(iii) Parent shall not, and shall not permit its Subsidiaries to, enter into any transaction, or any agreement to effect any transaction (including any merger or acquisition) that would reasonably be expected to materially delay satisfaction of the condition set forth in Section 8.1(b) or otherwise prevent the consummation of the Merger or the other transactions contemplated by this Agreement.

(d) Licenses. Without limiting the generality of, and in furtherance of, Section 7.5(b), each of the Parties, as applicable, agrees (i) to prepare and file (and cause its Affiliates to prepare and file; provided that the foregoing shall not apply to any portfolio company of Silver Lake Partners or any of Affiliates in its capacity as such), as promptly as reasonably practicable after the date hereof (and in no event more than twenty Business Days), with any Governmental Entity (including the U.K. Financial Conduct Authority) with whom any filings or reports are required

to be filed, or to whom any notifications are required to be made, or from whom any approvals, consents or waivers are required to be obtained, in connection with a change of control of the Company or any Subsidiary of the Company holding Money Transmitter Licenses, all filings or reports required to be so filed, all notifications required to be so made and all documentation required to obtain such approval, consent or waiver as promptly as practicable, and (ii) to cooperate with each other and use (and cause their respective Affiliates to use; provided that the foregoing shall not apply to any portfolio company of Silver Lake Partners or of any of its Affiliates in its capacity as such) their respective reasonable best efforts to take or cause to be taken all actions, and do or cause to be done all things, reasonably necessary, proper or advisable on its part to obtain as promptly as practicable any approval, consent or

TABLE OF CONTENTS

waiver of any Governmental Entity (including the U.K. Financial Conduct Authority) required in connection with a change of control of the Company or any Subsidiary of the Company holding Money Transmitter Licenses; provided, however, that in no event shall any Person other than Parent or the Company or any of their respective Subsidiaries be required in connection therewith to assume, guarantee or endorse, or otherwise become responsible for, the obligations of any other Person (including by entering into any capital maintenance, keep well or similar agreements or arrangements).

(e) Information. Subject to applicable Law, the Company and Parent each shall, upon request by the other, furnish the other as promptly as reasonably practicable with all information concerning itself, its Subsidiaries, directors, officers and stockholders and such other matters as may be reasonably necessary or advisable in connection with the Proxy Statement or any other statement, filing, notice or application made by or on behalf of Parent, the Company or any of their respective Subsidiaries to any third party and/or any Governmental Entity in connection with the Merger and the other transactions contemplated by this Agreement.

(f) Status. Subject to applicable Laws and as required by any Governmental Entity, the Company and Parent each shall keep the other apprised of the status of matters relating to completion of the transactions contemplated hereby, including promptly notifying the other party of any substantive or material communication with any other Governmental Entity and promptly furnishing the other with copies of notices or other communications received by Parent or the Company, as the case may be, or any of its Subsidiaries, from any third party and/or any Governmental Entity with respect to the Merger and the other transactions contemplated by this Agreement. Neither the Company nor Parent shall permit any of its officers or any other representatives or agents to participate in any meeting, telephone call, or discussion with any Governmental Entity in respect of any filings, investigation or other inquiry relating to the transactions contemplated hereby unless it consults with the other Party in advance and, to the extent permitted by such Governmental Entity, gives the other Party the opportunity to attend and participate thereat.

(g) Third-Party Consents. Notwithstanding anything to the contrary in this Agreement, the Company shall be solely responsible for and shall use its, and shall cause its Subsidiaries to use their, reasonable best efforts to take or cause to be taken all actions, and do or cause to be done all things, reasonably necessary and proper or advisable on its part under this Agreement and applicable Law to obtain as promptly as reasonably practicable all Third-Party Consents and in connection therewith, neither the Company nor any of its Subsidiaries will make or agree to make any payment of a consent fee, profit sharing payment or other consideration (including increased or accelerated payments) or concede anything of monetary or economic value, for the purposes of obtaining any such Third-Party Consents without the prior consent of Parent.

7.6. Access and Reports. Subject to applicable Law and any applicable privileges and protections (including attorney-client privilege, attorney work-product protections and confidentiality protections) and contractual confidentiality obligations, in each case that would not reasonably be expected to be preserved or maintained through counsel-to-counsel disclosure, redaction or other customary procedures (and with respect to any contractual confidentiality obligations, so long as the Company has taken, or has caused its Subsidiaries, as applicable, to take, commercially reasonable efforts to obtain a waiver with respect to such contractual confidentiality obligations), upon reasonable prior written notice, the Company shall (and shall cause its Subsidiaries to) afford Parent s officers and other Representatives (including, to the extent requested by Parent, the Debt Financing Sources and consultants) reasonable access, during normal business hours throughout the period prior to the Effective Time, to its employees, properties, books, contracts and records and, during such period, the Company shall (and shall cause its Subsidiaries to) furnish promptly to Parent all information concerning its business, properties and personnel as may reasonably be requested (including, to the extent requested by Parent, the Debt Financing Sources and consultants); provided that no investigation pursuant to this Section 7.6 shall affect or be deemed to modify any representation or warranty made by the Company herein; and provided further, that the foregoing shall not require the Company (a) to permit any inspection, or to disclose any information, that in the reasonable judgment of the Company would result in the

disclosure of any trade secrets of third parties or violate any of its obligations with respect to confidentiality if the Company shall have used reasonable best efforts to obtain the consent of such third party to such inspection or disclosure or (b) to disclose any privileged information of the Company or any of its Subsidiaries, it being agreed that, in each case of clause (a) and (b), the Company shall give notice to Parent of the fact that it is withholding such information or documents and thereafter the Company and Parent shall use their respective reasonable best efforts to cause such information to be provided in a manner that would not reasonably be expected to violate such restriction or waive the applicable privilege or protection. All such information shall be governed by the terms of the Confidentiality Agreements; provided that (A) Parent shall be permitted to involve, and to disclose such information

TABLE OF CONTENTS

in connection with seeking, equity co-investors, subject to customary confidentiality undertakings and (B) the disclosure of information to the Debt Financing Sources pursuant to Section 7.14 or otherwise shall not require the prior written consent of the Company pursuant to the Confidentiality Agreements and may be made pursuant to the Debt Commitment Letter or other customary confidentiality undertakings from such Debt Financing Sources in the context of customary syndication practices.

7.7. Deregistration and Delisting. Prior to the Effective Time, the Company shall cooperate with Parent and use reasonable best efforts to take, or cause to be taken, all actions, and do or cause to be done all things, reasonably necessary, proper or advisable on its part under applicable Law and rules and policies of the NASDAQ to enable the delisting by the Company of the Shares from the NASDAQ and the deregistration of the Shares under the Exchange Act promptly after the Effective Time. Parent shall use commercially reasonable efforts to cause the Company to be in a position to promptly file and file with the SEC (a) a Form 25 on the Closing Date and (b) a Form 15 on the first Business Day that is at least ten days after the date the Form 25 is filed (such period between the Form 25 filing date and the Form 15 filing date, the Delisting Period). If the Company is reasonably likely to be required to file any quarterly or annual reports pursuant to the Exchange Act during the Delisting Period, the Company will deliver to Parent at least three Business Days prior to Closing a draft, which is sufficiently developed such that it can be timely filed with a reasonable amount of effort within the time available, of any such reports reasonably likely to be required to be filed during the Delisting Period (Post-Closing SEC Reports). The Post-Closing SEC Reports provided by the Company pursuant to this Section 7.7 will not contain any untrue statement of a material fact (including any opinion) or omit to state any material fact (including any opinion) required to be stated therein or necessary in order to make the statements made therein, in the light of the circumstances under which they were made, not misleading and comply in all material respects with the provisions of applicable Law. The Company agrees that, from and after the date hereof and prior to the Effective Time, neither the Company nor any of its Subsidiaries shall (i) file any registration statement (other than on Form S-8 and other than prospectus supplements to existing registration statements) or (ii) consummate any unregistered offering of securities that by the terms of such offering requires subsequent registration under the Securities Act.

7.8. Publicity. The initial press release regarding the Merger and the other transactions contemplated hereby shall be a joint press release and thereafter the Company and Parent each shall consult with each other prior to issuing any press releases or otherwise making public announcements, disclosures or communications with respect to the Merger and the other transactions contemplated by this Agreement and prior to making any filings, furnishings or submissions of documents with any third party and/or any Governmental Entity (including any national securities exchange or interdealer quotation service) with respect thereto, except as may be required by applicable Law or by obligations pursuant to any listing agreement with or rules of any national securities exchange or interdealer quotation service or by the request of any Governmental Entity, in which case the Party making the disclosure shall give the other Party reasonable opportunity to review and comment upon such disclosure or communication to the extent reasonably practicable and legally permitted. Notwithstanding the foregoing, (A) the Company may, without such consultation or consent, make such disclosures and communications in response to inquiries from the press or analysts, or via presentations, publicly available conference calls and other forums to employees, customers, suppliers and investors to the extent such communications are consistent in substance with previous public communications that have been reviewed and previously approved by both the Company and Parent and (B) Parent, Merger Sub and their Affiliates may, without such consultation or consent, make disclosures and communications to existing or prospective general and limited partners, equity holders, members, managers and investors of such Person or any Affiliates of such Person, in each case who are subject to customary confidentiality restrictions, and on such Person s website in the ordinary course of business.

7.9. Employee Benefits.

(a) Parent agrees that each employee of the Company and its Subsidiaries who is employed at the Effective Time (a Continuing Employee) shall, during the period commencing at the Effective Time and ending on the first anniversary of the Effective Time (or if earlier, the date of the Continuing Employee s termination of employment with the Company or the applicable Subsidiary), be provided with (i) base salary or wage rates, as applicable, which are no less than the base salary or wage rates, as applicable, provided by the Company or its Subsidiaries to such Continuing Employee immediately prior to the Effective Time; (ii) target cash incentive or bonus opportunities (excluding equity-based compensation), if any, which are no less than the target incentive or bonus opportunities (excluding equity-based compensation) provided by the Company or its Subsidiaries to such Continuing Employee immediately prior to the Effective Time; (iii) defined contribution retirement benefits and

TABLE OF CONTENTS

welfare benefits that are substantially comparable, in the aggregate, to the defined contribution retirement benefits and welfare benefits provided by the Company or its Subsidiaries to such Continuing Employee immediately prior to the Effective Time and (iv) severance benefits that are no less favorable than the practice, plan or policy in effect for such Continuing Employee immediately prior to the Closing. Parent hereby acknowledges that a change of control (or similar term) within the meaning of the Benefit Plans shall occur at or prior to the Effective Time.

(b) Parent shall (i) cause any pre-existing conditions or limitations. actively-at-work requirements and eligibility waiting periods under any group health, dental, pharmaceutical and vision plans of Parent or its Affiliates to be waived with respect to the Continuing Employees and their eligible dependents, (ii) for purposes of each group health, dental, pharmaceutical and vision plan of Parent or its Affiliates, give each Continuing Employee credit for the plan year in which the Effective Time occurs (or, if later, the plan year in which the Continuing Employee becomes eligible to participate in the applicable benefit plan) towards applicable deductibles. coinsurance and annual out-of-pocket limits for expenses incurred prior to the Effective Time for which payment has been made and (iii) give each Continuing Employee service credit for such Continuing Employee s employment with the Company and its Subsidiaries (and their respective predecessors) for all purposes under each applicable Parent benefit plan, as if such service had been performed with Parent, except for benefit accrual under defined benefit pension plans or to the extent it would result in a duplication of benefits.

(c) Notwithstanding any permitted disclosures under the Confidentiality Agreements but subject to the last sentence of Section 7.8, to the extent reasonably practicable, prior to making any broad-based written or oral communications to the directors, officers or employees of the Company or any of its Subsidiaries pertaining to compensation or benefit matters that are affected by the Merger or the other transactions contemplated by this Agreement, the Company shall provide Parent with a copy of the intended communication, Parent shall have a reasonable period of time to review and comment on the communication, and Parent and the Company shall cooperate in providing any such mutually agreeable communication.

(d) Nothing contained in this Agreement is intended to (i) be treated as an amendment of any particular Benefit Plan, (ii) prevent Parent, the Surviving Corporation or any of their Affiliates from amending or terminating any of their benefit plans or, after the Effective Time, any Benefit Plan in accordance with their terms, (iii) prevent Parent, the Surviving Corporation or any of their Affiliates, after the Effective Time, from terminating the employment of any Continuing Employee, or (iv) create any third-party beneficiary rights in any employee of the Company or any of its Subsidiaries, any beneficiary or dependent thereof, or any collective bargaining representative thereof, with respect to the compensation, terms and conditions of employment and/or benefits that may be provided to any Continuing Employee by Parent, the Surviving Corporation or any of their Affiliates or under any benefit plan which Parent, the Surviving Corporation or any of their Affiliates may maintain.

7.10. Expenses. Except as otherwise provided in Section 9.5, whether or not the Merger is consummated, all costs and expenses incurred in connection with this Agreement, the Merger and the other transactions contemplated by this Agreement shall be paid by the Party incurring such expense, except that the filing fee for Company Approvals and Parent Approvals shall be shared equally by Parent and the Company.

7.11. Indemnification; Directors and Officers Insurance.

(a) From and after the Effective Time until the sixth anniversary thereof, the Surviving Corporation shall and Parent shall cause the Surviving Corporation to indemnify and hold harmless each present and former director and officer of the Company or any of its Subsidiaries (in each case, when acting in such capacity), determined as of the Effective Time (the Indemnified Parties), against any costs or expenses (including reasonable attorneys fees), judgments, fines, losses, claims, damages or liabilities incurred in connection with any Proceeding arising out of matters existing or occurring at or prior to the Effective Time, whether asserted or claimed prior to, at or after the Effective Time, to the

fullest extent that the Company would have been permitted under Delaware Law and its certificate of incorporation or bylaws in effect on the date hereof to indemnify such Person (and Parent or the Surviving Corporation shall also advance expenses as incurred to the fullest extent permitted under applicable Law and the Company s certificate of incorporation or bylaws in effect on the date hereof; provided that the Person to whom expenses are advanced provides an undertaking to repay such advances if it is ultimately determined that such Person is not entitled to indemnification).

(b) At the Company s option, notice of which shall be provided to Parent reasonably in advance of the Effective Time, the Company may (and shall use reasonable best efforts to consult with Parent), or Parent shall cause the Surviving Corporation as of the Effective Time to, obtain and fully pay for tail insurance policies (providing

TABLE OF CONTENTS

only for the Side A coverage for Indemnified Parties where the existing policies also include Side B coverage for the Company) with a claims period of at least six years from and after the Effective Time from an insurance carrier with a credit rating the same as or better than the Company s current insurance carrier with respect to directors and officers liability insurance and fiduciary liability insurance (collectively, D&O Insurance) with benefits and levels of coverage at least as favorable as the Company s existing policies with respect to matters existing or occurring at or prior to the Effective Time (including in connection with this Agreement or the transactions or actions contemplated hereby); provided, however, that in no event shall the Surviving Corporation be required, or, prior to the Effective Time, shall the Company be permitted, to expend for such policies an annual premium amount in excess of 250% of the annual premiums currently paid by the Company for such insurance; and provided further, that if the annual premiums of such insurance coverage exceed such amount, the Surviving Corporation shall obtain a policy with the greatest coverage available for a cost not exceeding such amount.

(c) If Parent or the Surviving Corporation or any of their respective successors or assigns (i) shall consolidate with or merge into any other corporation or entity and shall not be the continuing or surviving corporation or entity of such consolidation or merger or (ii) shall transfer all or substantially all of its properties and assets to any individual, corporation or other entity, then, and in each such case, proper provisions shall be made so that the successors and assigns of Parent or the Surviving Corporation shall assume all of the obligations set forth in this Section 7.11.

(d) Nothing in this Agreement is intended to, shall be construed to or shall release, waive or impair any rights to directors and officers insurance claims under any policy that is or has been in existence with respect to the Company or any of its Subsidiaries for any of their respective directors, officers or other employees including the Indemnified Parties; it being understood and agreed that the indemnification provided for in this Section 7.11 is not prior to or in substitution of any such claims under such policies.

(e) The provisions of this Section 7.11 are intended to be for the benefit of, and shall be enforceable by, each of the Indemnified Parties.

(f) The rights of the Indemnified Parties under this Section 7.11 shall be in addition to any rights such Indemnified Parties may have under the certificate of incorporation or bylaws of the Company or any of its Subsidiaries, or under any applicable Contracts or Laws.

7.12. Convertible Securities.

(a) On the Closing Date, Parent, Merger Sub and the Company shall, as and to the extent required by the Convertible Notes Indenture, execute any supplemental indenture(s) required by the Convertible Notes Indenture and deliver any certificates and other documents required by the Convertible Notes Indenture to be delivered by such persons in connection with such supplemental indenture(s); provided that counsel for the Company shall not be required to give any legal opinions under the Convertible Notes Indenture. Prior to the Effective Time, the Company shall deliver all notices and take all other actions required under the terms of the Convertible Notes or the Convertible Notes Indenture, including, without limitation, the giving of any notices that may be required in connection with the transactions contemplated by this Agreement, including with respect to any repurchases or conversions of the Convertible Notes occurring as a result of or in connection with the transactions contemplated by this Agreement to the extent constituting a Fundamental Change or Make-Whole Fundamental Change, as such terms are defined in the Convertible Notes Indenture; provided, however, that the Company will use commercially reasonable efforts to provide copies of such notice or other document to Parent at least two Business Days prior to delivering any such notice or other document described in this Section 7.12(a) and shall reasonably consider all comments provided by Parent with respect thereto. After the Effective Time, the Surviving Corporation will, and Parent will cause the Surviving Corporation to, comply with its obligations (including any conversion or repurchase obligations) under the Convertible Notes Indenture and any Supplemental Indentures thereto. For the avoidance of doubt, the transactions

contemplated by this Agreement, wherever referred to in this Agreement, shall be deemed to include effecting any repurchases or conversions and taking all other actions required under the terms of the Convertible Notes and the Convertible Notes Indenture. Notwithstanding anything to the contrary in this Section 7.12(a), nothing herein shall require the Company to pay any fees, incur or reimburse any costs or expenses or make any payment in the connection with the Convertible Notes or this Section 7.12(a) (including in connection with the settlement of any conversion obligations), prior to the occurrence of the Effective Time.

(b) Prior to the Effective Time, the Company shall (i) use commercially reasonable efforts to facilitate the settlement of the Convertible Note Hedge Obligations and the Convertible Note Warrants at the Effective Time as

TABLE OF CONTENTS

reasonably requested by Parent (it being understood that any such settlement will be subject to the respective terms of the Convertible Note Hedge Obligations and the Convertible Note Warrants, as such terms may be amended or modified from time to time after the date hereof with the prior written consent of Parent), and (ii) cooperate with Parent with respect to its efforts to settle the Convertible Note Hedge Obligations and the Convertible Note Warrants and the negotiation of any termination payment or valuation related thereto, as applicable; provided that the Company shall not (x) exercise any right that it may have to terminate any of the Convertible Note Hedge Obligations or any of the Convertible Note Warrants or (y) agree to amend or modify the terms relating to, or agree to any amount due upon, the termination or settlement thereof, in each case, without the prior written consent of Parent; provided further, that nothing herein shall require the Company to (A) pay any fees, incur or reimburse any costs or expenses, or make any payment in connection with any Convertible Note Hedge Obligations and the Convertible Note Warrants or pursuant to this Section 7.12(b) prior to the occurrence of the Effective Time or (B) enter into any instrument or agreement, or agree to any change or modification to any instrument or agreement, that is effective prior to the occurrence of the Effective Time.

7.13. Financing.

(a) Parent and Merger Sub shall use reasonable best efforts to take, or cause to be taken, all actions, and shall use reasonable best efforts to do, or cause to be done, all things necessary, proper or advisable to obtain the proceeds of the Financing on the terms and conditions described in the Financing Commitments (including, as necessary, the flex provisions contained in any related fee letter) as promptly as possible but in any event prior to the date upon which the Merger is required to be consummated pursuant to the terms hereof, including by using its reasonable best efforts to (i) maintain in effect the Financing Commitments and comply with its obligations thereunder in all material respects, (ii) negotiate definitive agreements with respect to the Debt Financing (the Definitive Agreements) consistent with the terms and conditions described in the Debt Commitment Letter (including, as necessary, the flex provisions contained in any related fee letter) or, if available, on other terms that (A) are acceptable to Parent in its sole discretion, (B) would not reasonably be expected to delay (taking into account the expected timing of the Marketing Period) or adversely affect the ability of Parent to consummate the transactions contemplated hereby and (C) would otherwise be permitted by Section 7.13(b) and comply with its obligations thereunder, and (iii) taking into account the expected timing of the Marketing Period, satisfy (or, if reasonably required to obtain the Financing, seek the waiver of) on a timely basis all conditions in the Financing Commitments and the Definitive Agreements that are within the control of Parent and its Subsidiaries. In the event that all conditions contained in the Financing Commitments or the Definitive Agreements (except those that, by their nature, are to be satisfied at the Closing) have been satisfied or waived, Parent and Merger Sub shall use their reasonable best efforts to cause the Debt Financing Sources and the Equity Financing Sources thereunder to comply with their respective obligations, including to fund the Financing required to consummate the transactions contemplated by this Agreement and to pay related fees and expenses on the Closing Date. Each of Parent and Merger Sub shall use its reasonable best efforts to comply with its respective obligations, and enforce its respective rights, under the Financing Commitments and Definitive Agreements in a timely and diligent manner. Parent and Merger Sub shall give the Company prompt notice of any material breach by any party to the Financing Commitments or the Definitive Agreements of which Parent or Merger Sub, as applicable, has obtained Knowledge and the receipt of any written notice or other written communication from any Debt Financing Source or Equity Financing Source with respect to any breach, default, termination or repudiation by any party to the Financing Commitments or any Definitive Agreement of any provision thereof.

(b) Neither Parent nor Merger Sub shall, without the prior written consent of the Company: (i) permit any amendment or modification to, or any waiver of any provision or remedy under, the Financing Commitments if such amendment, modification, waiver or remedy (A) adds any new (or adversely modifies any existing) conditions to the consummation of all or any portion of the Financing, (B) reduces the amount of the Financing to an amount that, together with available cash at the Company and its Subsidiaries and other available cash or other funds of Parent and its Subsidiaries, would on the Closing Date be less than the Required Financing Amount, (C) adversely affects in a

material respect the ability of Parent or Merger Sub, as applicable, to enforce its rights against the other parties to the Debt Commitment Letter, the Definitive Agreements or the Equity Commitment Letters, in each case, as so amended, replaced, supplemented or otherwise modified, relative to the ability of Parent or Merger Sub, as applicable, to enforce its rights against the other parties to the Debt Commitment Letter or the Equity Commitment Letters, as applicable, as in effect on the date hereof or (D) could otherwise reasonably be expected to prevent, materially impede or materially delay the consummation of the Merger and the other transactions contemplated by this Agreement (taking into account the expected timing of the Marketing Period); provided, that Parent or Merger Sub may amend the Debt Commitment Letter to add lenders, lead arrangers, bookrunners, syndication agents or

TABLE OF CONTENTS

similar entities that have not executed the Debt Commitment Letter as of the date hereof; or (ii) terminate the Debt Commitment Letter or any of the Equity Commitment Letters unless such Debt Commitment Letter or Equity Commitment Letter, as applicable, is replaced at such time with a new commitment letter that would satisfy the preceding clause (i). Upon any such permitted amendment, supplement, modification, waiver or replacement of the Debt Commitment Letter in accordance with this Section 7.13(b), the terms Debt Commitment Letter and Debt Financing shall refer to the Debt Commitment Letter as so amended, supplemented, modified, waived or replaced and the debt financing contemplated thereby. Parent and Merger Sub shall promptly deliver to the Company copies of any such Debt Commitment Letter or any amendment, supplement, waiver, modification, waiver or replacement of the Equity Commitment Letter.

(c) In the event that any portion of the Debt Financing becomes unavailable, regardless of the reason therefor, Parent and Merger Sub will (i) use reasonable best efforts to obtain alternative debt financing (in an amount sufficient, when taken together with the available portion of the Financing, available cash at the Company and its Subsidiaries and other available cash or other funds of Parent and its Subsidiaries, to provide the Required Financing Amount) from the same or other sources on terms and conditions that are not less favorable to Parent and its Subsidiaries than the terms and conditions contemplated in the Debt Commitment Letter as of the date hereof, and which do not include any terms or conditions to the consummation of such alternative debt financing that would reasonably be expected to make the funding of such alternative debt financing less likely to occur than the conditions set forth in the Debt Commitment Letter as of the date hereof, and (ii) promptly notify the Company of such unavailability and the reason therefor. For the purposes of this Agreement, the term Debt Commitment Letter shall be deemed to include any commitment letter (or similar agreement) with respect to any alternative or replacement financing arranged in compliance herewith (and any Debt Commitment Letter remaining in effect at the time in question), and Parent and Merger Sub shall promptly deliver to the Company copies thereof. If requested by the Company, Parent and Merger Sub shall inform the Company as to the status of its efforts to consummate the Financing. The foregoing notwithstanding, and without limiting the effect of Section 9.5(f) and Section 10.5, compliance by Parent and Merger Sub with this Section 7.13 shall not relieve Parent and Merger Sub of their obligations to consummate the transactions contemplated by this Agreement whether or not the Financing is available. Without limiting the effect of Section 9.5(f) and Section 10.5, in no event shall the receipt or availability of any funds or financing (including, for the avoidance of doubt, the Financing) by Parent or any Affiliate of Parent or any other financing or other transactions be a condition to any of Parent s or Merger Sub s obligations under this Agreement.

7.14. Financing Cooperation.

(a) Prior to the Closing, the Company shall use its reasonable best efforts to, and shall cause its Subsidiaries to use their reasonable best efforts to, and shall use its reasonable efforts to cause its and their Representatives to, provide all cooperation reasonably requested by Parent necessary and customary for the arrangement of the Debt Financing (provided, that such requested cooperation does not unreasonably interfere with the ongoing operations of the Company or any of its Subsidiaries). Without limiting the generality of the foregoing, such reasonable best efforts in any event shall include (i) participating in a reasonable number of meetings (including meetings with prospective Debt Financing Sources), presentations, road shows, due diligence sessions and sessions with rating agencies, at reasonable times and with reasonable advance notice, (ii) to the extent required by the Debt Financing and requested by Parent, using reasonable best efforts to facilitate the pledging of, and perfection of security interests in, collateral, effective no earlier than the Effective Time, (iii) furnishing Parent and the Debt Financing Sources as promptly as reasonably practicable following the delivery of a request therefor to the Company by Parent (which notice shall state with specificity the information requested) such financial and other information regarding the Company and its Subsidiaries as is customarily required in connection with the execution of financings of a type similar to the Debt Financing, including the Required Financial Information, (iv) in each case following Parent s reasonable request, using reasonable best efforts to assist Parent and Merger Sub in the preparation of (A) confidential information memoranda (including a version that does not include material non-public information) and other customary marketing materials

required in connection with financings similar to the Debt Financing and (B) materials for rating agency presentations, (v) following Parent s reasonable request, using reasonable best efforts to cause directors and officers who will continue to hold such offices and positions from and after the Effective Time to execute resolutions or consents of the Company and its Subsidiaries that do not become effective until the Effective Time with respect to entering into the Definitive Agreements and otherwise as necessary to authorize consummation of the Debt Financing, (vi) providing (A) customary authorization and representation letters to the Debt Financing Sources with respect to marketing materials from a senior officer of the Company and (B) a certificate of the chief financial officer

TABLE OF CONTENTS

of the Company in the form set forth on Annex A to Exhibit C of the Debt Commitment Letter (as in effect on the date hereof) with respect to solvency matters, (vii) if requested by Parent, provide, at least three Business Days prior to the Closing Date, all documentation and other information regarding the Company and its Subsidiaries as is required by applicable know your customer and anti-money laundering rules and regulations including the U.S.A. Patriot Act of 2001 to the extent requested by Parent in writing at least nine Business Days prior to the anticipated Closing Date, (viii) assisting reasonably in the preparation, execution and delivery of necessary and customary Definitive Agreements (including one or more credit agreements, security agreements, mortgages and/or guarantees and the schedules and exhibits thereto) in connection with the Debt Financing or other certificates or documents as may reasonably be requested by Parent, in each case, effective as of Closing, and (ix) using commercially reasonable efforts to ensure that the syndication efforts with respect to the Debt Financing benefit materially from the existing lending and investment banking relationships of the Company. Notwithstanding anything to the contrary contained in this Section 7.14 or otherwise, neither the Company nor any of its Subsidiaries shall be required to take or permit the taking of any action pursuant to this Section 7.14 that would: (i) require the Company, its Subsidiaries or any Persons who are directors or officers of the Company or any of its Subsidiaries to pass resolutions or consents to approve or authorize the execution of the Debt Financing that is effective prior to the Effective Time or execute or deliver any certificate, opinion, document, instrument or agreement or agree to any change or modification of any existing certificate, opinion, document, instrument or agreement that is effective prior to the Effective Time, (ii) cause any representation or warranty in this Agreement to be breached by the Company or any of its Subsidiaries, (iii) require the Company or any of its Subsidiaries to pay any commitment or other similar fee or incur any other expense, liability or obligation in connection with the Financing prior to the Closing or have any obligation of the Company or any of its Subsidiaries under any certificate, document, instrument or agreement be effective until the Closing, (iv) cause any director, officer, employee or stockholder of the Company or any of its Subsidiaries to incur any personal liability, (v) conflict with the organizational documents of the Company or any of its Subsidiaries or any Laws, (vi) reasonably be expected to result in a material violation or breach of, or a default (with or without notice, lapse of time, or both) under, any Contract to which the Company or any of its Subsidiaries is a party, (vii) provide access to or disclose information that the Company or any of its Subsidiaries reasonably determines would jeopardize any attorney-client privilege or other applicable privilege of the Company or any of its Subsidiaries, (viii) require the Company or any of its Subsidiaries to enter into any instrument or agreement that is effective prior to the occurrence of the Closing or that would be effective if the Closing does not occur (other than customary authorization and representation letters) or (ix) require the Company or any of its Subsidiaries to prepare any financial statements or information that (a) are not available to it and prepared in the ordinary course of its financial reporting practice or (b) would not be otherwise available to it or capable of being prepared by it without undue burden or otherwise with the use of commercially reasonable efforts. Nothing contained in this Section 7.14 or otherwise shall require the Company or any of its Subsidiaries, prior to the Closing, to be an issuer or other obligor with respect to the Debt Financing. Parent shall indemnify and hold harmless the Company and its Subsidiaries and their respective Representatives from and against any and all losses suffered or incurred by them in connection with the arrangement of the Debt Financing, any action taken by them at the request of Parent pursuant to this Section 7.14 and any information used in connection therewith (other than information provided in writing by the Company or its Subsidiaries specifically in connection with its obligations pursuant to this Section 7.14), and Parent shall, promptly upon request by the Company, reimburse the Company for all reasonable out-of-pocket costs incurred by the Company or any of its Subsidiaries or their respective Representatives in connection with the arrangement of the Debt Financing and any action taken by them pursuant to this Section 7.14.

(b) All non-public or otherwise confidential information regarding the Company or its Subsidiaries obtained by Parent or its Representatives pursuant to this Section 7.14 shall be kept confidential and otherwise treated in accordance with the Confidentiality Agreements or other confidentiality obligations that are substantially similar to those contained in the Confidentiality Agreements (which, with respect to the Debt Financing Sources, shall be satisfied by the confidentiality provisions applicable thereto under the Debt Commitment Letter or other customary confidentiality undertakings in the context of customary syndication practices from Debt Financing Sources not party

to the Debt Commitment Letter). The Company hereby consents to the use of its and its Subsidiaries logos in connection with the Debt Financing; provided, that such logos are used solely in a manner that is reasonable and customary and that is not reasonably likely to harm or disparage the Company or its Subsidiaries in any respect.

7.15. Repayment of Indebtedness. Prior to the Effective Time, the Company shall on a timely basis as requested by Parent (a) deliver (or cause to be delivered) notices of prepayment and/or termination of the indebtedness of the Company under the Credit Agreement (which notices may be conditioned upon the

TABLE OF CONTENTS

consummation of the Closing and other transactions contemplated hereunder (including the Debt Financing)) within the time periods required by the Credit Agreement, (b) take all other reasonable actions required to facilitate the repayment of the Obligations (as defined in the Credit Agreement but other than contingent obligations for which no claim has been made and any other obligations that survive the termination of the Credit Agreement pursuant to the terms thereof) with respect to and termination of the commitments under such indebtedness and the release of any Liens and termination of all guarantees granted in connection therewith on the Closing Date in connection with such repayment (each such termination, repayment and release a Credit Agreement Termination) and (c) use reasonable best efforts to obtain a customary pay-off letter from the Administrative Agent (as defined in the Credit Agreement) under the Credit Agreement at least one Business Day prior to Closing (subject to the delivery of funds as arranged by Parent) and use reasonable best efforts to obtain and furnish Parent with a draft of such pay-off letter within a reasonable time period prior to the contemplated Effective Time. Notwithstanding anything to the contrary herein, (x) in no event shall this Section 7.15 require the Company or any of its Subsidiaries to cause any Credit Agreement Termination unless the Closing shall have occurred and (y) Parent shall provide, or cause to be provided, all funds required to effect all such repayments and shall provide, or cause to be provided, all funds required to effect all such repayments and cash collateralization, backstop or replacement of letters of credit.

7.16. Approval of Sole Stockholder of Merger Sub. Promptly following execution of this Agreement, Parent shall execute and deliver (or cause a Subsidiary to execute and deliver), in accordance with applicable Law and Merger Sub s certificate of incorporation and bylaws, in such Person s capacity as sole stockholder of Merger Sub, a written consent approving the Merger and the other transactions contemplated by this Agreement, and adopting this Agreement.

7.17. Other Actions by the Company.

(a) Takeover Statutes. If any Takeover Statute is or may become applicable to the Merger or the other transactions contemplated by this Agreement, the Company and the Company Board shall grant such approvals and take such actions as are necessary so that such transactions may be consummated as promptly as practicable on the terms contemplated by this Agreement and otherwise act to eliminate or minimize the effects of such statute or regulation on such transactions.

(b) Section 16 Matters. Prior to the Effective Time, the Company shall take such further actions, if any, as may be reasonably necessary or appropriate to ensure that the dispositions of equity securities of the Company (including any derivative securities) pursuant to the Merger and the other transactions contemplated by this Agreement by any officer or director of the Company who is subject to Section 16 of the Exchange Act are exempt under Rule 16b-3 promulgated under the Exchange Act.

(c) Transaction Litigation. In the event that any stockholder litigation related to this Agreement, the Merger or the other transactions contemplated by this Agreement is brought, or, to the Company s Knowledge, threatened, against the Company or any members of the Company Board after the date hereof and prior to the Effective Time (Transaction Litigation), the Company shall promptly notify Parent of any such Transaction Litigation and shall keep Parent reasonably informed with respect to the status thereof. The Company shall give Parent the opportunity to participate in the defense of any Transaction Litigation, shall consider in good faith Parent s advice with respect to such Transaction Litigation and shall not settle or agree to settle any Transaction Litigation without Parent s prior written consent.

ARTICLE VIII

Conditions

8.1. Conditions to Each Party s Obligation to Effect the Merger. The respective obligation of each Party to effect the Merger is subject to the satisfaction or waiver at or prior to the Effective Time of each of the following conditions:

(a) Stockholder Approvals. This Agreement shall have been duly adopted by holders of Shares constituting the Requisite Company Vote in accordance with applicable Law and the certificate of incorporation and bylaws of the Company.

TABLE OF CONTENTS

(b) Regulatory Matters. (i) The waiting period applicable to the consummation of the Merger under the HSR Act shall have expired or been earlier terminated and (ii) the decisions, orders, consents or expiration of any waiting periods required to consummate the transaction contemplated by this Agreement under the Laws listed on Schedule 8.1(b) of the Company Disclosure Letter shall have occurred or been granted.

(c) Required Consents. The consents listed on Section 8.1(c) of the Company Disclosure Letter (the Required Consents) applicable to the consummation of the Merger (or confirmation that no consent is required) shall have been made or obtained, as applicable.

(d) No Injunction. No court or other Governmental Entity of competent jurisdiction shall have issued, enforced or entered an Order or enacted, issued, promulgated, or enforced any Law (in each case, whether temporary, preliminary or permanent) that is in effect and restrains, enjoins, makes illegal or otherwise prohibits consummation of the Merger or the other transactions contemplated by this Agreement.

8.2. Conditions to Obligations of Parent and Merger Sub. The obligations of Parent and Merger Sub to effect the Merger are also subject to the satisfaction or waiver by Parent at or prior to the Effective Time of the following conditions:

(a) Representations and Warranties. (i) Each of the representations and warranties of the Company set forth in Section 5.1, Section 5.2(a) (other than any inaccuracies that individually or in the aggregate are *de minimis* relative to the total fully diluted equity capitalization of the Company), Section 5.3(a) and Section 5.6(b)(i) shall have been true and correct as of the date hereof and shall be true and correct as of the Closing Date (except to the extent that any such representation and warranty expressly speaks as of a particular date or period of time, in which case such representation and warranty shall be so true and correct as of such particular date or period of time); (ii) each of the representations and warranties of the Company set forth in Section 5.3(b), Section 5.21 and Section 5.22 shall have been true and correct in all material respects as of the date hereof and shall be true and correct in all material respects as of the Closing Date (except to the extent that any such representation and warranty expressly speaks as of a particular date or period of time, in which case such representation and warranty shall be so true and correct in all material respects as of such particular date or period of time) (disregarding all qualifications or limitations as to material, Material Adverse Effect and words of similar import set forth therein); and (iii) each other representation and warranty of the Company set forth in Article V shall have been true and correct as of the date hereof and shall be true and correct as of the Closing Date (except to the extent that any such representation and warranty expressly speaks as of a particular date or period of time, in which case such representation and warranty shall be so true and correct as of such particular date or period of time), except, in the case of this clause (iii), for any failure of any such representation and warranty to be so true and correct (without giving effect to any qualification by materiality or Material Adverse Effect contained therein) that would not, individually or in the aggregate, reasonably be expected to result in a Material Adverse Effect.

(b) Performance of Obligations of the Company. The Company shall have performed in all material respects all obligations required to be performed by it under this Agreement at or prior to the Closing Date.

(c) No Material Adverse Effect. Following the date hereof, there has not been any Effect that, individually or in the aggregate with other Effects, has resulted in or would reasonably be expected to result in a Material Adverse Effect.

(d) Officers Certificate. Parent shall have received at the Closing a certificate signed on behalf of the Company by an executive officer of the Company to the effect that such executive officer has read Sections 8.2(a), 8.2(b) and 8.2(c) and that the conditions set forth in Sections 8.2(a), 8.2(b) and 8.2(c) have been satisfied.

(e) Dissenters Rights. Holders of not more than 10.0% of the outstanding Shares shall have properly exercised, and not withdrawn, their dissenters rights under Section 262 of the DGCL.

8.3. Conditions to Obligation of the Company. The obligation of the Company to effect the Merger is also subject to the satisfaction or waiver by the Company at or prior to the Effective Time of the following conditions:

(a) Representations and Warranties. (i) Each of the representations and warranties of Parent and Merger Sub set forth in Section 6.1, Section 6.2 and Section 6.6 this Agreement shall have been true and correct in all material respects as of the date hereof and shall be true and correct in all material respects as of the Closing Date (except to the extent that any such representation and warranty expressly speaks as of a particular date or period of time, in which case such representation and warranty shall be so true and correct in all material respects as of such particular

TABLE OF CONTENTS

date or period of time); and (ii) each other representation and warranty of Parent and Merger Sub set forth in Article VI shall have been true and correct in all respects as of the date hereof and shall be true and correct in all respects as of the Closing Date (except to the extent that any such representation and warranty expressly speaks as of a particular date or period of time, in which case such representation and warranty shall be so true and correct in all material respects as of such particular date or period of time) except for failures of such representations and warranties to be so true and correct (without giving effect to any qualification by materiality contained therein) that would not, individually or in the aggregate, reasonably be expected to prevent or materially delay or materially impair the ability of Parent or Merger Sub to consummate the Merger or the other transactions contemplated hereby.

(b) Performance of Obligations of Parent and Merger Sub. Each of Parent and Merger Sub shall have performed in all material respects all obligations required to be performed by it under this Agreement at or prior to the Closing Date.

(c) Officers Certificate. The Company shall have received at the Closing a certificate signed on behalf of Parent and Merger Sub by an executive officer of Parent and Merger Sub to the effect that such executive officer has read Sections 8.3(a) and 8.3(b) and that the conditions set forth in Sections 8.3(a) and 8.3(b) have been satisfied.

ARTICLE IX

Termination

9.1. Termination by Mutual Consent. This Agreement may be terminated and the Merger may be abandoned at any time prior to the Effective Time, whether before or after the adoption of this Agreement by the stockholders of the Company referred to in Section 8.1(a), by mutual written consent of the Company and Parent by action of the Company Board and the board of directors of Parent.

9.2. Termination by Either Parent or the Company. This Agreement may be terminated and the Merger may be abandoned at any time prior to the Effective Time by action of either the Company Board or the board of directors of Parent if:

(a) the Merger shall not have been consummated by July 31, 2018 (the Outside Date), whether such date is before or after the adoption of this Agreement by the stockholders of the Company referred to in Section 8.1(a); provided, that (i) if one or more of the conditions to closing set forth in Section 8.1(b) or Section 8.1(c) have not been satisfied or waived on or prior to such date but all other conditions to closing set forth in Article VIII shall have been satisfied or waived (other than those conditions that by their nature are to be satisfied at the Closing, provided that such conditions would then be capable of being satisfied if the Closing were to take place on such date), then the Outside Date shall be automatically extended no more than three times in the aggregate, each time by a period of one month or (ii) if the Marketing Period has commenced but not yet been completed (or would have commenced, but for clause (A) of the proviso in the definition of Marketing Period) at the time of the Outside Date, the Outside Date shall be extended until three Business Days after the final date of the Marketing Period (and in the case of any extension pursuant to this proviso, any reference to the Outside Date in any other provision of this Agreement shall be a reference to the Outside Date, as extended);

(b) the adoption of this Agreement by the stockholders of the Company referred to in Section 8.1(a) shall not have been obtained at the Stockholders Meeting or at any adjournment, recess or postponement of the Stockholders Meeting taken in accordance with this Agreement; or

(c) (i) any Order permanently restraining, enjoining or otherwise prohibiting consummation of the Merger shall become final and non-appealable or (ii) any Law will have been enacted, entered, enforced or deemed applicable to

the Merger that prohibits, makes illegal or enjoins the consummation of the Merger (in the case of each of clauses (i) and (ii) whether before or after the adoption of this Agreement by the stockholders of the Company referred to in Section 8.1(a)). provided that the right to terminate this Agreement pursuant to this Section 9.2 shall not be available to any Party that has breached in any material respect its obligations under this Agreement in any manner that shall have been the primary cause of the failure of a condition to the consummation of the Merger.

9.3. Termination by the Company. This Agreement may be terminated and the Merger may be abandoned by action of the Company Board:

(a) at any time prior to the expiration of the Go-Shop Period, if (i) the Company is not in material breach of any of the terms of this Agreement, (ii) the Company Board authorizes the Company, subject to complying with the terms of this Agreement, including Section 7.2(c), to enter into a definitive written agreement with respect to a

TABLE OF CONTENTS

Superior Proposal, (iii) the Company enters into a definitive written agreement providing for such Superior Proposal concurrently with or immediately after the termination of this Agreement in accordance with its terms and (iv) the Company, prior to such termination, pays to Parent in immediately available funds any fees required to be paid pursuant to Section 9.5. After the expiration of the Go-Shop Period, the Company may, consistent with the terms and conditions of this Agreement, make a Change of Recommendation, but it shall have no right to terminate this Agreement pursuant to this Section 9.3(a);

(b) at any time prior to the Effective Time, if there has been a breach of any representation, warranty, covenant or agreement made by Parent or Merger Sub in this Agreement, or any such representation and warranty shall have become untrue after the date hereof, such that any of the conditions set forth in Section 8.3(a) or 8.3(b) would not be satisfied and such breach or condition is not curable or, if curable, is not cured within the earlier of (i) thirty days after written notice thereof is given by the Company to Parent and (ii) one Business Day before the Outside Date; provided, however, that the Company is not also in breach of this Agreement such that any of the conditions set forth in Section 8.2(a) or 8.2(b)would not be satisfied and such breach or condition is not curable or, if curable, is not cured within the earlier of (i) thirty days after written notice thereof is given by Parent to the Company and (ii) one Business Day before the Outside Date; or

(c) at any time prior to the Effective Time, if (i) the Marketing Period has ended and all of the conditions set forth in Sections 8.1 and 8.2 of this Agreement have been and continue to be satisfied or waived (other than those that, by their nature, are to be satisfied at the Closing; provided that those conditions could be satisfied if the Closing were to occur), (ii) the Company has irrevocably confirmed by written notice to Parent that (A) all conditions set forth in Section 8.3 have been satisfied (other than those that, by their nature, are to be satisfied at the Closing) or that it would be willing to waive any unsatisfied conditions in Section 8.3, and (B) it is ready, willing, and able to consummate the Closing and (iii) Parent fails to consummate the Closing within two Business Days following the later of (x) the date the Closing should have occurred pursuant to Section 1.2 and (y) delivery of such confirmation.

9.4. Termination by Parent. This Agreement may be terminated and the Merger may be abandoned by action of the board of directors of Parent:

(a) at any time prior to the time the Requisite Company Vote is obtained, if (i) the Company Board shall have made a Change of Recommendation, (ii) the Company or any of its Subsidiaries shall have committed a Willful and Material Breach of Section 7.2 or (iii) the Company Board shall have authorized the Company to enter into an Alternative Acquisition Agreement with respect to a Superior Proposal;

(b) at any time prior to the time the Requisite Company Vote is obtained, if a tender offer or exchange offer for outstanding Shares shall have been publicly disclosed (other than by Parent or an Affiliate of Parent) and, prior to the earlier of (i) three Business Days prior to the date of the Stockholders Meeting or the date of any adjournment, recess or postponement of the Stockholders Meeting and (ii) eleven Business Days after the commencement of such tender or exchange offer pursuant to Rule 14d-2 under the Exchange Act, the Company Board fails to recommend unequivocally against acceptance of such offer; or

(c) at any time prior to the Effective Time, if there has been a breach of any representation, warranty, covenant or agreement made by the Company in this Agreement, or any such representation and warranty shall have become untrue after the date hereof, such that any of the conditions set forth in Section 8.2(a) or 8.2(b) would not be satisfied and such breach or condition is not curable or, if curable, is not cured within the earlier of (i) thirty days after written notice thereof is given by Parent to the Company and (ii) one Business Day before the Outside Date; provided, however, that Parent is not also in breach of this Agreement such that any of the conditions set forth in Section 8.3(a) or 8.3(b) would not be satisfied and such breach or condition is not curable or, if curable, is not cured within the earlier of (A) thirty days after written notice thereof is given by the Company to Parent and (B) one Business Day

before the Outside Date.

9.5. Effect of Termination and Abandonment.

(a) Any termination of this Agreement under this Article IX will be effective immediately upon the delivery of a valid written notice of the terminating Party to the other Parties and, if then due, payment of the termination fee required pursuant to this Section 9.5. Except as provided in paragraph (b) below, in the event of termination of this Agreement and the abandonment of the Merger pursuant to this Article IX, this Agreement shall become void and of no effect with no liability to any Person on the part of any Party (or of any of its Representatives or Affiliates); provided, however, and notwithstanding anything in the foregoing to the contrary, that (i) subject to Section 9.5(g),

TABLE OF CONTENTS

no such termination shall relieve the Company of any liability or damages to the other Parties resulting from fraud or any Willful and Material Breach of this Agreement prior to such termination and (ii) the provisions set forth in this Section 9.5 and the second sentence of Section 10.1 shall survive the termination of this Agreement.

(b) In the event that:

(i) (A) this Agreement is terminated (I) by either the Company or Parent pursuant to Section 9.2(a), (II) by either the Company or Parent pursuant to Section 9.2(b) or (III) by Parent pursuant to Section 9.4(c) and (B) (I) before receipt of the Requisite Company Vote an Acquisition Proposal shall have been made known to the Company Board, the Company or any of its Subsidiaries or shall have been publicly made or disclosed or any Person shall have publicly announced an intention (whether or not conditional) to make an Acquisition Proposal with respect to the Company or any of its Subsidiaries and (II) within twelve months of such termination, (x) the Company or any of its Subsidiaries shall have entered into an Alternative Acquisition Agreement with respect to, or shall have consummated or shall have approved or recommended to the Company s stockholders or otherwise not opposed, an Acquisition Proposal (whether or not such Acquisition Proposal is the same Acquisition Proposal referred to in clause (i)(B)(I)) or (y) there shall have been consummated an Acquisition Proposal (whether or not such Acquisition Proposal is the same Acquisition Proposal referred to in clause (i)(B)(I)) (substituting in both instances 50% for 15% in the definition of Acquisition Proposal);

(ii) this Agreement is terminated by Parent pursuant to Section 9.4 (other than pursuant to Section 9.4(c)); or

(iii) this Agreement is terminated by the Company pursuant to Section 9.3(a);

then the Company shall promptly, but in no event later than two Business Days after the date of such termination, pay a termination fee of $109,000,000 (the Termination Fee) to P2 Capital Partners, LLC and Silver Lake Management Company V, L.L.C. (or their respective designees) in such amounts as Parent notifies to the Company in writing (which amounts collectively shall not, for the avoidance of doubt, exceed the Termination Fee) (provided, however, that the Termination Fee to be paid pursuant to (I) clause (i) shall be paid immediately prior to or substantially concurrent with the earliest of (x) the entry by the Company or any of its Subsidiaries into an Alternative Acquisition Agreement with respect to, or (y) consummation or approval or recommendation to the Company s stockholders of, or (z) otherwise non-opposition to, such an Acquisition Proposal (substituting 50% for 15% in the definition thereof) (whether or not such Acquisition Proposal is the same Acquisition Proposal referred to in clause (i)(B)(I)) within twelve months of such termination, and (II) clause (iii) shall be paid as set forth in Section 9.3(a)) payable by wire transfer of same-day funds. Notwithstanding the foregoing, the Termination Fee shall mean a fee of $81,700,000 instead of $109,000,000 in the event that this Agreement is terminated pursuant to Section 9.3(a) and the fee is paid on or prior to the No-Shop Period Start Date. In no event shall the Company be required to pay the Termination Fee on more than one occasion.

(c) The Company shall reimburse P2 Capital Partners, LLC and Silver Lake Management Company V, L.L.C. (or their respective designees) for the documented out-of-pocket expenses incurred by Parent or Merger Sub in connection with this Agreement and the transactions contemplated by this Agreement including the Financing (including fees and expenses of counsel, accountants, investment bankers, other advisors and financing sources) (i) subject to an aggregate cap on reimbursement of $6,800,000, if the Company or Parent shall terminate this Agreement pursuant to Section 9.2(b), the Company shall terminate this Agreement pursuant to Section 9.3(a) or Parent shall terminate this Agreement pursuant to Section 9.4(a), 9.4(b) or 9.4(c) and the Termination Fee shall be payable by the Company as a result of such termination, or (ii) subject to an aggregate cap on reimbursement of $27,200,000, if the Company or Parent shall terminate this Agreement pursuant to Section 9.2(b) at a time when neither the Termination Fee nor the Parent Termination Fee is otherwise payable (although damages may still be payable by the Company) (the amount paid pursuant to either clause (i) or (ii), as applicable, the Expense Reimbursement). The Expense

Reimbursement shall be paid either (x) in the case of clause (i), to the extent not previously paid, then concurrent with or promptly following payment of the Termination Fee, but in no event later than two Business Days after being notified of such by Parent or (y) in the case of clause (ii), in no event later than two Business Days after being notified of such by Parent, in each case by wire transfer of same-day funds to P2 Capital Partners, LLC and Silver Lake Management Company V, L.L.C. (or their respective designees) in such amounts as Parent notifies to the Company in writing (which amounts collectively shall not, for the avoidance of doubt, exceed the applicable Expense Reimbursement).

TABLE OF CONTENTS

(d) In the event that this Agreement is terminated by the Company pursuant to Section 9.3(b) or 9.3(c), then Parent shall pay, or cause to be paid, to the Company an amount equal to $136,200,000 (such payment, the Parent Termination Fee), payable by wire transfer of same-day funds within three Business Days following such termination (it being understood that in no event shall Parent be required to pay the Parent Termination Fee on more than one occasion).

(e) Each of the Parties hereto acknowledges that the agreements contained in Sections 9.5(b), 9.5(c) and 9.5(d) are an integral part of the transactions contemplated by this Agreement, and that, without these agreements, the Parties hereto would not enter into this Agreement and the damages resulting from termination of this Agreement under circumstances where a Termination Fee or Parent Termination Fee and other amounts payable under Sections 9.5(b), 9.5(c) and 9.5(d) are payable are uncertain and incapable of accurate calculation and, therefore, the amounts payable pursuant to Sections 9.5(b), 9.5(c) and 9.5(d) are not a penalty but rather constitute amounts akin to liquidated damages in a reasonable amount that will compensate Parent or the Company, as the case may be, for the efforts and resources expended and opportunities forgone while negotiating this Agreement and in reliance on this Agreement and on the expectation of the consummation of the Merger and the other transactions contemplated by this Agreement. Accordingly, if a Party fails to promptly pay the amount due by it pursuant to Sections 9.5(b), 9.5(c) or 9.5(d) and, in order to obtain such payment another Party or the other Parties hereto commences a Proceeding that results in a judgment against the defaulting Party for the fee set forth in Sections 9.5(b), 9.5(c) or 9.5(d), or any portion of such fee, the defaulting Party shall pay to the other Parties their costs and expenses (including attorneys fees) in connection with such Proceeding, together with interest on the amount of the fee at the prime rate set forth in the *Wall Street Journal, Eastern Edition*, in effect on the date such payment was required to be made from the date such payment was required to be made through the date of payment.

(f) Notwithstanding anything to the contrary set forth in this Agreement, but subject to Section 10.5, each of the parties hereto expressly acknowledges and agrees that the Company s right to terminate this Agreement and for the Company to receive payment of the Parent Termination Fee to the extent it is payable pursuant to this Section 9.5 shall constitute the sole and exclusive remedy of the Company and its Subsidiaries and their respective Affiliates and any of their respective former, current or future general or limited partners, stockholders, equityholders, members, managers, directors, officers, employees, agents or Affiliates (collectively, the Company Related Parties) against Parent, the Guarantors and Parent s and the Guarantors respective Affiliates, the Debt Financing Sources, any other potential debt or equity financing source and any of their respective former, current or future general or limited partners, stockholders, equityholders, members, managers, directors, officers, employees, agents or Affiliates or any former, current or future general or limited partner, stockholder, equityholder, member, manager, director, officer, employee, agent or Affiliate of any of the foregoing (collectively, the Parent Related Parties) for all losses and damages in respect of this Agreement (or the termination thereof) or the transactions contemplated by this Agreement (or the failure of such transactions to occur for any reason or for no reason) or any breach (whether willful, intentional, unilateral or otherwise) of any covenant or agreement or otherwise in respect of this Agreement or any oral representation made or alleged to be made in connection herewith, and, subject to Parent s obligation to pay the Parent Termination Fee to the Company to the extent it is payable pursuant to Section 9.5(d) and Section 10.5, none of the Parent Related Parties shall have any liability or obligation to any of the Company Related Parties relating to or arising out of this Agreement, the Limited Guarantees, the Financing Commitments or the transactions contemplated hereby and none of the Company, its Subsidiaries nor any other Company Related Party shall seek to recover any other damages or seek any other remedy, whether based on a claim at law or in equity, in contract, tort or otherwise, with respect to any losses or damages suffered in connection with this Agreement or the transactions contemplated hereby or any oral representation made or alleged to be made in connection herewith. In no event shall Parent be subject to (nor shall any Company Related Party seek to recover) monetary damages other than the Parent Termination Fee to the extent it is payable pursuant to Section 9.5(d) for any losses or other liabilities arising out of or in connection with breaches by Parent of its representations, warranties, covenants and agreements contained in this Agreement or arising from any claim or cause of action that any Company Related Party may have, including for a

breach of Section 1.2 as a result of the Debt Financing not being available to be drawn down or otherwise arising from the Financing Commitments or in respect of any oral representation made or alleged to be made in connection herewith or therewith.

(g) While each of the Company and Parent may pursue both a grant of specific performance or other equitable relief under Section 10.5 and, following termination of this Agreement, the payment of monetary damage (which are only available with respect to a breach by the Company) or the Termination Fee or the Parent Termination Fee under this Section 9.5, as applicable, under no circumstances shall the Company or Parent be entitled to receive both (i) a

TABLE OF CONTENTS

grant of specific performance or other equitable relief that results in the Equity Financing being funded or the Closing occurring and (ii) monetary damages (which are only available with respect to a breach by the Company) or the payment of the Termination Fee or the Parent Termination Fee, as applicable, in connection with this Agreement or any termination of this Agreement (although Parent may be able to receive both monetary damages with respect to a Willful and Material Breach by the Company and the Termination Fee).

ARTICLE X

Miscellaneous and General

10.1. Survival. This Article X and the agreements of the Company, Parent and Merger Sub contained in Section 7.10 and Section 9.5 and the Confidentiality Agreements shall survive the termination of this Agreement. All other representations, warranties, covenants and agreements in this Agreement shall not survive (a) the termination of this Agreement or (b) other than covenants and agreements in this Agreement that by their terms contemplate performance after the Effective Time, the Effective Time.

10.2. Modification or Amendment. Subject to the provisions of applicable Laws, at any time prior to the Effective Time, the Parties may modify or amend this Agreement by written agreement, executed and delivered by duly authorized officers of the respective Parties; provided, however, that, after receipt of the Requisite Company Vote, no amendment may be made which, by Law or in accordance with the rules of any relevant stock exchange, requires further approval by the Company s stockholders unless the Requisite Company Vote is obtained again with respect to the effectiveness of such amendment. No amendments or modifications to, or waivers or terminations of, the provisions of which the Debt Financing Sources are expressly made third-party beneficiaries (or any of the defined terms used therein) pursuant to Section 10.8 shall be permitted in a manner adverse to any Debt Financing Source without the prior written consent of such Debt Financing Source.

10.3. Waiver of Conditions. The conditions to each of the Parties obligations to consummate the Merger are for the sole benefit of such Party and may be waived by such Party in whole or in part to the extent permitted by applicable Laws. No failure or delay by any Party exercising any right, power or privilege hereunder shall operate as a waiver thereof nor shall any single or partial exercise thereof preclude any other or further exercise thereof or the exercise of any other right, power or privilege.

10.4. GOVERNING LAW AND VENUE; WAIVER OF JURY TRIAL.

(a) THIS AGREEMENT SHALL BE DEEMED TO BE MADE IN AND IN ALL RESPECTS SHALL BE INTERPRETED, CONSTRUED AND GOVERNED BY AND IN ACCORDANCE WITH THE LAW OF THE STATE OF DELAWARE WITHOUT REGARD TO THE CONFLICTS OF LAWS, RULES OR PRINCIPLES THEREOF (OR ANY OTHER JURISDICTION) TO THE EXTENT THAT SUCH LAWS, RULES OR PRINCIPLES WOULD DIRECT A MATTER TO ANOTHER JURISDICTION.

(b) The Parties hereby irrevocably submit to the personal jurisdiction of the courts of the State of Delaware and the federal courts of the United States of America located in the State of Delaware solely in respect of the interpretation and enforcement of the provisions of this Agreement and of the documents referred to in this Agreement, and in respect of the transactions contemplated hereby and thereby, and hereby waive, and agree not to assert, as a defense in any Proceeding for the interpretation or enforcement hereof or of any such document, that it is not subject thereto or that such Proceeding may not be brought or is not maintainable in said courts or that the venue thereof may not be appropriate or that this Agreement or any such document may not be enforced in or by such courts, and the Parties irrevocably agree that all claims relating to such Proceeding or transactions shall be heard and determined in such a Delaware state or federal court. The Parties hereby consent to and grant any such court jurisdiction over the person of

such parties and, to the extent permitted by Law, over the subject matter of such dispute and agree that mailing of process or other papers in connection with any such Proceeding in the manner provided in Section 10.6 or in such other manner as may be permitted by Law shall be valid and sufficient service thereof.

(c) Notwithstanding the foregoing, each of the Parties agrees (on behalf of itself and its respective Subsidiaries and their respective Affiliates and any of their respective former, current or future general or limited partners, stockholders, equityholders, members, managers, directors, officers, employees, agents or Affiliates) that it will not bring or support any action, cause of action, claim, cross-claim or third party claim of any kind or description, whether in law or in equity, whether in contract or in tort or otherwise, against any of the Debt Financing Sources or any of their respective Representatives, in any way relating to this Agreement or any of the transactions

TABLE OF CONTENTS

contemplated by this Agreement (including any dispute arising out of or relating in any way to the Debt Financing, the Debt Commitment Letter or any other letter or agreement related to the Debt Financing or the performance thereof), in any forum other than any state or federal court sitting in the Borough of Manhattan in the City of New York. Notwithstanding the foregoing, except to the extent expressly provided by the terms of the Debt Commitment Letters or the Definitive Agreements, claims and actions that may be based upon, arise out of, or relate to, the Debt Financing or involve the Debt Financing Sources or their Representatives (whether in law, contract, tort, equity or otherwise) shall be exclusively governed by and construed in accordance with the laws of the State of New York, without giving effect to any choice of law or conflict of law provision or rule (whether of the State of New York or any other jurisdiction) that would cause the application of the law of any jurisdiction other than the State of New York.

(d) EACH PARTY ACKNOWLEDGES AND AGREES THAT ANY CONTROVERSY WHICH MAY ARISE UNDER THIS AGREEMENT IS LIKELY TO INVOLVE COMPLICATED AND DIFFICULT ISSUES, AND THEREFORE EACH SUCH PARTY HEREBY IRREVOCABLY AND UNCONDITIONALLY WAIVES TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW ANY RIGHT SUCH PARTY MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY LITIGATION DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO THIS AGREEMENT, THE DOCUMENTS REFERRED TO HEREIN OR THE MERGER AND THE OTHER TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY (INCLUDING ANY DISPUTE ARISING OUT OF OR RELATING IN ANY WAY TO THE DEBT FINANCING, THE DEBT COMMITMENT LETTER OR ANY OTHER LETTER OR AGREEMENT RELATED TO THE DEBT FINANCING OR THE PERFORMANCE THEREOF). EACH PARTY CERTIFIES AND ACKNOWLEDGES THAT (i) NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PARTY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER, (ii) EACH PARTY UNDERSTANDS AND HAS CONSIDERED THE IMPLICATIONS OF THIS WAIVER, (iii) EACH PARTY MAKES THIS WAIVER VOLUNTARILY AND (iv) EACH PARTY HAS BEEN INDUCED TO ENTER INTO THIS AGREEMENT, ANY AGREEMENT CONTEMPLATED BY THE DOCUMENTS REFERRED TO HEREIN OR THE MERGER OR THE OTHER TRANSACTIONS CONTEMPLATED HEREBY AND THEREBY, AS APPLICABLE, BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS CONTEMPLATED IN THIS SECTION 10.4.

10.5. Specific Performance

(a) The Parties acknowledge and agree that the rights of each Party to consummate the transactions contemplated hereby are special, unique and of extraordinary character and that if for any reason any of the provisions of this Agreement are not performed in accordance with their specific terms or are otherwise breached, immediate and irreparable harm or damage would be caused for which money damages would not be an adequate remedy. Accordingly, each Party agrees that, in addition to any other available remedies the Parties may have in equity or at law, each Party shall be entitled to specific performance and injunctive relief as a remedy for any such breach including an injunction restraining any breach or violation or threatened breach or violation of the provisions of this Agreement and to enforce specifically the terms and provisions of this Agreement exclusively in the Court of Chancery of the State of Delaware without necessity of posting a bond or other form of security; provided, however, that if such state court does not have jurisdiction over such Proceeding, such Proceeding shall be heard and determined exclusively in the United States District Court for the District of Delaware without necessity of posting a bond or other form of security. In the event that any Proceeding should be brought in equity to enforce the provisions of this Agreement, no Party shall allege, and each Party hereby waives the defense, that there is an adequate remedy at law.

(b) Notwithstanding anything in this Agreement to the contrary, the Parties hereby agree that the Company shall only be entitled to specific performance of Parent s obligations to, or any other equitable remedy which would, cause the Equity Financing to be funded or to effect the Closing if, and only if, (i) all the conditions in Sections 8.1 and 8.2 have

been satisfied or waived (other than those that, by their nature, are to be satisfied at the Closing, but which conditions at such time are capable of being satisfied) at the time the Closing is required to have occurred pursuant to Section 1.2 and Parent fails to complete the Closing on the date it is required to have occurred, (ii) the Debt Financing has been funded or will be funded at the Closing if the Equity Financing is funded at the Closing and (iii) the Company has irrevocably confirmed in writing to Parent that if specific performance is granted and the Financing (including any replacement financing that has been obtained in accordance with Section 7.13) is funded, then the Company will cause the Closing to occur.

TABLE OF CONTENTS

10.6. Notices. All notices, requests, instructions, consents, claims, demands, waivers and other communications to be given or made hereunder by any Party shall be in writing and shall be deemed to have been duly given or made on the date of receipt by the recipient thereof if received prior to 5:00 p.m. in the place of receipt and such day is a Business Day (or otherwise on the next succeeding Business Day) if (a) served by personal delivery or by a nationally recognized overnight courier service upon the Party for whom it is intended, (b) delivered by registered or certified mail, return receipt requested or (c) sent by facsimile or email; provided that the facsimile or email transmission is promptly confirmed telephonically or otherwise. Such communications must be sent to the respective Parties at the following addresses or facsimile numbers (or at such other address or facsimile number or email address for a Party as shall be specified for such purpose in a notice given in accordance with this Section 10.6):

If to Parent or Merger Sub:

Silver Lake Partners
9 West 57th Street
32nd Floor
New York, NY 10019
Attention: Andrew J. Schader
Facsimile: (212) 981-3566
Email: andy.schader@silverlake.com

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

Simpson Thacher & Bartlett LLP
425 Lexington Avenue
New York City, NY 10017
Attention: William R. Dougherty
Ben Schaye
Facsimile: (212) 455-2502
Email: wdougherty@stblaw.com
ben.schaye@stblaw.com

If to the Company:

Blackhawk Network Holdings, Inc.
6220 Stoneridge Mall Road
Pleasanton, CA 94588
Attention: Talbott Roche, Chief Executive Officer and President
Kirsten Richesson, General Counsel
Facsimile: (925) 226-9083
Email: Talbott.Roche@bhnetwork.com
Kirsten.Richesson@bhnetwork.com

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

Wachtell, Lipton Rosen & Katz
51 West 52nd Street
New York, New York 10019
Attention: Edward D. Herlihy
David E. Shapiro
Facsimile: (212) 403-2000
Email: EDHerlihy@wlrk.com
DEShapiro@wlrk.com

TABLE OF CONTENTS

10.7. Entire Agreement. This Agreement (including the Company Disclosure Letter and Exhibits) and the Confidentiality Agreement, dated May 22, 2017, between Silver Lake Management Company IV, L.L.C. and the Company and the Confidentiality Agreement, dated October 25, 2017, between P2 Capital Partners, LLC and the Company (collectively, the Confidentiality Agreements) constitute the entire agreement between the Parties with respect to the subject matter hereof and thereof and supersede all other prior and contemporaneous agreements, negotiations, understandings, representations and warranties, oral or written with respect to such matters.

10.8. No Third-Party Beneficiaries. Except as provided in Section 7.11, Parent and Merger Sub hereby agree that their respective representations, warranties and covenants set forth herein are solely for the benefit of the Company and the Company hereby agrees that its representations, warranties and covenants set forth herein are solely for the benefit of Parent and Merger Sub, in accordance with and subject to the terms of this Agreement, and this Agreement is not intended to, and does not, confer upon any Person other than the Parties any rights or remedies hereunder, including the right to rely upon the representations and warranties set forth herein, and the Parties hereby further agree that this Agreement may only be enforced against, and any Proceeding that may be based upon, arise out of or relate to this Agreement, or the negotiation, execution or performance of this Agreement may only be made against, the Persons expressly named as Parties; provided, however, that (i) the Persons referred to in the last sentence of Section 7.14(a), Section 9.5 and Section 10.14 shall be third party beneficiaries of, and shall be entitled to rely on, such sections, (ii) if the Effective Time occurs, the holders of Shares shall be third party beneficiaries of, and shall be entitled to rely on, Article IV, (iii) if the Effective Time occurs, the Indemnified Parties shall be third party beneficiaries of, and shall be entitled to rely on, Section 7.11, (iv) if the Effective Time occurs, the holders of Company Equity Awards and the Kroger Warrant shall be third party beneficiaries of, and shall be entitled to rely on, Article IV, and (v) the Debt Financing Sources and their Representatives shall be third party beneficiaries of, and shall be entitled to rely on, Section 9.5(f), the last sentence of Section 10.2, Section 10.4(c), Section 10.4(d), this clause (v) to the proviso in this Section 10.8 and Section 10.14(b).

10.9. Obligations of Parent and of the Company. Whenever this Agreement requires a Subsidiary of Parent to take any action, such requirement shall be deemed to include an undertaking on the part of Parent to cause such Subsidiary to take such action. Whenever this Agreement requires a Subsidiary of the Company to take any action, such requirement shall be deemed to include an undertaking on the part of the Company to cause such Subsidiary to take such action and, after the Effective Time, on the part of the Surviving Corporation to cause such Subsidiary to take such action.

10.10. Severability. The provisions of this Agreement shall be deemed severable and the illegality, invalidity or unenforceability of any provision shall not affect the legality, validity or enforceability of any other provision hereof. If any provision of this Agreement, or the application thereof to any Person or any circumstance, is illegal, invalid or unenforceable, (a) a suitable and equitable provision shall be substituted therefor in order to carry out, so far as may be legal, valid and enforceable, the intent and purpose of such illegal, invalid or unenforceable provision, and (b) the remainder of this Agreement and the application of such provision to other Persons or circumstances shall not be affected by such illegality, invalidity or unenforceability, nor shall such illegality, invalidity or unenforceability affect the legality, validity or enforceability of such provision, or the application thereof, in any other jurisdiction; provided, that the Parties intend that the remedies and limitations thereon (including provisions that the payment of the Parent Termination Fee shall be the sole and exclusive remedy of the recipient thereof, limitations on specific performance and other equitable remedies in Section 10.5 and the other limitations on the liabilities of the Parent Related Parties) contained in Article IX and Article X be construed as an integral provision of this Agreement and that such remedies and limitations shall not be severable in any manner that increases any Parent Related Party s liability or obligations hereunder or under the Financing.

10.11. Interpretation and Construction.

(a) The table of contents and headings herein are for convenience of reference only, do not constitute part of this Agreement and shall not be deemed to limit or otherwise affect any of the provisions hereof.

(b) Where a reference in this Agreement is made to an Article, Section, Subsection, Recital, Preamble or Exhibit, such reference shall be to an Article, Section, Subsection, Recital, Preamble or Exhibit of or to this Agreement, unless otherwise indicated.

(c) Unless the express context otherwise requires: (i) the word day means calendar day; (ii) the words hereto, hereof, herein, 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; (iii) the terms defined in the singular

TABLE OF CONTENTS

have a comparable meaning when used in the plural and vice versa; (iv) the term dollars and the symbol $ mean United States Dollars and all amounts in this Agreement shall be paid in United States Dollars, unless specifically otherwise provided, and in the event any amounts, costs, fees or expenses incurred by any Party pursuant to this Agreement are denominated in a currency other than United States Dollars, the United States Dollar equivalent for such costs, fees and expenses shall be determined by converting such other currency to United States Dollars at the foreign exchange rates published in the *Wall Street Journal* and in effect at the time such amount, cost, fee or expense is incurred, and in the event the resulting conversion yields a number that extends beyond two decimal points, rounded to the nearest penny; (v) whenever the words include, includes or including are used in this Agreement, they shall be deemed to be followed by the words without limitation ; (vi) references in this Agreement to any gender include the other gender; (vii) references in this Agreement to the United States mean the United States of America and its territories and possessions; (viii) the word extent in the phrase to the extent shall mean the degree to which a subject or other thing extends and such phrase shall not mean simply if ; (ix) all accounting terms used herein and not expressly defined herein shall have the meanings given to them under GAAP; (x) except as otherwise specifically provided herein, all references in this Agreement to any statute include the rules and regulations promulgated thereunder, in each case as amended, re-enacted, consolidated or replaced from time to time and in the case of any such amendment, re-enactment, consolidation or replacement, reference herein to a particular provision shall be read as referring to such amended, re-enacted, consolidated or replaced provision and also include, unless the context otherwise requires, all applicable guidelines, bulletins or policies made in connection therewith and (xi) the term or is not exclusive.

(d) Whenever this Agreement refers to a number of days, such number shall refer to calendar days, unless Business Days are specified.

(e) The Parties have participated jointly in negotiating and drafting this Agreement. In the event that an ambiguity or a question of intent or interpretation arises, this Agreement shall be construed as if drafted jointly by the Parties, and no presumption or burden of proof shall arise favoring or disfavoring any Party by virtue of the authorship of any provision of this Agreement.

(f) The Company Disclosure Letter may include items and information the disclosure of which is not required either in response to an express disclosure requirement contained in a provision of this Agreement or as an exception to one or more representations or warranties contained in Article V or Article VI or to one or more covenants contained in Article VII. Inclusion of any items or information in a Company Disclosure Letter shall not be deemed to be an acknowledgement or agreement that any such item or information (or any undisclosed item or information of comparable or greater significance) is material or that, individually or in the aggregate, has had or would reasonably be expected to result in a Material Adverse Effect or to affect the interpretation of such term for purposes of this Agreement.

(g) Except as otherwise specifically provided herein, all references in this Agreement to any agreement (including this Agreement), Contract, document or instrument mean such agreement, Contract, document or instrument as amended, supplemented, qualified, modified, varied, restated or replaced from time to time in accordance with the terms thereof and, unless otherwise specified therein, include all schedules, annexes, addendums, exhibits and any other documents attached thereto, in each case as of the date hereof and only to the extent made available as of the date hereof.

10.12. Assignment. Neither this Agreement nor any of the rights, interests or obligations under this Agreement shall be assignable or delegable (as the case may be), in whole or in part, by operation of Law or otherwise, and any attempted or purported assignment or delegation in violation of this Section 10.12 shall be null and void; provided, however, that Parent (i) may designate, by written notice to the Company, another wholly owned direct or indirect Subsidiary to be a constituent corporation in lieu of Merger Sub, in which event all references herein to Merger Sub

shall be deemed references to such other Subsidiary, except that all representations and warranties made herein with respect to Merger Sub as of the date hereof shall be deemed representations and warranties made with respect to such other Subsidiary as of the date of such designation and (ii) assign all or a portion of its obligations hereunder to any Affiliate; provided that any such designation in the foregoing clause (i) shall not materially impede or delay the consummation of the transactions contemplated by this Agreement or otherwise materially impede the rights of the stockholders of the Company under this Agreement; provided further, that no such assignment in the foregoing clause (ii) shall relieve Parent of its obligations hereunder.

TABLE OF CONTENTS

10.13. Certain Definitions. As used in this Agreement, except as otherwise specifically provided herein, the following terms have the meanings set forth in this Section 10.13:

Acquisition Proposal means (a) any inquiry, proposal or offer with respect to a merger, joint venture, partnership, consolidation, dissolution, liquidation, tender offer, recapitalization, reorganization, spin-off, share exchange, business combination, purchase or similar transaction involving the Company or any of its Subsidiaries and (b) any acquisition by any Person or group (as defined in or under Section 13 of the Exchange Act) other than the Company or any of its Subsidiaries, Parent, Merger Sub or any controlled Affiliate thereof, or proposal or offer, which, in the case of each of clauses (a) and (b), if consummated would result in any Person or group (as defined in or under Section 13 of the Exchange Act) becoming the beneficial owner, directly or indirectly, in one or a series of related transactions, of 15% or more of the total voting power of any class of equity securities of the Company or any of its Subsidiaries, or 15% or more of the consolidated net income, consolidated net revenue or consolidated total assets (including equity securities of its Subsidiaries) of the Company, in each case other than the transactions contemplated by this Agreement.

Affiliate means, with respect to any Person, any other Person directly or indirectly controlling, controlled by, or under common control with such Person as of the date on which, or at any time during the period for which, the determination of affiliation is being made (for purposes of this definition, the term control (including the correlative meanings of the terms controlled by and under common control with), as used with respect to any Person, means the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of such Person, whether through the ownership of voting securities, by Contract or otherwise).

Agreement has the meaning set forth in the Preamble.

Alternative Acquisition Agreement has the meaning set forth in Section 7.2(c)(ii).

Anti-Corruption Laws means (a) the U.S. Foreign Corrupt Practices Act of 1977 (15 U.S.C. § 78dd1, *et seq*.), (b) the Corruption of Foreign Public Officials Act, S.C. 2002, c. 8 (Canada), (c) the U.K. Bribery Act 2010 and (d) all other anti-bribery, anti-corruption, anti-money-laundering and similar applicable Laws of each jurisdiction in which the Company and its Subsidiaries operate or have operated and in which any Person associated with or acting on behalf of the Company or any of its Subsidiaries, including any officer, director, employee, agent and Affiliate thereof is conducting or has conducted business involving the Company or any of its Subsidiaries.

Anti-Money Laundering Laws means all applicable financial recordkeeping, reporting and registration requirements, including the money laundering statutes of any jurisdiction applicable to the Company or its Subsidiaries, the rules and regulations thereunder and any related or similar rules, regulations or guidelines, issued, administered or enforced by any Governmental Entity from time to time, including the Financial Crimes Enforcement Network of the U.S. Department of the Treasury (FinCEN), and any legal requirement implementing the Forty Recommendations published by the Financial Action Task Force on Money Laundering.

Applicable Date has the meaning set forth in Section 5.5(a).

Bankruptcy and Equity Exception has the meaning set forth in Section 5.3(a).

Benefit Plans means any benefit and compensation plan, program, policy, practice, agreement, contract, arrangement (including employment agreements) or other obligation, whether or not in writing and whether or not funded, in each case, which is sponsored or maintained, or required to be contributed to, by the Company or any of its Subsidiaries, including any ERISA Plans, employment, consulting, retirement, severance, termination or change-in-control agreements, deferred compensation, stock based, incentive bonus, supplemental retirement, profit sharing, insurance, medical, welfare, fringe or other benefits or remuneration of any kind.

Book-Entry Share has the meaning set forth in Section 4.1(a).

Business Day means any day ending at 11:59 p.m. (New York City time) other than a Saturday or Sunday or a day on which (i) banks are required or authorized to close in New York City, New York, or (ii) for purposes of determining the Closing Date only, the Department of State of the State of Delaware is required or authorized to close.

Bylaws has the meaning set forth in Section 2.2.

TABLE OF CONTENTS

"Cards" means any prepaid card, reloadable card, payroll card or similar instrument that is issued by a licensee of a Card Association with respect to which the Company or any of its Subsidiaries serves as the program manager and/or processor.

"Card Association" means MasterCard Incorporated, VISA Inc., their related international entities, and any other card association, network, gateway service or similar interchange or entity (including Pulse Network and other debit card networks and links) with whom the Company, any of its Subsidiaries or any Issuing Bank may have a Contract for processing and/or facilitating switching settlement of transaction media generated by holders of Cards or similar instruments issued by licensees of such groups; provided, that with respect to Issuing Banks, the foregoing shall be limited to associations, networks and similar entities with respect to which the Issuing Banks sponsors one or more Card programs on behalf of the Company or any of its Subsidiaries.

"Certificate" has the meaning set forth in Section 4.1(a).

"Certificate of Merger" has the meaning set forth in Section 1.3.

"Change of Recommendation" has the meaning set forth in Section 7.2(c)(i).

"Charter" has the meaning set forth in Section 2.1.

"Closing" has the meaning set forth in Section 1.2.

"Closing Date" has the meaning set forth in Section 1.2.

"Code" has the meaning set forth in Section 4.2(g).

"Company" has the meaning set forth in the Preamble.

"Company 2018 Employee RSU Award" means a Company RSU Award granted on or after January 1, 2018 to any employee below the position of Vice President as of the date of grant.

"Company 2018 VP RSU Award" means a Company RSU Award granted on or after January 1, 2018 to any employee in the position of Vice President or higher as of the date of grant.

"Company Approvals" has the meaning set forth in Section 5.4(a).

"Company Board" has the meaning set forth in the Recitals.

"Company Disclosure Letter" has the meaning set forth in Article V.

"Company Equity Awards" means Company Exercisable Awards, Company Restricted Share Awards, Company Cashed Out RSU Awards, Company Pre-2018 RSU Awards, Company 2018 Employee RSU Awards, Company 2018 VP RSU Awards or Company Performance Share Awards.

"Company ESPPs" means the 2013 Employee Stock Purchase Plan and the International Employee Stock Purchase Plan, as such plans are amended, restated, supplemented or otherwise modified from time to time in accordance with their terms.

"Company Labor Agreements" has the meaning set forth in Section 5.16(a).

Company Options means all options to acquire Shares granted pursuant to a Stock Plan.

Company Cashed Out RSU Award means (x) a Company RSU Award with a grant date prior to (but not including) June 1, 2016 and (y) a Company RSU Award held by a non-employee director (regardless of when granted).

Company Exercisable Award has the meaning set forth in Section 4.3(a).

Company Performance Share Award has the meaning set forth in Section 4.3(c)(iv).

Company Performance Share Award Consideration has the meaning set forth in Section 4.3(c)(iv).

Company Pre-2018 RSU Award means a Company RSU Award with a grant date during the period commencing (and including) June 1, 2016 and ending (but not including) January 1, 2018, excluding any Company Cashed Out RSU Award.

Company Recommendation has the meaning set forth in Section 5.3(b).

TABLE OF CONTENTS

Company Related Parties has the meaning set forth in Section 9.5(f).

Company Reports has the meaning set forth in Section 5.5(a).

Company Restricted Share Award has the meaning set forth in Section 4.3(b).

Company Restricted Share Award Consideration has the meaning set forth in Section 4.3(b).

Company RSU Award has the meaning set forth in Section 4.3(c).

Company RSU Award Consideration has the meaning set forth in Section 4.3(c).

Company SARs means all stock appreciation rights with respect to Shares granted pursuant to a Stock Plan.

Compensation Committee has the meaning set forth in Section 4.3(e).

Compliant means, with respect to the Required Financial Information, that such Required Financial Information, when taken as a whole, does not, in each case, with respect to the Company and its Subsidiaries, contain any untrue statement of a material fact or omit to state any material fact necessary in order to make such Required Financial Information not materially misleading in the light of the circumstances under which it was furnished

Confidentiality Agreements has the meaning set forth in Section 10.7.

Consent means authorization, permit, consent or approval of any Governmental Entity.

Consumer Policies means all policies and procedures relating to consumer financial protection laws or regulations administered or enforced by the Consumer Financial Protection Bureau.

Continuing Employee has the meaning set forth in Section 7.9(a).

Contract means any legally binding agreement, lease, sublease, license, contract, note, mortgage, indenture, arrangement or other obligation, other than any Benefit Plan.

Converted RSU Award has the meaning set forth in Section 4.3(c).

Convertible Note Hedge Obligations means any hedge obligations entered into in connection with the Convertible Notes, including those evidenced by (a) the Base Convertible Bond Hedge Transaction Confirmation, dated as of July 21, 2016, between the Company and Wells Fargo Bank, National Association, (b) the Base Convertible Bond Hedge Transaction Confirmation, dated as of July 21, 2016, between the Company and Bank of America, N.A., (c) the Base Convertible Bond Hedge Transaction Confirmation, dated as of July 21, 2016, between the Company and Bank of Montreal, (d) the Additional Convertible Bond Hedge Transaction Confirmation, dated as of July 22, 2016, between the Company and Wells Fargo Bank, National Association, (e) the Additional Convertible Bond Hedge Transaction Confirmation, dated as of July 22, 2016, between the Company and Bank of America, N.A., and (f) the Additional Convertible Bond Hedge Transaction Confirmation, dated as of July 22, 2016, between the Company and Bank of Montreal.

Convertible Note Warrants means any warrants issued in connection with the Convertible Notes, including those evidenced by (a) the Base Issuer Warrant Transaction Confirmation, dated as of July 21, 2016, between the Company and Wells Fargo Bank, National Association, (b) the Base Issuer Warrant Transaction Confirmation, dated as of July

21, 2016, between the Company and Bank of America, N.A., (c) the Base Issuer Warrant Transaction Confirmation, dated as of July 21, 2016, between the Company and Bank of Montreal, (d) the Additional Issuer Warrant Transaction Confirmation, dated as of July 22, 2016, between the Company and Wells Fargo Bank, National Association, (e) the Additional Issuer Warrant Transaction Confirmation, dated as of July 22, 2016, between the Company and Bank of America, N.A., and (f) the Additional Issuer Warrant Transaction Confirmation, dated as of July 22, 2016, between the Company and Bank of Montreal.

Convertible Notes means the Company s 1.50% Convertible Senior Notes due 2022 issued pursuant to the Convertible Notes Indenture.

Convertible Notes Indenture mean the indenture, dated as of July 27, 2016, between the Company and the Trustee.

TABLE OF CONTENTS

Credit Agreement means the Amended and Restated Credit Agreement, dated as of July 27, 2016, by and among the Company, as borrower, the lenders referred to therein, as lenders, and Wells Fargo Bank, National Association, as administrative agent, as amended by the First Amendment thereto dated April 25, 2017, and the Second Amendment thereto dated August 28, 2017.

Credit Agreement Termination has the meaning set forth in Section 7.15.

D&O Insurance has the meaning set forth in Section 7.11(b).

Debt Commitment Letters has the meaning set forth in Section 6.5(a).

Debt Financing has the meaning set forth in Section 6.5(a).

Debt Financing Sources means the entities (or any of their Affiliates) that have committed to provide or arrange or have otherwise entered into agreements in connection with all or any part of the Debt Financing in connection with the transactions contemplated by this Agreement, including the parties to the Debt Commitment Letter and any joinder agreements, indentures or credit agreements entered into pursuant thereto or relating thereto and their respective officers, directors, employees, agents, Representatives and successors and assigns, in each case, solely in their capacities as such.

Definitive Agreements has the meaning set forth in Section 7.13(a).

Delisting Period has the meaning set forth in Section 7.7.

DGCL has the meaning set forth in the Recitals.

Dissenting Shares has the meaning set forth in Section 4.1(a).

Dissenting Stockholders has the meaning set forth in Section 4.1(a).

Distributor has the meaning set forth in Section 5.8(h).

DTC has the meaning set forth in Section 4.2(b)(i).

Effect has the meaning set forth in the definition of Material Adverse Effect.

Effective Time has the meaning set forth in Section 1.3.

Eligible Shares has the meaning set forth in Section 4.1(a).

Environmental Law means any Law relating to: (a) the protection, investigation or restoration of the environment, health, safety, or natural resources, (b) the handling, use, storage, treatment, transportation, presence, disposal, release or threatened release of any harmful or deleterious substance (c) noise, odor, indoor air, employee exposure, wetlands, pollution, contamination or any injury or threat of injury to persons or property relating to any Hazardous Substance.

Equity Commitment Letters has the meaning set forth in Section 6.5(a).

Equity Financing has the meaning set forth in Section 6.5(a).

Equity Financing Sources has the meaning set forth in Section 6.5(a).

ERISA means the Employee Retirement Income Security Act of 1974.

ERISA Affiliate means all employers (whether or not incorporated) that would be treated together with the Company or any of its Subsidiaries as a single employer within the meaning of Section 414 of the Code.

ERISA Plans means employee benefit plans within the meaning of Section 3(3) of ERISA.

Exchange Act means the Securities Exchange Act of 1934.

Exchange Fund has the meaning set forth in Section 4.2(a)(i).

Exchange Ratio means a fraction (a) the numerator of which shall be the Per Share Merger Consideration and (b) the denominator of which shall be the price per share paid by the Equity Financing Sources to acquire Parent Capital Stock in connection with the Closing.

Excluded Share and Excluded Shares have the meanings set forth in Section 4.1(a).

TABLE OF CONTENTS

Expense Reimbursement has the meaning set forth in Section 9.5(c).

Fair Value means the amount at which the assets (both tangible and intangible), in their entirety, of the Surviving Corporation and its Subsidiaries would change hands between a willing buyer and a willing seller, within a commercially reasonable period of time, each having reasonable knowledge of the relevant facts, with neither being under any compulsion to act.

Financing has the meaning set forth in Section 6.5(a).

Financing Commitments has the meaning set forth in Section 6.5(a).

FinCEN has the meaning set forth in the definition of Anti-Money Laundering Laws.

GAAP means United States generally accepted accounting principles.

Go-Shop Period has the meaning set forth in Section 7.2(a).

Government Regulatory Entity has the meaning set forth in Section 7.5(c)(i).

Government Official means any official, officer, employee, or Representative of, or any Person acting in an official capacity for or on behalf of, any Governmental Entity, and includes any official or employee of any entity directly or indirectly owned or controlled by any Governmental Entity, and any officer or employee of a public international organization, as well as any Person acting in an official capacity for or on behalf of any such Governmental Entity, or for or on behalf of any such public international organization.

Governmental Entity has the meaning set forth in Section 5.4(a).

Guarantors has the meaning set forth in the recitals.

Hazardous Substance means any substance that is: (a) listed, classified or regulated pursuant to any Environmental Law; (b) any petroleum product or by-product, asbestos-containing material, lead-containing paint or plumbing, polychlorinated biphenyls, mold, radioactive material or radon; and (c) any other substance or waste which may be the subject of regulatory action by any Governmental Entity in connection with any Environmental Law.

HSR Act has the meaning set forth in Section 5.4(a).

Import and Export Laws means all economic sanctions, export and re-export Laws of the United States (including the U.S. International Traffic in Arms Regulation, the Export Administration Regulations and U.S. sanctions Laws and regulations administered by the United States Department of the Treasury s Office of Foreign Assets Control (OFAC) and the U.S. Department of State), the United Nations Security Council, the European Union, European Union member states, the United Kingdom, and any other countries in which the Company or its Subsidiaries conduct business.

Indemnified Parties has the meaning set forth in Section 7.11(a).

Intellectual Property Rights means all intellectual property and proprietary rights, including all (a) trademarks, service marks, brand names, trade, corporate and d/b/a names, Internet domain names, social and mobile media identifiers, logos, trade dress, and other indicia of source or origin, all common-law rights relating thereto and all goodwill symbolized thereby; (b) patents, inventions and discoveries; (c) confidential information, trade secrets and know-how,

processes, methods, and algorithms; (d) copyrights and works of authorship (including copyrights in IT Assets, website and mobile content and documentation); and (e) registrations, applications, renewals, divisionals, continuations, continuations-in-part, re-examinations, re-issues, extensions and foreign counterparts relating to the foregoing.

Intermediate Holdings has the meaning set forth in the Recitals.

Intervening Event means a material positive event, fact, development or occurrence (other than any event, fact, development or occurrence resulting from a breach of this Agreement by the Company) with respect to the Company and its Subsidiaries or the business of the Company and its Subsidiaries, in each case taken as a whole, that (a) is neither known, nor reasonably foreseeable (with respect to substance or timing), by the Company Board as of or prior to the execution and delivery of this Agreement and (b) first occurs, arises or becomes known to the Company Board after the execution and delivery of this Agreement and on or prior to the date of the Requisite Company Vote; provided that (i) any event, fact, development or occurrence that involves or relates to an Acquisition Proposal or a Superior Proposal or any inquiry or communications or matters relating thereto, (ii) any event, fact,

TABLE OF CONTENTS

development or occurrence that results from the announcement, pendency and consummation of this Agreement or the Merger or any actions required to be taken or to be refrained from being taken pursuant to this Agreement, (iii) the fact that the Company meets or exceeds any internal or analysts expectations or projections, or (iv) any changes or lack thereof after the date hereof in the market price or trading volume of the Shares, individually or in the aggregate, will not be deemed to constitute an Intervening Event.

IRS has the meaning set forth in Section 5.15(d).

Issuing Bank means a financial institution that sponsors the Company or one or more of its Subsidiaries as a participant in a Card Association or issues Cards (or maintains deposits) in connection with a prepaid, payroll or other Card program marketed or distributed by the Company or one or more of its Subsidiaries.

IT Assets means computers, computer software, code, websites, applications, databases, networks, hardware, firmware, middleware, servers, workstations, routers, hubs, switches, data communications lines, and all other information technology and related equipment.

Knowledge or any similar phrase means (a) with respect to the Company, the collective actual knowledge of the individuals set forth in Section 10.13(a) of the Company Disclosure Letter, in each case after reasonable inquiry of such individuals direct reports and (b) with respect to Parent and Merger Sub, the collective actual knowledge of the individuals set forth in Section 10.13(b) of the Company Disclosure Letter, in each case after reasonable inquiry of such individuals direct reports.

Kroger Warrant means the Stock Purchase Warrant issued by the Company to The Kroger Co. on October 31, 2017.

Laws has the meaning set forth in Section 5.8(a).

Leased Real Property has the meaning set forth in Section 5.14(a).

Licenses has the meaning set forth in Section 5.8(b).

Lien has the meaning set forth in Section 5.2(a).

Limited Guarantee has the meaning set forth in the recitals.

Marketing Period means the first period of fourteen consecutive Business Days commencing after the date hereof throughout which (i) Parent shall have the Required Financial Information and such Required Financial Information (which shall be the same information throughout the period) is Compliant and (ii) the conditions set forth in Sections 8.1 and 8.2 shall have been satisfied (other than those conditions that by their nature are to be satisfied at the Closing), assuming that the Closing Date were to be scheduled for any time during such fourteen consecutive Business Day period, or (to the extent permitted by applicable Law) waived; provided, however, that (A) (x) if such fourteen consecutive Business Day period has not ended on or prior to June 29, 2018, then such period shall not start until July 9, 2018 and (y) if such fourteen consecutive Business Day period has not ended on or prior to August 17, 2018, then such period shall not start until September 4, 2018 and (B) the Marketing Period shall be deemed not to have commenced if, after the date hereof and prior to the completion of such fourteen consecutive Business Day period, (x) the independent auditors of the Company shall have withdrawn its audit opinion with respect to any year-end audited financial statements of the Company and its Subsidiaries included in the Required Financial Information, in which case the Marketing Period shall be deemed not to commence unless and until such independent auditors or another nationally recognized independent accounting firm reasonably acceptable to Parent has issued an unqualified audit opinion with respect to such financial statements or (y) any of the financial statements of the Company and its

Subsidiaries included in the Required Financial Information shall have been restated or the Company shall have determined or publicly announced that a restatement of any financial statements of the Company and its Subsidiaries included in the Required Financial Information is required, in which case the Marketing Period shall be deemed not to commence unless and until such restatement has been completed and the Required Financial Information has subsequently been amended and delivered to Parent or the Company has determined in writing or publicly announced, as applicable, that no such restatement shall be required; provided, that if the Company shall in good faith reasonably believe that it has provided the Required Financial Information and that such Required Financial Information is Compliant, it may deliver to Parent a written notice to that effect (stating the date upon which it believes it completed such delivery or provided such access to Required Financial Information that is Compliant), in which case (subject to satisfaction of any other conditions, and compliance with the terms of each other provision, of this definition (including the requirement that Required Financial Information be the same information throughout

TABLE OF CONTENTS

the period)) such fourteen consecutive Business Day period referred to above shall be deemed to have commenced on the date such notice is delivered to Parent unless Parent in good faith reasonably believes the Company has not provided the Required Financial Information that is Compliant or that clauses (ii) or (iii) of this definition have not been satisfied and, within two Business Days after the giving of such notice by the Company, gives a written notice to the Company to that effect (stating with specificity any elements of noncompliance and/or nonsatisfaction).

Material Adverse Effect means any change, event, occurrence, state of facts, condition, circumstance, development or effect (each, an Effect) that, individually or in the aggregate with such other Effects has had, or would reasonably be expected to have, a material adverse effect on the business, results of operations or financial condition of the Company and its Subsidiaries, taken as a whole; provided, however, that for purposes of the foregoing, none of the following, in and of itself or themselves shall be deemed to constitute or be taken into account in determining whether there has occurred or would reasonably be expected to occur a Material Adverse Effect: (a) changes in the economy, credit or financial markets or political, regulatory or business conditions in the United States or any other countries in which the Company or any of its Subsidiaries has any material operations; (b) Effects that are the result of factors generally affecting the industries in which the Company and its Subsidiaries operate; (c) changes in GAAP or in any Law unrelated to this Agreement or the Merger and of general applicability, including the repeal thereof, or in the interpretation or enforcement thereof, after the date hereof; (d) any failure by the Company to meet any internal or public projections or forecasts or estimates of revenues or earnings; provided that the exception in this clause (d) shall not prevent or otherwise affect a determination that any Effect (not otherwise excluded under this definition) underlying such failure has resulted in, or contributed to, or would reasonably be expected to result in, or contribute to a Material Adverse Effect; (e) any Effect resulting from acts of war (whether or not declared), civil disobedience, hostilities, sabotage (other than cyberattacks affecting the Company and its Subsidiaries), terrorism, military actions or the escalation of any of the foregoing, any hurricane, flood, tornado, earthquake or other catastrophic weather or natural disaster, or any pandemic; (f) the entry into, announcement, pendency or performance of this Agreement and the transactions contemplated hereby, including any changes in the relationship of the Company or any of its Subsidiaries, contractual or otherwise, with customers, employees, unions, suppliers, distributors, financing sources, partners or similar relationship; provided, however, that the exceptions in this clause (f) shall not apply with respect to references to Material Adverse Effect in the representations and warranties contained in Section 5.4 (and in Section 8.2(a) and Section 9.4(c) to the extent related to such portions of such representation); (g) a decline in the market price, or change in trading volume, of the Shares on NASDAQ; provided that the exception in this clause (g) shall not prevent or otherwise affect a determination that any Effect (not otherwise excluded under this definition) underlying such decline or change has resulted in, or contributed to, or would reasonably be expected to result in, or contribute to, a Material Adverse Effect; or (h) any legal proceedings made or brought by any of the current or former stockholders of the Company (on their own behalf or on behalf of the Company), but in any event only in their capacities as current or former stockholders, or otherwise under the DGCL or other applicable Law, arising out of or related to this Agreement or any of the transactions contemplated hereby; provided further, that, with respect to clauses (a), (b), (c), and (e), such Effect shall be taken into account in determining whether a Material Adverse Effect has occurred (i) if it disproportionately adversely affects the Company and its Subsidiaries compared to other companies of similar size operating in the industries in which the Company and its Subsidiaries operate (provided, that only the incremental disproportionate adverse effects of such Effects may be taken into account in determining whether there has been, or would reasonably be expected to be, a Material Adverse Effect).

Material Contract has the meaning set forth in Section 5.13(a).

Merger has the meaning set forth in the Recitals.

Merger Sub has the meaning set forth in the Preamble.

Money Transmitter License has the meaning set forth in Section 5.8(h).

"NASDAQ" means the Nasdaq Global Select Market.

"Network Rules" has the meaning set forth in Section 5.10.

"No-Shop Period Start Date" has the meaning set forth in Section 7.2(b).

"Non-U.S. Benefit Plan" has the meaning set forth in Section 5.15(a).

"Notice Period" has the meaning set forth in Section 7.2(c).

TABLE OF CONTENTS

OFAC has the meaning set forth in the definition of Import and Export Laws.

Order means any order, final award, judgment, injunction, writ, decree (including any consent decree or similar agreed order or judgment), directive, settlement, stipulation, ruling, determination or verdict, whether civil, criminal or administrative, in each case, that is entered, issued, made or rendered by any Governmental Entity.

Original Date has the meaning set forth in Section 7.4(a).

Outside Date has the meaning set forth in Section 9.2(a).

P2 Fund I has the meaning set forth in the Recitals.

P2 Funds has the meaning set forth in the Recitals.

Parent has the meaning set forth in the Preamble.

Parent Approvals has the meaning set forth in Section 6.3(a).

Parent Capital Stock means the same class of equity securities of Parent as are held by the Equity Financing Sources immediately following the Closing.

Parent Related Parties has the meaning set forth in Section 9.5(f).

Parent Termination Fee has the meaning set forth in Section 9.5(d).

Party and Parties have the meanings set forth in the Preamble.

Paying Agent has the meaning set forth in Section 4.2(a)(i).

Paying Agent Agreement has the meaning set forth in Section 4.2(a)(ii).

Per Share Merger Consideration has the meaning set forth in Section 4.1(a).

Permitted Liens means (i) zoning restrictions, easements, rights-of-way or other restrictions on the use of real property (provided, that such liens and restrictions do not materially and adversely impair the Company s current business operations at such location), (ii) pledges or deposits by the Company or any of its Subsidiaries under workmen s compensation Laws, unemployment insurance Laws or similar legislation, or good faith deposits in connection with bids, tenders or Contracts to which such entity is a party, or deposits to secure public or statutory obligations of such entity, (iii) Liens imposed by Law, including carriers , warehousemen s, landlords and mechanics liens for sums not yet due or being contested in good faith by appropriate proceedings, (iv) statutory Liens for Taxes, assessments or other governmental charges not yet due and payable or which are being contested in good faith by appropriate proceedings and for which adequate reserves have been established in accordance with GAAP, (v) Liens or imperfections of title that do not materially impair the ownership or use of the assets to which they relate, (vi) non-exclusive licenses granted to customers in the ordinary course of business by the Company or its Subsidiaries or (vii) Liens granted to secure (A) intercompany borrowings among the Company and its Subsidiaries, (B) the Secured Obligations as defined in and pursuant to the Credit Agreement, or (C) any Indebtedness incurred as permitted under this Agreement.

Person means, as broadly interpreted, any individual, corporation (including not-for-profit), general or limited partnership, limited liability company, joint venture, estate, trust, association, organization, Governmental Entity, the

media or other entity of any kind or nature.

Personal Information means a Person s name, address, telephone number, electronic mail address, social security number, bank account or credit or debit card number, sensitive personal information and/or any special categories of personal information regulated by applicable Law.

Post-Closing SEC Reports has the meaning set forth in Section 7.7.

Present Fair Salable Value means the amount that may be realized if the aggregate assets of the Surviving Corporation and its Subsidiaries (including goodwill) are sold as an entirety with reasonable promptness in an arm s length transaction under then-present conditions for the sale of comparable business enterprises.

Privacy Laws means any Law relating to data, privacy, personal and/or Personal Information and/or IT Assets security, including the EU Data Protection Directive 95/46/EC, the ePrivacy Directive 2002/58/EC, as implemented

TABLE OF CONTENTS

by EU Member States, the Gramm-Leach-Bliley Act, the Payment Card Industry Data Security Standard, as adopted by the PCI Security Standards Council, LLC and all other Laws, industry standards, certifications and best practices relating to privacy, data, IT Assets Security and Personal Information.

Privacy Policies means all policies and procedures relating to Personal Information and/or the privacy or security, operation, backup, business continuity, disaster recovery or redundancy of any IT Assets (and any data stored, transmitted or processed thereby), including policies and procedures adopted to ensure compliance with the Gramm-Leach-Bliley Act of 1999, as amended, and the Telephone Consumer Protection Act.

Proceeding means any action, cause of action, claim, demand, charge, litigation, suit, investigation, grievance, citation, summons, subpoena, inquiry, audit, hearing, originating application to a tribunal, arbitration or other similar proceeding of any nature, civil, criminal, regulatory, administrative or otherwise, whether in equity or at law, in contract, in tort or otherwise.

Proxy Statement has the meaning set forth in Section 7.3(a).

Real Property Encumbrance means any mortgage, lien, pledge, charge, security interest, easement, covenant, or other restriction or title matter or encumbrance of any kind in respect of such asset but specifically excludes: (a) encumbrances for current Taxes or other governmental charges not yet due and payable; (b) mechanics , carriers , workmen s, repairmen s or other like encumbrances arising or incurred in the ordinary course of business for amounts not yet past due, or the validity or amount of which is being contested in good faith by appropriate Proceedings and which are reflected on or specifically reserved against or otherwise disclosed in the consolidated balance sheets included in the Company Reports; (c) other encumbrances that do not, individually or in the aggregate, materially impair the continued use, operation, value or marketability of the specific parcel of Leased Real Property to which they relate or the conduct of the business of the Company and its Subsidiaries as presently conducted; and (d) easements, rights of way or other similar matters or restrictions or encumbrances that may be shown or disclosed by a current and accurate survey or diligently conducted physical inspection which, in each case, do not materially impair the occupancy or use of the Leased Real Property for the purposes for which it is currently operated or used in connection with the business of the Company and its Subsidiaries.

Registered means issued by, registered with, renewed by or the subject of a pending application before any Governmental Entity or Internet domain name registrar.

Representatives has the meaning set forth in Section 7.2(b) and shall include, in the case of Parent, the Debt Financing Sources and any Representatives thereof.

Required Financial Information means the financial statements of the Company required to be delivered in order to satisfy the condition set forth in paragraph 5 of Exhibit C to the Debt Commitment Letter (as in effect on the date hereof).

Required Financing Amount has the meaning set forth in Section 6.5.

Requisite Company Vote has the meaning set forth in Section 5.3(a).

Restricted Share Consideration has the meaning set forth in Section 4.3(c)(iii).

Sandler O Neill has the meaning set forth in Section 5.3(b).

Sarbanes-Oxley Act has the meaning set forth in Section 5.5(a).

SEC has the meaning set forth in Article V.

Securities Act means the Securities Act of 1933.

Share and Shares have the meanings set forth in the Recitals.

Significant Content Provider has the meaning set forth in Section 5.12(a).

Significant Distribution Partners has the meaning set forth in Section 5.12(b).

Significant Subsidiary means a subsidiary of the Company that would be a significant subsidiary within the meaning of Rule 1.02 of Regulation S-X promulgated pursuant to the Exchange Act.

Solvent means that, as of any date of determination, (a) the Present Fair Salable Value of the assets of the Surviving Corporation and its Subsidiaries will, as of such date, exceed all of its liabilities, contingent or otherwise,

TABLE OF CONTENTS

as of such date, (b) the Fair Value of the assets of the Surviving Corporation and its Subsidiaries will, as of such date, exceed its all of its liabilities, contingent or otherwise, as of such date, (c) the Surviving Corporation and its Subsidiaries will not have, as of such date, an unreasonably small amount of capital for the business in which it is engaged or is about to be engaged and (d) the Surviving Corporation and its Subsidiaries will be able to pay their debts as they become absolute and mature, taking into account the timing of and amounts of cash to be received by it and the timing of and amounts of cash to be payable on or in respect of its indebtedness, in each case after giving effect to the transactions contemplated by this Agreement. For purposes of the definition of Solvent, (i) debt means liability on a claim and (ii) claim means (A) any right to payment, whether or not such a right is reduced to judgment, liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, secured or unsecured or (B) the right to an equitable remedy for a breach in performance if such breach gives rise to a right to payment, whether or not such equitable remedy is reduced to judgment, liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, legal, equitable, secured or unsecured.

Standstill Agreement means an agreement with a Person other than the Company or any of its Subsidiaries, Parent, Merger Sub or any controlled Affiliate thereof that would prohibit such Person, prior to or after the execution, delivery and public announcement of this Agreement, from communicating confidentially an Acquisition Proposal to the Company Board.

Stock Plans means, collectively, the Second Amended and Restated 2006 Restricted Stock and Restricted Stock Unit Plan, the Amended and Restated 2007 Stock Option and Stock Appreciation Right Plan, the 2013 Equity Incentive Award Plan (each such plan as amended, restated, supplemented or otherwise modified from time to time in accordance with its terms).

Stockholders Meeting has the meaning set forth in Section 7.4(a).

Subsidiary means, with respect to any Person, any other Person of which at least a majority of the securities or ownership interests having by their terms ordinary voting power to elect a majority of the board of directors or other persons performing similar functions is directly or indirectly owned or controlled by such Person and/or by one or more of its Subsidiaries.

Superior Proposal means an unsolicited *bona fide* written Acquisition Proposal that would result in any Person or group (as defined in or under Section 13 of the Exchange Act) other than the Company or any of its Subsidiaries, Parent, Merger Sub or any controlled Affiliate thereof becoming the beneficial owner, directly or indirectly, of 50% or more of the total voting power of the equity securities of the Company (or of the surviving entity in a merger involving the Company or the resulting direct or indirect parent of the Company or such surviving entity) or 50% or more of the consolidated total assets (including equity securities of its Subsidiaries) of the Company that the Company Board has determined in good faith, after consultation with its outside legal counsel and financial advisor (a) would result in a transaction that, if consummated, would be more favorable to the stockholders of the Company from a financial point of view than the Merger and the other transactions contemplated by this Agreement (after taking into account any revisions to the terms of the Merger and the other transaction contemplated by Section 7.2(c) of this Agreement pursuant to Section 7.2(c) and the time likely to be required to consummate such Acquisition Proposal) and (b) is reasonably capable of being consummated on the terms so proposed, taking into account all financial, regulatory, legal and other aspects of such proposal, including the likelihood of termination, the sources of and terms of any financing, financing market conditions and the existence of a financing contingency, the timing of closing and the identity of such Person making the proposal.

Supplemental Indenture has the meaning set forth in Section 7.12(a).

Surviving Corporation has the meaning set forth in Section 1.1.

Takeover Statute has the meaning set forth in Section 5.21.

Tax Return means any return, report or statement (including information returns) required to be filed with or provided to any Governmental Entity or other person, or maintained, with respect to Taxes, including any schedule or attachment thereto or amendment thereof.

Taxes means any taxes of any kind, including those on or measured by or referred to as income, gross receipts, capital, sales, use, ad valorem, franchise, profits, license, withholding, payroll, employment, excise, severance,

TABLE OF CONTENTS

stamp, occupation, premium, value-added, property or windfall profits taxes, customs, duties or similar fees, assessments or charges of any kind whatsoever, together with any interest and any penalties, additions to tax or additional amounts imposed by any Governmental Entity, domestic or foreign.

Termination Fee has the meaning set forth in Section 9.5(b).

Third-Party Consents has the meaning set forth in Section 5.4(b)(ii).

Transaction Litigation has the meaning set forth in Section 7.17(c).

Trustee means The Bank of New York Mellon Trust Company, N.A.

Willful and Material Breach means a material breach that is a consequence of an act undertaken by the breaching Party or the failure by the breaching Party to take an act it is required to take under this Agreement, with knowledge that the taking of or failure to take such act would, or would reasonably be expected to, cause a breach of this Agreement.

10.14. Limitation on Recourse.

(a) This Agreement may only be enforced against, and any claim, action, suit or other legal proceeding based upon, arising out of, or related to this Agreement, or the negotiation, execution or performance of this Agreement, may only be brought against the entities that are expressly named as parties hereto and then only with respect to the specific obligations set forth herein with respect to such party. No past, present or future director, officer, employee, incorporator, manager, member, general or limited partner, stockholder, equityholder, controlling person, Affiliate, agent, attorney or other Representative of any party hereto or any of their successors or permitted assigns or any direct or indirect director, officer, employee, incorporator, manager, member, general or limited partner, stockholder, equityholder, controlling person, Affiliate, agent, attorney, Representative, successor or permitted assign of any of the foregoing (each, a Non-Recourse Party), shall have any liability for any obligations or liabilities of any party hereto under this Agreement or for any claim or Proceeding (whether in tort, contract or otherwise) based on, in respect of or by reason of the transactions contemplated hereby or in respect of any written or oral representations made or alleged to be made in connection herewith. Without limiting the rights of the Company against Parent, in no event shall the Company or any of its Affiliates seek to enforce this Agreement against, make any claims for breach of this Agreement against, or seek to recover monetary damages from, any Non-Recourse Party.

(b) Notwithstanding anything to the contrary contained herein, the Company, on behalf of themselves and the other Company Related Parties, hereby irrevocably and unconditionally (i) acknowledges and agrees that this Agreement may not be enforced against any Debt Financing Source or its Representatives and none of the Debt Financing Sources or their Representatives shall have any liability under this Agreement or for any claim or Proceeding (whether in tort, contract or otherwise) based on, in respect of, or by reason of, the transactions contemplated hereby, including, but not limited to, any dispute related to, or arising from, the Debt Financing, the Debt Commitment Letter or the performance thereof, (ii) waives any rights or claims against any of the Debt Finance Sources or their Representatives in connection with this Agreement, the Debt Financing or the Debt Commitment Letters, whether at law or equity, in contract, in tort or otherwise, and (iii) agrees not to commence (and if commenced agree to dismiss or otherwise terminate, and not to assist) any action, arbitration, audit, hearing, investigation, litigation, petition, grievance, complaint, suit or proceeding against any Debt Financing Source or its Representatives in connection with this Agreement, the Debt Financing, the Debt Commitment Letter or the transactions contemplated hereby or thereby; provided that, notwithstanding the foregoing, nothing herein shall affect the rights of the Surviving Corporation against the Debt Financing Sources or any of their respective Representatives with respect to the Debt Financing following the Merger.

10.15. Counterparts. This Agreement may be executed in any number of counterparts, each such counterpart being deemed to be an original instrument, and all such counterparts shall together constitute the same agreement. A signed copy of this Agreement delivered by facsimile, email or other means of electronic transmission shall be deemed to have the same legal effect as delivery of an original signed copy of this Agreement.

[*Signature Page Follows*]

TABLE OF CONTENTS

IN WITNESS WHEREOF, this Agreement has been duly executed and delivered by the duly authorized officers of the Parties as of the date first written above.

BLACKHAWK NETWORK
HOLDINGS, INC.

By: /s/ Talbott Roche

Name: Talbott Roche
Title: Chief Executive Officer and
President

[*Signature Page to Agreement and Plan of Merger*]

TABLE OF CONTENTS

BHN HOLDINGS, INC.

By: /s/ Michael Bingle
Name: Michael Bingle
Title: President

BHN MERGER SUB, INC.

By: /s/ Michael Bingle
Name: Michael Bingle
Title: President

[*Signature Page to Agreement and Plan of Merger*]

TABLE OF CONTENTS

EXHIBIT A

FORM OF CERTIFICATE OF INCORPORATION OF THE SURVIVING CORPORATION

THE UNDERSIGNED, being a natural person for the purpose of organizing a corporation under the General Corporation Law of the State of Delaware (the DGCL), hereby certifies that:

FIRST: The name of the corporation (which is hereinafter referred to as the Corporation) is Blackhawk Network Holdings, Inc.

SECOND: The name and address of the registered agent in the State of Delaware is The Corporation Trust Company, 1209 Orange Street, Wilmington, New Castle County, Delaware 19801.

THIRD: The purpose of the Corporation is to engage in any lawful act or activity for which corporations may be organized under the DGCL, as from time to time amended.

FOURTH: The total number of shares of capital stock which the Corporation shall have authority to issue is 1,000, all of which shares shall be common stock having a par value per share of $0.001.

FIFTH: In furtherance and not in limitation of the powers conferred by law, subject to any limitations contained elsewhere in this certificate of incorporation, bylaws of the Corporation may be adopted, amended or repealed by a majority of the board of directors of the Corporation, but any bylaws adopted by the board of directors may be amended or repealed by the stockholders entitled to vote thereon. Election of directors need not be by written ballot.

SIXTH: (a) To the maximum extent permitted by the DGCL, a director of the Corporation shall not be personally liable to the Corporation or its stockholders for monetary damages for breach of fiduciary duty as a director. If the DGCL is amended after approval by the stockholders of this Article SIXTH to authorize corporate action further eliminating or limiting the personal liability of directors, then the liability of a director of the Corporation shall be eliminated or limited to the fullest extent permitted by the DGCL, as so amended, automatically and without further action, upon the date of such amendment.

(b) The Corporation shall indemnify to the fullest extent permitted by law any person made or threatened to be made a party to an action or proceeding, whether criminal, civil, administrative or investigative (a Proceeding), by reason of the fact that he or she, or a person for whom he or she is the legal representative, is or was a director or officer of the Corporation or any predecessor of the Corporation or serves or served at any other enterprise as a director or officer at the request of the Corporation or any predecessor to the Corporation against all expenses (including attorneys fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by such person in connection with any such Proceeding. Such right may include the right to be paid by the Corporation expenses incurred in defending any such Proceeding in advance of its final disposition to the maximum extent permitted under the DGCL, as the same exists or may hereafter be amended. Notwithstanding the preceding sentence, except as otherwise provided in the bylaws, the Corporation shall be required to indemnify a person in connection with a Proceeding initiated by such person only if the Proceeding was authorized in the specific case by the board of directors. (c) The Corporation may indemnify to the fullest extent permitted by law any person made or threatened to be made a party to a Proceeding, by reason of the fact that he or she, or a person for whom he or she is the legal representative, is or was an employee or agent of the Corporation or any predecessor of the Corporation, or serves or served at any other enterprise as an employee or agent at the request of the Corporation or any predecessor to the Corporation, against all expenses (including attorneys fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by such person in connection with any such Proceeding. Such right may include the right to be paid by the Corporation expenses incurred in defending any such Proceeding in advance of its final disposition to the maximum extent

permitted under the DGCL, as the same exists or may hereafter be amended. (d) Neither any amendment nor repeal of this Article SIXTH, nor the adoption of any provision of this Certificate of Incorporation inconsistent with this Article SIXTH, shall eliminate or reduce the effect of this Article SIXTH in respect of any matter occurring, or any Proceeding accruing or arising or that, but for this Article SIXTH, would accrue or arise, prior to such amendment, repeal or adoption of an inconsistent provision.

SEVENTH: To the fullest extent permitted by the DGCL, the Corporation acknowledges that: (i) each Exempted Stockholder (as defined below), director employed by an Exempted Stockholder or one of its affiliates, officer affiliated with an Exempted Stockholder or one of its affiliates and any other officer or director of the Corporation specifically designated by an Exempted Stockholder or one of its affiliates (collectively, the Exempted Persons) shall have no duty (contractual or otherwise) not to, directly or indirectly, engage in the same or similar business

TABLE OF CONTENTS

activities or lines of business as the Corporation or any of its subsidiaries, including those deemed to be competing with the Corporation or any of its subsidiaries; and (ii) in the event that any Exempted Person acquires knowledge of a potential transaction or matter that may be a corporate opportunity for the Corporation, then such Exempted Person shall have no duty (contractual or otherwise) to communicate or present such corporate opportunity to the Corporation or any of its subsidiaries, as the case may be, and shall not be liable to the Corporation or its affiliates or stockholders for breach of any duty (contractual or otherwise) by reason of the fact that such Exempted Person, directly or indirectly, pursues or acquires such opportunity for itself, directs such opportunity to another person, or does not present such opportunity to the Corporation. For purposes of this Article SEVENTH, the term Exempted Stockholder shall mean all stockholders of the Corporation other than stockholders who are also officers or employees of the Corporation or any subsidiary of the Corporation or who are permitted transferees of any such person.

IN WITNESS WHEREOF, the undersigned has duly executed this Certificate of Incorporation on this [ ] day of [ ], 2018.

TABLE OF CONTENTS

EXHIBIT B

VOTING AND SUPPORT AGREEMENT

(See attached)

TABLE OF CONTENTS

VOTING AND SUPPORT AGREEMENT

This **VOTING AND SUPPORT AGREEMENT** (this "Agreement"), dated as of January 15, 2018, is entered into by and among BHN Holdings, Inc., a Delaware corporation ("Parent"), BHN Merger Sub, Inc., a Delaware corporation and a wholly owned subsidiary of Parent ("Merger Sub"), P2 Capital Master Fund I, L.P., a Cayman Islands exempted limited partnership ("Master Fund I"), P2 Capital Master Fund VI, L.P., a Delaware limited partnership ("Master Fund VI"), P2 Capital Master Fund XII, L.P., a Delaware limited partnership ("Master Fund XII" and, together with Master Fund I and Master Fund VI, the "Stockholders") and P2 Capital Partners, LLC, a Delaware limited liability company (the "Manager" and, together with the Stockholders, the "P2 Parties").

WHEREAS, as of the date hereof, the P2 Parties are the record and beneficial owners (as defined in Rule 13d-3 under the Exchange Act) of the number of shares of common stock, par value $0.001 per share ("Common Stock"), of Blackhawk Network Holdings, Inc., a Delaware corporation (the "Company") set forth opposite each Stockholder's name on Schedule A (all such shares set forth on Schedule A, together with any additional shares of Common Stock of the Company that are hereafter issued to, or otherwise acquired directly or indirectly or owned, upon the exercise of options, conversion of convertible securities, upon a stock dividend or distribution, upon a split-up, reverse stock split, recapitalization, combination, reclassification or otherwise, and any other securities issued by the Company beneficially or of record, by, the P2 Parties prior to the termination of this Agreement being referred to herein as the "Subject Shares");

WHEREAS, concurrently with the execution hereof, Parent, Merger Sub and the Company are entering into an Agreement and Plan of Merger, dated as of the date hereof and as it may be amended, supplemented or waived from time to time in accordance with its terms (the "Merger Agreement"), which provides, among other things, for Merger Sub to merge with and into the Company (the "Merger") with the Company continuing as the surviving corporation, upon the terms and subject to the conditions set forth in the Merger Agreement (capitalized terms used but not otherwise defined herein shall have the respective meanings ascribed to such terms in the Merger Agreement); and

WHEREAS, as a condition to their willingness to enter into the Merger Agreement, Parent and Merger Sub have required that the P2 Parties, and as an inducement and in consideration therefor, the P2 Parties (with respect to the Stockholders, solely in such Stockholder's capacity as a holder of the Subject Shares) have agreed to, enter into this Agreement.

NOW, THEREFORE, in consideration of the foregoing and the respective representations, warranties, covenants and agreements set forth below and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto, intending to be legally bound, do hereby agree as follows:

ARTICLE I
AGREEMENT TO VOTE

1.1 Agreement to Vote. Subject to the terms of this Agreement, the Stockholders hereby irrevocably and unconditionally agree that, during the time this Agreement is in effect, at every annual or special meeting of the stockholders of the Company held with respect to the matters specified in Section 1.1(b), however called, including any adjournment or postponement thereof, and in connection with any action proposed to be taken by written consent of the stockholders of the Company with respect to the matters specified in Section 1.1(b), the Stockholders shall, in each case to the fullest extent that the Subject Shares are entitled to vote thereon:

(a) cause the Subject Shares to be counted as present thereat for purposes of determining a quorum; and

(b) be present (in person or by proxy) and vote (or cause to be voted), or deliver (or cause to be delivered) a written consent with respect to, the Subject Shares:

(i) in favor of (A) adoption of the Merger Agreement and approval of the Merger and the other transactions contemplated by the Merger Agreement and (B) each of the actions contemplated by the Merger Agreement in respect of which approval of the Company s stockholders is requested, including any proposal to adjourn or postpone any meeting of the Company s stockholders held with respect to the matters specified in Section 1.1(b) (which is not opposed by Parent) to a later date if there are not sufficient votes to adopt the Merger Agreement on the date on which such meeting is held;

(ii) against (A) any change in the Company Board, (B) any Acquisition Proposal or any other proposal made in opposition to the Merger Agreement, the Merger or the transactions contemplated by the Merger Agreement, and (C) any other proposal or action that would constitute a breach of any covenant, representation

TABLE OF CONTENTS

or warranty or any other obligation or agreement of the Company under the Merger Agreement or of the Stockholders under this Agreement or that that is intended or could reasonably be expected to prevent, frustrate, impede, interfere with, materially delay or adversely affect the Merger or other transactions contemplated by the Merger Agreement; and

(iii) in favor of any other matter submitted to the Company s stockholders necessary to the consummation of the transactions contemplated by the Merger Agreement, including the Merger.

(c) The Stockholders agree that the obligations specified in this Section 1.1 shall not be affected by any Change of Recommendation except to the extent the Merger Agreement is terminated as a result thereof.

(d) Other than as disclosed on Schedule 2.5, during the time this Agreement is in effect, the Stockholders shall retain at all times the right to vote the Subject Shares in the Stockholders sole discretion, and without any other limitation, on any matters other than those set forth in this Section 1.1 that are at any time or from time to time presented for consideration to the Company s stockholders generally.

1.2 Grant of Irrevocable Proxy; Appointment of Proxy

(a) Each Stockholder hereby irrevocably grant to, and appoint, Parent and any duly appointed designee thereof, as, such Stockholder s proxy and attorney-in-fact (with full power of substitution), for and in the name, place and stead of such Stockholder, to attend any meeting of the shareholders of the Company on behalf of such Stockholder with respect to the matters set forth in Section 1.1(b)(i) and (ii), to include the Subject Shares in any computation for purposes of establishing a quorum at any such meeting of shareholders of the Company, and to vote all Subject Shares, or to grant a consent or approval in respect of the Subject Shares, in connection with any meeting of the shareholders of the Company or any action by written consent in lieu of a meeting of shareholders of the Company in accordance with the provisions of Section 1.1. Parent agrees not to exercise the proxy granted herein for any purpose other than with respect to the matters set forth in Section 1.1(b)(i) and (ii). The Stockholders hereby affirm that the proxy set forth in this Section 1.2 is given in connection with the execution of the Merger Agreement, and that such proxy is given to secure the performance of the duties of Stockholders under this Agreement. The Stockholders hereby further affirm that the irrevocable proxy is coupled with an interest and, except as set forth in this Section 1.2, is intended to be irrevocable in accordance with the provisions of Section 212 of the DGCL during the term of this Agreement.

(b) The Stockholders hereby represent that any proxies heretofore given in respect of the Subject Shares, if any, with respect to the matters set forth in Section 1.1(b)(i) and (ii) are revocable, and hereby revoke such proxies.

ARTICLE II
REPRESENTATIONS AND WARRANTIES OF THE P2 PARTIES

Except as set forth on the schedules attached hereto (which shall be arranged in numbered and lettered sections corresponding to the numbered and lettered sections contained in this Article II, and the disclosure in any section shall be deemed to qualify or apply to other sections in this Article II to the extent it is reasonably apparent that such disclosure also qualifies or applies to such other sections), each P2 Party represents and warrants to Parent and Merger Sub that:

2.1 Organization, Power and Authority. Each P2 party is duly incorporated or organized, validly existing and in good standing under the Laws of its governing jurisdiction and the consummation by each P2 Party of the transactions contemplated hereby are within the each P2 Party s organizational powers and have been duly authorized by all necessary organizational actions on the part of each P2 Party.

2.2 Authorization; Binding Agreement. Each P2 Party has full power and authority to execute, deliver and perform this Agreement. This Agreement has been duly and validly executed and delivered by each P2 Party, and, assuming due authorization, execution and delivery by Parent and Merger Sub, constitutes a legal, valid and binding obligation of the P2 Parties enforceable against the P2 Parties in accordance with its terms.

2.3 Non-Contravention. The execution and delivery of this Agreement by the P2 Parties does not, and the performance by the P2 Parties of each P2 Party s obligations hereunder and the consummation by the P2 Parties of the transactions contemplated hereby will not, (i) except as may be required by applicable U.S. Federal securities Laws, require any consent, approval, order, authorization or other action by, or filing with or notice to, any Person (including any Governmental Entity) under, constitute a default (with or without the giving of notice or the lapse of time or both) under, or give rise to any right of termination, cancellation or acceleration under, or result in the creation

TABLE OF CONTENTS

of any lien, charge, pledge, security interest, claim, adverse ownership interest or other encumbrance (collectively, Liens), other than Permitted Liens, on any of the Subject Shares pursuant to, any agreement, trust, commitment, order, judgment, writ, stipulation, settlement, award, decree or other instrument binding on any P2 Party, (ii) violate any provision of each P2 Party s organizational documents, or (iii) result in a violation or breach of, or constitute a default under any applicable Law, in case of each of clauses (i) and (ii), except as would not reasonably be expected to prevent or materially delay the consummation by the P2 Parties of the transactions contemplated by this Agreement or otherwise adversely impact the P2 Parties ability to perform its obligations hereunder in any material respect.

2.4 Ownership of Subject Shares; Total Shares. (i) Each of the P2 Parties is the record or beneficial owner (as defined in Rule 13d-3 under the Exchange Act) of the Subject Shares and each Stockholder has good, valid and marketable title to such Subject Shares owned by such Stockholder free and clear of any Liens in respect of such Subject Shares, except as provided hereunder or pursuant to any applicable restrictions on transfer under the Securities Act (collectively, Permitted Liens) and (ii) the Subject Shares owned by such Stockholder are all of the equity securities of the Company owned, either of record or beneficially, by such Stockholder as of the date hereof.

2.5 Voting Power. Other than as provided in this Agreement, set forth on Schedule 2.5 or as would not reasonably be expected to prevent or materially delay the consummation by the P2 Parties of the transactions contemplated by this Agreement or otherwise adversely impact the P2 Parties ability to perform its obligations hereunder in any material respect, the P2 Parties have full voting power with respect to the Subject Shares, full power of disposition, full power to issue instructions with respect to the matters set forth herein, and full power to agree to all of the matters set forth in this Agreement. The P2 Parties have not appointed or granted any proxy inconsistent with this Agreement, which appointment or grant is still effective, with respect to the Subject Shares. Except as set forth on Schedule 2.5 or as would not reasonably be expected to prevent or materially delay the consummation by the P2 Parties of the transactions contemplated by this Agreement or otherwise adversely impact the P2 Parties ability to perform its obligations hereunder in any material respect, none of the Subject Shares are directly bound by any stockholders agreement, proxy, voting trust or other agreement or arrangement with respect to the voting of such Subject Shares, except as provided hereunder.

2.6 Absence of Litigation. As of the date hereof, there is no Proceeding pending against, or, to the knowledge of any P2 Party, threatened in writing against any P2 Party or any of the P2 Parties properties or assets (including the Subject Shares), nor, to the knowledge of any P2 Party, is there any investigation of a Governmental Entity pending or threatened in writing with respect to any P2 Party, and no P2 Party is subject to any outstanding order, writ, injunction or decree, that, in each case, would, individually or in the aggregate, reasonably be expected to prevent or materially delay the consummation by the P2 Parties of the transactions contemplated by this Agreement or otherwise adversely impact the P2 Parties ability to perform its obligations hereunder in any material respect.

2.7 Brokers. No broker, finder, investment banker, financial advisor or other Person is entitled to any broker s, finder s, financial advisor s or other similar fee or commission for which the Company, Parent or Merger Sub is or will be liable in connection with the transactions contemplated hereby based upon arrangements made by or, to the knowledge of the P2 Parties, on behalf of the P2 Parties.

ARTICLE III
REPRESENTATIONS AND WARRANTIES OF PARENT AND MERGER SUB

Each of Parent and Merger Sub represent and warrant to the P2 Parties that:

3.1 Organization; Power and Authority. Each of Parent and Merger Sub is duly organized, validly existing and in good standing under the Laws of the State of Delaware and consummation by Parent and Merger Sub of the transactions contemplated hereby are within each of Parent s and Merger Sub s organizational powers and have been

duly authorized by all necessary organizational actions on the part of Parent and Merger Sub.

3.2 Authorization; Binding Agreement. Each of Parent and Merger Sub has full power and authority to execute, deliver and perform this Agreement and to consummate the transactions contemplated hereby. Each of Parent and Merger Sub has duly and validly executed and delivered this Agreement and, assuming due authorization, execution and delivery by the P2 Parties, this Agreement constitutes its legal, valid and binding obligation of Parent and Merger Sub, enforceable against Parent and Merger Sub in accordance with its terms.

3.3 Non-Contravention. The execution and delivery of this Agreement by each of Parent and Merger Sub does not, and the performance by Parent and Merger Sub of their obligations hereunder and the consummation by Parent and Merger Sub of the transactions contemplated hereby will not, (i) except as may be required by applicable

TABLE OF CONTENTS

U.S. Federal securities Laws, require any consent, approval, order, authorization or other action by, or filing with or notice to, any Person (including any Governmental Entity) under, constitute a default (with or without the giving of notice or the lapse of time or both) under, or give rise to any right of termination, cancellation or acceleration under, or result in the creation of any Liens, other than Permitted Liens, pursuant to any agreement, trust, commitment, order, judgment, writ, stipulation, settlement, award, decree or other instrument binding on Parent or Merger Sub, (ii) violate any provision of Parent s or Merger Sub s organizational documents, or (iii) result in a violation or breach of, or constitute a default under any applicable Law, in case of each of clauses (i) and (ii), except as would not reasonably be expected to prevent or materially delay the consummation by Parent and Merger of the transactions contemplated by this Agreement or otherwise adversely impact Parent s and Merger s ability to perform their obligations hereunder in any material respect.

3.4 Absence of Litigation. As of the date hereof, there is no Proceeding pending against, or, to the knowledge of Parent, threatened in writing against Parent, any of its subsidiaries or any of Parent s or its subsidiaries properties or assets, nor, to the knowledge of Parent, is there any investigation of a Governmental Entity pending or threatened in writing with respect to Parent or any of its subsidiaries, and Parent or any of its subsidiaries is not subject to any outstanding order, writ, injunction or decree, that, in each case, would, individually or in the aggregate, reasonably be expected to prevent or materially delay the consummation by Parent and Merger Sub of the transactions contemplated by this Agreement or otherwise adversely impact Parent s or Merger Sub s ability to perform its obligations hereunder in any material respect.

ARTICLE IV
ADDITIONAL COVENANTS OF THE P2 PARTIES

Each of the P2 Parties hereby covenants and agrees that until the termination of this Agreement:

4.1 No Transfer; No Inconsistent Arrangements. From and after the date hereof and until this Agreement is terminated in accordance with Section 5.2, no Stockholder shall, directly or indirectly, (i) grant or create any Lien, other than Permitted Liens, on any or all of such Stockholder s Subject Shares, (ii) transfer, sell, assign, tender, gift, hedge, pledge or otherwise dispose (whether by sale, liquidation, dissolution, dividend or distribution) of, or enter into any derivative arrangement with respect to (collectively, Transfer), any of such Stockholder s Subject Shares, or any right, title or interest therein (including any right or power to vote to which such Stockholder may be entitled) (or consent to any of the foregoing), (iii) enter into (or caused to be entered into) any contract with respect to any Transfer of such Stockholder s Subject Shares, (iv) grant or permit the grant of any proxy, power-of-attorney or other authorization or consent in or with respect to any of such Stockholder s Subject Shares, (v) deposit or permit the deposit of any of such Stockholder s Subject Shares into a voting trust or enter into a voting agreement or similar arrangement, commitment or understanding with respect to any of such Subject Shares or (vi) take or permit any other action that would reasonably be expected to prevent or materially restrict, disable or delay the consummation by the P2 Parties of the transactions contemplated by this Agreement or otherwise adversely impact the P2 Parties ability to perform its obligations hereunder in any material respect. Notwithstanding the foregoing, (x) direct or indirect Transfers of equity or other interests in each of the P2 Parties by its equityholders is not prohibited by this Section 4.1 and (y) each of the P2 Parties may make Transfers of Subject Shares as Parent may, in its sole discretion, agree in writing. Any Transfer in violation of this Section 4.1 shall be null and void *ab initio*. If any involuntary Transfer of any of the Subject Shares shall occur (including, but not limited to, a sale by such Stockholder s trustee in any bankruptcy, or a sale to a purchaser at any creditor s or court sale), the transferee (which term, as used herein, shall include any and all transferees and subsequent transferees of the initial transferee) shall take and hold such Subject Shares subject to all of the restrictions, liabilities and rights under this Agreement, which shall continue in full force and effect until is terminated in accordance with Section 5.2.

4.2 No Exercise of Appraisal Rights; Actions. Each Stockholder (i) waives and agrees not to exercise any rights (including, without limitation, under Section 262 of the Delaware General Corporation Law) to demand appraisal of any of the Subject Shares or any rights to dissent from the Merger that the Stockholders may have (collectively, Appraisal Rights); (ii) agrees not to commence, participate in or voluntarily aid in any way any claim or proceeding to seek (or file any petition related to) Appraisal Rights in connection with the Merger; and (ii) agrees not to commence or join in, and agrees to take all actions necessary to opt out of, any class in any class action with respect to any claim, derivative or otherwise, against Parent, Merger Sub, the Company or any of their respective successors (x) challenging the validity of, or seeking to enjoin the operation of, any provision of this Agreement or (y) alleging breach of any fiduciary duty of any Person in connection with the negotiation and entry into the Merger Agreement or the transactions contemplated thereby. Notwithstanding the foregoing, nothing in this Section 4.2 shall

TABLE OF CONTENTS

constitute, or be deemed to constitute, a waiver or release by the Stockholders of any claim or cause of action against Parent or Merger Sub to the extent arising out of a breach of this Agreement by Parent or Merger Sub.

4.3 Documentation and Information. Except as required by applicable Law (including without limitation the filing of a Schedule 13D with the SEC which may include this Agreement as an exhibit thereto), the P2 Parties shall not make any public announcement regarding this Agreement, the Merger Agreement or the transactions contemplated hereby or thereby without the prior written consent of Parent (which consent may be withheld in Parent s sole discretion). Each of the P2 Parties consents to and hereby authorizes the Company, Parent and Merger Sub to publish and disclose in all documents and schedules filed with the SEC, and any press release or other disclosure document that Parent or Merger Sub reasonably determines to be necessary in connection with the Merger and any transactions contemplated by the Merger Agreement, the P2 Parties identity and ownership of the Subject Shares, the existence of this Agreement and the nature of the P2 Parties commitments and obligations under this Agreement, and each of the P2 Parties acknowledges that Parent and Merger Sub may, in Parent s sole discretion, file this Agreement or a form hereof with the SEC or any other Governmental Entity. Each of the P2 Parties agrees to promptly give Parent any information that is in its possession that Parent may reasonably request for the preparation of any such disclosure documents, and each of the P2 Parties agrees to promptly notify Parent of any required corrections with respect to any written information supplied by it specifically for use in any such disclosure document, if and to the extent that the P2 Parties shall become aware that any such information shall have become false or misleading in any material respect.

4.4 Adjustments. In the event of any stock split (including a reverse stock split), stock dividend, merger, reorganization, recapitalization, reclassification, combination, exchange of shares or similar transaction with respect to the capital stock of the Company that affects the Subject Shares, the terms of this Agreement shall apply to the resulting securities.

4.5 Further Assurances.

(a) Each of the parties hereto shall execute and deliver any additional certificate, instruments and other documents, and take any additional actions, as may be reasonably necessary or appropriate to carry out and effectuate the purpose and intent of this Agreement.

(b) Each Stockholder agrees, while this Agreement is in effect, to notify Parent promptly in writing of the number and description of any Subject Shares acquired by such Stockholder after the date hereof which are not set forth on Schedule A hereto.

ARTICLE V
MISCELLANEOUS

5.1 Notices. All notices, requests, instructions, consents, claims, demands, waivers and other communications to be given or made hereunder by any party shall be in writing and shall be deemed to have been duly given or made on the date of receipt by the recipient thereof if received prior to 5:00 p.m. in the place of receipt and such day is a Business Day (or otherwise on the next succeeding Business Day) if (a) served by personal delivery or by a nationally recognized overnight courier service upon the party for whom it is intended, (b) delivered by registered or certified mail, return receipt requested or (c) sent by facsimile or email; provided that the facsimile or email transmission is promptly confirmed telephonically or otherwise. Such communications must be sent to the respective Parties at the following addresses or facsimile numbers (or at such other address or facsimile number or email address for a Party as shall be specified for such purpose in a notice given in accordance with this Section 5.1:

(a) if to Parent or Merger Sub, to

Silver Lake Partners
9 West 57th Street
32nd Floor
New York, NY 10019
Attention: Andrew J. Schader
Telecopy No.: (212) 981-3566
Email: andy.schader@silverlake.com

TABLE OF CONTENTS

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

Simpson Thacher & Bartlett LLP
425 Lexington Avenue
New York, NY 10017
Fax: (212) 455-2502
Attention: William Dougherty;
Benjamin Schaye
Email: w.dougherty@stblaw.com
ben.schaye@stblaw.com

(b) if to the P2 Parties, to

P2 Capital Partners, LLC
590 Madison Avenue, 25th Floor
New York, NY 10022
Fax: (212) 508-5555

Attention: Alex Silver;
Josh Paulson
Email: asilver@p2capital.com
jpaulson@p2capital.com

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

Debevoise & Plimpton LLP
919 3rd Avenue
New York, NY 10022
Fax: (212) 909-6836
Attention: Andrew L. Bab
Email: albab@debevoise.com

5.2 Termination. This Agreement shall terminate automatically and be of no further force or effect, without any notice or other action by any Person, upon the first to occur of (i) the valid termination of the Merger Agreement in accordance with its terms, (ii) the Effective Time, and (iii) the mutual written consent of all of the parties hereto. Upon termination of this Agreement, no party shall have any further obligations or liabilities under this Agreement; *provided*, *however*, that solely in the event of a termination of this Agreement pursuant to clause (i) above, (x) nothing set forth in this Section 5.2 shall relieve any party from liability for any willful and material breach of this Agreement prior to termination hereof and (y) the provisions of this Article V shall survive any termination of this Agreement.

5.3 Amendments and Waivers. This Agreement may not be modified, amended, altered or supplemented except by an instrument in writing signed on behalf of each of the parties hereto; except that Section 4.3 may not be modified, amended, altered or supplemented except by an instrument in writing signed on behalf of each of the parties hereto and the Company. Any agreement on the part of a party to any extension or waiver with respect to this Agreement shall be valid only if set forth in an instrument in writing signed on behalf of such party; except that any extension or waiver with respect to Section 4.3 shall be valid only if set forth in an instrument in writing signed on behalf of such party and the Company. The delay or failure of any party to this Agreement to assert any of its rights under this Agreement or otherwise shall not constitute a waiver of such rights.

5.4 Expenses. All fees and expenses incurred in connection herewith and the transactions contemplated hereby shall be paid by the party incurring such expenses, whether or not the Merger is consummated.

5.5 Binding Effect; Benefit; Assignment. The parties hereby agree that their respective representations, warranties and covenants set forth herein are solely for the benefit of the other party, in accordance with and subject to the terms of this Agreement, and this Agreement is not intended to, and does not, confer upon any Person other than the parties hereto any rights or remedies hereunder, including the right to rely upon the representations and warranties set forth herein. Neither this Agreement nor any of the rights, interests or obligations hereunder shall be assigned, in whole or in part, by any of the parties (whether by operation of Law or otherwise) without the prior written consent of the other parties, except to the extent that such rights, interests or obligations are assigned pursuant

TABLE OF CONTENTS

to a Transfer expressly permitted under Section 4.2. No assignment by any party shall relieve such party of any of its obligations hereunder. Subject to the foregoing, this Agreement will be binding upon, inure to the benefit of and be enforceable by the parties and their respective successors and permitted assigns.

5.6 Governing Law; Venue.

(a) THIS AGREEMENT SHALL BE DEEMED TO BE MADE IN AND IN ALL RESPECTS SHALL BE INTERPRETED, CONSTRUED AND GOVERNED BY AND IN ACCORDANCE WITH THE LAW OF THE STATE OF DELAWARE WITHOUT REGARD TO THE CONFLICTS OF LAWS, RULES OR PRINCIPLES THEREOF (OR ANY OTHER JURISDICTION) TO THE EXTENT THAT SUCH LAWS, RULES OR PRINCIPLES WOULD DIRECT A MATTER TO ANOTHER JURISDICTION.

(b) The parties hereby irrevocably submit to the personal jurisdiction of the courts of the State of Delaware and the federal courts of the United States of America located in the State of Delaware solely in respect of the interpretation and enforcement of the provisions of this Agreement and of the documents referred to in this Agreement, and in respect of the transactions contemplated hereby and thereby, and hereby waive, and agree not to assert, as a defense in any Proceeding for the interpretation or enforcement hereof or of any such document, that it is not subject thereto or that such Proceeding may not be brought or is not maintainable in said courts or that the venue thereof may not be appropriate or that this Agreement or any such document may not be enforced in or by such courts, and the Parties irrevocably agree that all claims relating to such Proceeding or transactions shall be heard and determined in such a Delaware state or federal court. The Parties hereby consent to and grant any such court jurisdiction over the person of such parties and, to the extent permitted by Law, over the subject matter of such dispute and agree that mailing of process or other papers in connection with any such Proceeding in the manner provided in Section 5.1 or in such other manner as may be permitted by Law shall be valid and sufficient service thereof.

(c) EACH PARTY ACKNOWLEDGES AND AGREES THAT ANY CONTROVERSY WHICH MAY ARISE UNDER THIS AGREEMENT IS LIKELY TO INVOLVE COMPLICATED AND DIFFICULT ISSUES, AND THEREFORE EACH SUCH PARTY HEREBY IRREVOCABLY AND UNCONDITIONALLY WAIVES TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW ANY RIGHT SUCH PARTY MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY LITIGATION DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO THIS AGREEMENT, THE DOCUMENTS REFERRED TO HEREIN OR THE MERGER AND THE OTHER TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY (INCLUDING ANY DISPUTE ARISING OUT OF OR RELATING IN ANY WAY TO THE DEBT FINANCING, THE DEBT COMMITMENT LETTER OR ANY OTHER LETTER OR AGREEMENT RELATED TO THE DEBT FINANCING OR THE PERFORMANCE THEREOF). EACH PARTY CERTIFIES AND ACKNOWLEDGES THAT (i) NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PARTY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER, (ii) EACH PARTY UNDERSTANDS AND HAS CONSIDERED THE IMPLICATIONS OF THIS WAIVER, (iii) EACH PARTY MAKES THIS WAIVER VOLUNTARILY AND (iv) EACH PARTY HAS BEEN INDUCED TO ENTER INTO THIS AGREEMENT, ANY AGREEMENT CONTEMPLATED BY THE DOCUMENTS REFERRED TO HEREIN OR THE MERGER OR THE OTHER TRANSACTIONS CONTEMPLATED HEREBY AND THEREBY, AS APPLICABLE, BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS CONTEMPLATED IN THIS SECTION 5.6.

5.7 Counterparts; Delivery by Facsimile or Email. This Agreement may be executed in any number of counterparts, each such counterpart being deemed to be an original instrument, and all such counterparts shall together constitute the same agreement. A signed copy of this Agreement delivered by facsimile, email or other means of electronic transmission shall be deemed to have the same legal effect as delivery of an original signed copy of this Agreement.

5.8 Entire Agreement. This Agreement constitutes the entire agreement, and supersedes all prior agreements and understandings, both written and oral, among the parties and their affiliates, or any of them, with respect to the subject matter of this Agreement.

5.9 Severability. If any term or other provision of this Agreement is determined by a court of competent jurisdiction to be invalid, illegal or incapable of being enforced by any rule or law, or public policy, all other conditions and provisions of this Agreement shall nevertheless remain in full force and effect. Upon such determination that any term or other provision is invalid, illegal or incapable of being enforced, the parties hereto

TABLE OF CONTENTS

shall negotiate in good faith to modify this Agreement so as to effect the original intent of the parties as closely as possible in an acceptable manner to the end that transactions contemplated hereby are fulfilled to the extent possible.

5.10 Specific Performance. The parties agree that irreparable damage may occur if any provision of this Agreement were not performed in accordance with the terms hereof, and, accordingly, that the parties shall be entitled to seek an injunction or injunctions to prevent breaches of this Agreement or to enforce specifically the performance of the terms and provisions hereof, in addition to any other remedy to which they are entitled at law or in equity. In any Proceeding for specific performance, the parties will waive any requirement for the securing or posting of any bond in connection with the remedies referred to in this Section 5.10.

5.11 Headings. The Section headings contained in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement.

5.12 Mutual Drafting. The parties hereto have participated jointly in the negotiation and drafting of this Agreement and, in the event an ambiguity or question of intent or interpretation arises, this Agreement shall be construed as jointly drafted by the parties hereto and no presumption or burden of proof shall arise favoring or disfavoring any party by virtue of the authorship of any provision of this Agreement. This Agreement shall be construed without regard to any presumption or rule requiring construction or interpretation against the party drafting or causing any instrument to be drafted.

5.13 Interpretation. The definitions of terms herein shall apply equally to the singular and plural forms of the terms defined. Whenever the context may require, any pronoun shall include the corresponding masculine, feminine and neuter forms. The word shall shall be construed to have the same meaning as the word will. The words include, includes and including shall be deemed to be followed by the phrase without limitation. The word extent in the phra to the extent shall mean the degree to which a subject or other thing extends, and such phrase shall not mean simply if. Unless the context requires otherwise (i) any definition of or reference to any Contract, instrument or other document or any Law herein shall be construed as referring to such Contract, instrument or other document or Law as from time to time amended, supplemented or otherwise modified, (ii) any reference herein to any Person shall be construed to include such Person s successors and assigns, (iii) the words herein, hereof and hereunder, and words of similar impo shall be construed to refer to this Agreement in its entirety and not to any particular provision hereof and (iv) all references herein to Articles and Sections shall be construed to refer to Articles and Sections of this Agreement.

5.14 Capacity as Stockholder. Notwithstanding anything herein to the contrary, (i) each Stockholder signs this Agreement solely in its capacity as a stockholder of the Company, and not in any other capacity and this Agreement shall not limit or otherwise affect the actions of such Stockholder or any affiliate, employee or designee of such Stockholder or any of its affiliates in its capacity, if applicable, as an officer or director of the Company or any other Person, and (ii) nothing herein shall in any way restrict a director or officer of the Company in the taking of any actions (or failure to act) in his or her capacity as a director or officer of the Company, or in the exercise of his or her fiduciary duties as a director or officer of the Company, or prevent or be construed to create any obligation on the part of any director or officer of the Company from taking any action in his or her capacity as such director or officer.

5.15 No Agreement Until Executed. This Agreement shall not be effective unless and until (i) the Merger Agreement is executed by all parties thereto and (ii) this Agreement is executed by all parties hereto.

5.16 No Ownership Interest. Except as otherwise provided herein, nothing contained in this Agreement shall be deemed to vest in Parent or Merger Sub any direct or indirect ownership or incidence of ownership of or with respect to the Subject Shares. All rights, ownership and economic benefits of and relating to the Subject Shares shall remain vested in and belong to the Stockholders, and neither Parent nor Merger Sub shall have any authority to manage, direct, restrict, regulate, govern or administer any of the policies or operations of the Company or exercise any power

or authority to direct the Stockholders in the voting of any of the Shares, except as otherwise provided herein.

5.17 Third Party Beneficiary. The Company is hereby made a third party beneficiary of Sections 4.3 and 5.3 hereof.

[Signature Page Follows]

TABLE OF CONTENTS

The parties are executing this Agreement on the date set forth in the introductory clause.

P2 CAPITAL PARTNERS, LLC

By:
Name: Claus J. Moller
Title: Managing Member

P2 CAPITAL MASTER FUND I, L.P.

By: P2 Capital Partners, LLC,
as Investment Manager

By:
Name: Claus J. Moller
Title: Managing Member

P2 CAPITAL MASTER FUND VI, L.P.

By: P2 Capital Partners, LLC,
as Investment Manager

By:
Name: Claus J. Moller
Title: Managing Member

P2 CAPITAL MASTER FUND XII, L.P.

By: P2 Capital Partners, LLC,
as Investment Manager

By:
Name: Claus J. Moller
Title: Managing Member

[Signature Page to Voting and Support Agreement]

TABLE OF CONTENTS

BHN HOLDINGS, INC.

By:

Name: Michael Bingle

Title: President

[Signature Page to Voting and Support Agreement]

TABLE OF CONTENTS

BHN MERGER SUB, INC.

By:

Name: Michael Bingle

Title: President

[Signature Page to Voting and Support Agreement]

TABLE OF CONTENTS

Schedule A

Name of Stockholder	Number of Shares
P2 CAPITAL MASTER FUND I, L.P.	1,058,616
P2 CAPITAL MASTER FUND VI, L.P.	1,124,897
P2 CAPITAL MASTER FUND XII, L.P.	816,487
TOTAL	3,000,000

TABLE OF CONTENTS

ANNEX B

January 14, 2018

Board of Directors
Blackhawk Network Holdings, Inc.
6220 Stoneridge Mall Road
Pleasanton, CA 94588

Ladies and Gentlemen:

Blackhawk Network Holdings, Inc. (Company), BHN Holdings, Inc. (Parent) and BHN Merger Sub, Inc., a wholly-owned subsidiary of Parent (Merger Sub), are proposing to enter into an Agreement and Plan of Merger (the Agreement) pursuant to which the Merger Sub will merge with and into Company resulting in Company being the surviving entity and a wholly-owned subsidiary of Parent (the Merger). Pursuant to the terms of the Agreement, on the Effective Date each issued and outstanding share of Company common stock, $0.001 par value per share (Company Common Stock), except for certain shares of Company Common Stock as specified in the Agreement, shall be converted into the right to receive $45.25 in cash, without interest (the Per Share Merger Consideration). Capitalized terms used herein without definition shall have the meanings assigned to them in the Agreement. The terms and conditions of the Merger are more fully set forth in the Agreement. You have requested our opinion as to the fairness, from a financial point of view, of the Per Share Merger Consideration to the holders of Company Common Stock (other than Parent, Merger Sub and any of Parent s other direct or indirect wholly-owned subsidiaries).

Sandler O Neill & Partners, L.P. (Sandler O Neill , we or our), as part of its investment banking business, is regularly engaged in the valuation of financial technology companies and their securities in connection with mergers and acquisitions and other corporate transactions. In connection with this opinion, we have reviewed and considered, among other things: (i) an execution version of the Agreement; (ii) certain publicly available financial statements and other historical financial information of Company that we deemed relevant; (iii) publicly available mean and median analyst adjusted EBITDA estimates for Company the years ending December 31, 2017 and December 31, 2018; (iv) internal estimated adjusted EBITDA for Company for the year ending December 31, 2017 and adjusted EBITDA range for Company for the year ending December 31, 2018, all as provided by the senior management of Company; (v) the publicly reported historical price and trading activity for Company Common Stock, including a comparison of certain stock market information for Company Common Stock and certain stock indices, as well as publicly available information for certain other similar companies, the securities of which are publicly traded; (vi) a comparison of certain financial information for Company with similar institutions for which information is publicly available; (vii) the financial terms of certain recent business combinations in the financial technology, prepaid and payment processing and ecommerce solutions industries (on a global basis), to the extent publicly available; (viii) the current market environment generally and the financial technology environment in particular; and (ix) such other information, financial studies, analyses and investigations and financial, economic and market criteria as we considered relevant. We also discussed with certain members of the senior management of Company the business, financial condition, results of operations and prospects of Company.

In performing our review, we have relied upon the accuracy and completeness of all of the financial and other information that was available to and reviewed by us from public sources, that was provided to us by Company or its representatives or that was otherwise reviewed by us and we have assumed such accuracy and completeness for purposes of rendering this opinion without any independent verification or investigation. We have relied on the assurances of the senior management of Company that they are not aware of any facts or circumstances that would make any of such information inaccurate or misleading. We have not been asked to and have not undertaken an independent verification of any of such information and we do not assume any responsibility or liability for the

accuracy or completeness thereof. We did not make an independent evaluation or perform an appraisal of the specific assets, the collateral securing assets or the liabilities (contingent or otherwise) of Company or any of its affiliates or subsidiaries, nor have we been furnished with any such evaluations or appraisals. We render no opinion or evaluation on the collectability of any assets of Company or any of its affiliates or subsidiaries.

In preparing its analyses, Sandler O Neill used internal estimated adjusted EBITDA for Company for the year ending December 31, 2017 and adjusted EBITDA range for Company for the year ending December 31, 2018, all as provided by the senior management of Company. With respect to the foregoing information, the senior management of Company confirmed to us that such information reflected the best currently available estimates of

TABLE OF CONTENTS

management of the future financial performance of Company and we assumed that such performance would be achieved. We express no opinion as to such estimates, or the assumptions on which they are based. We have also assumed that there has been no material change in Company s or any of its affiliates or subsidiaries assets, financial condition, results of operations, business or prospects since the date of the most recent financial statements made available to us. We have assumed in all respects material to our analysis that Company will remain as a going concern for all periods relevant to our analyses.

We have also assumed, with your consent, that (i) each of the parties to the Agreement will comply in all material respects with all material terms and conditions of the Agreement and all related agreements, that all of the representations and warranties contained in such agreements are true and correct in all material respects, that each of the parties to such agreements will perform in all material respects all of the covenants and other obligations required to be performed by such party under such agreements and that the conditions precedent in such agreements are not and will not be waived, (ii) in the course of obtaining the necessary regulatory or third party approvals, consents and releases with respect to the Merger, no delay, limitation, restriction or condition will be imposed that would have an adverse effect on Company, Parent, Merger Sub, the Merger or any related transaction, and (iii) the Merger and any related transaction will be consummated in accordance with the terms of the Agreement without any waiver, modification or amendment of any material term, condition or agreement thereof and in compliance with all applicable laws and other requirements. We express no opinion as to any of the legal, accounting or tax matters relating to the Merger or any other transactions contemplated in connection therewith.

Our opinion is necessarily based on financial, economic, market and other conditions as in effect on, and the information made available to us as of, the date hereof. Events occurring after the date hereof could materially affect this opinion. We have not undertaken to update, revise, reaffirm or withdraw this opinion or otherwise comment upon events occurring after the date hereof.

We have acted as Company s financial advisor in connection with the Merger and will receive a transaction fee for our services, which transaction fee is contingent upon consummation of the Merger. We will also receive a fee for rendering this opinion, which opinion fee will be credited in full towards the transaction fee which will become payable to Sandler O Neill on the day of closing of the Merger. Company has also agreed to indemnify us against certain claims and liabilities arising out of our engagement and to reimburse us for certain of our out-of-pocket expenses incurred in connection with our engagement. We have not provided any other investment banking services to Company in the two years preceding the date hereof, nor have we provided any investment banking services to Parent or Merger Sub in the two years preceding the date hereof. In the ordinary course of our business as a broker-dealer, we may purchase securities from and sell securities to Company and its affiliates. We may also actively trade the equity and debt securities of Company and its affiliates for our own account and for the accounts of our customers.

Our opinion is directed to, and is for the benefit of, the Board of Directors of Company in connection with its consideration of the Agreement and Merger. This opinion may not be relied upon by Parent or Merger Sub. Our opinion does not constitute a recommendation to any shareholder of the Company as to how any such shareholder should vote at any meeting of shareholders called to consider and vote upon the adoption of the Agreement and approval of the Merger. Our opinion is directed only to the fairness, from a financial point of view, of the Per Share Merger Consideration to the holders of Company Common Stock (other than Parent, Merger Sub and any of Parent s other direct or indirect wholly-owned subsidiaries) and does not address the underlying business decision of Company to engage in the Merger, the form or structure of the Merger or any other transactions contemplated in the Agreement, the relative merits of the Merger as compared to any other alternative transactions or business strategies that might exist for Company or the effect of any other transaction in which Company might engage. We express no opinion as to the amount of compensation to be received in the Merger by any Company officer, director or employee, or any class of such persons, if any, relative to the amount of compensation to be received by any other shareholder. This opinion has been approved by Sandler O Neill s fairness opinion committee. This opinion shall not be reproduced

without Sandler O Neill s prior written consent; *provided*, *however,* Sandler O Neill will provide its consent for the opinion to be included in regulatory filings to be completed in connection with the Merger.

TABLE OF CONTENTS

Based upon and subject to the foregoing, it is our opinion that, as of the date hereof, the Per Share Merger Consideration is fair, from a financial point of view, to the holders of Company Common Stock (other than Parent, Merger Sub and any of Parent s other direct or indirect wholly-owned subsidiaries).

Very truly yours,

/s/ Sandler, O’Neill & Partners, L.P.

SANDLER O’NEILL & PARTNERS, L.P.

TABLE OF CONTENTS

ANNEX C

Section 262 of the General Corporation Law of the State of Delaware

§ 262. Appraisal rights.

(a) Any stockholder of a corporation of this State who holds shares of stock on the date of the making of a demand pursuant to subsection (d) of this section with respect to such shares, who continuously holds such shares through the effective date of the merger or consolidation, who has otherwise complied with subsection (d) of this section and who has neither voted in favor of the merger or consolidation nor consented thereto in writing pursuant to § 228 of this title shall be entitled to an appraisal by the Court of Chancery of the fair value of the stockholder s shares of stock under the circumstances described in subsections (b) and (c) of this section. As used in this section, the word stockholder means a holder of record of stock in a corporation; the words stock and share mean and include what is ordinarily meant by those words; and the words depository receipt mean a receipt or other instrument issued by a depository representing an interest in 1 or more shares, or fractions thereof, solely of stock of a corporation, which stock is deposited with the depository.

(b) Appraisal rights shall be available for the shares of any class or series of stock of a constituent corporation in a merger or consolidation to be effected pursuant to § 251 (other than a merger effected pursuant to § 251(g) of this title and, subject to paragraph (b)(3) of this section, § 251(h) of this title), § 252, § 254, § 255, § 256, § 257, § 258, § 263 or § 264 of this title:

(1) Provided, however, that, except as expressly provided in § 363(b) of this title, no appraisal rights under this section shall be available for the shares of any class or series of stock, which stock, or depository receipts in respect thereof, at the record date fixed to determine the stockholders entitled to receive notice of the meeting of stockholders to act upon the agreement of merger or consolidation, were either: (i) listed on a national securities exchange or (ii) held of record by more than 2,000 holders; and further provided that no appraisal rights shall be available for any shares of stock of the constituent corporation surviving a merger if the merger did not require for its approval the vote of the stockholders of the surviving corporation as provided in § 251(f) of this title.

(2) Notwithstanding paragraph (b)(1) of this section, appraisal rights under this section shall be available for the shares of any class or series of stock of a constituent corporation if the holders thereof are required by the terms of an agreement of merger or consolidation pursuant to §§ 251, 252, 254, 255, 256, 257, 258, 263 and 264 of this title to accept for such stock anything except:

a. Shares of stock of the corporation surviving or resulting from such merger or consolidation, or depository receipts in respect thereof;

b. Shares of stock of any other corporation, or depository receipts in respect thereof, which shares of stock (or depository receipts in respect thereof) or depository receipts at the effective date of the merger or consolidation will be either listed on a national securities exchange or held of record by more than 2,000 holders;

c. Cash in lieu of fractional shares or fractional depository receipts described in the foregoing paragraphs (b)(2)a. and b. of this section; or

d. Any combination of the shares of stock, depository receipts and cash in lieu of fractional shares or fractional depository receipts described in the foregoing paragraphs (b)(2)a., b. and c. of this section.

(3) In the event all of the stock of a subsidiary Delaware corporation party to a merger effected under § 251(h), § 253 or § 267 of this title is not owned by the parent immediately prior to the merger, appraisal rights shall be available for the shares of the subsidiary Delaware corporation.

(4) In the event of an amendment to a corporation s certificate of incorporation contemplated by § 363(a) of this title, appraisal rights shall be available as contemplated by § 363(b) of this title, and the procedures of this section, including those set forth in subsections (d) and (e) of this section, shall apply as nearly as practicable, with the word amendment substituted for the words merger or consolidation, and the word corporation substituted for the words constituent corporation and/or surviving or resulting corporation.

(c) Any corporation may provide in its certificate of incorporation that appraisal rights under this section shall be available for the shares of any class or series of its stock as a result of an amendment to its certificate of

TABLE OF CONTENTS

incorporation, any merger or consolidation in which the corporation is a constituent corporation or the sale of all or substantially all of the assets of the corporation. If the certificate of incorporation contains such a provision, the provisions of this section, including those set forth in subsections (d), (e), and (g) of this section, shall apply as nearly as is practicable.

(d) Appraisal rights shall be perfected as follows:

(1) If a proposed merger or consolidation for which appraisal rights are provided under this section is to be submitted for approval at a meeting of stockholders, the corporation, not less than 20 days prior to the meeting, shall notify each of its stockholders who was such on the record date for notice of such meeting (or such members who received notice in accordance with § 255(c) of this title) with respect to shares for which appraisal rights are available pursuant to subsection (b) or (c) of this section that appraisal rights are available for any or all of the shares of the constituent corporations, and shall include in such notice a copy of this section and, if 1 of the constituent corporations is a nonstock corporation, a copy of § 114 of this title. Each stockholder electing to demand the appraisal of such stockholder s shares shall deliver to the corporation, before the taking of the vote on the merger or consolidation, a written demand for appraisal of such stockholder s shares. Such demand will be sufficient if it reasonably informs the corporation of the identity of the stockholder and that the stockholder intends thereby to demand the appraisal of such stockholder s shares. A proxy or vote against the merger or consolidation shall not constitute such a demand. A stockholder electing to take such action must do so by a separate written demand as herein provided. Within 10 days after the effective date of such merger or consolidation, the surviving or resulting corporation shall notify each stockholder of each constituent corporation who has complied with this subsection and has not voted in favor of or consented to the merger or consolidation of the date that the merger or consolidation has become effective; or

(2) If the merger or consolidation was approved pursuant to § 228, § 251(h), § 253, or § 267 of this title, then either a constituent corporation before the effective date of the merger or consolidation or the surviving or resulting corporation within 10 days thereafter shall notify each of the holders of any class or series of stock of such constituent corporation who are entitled to appraisal rights of the approval of the merger or consolidation and that appraisal rights are available for any or all shares of such class or series of stock of such constituent corporation, and shall include in such notice a copy of this section and, if 1 of the constituent corporations is a nonstock corporation, a copy of § 114 of this title. Such notice may, and, if given on or after the effective date of the merger or consolidation, shall, also notify such stockholders of the effective date of the merger or consolidation. Any stockholder entitled to appraisal rights may, within 20 days after the date of mailing of such notice or, in the case of a merger approved pursuant to § 251(h) of this title, within the later of the consummation of the offer contemplated by § 251(h) of this title and 20 days after the date of mailing of such notice, demand in writing from the surviving or resulting corporation the appraisal of such holder s shares. Such demand will be sufficient if it reasonably informs the corporation of the identity of the stockholder and that the stockholder intends thereby to demand the appraisal of such holder s shares. If such notice did not notify stockholders of the effective date of the merger or consolidation, either (i) each such constituent corporation shall send a second notice before the effective date of the merger or consolidation notifying each of the holders of any class or series of stock of such constituent corporation that are entitled to appraisal rights of the effective date of the merger or consolidation or (ii) the surviving or resulting corporation shall send such a second notice to all such holders on or within 10 days after such effective date; provided, however, that if such second notice is sent more than 20 days following the sending of the first notice or, in the case of a merger approved pursuant to § 251(h) of this title, later than the later of the consummation of the offer contemplated by § 251(h) of this title and 20 days following the sending of the first notice, such second notice need only be sent to each stockholder who is entitled to appraisal rights and who has demanded appraisal of such holder s shares in accordance with this subsection. An affidavit of the secretary or assistant secretary or of the transfer agent of the corporation that is required to give either notice that such notice has been given shall, in the absence of fraud, be prima facie evidence of the facts stated therein. For purposes of determining the stockholders entitled to receive either notice, each constituent corporation may fix, in advance, a record date that shall be not more than 10 days prior to the date the notice is given, provided, that if the notice is given

on or after the effective date of the merger or consolidation, the record date shall be such effective date. If no record date is fixed and the notice is given prior to the effective date, the record date shall be the close of business on the day next preceding the day on which the notice is given.

TABLE OF CONTENTS

(e) Within 120 days after the effective date of the merger or consolidation, the surviving or resulting corporation or any stockholder who has complied with subsections (a) and (d) of this section hereof and who is otherwise entitled to appraisal rights, may commence an appraisal proceeding by filing a petition in the Court of Chancery demanding a determination of the value of the stock of all such stockholders. Notwithstanding the foregoing, at any time within 60 days after the effective date of the merger or consolidation, any stockholder who has not commenced an appraisal proceeding or joined that proceeding as a named party shall have the right to withdraw such stockholder s demand for appraisal and to accept the terms offered upon the merger or consolidation. Within 120 days after the effective date of the merger or consolidation, any stockholder who has complied with the requirements of subsections (a) and (d) of this section hereof, upon written request, shall be entitled to receive from the corporation surviving the merger or resulting from the consolidation a statement setting forth the aggregate number of shares not voted in favor of the merger or consolidation and with respect to which demands for appraisal have been received and the aggregate number of holders of such shares. Such written statement shall be mailed to the stockholder within 10 days after such stockholder s written request for such a statement is received by the surviving or resulting corporation or within 10 days after expiration of the period for delivery of demands for appraisal under subsection (d) of this section hereof, whichever is later. Notwithstanding subsection (a) of this section, a person who is the beneficial owner of shares of such stock held either in a voting trust or by a nominee on behalf of such person may, in such person s own name, file a petition or request from the corporation the statement described in this subsection.

(f) Upon the filing of any such petition by a stockholder, service of a copy thereof shall be made upon the surviving or resulting corporation, which shall within 20 days after such service file in the office of the Register in Chancery in which the petition was filed a duly verified list containing the names and addresses of all stockholders who have demanded payment for their shares and with whom agreements as to the value of their shares have not been reached by the surviving or resulting corporation. If the petition shall be filed by the surviving or resulting corporation, the petition shall be accompanied by such a duly verified list. The Register in Chancery, if so ordered by the Court, shall give notice of the time and place fixed for the hearing of such petition by registered or certified mail to the surviving or resulting corporation and to the stockholders shown on the list at the addresses therein stated. Such notice shall also be given by 1 or more publications at least 1 week before the day of the hearing, in a newspaper of general circulation published in the City of Wilmington, Delaware or such publication as the Court deems advisable. The forms of the notices by mail and by publication shall be approved by the Court, and the costs thereof shall be borne by the surviving or resulting corporation.

(g) At the hearing on such petition, the Court shall determine the stockholders who have complied with this section and who have become entitled to appraisal rights. The Court may require the stockholders who have demanded an appraisal for their shares and who hold stock represented by certificates to submit their certificates of stock to the Register in Chancery for notation thereon of the pendency of the appraisal proceedings; and if any stockholder fails to comply with such direction, the Court may dismiss the proceedings as to such stockholder. If immediately before the merger or consolidation the shares of the class or series of stock of the constituent corporation as to which appraisal rights are available were listed on a national securities exchange, the Court shall dismiss the proceedings as to all holders of such shares who are otherwise entitled to appraisal rights unless (1) the total number of shares entitled to appraisal exceeds 1% of the outstanding shares of the class or series eligible for appraisal, (2) the value of the consideration provided in the merger or consolidation for such total number of shares exceeds $1 million, or (3) the merger was approved pursuant to § 253 or § 267 of this title.

(h) After the Court determines the stockholders entitled to an appraisal, the appraisal proceeding shall be conducted in accordance with the rules of the Court of Chancery, including any rules specifically governing appraisal proceedings. Through such proceeding the Court shall determine the fair value of the shares exclusive of any element of value arising from the accomplishment or expectation of the merger or consolidation, together with interest, if any, to be paid upon the amount determined to be the fair value. In determining such fair value, the Court shall take into account all relevant factors. Unless the Court in its discretion determines otherwise for good cause shown, and except

as provided in this subsection, interest from the effective date of the merger through the date of payment of the judgment shall be compounded quarterly and shall accrue at 5% over the Federal Reserve discount rate (including any surcharge) as established from time to time during the period between the effective date of the merger and the date of payment of the judgment. At any time before the entry of judgment in the proceedings, the surviving corporation may pay to each stockholder entitled to appraisal an amount in cash, in which case interest shall accrue thereafter as provided herein only upon the sum of (1) the difference, if any, between the amount so paid and the fair value of the shares as determined by the Court, and (2) interest theretofore accrued, unless paid at that time. Upon

TABLE OF CONTENTS

application by the surviving or resulting corporation or by any stockholder entitled to participate in the appraisal proceeding, the Court may, in its discretion, proceed to trial upon the appraisal prior to the final determination of the stockholders entitled to an appraisal. Any stockholder whose name appears on the list filed by the surviving or resulting corporation pursuant to subsection (f) of this section and who has submitted such stockholder s certificates of stock to the Register in Chancery, if such is required, may participate fully in all proceedings until it is finally determined that such stockholder is not entitled to appraisal rights under this section.

(i) The Court shall direct the payment of the fair value of the shares, together with interest, if any, by the surviving or resulting corporation to the stockholders entitled thereto. Payment shall be so made to each such stockholder, in the case of holders of uncertificated stock forthwith, and the case of holders of shares represented by certificates upon the surrender to the corporation of the certificates representing such stock. The Court s decree may be enforced as other decrees in the Court of Chancery may be enforced, whether such surviving or resulting corporation be a corporation of this State or of any state.

(j) The costs of the proceeding may be determined by the Court and taxed upon the parties as the Court deems equitable in the circumstances. Upon application of a stockholder, the Court may order all or a portion of the expenses incurred by any stockholder in connection with the appraisal proceeding, including, without limitation, reasonable attorney s fees and the fees and expenses of experts, to be charged pro rata against the value of all the shares entitled to an appraisal.

(k) From and after the effective date of the merger or consolidation, no stockholder who has demanded appraisal rights as provided in subsection (d) of this section shall be entitled to vote such stock for any purpose or to receive payment of dividends or other distributions on the stock (except dividends or other distributions payable to stockholders of record at a date which is prior to the effective date of the merger or consolidation); provided, however, that if no petition for an appraisal shall be filed within the time provided in subsection (e) of this section, or if such stockholder shall deliver to the surviving or resulting corporation a written withdrawal of such stockholder s demand for an appraisal and an acceptance of the merger or consolidation, either within 60 days after the effective date of the merger or consolidation as provided in subsection (e) of this section or thereafter with the written approval of the corporation, then the right of such stockholder to an appraisal shall cease. Notwithstanding the foregoing, no appraisal proceeding in the Court of Chancery shall be dismissed as to any stockholder without the approval of the Court, and such approval may be conditioned upon such terms as the Court deems just; provided, however that this provision shall not affect the right of any stockholder who has not commenced an appraisal proceeding or joined that proceeding as a named party to withdraw such stockholder s demand for appraisal and to accept the terms offered upon the merger or consolidation within 60 days after the effective date of the merger or consolidation, as set forth in subsection (e) of this section.

(l) The shares of the surviving or resulting corporation to which the shares of such objecting stockholders would have been converted had they assented to the merger or consolidation shall have the status of authorized and unissued shares of the surviving or resulting corporation.

TABLE OF CONTENTS

TABLE OF CONTENTS