BEACON ROOFING SUPPLY INC

FORM 10-K
(Annual Report)

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Address	505 HUNTMAR PARK DRIVE
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Telephone	571-323-3939
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Sector	Consumer Cyclicals
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

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

For the Fiscal Year Ended September 30, 2017

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

For the Transition Period from to

Commission File Number 000-50924

Beacon Roofing Supply, Inc.

(Exact name of registrant as specified in its charter)

Delaware	**36-4173371**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

Address of principal executive offices: **505 Huntmar Park Drive, Suite 300, Herndon, VA 20170**

Registrant's telephone number, including area code: **(571) 323-3939**

Securities registered pursuant to section 12(b) of the Act:

Common Stock, $0.01 par value	**The NASDAQ Global Select Market**
(Title of each class)	(Name of each exchange on which registered)

Securities registered pursuant to section 12(g) of the Act: None

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

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

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

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

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

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

Large accelerated filer ☒	Accelerated filer ☐
Non-accelerated filer ☐ (do not check if a smaller reporting company)	Smaller reporting company ☐
Emerging growth company ☐	

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

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

The aggregate market value of the voting stock (common stock) held by non-affiliates of the registrant, computed by reference to the closing price at which the common stock was sold as of the end of the second quarter ended March 31, 2017, was $2.96 billion.

The number of shares of common stock outstanding as of October 31, 2017 was 67,734,465.

DOCUMENTS INCORPORATED BY REFERENCE

The information required by Part III (Items 10, 11, 12, 13 and 14) will be incorporated by reference from the Registrant's definitive proxy statement, which will be filed pursuant to Regulation 14A with the United States Securities and Exchange Commission ("SEC") within 120 days after the end of the fiscal year to which this report relates.

BEACON ROOFING SUPPLY, INC.

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Year Ended September 30, 2017

FORWARD-LOOKING STATEMENTS

The matters discussed in this Form 10-K that are forward-looking statements are based on current management expectations that involve substantial risks and uncertainties, which could cause actual results to differ materially from the results expressed in, or implied by, these forward-looking statements. These statements can be identified by the fact that they do not relate strictly to historical or current facts. They use words such as “aim,” “anticipate,” “believe,” “could,” “estimate,” “expect,” “intend,” “may,” “plan,” “project,” “should,” “will be,” “will continue,” “will likely result,” “would” and other words and terms of similar meaning in conjunction with a discussion of future operating or financial performance. You should read statements that contain these words carefully, because they discuss our future expectations, contain projections of our future results of operations or of our financial position or state other “forward-looking” information.

We believe that it is important to communicate our future expectations to our investors. However, there are events in the future that we are not able to accurately predict or control. The factors listed under Item 1A, Risk Factors, as well as any cautionary language in this Form 10-K, provide examples of risks, uncertainties and events that may cause our actual results to differ materially from the expectations we describe in our forward-looking statements. Although we believe that our expectations are based on reasonable assumptions, actual results may differ materially from those in the forward looking statements as a result of various factors, including, but not limited to, those described under Item 1A, Risk Factors and elsewhere in this Form 10-K.

Forward-looking statements speak only as of the date of this Form 10-K. Except as required under federal securities laws and the rules and regulations of the SEC, we do not have any intention, and do not undertake, to update any forward-looking statements to reflect events or circumstances arising after the date of this Form 10-K, whether as a result of new information, future events or otherwise. As a result of these risks and uncertainties, readers are cautioned not to place undue reliance on the forward-looking statements included in this Form 10-K or that may be made elsewhere from time to time by or on behalf of us. All forward-looking statements attributable to us are expressly qualified by these cautionary statements.

PART I

ITEM 1. BUSINESS

Unless the context suggests otherwise, the terms "Beacon," the "Company," "we," "our" or "us" are referring to Beacon Roofing Supply, Inc.

Overview

Beacon is the largest publicly traded distributor of residential and non-residential roofing materials in the United States and Canada. We also distribute complementary building products, including siding, windows, specialty exterior building products, insulation, and waterproofing systems for residential and non-residential building exteriors. We purchase products from a large number of manufacturers and then distribute these goods to a customer base consisting of contractors, and to a lesser extent, general contractors, home builders, retailers, and building materials suppliers.

As of September 30, 2017, we operated 383 branches in 48 states throughout the United States and 6 provinces in Canada. We stock one of the most extensive assortments of high quality branded products in the industry, with over 50,000 SKUs available across our branch network, enabling us to deliver products to serve over 70,000 customers on a timely basis.

On October 1, 2015, we acquired Roofing Supply Group, LLC ("RSG"), a leading roofing products distributor headquartered in Dallas, Texas, for approximately $1.17 billion. RSG operated 85 locations across 25 states, including the key markets of California, Florida, Texas, as well as the Pacific Northwest.

On August 24, 2017 the Company entered into a definitive purchase agreement to acquire, for approximately $2.625 billion, all of the issued and outstanding shares of capital stock of Allied Building Products Corp. and an affiliated entity (together with its and their respective subsidiaries, "Allied") on the terms and subject to the conditions set forth in the Stock Purchase Agreement (the "Allied Acquisition"). Allied is one of the country's largest exterior and interior building products distributors and is headquartered in East Rutherford, New Jersey. Allied distributes products across 208 locations in 31 states and has a strong presence in New York, New Jersey, Florida, California, Hawaii and the upper Midwest. The Allied Acquisition is expected to close on January 2, 2018, subject to the satisfaction of customary closing conditions.

For the fiscal year ended September 30, 2017 ("fiscal year 2017" or "2017"), residential roofing products comprised 54.4% of our sales, non-residential roofing products accounted for 29.1% of our sales, and complementary products provided the remaining 16.5% of our sales. Approximately 96% of our net sales were to customers located in the United States.

We provide our customers with a comprehensive array of value-added benefits. These services and tools are focused on supporting the entire lifecycle of our contactor's business, with particular focus on enhancing their ability to meet and exceed the needs of their customers (see "Our Products and Services" for a full listing). We believe the additional services we provide strengthen our relationships with our customers and distinguish us from our competition, as the vast majority of orders require at least some of these services. Our ability to provide these services efficiently and reliably can save contractors time and money while also enabling us to achieve attractive gross profit margins on our product sales. We have earned a reputation for providing a high level of product availability and high-quality service from our experienced employees who provide timely, accurate and safe delivery of products.

Our customer base includes a diverse population of residential and non-residential roofing contractors from the markets in which we operate. Along with new construction projects, these local roofing contractors are typically involved in the replacement, or re-roofing, component of the roofing industry. We utilize a branch-based operating model that allows branches to maintain local customer relationships and benefit from our centralized infrastructure. This operating model allows us to benefit from the resources and scale efficiencies of being a national distributor while still providing customers with specialized products and personalized local services tailored to their specific geographic region.

We have achieve d our growth through a combination of 43 strategic and complementary acquisitions since our initial public offering ("IPO") in 2004, opening new branch locations and broadening our product offerings. In fiscal year 201 7 , we acquired 23 branches and opened 4 new branch es . We have grown from $652.9 million in net sales in fiscal year 2004 to $4.38 billion in net sales in fiscal year 201 7 , which represents a thirteen-year compound annual growth rate ("CAGR") of 15.8% . Our organic growth, which includes growth from existing and newly opened branches but excludes growth from acquired branches, averaged a CAGR of 5.1% per annum over the same period. Acquired branches are excluded from organic growth measures until they have been under our ownership for at least f our full fiscal quarters at the start of the reporting period. Since our IPO, we have opened 78 new branch locations, and during this same period existing market sales excluding greenfields increased at an average of 2.3% per annum. Existing market sales e xcluding greenfields are defined as the aggregate sales from branches open for the entire comparable annual periods. Income from operations has increased from $34.7 million in fiscal year 2004 to $216.1 million in fiscal year 201 7 , which represents a thirteen -year CAGR of 15.1% . We believe that our proven business model can continue to deliver industry-leading growth and operating profit margins.

Our Industry

Based on management's estimates, we believe that the roofing distribution market in the United States and Canada represents approximately $26 billion in revenue with roughly 60-65% of the market in residential roofing and 35-40% in commercial. We also participate in several other areas of the building products market within our complementary product line, including siding, windows, insulation and waterproofing, among others.

We believe the majority of roofing demand is driven by re-roofing activity (estimated at 80-90%), with the remaining balance being tied to new construction. Re-roofing projects are considered to be necessary maintenance and repair expenditures, and are therefore less likely to be postponed during periods of recession or slower economic growth. As a result, demand for roofing products historically has been less volatile than overall demand for construction products.

Net sales from re-roofing are also expected to increase as the median age of owner occupied housing has increased from 31 years to 37 years over the last decade, according to U.S. Census data. As homes age, re-roofing demand increases, and home-owners are forced to replace or repair old, deteriorating roofs. During the past decade, re-roofing demand also has been influenced in part by existing home sales trends. Lower housing turnover during the 2007-2015 years, in particular, has resulted in many homeowners' deferral of necessary re-roofing decisions. This combination of aging U.S. housing inventory, more favorable trends in existing home sales, and deferred re-roofing amid the housing downturn supports a favorable supply/demand dynamic in the residential repair and remodel market in the coming years.

Regional variations in economic activity influence the level of demand for roofing products across the United States. Of particular importance are regional differences in the level of new home construction and renovation. Demographic trends, including population growth and migration, contribute to the regional variations through their influence on regional housing starts and existing home sales.

In addition to our domestic operations, we also operate in 6 provinces across Canada. These international locations represented approximately 4% of our total net sales for the fiscal year ended September 30, 2017. We expect overall demand for operations in Canada to grow at rate similar to our United States operations.

Roofing Distributors

Wholesale distribution is the primary distribution channel for both residential and commercial roofing products. Wholesale roofing product distributors serve the important role of facilitating the purchasing relationships between roofing materials manufacturers and thousands of contractors. Wholesale distributors can maintain localized inventories, extend trade credit, give product advice and provide delivery and logistics services.

Despite some recent consolidation, the roofing materials distribution industry remains highly fragmented. The industry is characterized by several "national" distributors and a large number of local and regional participants. The vast majority of our competition continues to comes from these smaller, localized roofing supply distributors, and, to a much lesser extent, other building supply distributors and ''big box'' retailers.

Residential Roofing

Re-roofing is largely a non-discretionary decision for homeowners. However, prevailing housing market conditions and severe storm activity can influence the precise timing involved. Specifically, we believe housing turnover can impact certain homeowners' re-roofing decisions. Increases in single-family existing home sales during fiscal 2015-2017, coupled with more active storm related roofing demand in 2016 and 2017, have boosted industry re-roofing activity during recent years. This contrasts with the period of stagnant re-roofing demand that was experienced from 2007-2014 during the housing downturn and early into its recovery.

Within the new construction portion of the residential roofing market, growth historically has been driven by housing starts, and in particular, by single-family home construction. According to the U.S. Census Bureau, single-family starts peaked at 1.7 million homes in 2005 and troughed at 0.4 million homes in 2011. Housing starts have recovered steadily since 2011 and have reached 0.8 million in 2016. The Mortgage Bankers Association (MBA) economic forecast projects single-family starts will finish 2017 with a 7% gain compared to 2016 and see 8%-9% increases in both 2018 and 2019.

Non-residential Roofing

As with residential re-roofing, non-residential re-roofing activity tends to be less cyclical than new construction and depends, in part, upon the types of materials on existing roofs, their expected lifespan and intervening factors such as wind or water damage. In contrast to residential roofing, we do not believe economic driven re-roofing project deferrals have been as common for the non-residential product line. The non-residential roofing market primarily consists of office, retail, industrial and institutional buildings.

According to the 2018 Dodge Construction Outlook, U.S. construction starts will increase 3% in 2018 following expected gains of 4% in 2017 and 5% in 2016. Commercial buildings are expected to see a 2% increase, while institutional buildings should see a 3% increase in construction during 2018.

Complementary Building Products

Demand for complementary building products such as siding, windows and doors, and insulation for both the residential and non-residential markets has been at historically low levels in recent years, consistent with the downturns in the new construction markets and in the overall economy. Unlike the roofing industry, demand for these products is more discretionary and significantly influenced by new construction markets and the pace of overall residential remodeling activity.

According to the Joint Center for Housing Studies at Harvard University, its Leading Indicator of Remodeling Activity (LIRA) is calling for accelerating growth rates in U.S. remodeling activity throughout calendar year 2018 with anticipated growth rate of 7.7% by the third quarter. As mentioned above, the outlook for new home construction is also projected to see solid growth in the coming years.

Our Strengths

We believe the sales and earnings growth we have achieved over time has been, and will continue to be, driven by our primary competitive strengths, which include the following:

- ***Leading roofing distribution platform with a national scope combined with regional expertise.*** We are the largest publicly traded distributor of residential and non-residential roofing materials in the United States, and we maintain leading positions in key metropolitan markets across the United States and Canada. Our geographic footprint is designed to provide advantages in the regional markets we serve. We utilize a branch-based operating model whereby branches cultivate and maintain local customer relationships while benefiting from centralized functions such as information technology, marketing, accounting, financial reporting, credit, purchasing, human resources, legal and tax services. We provide our customers with specialized products and personalized local services tailored to their specific geographic region, with the resources and scale efficiencies of a national distributor.

- ***Diversified business model in a stable enviro nment.*** Our business historically has been protected in times of economic downturn because of the non-discretionary nature of most re-roofing demand, the mix of our sales between residential and non-residential products, our geographic and customer diversi ty, and the financial and operational ability to expand our business and obtain market share. We have a long history of organic sales growth and healthy gross margins through a variety of economic cycles. Over the last thirteen fiscal years, our total and existing market net sales have increased by a CAGR of 15.8% and 5.1%, respectively , (including growth through acquisitions) and our gross margins in existing markets (i.e., excluding acquisitions) have averaged approximately 24% .

- ***Well-positioned in attractive roofing demand markets.*** We believe that our national distribution platform is strategically positioned to continue benefitting from the North American market recovery, and we expect that improving economic conditions and continued recovery in residential and non-residential construction activity will drive the demand for additional roofing materials and complementary building products.

- ***Superior customer service to our well established, long-term customer base*** . Our diverse customer base consists of contractors, home builders, building owners, and other resellers. A significant number of our customers have relied on us as their vendor of choice for decades, and we believe that these strong customer relationships cannot be easily replicated. For the fiscal year ended September 30, 2017, no single customer accounted for more than 2% of our net sales.

  We believe that the services provided by our employees improve our customers' efficiency and profitability, which, in turn, strengthens our customer relationships. We consider customer relations and our employees' knowledge of roofing and exterior building materials as being vital to our ability to increase customer loyalty and maintain customer satisfaction. We invest significant resources in professional development, management skills, product knowledge and operational proficiency. The in-depth knowledge of the materials we sell and their applications allows our sales personnel to provide technical advice and value-added service to our customers throughout the construction process.

  We provide a number of value-added services to our customers. In particular, we support our customers with: advice and assistance on product identification, specification and technical support; timely job site delivery, rooftop loading and logistical services; tapered insulation design and related layout services; metal fabrication and related metal roofing design and layout services; trade credit; and marketing support, including project leads for contractors.

- ***Strong platform for growth and acquisition.*** From the time of our IPO in 2004, we increased net sales at rates well above the overall growth in the roofing materials distribution industry. We have expanded our business through strategic acquisitions, new branch openings, and the diversification of our product offering. We generally have improved the financial and operating performance of our acquired companies and helped them to grow their businesses following acquisition.

- ***Strong cash flow generation driven by a stable business model.*** We have increased net sales in eight of the last ten fiscal years, including increases in each of the last seven consecutively. Our track record of growth, combined with limited capital expenditure requirements, has resulted in strong free cash flow across all economic cycles. We have a strong history of managing our debt leverage effectively and we have successfully reduced leverage subsequent to the RSG transaction.

- ***Centralized IT platform.*** We have made a significant investment in our information systems, including the ongoing development of a platform for online sales. All of our locations, except for one fabrication facility, operate on the same management information systems, providing us with a consistent platform to deliver excellent customer service and achieve operating efficiencies in purchasing, pricing and inventory management. Our systems have substantial capacity to handle our future growth plans without requiring significant additional investment.

- ***Industry-leading management team with a track record of integration.*** We believe that our key employees, including branch managers, regional vice presidents and executive officers, are among the most experienced members of the roofing industry and have a track record of achieving stro ng revenue growth and delivering profitability. Since Beacon became a publicly traded company in 2004, the Beacon management team has successfully completed and integrated 43 acquisitions and opened 78 new greenfield locations.

Our Growth Strategies

Our objective is to be the preferred supplier of roofing and other complementary building product materials across markets in the United States and Canada while continuing to increase net sales and maximize our profitability. We plan to attain these goals by executing the following strategies:

- ***Expand product offering and increase cross-selling activities.*** Due to the unique characteristics of each geographic region, our local customers typically require market specific product offerings. We believe we have one of the most extensive offerings of high-quality branded products in the industry, with over 50,000 SKUs available across our branch network, however there remain opportunities for branches to expand their current product rosters. This will create additional opportunities for our branches to cross-sell more products throughout our existing network. In particular, we seek to expand non-residential roofing sales into markets where we currently sell mostly residential roofing. In addition, we work closely with customers and suppliers to identify new products and services, and continue to expand our product offering to include complementary building materials such as windows, siding, doors, waterproofing systems, insulation and metal fabrication.

- ***Continue to provide exceptional customer service and roofing expertise.*** We provide a comprehensive array of high-quality products and offer value-added services. In fiscal year 2017, we were able to support our customers by fulfilling approximately 97% of warehouse orders through our in-stock inventory as a result of the breadth and depth of the inventory maintained at our local branches. We believe that our focus on providing both value-added services and accurate and rapid order fulfillment enables us to attract and retain customers.

- ***Selectively pursue opportunities for organic growth and strategic acquisitions.*** Acquisitions and greenfield expansion is an important component of our growth strategy. We believe that there will be meaningful opportunities to further expand or intensify our geographic focus in contiguous or existing regions. We intend to continue to pursue our growth strategy while focusing on maintaining a strong balance sheet.

  Since 2004, Beacon has opened 78 new branches through greenfield expansion. Beacon has a disciplined approach to new branch openings and its typical strategy is to open branches: (1) within its existing markets; (2) where existing customers have expanded into new markets; or (3) in areas that have limited or no acquisition candidates and are a good fit with its business model and culture.

  Since 2004, Beacon has completed 43 acquisitions. We believe that the roofing distribution sector remains fragmented and that there are significant opportunities to further grow our business through disciplined, strategic acquisitions. With only a few large, well-capitalized competitors in the industry, we believe we can continue to build on our distribution platform by successfully acquiring additional roofing materials distributors. Our main acquisition strategy is to target market leaders in geographic areas that we do not service or that complement our existing operations in an area.

- ***Enhance margins and free cash flow generation through continued execution of our growth strategy.*** We believe that as recent greenfield locations continue to ramp up, and if expected synergies and cost savings from acquisitions are realized, our margins will continue to improve. We also believe that we have an operating model that requires minimal capital, which, when combined with stable re-roofing demand, will position us for strong free cash flow generation. We intend to continue to use cash flows to support deleveraging and our continued platform growth. We have, and will continue to, invest heavily in our branch expansion. Although management estimates that our branch expansion strategy over the past several years has resulted in above average upfront operating costs and capital expenditures, we believe these new branches will increase their contribution to our profitability and cash flow as they mature.

Our Products and Services

Products

The ability to provide a broad range of products is essential to success in roofing materials distribution. We carry one of the most extensive arrays of high-quality branded products in the industry, enabling us to deliver a wide variety of products to our customers on a timely basis. We are able to fulfill the vast majority of our warehouse orders with inventory on hand because of the breadth and depth of the inventories at our branches.

Our product portfolio includes residential and non-residential roofing products as well as complementary building products, including:

Product Portfolio

Residential Roofing Products	Non-Residential Roofing Products	Complementary Building Products
Asphalt shingles	Single-ply roofing	Vinyl siding
Synthetic slate and tile	Asphalt	Fiber cement siding
Clay tile	Metal	Stone veneer
Concrete tile	Modified bitumen	Windows
Slate	Build-up roofing	Doors
Nail base insulation	Cements and coatings	Skylights
Metal roofing	Insulation – flat stock & tapered	Waterproofing
Felts	Commercial fasteners	Building insulation
Synthetic underlayment	Metal edges and flashings	Gutters and downspouts
Wood shingles and shakes	Smoke/roof hatches	Decking and railing
Nails and fasteners	Sheet metal (copper/aluminum/steel)	Air barrier
Metal edgings and flashings	Roofing tools	Concrete restoration systems
Prefabricated flashings	PVC membrane	Sealants
Ridge and soffit vents	TPO membrane	
	EPDM membrane	

Our product lines are designed to meet the requirements of residential and non-residential roofing contractors as well as siding & insulation contractors. The products that we distribute are supplied by the industry's leading manufacturers of high-quality roofing materials, siding materials, insulation, windows, doors, decking and related products (See "Purchasing and Suppliers").

In the residential market, asphalt shingles comprise the largest share of the products we sell. We distribute products such as high-end shingles, gutters and metal roofing products, and tile roofing. Additionally, we distribute downspouts, tools, nails, vinyl and fiber cement siding, windows, decking and related exterior shelter products to meet the expansive needs of our customers.

In the non-residential market, single-ply roofing systems and the associated insulation products comprise the largest share of our product offering. Our single-ply roofing systems consist primarily of Ethylene Propylene Diene Monomer (synthetic rubber) or "EPDM" and Thermoplastic Olefin or "TPO", along with other roofing materials and related components. In addition to the broad range of single-ply roofing components, we sell asphaltic membranes and the insulation required in most non-residential roofing applications, such as tapered insulation. Our remaining non-residential products include metal roofing and flashings, fasteners, fabrics, coatings, roof drains, modified bitumen, built-up roofing and asphalt.

Of all the complementary building products in our portfolio, vinyl and cement siding comprise the largest share of the products we sell.

Services

We emphasize superior value-added services to our customers. We employ a knowledgeable sales force that possesses in-depth knowledge of roofing materials and applications and is capable of providing technical advice and assistance to contractors and other customers throughout the re-roofing and construction process. In particular, we support our customers with the following value-added services:

- advice and assistance on product identification, specification and technical support, and training services;
- a large, service ready fleet with a broad footprint supporting timely job site delivery, rooftop loading and logistical services;
- tapered insulation engineered with enhanced computer-aided design and related layout services;
- metal fabrication and related metal roofing design and layout services;
- access to Beacon Pro+, our e-commerce platform that provides customers with 24/7 online access;
- trade credit and online bill pay; and
- marketing support, including project leads for contractors.

Our Customers

We serve over 70,000 customers, comprised of contractors, home builders, building owners, and other resellers across the continental United States and Canada. Our typical customer base varies by end market, with relatively small contractors in the residential market and small to large-sized contractors in the non-residential market. To a lesser extent, our customer base in a market can include general contractors, retailers and building materials suppliers. A significant number of our customers have relied on us or our predecessors as their vendor of choice for decades, therefore we believe that we have strong customer relationships that our competitors cannot easily displace or replicate. No single customer accounts for more than 2% of our net sales.

Our Culture and Employees

We believe that our values based culture is a key differentiator, which is critical to our success. We pride ourselves on attracting and retaining highly dedicated and customer focused employees at all levels of the organization. We maintain a safety-first environment and strong relations with our employees.

As of September 30, 2017 we had 5,406 employees consisting of 1,334 in sales and marketing, 682 branch and assistant branch managers, 2,666 drivers, delivery helpers and warehouse workers, 680 general and administrative employees and 44 executives. We have 33 employees that are represented by labor unions and there are no outstanding labor disputes.

Sales and Marketing

Sales strategy

Our sales strategy is to provide a comprehensive array of high-quality products and superior value-added services to residential and non-residential roofing contractors reliably, accurately and on time. In fiscal year 2017, we were able to support our customers by fulfilling approximately 97% of warehouse orders at the time of invoice. This is a result of the breadth and depth of the inventory maintained at our local branches.   We believe that our focus on providing superior value-added services and accurate and rapid order fulfillment enables us to attract and retain customers.

Sales organization

We have attracted and retained an experienced sales force that consisted of approximately 1,181 employees as of September 30, 2017 who are responsible for generating sales at the local branch level. The expertise of our salespeople helps us to increase sales to existing customers and add new customers.

Each of our branches is led by a branch manager, who also functions as the branch’s sales manager. In addition, each branch generally employs one to four outside salespeople and one to five inside salespeople who report to their branch manager. Branches that focus primarily on the residential market typically staff a larger number of outside salespeople.

The primary objectives of our outside salespeople are to increase sales to existing customers and prospect for new customers. These activities are supported by utilizing our CRM (Customer Relationship Management) system throughout our selling organization. We continue to use our proprietary LogicTrack software system to extract information on construction projects in our local markets. Once a construction project is identified, members of our design and estimating team create job quotes, which, along with pertinent bid and job information, are readily available to our salespeople through LogicTrack. Our outside salespeople then contact potential customers in an effort to solicit their interest in participating with us in the identified project. Throughout this process, LogicTrack maintains a record of quoting activity, due dates, and other data to allow tracking of the projects and efficient follow-up. By seeking a contractor to “partner with” on a bid, we increase the likelihood that such contractor will purchase their roofing materials and related products from us in the event that the contractor is selected for the project.

To complement our outside sales force, we have built an experienced and technically proficient inside sales staff that provides vital product expertise to our customers. Our inside sales force is responsible for fielding incoming orders, providing pricing quotations and responding to customer inquiries.

In addition to our outside and inside sales forces, we employ representatives who act as liaisons for certain roofing materials manufacturers to assist with the promotion of specific products to professional contractors, architects and building owners. These relationships include exclusive geographic territories and we currently have a developed relationship with Carlisle on this basis.

Marketing

In order to capitalize on established customer relationships and locally developed brands, we have maintained the trade names of most of the businesses that we have acquired. These trade names—such as Acme Building Materials, Alabama Roofing Supply, American Building & Roofing, Atlantic Building Products, Applicators Sales, Beacon Roofing Supply Canada Company, Beacon Sales, Best Distributing, BJ Supply, Cassady Pierce, Coastal Metal Service, Dealers Choice, Eco Insulation Supply, Enercon Products, Entrepot de la Toiture, Ford Wholesale, Fox Brothers Company, Groupe Bédard, Intermountain Supply, JGA, JGA Beacon, Lowry’s, Lyf-Tym Building Products, Lafayette Wood Works, McClure Johnston, Mississippi Roofing Supply, North Coast Roofing Systems, Pacific Supply, Posi-Pentes, Posi-Slope, ProCoat Systems, Quality Roofing Supply, RCI Roofing Supply, RIS Insulation Supply, RIS Roofing Supply, RIS Roofing and Insulation Supply, Roof Depot, Roofing Supply Group, Southern Roof Center, Statewide Wholesale, Structural Materials, The Roof Center, West End Roofing, Siding & Windows, Wholesale Roofing Supply, and Woodfeathers — are well-known in the local markets in which the respective branches compete and are associated with high-quality products and customer service.

As a supplement to the efforts of our sales force, each of our branches communicates with residential and non-residential contractors in their local markets through newsletters, direct mail, social media and the Internet. In order to build and strengthen relationships with customers and vendors, we offer exclusive promotions and sponsor our own regional trade shows, which feature general business and roofing seminars for our customers and product demonstrations by our vendors. In addition, we attend numerous industry trade shows throughout the regions in which we compete, and we are an active member of the National Roofing Contractors Association, as well as certain regional contractors’ associations.

In fiscal year 2017, we introduced Beacon Pro+, our innovative e-commerce portal that enables customers to order online from our catalog of over 50,000 products and have 24/7 access to view real time pricing, review the status of orders, request and approve quotes, and pay their bills online.

Purchasing and Suppliers

Our status as a leader in our core geographic markets, as well as our reputation in the industry, has allowed us to forge strong relationships with numerous manufacturers of roofing materials and related products, including Atlas Roofing, Berger Building Products, Building Products of Canada, Carlisle Syntec, CertainTeed Roofing, CertainTeed Siding, Firestone Building Products, GAF, IKO Manufacturing, James Hardie Building Products, Johns Manville Roofing, Malarkey, Owens Corning Roofing, Ply Gem, Soprema, and TAMKO Building Products.

We are viewed by our suppliers as a key distributor due to our industry expertise, past growth and profitability, significant market share, financial strength, and the substantial volume of products that we distribute.

We manage the procurement of products through our national headquarters and regional offices, allowing us to take advantage of both our scale and local market conditions. We believe this enables us to purchase products more economically than most of our competitors. Product is shipped directly by the manufacturers to our branches or customers.

Operations and Infrastructure

Operations

Our branch-based model provides each location with a significant amount of autonomy to operate within the parameters of our overall business model. Operations at each branch are tailored to meet local customer needs. Branch managers are responsible for sales, pricing and staffing activities, and have full operational control of customer service and deliveries. We provide our branch managers with significant incentives that allow them to share in the profitability of their respective branches as well as in the company as a whole. Employees at our regional and corporate operations assist the branches with, among other things, procurement, credit and safety services, fleet management, information systems support, contract management, accounting, treasury and legal services, human resources, benefits administration and sales and use tax services.

Our distribution fulfillment process is initiated upon receiving a request for a contract job order or direct product order from a contractor. Under a contract job order, a contractor typically requests roofing or other construction materials and technical support services. The contractor discusses the project's requirements with a salesperson and the salesperson provides a price quotation for the package of products and services. Subsequently, the salesperson processes the order and we deliver the products to the customer's job site. In fiscal year 2017, we were able to support our customers by fulfilling approximately 97% of warehouse orders through our in-stock inventory as a result of the breadth and depth of the inventory maintained at our local branches.

Facilities

As of September 30, 2017, our network of 383 branches was serving metropolitan areas in 48 states and 6 Canadian provinces. This network has enabled us to effectively and efficiently serve a broad customer base and to achieve a leading market position in each of our core geographic markets.

Fleet

For the year ended September 30, 2017, our distribution infrastructure supported over one million deliveries. To service our customer base, we maintained a dedicated owned fleet of 590 straight trucks, 566 tractors and 978 trailers as of September 30, 2017. Nearly all of our delivery vehicles are equipped with specialized equipment, including 1,779 truck-mounted forklifts, cranes, hydraulic booms and conveyors, which are necessary to deliver products to rooftop job sites in an efficient and safe manner and in accordance with our customers' requirements.

Our branches typically focus on providing materials to customers who are located within a two-hour radius of their respective facilities. Our branches generally make deliveries each business day.

Management Information Systems

We have fully integrated management information systems across our locations. Acquired businesses are moved to our IT platform as soon as feasible following acquisition. Our systems support every major internal operatio nal function, except payroll, providing complete integration of purchasing, receiving, order processing, shipping, inventory management, sales analysis and accounting. The same databases are shared within the systems, allowing our branches to easily acquir e products from other branches or schedule deliveries by other branches, greatly enhancing our customer service. Our systems also include a pricing matrix which allows us to refine pricing by region, branch, customer and customer type, or even a specific c ustomer project. In addition, our systems allow us to centrally monitor all branch and regional performance as often as daily. We have centralized many functions to leverage our growing size, including accounts payable, insurance, payroll, employee benefit s, vendor relations, and banking.

All of our branches are connected to a common computer network via secure Internet connections or private data lines. We maintain redundant systems with transactional data getting replicated throughout each business day. We have the capability of electronically switching our operations to the disaster recovery system.

We place purchase orders electronically with some of our major vendors. The vendors then transmit their invoices electronically to us. Our system matches these invoices with the related purchase orders and then schedules the associated payment. We retain many financial, credit and other documents for purposes of internal approvals, online viewing and auditing.

Government Regulations

We are subject to regulation by various federal, state, provincial and local agencies. These agencies include the Environmental Protection Agency, Department of Transportation, Occupational Safety and Health Administration and Department of Labor and Equal Employment Opportunity Commission. We believe we are in compliance in all material respects with existing applicable statutes and regulations affecting environmental issues and our employment, workplace health and workplace safety practices.

In 2012, the United States Supreme Court upheld the majority of the provisions in the Patient Protection and Affordable Care Act (the “Act”). The Act places requirements on employers to provide a minimum level of benefits to employees and assesses penalties on employers if the benefits do not meet the required minimum level or if the cost of coverage to employees exceeds affordability thresholds specified in the Act. The minimum benefits and affordability requirements took effect in 2014. The Act also imposes an excise tax beginning in 2018 on plans whose average cost exceeds specified amounts. We have analyzed the effects on us from the provisions of the Act and we do not currently anticipate a significant financial impact.

Competition

Although we are one of the two largest roofing materials distributors in the United States and Canada, the United States roofing supply industry is highly competitive. The vast majority of our competition comes from local and regional roofing supply distributors, and, to a lesser extent, other building supply distributors and “big box” retailers. Among distributors, we compete against a small number of large distributors and many small and local privately-owned distributors. The principal competitive factors in our business include, but are not limited to, the availability of materials and supplies; technical product knowledge and expertise; advisory or other service capabilities; pricing of products; and availability of credit and capital. We generally compete on the basis of the quality of our services, product quality and, to a lesser extent, price.

Order Backlog

Order backlog is not a material aspect of our business and no material portion of our business is subject to government contracts.

Seasonality

In general, sales and net income are highest during our first, third and fourth fiscal quarters, which represent the peak months of construction and re-roofing, especially in our branches in the northern and mid-western regions of the United States and in Canada. Our sales are substantially lower during the second quarter, when we usually incur net losses. These quarterly fluctuations have diminished as we have diversified further into the southern and western regions of the United States.

We generally experience our peak working capital needs during the third quarter a fter we build our inventories following the winter season but before we begin collecting on most of our spring receivables. Our principal source of liquidity is our cash and cash equivalents and borrowings under our revolving credit facility, so our borrow ings tend to be highest in the third quarter of our fiscal year.

History and Additional Information

Our predecessor, Beacon Sales Company, Inc., was founded in Charlestown, Massachusetts (part of Boston) in 1928. Beacon Roofing Supply, Inc. was incorporated in Delaware in 1997. Our principal executive offices are located at 505 Huntmar Park Drive, Suite 300, Herndon, Virginia 20170 and our telephone number is (571) 323-3939. Our Internet website address is www.becn.com.

We are subject to the information and periodic reporting requirements of the Securities Exchange Act of 1934, as amended ("Exchange Act"), and, in accordance with such requirements, furnish or file periodic reports, proxy statements, and other information with the Securities and Exchange Commission ("SEC"). These periodic reports, proxy statements, and other information are available for inspection and copying at the regional offices, public reference facilities, and SEC website, www.sec.gov . We also maintain an investor relations page on our website where our annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and other required SEC filings may be accessed free of charge as soon as reasonably practicable after such material is electronically filed with, or furnished to, the SEC.

ITEM 1A. RISK FACTORS

You should carefully consider the risks and uncertainties described below and other information included in this Form 10-K in evaluating us and our business. If any of the events described below occur, our business and financial results could be adversely affected in a material way. This could cause the trading price of our common stock to decline, perhaps significantly.

Risks Related to Our Business

We may not be able to effectively integrate newly acquired businesses into our operations or achieve expected cost savings or profitability from our acquisitions.

Our growth strategy includes acquiring other distributors of roofing materials and complementary products. Acquisitions involve numerous risks, including:

- unforeseen difficulties in integrating operations, technologies, services, accounting and employees, including difficulties in operating and integrating Allied's interior products business line, a business line which we have not previously operated;
- diversion of financial and management resources from existing operations;
- unforeseen difficulties related to entering geographic regions where we do not have prior experience;
- potential loss of key employees;
- unforeseen liabilities associated with businesses acquired; and
- inability to generate sufficient revenue or realize sufficient cost savings to offset acquisition or investment costs.

As a result, if we fail to evaluate and execute acquisitions properly, we might not ach ieve the anticipated benefits of such acquisitions and we may incur costs in excess of what we anticipate. These risks would likely be greater in the case of larger acquisitions, including the Allied Acquisition. See "—Risks Related to the Allied Acquisition" below.

We may not be able to successfully complete acquisitions on acceptable terms, which would slow our growth rate.

The acquisition of other distributors of roofing materials and complementary products is an important part of our growth strategy. We continually seek additional acquisition candidates in selected markets and from time to time engage in exploratory discussions with potential candidates. We are unable to predict whether or when we will be able to identify any suitable additional acquisition candidates, or the likelihood that any potential acquisition will be completed. If we cannot complete acquisitions that we identify on acceptable terms, it is unlikely that we will sustain the historical growth rates of our business.

An inability to obtain the products that we distribute could result in lost revenues and reduced margins and damage relationships with customers.

We distribute roofing and other exterior building materials that are manufactured by a number of major suppliers. Disruptions in our sources of supply may occur as a result of unanticipated demand or production or delivery difficulties. When shortages occur, roofing material suppliers often allocate products among distributors. Although we believe that our relationships with our suppliers are strong and that we would have access to similar products from competing suppliers should products be unavailable from current sources, any supply shortage, particularly of the most commonly sold items, could result in a loss of revenues and reduced margins and damage relationships with customers.

Loss of key talent or our inability to attract and retain new qualified talent could hurt our ability to operate and grow successfully.

Our success will continue to depend to a significant extent on our executive officers and key management personnel, including our divisional executive vice presidents and regional vice presidents. We do not have key man life insurance covering any of our executive officers. We may not be able to retain our executive officers and key personnel or attract additional qualified management. The loss of any of our executive officers or other key management employees, or our inability to recruit and retain qualified employees, could hurt our ability to operate and make it difficult to execute our acquisition and internal growth strategies. Further, the Allied Acquisition may negatively impact our ability to retain key personnel.

A change in vendor pricing and demand could adversely affect our income and gross margins.

Many of the products that we distribute are subject to price changes based upon manufacturers’ raw material costs and other manufacturer pricing decisions. For example, as a distributor of residential roofing supplies, our business is sensitive to asphalt prices, which are highly volatile and often linked to oil prices, as oil is a significant input in asphalt production. Shingle prices have been volatile in recent years, partly due to volatility in asphalt prices. Historically, we have generally been able to pass increases in the prices of shingles on to our customers. Although we often are able to pass on manufacturers’ price increases, our ability to pass on increases in costs depends on market conditions. The inability to pass along cost increases could result in lower operating margins. In addition, higher prices could impact demand for these products, resulting in lower sales volumes.

A change in vendor rebates could adversely affect our income and gross margins.

The terms on which we purchase products from many of our vendors entitle us to receive a rebate based on the volume of our purchases. These rebates effectively reduce our costs for products. If market conditions change, vendors may adversely change the terms of some or all of these programs. Although these changes would not affect the net recorded costs of product already purchased, it may lower our gross margins on products we sell and therefore the income we realize on such sales in future periods.

Cyclicality in our business and general economic conditions could result in lower revenues and reduced profitability.

A portion of the products we sell are for residential and non-residential construction. The strength of these markets depends on new housing starts and business investment, which are a function of many factors beyond our control, including credit and capital availability, interest rates, foreclosure rates, housing inventory levels and occupancy, employment levels, consumer confidence and the health of the United States economy and mortgage mark ets. Economic downturns in the regions and markets we serve could result in lower revenues and, since many of our expenses are fixed, lower profitabilit y . The challenging economic conditions in recent years, including tighter credit markets, have adversely affected demand for new residential and non-residential projects and, to a lesser extent, re-roofing projects, and may continue to negatively affect expenditures for roofing in the near term. Unfavorable changes in demographics, credit markets, consumer c onfidence, housing affordability, or housing inventory levels and occupancy, or a weakening of the United States economy or of any regional or local economy in which we operate could adversely affect consumer spending, result in decreased demand for our pr oducts, and adversely affect our business. In addition, instability in the economy and financial markets, including as a result of terrorism or civil or political unrest, may result in a decrease in housing starts, which would adversely affect our business .

Seasonality in the construction and re-roofing industry generally results in second quarter losses.

Our second quarter is typically affected adversely by winter construction cycles and cold weather patterns as the levels of activity in the new construction and re-roofing markets decrease. Because many of our expenses remain relatively fixed throughout the year, we generally record a loss during our second quarter. We expect that these seasonal variations will continue in the near future.

If we encounter difficulties with our management information systems, we could experience problems with inventory, collections, customer service, cost control and business plan execution.

We believe our management information systems are a competitive advantage in maintaining our leadership position in the roofing distribution industry. However, if we experience problems with our management information systems, we could experience, among other things, product shortages and/or an increase in accounts receivable aging. Any failure by us to properly maintain and protect our management information systems could adversely impact our ability to attract and serve customers and could cause us to incur higher operating costs and experience delays in the execution of our business plan.

Since we rely heavily on information technology both in serving our customers and in our enterprise infrastructure in order to achieve our objectives, we may be vulnerable to damage or intrusion from a variety of cyber-attacks including computer viruses, worms or other malicious software programs that may access our systems. Despite the precautions we take to mitigate the risks of such events, an attack on our enterprise information technology system could result in theft or disclosure of our proprietary or confidential information or a breach of confidential customer or employee information. Such events could have an adverse impact on revenue, harm our reputation, and cause us to incur significant legal liability and costs to address and remediate such events and related security concerns.

An impairment of goodwill and/or other intangible assets could reduce net income.

Acquisitions frequently result in the recording of goodwill and other intangible assets. At September 30, 2017, goodwill represented approximately 36 % of our total assets. We expect to record significant additional goodwill and other intangible assets upon consummation of the Allied Acquisition. Goodwill is not amortized for financial reporting purposes and is subject to impairment testing a t least annually using a fair-value based approach. The identification and measurement of goodwill impairment involves the estimation of the fair value of our reporting units. Our accounting for impairment contains uncertainty because management must use judgment in determining appropriate assumptions to be used in the measurement of fair value. We determine the fair values of our reporting units by using a qualitative approach.

We evaluate the recoverability of goodwill for impairment in between our annual tests when events or changes in circumstances indicate that the carrying amount of goodwill may not be recoverable. Any impairment of goodwill will reduce net income in the period in which the impairment is recognized.

We might need to raise additional capital, which may not be available, thus limiting our growth prospects.

In the future we may require equity or additional debt financing in order to consummate an acquisition, for additional working capital for expansion, or if we suffer more than seasonally expected losses. In the event such additional financing is unavailable to us on commercially attractive terms or at all, we may be unable to expand or make acquisitions or pursue other growth opportunities.

Major disruptions in the capital and credit mar kets may impact both the availability of credit and business conditions.

If the financial institutions that have extended credit commitments to us are adversely affected by major disruptions in the capital and credit markets, they may become unable to fund borrowings under those credit commitments. This could have an adverse impact on our financial condition since we need to borrow funds at times for working capital, acquisitions, capital expenditures and other corporate purposes.

Major disruptions in the capital and credit markets could also lead to broader economic downturns, which could result in lower demand for our products and increased incidence of customers' inability to pay their accounts. The majority of our net sales volume is facilitated through the extension of trade credit to our customers. Additional customer bankruptcies or similar events caused by such broader downturns may result in a higher level of bad debt expense than we have historically experienced. Also, our suppliers may be impacted, causing potential disruptions or delays of product availability. These events would adversely impact our results of operations, cash flows and financial position.

Our level and terms of indebtedness could adversely affect our ability to raise additional capital to fund our operations, take advantage of new business opportunities, and prevent us from meeting our obligations under our debt instruments.

As of September 30, 2017, we had $300.0 million in aggregate principal amount of our 6.375% senior notes due 2023, $441.0 million outstanding under our existing seven-year senior secured term loan "B" facility, $3.2 million drawn under our existing senior secured asset-based revolving credit facility (the "ABL Facility" and, together with the term loan B facility, our "Existing Senior Secured Credit Facilities"), and $35.4 million of total other indebtedness. In connection with the Allied Acquisition, on October 25, 2017 we issued $1.3 billion in aggregate principal amount of our 4.875% senior notes due 2025 (our "outstanding senior notes"), and we also expect to borrow up to an aggregate principal amount of $970.0 million under a seven-year senior secured term loan "B" facility (the "New Term Loan") and enter into an amended and restated senior secured asset-based revolving credit facility with commitments of up to $1.3 billion (the "New ABL Facility" and, collectively with the New Term Loan, the "New Senior Secured Credit Facilities"). Our substantial debt could have important consequences to us, including:

- increasing our vulnerability to general economic and industry conditions;
- requiring a substantial portion of our cash flow used in operations to be dedicated to the payment of principal and interest on our indebtedness, therefore reducing our liquidity and our ability to use our cash flow to fund our operations, capital expenditures and future business opportunities;
- exposing us to the risk of increased interest rates, and corresponding increased interest expense, because future borrowings under our Existing Senior Secured Credit Facilities or New Senior Secured Credit Facilities would be at variable rates of interest;
- reducing funds available for working capital, capital expenditures, acquisitions and other general corporate purposes, due to the costs and expenses associated with such debt;
- make it more difficult to satisfy our obligations under the terms of our indebtedness;
- limiting our ability to obtain additional financing for working capital, capital expenditures, debt service requirements, acquisitions, and general corporate or other purposes; and
- limiting our ability to adjust to changing marketplace conditions and placing us at a competitive disadvantage compared to our competitors who may have less debt.

In addition, the debt agreements that currently govern our Existing Senior Secured Credit Facilities and the indentures governing our outstanding senior notes impose significant operating and financial restrictions on us, including limitations on our ability to, among other things, pay dividends and make other distributions on, or redeem or repurchase, capital stock; make certain investments; incur certain liens; enter into transactions with affiliates; merge or consolidate; enter into agreements that restrict the ability of our subsidiaries to make dividends or other payments to

Beacon Roofing Supply, Inc.; and transfer or sell assets. We expect that the debt agreements and other debt instruments that will govern the New S enior Secured Credit Facilities will have similar restrictions. In addition, the terms of our preferred stock contain restrictions on our ability to pay dividends on our common stock, and the holders of such shares would participate in any declared common stock dividends, reducing the cash available to holders of common stock. As a result of these restrictions, we will be limited as to how we conduct our business and we may be unable to raise additional debt or equity financing to compete effectively or to capitalize on available business opportunities.

If our cash flows and capital resources are insufficient to fund our debt service obligations, we may be forced to reduce or delay capital expenditures, sell assets, seek additional capital, or restructure or refinance our indebtedness. These alternative measures may not be successful and may not permit us to meet our scheduled debt service obligations, which could cause us to default on our debt obligations and impair our liquidity. In the event of a default under any of our indebtedness, the holders of the defaulted debt could elect to declare all the funds borrowed to be due and payable, together with accrued and unpaid interest, which in turn could result in cross-defaults under our other indebtedness. The lenders under our Existing Senior Secured Credit Facilities could also elect to terminate their commitments thereunder and cease making further loans, and such lenders could institute foreclosure proceedings against their collateral, and we could be forced into bankruptcy or liquidation.

Despite our current level of indebtedness, we may be able to incur substantially more debt and enter into other transactions which could further exacerbate the risks to our financial condition described above.

We may be able to incur significant additional indebtedness in the future. Although the debt agreements that currently govern our Existing Senior Secured Credit Facilities, outstanding senior notes and other debt instruments contain, and the debt agreements and other debt instruments that we anticipate will govern the New Senior Secured Credit Facilities will contain, restrictions on the incurrence of additional indebtedness and entering into certain types of other transactions, these restrictions are subject to a number of qualifications and exceptions. Additional indebtedness incurred in compliance with these restrictions could be substantial. These restrictions also do not prevent us from incurring obligations, such as trade payables, that do not constitute indebtedness as defined under our debt instruments. To the extent we incur additional indebtedness or other obligations, the risks described in the immediately preceding risk factor and others described herein may increase.

Risks Related to the Allied Acquisition

The Allied Acquisition is subject to closing conditions. Failure to complete the Allied Acquisition could have material and adverse effects on Beacon.

On August 24, 2017, Beacon entered into the Stock Purchase Agreement in connection with the Allied Acquisition. Although we currently expect the Allied Acquisition to close on January 2, 2018, subject to customary closing conditions, there can be no assurance that the Allied Acquisition will be completed in accordance with the anticipating timing or at all. In addition, if the Allied Acquisition has not been completed by February 28, 2018, either Allied or the Company may terminate the Stock Purchase Agreement unless the failure of the Allied Acquisition to be completed has resulted from the failure of the party seeking to terminate the Stock Purchase Agreement to perform its obligations thereunder.

If the Allied Acquisition is not completed on a timely basis, or at all, Beacon's ongoing business may be adversely affected. Additionally, in the event the Allied Acquisition is not completed, Beacon will be subject to a number of risks without realizing any of the benefits of having completed the Allied Acquisition, including the following:

- the Company will be required to pay its costs relating to the Allied Acquisition, such as legal, accounting, financing and financial advisory fees, whether or not the Allied Acquisition is completed, and could be required to pay Allied a termination fee of $85 million in cash if the Stock Purchase Agreement is terminated under specified circumstances;
- time and resources committed by the Company's management to matters relating to the Allied Acquisition could otherwise have been devoted to pursuing other beneficial opportunities; and

- the market price of the Company's securities could decline to the extent that the current market price reflects a market assumption that the Allied Acquisition will be completed, or to the extent that the Allied Acquisition is fundamental to the Company's business strategy.

The issuance of preferred shares in the Convertible Preferred Stock Purchase, which will rank senior to our shares of common stock, and the issuance of additional preferred shares as "in-kind" dividend payments will reduce the relative voting power of our common stockholders, will dilute the ownership of such stockholders, and may adversely affect the market price of our common stock. The preferred stock to be issued in the Convertible Preferred Stock Purchase will have rights, preferences and privileges that are not held by, and are preferential to the rights of, our common stockholders. We may be required under certain circumstances to repurchase the preferred stock for cash; such obligations could adversely affect our liquidity and financial condition.

On August 24, 2017, in connection with the execution of the Stock Purchase Agreement, Beacon entered into an investment agreement (the "Investment Agreement") with CD&R Boulder Holdings, L.P. (the "CD&R Stockholder") and Clayton, Dubilier & Rice Fund IX, L.P. (solely for the purpose of limited provisions therein) for the purchase of shares of Series A Cumulative Convertible Participating Preferred Stock, par value $0.01 per share (the "preferred stock") in order to partially finance the Allied Acquisition. The preferred stock will be convertible perpetual participating preferred stock of Beacon, with an initial conversion price of $41.26 per share, and accrue dividends at a rate of 6.0% per annum (payable in cash or in-kind, subject to specified limitations). The preferred stock may be converted to shares of our common stock at any time following issuance thereof at the option of the holder, and any such conversion will dilute the ownership interest of our common stockholders. Pursuant to the Investment Agreement, upon closing of the Allied Acquisition, the CD&R Stockholder will purchase 400,000 shares of our preferred stock with an aggregate liquidation preference of $400 million, at a purchase price of $1,000 per share (such purchase, the "Convertible Preferred Stock Purchase"). Such shares of preferred stock may be converted at any time at the option of the holder into 9,694,619 shares of our common stock representing approximately 14.3% of our outstanding shares of common stock (as of September 30, 2017 and assuming no adjustment to the initial conversion price of $41.26 per share). In addition, under the terms of the preferred stock, we may, at our option, force the conversion of all (but not less than all) of the outstanding shares of preferred stock to common stock if any time the market price of our common stock exceeds 200% of the then-effective conversion price per share for at least 75 days out of any trailing 90-trading day period. Any such conversion would significantly dilute our common stockholders and may adversely affect our earnings per share and the market price of our common stock.

If we issue additional shares of preferred stock as "in-kind" dividend payments that, together with the 400,000 shares of preferred stock issued to the CD&R Stockholder at closing of the Allied Acquisition, represent in excess of 12,071,937 shares of our common stock on an as-converted basis, and in certain other circumstances as provided in the preferred stock certificate of designations, a "Triggering Event" would occur. Upon the occurrence of a "Triggering Event," the dividend rate will increase to 9.0% per annum for so long as the Triggering Event remains in effect, which will further dilute our common stockholders if we issue additional shares of preferred stock to satisfy our dividend payment obligations. Moreover, if we declare or pay a cash dividend on our common stock, we will be required to declare and pay a dividend on the outstanding preferred stock on a pro rata basis with the common shares determined on an as-converted basis. The maximum number of shares of common stock into which the preferred stock may be converted (taking into account any shares of preferred stock issued as in-kind dividend payments) will be limited to 12,071,937 shares of our common stock, which represents 19.99% of the total number of shares of common stock issued and outstanding immediately prior to the execution of the Investment Agreement, unless and until we were to obtain stockholder approval of such issuance under the NASDAQ listing rules. The terms of the Investment Agreement and preferred stock do not require us to obtain stockholder approval in these circumstances.

Holders of the preferred stock generally will be entitled to vote with the holders of the shares of Common Stock on all matters submitted for a vote of holders of shares of Common Stock (voting together with the holders of shares of Common Stock as one class) (subject to the limitation that any one preferred stock holder, together with its affiliates, cannot vote any shares in excess of 19.99% of the aggregate voting power of the common stock outstanding immediately prior to the execution of the Investment Agreement). The prior written consent of the holders of a majority of the preferred stock will also be required to, among other things, (i) amend or modify the Company's charter, by-laws or the certificate of designations governing the preferred stock that would adversely affect the preferred stock or (ii) amend the Company's debt agreements to, among other things, adversely affect the Company's ability to pay dividends on the preferred stock, subject to certain exceptions.

The conversion price of the preferred stock is subject to customary anti-dilution adjustments, including in the event of any stock split, stock dividen d, recapitalization or similar event. Adjustments to the conversion price will dilute the ownership interest of our common stockholders. In addition, holders of preferred stock will have the right to receive a liquidation preference entitling them to be paid out of our assets available for distribution to shareholders, before any payment may be made to holders of shares of common stock, an amount equal to the greater of (a) 100% of the liquidation preference thereof plus all accrued and unpaid dividends o r (b) the amount that such holder would have been entitled to receive upon our liquidation, dissolution and winding up if all outstanding shares of preferred stock had been converted into common stock immediately prior to such liquidation, dissolution or w inding up, without regard to any of the limitations on conversion or convertibility.

Furthermore, the holders of the preferred stock will have certain redemption rights, including upon certain change of control events involving us, which, if exercised, could require us to repurchase all of the outstanding preferred stock for cash at the original purchase price of the preferred stock plus all accrued and unpaid dividends thereon. Our obligations to pay regular dividends to the holders of the preferred stock or any required repurchase of the outstanding preferred stock could impact our liquidity and reduce the amount of cash flows available for working capital, capital expenditures, growth opportunities, acquisitions, and other general corporate purposes. Our obligations to the holders of preferred stock could also limit our ability to obtain additional financing or increase our borrowing costs, which could have an adverse effect on our financial condition. The preferential rights could also result in divergent interests between the holders of the preferred stock and holders of our common stock.

Following the completion of the Allied Acquisition and an 18-month lock-up period, the CD&R Stockholder may sell shares of our common stock issued upon conversion of preferred stock in the public market, which may cause the market price of our common stock to decrease and therefore make it more difficult to raise equity financing or issue equity as consideration in an acquisition.

We will enter into a registration rights agreement with the CD&R Stockholder, which will give this holder (together with its permitted transferees) the right to require us to register all or a portion of its shares under the Securities Act following the expiration of an 18-month lock-up period. The registration rights for the CD&R Stockholder will allow it to sell its shares without compliance with the volume and manner of sale limitations under Rule 144 promulgated under the Securities Act and will facilitate the resale of such securities into the public market. The market value of our common stock could decline as a result of sales by the CD&R Stockholder from time to time. In particular, the sale of a substantial number of our shares by the CD&R Stockholder within a short period of time, or the perception that such sale might occur, could cause our stock price to decrease, make it more difficult for us to raise funds through future offerings of Beacon common stock or acquire other businesses using Beacon common stock as consideration.

Following the consummation of the Allied Acquisition, the CD&R Stockholder will hold a significant equity interest in us and may exercise significant influence over us, including through its ability to designate up to two directors to our board of directors, and its interests as a preferred equity holder may diverge from or even conflict with your interests.

After giving effect to the Allied Acquisition, the CD&R Stockholder will beneficially own preferred stock convertible into approximately 14.3% of our outstanding common stock (as of September 30, 2017 and assuming no adjustment to the initial conversion price of $41.26 per share) and will become our largest stockholder. As a result, the CD&R Stockholder may have the indirect ability to influence our policy and operations. In addition, in connection with the Allied Acquisition, we have entered into the Investment Agreement with the CD&R Stockholder, pursuant to which the CD&R Stockholder will be initially entitled to appoint up to two directors to our board of directors. Notwithstanding that all directors will be subject to fiduciary duties to us and to applicable law, the interests of the directors designated by the CD&R Stockholder may differ from the interests of our security holders as a whole or of our other directors. With such representation on our board of directors, the CD&R Stockholder will have influence over the appointment of management and any action requiring the vote of our board of directors, including significant corporate action such as mergers and sales of substantially all of our assets. The directors controlled by the CD&R Stockholder will also be able to make decisions affecting our capital structure, including decisions to issue additional capital stock and incur additional debt. Additionally, for so long as the CD&R Stockholder owns preferred stock, certain matters will require the approval of the CD&R Stockholder, including (1) amendments or modifications to the Company's charter, by-laws or the certificate of designations governing the preferred stock that would adversely affect the preferred stock, (2) authorization, creation, increase in the authorized amount of, or issuance of any class or series of senior or parity equity securities or any security convertible into, shares of senio r or parity equity securities, (3) any increase or decrease in the authorized number of preferred shares or the issuance of additional shares of preferred stock, (4) amendments to the Company's debt agreements that would, among other things, adversely affe ct the Company's ability to pay dividends on the preferred stock, subject to certain exceptions, and (5) the liquidation, dissolution or filing of a voluntary petition for bankruptcy or receivership. The interests of the CD&R Stockholder as stockholder ma y not in all cases be aligned with your interests and may even conflict with your interests. The CD&R Stockholder and its affiliates are in the business of making or advising on investments in companies, including businesses that may directly or indirectl y compete with certain portions of our business. In addition, the CD&R Stockholder may have an interest in pursuing acquisitions, divestitures, financings or other transactions that, in their judgment, could enhance their equity investments, even though s uch a transaction might involve risks to you. Furthermore, the CD&R Stockholder may in the future own businesses that directly or indirectly compete with us. The CD&R Stockholder may also pursue acquisition opportunities that may be complementary to our business, and as a result, those acquisition opportunities may not be available to us.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

ITEM 2. PROPERTIES

As of October 31, 2017, we leased 382 facilities including our headquarters and other support facilities, throughout the United States and Canada. These leased facilities range in size from approximately 2,000 to 137,000 square feet. In addition, we own 13 sales/warehouse facilities located in Manchester, New Hampshire; Reading, Pennsylvania; Montreal, Quebec (2); Sainte-Foy, Quebec; Delson, Quebec; Trois Rivieres, Quebec; Salisbury, Maryland; Hartford, Connecticut; Cranston, Rhode Island; Lancaster, Pennsylvania; Easton, Maryland; and Manassas, Virginia. These owned facilities range in size from 11,500 square feet to 68,000 square feet. All of the owned properties are mortgaged to our senior lenders. We believe that our properties are in good operating condition and adequately serve our current business operations.

As of October 31, 201 7 , we operated 383 branches, a few with multiple leased facilities or combined facilities, as well as 12 other facilities. The following table summarizes the locations of these branches and facilities:

Location	Branches	Non-Branch Facilities
U.S. State		
Alabama	6	
Arizona	4	
Arkansas	4	
California	31	
Colorado	14	
Connecticut	4	1
Delaware	3	
Florida	18	
Georgia	12	1
Hawaii	2	
Idaho	1	
Illinois	8	
Indiana	6	
Iowa	2	
Kansas	4	
Kentucky	6	
Louisiana	9	
Maine	4	
Maryland	15	2
Massachusetts	13	
Michigan	9	
Minnesota	3	
Mississippi	3	
Missouri	10	
Montana	1	
Nebraska	7	
Nevada	1	
New Hampshire	2	
New Jersey	2	
New Mexico	1	
New York	2	
North Carolina	22	2
Ohio	8	1
Oklahoma	3	
Oregon	3	
Pennsylvania	28	
Rhode Island	1	
South Carolina	8	
South Dakota	2	
Tennessee	9	
Texas	34	2
Utah	5	
Vermont	1	
Virginia	12	2
Washington	11	
West Virginia	4	

Location	Branches	Non-Branch Facilities
Wisconsin	1	
Wyoming	2	
Total— United States	**361**	**11**
Canadian Province		
Alberta	3	
British Columbia	4	
Nova Scotia	1	
Ontario	6	1
Quebec	6	
Saskatchewan	2	
Total— Canada	**22**	**1**
Total - All	**383**	**12**

ITEM 3. LEGAL PROCEEDINGS

From time to time, we are involved in lawsuits that are brought against us in the normal course of business. We are not currently a party to any legal proceedings that would be expected, either individually or in the aggregate, to have a material adverse effect on our business or financial condition.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

PART II

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

Our common stock trades on the NASDAQ Global Select Market (the "NASDAQ") under the symbol "BECN". The following table lists quarterly information on the price range of our common stock based on the high and low reported sale prices for our common stock as reported by NASDAQ for the periods indicated below:

	High	Low
Year Ended September 30, 2016:		
First Quarter	$ 44.01	$ 32.02
Second Quarter	$ 43.25	$ 32.24
Third Quarter	$ 45.72	$ 40.42
Fourth Quarter	$ 48.96	$ 39.50
Year Ended September 30, 2017:		
First Quarter	$ 49.32	$ 40.68
Second Quarter	$ 50.61	$ 43.51
Third Quarter	$ 52.12	$ 47.02
Fourth Quarter	$ 51.96	$ 39.57

There were 94 registered holders of record of our common stock as of October 31, 2017.

Purchases of Equity Securities by the Issuer and Affiliated Purchasers

No purchases of our equity securities were made by us or any affiliated entity during the fourth quarter of the fiscal year ended September 30, 2017.

Recent Sales of Unregistered Securities

None.

Dividends

We have not paid cash dividends on our common stock and do not anticipate paying dividends in the foreseeable future. Our board of directors currently intends to retain any future earnings for reinvestment in our growing business. Our revolving credit facilities currently prohibit the payment of dividends without the prior written consent of our lenders. Any future determination to pay dividends will also be at the discretion of our board of directors and will be dependent upon our results of operations and cash flows, our financial position and capital requirements, general business conditions, legal, tax, regulatory and any contractual restrictions on the payment of dividends, and any other factors our board of directors deems relevant.

Stock Performance Graph

This stock performance graph shall not be deemed "soliciting material" or to be "filed" with the SEC for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), or otherwise subject to the liabilities under that Section, and shall not be deemed to be incorporated by reference into any filing of Beacon Roofing Supply, Inc. under the Securities Act of 1933, as amended, or the Exchange Act. The performance of Beacon Roofing Supply, Inc.'s common stock depicted in the stock performance graph represents historical results only, and is not necessarily indicative of future performance.

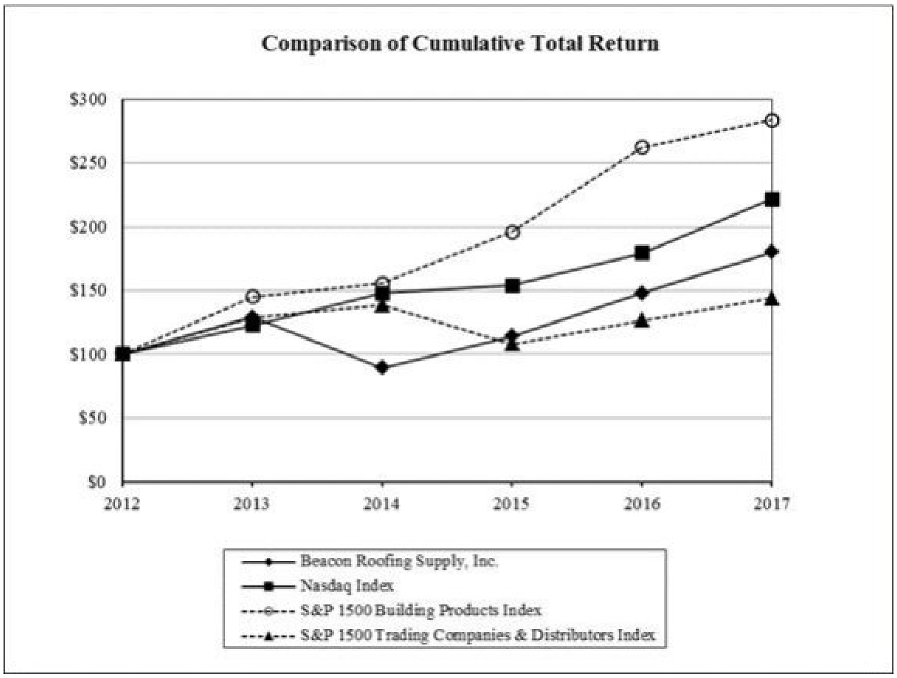
The following graph compares the cumulative total shareholder return on Beacon Roofing Supply, Inc.'s common stock (based on market prices) for the last five fiscal years with the cumulative total return on (i) the Nasdaq Index, (ii) the S&P 1500 Trading Companies & Distributors Index and (iii) the S&P 1500 Building Products Index, assuming a hypothetical $100 investm ent in each on September 30, 2012 and the re-investment of all dividends. The closing price of our common stock on September 30, 2017 was $51.25 .

Historically, we have utilized the S&P 1500 Buildings Products Index in our comparison of cumulative total return. We believe the S&P 1500 Trading Companies & Distributors Index includes a more representative sample of peer companies to Beacon and provides a better benchmark of industry performance for the following reasons:

- The S&P 1500 Building Products Index includes many manufacturing companies that have different financial and operating characteristics and are not directly comparable to our business.

- The S&P 1500 Trading Companies & Distributors Index is comprised of companies that bear more similarities to our business, regardless of the types of products distributed.

We expect to utilize the S&P 1500 Trading Companies & Distributors Index in future filings, but for this year we have included the results of both indexes in the stock performance graph below.



Company / Index	Base Period 2012	INDEXED RETURNS Years Ended September 30, 2013	2014	2015	2016	2017
Beacon Roofing Supply, Inc.	$ 100.00	$ 129.46	$ 89.46	$ 114.08	$ 147.72	$ 179.95
Nasdaq Index	$ 100.00	122.77	148.08	153.99	179.29	221.75
S&P 1500 Building Products Index	$ 100.00	145.19	155.74	196.01	262.44	283.70
S&P 1500 Trading Companies & Distributors Index	$ 100.00	128.37	138.57	107.73	126.72	144.06

ITEM 6. SELECTE D FINANCIAL DATA

You should read the following selected financial information together with our financial statements and related notes and "Management's Discussion and Analysis of Financial Condition and Results of Operations" also included in this Form 10-K. We have derived the statement of operations data for the years ended September 30, 2017, September 30, 2016 and September 30, 2015, and the balance sheet data as of September 30, 2017 and September 30, 2016, from our audited financial statements included in this Form 10-K. We have derived the statements of operations data for the years ended September 30, 2014 and September 30, 2013, and the balance sheet data as of September 30, 2015, September 30, 2014 and September 30, 2013, from our audited financial statements not included in this Form 10-K.

Consolidated Statement of Operations Data:

	Year Ended September 30,				
	2017	2016	2015	2014	20
	(In thousands, except share and per share amounts)				
Net sales	$ 4,376,670	$ 4,127,109	$ 2,515,169	$ 2,326,905	$
Cost of products sold	3,300,731	3,114,040	1,919,804	1,799,065	
Gross profit	1,075,939	1,013,069	595,365	527,840	
Operating expense	859,843	808,085	478,284	428,977	
Income from operations	216,096	204,984	117,081	98,863	
Interest expense, financing costs, and other	52,751	58,452	11,037	10,095	
Income before provision for income taxes	163,345	146,532	106,044	88,768	
Provision for income taxes	62,481	56,615	43,767	34,922	
Net income	$ 100,864	$ 89,917	$ 62,277	$ 53,846	$
Weighted-average common stock outstanding:					
Basic	60,315,648	59,424,372	49,578,130	49,227,466	4
Diluted	61,344,263	60,418,067	50,173,478	49,947,699	4
Net income per share:					
Basic	$ 1.67	$ 1.51	$ 1.26	$ 1.09	$
Diluted	$ 1.64	$ 1.49	$ 1.24	$ 1.08	$

Balance Sheet Data:

	September 30,				
	2017	2016	2015	2014	2013
	(In thousands)				
Cash and cash equivalents	$ 138,250	$ 31,386	$ 45,661	$ 54,472	$ 47,027
Total assets	3,449,557	3,113,859	1,539,428	1,433,896	1,338,696
Total long-term indebtedness [1]	750,233	1,117,711	192,567	216,460	209,601
Total stockholders' equity	1,781,806	1,323,827	883,116	817,101	754,356

[1] Net of debt issuance costs, except for $5.3 million of debt issuance costs related to the Company's revolving lines of credit that are classified as other assets in the consolidated balance sheet as of September 30, 2017

Non-GAAP Financial Measures

To provide investors with additional information regarding our financial results, we prepare certain financial measures that are not calculated in accordance with generally accepted accounting principles in the United States ("GAAP"), specifically:

- Adjusted Net Income (Loss)/Adjusted EPS

- Adjusted EBITDA

We define Adjusted Net Income (Loss) as net income that excludes non-recurring costs related to acquisitions and certain incremental amortization of intangibles related to the RSG acquisition. Adjusted net income per share ("Adjusted EPS") is calculated by dividing the Adjusted Net Income (Loss) for the period by the weighted-average diluted shares outstanding for the period.

We define Adjusted EBITDA as net income plus interest expense (net of interest income), income taxes, depreciation and amortization, adjustments to contingent consideration, stock-based compensation and non-recurring acquisition costs from acquisitions. EBITDA is a measure commonly used in the distribution industry.

We use these supplemental measures to evaluate performance period over period and to analyze the underlying trends in our business and to establish operational goals and forecasts that are used in allocating resources. We expect to compute Adjusted EBITDA using the same consistent method from quarter to quarter and year to year.

We believe these measures are useful because they allow investors to better understand year-over-year changes in underlying operating performance. We believe that these non-GAAP measures provide investors and analysts with a measure of operating results unaffected by differences in capital structures and capital investment cycles among otherwise comparable companies. Further, we believe these measures are useful to investors because they improve comparability of results of operations since they eliminate the impact of purchase accounting adjustments that can render operating results non-comparable between periods.

Although we believe that these non-GAAP financial measures are useful in evaluating our business, this information should be considered as supplemental in nature and is not meant as a substitute for the related financial information prepared in accordance with GAAP. You should not consider any of these measures as a substitute alongside other financial performance measures presented in accordance with GAAP.

The following tables present a reconciliation of net income, the most directly comparable financial measure as measured in accordance with GAAP, to Adjusted Net Income (Loss)/Adjusted EPS and Adjusted EBITDA for each of the periods indicated (in thousands, except per share amounts):

Adjusted Net Income (Loss)/Adjusted EPS

	Year Ended September 30,					
	2017		2016		2015	
	Amount	Per Share	Amount	Per Share	Amount	Per Share
Net income	$ 100,864	$ 1.64	$ 89,917	$ 1.49	$ 62,277	$ 1
Company adjustments, net of tax:						
Acquisition costs [1]	32,700	0.54	36,608	0.61	6,978	0
Adjusted Net Income (Loss)	$ 133,564	$ 2.18	$ 126,525	$ 2.10	$ 69,255	$ 1

[1] Acquisition costs reflect non-recurring charges related to acquisitions and certain incremental amortization of intangibles related to the RSG acquisition, net of $20.5 million, $22.9 million, and $0.3 million in tax for 2017, 2016 and 2015, respectively.

Adjusted EBITDA

	Year Ended September 30,					
	2017		2016		2015	
Net income	$	100,864	$	89,917	$	62,277
Acquisition costs [1]		15,745		24,749		6,978
Interest expense, net		53,802		58,145		10,561
Income taxes		62,481		56,615		44,046
Depreciation and amortization		116,467		100,191		34,862
Stock-based compensation		15,074		17,749		9,936
Adjusted EBITDA	$	364,433	$	347,366	$	168,660
Adjusted EBITDA as a % of net sales		8.3%		8.4%		6.7%

[1] Acquisition costs reflect certain non-recurring charges related to acquisitions (excluding the impact of tax) that are not embedded in other balances of the table. Certain portions of the total acquisition costs incurred are included in interest expense, income taxes, depreciation and amortization, and stock-based compensation.

ITEM 7. MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis should be read in conjunction with our consolidated financial statements and related notes and other financial information appearing elsewhere in this Annual Report on Form 10-K. All references to “2017,” “2016” and “2015”are referring to the twelve month period ended September 30 for each of those respective fiscal years. The following discussion may contain forward-looking statements that reflect our plans and expectation. Our actual results could differ materially from those anticipated by these forward-looking statements due to the factors discussed elsewhere in this Annual Report on Form 10-K, particularly in the “Risk Factors” section. We do not undertake, and specifically disclaim, any obligation to update any forward-looking statements to reflect the occurrence of events or circumstances after the date of such statements except as required by law.

Overview

We are the largest publicly traded distributor of residential and non-residential roofing materials in the United States and Canada. We also distribute complementary building products, including siding, windows, specialty exterior building products, insulation, and waterproofing systems for residential and non-residential building exteriors. We are among the oldest and most established distributors in the industry. We purchase products from a large number of manufacturers and then distribute these goods to a customer base consisting of contractors and, to a lesser extent, general contractors, retailers, and building materials suppliers.

As of September 30, 2017 we operated in 383 locations throughout 48 states, as well as 6 provinces in Canada. We stock one of the most extensive assortments of high quality branded products in the industry with over 50,000 SKUs available across our branch network, enabling us to deliver a wide range of products to our customers on a timely basis. For 2017, approximately 96% of our net sales came from customers located in the United States.

Effective execution of both the sales and operating plans enables us to grow beyond the relative strength of the residential and non-residential roofing markets we serve. Our business model is a bottom-up approach, where each of our branches uses their regional knowledge and experience to assist with the development of a marketing plan and stocking a product mix that is best suited for its respective market. Local alignment with overall strategic goals provides the foundation for significant ownership of results at the branch level.

Our distinctive operational model combined with significant branch level autonomy differentiates us from the competition. We provide our customers with value-added services, including, but not limited to, job site delivery, custom designed tapered roofing systems, metal fabrication, and trade credit. We consider customer relations and our employees' knowledge of roofing and exterior building materials to be vital to our ability to increase customer loyalty and maintain customer satisfaction. Our customers’ business success can be enhanced when they are supported by our efficient and effective distribution network. We invest significant resources in professional development, management skills, product knowledge and operational proficiency. We pride ourselves on providing these capabilities developed on a foundation of continuous improvement driving service excellence, productivity and efficiencies.

We seek opportunities to expand our business operations through both acquisitions and organic growth (opening branches, growing sales with existing customers, adding new customers and introducing new products). Our main acquisition strategy is to target market leaders that do business in geographic areas we currently do not service or that complement our existing regional operations. Our recent success in delivering on our growth strategy is highlighted by the following:

Acquisition Growth - 2017:

- On December 16, 2016, the Company purchased certain assets of BJ Supply Company, a distributor of roofing and related building products with 1 branch serving Pennsylvania and New Jersey and annual sales of $4 million.

- On January 3, 2017, the Company acquired American Building & Roofing, Inc., a distributor of mainly residential roofing and related building products with 7 branches around Washington State and annual sales of $36 million.

- On January 9, 2017, the Company acquired Eco Insulation Supply, a distributor of insulation and related accessories with 1 branch serving Connecticut, Southern New England and the New York City metropolitan area and annual sales of $8 million.

- On March 1, 2017, the Company acquired Acme Building Materials, Inc., a distributor of residential roofing and related building products with 3 branches in Eastern Michigan and annual sales of $13 million.

- On May 1, 2017, the Company purchased certain assets of Lowry's Inc., a distributor of waterproofing and concrete restoration materials with 11 branches operating in California, Arizona, Utah and Hawaii and annual sales of $76 million.

Acquisition Growth - 2016:

- On October 1, 2015, we completed our acquisition of Roofing Supply Group ("RSG"), a leading roofing products distributor, in a cash and stock transaction valued at approximately $1.17 billion. Completion of the RSG acquisition strengthened our position as the largest publicly traded roofing materials and related products distributor in the U.S., with approximately $3.71 billion in combined pro forma net sales at the time of the acquisition. The RSG Acquisition has provided us the opportunity to create a stronger roofing distribution company built upon the foundation of two strong, growing distribution platforms with an extensive national footprint and continued growth potential. On the date of the acquisition, RSG operated 85 branches across 25 states, with 300 to 2,200 SKUs per branch. This acquisition has allowed us to expand our product offerings and increase our cross selling opportunities while maintaining our standards for exceptional customer service and roofing expertise.

- We finalized seven additional strategic acquisitions in fiscal year 2016, acquiring 42 branches that significantly enhanced our geographic footprint, particularly in the Southern, Western, and Pacific Northwest regions of the United States:

  On December 1, 2015, we purchased certain assets of RCI Roofing Supply, a distributor of residential and commercial roofing and related products with 5 branches operating in Nebraska, Iowa and Colorado with annual sales of approximately $23 million.

  On December 18, 2015, we acquired 100% of the equity interests of Roofing and Insulation Supply, a distributor primarily of residential and commercial insulation along with roofing and related products with 20 branches spanning 13 states operating across New England, the Mid-Atlantic, the Southeast, the Upper Midwest, Texas and Colorado with annual sales of approximately $70 million.

  On December 29, 2015, we purchased certain assets of Statewide Wholesale, a distributor of residential and commercial roofing and related products with 1 branch located in Denver, Colorado with annual sales of approximately $15 million.

  On April 1, 2016, we purchased certain assets of Atlantic Building Products, a distributor of decking, windows, siding, and related products with 2 branches operating in eastern Pennsylvania with annual sales of approximately $5 million.

  On April 1, 2016, we purchased certain assets of Lyf-Tym Building Products, a distributor of siding, windows, gutters, vinyl railings, and related products with 6 branches operating in North Carolina and Virginia with annual sales of approximately $20 million.

  On May 2, 2016, we purchased certain assets of Fox Brothers Company, a distributor of roofing, siding, windows, doors, and related products with 4 branches operating in Michigan with annual sales of approximately $35 million.

On June 1, 2016, we acquired 100% of the equity interests of Woodfeathers, Inc., a distributor of primarily residential roofing and related products with 4 branches operating in Oregon and Washington with annual sales of approximately $30 million.

Organic Growth:

We have continued to promote organic greenfield growth with the opening of 4 new branches in 2017, 1 new branch in 2016, and 6 new branches in 2015. These 11 new branch locations have allowed us to penetrate deeper into many of our existing markets and establish a greater presence in new markets. In addition, RSG opened 9 new branches in 2015 and 9 new branches in 2014. Although these new greenfield locations impact our operating cost structure slightly in the near-term, we believe that our greenfields are strategically located within markets with strong dynamics and opportunity to quickly establish our presence and gain local market share.

General

We sell all materials necessary to install, replace and repair residential and non-residential roofs, including:

- Shingles, standard and specialty;
- Single-ply roofing;
- Metal roofing and accessories;
- Modified bitumen;
- Built-up roofing;
- Insulation;
- Slate and tile roofing;
- Fasteners, coatings and cements; and
- Other roofing accessories.

We also sell complementary building products such as:

- Vinyl, wood and fiber cement siding;
- Doors, windows and millwork;
- Decking and railing;
- Building insulation; and
- Waterproofing systems.

We serve over 70,000 customers, none of which individually represents more than 2% of our total net sales. Many of our customers are small to mid-size contractors with relatively limited capital resources. We maintain strict credit review and approval policies, which has helped to keep losses from uncollectible customer receivables within our expectations.

Our expenses consist primarily of the cost of products purchased for resale, labor, fleet, occupancy, and selling and administrative expenses. We compete for business and may respond to competitive pressures at times by lowering prices in order to maintain our market share.

Results of Operations

The following tables set forth selected consolidated statement of operations data and such data as a percentage of net sales for each of the periods indicated:

	Year Ended September 30,		
	2017	2016	2015
	(In thousands)		
Net sales	$ 4,376,670	$ 4,127,109	$ 2,515,169
Cost of products sold	3,300,731	3,114,040	1,919,804
Gross profit	1,075,939	1,013,069	595,365
Operating expense	859,843	808,085	478,284
Income from operations	216,096	204,984	117,081
Interest expense, financing costs, and other	52,751	58,452	11,037
Income before provision for income taxes	163,345	146,532	106,044
Provision for income taxes	62,481	56,615	43,767
Net income	$ 100,864	$ 89,917	$ 62,277

	Year Ended September 30,		
	2017	2016	2015
	% of Net sales		
Net sales	100.0%	100.0%	100.0%
Cost of products sold	75.4%	75.5%	76.3%
Gross profit	24.6%	24.5%	23.7%
Operating expense	19.6%	19.6%	19.0%
Income from operations	5.0%	4.9%	4.7%
Interest expense, financing costs, and other	1.2%	1.4%	0.4%
Income before provision for income taxes	3.8%	3.5%	4.3%
Provision for income taxes	1.5%	1.3%	1.8%
Net income	2.3%	2.2%	2.5%

In managing our business, we consider all growth, including the opening of new branches, to be organic growth unless it results from an acquisition. When we refer to growth in existing markets or organic growth, we include growth from existing and newly opened branches but exclude growth from acquired branches until they have been under our ownership for at least four full fiscal quarters at the start of the fiscal reporting period. When we refer to regions, we are referring to our geographic regions.

As of September 30, 2017, we had a total of 383 branches in operation. Our existing market calculations include 322 branches and exclude 61 branches because they were acquired after the start of fiscal year 2016. Acquired markets for 2017 include activity from branches acquired under BJ Supply Company, American Building & Roofing, Inc., Eco Insulation Supply, Acme Building Materials, Inc., and Lowry's Inc. acquisitions (See Note 3 to the Condensed Consolidated Financial Statements). When we refer to our net product costs, we are referring to our invoice cost less the impact of short-term buying programs (also referred to as "special buys" given the manner in which they are offered).

2017 vs. 2016

The following table presents a summary of our results of operations for the periods presented, broken down by existing markets and acquired markets:

	Existing Markets		Acquired Markets		Consolidated	
	Year Ended September 30,					
	2017	2016	2017	2016	2017	2016
	(Dollars in thousands)					
Net sales	$ 4,063,328	$ 3,960,322	$ 313,342	$ 166,787	$ 4,376,670	$ 4,127,109
Gross profit	$ 986,691	$ 969,705	$ 89,248	$ 43,364	$ 1,075,939	$ 1,013,069
Gross margin	24.3%	24.5%	28.5%	26.0%	24.6%	24.5%
Operating expense [1]	$ 782,294	$ 767,879	$ 77,549	$ 40,206	$ 859,843	$ 808,085
% of net sales	19.3%	19.4%	24.7%	24.1%	19.6%	19.6%
Operating income	$ 204,398	$ 201,826	$ 11,698	$ 3,158	$ 216,096	$ 204,984
Operating margin	5.0%	5.1%	3.7%	1.9%	5.0%	4.9%

[1] During 2017 and 2016, we recorded amortization expense related to intangible assets recorded under purchase accounting of $82.5 million ($14.3 million from acquired markets) and $68.3 million ($6.5 million from acquired markets), respectively. In addition, existing market operating expense for 2017 and 2016 included non-recurring charges of $47.8 million ($29.4 million, net of taxes) and $51.9 million ($31.9 million, net of taxes), respectively, for the recognition of certain costs related to acquisitions.

Net Sales

Consolidated net sales increased $249.6 million, or 6.0%, to $4.38 billion in 2017 from $4.13 billion in 2016. Existing market sales increased $103.0 million, or 2.6% over the same comparative periods. We believe our 2017 existing market sales were influenced primarily by the following factors:

- increased volume in our residential roofing and complementary products lines;
- increased levels of re-roofing activity; and
- continued strong storm activity across the Midwest and the impact of Hurricane Matthew;

partially offset by:

- decreased volume in our non-residential product line; and
- lower residential and non-residential roofing average selling prices.

Net sales within our acquired markets were $313.3 million in 2017, an increase from 2016 due to the sales impact from recent acquisitions.

We estimate the impact of inflation or deflation on our sales and gross profit by looking at changes in our average selling prices and gross margins (discussed below). Average overall selling prices in existing markets declined less than 1% in 2017 compared to 2016, driven primarily by declines in residential and non-residential selling prices which were both down approximately 1% year-over-year. The average selling prices of complementary products increased more than 1% year-over-year. During the same period, net product costs for complementary products increased over 2%, while residential and non-residential net product costs decreased less than 1% year-over-year.

Existing markets net sales by geographical region increased (decreased) from 2016 to 2017 as follows: Northeast (3.0%) ; Mid-Atlantic 4.8% ; Southeast 6.6% ; Southwest (2.3%) ; Midwest 10.8% ; West (4.7%) ; and Canada (0.2%) . These variations were primarily caused by short-term factors such as local market conditions, weather conditions, storm activity an d foreign currency exchange rates.

Product group sales for our existing markets were as follows:

	Year Ended September 30,					
	2017		2016		Change	
	Net Sales	%	Net Sales	%	$	%
	(Dollars in thousands)					
Residential roofing products	$ 2,269,105	55.9%	$ 2,140,405	54.1%	$ 128,700	6.0%
Non-residential roofing products	1,249,001	30.7%	1,307,731	33.0%	(58,730)	(4.5%)
Complementary building products	545,222	13.4%	512,186	12.9%	33,036	6.5%
Total existing market sales	$ 4,063,328	100.0%	$ 3,960,322	100.0%	$ 103,006	2.6%

For 2017, our acquired markets recognized sales of $111.3 million, $24.2 million and $177.9 million in residential roofing products, non-residential roofing products and complementary building products, respectively. The combination of our 2017 existing market sales of $4.06 billion plus the sales from acquired markets of $313.4 million equals our total 2017 sales of $4.38 billion. We believe the existing market information is useful to investors because it helps explain organic growth or decline.

Gross Profit

Gross profit and gross margin for consolidated and existing markets were as follows:

	Year Ended September 30,		Change [1]	
	2017	2016	$	%
	(Dollars in thousands)			
Gross profit - consolidated	$ 1,075,939	$ 1,013,069	$ 62,870	6.2%
Gross profit - existing markets	986,691	969,705	16,986	1.8%
Gross margin - consolidated	24.6%	24.5%	N/A	0.1%
Gross margin - existing markets	24.3%	24.5%	N/A	(0.2%)

1 Percentage changes for dollar amounts represent the ratable increase or decrease from period-to-period. Percentage changes for percentages represent the net period-to-period change in basis points.

Existing market gross profit increased $17.0 million, or 1.8% , to $986.7 million in 2017, and gross profit within our acquired markets was $89.2 million for the same period. Overall gross margin increased slightly to 24.6% in 2017 , while existing market gross margin slightly decreased to 24.3% .

Direct sales (products shipped by our vendors directly to our customers), which typically have substantially lower gross margins (and operating expense) compared to our warehouse sales, represented 15.0% and 15.8% of our net sales in 2017 and 2016, respectively. We believe variations in direct sales activity to be primarily caused by short-term factors such as local market conditions, weather conditions and storm activity. None of these variations were driven by material regional impacts from changes in the direct sales mix of our geographical regions.

Operating Expense

Operating expense for consolidated and existing markets was as follows:

	Year Ended September 30,		Change [1]	
	2017	2016	$	%
	(Dollars in thousands)			
Operating expense - consolidated	$ 859,843	$ 808,085	$ 51,758	6.4%
Operating expense - existing markets	782,294	767,879	14,415	1.9%
% of net sales - consolidated	19.6%	19.6%	N/A	0.0%
% of net sales - existing markets	19.3%	19.4%	N/A	(0.1%)

[1] Percentage changes for dollar amounts represent the ratable increase or decrease from period-to-period. Percentage changes for percentages represent the net period-to-period change in basis points.

Operating expense in our existing markets increased by $14.4 million, or 1.9% in 2017, to $782.3 million, as compared to $767.9 million in 2016, while operating expense within our acquired markets was $77.5 million in 2017. The following factors were the leading causes of the increased operating expense in our existing markets:

- an increase in amortization expense of $6.3 million due to the increased amortization of intangibles related to the RSG acquisition;
- an increase in general and administrative expense of $5.3 million mainly due to acquisition and due diligence costs incurred in connection with our 2017 acquisitions and the pending Allied acquisition; and
- an increase in selling expense of $3.1 million due to higher sales volume and related costs.

During 2017 and 2016, we recorded amortization expense related to the intangible assets recorded under purchase accounting within our existing markets of $68.2 million and $61.8 million, respectively. Our existing markets operating expense as a percentage of the related net sales in 2017 was 19.3% , compared to 19.4% in 2016.

Interest Expense, Financing Costs and Other

Interest expense, financing costs and other expense was $52.8 million in 2017, as compared to $58.5 million in 2016. The primary driver of the decrease is a $4.3 million reduction in interest expense in 2017 related to the $368.1 million decrease in total net debt outstanding and the September 2016 refinancing of the Company's Term Loan.

Income Taxes

Income tax expense was $62.5 million in 2017, compared to $56.6 million in 2016. The increase in expense was primarily due to a $16.8 million increase in pre-tax income. The effective tax rate decreased to 38.3% in 2017 from 38.6% in 2016, a change that was primarily driven by the reduction in professional fees related to the RSG acquisition that were non-deductible and increased the 2016 effective tax rate.

2016 vs. 2015

The following table presents a summary of our results of operations for the periods presented, broken down by existing markets and acquired markets:

	Existing Markets		Acquired Markets		Consolidated	
	Year Ended September 30,					
	2016	2015	2016	2015	2016	2015
	(Dollars in thousands)					
Net sales	$ 2,515,647	$ 2,289,080	$ 1,611,462	$ 226,089	$ 4,127,109	$ 2,515,169
Gross profit	$ 619,692	$ 543,476	$ 393,377	$ 51,889	$ 1,013,069	$ 595,365
Gross margin	24.6%	23.7%	24.4%	23.0%	24.5%	23.7%
Operating expense [1]	$ 455,666	$ 426,431	$ 352,419	$ 51,853	$ 808,085	$ 478,284
% of net sales	18.1%	18.6%	21.9%	22.9%	19.6%	19.0%
Operating income (loss)	$ 164,026	$ 117,045	$ 40,958	$ 36	$ 204,984	$ 117,081
Operating margin	6.5%	5.1%	2.5%	0.0%	5.0%	4.7%

1 During 2016 and 2015 we recorded amortization expense related to intangible assets recorded under purchase accounting of $68.3 million ($57.5 million from acquired markets) and $16.2 million ($4.0 from acquired markets), respectively. In addition, existing market operating expense for 2016 and 2015 included non-recurring charges of $51.9 million ($31.9 million, net of taxes) and $7.3 million ($7.0 million, net of taxes), respectively, for the recognition of certain costs related to acquisitions.

Net Sales

Consolidated net sales increased $1.61 billion, or 64.1%, to $4.13 billion in 2016 from $2.52 billion in 2015. Existing market sales increased $226.6 million, or 9.9% over the same comparative periods. We believe our 2016 existing market sales were influenced primarily by the following factors:

- increased demand in our residential, non-residential, and complementary products groups;
- strong storm activity across the Southwest region during 2016; and
- 42 new Beacon greenfield branches that opened in fiscal years 2013, 2014 and 2015;

partially offset by:

- lower residential and non-residential roofing average selling prices.

Net sales within our acquired markets were $1.61 billion in 2016, a significant increase from 2015 due to the impact of the acquisitions completed during 2016. In 2016, we acquired a total of 127 branches and closed 34 branches. Closures were primarily a result of facility consolidations due to the acquisitions.

We estimate the impact of inflation or deflation on our sales and gross profit by looking at changes in our average selling prices and gross margins (discussed below). Average overall selling prices in existing markets declined 2-3% in 2016 compared to 2015, driven primarily by declines in residential and non-residential selling prices which were both down approximately 2-3% year-over-year. The average selling prices of complementary products remained flat year-over year. During the same period, net product costs for complementary products remained relatively flat, while residential and non-residential net product costs decreased approximately 2-3% and 3-4%, year-over-year, respectively.

Existing markets net sales by geographical region increased (decreased) from 201 5 to 201 6 as follows: Northeast 5.1 %; Mid-Atlantic 9.8 %; Southeast 2 3.6 %; Southwest 26.1% ; Midwest 3.9 %; West 10.0 %; and Canada (3.1%) . These variations were primarily caused by short-term factors such as local market conditions, weather conditions, storm activity, and foreign currency exchange rates.

Product group sales for our existing markets were as follows:

	Year Ended September 30,				Change	
	2016		2015			
	Net Sales	%	Net Sales	%	$	%
	(Dollars in thousands)					
Residential roofing products	$ 1,275,208	50.7%	$ 1,117,689	48.8%	$ 157,519	14.1%
Non-residential roofing products	843,197	33.5%	803,716	35.1%	39,481	4.9%
Complementary building products	397,242	15.8%	367,675	16.1%	29,567	8.0%
Total existing market sales	$ 2,515,647	100.0%	$ 2,289,080	100.0%	$ 226,567	9.9%

For 2016, our acquired markets recognized sales of $912.2 million, $492.4 million and $206.8 million in residential roofing products, non-residential roofing products and complementary building products, respectively. The combination of our 2016 existing market sales of $2.51 billion plus the sales from acquired markets of $1.61 billion equals our total 2016 sales of $4.13 billion. We believe the existing market information is useful to investors because it helps explain organic growth or decline.

Gross Profit

Gross profit and gross margin for consolidated and existing markets were as follows:

	Year Ended September 30,		Change [1]	
	2016	2015	$	%
	(Dollars in thousands)			
Gross profit - consolidated	$ 1,013,069	$ 595,365	$ 417,704	70.2%
Gross profit - existing markets	619,692	543,476	76,216	14.0%
Gross margin - consolidated	24.5%	23.7%	N/A	0.8%
Gross margin - existing markets	24.6%	23.7%	N/A	0.9%

1 Percentage changes for dollar amounts represent the ratable increase or decrease from period-to-period. Percentage changes for percentages represent the net period-to-period change in basis points.

Our existing market gross profit increased $76.2 million, or 14.0%, to $619.7 million in 2016, and gross profit within our acquired markets was $393.4 million for the same period. Our overall gross margins improved to 24.5% in 2016, due to a favorable shift in sales mix to residential products. Gross margins within our existing markets for 2016 increased to 24.6%.

During 2016, we experienced an increase in the gross margins within our residential and non-residential product group due to reduction in our net product costs which was greater than the decline in our average selling prices. In addition during 2016, we experienced an overall increase in the gross margins over the prior year due to a shift in sales mix to higher-margin residential products.

Direct sales (products shipped by our vendors directly to our customers), which typically have substantially lower gross margins (and operating expense) compared to our warehouse sales, represented 15.8% and 16.3% of our net sales in 2016 and 2015, respectively. We believe variations in direct sales activity to be primarily caused by short-term factors such as local market conditions, weather conditions and storm activity. None of these variations were driven by material regional impacts from changes in the direct sales mix of our geographical regions.

Operating Expense

Operating expense for consolidated and existing markets was as follows:

	Year Ended September 30,		Change [1]	
	2016	2015	$	%
	(Dollars in thousands)			
Operating expense - consolidated	$ 808,085	$ 478,284	$ 329,801	69.0%
Operating expense - existing markets	455,666	426,431	29,235	6.9%
% of net sales - consolidated	19.6%	19.0%	N/A	0.6%
% of net sales - existing markets	18.1%	18.6%	N/A	(0.5%)

1 Percentage changes for dollar amounts represent the ratable increase or decrease from period-to-period. Percentage changes for percentages represent the net period-to-period change in basis points.

Operating expense in our existing markets increased by $29.2 million, or 6.9% in 2016, to $455.7 million, as compared to $426.4 million in 2015, while operating expense within our acquired markets was $352.4 million in 2016. The following factors were the leading causes of the increased operating expense in our existing markets:

- an increase in payroll and employee benefits costs of $28.3 million due to an increase in variable incentive and volume-related compensation; and
- an increase in stock-based compensation of $4.3 million;

partially offset by:

- a decrease in general and administrative, selling, warehouse and other expenses of $4.1 million.

During 2016 and 2015, we recorded amortization expense related to the intangible assets recorded under purchase accounting within our existing markets of $10.8 million and $12.2 million, respectively. Our existing markets operating expense as a percentage of the related net sales in 2016 was 18.1%, compared to 18.6% in 2015.

Interest Expense, Financing Costs and Other

Interest expense, financing costs and other expense was $58.5 million in 2016, as compared to $11.0 million in 2015. The primary driver of the increase is the additional interest expense incurred related to acquisitions completed during 2016.

Income Taxes

Income tax expense was $56.6 million in 2016, compared to $43.8 million in 2015. The increase in expense was primarily due to an increase in pre-tax income. The effective tax rate decreased from 41.3% in 2015 to 38.6% in 2016, a change was primarily driven by non-deductible professional fees incurred in 2015 related to the RSG acquisition and favorable tax adjustment items in 2016.

Seasonality

In general, sales and net income are highest during our first, third and fourth fiscal quarters, which represent the peak months of construction and re-roofing, especially in our branches in the northern and mid-western U.S. and in Canada. We have historically incurred low net income levels or net losses during the second quarter when our sales are substantially lower.

We generally experience an increase in inventory, accounts receivable and accounts payable during the third and fourth quarters of the year as a result of the seasonality of our business. Our peak cash usage generally occurs during the third quarter, primarily because accounts payable terms offered by our suppliers typically have due dates in April, May and June, while our peak accounts receivable collections typically occur from June through November.

We generally experience a slowing of our accounts receivable collections during our second quarter, mainly due to the inability of some of our customers to conduct their businesses effectively in inclement weather in certain divisions . We continue to attempt to collect those receivables, which require payment under our standard terms. We do not provide material concessions to our customers during this quarter of the year.

We generally experience our peak working capital needs during the third quarter after we build our inventories following the winter season but before we begin collecting on most of our spring receivables.

Quarterly Financial Data

The following table sets forth unaudited quarterly data for 2017 and 2016 which, in the opinion of management, reflect all adjustments (consisting of normal recurring adjustments) considered necessary for a fair presentation of this data. Results of any one or more quarters are not necessarily indicative of results for an entire fiscal year or of continuing trends.

	2017				2016			
	Qtr 1	Qtr 2	Qtr 3	Qtr 4	Qtr 1	Qtr 2	Qtr 3	Qtr 4
	(Dollars in thousands)							
Net sales	$ 1,002,184	$ 870,724	$ 1,213,894	$ 1,289,868	$ 976,480	$ 823,537	$ 1,152,726	$ 1,174,3
% of year's sales	22.9%	19.9%	27.7%	29.5%	23.7%	20.0%	27.9%	28
Gross profit	$ 251,067	$ 204,477	$ 297,754	$ 322,641	$ 233,188	$ 195,764	$ 282,075	$ 302,0
% of year's gross profit	23.3%	19.0%	27.7%	30.0%	23.0%	19.3%	27.8%	29
Income (loss) from operations	$ 46,957	$ (3,056)	$ 84,871	$ 87,324	$ 26,844	$ 3,883	$ 78,379	$ 95,8
% of year's income from operations	21.7%	(1.4%)	39.3%	40.4%	13.1%	1.9%	38.2%	46
Net income (loss)	$ 20,430	$ (9,356)	$ 44,659	$ 45,131	$ 7,118	$ (5,719)	$ 41,126	$ 47,3
Net income (loss) per share - basic	$ 0.34	$ (0.16)	$ 0.74	$ 0.74	$ 0.12	$ (0.10)	$ 0.69	$ 0.
Net income (loss) per share - diluted	$ 0.33	$ (0.16)	$ 0.73	$ 0.73	$ 0.12	$ (0.10)	$ 0.68	$ 0.

Impact of Inflation

We believe that our results of operations are not materially impacted by moderate changes in the economic inflation rate. In general, we have historically been successful in passing on price increases from our vendors to our customers in a timely manner. In both 2017 and 2016, we were able to offset selling price declines with lower product costs and favorable product mix, largely from greenfields implemented since 2013 and acquisitions made during both fiscal years. As result, we have recognized an increase in gross margin in each of the last two fiscal years.

Liquidity

Liquidity is defined as the current amount of readily available cash and the ability to generate adequate amounts of cash to meet the current needs for cash. We assess our liquidity in terms of our cash and cash equivalents on hand and the ability to generate cash to fund our operating activities, taking into consideration the seasonal nature of our business.

Our principal sources of liquidity as of September 30, 2017 were our cash and cash equivalents of $138.3 million and our available borrowings of $680.5 million under our asset based lending revolving credit facility.

Significant factors which could affect future liquidity include the following:

- the adequacy of available bank lines of credit;
- the ability to attract long-term capital with satisfactory terms;
- cash flows generated from operating activities;
- acquisitions; and

- capital expenditures.

Our primary capital needs are for working capital obligations and other general corporate purposes, including acquisitions and capital expenditures. Our primary sources of working capital are cash from operations and cash equivalents supplemented by bank borrowings. In the past, we have financed larger acquisitions initially through increased bank borrowings and the issuance of common stock. We then repay any such borrowings with cash flows from operations. We have funded most of our capital expenditures with cash on hand or through increased bank borrowings, including equipment financing, and then have reduced those obligations with cash flows from operations.

We believe we have adequate current liquidity and availability of capital to fund our present operations, meet our commitments on our existing debt and fund anticipated growth, including expansion in existing and targeted market areas. We seek potential acquisitions from time to time and hold discussions with certain acquisition candidates. If suitable acquisition opportunities or working capital needs arise that require additional financing, we believe that our financial position and earnings history provide a sufficient base for obtaining additional financing resources at reasonable rates and terms. We may also choose to issue additional shares of common stock or preferred stock in order to raise funds.

The following table summarizes our cash flows for the periods indicated (in thousands):

	Year Ended September 30,		
	2017	**2016**	**2015**
Net cash provided by operating activities	$ 315,200	$ 120,648	$ 109,340
Net cash used in investing activities	(166,985)	(1,042,621)	(104,714)
Net cash provided by (used in) financing activities	(40,600)	906,867	(12,707)
Effect of exchange rate changes on cash and equivalents	(751)	831	(730)
	$ 106,864	$ (14,275)	$ (8,811)

Operating Activities

Net cash provided by operating activities was $315.2 million in 2017, compared to $120.6 million provided by operating activities in 2016. Cash from operations increased $194.6 million due to an increase in net income after adjustments for non-cash items of $2.9 million and an incremental cash inflow of $191.6 million stemming from changes to our net working capital.

Net cash provided by operating activities was $120.6 million in 2016, compared to $109.3 million provided by operating activities in 2015. Cash from operations increased $11.3 million due to an increase in net income after adjustments for non-cash items of $122.0 million, offset by a greater usage of working capital of $110.7 million.

Investing Activities

Net cash used in investing activities was $167.0 million in 2017, compared to $1.04 billion used in investing activities in 2016. During 2017, we spent $129.4 million on acquisitions, compared to $1.02 billion in 2016. Capital expenditures were $39.8 million in 2017, compared to $26.3 million in 2016.

Net cash used in investing activities was $1.04 billion in 2016, compared to $104.7 million used in investing activities in 2015. During 2016, we spent $1.02 billion on acquisitions. Capital expenditures were $26.3 million in 2016, compared to $20.8 million in 2015.

Financing Activities

Net cash used in financing activities was $40.6 million in 2017, compared to $906.9 million provided by financing activities in 2016. The net decrease of $947.5 million was primarily due to a $1.07 billion increase in overall debt repayments and a $219.1 million decrease in overall debt borrowings, partially offset by a net $330.8 million increase in proceeds from the issuance of common stock, mainly driven by our secondary offering of common stock completed on September 25, 2017.

Net cash provided by financing activities was $906.9 million in 2016, compared to $12.7 million used in financing activities in 2015. The net increase of $919 .6 million was primarily due to the new financing agreements that we entered into as a result of the RSG acquisition offset by repayments and payment of de bt issuance costs. In addition, proceeds from the issuance of common stock increased by $16.6 million to $24.2 million in 2016, as compared to $7.9 million in 2015.

Monitoring and Assessing Collectability of Accounts Receivable

We perform periodic credit evaluations of our customers and typically do not require collateral, although we typically obtain payment and performance bonds for any type of public work and have the ability to lien projects under certain circumstances. Consistent with industry practices, we require payment from most customers within 30 days, except for sales to our non-residential roofing contractors, which we typically require to pay in 60 days.

As our business is seasonal in certain geographic regions, our customers' businesses are also seasonal. Sales are lowest in the winter months and our past due accounts receivable balance as a percentage of total receivables generally increases during this time. Throughout the year, we closely monitor our receivables and record estimated reserves based upon our judgment of specific customer situations, aging of accounts and our historical write-offs of uncollectible accounts.

Our regional credit offices are staffed to manage and monitor our receivable aging balances and our systems allow us to enforce pre-determined credit approval levels and properly leverage new business. The credit pre-approval process denotes the maximum requested credit amount that each level of management can approve, with the highest credit amount requiring approval by our CEO and CFO. There are daily communications with branch and field staff. Our regional offices conduct periodic reviews with their branch managers, various regional management staff and the VP-Credit. Depending on the state of the respective region's receivables, these reviews can be weekly, bi-weekly or monthly. Additionally, the regions are required to submit a monthly receivable forecast to the VP-Credit. On a monthly basis, the VP-Credit will review and discuss these forecasts, as well as a prior month recap, with the CEO and CFO.

Periodically, we perform a specific analysis of all accounts past due and write off account balances when we have exhausted reasonable collection efforts and determined that the likelihood of collection is remote based upon the following factors:

- aging statistics and trends;
- customer payment history;
- review of the customer's financial statements when available;
- independent credit reports; and
- discussions with customers.

We still pursue collection of amounts written off in certain circumstances and credit the allowance for any subsequent recoveries. Over the past three fiscal years, bad debt expense has been, on average, 0.06% of net sales. The continued limitation of bad debt expense is primarily attributed to the continued strengthening of the economy and credit environment.

Commitments

At September 30, 2017, contractual obligations were as follows (in thousands):

	Payments Due by Period				
	Total	< 1 year	1-3 Years	3-5 Years	> 5 Years
Senior Secured Credit Facility	$ 444,205	$ 4,500	$ 12,205	$ 9,000	$ 418,500
Senior Notes	300,000	-	-	-	300,000
Equipment financing	32,855	9,584	18,591	4,539	141
Operating leases	223,554	57,075	83,376	53,846	29,257
Interest [1]	208,407	39,601	77,485	72,181	19,140
Total	$ 1,209,021	$ 110,760	$ 191,657	$ 139,566	$ 767,038

1 Interest payments reflect all currently scheduled amounts along with projected amounts to be paid under the Senior Secured Credit Facility as calculated using the current LIBOR rate at September 30, 2017 for all future periods.

Capital Resources

We currently have access to the following financing arrangements:

- an asset-based revolving line of credit in the United States;
- an asset-based revolving line of credit in Canada;
- a term loan; and
- senior notes.

In connection with the RSG acquisition on October 1, 2015, we entered into various financing arrangements totaling $1.45 billion. These arrangements allowed us to refinance our existing debt and substantially pay off all the RSG debt at closing. Prior to the RSG acquisition, we had a credit facility with a syndicate of commercial banks that included a revolver and a long term note. As of the date of the RSG acquisition, approximately $185.6 million was outstanding on the long-term note payable and approximately $11.2 million was outstanding under the revolver.

We entered into a "Senior Secured Credit Facility", comprised of an asset-based revolving line of credit ("ABL") of $700.0 million ($350.0 million of which was drawn at closing) and a new $450.0 million term loan ("Term Loan"). We also raised an additional $300.0 million through the issuance of senior notes (the "Senior Notes").

Asset-based Line of Credit ("ABL")

On October 1, 2015, we entered into a $700.0 million ABL with Wells Fargo Bank, N.A. and a syndicate of other lenders. This ABL consists of revolving loans in both the United States ("U.S. Revolver") in the amount of $670.0 million and Canada ("Canada Revolver") in the amount of $30.0 million. The ABL has a maturity date of October 1, 2020.

The ABL has various borrowing tranches with an interest rate of LIBOR plus a margin of 125 basis points, 150 basis points or175 basis points, based on the total outstanding balance of each tranche. The LIBOR rates can be fixed at one, three, six, or twelve month intervals and any non-fixed LIBOR amounts revert to a 4.75% base rate. As of September 30, 2017, the total balance outstanding on the ABL was $3.2 million, and the weighted-average interest rate was 2.00%. Unamortized debt issuance costs of $5.3 million related to the ABL were classified in "other assets, net" on our consolidated balance sheet as of September 30, 2017. We also have outstanding standby letters of credit related to the U.S. Revolver in the amount of $10.8 million as of September 30, 2017. The current unused commitment fees on the ABL are 0.25% per annum.

There is one financial covenant under the ABL, which is a Consolidated Fixed Charge Ratio. The Consolidated Fixed Charge Ratio is calculated by dividing consolidated earnings before interest, taxes, depreciation and amortization (EBITDA) by Consolidated Fixed Charges (as defined in the agreement). Per the covenant, the Consolidated Fixed Charge Ratio must be a minimum of 1.00 at the end of each fiscal quarter, calculated on a trailing four quar ter basis. The covenant is only applicable when the borrowing availability is less than 10% of the maximum loan cap or $60.0 million.

The ABL is guaranteed jointly and severally and fully and unconditionally by our active United States subsidiary.

Term Loan

On October 1, 2015, we entered into a $450.0 million Term Loan with Citibank N.A., and a syndicate of other lenders. The Term Loan requires quarterly principal payments in the amount of $1.1 million, with the remaining outstanding principal to be paid on its maturity date of October 1, 2022. The interest rate paid is based on a LIBOR rate (with a floor) plus a fixed spread. We have the option of selecting a LIBOR period that determines the rate at which interest can accrue on the Term Loan as well as the period in which interest payments are made.

On September 16, 2016, we refinanced our Term Loan and lowered the LIBOR floor by 25 basis points and lowered the spread by 25 basis points. As a result of the refinancing we wrote off $1.6 million of debt issuance costs in interest expense. As of September 30, 2017 the outstanding balance on the Term Loan, net of debt issuance fees, was $433.4 million.

The Term Loan is guaranteed jointly and severally and fully and unconditionally by our active United States subsidiary.

Senior Notes

We also raised $300.0 million in Senior Notes, which mature on October 1, 2023. These notes bear interest at the rate of 6.38% per year, payable semi-annually in arrears on April 1 and October 1 of each year, beginning April 1, 2016. There are early payment provisions in the Senior Note indenture in which we would be subject to “make whole” provisions. Management anticipates repaying the notes at the maturity date of October 1, 2023. As of September 30, 2017 the outstanding balance on the Senior Notes, net of debt issuance fees, was $292.3 million.

The Senior Notes are guaranteed jointly and severally and fully and unconditionally by active United States subsidiary.

Equipment Financing Facilities and Other

As of September 30, 2017, we had $15.4 million outstanding under equipment financing facilities, with fixed interest rates ranging from 2.33% to 3.25% and payments due through September 2021.

As of September 30, 2017, we had $20.0 million of capital lease obligations outstanding. These leases have interest rates ranging from 2.72% to 10.39% with payments due through November 2021.

Off-Balance Sheet Arrangements

We have no off-balance sheet arrangements.

Critical Accounting Policies

Our consolidated financial statements are prepared in accordance with GAAP. Accounting policies, methods and estimates are an integral part of the preparation of consolidated financial statements in accordance with U.S. GAAP and, in part, are based upon management's current judgments. Those judgments are normally based on knowledge and experience with regard to past and current events and assumptions about future events. Certain accounting policies, methods and estimates are particularly sensitive because of their significance to the consolidated financial statements and because of the possibility that future events affecting them may differ markedly from management's current judgments. While there are a number of accounting policies, methods and estimates affecting our consolidated financial statements, areas that are particularly significant include:

- Inventories
- Business Combinations
- Goodwill and Intangible Assets
- Evaluation of Long-Lived Assets
- Income Taxes

Inventories

Inventories, consisting substantially of finished goods, are valued at the lower of cost or market (net realizable value). Cost is determined using the moving weighted-average cost method.

Our arrangements with vendors typically provide for rebates after we make a special purchase and/or monthly, quarterly and/or annual rebates of a specified amount of consideration payable when a number of measures have been achieved. Annual rebates are generally related to a specified cumulative level of purchases on a calendar-year basis. We account for such rebates as a reduction of the inventory value until the product is sold, at which time such rebates reduce cost of sales in the consolidated statements of operations. Throughout the year, we estimate the amount of the periodic rebates based upon the expected level of purchases. We continually revise these estimates to reflect actual rebates earned based on actual purchase levels. Amounts due from vendors under these arrangements are included in "Prepaid expenses and other current assets" in the accompanying consolidated balance sheets.

Business Combinations

We record acquisitions resulting in the consolidation of a business using the acquisition method of accounting. Under this method, we record the assets acquired, including intangible assets that can be identified and named, and liabilities assumed based on their estimated fair values at the date of acquisition. The purchase price in excess of the fair value of the assets acquired and liabilities assumed is recorded as goodwill. Various assumptions are used in the determination of these estimated fair values, including items such sales growth rates, cost synergies, customer attrition rates, discount rates, and other prospective financial information. We believe these estimates are based on reasonable assumptions, however they are inherently uncertain and unpredictable, therefore actual results may differ. Estimates associated with the accounting for acquisitions may change as additional information becomes available regarding the assets acquired and liabilities assumed. Transaction costs associated with acquisitions are expensed as incurred.

Goodwill and Indefinite-Lived Intangibles

On an annual basis and at interim periods when circumstances require, we test the recoverability of its goodwill and indefinite-lived intangible assets. Examples of such indicators include a significant change in the business climate, unexpected competition, loss of key personnel or a decline in our market capitalization below net book value.

We perform impairment assessments at the reporting unit level, which is defined as an op erating segment or one level below an operating segment, also known as a component. We currently have five components which we evaluate for aggregation by examining the distribution methods, sales mix, and operating results of each component to determine i f these characteristics will be sustained over a long-term basis. For purposes of this evaluation, we expect components to exhibit similar economic characteristics 3-5 years after events such as an acquisition within our core roofing business or management /business restructuring. Components that exhibit similar economic characteristics are subsequently aggregated into a single reporting unit. Based on our most recent impairment assessment performed as of August 31, 201 7 , it was determined that all component s exhibited similar economic characteristics, and therefore should be aggregated into a single reporting unit (collectively the "Reporting Unit").

To test for the recoverability of goodwill and indefinite-lived intangible assets, we first perform a qualitative assessment based on economic, industry and company-specific factors for all or selected reporting units to determine whether the existence of events and circumstances indicates that it is more likely than not that the goodwill or indefinite-lived intangible asset is impaired. Based on the results of the qualitative assessment, two additional steps in the impairment assessment may be required. The first step would require a comparison of each reporting unit's fair value to the respective carrying value. If the carrying value exceeds the fair value, a second step is performed to measure the amount of impairment loss on a relative fair value basis, if any.

Based on our most recent impairment assessment performed as of August 31, 2017, we concluded that there were no indicators of impairment, and that it was more likely than not that the fair value of the goodwill and indefinite-lived intangible assets exceeded their net carrying amount, therefore the quantitative two-step impairment test was not required. This conclusion is consistent with the fact that sales increased from the prior year by 5%. In addition, gross profit increased by 5% compared to the prior year. The increase in gross profit reflects a favorable shift in sales mix towards residential products. Additionally, the Company is also reviewing product profitability and focusing the sales teams to more aggressively promote and substitute higher-margin product mix going forward and has identified a number of opportunities within the divisions to gain efficiencies, cut operating costs, and increase overall profitability. Our total market capitalization exceeded carrying value by approximately 51% as of August 31, 2017. This compares to 48% and 206% for that same measure as of August 31, 2016 and 2015, respectively. We did not identify any macroeconomic, industry conditions or cost-related factors that would indicate it is more likely than not that the fair value of the reporting unit was less than its carrying value.

We amortize certain identifiable intangible assets that have finite lives, currently consisting of non-compete agreements, customer relationships and trade names. Non-compete agreements are amortized on a straight-line basis over the terms of the associated contractual agreements; customer relationship assets are amortized on an accelerated basis based on the expected cash flows generated by the existing customers; and trade names are amortized on an accelerated basis over a five or ten year period. Amortizable intangible assets are tested for impairment, when deemed necessary, based on undiscounted cash flows and, if impaired, are written down to fair value based on either discounted cash flows or appraised values. In connection with certain financing arrangements, we have debt issuance costs that are amortized over the lives of the associated financings using the effective interest method.

Evaluation of Long-Lived Assets

We evaluate the recoverability of its long-lived assets for impairment whenever events or circumstances indicate that the carrying amount of the assets may not be recoverable. Recoverability is measured by comparing the carrying amount of the asset to the future undiscounted cash flows the asset is expected to generate. If the asset is considered to be impaired, the amount of any impairment is measured as the difference between the carrying value and the fair value of the impaired asset.

Income Taxes

We account for income taxes using the liability method, which requires us to recognize a current tax liability or asset for current taxes payable or refundable and a deferred tax liability or asset for the estimated future tax effects of temporary differences between the financial statement and tax reporting bases of assets and liabilities to the extent that they are realizable. Deferred tax expense (benefit) results from the net change in deferred tax assets and liabilities during the year.

FASB ASC Topic 740, Income Taxes (“ASC 740”) prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. Based on this guidance, we analyze our filing positions in all of the federal and state jurisdictions where we are required to file income tax returns, as well as all open tax years in these jurisdictions. Tax benefits from uncertain tax positions are recognized if it is more likely than not that the position is sustainable based solely on its technical merits.

ITEM 7A. QUANTITATIVE AND QU ALITA TIVE DISCLOSURES ABOUT MARKET RISK

We are exposed to certain market risks as part of our on-going business operations. Our primary exposure includes changes in interest rates and foreign exchange rates.

Interest Rate Risk

Our interest rate risk relates primarily to the variable-rate borrowings under our Senior Secured Credit Facility. The following discussion of our interest rate is based on a 10% change in interest rates. These changes are hypothetical scenarios used to calibrate potential risk and do not represent our view of future market changes. As the hypothetical figures discussed below indicate, changes in fair value based on the assumed change in rates generally cannot be extrapolated because the relationship of the change in assumption to the change in fair value may not be linear. The effect of a variation in a particular assumption is calculated without changing any other assumption. In reality, changes in one factor may result in changes in another, which may magnify or counteract the sensitivities.

As of September 30, 2017, net of debt issuance fees, we had $3.2 million and $433.4 million of revolver borrowings and outstanding term loans, respectively, under our Secured Senior Credit Facility, $292.3 million outstanding under our Senior Notes and $35.4 million outstanding under our equipment financing facilities. Borrowings under our Senior Secured Credit facility incur interest on a floating rate basis while borrowings under our Senior Notes and equipment lease facilities incur interest on a fixed rate basis.

As of September 30, 2017, our weighted-average effective interest rate was 4.6% on our Senior Secured Credit Facility and Senior Notes, compared to 2.3% as of September 30, 2016. As of September 30, 2017, the financial impact of a hypothetical 10% interest rate fluctuation in effect at that date would be immaterial.

Foreign Currency Exchange Rate Risk

We have exposure to foreign currency exchange rate fluctuations for net sales generated by our operations outside the United States, which can adversely impact our net income and cash flows. Approximately 4% of our net sales in 2017 were derived from sales to customers in Canada. This business is primarily conducted in the local currency. This exposes us to risks associated with changes in foreign currency that can adversely affect net sales, net income and cash flows. A 10% fluctuation of foreign currency exchange rates would not have a material impact on our results of operations or cash flows, therefore we currently do not enter into financial instruments to manage this minimal foreign currency exchange risk.

ITEM 8. FINANCIAL STATEME NTS AND SUPPLEMENTARY DATA

BEACON ROOFING SUPPLY, INC.
Index to Consolidated Financial Statements

Report of Ernst & Young LLP, Independe nt Registered Public Accounting Firm

The Board of Directors and Stockholders of
Beacon Roofing Supply, Inc.

We have audited the accompanying consolidated balance sheets of Beacon Roofing Supply, Inc. (the Company) as of September 30, 2017 and 2016 and the related consolidated statements of operations, comprehensive income, stockholders' equity and cash flows for each of the three years in the period ended September 30, 2017. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Beacon Roofing Supply, Inc. at September 30, 2017 and 2016, and the consolidated results of its operations and its cash flows for each of the three years in the period ended September 30, 2017, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), Beacon Roofing Supply, Inc.'s internal control over financial reporting as of September 30, 2017, based on criteria established in Internal Control — Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) and our report dated November 21, 2017 expressed an unqualified opinion thereon.

/s/ ERNST & YOUNG LLP

Tysons, Virginia
November 21, 2017

BEACON ROOFING SUPPLY, INC.
Consolidated Balance Sheets
(In thousands, except share and per share amounts)

	September 30, 2017	September 30, 2016
Assets		
Current assets:		
Cash and cash equivalents	$ 138,250	$ 31,386
Accounts receivable, less allowance of $11,829 and $14,182 as of September 30, 2017 and 2016, respectively	704,527	626,965
Inventories, net	551,924	480,736
Prepaid expenses and other current assets	209,138	163,103
Total current assets	1,603,839	1,302,190
Property and equipment, net	156,129	148,569
Goodwill	1,251,986	1,197,565
Intangibles, net	429,069	464,024
Other assets, net	8,534	1,511
Total Assets	$ 3,449,557	$ 3,113,859
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	$ 503,697	$ 360,915
Accrued expenses	261,297	161,113
Current portions of long-term debt	14,141	14,811
Total current liabilities	779,135	536,839
Borrowings under revolving lines of credit, net	3,205	359,661
Long-term debt, net	721,268	722,929
Deferred income taxes, net	138,383	135,482
Long-term obligations under equipment financing and other, net	25,760	35,121
Total liabilities	1,667,751	1,790,032
Commitments and contingencies		
Stockholders' equity:		
Common stock (voting); $.01 par value; 100,000,000 shares authorized; 67,700,858 issued and outstanding as of September 30, 2017 and 59,890,885 issued and outstanding as of September 30, 2016	677	598
Undesignated preferred stock; 5,000,000 shares authorized, none issued or outstanding	-	-
Additional paid-in capital	1,047,506	694,564
Retained earnings	748,186	647,322
Accumulated other comprehensive loss	(14,563)	(18,657)
Total stockholders' equity	1,781,806	1,323,827
Total Liabilities and Stockholders' Equity	$ 3,449,557	$ 3,113,859

See accompanying Notes to Consolidated Financial Statements

BEACON ROOFING SUPPLY, INC.
Consolidated Statements of Operations
(In thousands, except share and per share amounts)

	Year Ended September 30,		
	2017	**2016**	**2015**
Net sales	$ 4,376,670	$ 4,127,109	$ 2,515,169
Cost of products sold	3,300,731	3,114,040	1,919,804
Gross profit	1,075,939	1,013,069	595,365
Operating expense	859,843	808,085	478,284
Income from operations	216,096	204,984	117,081
Interest expense, financing costs, and other	52,751	58,452	11,037
Income before provision for income taxes	163,345	146,532	106,044
Provision for income taxes	62,481	56,615	43,767
Net income	$ 100,864	$ 89,917	$ 62,277
Weighted-average common stock outstanding:			
Basic	60,315,648	59,424,372	49,578,130
Diluted	61,344,263	60,418,067	50,173,478
Net income per share:			
Basic	$ 1.67	$ 1.51	$ 1.26
Diluted	$ 1.64	$ 1.49	$ 1.24

See accompanying Notes to Consolidated Financial Statements

BEACON ROOFING SUPPLY, INC.
Consolidated Statements of Comprehensive Income
(In thousands)

	Year Ended September 30,		
	2017	**2016**	**2015**
Net income	$ 100,864	$ 89,917	$ 62,277
Other comprehensive income (loss):			
Foreign currency translation adjustment	3,706	1,024	(14,003)
Unrealized loss due to change in fair value of derivatives, net of tax	-	-	(138)
Total other comprehensive income (loss)	3,706	1,024	(14,141)
Comprehensive income	$ 104,570	$ 90,941	$ 48,136

See accompanying Notes to Consolidated Financial Statements

BEACON ROOFING SUPPLY, INC.
Consolidated Statements of Stockholders' Equity
(In thousands, except share amounts)

	Common Stock		Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Total Stockholders' Equity
	Shares	Amount				
Balance at September 30, 2014	49,392,774	$ 493	$ 328,059	$ 495,128	$ (6,579)	$ 817,101
Issuance of common stock, net of shares withheld for taxes	397,969	4	7,939	-	-	7,943
Stock-based compensation	-	-	9,936	-	-	9,936
Other comprehensive loss	-	-	-	-	(14,141)	(14,141)
Net income	-	-	-	62,277	-	62,277
Balance at September 30, 2015	49,790,743	$ 497	$ 345,934	$ 557,405	$ (20,720)	$ 883,116
Issuance of common stock, net of shares withheld for taxes	1,061,134	11	24,147	-	-	24,158
Issuance of common stock in connection with RSG acquisition	9,039,008	90	306,734	-	-	306,824
Stock-based compensation	-	-	17,749	-	-	17,749
Other comprehensive income	-	-	-	-	2,063	2,063
Net income	-	-	-	89,917	-	89,917
Balance at September 30, 2016	59,890,885	$ 598	$ 694,564	$ 647,322	$ (18,657)	$ 1,323,827
Issuance of common stock, net of shares withheld for taxes	536,223	6	8,621	-	-	8,627
Issuance of common stock from secondary offering, net of issuance costs	7,273,750	73	329,250			329,323
Stock-based compensation	-	-	15,071	-	-	15,071
Other comprehensive income	-	-	-	-	4,094	4,094
Net income	-	-	-	100,864	-	100,864
Balance at September 30, 2017	67,700,858	$ 677	$ 1,047,506	$ 748,186	$ (14,563)	$ 1,781,806

See accompanying Notes to Consolidated Financial Statements

BEACON ROOFING SUPPLY, INC.
Consolidated Statements of Cash Flows
(In thousands)

	Year Ended September 30,		
	2017	2016	2015
Operating Activities			
Net income	$ 100,864	$ 89,917	$ 62,277
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	116,467	100,191	34,862
Stock-based compensation	15,071	17,749	9,936
Certain interest expense and other financing costs	10,497	8,329	(1,450)
Gain on sale of fixed assets	(839)	(1,882)	(1,107)
Deferred income taxes	393	25,200	17,634
Other, net	-	-	263
Changes in operating assets and liabilities, net of the effects of businesses acquired:			
Accounts receivable	(60,185)	(30,408)	(33,251)
Inventories	(51,768)	43,489	(9,203)
Prepaid expenses and other assets	(44,208)	(12,841)	(17,119)
Accounts payable and accrued expenses	228,908	(119,096)	46,498
Net cash provided by operating activities	315,200	120,648	109,340
Investing Activities			
Purchases of property and equipment	(39,828)	(26,315)	(20,802)
Acquisition of businesses, net	(129,390)	(1,018,188)	(85,301)
Proceeds from the sale of assets	2,233	1,882	1,389
Net cash used in investing activities	(166,985)	(1,042,621)	(104,714)
Financing Activities			
Borrowings under revolving lines of credit	2,464,128	1,892,459	560,634
Repayments under revolving lines of credit	(2,833,230)	(1,541,532)	(566,007)
Borrowings under term loan	-	490,793	-
Repayments under term loan	(4,500)	(230,918)	(11,250)
Borrowings under Senior Notes	-	300,000	-
Repayments under equipment financing facilities and other	(10,034)	(4,724)	(5,553)
Payment of debt issuance costs	(1,669)	(28,325)	-
Proceeds from secondary offering of common stock	345,503	-	-
Payment of issuance costs from secondary offering of common stock	(14,684)	-	-
Proceeds from issuance of common stock related to equity awards	11,341	24,160	7,943
Taxes paid related to net share settlement of equity awards	(392)	(2)	-
Excess tax benefit from stock-based compensation	2,937	4,956	1,526
Net cash provided by (used in) financing activities	(40,600)	906,867	(12,707)
Effect of exchange rate changes on cash and cash equivalents	(751)	831	(730)
Net increase (decrease) in cash and cash equivalents	106,864	(14,275)	(8,811)
Cash and cash equivalents, beginning of period	31,386	45,661	54,472
Cash and cash equivalents, end of period	$ 138,250	$ 31,386	$ 45,661
Supplemental cash flow information			
Cash paid during the period for:			
Interest	$ 49,067	$ 57,934	$ 8,276
Income taxes, net of tax refunds	56,158	14,425	23,198

During the 2016 period, the Company issued Common Stock with a value of $302 million and replacement awards with a value of $5 million in connection with the acquisition of Roofing Supply Group, LLC., which are accounted for as a non-cash investing activity.

See accompanying Notes to Consolidated Financial Statements

1. Company Overview

Beacon Roofing Supply, Inc. (the "Company") was incorporated in the state of Delaware on August 22, 1997 and is a leading distributor of residential and non-residential roofing materials and other complementary building materials. The Company operates its business under regional and local trade names and services customers in 48 states within the United States and 6 provinces in Canada. The Company's current material subsidiaries are Beacon Sales Acquisition, Inc., Beacon Canada, Inc. and Beacon Roofing Supply Canada Company.

2. Summary of Significant Accounting Policies

Basis of Presentation

The consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries. All inter-company transactions have been eliminated. Certain prior period amounts have been reclassified to conform to current period presentation.

Use of Estimates

The preparation of consolidated financial statements in conformity with United States generally accepted accounting principles ("GAAP") requires management to make estimates and assumptions that affect the amounts reported in these consolidated financial statements and accompanying notes. Significant items subject to such estimates include inventories, purchase price allocations, recoverability of goodwill and intangibles, and income taxes. Actual amounts could differ from those estimates.

Fiscal Year

The fiscal years presented are the years ended September 30, 2017 ("2017"), September 30, 2016 ("2016"), and September 30, 2015 ("2015"). Each of the Company's first three quarters ends on the last day of the calendar month.

Segment Information

Operating segments are defined as components of a business that can earn revenue and incur expenses for which discrete financial information is evaluated on a regular basis by the chief operating decision maker ("CODM") in order to decide how to allocate resources and assess performance. The Company's CODM, the Chief Executive Officer, reviews consolidated results of operations to make decisions, therefore the Company views its operations and manages its business as one operating segment.

Cash and Cash Equivalents

The Company considers all highly liquid investments with maturities of three months or less when purchased to be cash equivalents. Cash and cash equivalents also include unsettled credit card transactions. Cash equivalents are comprised of money market funds which invest primarily in commercial paper or bonds with a rating of A-1 or better, and bank certificates of deposit.

Accounts Receivable

Accounts receivables are derived from unpaid invoiced amounts and are recorded at their net realizable value. Each month the Company reviews its receivables on a customer-by-customer basis and evaluates whether an allowance for doubtful accounts is necessary based on any known or perceived collection issues. The allowance for doubtful accounts represents the Company's estimate of credit exposure for each customer. Any balances that are eventually deemed uncollectible are written off against the allowance after all means of collection have been exhausted and the potential for recovery is considered remote. The Company's accounts receivable are primarily from customers in the building industry located in the United States and Canada, and no single customer represented at least

10 % of the Company's revenue during the year ended September 30, 2017, or accounts receivable as of September 30, 2017.

Concentrations of Risk

Financial instruments that potentially subject the Company to significant concentration of credit risk consist primarily of cash, cash equivalents and accounts receivable. The Company maintains the majority of its cash and cash equivalents with one financial institution, which management believes to be financially sound and with minimal credit risk. The Company's deposits periodically exceed amounts guaranteed by the Federal Deposit Insurance Corporation.

Inventories

Inventories, consisting substantially of finished goods, are valued at the lower of cost or market (net realizable value). Cost is determined using the moving weighted-average cost method.

The Company's arrangements with vendors typically provide for rebates after it makes a special purchase and/or monthly, quarterly and/or annual rebates of a specified amount of consideration payable when a number of measures have been achieved. Annual rebates are generally related to a specified cumulative level of purchases on a calendar-year basis. The Company accounts for such rebates as a reduction of the inventory value until the product is sold, at which time such rebates reduce cost of sales in the consolidated statements of operations. Throughout the year, the Company estimates the amount of the periodic rebates based upon the expected level of purchases. The Company continually revises these estimates to reflect actual rebates earned based on actual purchase levels. Amounts due from vendors under these arrangements are included in "Prepaid expenses and other current assets" in the accompanying consolidated balance sheets.

Property and Equipment

Property and equipment acquired in connection with acquisitions are recorded at fair value as of the date of the acquisition and depreciated utilizing the straight-line method over the estimated remaining lives. All other additions are recorded at cost, and depreciation is computed using the straight-line method. The Company reviews the estimated useful lives of its fixed assets on an ongoing basis and the following table summarizes the estimates currently used:

Asset Class	Estimated Useful Life
Buildings and improvements	40 years
Equipment	3 to 7 years
Furniture and fixtures	7 years
Leasehold improvements	Shorter of the estimated useful life or the term of the lease, considering renewal options expected to be exercised.

Business Combinations

The Company records acquisitions resulting in the consolidation of a business using the acquisition method of accounting. Under this method, the acquiring Company records the assets acquired, including intangible assets that can be identified and named, and liabilities assumed based on their estimated fair values at the date of acquisition. The purchase price in excess of the fair value of the assets acquired and liabilities assumed is recorded as goodwill. Various assumptions are used in the determination of these estimated fair values, including items such sales growth rates, cost synergies, customer attrition rates, discount rates, and other prospective financial information. Estimates associated with the accounting for acquisitions may change as additional information becomes available regarding the assets acquired and liabilities assumed. Transaction costs associated with acquisitions are expensed as incurred.

Goodwill and Intangibles

On an annual basis and at interim periods when circumstances require, the Company tests the recoverability of its goodwill and indefinite-lived intangible assets. Examples of such indicators include a significant change in the business climate, unexpected competition, loss of key personnel or a decline in the Company’s market capitalization below the Company’s net book value.

The Company performs impairment assessments at the reporting unit level, which is defined as an operating segment or one level below an operating segment, also known as a component. The Company currently has five components which it evaluates for aggregation by examining the distribution methods, sales mix, and operating results of each component to determine if these characteristics will be sustained over a long-term basis. For purposes of this evaluation, the Company expects its components to exhibit similar economic characteristics 3-5 years after events such as an acquisition within the Company’s core roofing business or management/business restructuring. Components that exhibit similar economic characteristics are subsequently aggregated into a single reporting unit. Based on the Company’s most recent impairment assessment performed as of August 31, 2017, it was determined that all of the Company’s components exhibited similar economic characteristics, and therefore should be aggregated into a single reporting unit (collectively the “Reporting Unit”).

To test for the recoverability of goodwill and indefinite-lived intangible assets, the Company first performs a qualitative assessment based on economic, industry and company-specific factors for all or selected reporting units to determine whether the existence of events and circumstances indicates that it is more likely than not that the goodwill or indefinite-lived intangible asset is impaired. Based on the results of the qualitative assessment, two additional steps in the impairment assessment may be required. The first step would require a comparison of each reporting unit’s fair value to the respective carrying value. If the carrying value exceeds the fair value, a second step is performed to measure the amount of impairment loss on a relative fair value basis, if any.

Based on the Company’s most recent qualitative impairment assessment performed as of August 31, 2017, the Company concluded that there were no indicators of impairment, and that therefore it was more likely than not that the fair value of the goodwill and indefinite-lived intangible assets exceeded their net carrying amount, therefore the quantitative two-step impairment test was not required.

The Company amortizes certain identifiable intangible assets that have finite lives, currently consisting of non-compete agreements, customer relationships and trade names. Non-compete agreements are amortized on a straight-line basis over the terms of the associated contractual agreements; customer relationship assets are amortized on an accelerated basis based on the expected cash flows generated by the existing customers; and trade names are amortized on an accelerated basis over a five or ten year period. Amortizable intangible assets are tested for impairment, when deemed necessary, based on undiscounted cash flows and, if impaired, are written down to fair value based on either discounted cash flows or appraised values. In connection with certain financing arrangements, the Company has debt issuance costs that are amortized over the lives of the associated financings using the effective interest method.

Evaluation of Long-Lived Assets

The Company evaluates the recoverability of its long-lived assets for impairment whenever events or circumstances indicate that the carrying amount of the assets may not be recoverable. Recoverability is measured by comparing the carrying amount of the asset to the future undiscounted cash flows the asset is expected to generate. If the asset is considered to be impaired, the amount of any impairment is measured as the difference between the carrying value and the fair value of the impaired asset.

Fair Value Measurement

The Company applies fair value accounting for all financial assets and liabilities that are reported at fair value in the financial statements on a recurring basis. Fair value is defined as the price that would be received from selling an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The accounting guidance establishes a defined three-tier hierarchy to classify and disclose the fair value of assets and liabilities on both the date of their initial measurement as well as all subsequent periods. The hierarchy prioritizes the inputs used to measure fair value by the lowest level of input that is available and significant to the fair value measurement. The three levels are described as follows:

- *Level 1* : Observable inputs. Quoted prices in active markets for identical assets and liabilities;
- *Level 2* : Observable inputs other than the quoted price. Includes quoted prices for similar instruments, quoted prices for identical or similar instruments in inactive markets and amounts derived from valuation models where all significant inputs are observable in active markets; and
- *Level 3* : Unobservable inputs. Includes amounts derived from valuation models where one or more significant inputs are unobservable and require the Company to develop relevant assumptions.

The Company evaluates its financial assets and liabilities subject to fair value measurements on a recurring basis to determine the appropriate level of classification as of each reporting period.

Financial Derivatives

The Company has entered into interest rate swaps to minimize the risks and costs associated with financing activities, as well as to maintain an appropriate mix of fixed-rate and floating-rate debt. The swap agreements are contracts to exchange variable-rate for fixed-interest rate payments over the life of the agreements. The Company's derivative instruments are designated as cash flow hedges, for which the Company records the effective portions of changes in their fair value, net of tax, in other comprehensive income. The Company recognizes any ineffective portion of the hedges in the consolidated statement of operations through interest expense, financing costs and other.

Net Sales

The Company recognizes revenue (net sales on the consolidated statement of operations) when the following four basic criteria are met:

- persuasive evidence of an arrangement exists;
- delivery has occurred or services have been rendered;
- the price to the buyer is fixed and determinable; and
- collectability is reasonability assured.

Based on these criteria, the Company generally recognizes revenue at the point of sale or upon delivery to the customer site. For goods shipped by third party carriers, the Company recognizes revenue upon shipment since the terms are generally FOB shipping point. The Company also arranges for certain products to be shipped directly from the manufacturer to the customer. The Company recognizes the gross revenue for these sales upon shipment as the terms are FOB shipping point.

Leases

The Company leases the majority of its facilities and enters into various other operating lease agreements in conducting its business. At the inception of each lease, the Company evaluates the lease agreement to determine whether the lease is an operating or capital lease. Operating lease expenses are recognized in the statements of operations on a straight-line basis over the term of the related lease. Some of the Company's lease agreements may contain renewal options, tenant improvement allowances, rent holidays or rent escalation clauses. When such items are included in a lease agreement, the Company records a deferred rent asset or liability on the consolidated balance sheets equal to the difference between the rent expense and cash rent payments.

The cost of property and equipment acquired under capital lease arrangements represents the lesser of the present value of the minimum lease payments or the fair value of the leased asset as of the inception of the lease.

Stock-Based Compensation

The Company applies the fair value method to recognize compensation expense for stock-based awards. Using this method, the estimated grant-date fair value of the award is recognized on a straight-line basis over the requisite service period based on the portion of the award that is expected to vest. The Company estimates forfeitures at the time of grant and revises the estimates, if necessary, in subsequent periods if actual forfeitures differ from those estimates. For awards with a performance-based vesting condition, the Company accrues stock-based compensation expense if it is probable that the performance condition will be achieved.

Stock-based compensation expense for restricted stock units is measured based on the fair value of the Company's common stock on the grant date. The Company utilizes the Black-Scholes option pricing model to estimate the grant-date fair value of option awards. The exercise price of option awards is set to equal the estimated fair value of the common stock at the date of the grant. The following weighted-average assumptions are also used to calculate the estimated fair value of option awards:

- *Expected volatility* : The expected volatility of the Company's shares is estimated using the historical stock price volatility over the most recent period commensurate with the estimated expected term of the awards.
- *Expected term* : For employee stock option awards, the Company determines the weighted average expected term equal to the weighted period between the vesting period and the contract life of all outstanding options.
- *Dividend yield* : The Company has not paid dividends and does not anticipate paying a cash dividend in the foreseeable future and, accordingly, uses an expected dividend yield of zero.
- *Risk-free interest rate* : The Company bases the risk-free interest rate on the implied yield available on a U.S. Treasury note with a term equal to the estimated expected term of the awards.

Foreign Currency Translation

The Company's operations located outside of the United States where the local currency is the functional currency are translated into U.S. dollars using the current rate method. Results of operations are translated at the average rate of exchange for the period. Assets and liabilities are translated at the closing rates on the period end date. Gains and losses on translation of these accounts are accumulated and reported as a separate component of equity and other comprehensive income (loss). Gains and losses on foreign currency transactions are recognized in the consolidated statements of operations as a component of interest expense, financing costs, and other.

Income Taxes

The Company accounts for income taxes using the liability method, which requires it to recognize a current tax liability or asset for current taxes payable or refundable and a deferred tax liability or asset for the estimated future tax effects of temporary differences between the financial statement and tax reporting bases of assets and liabilities to the extent that they are realizable. Deferred tax expense (benefit) results from the net change in deferred tax assets and liabilities during the year.

FASB ASC Topic 740 prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. Based on this guidance, the Company analyzes its filing positions in all of the federal and state jurisdictions where it is required to file income tax returns, as well as all open tax years in these jurisdictions. Tax benefits from uncertain tax positions are recognized if it is more likely than not that the position is sustainable based solely on its technical merits.

Net Income per Share

The Company's basic net income per share attributable to common stockholders is calculated by dividing the net income attributable to common stockholders by the weighted-average number of shares of common stock outstanding for the period.

The Company's diluted net income per share is calculated by giving effect to all potentially dilutive common stock equivalents when determining the weighted-average number of common shares outstanding. For purposes of the dilutive net income per share calculation, common shares issuable upon the exercise of stock options or release of restricted stock units are considered to be common stock equivalents.

Recent Accounting Pronouncements - Adopted

In August 2014, the FASB issued ASU No. 2014-15, " *Presentation of Financial Statements—Going Concern: Disclosure of Uncertainties about an Entity's Ability to Continue as a Going Concern* ." The guidance updates management's responsibility to evaluate whether there is substantial doubt about an entity's ability to continue as a going concern and provide related footnote disclosures. For each reporting period, management is required to evaluate whether there are conditions or events that raise substantial doubt about a company's ability to continue as a going concern for one year from when the financial statements are issued. This new standard is effective for the annual reporting period ending after December 15, 2016 as well as all annual and interim reporting periods thereafter, and early adoption is permitted. The Company adopted this guidance for the fiscal year ended September 30, 2017 and there was no impact on its financial statements and related disclosures.

In April 2015, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2015-03, " *Simplifying the Presentation of Debt Issuance Costs* " to simplify the presentation of debt issuance costs. This guidance requires that debt issuance costs related to a recognized debt liability be presented in the balance sheet as a direct deduction from the carrying amount of the associated debt liability, consistent with the required presentation for debt discounts. This new standard is effective for financial statements issued for annual and interim reporting periods beginning after December 15, 2015 and early adoption is permitted. Upon adoption, an entity must apply the new guidance retrospectively to all prior periods presented in the financial statements. The Company elected to early adopt this new guidance effective October 1, 2015 and applied the new guidance retrospectively to all periods presented in the financial statements. The adoption of this standard changed the Company's previous practice of presenting debt issuance costs as an asset and resulted in the reduction of total assets and total liabilities in an amount equal to the balance of unamortized debt issuance costs at each balance sheet date presented. Debt issuance costs that are now presented as a direct reduction from the carrying amount of the associated debt liability amounted to $20.6 million and $25.2 million as of September 30, 2017 and 2016, respectively.

In September 2015, the FASB issued ASU 2015-16, " *Simplifying the Accounting for Measurement-Period Adjustments* ." This guidance eliminates the requirement to restate prior period financial statements for measurement period adjustments related to business combinations. It requires that the cumulative impact of a measurement period adjustment, including the impact on prior periods, be recognized in the reporting period in which the adjustment is identified. In addition, the portion of the adjustment recorded in the current period that would have been recognized in prior periods had the adjustment been identified at that time must be presented, by line item, either on the face of the income statement or in the accompanying notes. This new standard is effective for annual and interim reporting periods beginning after December 15, 2015 and early adoption is permitted. The Company elected to early adopt this new guidance effective January 1, 2016 and the impact on th e financial statements through the year ended September 30, 2017 was immaterial.

In November 2015, the FASB issued ASU 2015-17, " *Balance Sheet Classification of Deferred Taxes* ." This guidance requires entities to present deferred tax assets and deferred tax liabilities as noncurrent in a classified balance sheet. This new standard is effective for annual and interim reporting periods beginning after December 15, 2016 and early adoption is permitted. Entities are permitted to apply this guidance either prospectively or retrospectively. The Company adopted the guidance as of March 31, 2016 and applied it retrospectively to all prior periods. As a result, the Company reclassified its current deferred tax balances of $2.3 million to non-current deferred taxes as of September 30, 2015.

Recent Accounting Pronouncements - Not Yet Adopted

In May 2014, the FASB issued ASU 2014-09, " *Revenue from Contracts with Customers* ." This guidance requires an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers, and will replace most existing revenue recognition guidance when it becomes effective. This new standard is effective for public business entities for annual and interim reporting periods beginning after December 15, 2017, and early adoption is permitted for annual reporting periods beginning after December 15, 2016. The standard permits the use of either the full retrospective or modified retrospective adoption methods. The Company is continuing to perform a detailed evaluation, using a five-step model specified in the guidance, to assess the impacts of the new standard and expects to apply the guidance using the modified retrospective method. Based on the Company's knowledge of its revenue transactions, the Company does not expect the adoption of this new guidance to have a material impact on its financial statements, but does expect that it will result in additional revenue recognition disclosures.

In July 2015, the FASB issued ASU 2015-11, " *Inventory: Simplifying the Measurement of Inventory.* " This guidance applies to inventory valued at first-in, first-out (FIFO) or average cost and requires inventory to be measured at the lower of cost and net realizable value, rather than at the lower of cost or market. This new standard is effective on a prospective basis for annual and interim reporting periods beginning after December 15, 2016. The Company does not expect the adoption of this new guidance to have a material impact on its financial statements and related disclosures.

In February 2016, the FASB issued ASU 2016-02, " *Leases* ." This guidance will replace most existing accounting for lease guidance when it becomes effective. This new standard is effective using the modified retrospective approach for annual and interim reporting periods beginning after December 15, 2018 and early adoption is permitted. The guidance will require the Company to record a right of use asset and a lease liability for most of the Company's leases, including those currently treated as operating leases. The Company is in the process of evaluating the impact of the standard and has decided that it will use the practical expedients outlined in the transition guidance. The scope of the overall impact on the Company's financial statements and related disclosures is still being quantified.

In March 2016, the FASB issued ASU 2016-09, " *Compensation—Stock Compensation: Improvements to Employee Share-Based Payment Accounting."* This guidance is intended to simplify several aspects of the accounting for share-based payment transactions, including the accounting for income taxes, forfeitures and statutory tax withholding requirements, as well as classification in the statement of cash flows. The provisions of this standard are effective for reporting periods beginning after December 15, 2016 and early adoption is permitted in any interim or annual period, but the Company is not early adopting this guidance. The Company does not expect the adoption of this new guidance to have a material impact on its financial statements and related disclosures.

In June 2016, the FASB issued ASU 2016-13, " *Financial Instruments – Credit Losses: Measurement of Credit Losses on Financial Instruments."* This guidance is intended to introduce a revised approach to the recognition and measurement of credit losses, emphasizing an updated model based on expected losses rather than incurred losses. This new standard is effective for annual and interim reporting periods beginning after December 15, 2019 and early adoption is permitted. The Company is currently evaluating the impact that this guidance may have on its financial statements and related disclosures.

In January 2017, the FASB issued ASU 2017-01, " *Bu siness Combinations: Clarifying the Definition of a Business . "* This guidance is intended to assist entities when evaluating when a set of transferred assets and activities constitutes a business. This new standard is effective for annual and interim report ing periods beginning after December 15, 2017 and early adoption is permitted. The Company does not expect the adoption of this new guidance to have a material impact on its financial statements and related disclosures.

In January 2017, the FASB issued ASU 2017-04, " *Simplifying the Accounting for Goodwill Impairment."* This guidance is intended to introduce a simplified approach to measurement of goodwill impairment, eliminating the need for a hypothetical purchase price allocation and instead measuring impairment by the amount a reporting unit's carrying value exceeds its fair value. This new standard is effective for annual and interim reporting periods beginning after December 15, 2019 and early adoption is permitted. The Company does not expect the adoption of this new guidance to have a material impact on its financial statements and related disclosures.

In May 2017, the FASB issued ASU 2017-09, *"Scope of Modification Accounting."* This guidance is intended to provide clarity and reduce both diversity in practice and cost and complexity when applying the guidance in Compensation – Stock Compensation, to a change to the terms or conditions of a share-based payment award. This new standard is effective for annual and interim reporting periods beginning after December 15, 2017 and early adoption is permitted. The Company does not expect the adoption of this new guidance to have a material impact on its financial statements and related disclosures.

3. Acquisitions

Roofing Supply Group

On October 1, 2015, the Company acquired 100% of the equity of Roofing Supply Group, LLC ("RSG"), a leading roofing products distributor owned by investment firm Clayton, Dubilier & Rice ("CD&R"). RSG's results of operations have been included with Company's consolidated results beginning October 1, 2015. RSG distributed roofing supplies and related materials from 85 locations across 25 states as of October 1, 2015.

Total consideration paid for RSG was approximately $1.17 billion, out of which $288.2 million was in cash, $306.8 million of Company's common stock and option replacement awards, and $574.4 million in refinancing of RSG's debt. The RSG long-term debt was repaid simultaneously with the proceeds of a new ABL Revolver, Term Loan and Senior Notes (see Note 8).

In connection with the RSG Acquisition, the Company was required to issue equity awards to certain RSG employees in replacement of RSG equity awards that were cancelled at closing. The replacement awards consisted of options to purchase 661,349 shares of the Company's common stock. The terms and fair value of these awards approximated the cancelled RSG awards on the issuance date. The fair value of the replacement awards associated with services rendered through the date of the RSG Acquisition was recognized as a component of the total acquisition consideration, and the remaining fair value of the replaced awards will be recognized as an expense on a straight-line basis over the remaining service period.

The RSG Acquisition has been accounted for as a business combination in accordance with the requirements of *ASC 805 Business Combinations* . The acquisition price has been allocated among assets acquired and liabilities assumed at fair value based on information currently available, with the excess recorded as goodwill. The goodwill recognized is attributable primarily to expected synergies and the assembled workforce of RSG. These come from the synergies that are obtained in operating the branches as part of a larger network, and from an experienced employee base skilled at managing a distribution business. The Company has finalized the acquisition accounting entries for the RSG Acquisition, detailed as follows (in thousands):

Cash	$	16,451
Accounts receivable		177,251
Inventory		179,651
Other current assets		50,000
Property, plant, and equipment		55,159
Other intangible assets		382,600
Goodwill		617,477
Current liabilities		(252,190)
Non-current liabilities		(56,949)
Total purchase price	$	1,169,450

RSG's future growth attributable to new customers, geographic market presence and assembled workforce are additional assets that are not separable and which contributed to recorded goodwill, of which $86.1 million is tax deductible as of the October 1, 2015 RSG acquisition date. All of the Company's goodwill plus the indefinite-lived trade name are tested for impairment annually, and all acquired goodwill and intangible assets are subject to review for impairment should future indicators of impairment develop. The fair value of accounts receivables acquired is $177.3 million, with the gross contractual amount being $185.9 million.

Net sales and net loss from the RSG Acquisition included in the Company's statements of operations for the year ended September 30, 2016 was $1.4 billion and $10.3 million, respectively. The following table represents the unaudited pro forma consolidated revenue and net income (loss) for the Company for the prior periods indicated (in thousands, except per share amount):

	Year Ended September 30, 2015	
	(unaudited)	
Net sales	$	3,707,629
Net income		13,051
Net income per share		0.22

The above pro forma results have been calculated by combining the historical results of the Company and RSG as if it had occurred on October 1, 2014, and adjusting the income tax provision as if it had been calculated on the combined results. The pro forma results include an estimate for all periods for intangible asset amortization (subject to change when the final asset values have been determined), stock compensation expense, interest expense, and also reflect $58.2 million of direct acquisition costs in fiscal 2015 instead of in 2016, however they do not include the impact of any cost synergies realized as a result of the acquisition. No other material pro forma adjustments to the 2015 acquisitions were deemed necessary to conform with the Company's accounting policies. The pro forma information is not necessarily indicative of the results that would have been achieved had the transactions occurred on October 1, 2014 or that may be achieved in the future.

Additional Acquisitions – Fiscal Year 2017

During fiscal year 2017, the Company acquired 23 branches from the following five acquisitions:

- On December 16, 2016, the Company purchased certain assets of BJ Supply Company, a distributor of roofing and related building products with 1 branch serving Pennsylvania and New Jersey and annual sales of approximately $4 million.
- On January 3, 2017, the Company acquired American Building & Roofing, Inc., a distributor of mainly residential roofing and related building products with 7 branches around Washington State and annual sales of approximately $36 million.
- On January 9, 2017, the Company acquired Eco Insulation Supply, a distributor of insulation and related accessories with 1 branch serving Connecticut, Southern New England and the New York City metropolitan area and annual sales of approximately $8 million.
- On March 1, 2017, the Company acquired Acme Building Materials, Inc., a distributor of residential roofing and related building products with 3 branches in Eastern Michigan and annual sales of approximately $13 million.
- On May 1, 2017, the Company purchased certain assets of Lowry's Inc., a distributor of waterproofing and concrete restoration materials with 11 branches operating in California, Arizona, Utah and Hawaii and annual sales of approximately $76 million.

The Company recorded the acquired assets and liabilities related to these transactions at their estimated fair values as of the respective acquisition dates, with resulting goodwill of $53.0 million (all of which is deductible for tax purposes) and $47.4 million in intangible assets associated with these other acquisitions.

Additional Acquisitions – Fiscal Year 2016

During fiscal year 2016, the Company acquired 42 branches from the following seven additional acquisitions:

- On December 1, 2015, the Company purchased certain assets of RCI Roofing Supply, a distributor of residential and commercial roofing and related products with 5 branches operating in Nebraska, Iowa and Colorado with annual sales of approximately $23 million. The Company has finalized the acquisition accounting entries for this transaction.
- On December 18, 2015, the Company acquired 100% of the equity interests of Roofing and Insulation Supply, a distributor primarily of residential and commercial insulation along with roofing and related products with 20 branches spanning 13 states operating across New England, the Mid-Atlantic, the Southeast, the Upper Midwest, Texas and Colorado with annual sales of approximately $70 million. The Company has finalized the acquisition accounting entries for this transaction.
- On December 29, 2015, the Company purchased certain assets of Statewide Wholesale, a distributor of residential and commercial roofing and related products with 1 branch located in Denver, Colorado with annual sales of approximately $15 million. The Company has finalized the acquisition accounting entries for this transaction.
- On April 1, 2016, the Company purchased certain assets of Atlantic Building Products, a distributor of decking, windows, siding, and related products with 2 branches operating in eastern Pennsylvania with annual sales of approximately $5 million. The Company has finalized the acquisition accounting entries for this transaction.
- On April 1, 2016, the Company purchased certain assets of Lyf-Tym Building Products, a distributor of siding, windows, gutters, vinyl railings, and related products with 6 branches

operating in North Carolina and Virginia with annual sales of approximately $20 million. The Company has finalized the acquisition accounting entries for this transaction.

- On May 2, 2016, the Company purchased certain assets of Fox Brothers Company, a distributor of roofing, siding, windows, doors, and related products with 4 branches operating in Michigan with annual sales of approximately $35 million. The Company has finalized the acquisition accounting entries for this transaction.

- On June 1, 2016, the Company acquired 100% of the equity interests of Woodfeathers, Inc., a distributor of primarily residential roofing and related products with 4 branches operating in Oregon and Washington with annual sales of approximately $30 million. The Company has finalized the acquisition accounting entries for this transaction.

The Company recorded the acquired assets and liabilities related to these transactions at their estimated fair values as of the respective acquisition dates, with resulting goodwill of $84.8 million ($59.8 million of which is deductible for tax purposes) and $60.8 million in intangible assets associated with these other acquisitions. The Company has not provided pro forma results of operations for any of these transactions, as they were not material to the Company on either an individual or an aggregate basis. The results of operations for each of these acquisitions are included in the Company's respective consolidated statements of income from the date of each acquisition.

Acquisitions – Additional Information

For those acquisitions where the acquisition accounting entries have yet to be finalized, the Company's allocation of the purchase price is subject to change on receipt of additional information, including, but not limited to, the finalization of asset valuations (intangible and fixed) and income tax accounting.

4. Net Income per Share

The following table presents the basic and diluted weighted-average shares outstanding for each period presented:

	Year Ended September 30,		
	2017	**2016**	**2015**
Weighted-average common shares outstanding, basic	60,315,648	59,424,372	49,578,130
Effect of dilutive securities:			
Stock options	619,732	706,780	481,039
Restricted stock units	408,883	286,915	114,309
Weighted-average common shares outstanding, diluted	61,344,263	60,418,067	50,173,478

The following table includes the number of shares that may be dilutive common shares in the future. These shares were not included in the computation of diluted net income per share because the effect was either anti-dilutive or the requisite performance conditions were not met:

	Year Ended September 30,		
	2017	**2016**	**2015**
Stock options	331,681	502,294	1,313,689
Restricted stock units	61,890	45,220	-

5. Prepaid Expenses and Other Current Assets

The following table summarizes the significant components of prepaid expenses and other current assets (in thousands):

	September 30, 2017	September 30, 2016
Vendor rebates	$ 193,071	$ 149,052
Other	16,067	14,051
	$ 209,138	$ 163,103

6. Property and Equipment

The following table provides a detailed breakout of property and equipment, by type (in thousands):

	September 30, 2017	September 30, 2016
Land	$ 2,796	$ 2,925
Buildings and leasehold improvements	38,995	35,754
Equipment	293,489	263,947
Furniture and fixtures	23,140	20,155
Total property and equipment	358,420	322,781
Less: accumulated depreciation and amortization	(202,291)	(174,212)
Total property and equipment, net	$ 156,129	$ 148,569

Depreciation expense for the years ending September 30, 2017, 2016, and 2015 was $34.0 million, $31.9 million, and $18.7 million, respectively.

7. Goodwill and Intangibles

Goodwill

The following table sets forth the change in the carrying amount of goodwill for the Company during the years ended September 30, 2017 and 2016 (in thousands):

Balance at September 30, 2015	$ 496,415
Acquisition of RSG	617,477
Other acquisitions	84,853
Translation and other adjustments	(1,180)
Balance at September 30, 2016	$ 1,197,565
Acquisitions	53,012
Translation and other adjustments	1,409
Balance at September 30, 2017	$ 1,251,986

The change in the carrying amount of goodwill for the year ended September 30, 2017 and 2016 is primarily attributable to the Company's acquisitions finalized during the respective periods presented (see Note 3). The Company has recognized no goodwill impairments for any of the periods presented.

Intangible Assets

In connection with transactions finalized for the year ended September 30, 2017, the Company recorded intangible assets of $47.4 million ($42.7 million of customer relationships, $4.6 million of amortizable trademarks and $0.1 million of beneficial lease arrangements). Intangible assets consisted of the following (in thousands, except time period amounts):

	September 30, 2017	September 30, 2016	Weighted-Average Remaining Life [1] (Years)
Amortizable intangible assets:			
Non-compete agreements	$ 2,824	$ 3,324	3.31
Customer relationships	610,026	566,964	17.61
Trademarks	10,500	5,400	8.37
Beneficial lease arrangements	1,060	960	8.79
Total amortizable intangible assets	624,410	576,648	
Less: Accumulated amortization	(268,391)	(185,674)	
Total amortizable intangible assets, net	$ 356,019	$ 390,974	
Indefinite lived trademarks	73,050	73,050	
Total intangibles, net	$ 429,069	$ 464,024	

[1] As of September 30, 2017

For the years ended September 30, 2017, 2016, and 2015, the Company recorded $82.5 million, $68.3 million, and $16.2 million of amortization expense relating to the above-listed intangible assets, respectively. The intangible asset lives range from 5 to 20 years and the weighted-average remaining life was 17.4 years as of September 30, 2017.

The following table presents the estimated annual amortization expense for these intangible assets (in thousands):

Year Ending September 30,	
2018	$ 71,577
2019	58,771
2020	47,751
2021	38,248
2022	30,239
Thereafter	109,433
	$ 356,019

8. Financing Arrangements

In connection with the RSG Acquisition on October 1, 2015, the Company entered into various financing arrangements totaling $1.45 billion. A “Senior Secured Credit Facility” was entered into that is comprised of an asset-based revolving line of credit (“ABL”) of $700.0 million ($350.0 million of which was drawn at closing) and a new $450.0 million term loan (“Term Loan”). The Company also raised an additional $300.0 million through the issuance of senior notes (the “Senior Notes”).

The proceeds from the Senior Secured Credit Facility and Senior Notes were used to provide working capital and funds for other general corporate purposes, to refinance or otherwise extinguish all third-party indebtedness for borrowed money under Company’s and RSG’s existing senior secured credit facilities and RSG’s unsecured senior notes due 2020, to finance the acquisition, and to pay fees and expenses associated with the RSG acquisition. The Company incurred financing costs totaling approximately $31.3 m illion.

The following table summarizes all financing arrangements the Company has entered into (in thousands):

	September 30, 2017	September 30, 2016
Senior Secured Credit Facility		
Revolving Lines of Credit:		
U.S. Revolver, expires October 1, 2020 [1]	$ -	$ 355,087
Canadian Revolver, expires October 1, 2020 [2]	3,205	4,574
Term Loan, matures October 1, 2022 [3]	433,440	436,380
Total borrowings under Senior Secured Credit Facility	436,645	796,041
Less: current portion	(4,500)	(4,500)
Total long-term borrowings under Senior Secured Credit Facility	$ 432,145	$ 791,541
Senior Notes		
Senior Notes, matures October 2023 [4]	292,328	291,049
Less: current portion	-	-
Total long-term borrowings under Senior Notes	$ 292,328	$ 291,049
Equipment Financing Facilities and Other		
Equipment financing facilities, various maturities through September 2021 [5]	$ 15,445	$ 20,419
Capital lease obligations, various maturities through November 2021 [6]	19,956	25,013
Total obligations under equipment financing facilities and other	35,401	45,432
Less: current portion	(9,641)	(10,311)
Total long-term obligations under equipment financing facilities and other	$ 25,760	$ 35,121

1 - Effective rates on borrowings are 2.00% as of September 30, 2017; 2.90% as of September 30, 2016
2 - Effective rates on borrowings are 3.70% as of September 30, 2017; 3.20% as of September 30, 2016
3 - Interest rate of 3.50% as of September 30, 2017 and September 30, 2016
4 - Interest rate of 6.38% as of September 30, 2017 and September 30, 2016
5 - Fixed interest rates ranging from 2.33% to 3.25% as of September 30, 2017 and September 30, 2016
6 - Fixed interest rates ranging from 2.72% to 10.39% as of September 30, 2017 and September 30, 2016

Asset-based Line of Credit ("ABL")

On October 1, 2015, the Company entered into a $700 million ABL with Wells Fargo Bank, N.A. and a syndicate of other lenders. This ABL consists of revolving loans in both the United States ("U.S. Revolver") in the amount of $670 million and Canada ("Canada Revolver") in the amount of $30 million. The ABL has a maturity date of October 1, 2020.

The ABL has various borrowing tranches with an interest rate of LIBOR plus a margin of 125 basis points, 150 basis points or 175 basis points, based on the total outstanding balance of each tranche. The LIBOR rates can be fixed at one, three, six, or twelve month intervals and any non-fixed LIBOR amounts revert to a 4.75% base rate. As of September 30, 2017, the total balance outstanding balance on the ABL was $3.2 million, and the weighted-average interest rate was 2.00%. Unamortized debt issuance costs of $5.3 million related to the ABL are classified in "other assets, net" on the Company's consolidated balance sheet as of September 30, 2017. The Company also has outstanding standby letter s of credit related to the U.S. Revolver in the amount of $ 10.8 million as of September 30, 2017 . The c urrent unused commitment fees on the ABL are 0.25% per annum.

There is one financial covenant under the ABL, which is a Consolidated Fixed Charge Ratio. The Consolidated Fixed Charge Ratio is calculated by dividing consolidated earnings before interest, taxes, depreciation and amortization (EBITDA) by Consolidated Fixed Charges (as defined in the agreement). Per the covenant, the Company's Consolidated Fixed Charge Ratio must be a minimum of 1.00 at the end of each fiscal quarter, calculated on a trailing four quarter basis. The covenant is only applicable when the borrowing availability is less than 10% of the maximum loan cap or $60.0 million. The ABL is guaranteed jointly and severally and fully and unconditionally by the Company's active United States subsidiary.

Term Loan

On October 1, 2015, the Company entered into a $450.0 million Term Loan with Citibank N.A., and a syndicate of other lenders. The Term Loan requires quarterly principal payments in the amount of $1.1 million, with the remaining outstanding principal to be paid on its maturity date of October 1, 2022. The interest rate paid is based on a LIBOR rate (with a floor) plus a fixed spread. The Company has the option of selecting a LIBOR period that determines the rate at which interest can accrue on the Term Loan as well as the period in which interest payments are made.

On September 16, 2016, the Company refinanced its Term Loan, lowering the LIBOR floor by 25 basis points and lowering the spread by 25 basis points. As a result of the refinancing, the Company wrote off $1.6 million of debt issuance costs in interest expense. As of September 30, 2017, the outstanding balance on the Term Loan, net of debt issuance fees, was $433.4 million. The Term Loan is guaranteed jointly and severally and fully and unconditionally by the Company's active United States subsidiary.

Senior Notes

On October 1, 2015, the Company raised $300.0 million by issuing senior notes due 2023 (the "Senior Notes"). The Senior Notes have a coupon rate of 6.38% per annum and are payable semi-annually in arrears beginning April 1, 2016. There are early payment provisions in the Senior Note indenture in which the Company would be subject to "make whole" provisions. Management anticipates repaying the notes at the maturity date of October 1, 2023. As of September 30, 2017 the outstanding balance on the Senior Notes, net of debt issuance fees, was $292.3 million. The Senior Notes are guaranteed jointly and severally and fully and unconditionally by the Company's active United States subsidiary.

Other Information

The Senior Secured Credit Facility and the previous credit facility it replaced had certain lenders who participated in both arrangements, therefore management accounted for a portion of this transaction as a debt modification and a portion as a debt extinguishment. In accordance with the accounting for debt modification, the Company expensed $2.2 million of direct issuance costs incurred and will amortize the previously capitalized issuance costs over the term of the Senior Secured Credit Facility. The remainder of the settlement of the Company's previous financing arrangements was accounted for as debt extinguishment, for which the Company recognized a loss of $0.8 million in the first quarter of fiscal year 2016.

Annual principal payments for all outstanding financ ing arrangements for each of the next five years and thereafter are as follows (in thousands):

Year Ending September 30,	ABL	Term Loan	Senior Notes	Equipment Financing Facilities	Total
2018	$ -	$ 4,500	$ -	$ 9,584	$ 14,084
2019	-	4,500	-	9,631	14,131
2020	3,205	4,500	-	8,960	16,665
2021	-	4,500	-	4,367	8,867
2022	-	4,500	-	172	4,672
Thereafter	-	418,500	300,000	141	718,641
Total debt	3,205	441,000	300,000	32,855	777,060
Less: Unamortized debt issuance costs [1]	-	(7,560)	(7,672)	-	(15,232)
Total long-term debt	$ 3,205	$ 433,440	$ 292,328	$ 32,855	$ 761,828

[1] Does not include $5.3 million of unamortized debt issuance costs related to the ABL classified as “other assets, net” on the consolidated balance sheet as of September 30, 2017

Equipment Financing Facilities and Other

As of September 30, 2017, the Company had a $15.4 million outstanding under equipment financing facilities, with fixed interest rates ranging from 2.33% to 3.25% and payments due through September 2021.

As of September 30, 2017, the Company had $20.0 million of capital lease obligations outstanding. These leases have interest rates ranging from 2.72% to 10.39% with payments due through November 2021.

9. Commitments and Contingencies

Operating Leases

The Company mostly operates in leased facilities, which are accounted for as operating leases. The leases typically provide for a base rent plus real estate taxes. Certain of the leases provide for escalating rents over the lives of the leases and rent expense is recognized over the terms of those leases on a straight-line basis.

At September 30, 2017, the minimum rental commitments under all non-cancelable operating leases with initial or remaining terms of more than one year were as follows:

Year Ending September 30,	Operating Leases
2018	$ 57,075
2019	46,177
2020	37,199
2021	30,350
2022	23,496
Thereafter	29,257
Total minimum lease payments	$ 223,554

Rent expense was $60.1 million, $59.3 million, and $39.2 million for the years ending September 30, 2017, 2016, and 2015, respectively. Sublet income was immaterial for each of these periods.

Contingencies

The Company is subject to loss contingencies pursuant to various federal, state and local environmental laws and regulations; however, the Company is not aware of any reasonably possible losses that would have a material impact on its results of operations, financial position, or liquidity. Potential loss contingencies include possible obligations to remove or mitigate the effects on the environment of the placement, storage, disposal or release of certain chemical or other substances by the Company or by other parties. In connection with its acquisitions, the Company's practice is to request indemnification for any and all known material liabilities of significance as of the respective dates of acquisition. Historically, environmental liabilities have not had a material impact on the Company's results of operations, financial position or liquidity.

The Company is subject to litigation from time to time in the ordinary course of business; however the Company does not expect the results, if any, to have a material adverse impact on its results of operations, financial position or liquidity.

10. Stockholders' Equity

Common and Preferred Stock

The Company is authorized to issue 100 million shares of common stock and 5 million shares of preferred stock. As of September 30, 2017 and 2016 there were 67,700,858 and 59,890,885 shares of common stock issued and outstanding, respectively, and no preferred stock outstanding as of either period end.

On September 25, 2017, in connection with the Allied Acquisition (see "Subsequent Events" footnote), the Company issued 7,273,750 shares of its common stock in a secondary offering at a price of $47.50 per share. Total net proceeds from this secondary offering were $330.8 million.

Accumulated Other Comprehensive Income (Loss)

Other comprehensive income (loss) is comprised of certain gains and losses that are excluded from net income under GAAP and instead recorded as a separate element of stockholders' equity. The Company's other comprehensive income (loss) consists of foreign currency translation adjustments as well as unrealized gains or losses on the Company's derivative contracts.

The following table summarizes the components of accumulated other comprehensive loss (in thousands):

	Foreign Currency Translation	Derivative Financial Instruments	Accumulated Other Comprehensive Loss
Balance as of September 30, 2014	$ (2,040)	$ (4,539)	$ (6,579)
Other comprehensive loss before reclassifications	(14,003)	(138)	(14,141)
Reclassifications out of other comprehensive loss	-	-	-
Balance as of September 30, 2015	$ (19,293)	$ (1,427)	$ (20,720)
Other comprehensive income before reclassifications	1,024	-	1,024
Reclassifications out of other comprehensive loss	-	1,039	1,039
Balance as of September 30, 2016	$ (18,269)	$ (388)	$ (18,657)
Other comprehensive income before reclassifications	3,706	-	3,706
Reclassifications out of other comprehensive loss	-	388	388
Balance as of September 30, 2017	$ (14,563)	$ -	$ (14,563)

Gains (losses) on derivative instruments are recognized in the consolidated statements of operations in interest expense, financing costs, and other.

11. Stock-based Compensation

On February 9, 2016, the shareholders of the Company approved the Amended and Restated Beacon Roofing Supply, Inc. 2014 Stock Plan (the “2014 Plan”). The 2014 Plan provides for discretionary awards of stock options, stock awards, restricted stock units, and stock appreciation rights (“SARs”) for up to 5,000,000 shares of common stock to selected employees and non-employee directors. The 2014 Plan mandates that all forfeited, expired, and withheld shares, including those from the predecessor plans, be returned to the 2014 Plan and made available for issuance. As of September 30, 2017, there were 4,096,732 shares of common stock available for issuance.

Prior to the 2014 Plan, the Company maintained the amended and restated Beacon Roofing Supply, Inc. 2004 Stock Plan (the “2004 Plan”). Upon shareholder approval of the 2014 Plan, the Company ceased issuing equity awards from the 2004 Plan and mandated that all future equity awards will be issued from the 2014 Plan.

For all equity awards granted prior to October 1, 2014, in the event of a change in control of the Company, all awards are immediately vested. Beginning in fiscal 2015, equity awards contain a “double trigger” change in control mechanism. Unless an award is continued or assumed by a public company in an equitable manner, an award shall become fully vested immediately prior to a change in control (at 100% in the case of a performance-based restricted stock award). If an award is so continued or assumed, vesting will continue in accordance with the terms of the award, unless there is a qualifying termination within one-year following the change in control, in which event the award shall become fully vested immediately (at 100% in the case of a performance-based restricted stock award).

Stock Options

Non-qualified stock options generally expire 10 years after the grant date and, except under certain conditions, the options are subject to continued employment and vest in one-third increments over a three-year period following the grant dates.

The fair values of the options granted for the year ended September 30, 2017 were estimated on the dates of grants using the Black-Scholes option-pricing model with the following weighted-average assumptions:

	Year Ended September 30,		
	2017	**2016**	**2015**
Risk-free interest rate	1.97%	1.87%	1.83%
Expected volatility	28.83%	30.96%	31.69%
Expected life (in years)	5.30	5.6	5.6
Dividend yield	—	—	—

The following table summarizes all stock option activity for the periods presented (in thousands, except share, per share, and time period amounts):

	Options Outstanding		Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Term (Years)		Aggregate Intrinsic Value [1]
Balance as of September 30, 2016	2,312,789	$	25.55	6.3	$	38,225
Granted	245,818		47.40			
Exercised	(442,909)		22.09			
Canceled/Forfeited	(16,992)		33.72			
Expired	(14,478)		19.50			
Balance as of September 30, 2017	2,084,228	$	28.84	6.1	$	46,714
Vested and expected to vest after September 30, 2017	2,050,134	$	28.74	6.0	$	46,150
Exercisable as of September 30, 2017	1,414,141	$	25.06	5.0	$	37,033

[1] Aggregate intrinsic value as represents the difference between the closing fair value of the underlying common stock and the exercise price of outstanding, in-the-money options on the date of measurement.

During the years ended September 30, 2017 and 2016, the Company recorded stock-based compensation expense related to stock options of $4.8 million and $11.2 million, respectively. As of September 30, 2017, there was $4.7 million of total unrecognized compensation cost related to unvested stock options, which is expected to be recognized over a weighted-average period of 1.8 years.

The following table summarizes additional information on stock options for the period presented (in thousands):

	Year Ended September 30,					
		2017		2016		2015
Weighted-average fair value of stock options granted	$	14.21	$	12.89	$	9.40
Total fair value of stock options vested		5,566		12,347		6,399
Total intrinsic value of stock options exercised		10,941		22,693		4,615

Restricted Stock Units

Restricted stock unit ("RSU") awards granted to employees are subject to continued employment and generally vest after three years. The Company also grants certain RSU awards to management that contain an additional vesting condition tied directly to a defined performance metric for the Company. The actual number of RSUs that will vest can range from 0% to 150% of the grant, depending upon actual Company performance below or above the target level. The Company estimates performance in relation to the established target when determining the projected number of RSUs that will vest and calculating the compensation cost related to these awards.

RSUs granted to non-employee directors are subject to continued service and vest after one year (except under certain conditions). Generally, the common shares underlying the RSUs are not eligible for distribution until the director's service on the Board has terminated. For non-employee director RSU grants made prior to fiscal year 2014, the share distribution date is six months after the director's termination of service on the board. RSU grants made in fiscal year 2014 and thereafter have no such holding period requirement. Additionally, beginning in fiscal year 2016 non-employee directors holding common stock and outstanding vested unexercised/unsettled equity awards with a fair value that is greater than or equal to five times the annual cash retainer may elect to have future grants settle simultaneously with vesting.

The following table summariz es all restricted stock unit activity for the periods presented:

	RSUs Outstanding	Weighted-Average Grant Date Fair Value
Balance at September 30, 2016	705,434	$ 34.55
Granted	273,065	47.31
Released	(128,578)	33.47
Canceled/Forfeited	(78,948)	29.04
Balance at September 30, 2017	770,973	$ 38.95
Vested and expected to vest after September 30, 2017	793,350	$ 38.88

During the years ended September 30, 2017 and 2016, the Company recorded stock-based compensation expense related to restricted stock units of $10.3 million and $6.5 million, respectively. As of September 30, 2017, there was $12.9 million of total unrecognized compensation cost related to unvested restricted stock units, which is expected to be recognized over a weighted-average period of 1.8 years.

The following table summarizes additional information on RSUs for the period presented (in thousands):

	Year Ended September 30,		
	2017	2016	2015
Weighted-average fair value of RSUs granted	$ 47.31	$ 38.92	$ 28.74
Total fair value of RSUs vested	4,562	743	1,943
Total intrinsic value of RSUs released	6,079	1,375	1,784

12. Income Taxes

The following table summarizes the components of the income tax provision (in thousands):

	Year Ended September 30,		
	2017	2016	2015
Current:			
Federal	$ 52,718	$ 23,403	$ 17,414
Foreign	1,366	1,183	1,765
State	8,975	2,426	7,579
Total current taxes	$ 63,059	$ 27,012	$ 26,758
Deferred:			
Federal	$ (656)	$ 25,935	$ 14,798
Foreign	-	321	(657)
State	78	3,347	2,868
Total deferred taxes	$ (578)	$ 29,603	$ 17,009
Provision for income taxes	$ 62,481	$ 56,615	$ 43,767

The following table is a reconciliation of the statutory federal income tax rate to the Company's effective income tax rate for the periods presented:

	Year Ended September 30,		
	2017	2016	2015
U.S. federal income taxes at statutory rate	35.0%	35.0%	35.0%
State income taxes, net of federal benefit	3.9%	4.2%	4.6%
Non-deductible professional fees related to RSG acquisition	0.0%	0.4%	2.2%
Other	(0.6%)	(1.0%)	(0.5%)
Effective tax rate	38.3%	38.6%	41.3%

Deferred income taxes reflect the tax consequences of temporary differences between the amounts of assets and liabilities for financial reporting purposes and such amounts as measured by tax law. These temporary differences are determined according to ASC 740 Income Taxes. Temporary differences that give rise to deferred tax assets and liabilities are as follows (in thousands):

	September 30,	
	2017	2016
Deferred tax assets:		
Deferred compensation	$ 14,237	$ 15,166
Allowance for doubtful accounts	1,318	2,060
Accrued vacation and other	6,602	6,616
Unrealized loss on financial derivatives	-	279
Inventory valuation	10,564	6,193
Tax loss carryforwards	20,575	34,505
Other	958	913
Total deferred tax assets	$ 54,254	$ 65,732
Deferred tax liabilities:		
Excess tax over book depreciation and amortization	$ (192,637)	$ (201,214)
Total deferred tax liabilities	(192,637)	(201,214)
Net deferred income tax liabilities	$ (138,383)	$ (135,482)

Due to the RSG acquisition on October 1, 2015, the Company acquired $135.3 million of federal and state net operating loss ("NOL") carryforwards related to its domestic operations. The federal losses are subject to an annual Section 382 limit of $37.3 million. The Company utilized $37.3 million of federal NOLs and $2.3 million of state NOLs for the year ended September 30, 2017. These NOLs are scheduled to expire at various dates through 2035. The deferred tax asset of $20.6 million remaining as of September 30, 2017 is related to the federal and state NOL carryforward and AMT credit carryforward.

The Company's Canadian subsidiary, Beacon Roofing Supply Canada Company ("BRSCC"), is treated as a Controlled Foreign Corporation ("CFC"). BRSCC's taxable income, which reflects all of the Company's Canadian operations, is being taxed only in Canada and would generally be taxed in the United States only upon an actual or deemed distribution. The Company expects that BRSCC's earnings will be indefinitely reinvested for the foreseeable future and therefore no United States deferred tax asset or liability for the differences between the book basis and the tax basis of BRSCC has been recorded at September 30, 2017. Unremitted earnings of $44.5 million were considered permanently reinvested at September 30, 2017. Of this amount, $22.4 million of the unremitted earnings were previously taxed in the United States and the remittance on these earnings would not generate additional United States tax.

As of September 30, 2017, goodwill was $1.25 billion, of which there remains an amortizable basis of $297.4 million for income tax purposes. The Company had $34.5 million of excess tax benefits available for potential deferred tax write-offs as of September 30, 2017 , primarily related to previously recognized stock-based compensation.

As of September 30, 2017, there were no uncertain tax positions which, if recognized, would affect the Company's effective tax rate. The Company's accounting policy is to recognize any interest and penalties related to income tax matters in income tax expense in the consolidated statements of operations. A reconciliation of the beginning and ending amounts of the gross unrecognized income tax benefits is as follows:

	Year Ended September 30,	
	2017	2016
Balance, beginning of year	$ -	$ 82
Current year uncertain tax positions	-	-
Settlements	-	(82)
Balance, end of year	$ -	$ -

The Company has operations in 48 U.S. states and 6 provinces in Canada. The Company is currently under audit in certain state and local jurisdictions for various years. These audits may involve complex issues, which may require an extended period of time to resolve. The Company has provided for its estimate of taxes payable in the accompanying financial statements. Additional taxes are reasonably possible; however the amounts cannot be estimated at this time. The Company is no longer subject to U.S. federal income tax examinations for any fiscal years ended on or before September 30, 2013. For the majority of states, the Company is also no longer subject to tax examinations for any fiscal years ended on or before September 30, 2013. In Canada, the Company is no longer subject to tax examinations for any fiscal years ended on or before September 30, 2013. For the Canadian provinces, the Company is no longer subject to tax examinations for any fiscal years ended on or before September 30, 2014.

13. Geographic and Product Data

The following tables summarize certain geographic information for the periods presented (in thousands):

	Year Ended September 30,		
	2017	2016	2015
Net sales			
U.S.	$ 4,198,935	$ 3,949,067	$ 2,331,360
Canada	177,735	178,042	183,809
Total net sales	$ 4,376,670	$ 4,127,109	$ 2,515,169

	September 30,	
	2017	2016
Long-lived assets		
U.S.	$ 507,236	$ 527,680
Canada	13,446	13,374
Total long-lived assets	$ 520,682	$ 541,054

The following table summarizes net sales from external customers by product group (in thousands):

	Year Ended September 30,		
	2017	2016	2015
Residential roofing products	$ 2,380,435	$ 2,190,762	$ 1,236,397
Non-residential roofing products	1,273,153	1,331,319	882,970
Complementary building products	723,082	605,028	395,802
Total net sales	$ 4,376,670	$ 4,127,109	$ 2,515,169

14. Supplemental Guarantor Information

All of the Senior Notes issued on October 1, 2015 are guaranteed jointly and severally by all of the United States subsidiaries of the Company (collectively, the "Guarantor"), and not by the Canadian subsidiaries of the Company. Such guarantees are full and unconditional. Supplemental condensed consolidating financial information of the Company, including such information for the Guarantor, is presented below. The information is presented in accordance with the requirements of Rule 3-10 under the SEC's Regulation S-X. The financial information may not necessarily be indicative of results of operations, cash flows or financial position had the non-guarantor subsidiaries operated as independent entities. Investments in subsidiaries are presented using the equity method of accounting. The principal elimination entries eliminate investments in subsidiaries and intercompany balances and transactions. Separate financial statements of the Guarantor are not provided as the consolidating financial information contained herein provides a more meaningful disclosure to allow investors to determine the nature of the assets held by, and the operations of, the combined groups.

BEACON ROOFING SUPPLY, INC.
Condensed Conso lidating Balance Sheets
(Unaudited; In thousands)

	September 30, 2017				
	Parent	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations and Other	Consolida
Assets					
Current assets:					
Cash and cash equivalents	$ -	$ 149,799	$ 1,582	$ (13,131)	$ 1
Accounts receivable, net	-	663,034	42,633	(1,140)	7
Inventories, net	-	527,226	24,698	-	5
Prepaid expenses and other current assets	4,195	198,817	6,126	-	2
Total current assets	4,195	1,538,876	75,039	(14,271)	1,6
Intercompany receivable, net	-	655,372	-	(655,372)	
Investments in consolidated subsidiaries	3,160,273	-	-	(3,160,273)	
Deferred income taxes, net	30,822	-	-	(30,822)	
Property and equipment, net	6,610	138,955	10,564	-	1
Goodwill	-	1,220,812	31,174	-	1,2
Intangibles, net	-	426,187	2,882	-	4
Other assets, net	2,912	5,622	-	-	
Total Assets	$ 3,204,812	$ 3,985,824	$ 119,659	$ (3,860,738)	$ 3,4
Liabilities and Stockholders' Equity					
Current liabilities:					
Accounts payable	$ 27,174	$ 468,891	$ 21,903	$ (14,271)	$ 5
Accrued expenses	51,183	204,173	5,941	-	2
Current portions of long-term debt	4,500	9,641	-	-	
Total current liabilities	82,857	682,705	27,844	(14,271)	7
Intercompany payable, net	618,881	-	36,491	(655,372)	
Borrowings under revolving lines of credit, net	-	-	3,205	-	
Long-term debt, net	721,268	-	-	-	7
Deferred income taxes, net	-	168,209	996	(30,822)	1
Long-term obligations under equipment financing and other, net	-	25,694	66	-	
Total liabilities	1,423,006	876,608	68,602	(700,465)	1,6
Total stockholders' equity	1,781,806	3,109,216	51,057	(3,160,273)	1,7
Total Liabilities and Stockholders' Equity	$ 3,204,812	$ 3,985,824	$ 119,659	$ (3,860,738)	$ 3,4

BEACON ROOFING SUPPLY, INC.
Condensed Consolidating Balance Sheets
(Unaudited; In thousands)

	September 30, 2016				
	Parent	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations and Other	Consolidate
Assets					
Current assets:					
Cash and cash equivalents	$ -	$ 37,447	$ 2,876	$ (8,937)	$ 3
Accounts receivable, net	-	593,395	34,710	(1,140)	62
Inventories, net	-	460,516	20,220	-	48
Prepaid expenses and other current assets	3,527	153,681	5,895	-	16
Total current assets	3,527	1,245,039	63,701	(10,077)	1,30
Intercompany receivable, net	-	878,931	-	(878,931)	
Investments in consolidated subsidiaries	2,891,677	-	-	(2,891,677)	
Deferred income taxes, net	59,567	-	-	(59,567)	
Property and equipment, net	4,626	133,897	10,046	-	14
Goodwill	-	1,167,905	29,660	-	1,19
Intangibles, net	-	460,696	3,328	-	46
Other assets, net	1,242	269	-	-	
Total Assets	$ 2,960,639	$ 3,886,737	$ 106,735	$ (3,840,252)	$ 3,11
Liabilities and Stockholders' Equity					
Current liabilities:					
Accounts payable	$ 26,630	$ 329,895	$ 14,467	$ (10,077)	$ 36
Accrued expenses	42,594	114,016	4,503	-	16
Current portions of long-term obligations	4,500	10,311	-	-	1
Total current liabilities	73,724	454,222	18,970	(10,077)	53
Intercompany payable, net	840,159	-	38,772	(878,931)	
Borrowings under revolving lines of credit, net	-	355,087	4,574	-	35
Long-term debt, net	722,929	-	-	-	72
Deferred income taxes, net	-	194,556	493	(59,567)	13
Long-term obligations under equipment financing and other, net	-	35,074	47	-	3
Total liabilities	1,636,812	1,038,939	62,856	(948,575)	1,79
Total stockholders' equity	1,323,827	2,847,798	43,879	(2,891,677)	1,32
Total Liabilities and Stockholders' Equity	$ 2,960,639	$ 3,886,737	$ 106,735	$ (3,840,252)	$ 3,11

BEACON ROOFING SUPPLY, INC.
Condensed Consolidating Statements of Operations
(Unaudited; In thousands, except share and per share amounts)

	Year Ended September 30, 2017			
	Parent	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations and Other
Net sales	$ -	$ 4,198,935	$ 177,735	$
Cost of products sold	-	3,162,896	137,835	
Gross profit	-	1,036,039	39,900	
Operating expense	28,496	798,328	33,019	
Intercompany charges (income)	(4,664)	4,342	322	
Income (loss) from operations	(23,832)	233,369	6,559	
Interest expense, financing costs, and other	38,660	14,033	58	
Intercompany interest expense (income)	(24,458)	22,927	1,531	
Income (loss) before provision for income taxes	(38,034)	196,409	4,970	
Provision for (benefit from) income taxes	(3,284)	64,399	1,366	
Income (loss) before equity in net income of subsidiaries	(34,750)	132,010	3,604	
Equity in net income of subsidiaries	135,614	-	-	(135,61
Net income	$ 100,864	$ 132,010	$ 3,604	$ (135,61
Weighted-average common stock outstanding:				
Basic				
Diluted				
Net income per share:				
Basic				
Diluted				

BEACON ROOFING SUPPLY, INC.
Condensed Consolidating Statements of Operations
(Unaudited; In thousands, except share and per share amounts)

	Year Ended September 30, 2016			
	Parent	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations and Other
Net sales	$ -	$ 3,949,313	$ 178,042	$ (
Cost of products sold	-	2,977,174	137,112	(
Gross profit	-	972,139	40,930	
Operating expenses	59,949	715,669	32,467	
Intercompany charges (income)	(51,942)	49,285	2,657	
Income (loss) from operations	(8,007)	207,185	5,806	
Interest expense, financing costs, and other	42,835	14,965	652	
Intercompany interest expense (income)	(21,536)	19,928	1,608	
Income (loss) before provision for income taxes	(29,306)	172,292	3,546	
Provision for (benefit from) income taxes	(472)	55,613	1,474	
Income (loss) before equity in net income of subsidiaries	(28,834)	116,679	2,072	
Equity in net income of subsidiaries	118,751	-	-	(118,
Net income	$ 89,917	$ 116,679	$ 2,072	$ (118,
Weighted-average common stock outstanding:				
Basic				
Diluted				
Net income per share:				
Basic				
Diluted				

BEACON ROOFING SUPPLY, INC.
Condensed Consolidating Statements of Operations
(Unaudited; In thousands, except share and per share amounts)

	Year Ended September 30, 2015				
	Parent	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations and Other	Co
Net sales	$ -	$ 2,331,829	$ 183,809	$ (469)	$
Cost of products sold	-	1,778,196	142,077	(469)	
Gross profit	-	553,633	41,732	-	
Operating expenses	44,937	399,901	33,446	-	
Intercompany charges (income)	(36,085)	34,264	1,821	-	
Income (loss) from operations	(8,852)	119,468	6,465	-	
Interest expense, financing costs, and other	9,508	740	789	-	
Intercompany interest expense (income)	(15,762)	14,174	1,588	-	
Income before provision for income taxes	(2,598)	104,554	4,088	-	
Provision for income taxes	(1,087)	43,765	1,089	-	
Income before equity in net income of subsidiaries	(1,511)	60,789	2,999	-	
Equity in net income of subsidiaries	63,788	-	-	(63,788)	
Net income	$ 62,277	$ 60,789	$ 2,999	$ (63,788)	$
Weighted-average common stock outstanding:					
Basic					
Diluted					
Net income per share:					
Basic					$
Diluted					$

BEACON ROOFING SUPPLY, INC.
Condensed Consolidating Statements of Comprehensive Income
(Unaudited; In thousands)

	Year Ended September 30, 2017				
	Parent	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations and Other	Consoli
Net income (loss)	$ 100,864	$ 132,010	$ 3,604	$ (135,614)	$
Other comprehensive income:					
Foreign currency translation adjustment	3,706	-	3,706	(3,706)	
Total other comprehensive income	3,706	-	3,706	(3,706)	
Comprehensive income (loss)	$ 104,570	$ 132,010	$ 7,310	$ (139,320)	$

	Year Ended September 30, 2016				
	Parent	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations and Other	Consoli
Net income	$ 89,917	$ 116,679	$ 2,072	$ (118,751)	$
Other comprehensive income:					
Foreign currency translation adjustment	1,024	-	1,024	(1,024)	
Total other comprehensive income	1,024	-	1,024	(1,024)	
Comprehensive income	$ 90,941	$ 116,679	$ 3,096	$ (119,775)	$

	Year Ended September 30, 2015				
	Parent	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations and Other	Consolida
Net income	$ 62,277	$ 60,789	$ 2,999	$ (63,788)	$
Other comprehensive income (loss):					
Foreign currency translation adjustment	(14,003)	-	(14,003)	14,003	
Unrealized loss due to change in fair value of derivatives, net of tax	(138)	-	-	-	
Total other comprehensive income (loss)	(14,141)	-	(14,003)	14,003	
Comprehensive income (loss)	$ 48,136	$ 60,789	$ (11,004)	$ (49,785)	$

BEACON ROOFING SUPPLY, INC.
Condensed Consolidating Statements of Cash Flows
(Unaudited; In thousands)

	Year Ended September 30, 2017			
	Parent	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations and Other
Net cash provided by (used in) operating activities	$ (2,466)	$ 313,396	$ 4,888	$ (618)
Investing Activities				
Purchases of property and equipment	(3,517)	(34,584)	(1,727)	-
Acquisition of businesses	(129,390)	-	-	-
Proceeds from the sale of assets	-	2,150	83	-
Intercompany activity	(203,163)	-	-	203,163
Net cash used in investing activities	(336,070)	(32,434)	(1,644)	203,163
Financing Activities				
Borrowings under revolving lines of credit	-	2,445,084	19,044	-
Repayments under revolving lines of credit	-	(2,812,663)	(20,567)	-
Repayments under term loan	(4,500)	-	-	-
Repayments under equipment financing facilities and other	-	(10,049)	15	-
Payment of debt issuance costs	(1,669)	-	-	-
Proceeds from secondary offering of common stock	345,503	-	-	-
Payment of issuance costs from secondary offering of common stock	(14,684)	-	-	-
Proceeds from issuance of common stock related to equity awards	11,341	-	-	-
Taxes paid related to net share settlement of equity awards	(392)	-	-	-
Excess tax benefit from stock-based compensation	2,937	-	-	-
Intercompany activity	-	209,018	(2,279)	(206,739)
Net cash provided by (used in) financing activities	338,536	(168,610)	(3,787)	(206,739)
Effect of exchange rate changes on cash and cash equivalents	-	-	(751)	-
Net increase (decrease) in cash and cash equivalents	-	112,352	(1,294)	(4,194)
Cash and cash equivalents, beginning of period	-	37,447	2,876	(8,937)
Cash and cash equivalents, end of period	$ -	$ 149,799	$ 1,582	$ (13,131)

BEACON ROOFING SUPPLY, INC.
Condensed Consolidating Statements of Cash Flows
(Unaudited; In thousands)

	Year Ended September 30, 2016			
	Parent	**Guarantor Subsidiaries**	**Non-Guarantor Subsidiaries**	**Eliminations and Other**
Net cash provided by (used in) operating activities	$ (22,799)	$ 143,427	$ 4,751	$ (4,731
Investing Activities				
Purchases of property and equipment	(3,654)	(20,008)	(2,653)	-
Acquisition of businesses	(1,018,188)	-	-	-
Proceeds from the sale of assets	-	1,882	-	-
Intercompany activity	475,099	-	-	(475,099
Net cash used in investing activities	(546,743)	(18,126)	(2,653)	(475,099
Financing Activities				
Borrowings under revolving lines of credit	-	1,877,729	14,730	-
Repayments under revolving lines of credit	-	(1,520,003)	(21,529)	-
Borrowings under term loan	490,793	-	-	-
Repayments under term loan	(230,918)	-	-	-
Repayments under equipment financing facilities and other	(45)	(4,659)	(20)	-
Borrowings under Senior Notes	300,000	-	-	-
Payment of debt issuance costs	(19,402)	(8,923)	-	-
Proceeds from issuance of common stock	24,160	-	-	-
Taxes paid related to net share settlement of equity awards	(2)	-	-	-
Excess tax benefit from stock-based compensation	4,956	-	-	-
Intercompany activity	-	(474,814)	(285)	475,099
Net cash provided by (used in) financing activities	569,542	(130,670)	(7,104)	475,099
Effect of exchange rate changes on cash and cash equivalents	-	-	831	-
Net decrease in cash and cash equivalents	-	(5,369)	(4,175)	(4,731
Cash and cash equivalents, beginning of period	-	42,816	7,051	(4,206
Cash and cash equivalents, end of period	$ -	$ 37,447	$ 2,876	$ (8,937

BEACON ROOFING SUPPLY, INC.
Condensed Consolidating Statements of Cash Flows
(Unaudited; In thousands)

	Year Ended September 30, 2015			
	Parent	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations and Other
Net cash provided by operating activities	$ 1,776	$ 100,760	$ 4,188	$ 2,616
Investing Activities				
Purchases of property and equipment	(397)	(18,649)	(1,756)	-
Acquisition of businesses	(85,301)	-	-	-
Proceeds from the sale of assets	-	1,389	-	-
Intercompany activity	93,503	-	-	(93,503)
Net cash provided by (used in) investing activities	7,805	(17,260)	(1,756)	(93,503)
Financing Activities				
Borrowings under revolving lines of credit	552,545	-	8,089	-
Repayments under revolving lines of credit	(560,345)	-	(5,662)	-
Repayments under term loan	(11,250)	-	-	-
Repayments under equipment financing facilities and other	-	(5,553)	-	-
Proceeds from issuance of common stock	7,943	-	-	-
Excess tax benefit from stock-based compensation	1,526	-	-	-
Intercompany activity	-	(93,184)	(319)	93,503
Net cash provided by (used in) financing activities	(9,581)	(98,737)	2,108	93,503
Effect of exchange rate changes on cash and cash equivalents	-	-	(730)	-
Net increase (decrease) in cash and cash equivalents	-	(15,237)	3,810	2,616
Cash and cash equivalents, beginning of period	-	58,053	3,241	(6,822)
Cash and cash equivalents, end of period	$ -	$ 42,816	$ 7,051	$ (4,206)

15. Allowance for Doubtful Accounts

The following table summarizes changes in the valuation of the allowance for doubtful accounts (in thousands):

Year Ended September 30,	Beginning Balance	Charged to Operations	Write-offs	Ending Balance
2017	$ 14,812	$ 2,914	$ (5,897)	$ 11,829
2016	6,298	13,681	(5,167)	14,812
2015	8,510	1,619	(3,831)	6,298

16. Fair Value Measurement

As of September 30, 2017, the carrying amount of cash and cash equivalents, accounts receivable, prepaid and other current assets, accounts payable and accrued expenses approximated fair value because of the short-term nature of these instruments. The Company measures its cash equivalents at amortized cost, which approximates fair value based upon quoted market prices (Level 1). Based upon recent trading prices (Level 2 — market approach) as of September 30, 2017 the fair value of the Company's $300.0 million Senior Notes was $320 million. As of September 30, 2017, the fair value of the Company's Senior Secured Credit Facility approximated the amount outstanding. The Company estimates the fair value of its Senior Secured Credit Facility by discounting the future cash flows of each instrument using estimated market rates of debt instruments with similar maturities and credit profiles (Level 3).

17. Employee Benefit Plans

The Company maintains defined contribution plans covering all full-time employees of the Company who have 90 days of service and are at least 21 years old. An eligible employee may elect to make a before-tax contribution of between 1% and 100% of his or her compensation through payroll deductions, not to exceed the annual limit set by law. The Company currently matches the first 50% of participant contributions limited to 6% of a participant's gross compensation (maximum Company match is 3%).

The combined total expense for this plan and a similar plan for Canadian employees was $8.2 million, $7.3 million, and $4.6 million for the years ended September 30, 2017, 2016, and 2015, respectively. The Company also contributes to an external pension fund for certain of its employees who belong to a local union. Annual contributions were $0.1 million for each the years ended September 30, 2017, 2016, and 2015, respectively.

18. Financial Derivatives

The Company has historically used interest rate derivative instruments to manage the risk related to fluctuating cash flows from interest rate changes by converting a portion of its variable-rate borrowings into fixed-rate borrowings. On March 28, 2013, the Company entered into an interest rate swap agreement with a notional amount of $213.8 million which expired on March 31, 2017. This agreement swapped the thirty-day LIBOR to a fixed-rate of 1.38% and had scheduled reductions of the notional amount equal to $2.8 million per quarter, effectively matching the repayment schedule under the Term Loan outstanding at that time. The Company determined this swap agreement qualified for cash flow hedge accounting under ASC 815, therefore changes in the fair value of the swap were recognized through other comprehensive income each period. As of September 30, 2015, the interest rate swap had a notional amount of $185.6 million and a fair value of $2.4 million.

On October 1, 2015, in connection with the financing terms surrounding the RSG Acquisition (see Note 3), the Company terminated the swap agreement and settled the $2.4 million unrealized loss with the counterparty. This $2.4 million unrealized loss was recognized on a straight-line basis as interest expense from the termination date through March 31, 2017, the original expiration date of the swap agreement.

19. Subsequent Events

On August 24, 2017, the Company entered into a definitive stock purchase agreement ("the Stock Purchase Agreement") to acquire, for approximately $2.625 billion in cash (subject to working capital and certain other adjustments as set forth in the Stock Purchase Agreement) (the "Purchase Price"), all of the issued and outstanding shares of capital stock of Allied Building Products Corp. and an affiliated entity (t ogether with its and their respective subsidiaries, “Allied”) on the terms and subject to the conditions set forth in the Stock Purchase Agreement (the “Allied Acquisition”). Allied is one of the country’s largest exterior and interior building products di stributors and is headquartered in East Rutherford, New Jersey. The Allied Acquisition is expected to close on January 2, 2018, subject to the satisfaction of customary closing conditions .

On October 25, 2017, in connection with the Allied Acquisition, the Company, through a wholly owned finance subsidiary, issued $1.3 billion in aggregate principal amount of 4.875% senior notes due 2025. The funds received in connection with these notes are being held in escrow and will be used to finance the Allied Acquisition, subject to the projected January 2, 2018 closing.

In addition, in connection with the Allied Acquisition, the Company secured commitments for the following debt financing facilities:

- a $970.0 million seven-year secured term loan “B” facility due 2025 at LIBOR + 2.25%
- a $1.3 billion senior-secured asset-based revolving line of credit due 2023 at LIBOR + 1.50% (drawn) and 0.25% (undrawn)

Finally, to further finance the Allied Acquisition, on August 24, 2017, in connection with the execution of the Stock Purchase Agreement, the Company entered into an investment agreement (the “Investment Agreement”) with CD&R Boulder Holdings, L.P. (the “CD&R Stockholder”) for the purchase of shares of the Company’s Series A Cumulative Convertible Participating Preferred Stock, par value $0.01 per share (the “Preferred Stock”) in order to partially finance the aggregate Purchase Price. The Preferred Stock will be convertible perpetual participating preferred stock of the Company, with an initial conversion price of $41.26 per share, and accrue dividends at a rate of 6.0% per annum (payable in cash or in-kind, subject to certain conditions). Pursuant to the Investment Agreement, the Company anticipates that it will issue 400,000 shares of Preferred Stock to the CD&R Stockholder with an aggregate liquidation preference of $400 million at a purchase price of $1,000 per share, subject to the projected January 2, 2018 closing.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH AC COUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

ITEM 9A. CONTROLS AND PROCEDURES

1. Disclosure Controls and Procedures

Our management, with the participation of our chief executive officer and chief financial officer, evaluated the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934) as of September 30, 2017. Based on this evaluation, our chief executive officer and chief financial officer concluded that, as of September 30, 2017, our disclosure controls and procedures were (1) designed to ensure that material information relating to Beacon Roofing Supply, Inc., including its consolidated subsidiaries, is made known to our chief executive officer and chief financial officer by others within those entities, particularly during the period in which this report was being prepared and (2) designed to be effective, and were effective, in that they provide reasonable assurance of achieving their objectives, including that information required to be disclosed by us in the reports that we file or submit under the Exchange Act is (a) recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms and (b) accumulated and communicated to management, including our chief executive officer and chief financial officer, to allow timely decisions regarding required disclosures.

2. Internal Control over Financial Reporting

(a) Management's Annual Report on Internal Control Over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting. Internal control over financial reporting is defined in Rule 13a-15(f) or 15d-15(f) promulgated under the Securities Exchange Act of 1934 as a process designed by, or under the supervision of, the company's principal executive and principal financial officers, and effected by the company's board of directors, management and other personnel, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles and includes those policies and procedures that:

- Pertain to the maintenance of records that in reasonable detail accurately and fairly reflect the transactions and dispositions of the assets of the company;
- Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and
- Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the company's assets that could have a material effect on the financial statements.

Our internal control system was designed to provide reasonable assurance to our management and Board of Directors regarding the preparation and fair presentation of published financial statements. All internal control systems, no matter how well designed, have inherent limitations which may not prevent or detect misstatements. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation. Projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Our management assessed the effectiveness of our internal controls over financial reporting as of September 30, 2017 . In making this assessment, we used the criteria set forth in Internal Control — Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) (COSO). Based on our assessment, we believe that, as of September 30, 2017 , our internal control over financial reporting is effective at the reasonable assurance level based on those criteria.

Our Independent Registered Public Accounting Firm has issued a report on the Company's internal control over financial reporting. This report appears below.

(b) Attestation Report of the Independent Registered Public Accounting Firm

Report of Ernst & Young LLP, Independent Registered Public Accounting Firm

The Board of Directors and Stockholders of
Beacon Roofing Supply, Inc.

We have audited Beacon Roofing Supply, Inc.'s internal control over financial reporting as of September 30, 2017, based on criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) (the COSO criteria). Beacon Roofing Supply, Inc.'s management is responsible for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management's Annual Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

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

In our opinion, Beacon Roofing Supply, Inc. maintained, in all material respects, effective internal control over financial reporting as of September 30, 2017, based on the COSO criteria **.**

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets of Beacon Roofing Supply, Inc. as of September 30, 2017 and 2016 and the related consolidated statements of operations, comprehensive income, stockholders' equity and cash flows for each of the three years in the period ended September 30, 2017 and our report dated November 21, 2017 expressed an unqualified opinion thereon.

/s/ ERNST & YOUNG LLP

Tysons, Virginia
November 21, 2017

(c) Changes in Internal Control Over Financial Reporting

No change in our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Securities Exchange Act of 1934) occurred during the fiscal quarter ended September 30, 2017 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

ITEM 9B. OTHER INFORMATION

None.

PART III

Executive Officers of the Registrant

This part of our Form 10-K, which includes Items 10 through 14, is omitted because we will file definitive proxy material pursuant to Regulation 14A not more than 120 days after the close of our year-end, which proxy material will include the information required by Items 10 through 14 and is incorporated herein by reference.

PART IV

ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

(a) (1) Financial Statements

The following financial statements of our Company and Report of the Independent Registered Public Accounting Firm are included in Part II, Item 8 of this Report:

- Report of Ernst & Young LLP, Independent Registered Public Accounting Firm
- Consolidated Balance Sheets as September 30, 2017 and 2016
- Consolidated Statements of Operations for the years ended September 30, 2017, 2016, and 2015
- Consolidated Statements of Comprehensive Income for the years ended September 30, 2017, 2016, and 2015
- Consolidated Statements of Stockholders’ Equity for the years ended September 30, 2017, 2016, and 2015
- Consolidated Statements of Cash Flows for the years ended September 30, 2017, 2016, and 2015
- Notes to Consolidated Financial Statements

(2) Financial Statement Schedules

Financial statement schedules have been omitted because they are either not applicable or the required information has been disclosed in the financial statements or notes thereto.

(3) Exhibits

INDEX TO EXHIBITS

Exhibit Number	Description	Incorporated by Reference			
		Form	File No.	Exhibit	Filing Date
2.1	Stock Purchase Agreement, dated as of August 24, 2017, by and among Beacon Roofing Supply, Inc., as Buyer, Oldcastle, Inc., as Parent, and Oldcastle Distribution, Inc., as Seller.	8-K	000-50924	2.1	August 24, 2017
3.1	Second Amended and Restated Certificate of Incorporation of Beacon Roofing Supply, Inc.	10-K	000-50924	3.1	December 23, 20(
3.2	Amended and Restated By-Laws of Beacon Roofing Supply, Inc.	8-K	000-50924	3.1	September 24, 20
4.1	Form of Specimen Common Stock Certificate of Beacon Roofing Supply, Inc.	S-1/A	333-116027	4.1	August 19, 2004
4.2	Indenture, dated as of October 1, 2015, by and among Beacon Roofing Supply, Inc., the subsidiary guarantors party thereto, and U.S. Bank National Association, as trustee.	8-K	000-50924	4.1	October 1, 2015
4.3	Supplemental Indenture, dated as of October 1, 2015, by and among Beacon Roofing Supply, Inc. ("Beacon"), certain direct and indirect subsidiaries of Beacon, as additional subsidiary guarantors, and U.S. Bank National Association, as trustee.	8-K	000-50924	4.2	October 1, 2015
4.4	Form of 6.375% Senior Notes due 2023 (included as Exhibit A to the Indenture incorporated by reference as Exhibit 4.2).	8-K	000-50924	4.3	October 1, 2015
4.5	Indenture, dated as of October 25, 2017, between Beacon Escrow Corporation and U.S. Bank National Association, as trustee.	8-K	000-50924	4.1	October 26, 201
4.6	Form of 4.875% Senior Notes due 2025 (included as Exhibit A to the Indenture incorporated by reference as Exhibit 4.5).	8-K	000-50924	4.2	October 26, 201
10.1	Term Loan Credit Agreement, dated as of October 1, 2015, by and among Beacon Roofing Supply, Inc., Citibank N.A., as administrative agent, and the lenders and financial institutions party thereto.	8-K	000-50924	10.1	October 1, 2015
10.2	First Amendment, dated as of September 16, 2016, to Term Loan Credit Agreement, dated as of October 1, 2015, by and among Beacon Roofing Supply, Inc., Citibank N.A., as administrative agent, and the lenders and financial institutions party thereto.	10-K	000-50924	10.2	November 22, 201

Exhibit Number	Description	Incorporated by Reference			
		Form	File No.	Exhibit	Filing Date
10.3	Credit Agreement, dated as of October 1, 2015, by and among Beacon Roofing Supply, Inc., Wells Fargo Bank, National Association, as administrative agent, and the US borrowers, Canadian borrower, lenders and financial institutions party thereto.	8-K	000-50924	10.2	October 1, 2015
10.4	Investment Agreement, dated as of August 24, 2017, by and among Beacon Roofing Supply, Inc., CD&R Boulder Holdings, L.P. and Clayton, Dubilier & Rice Fund IX, L.P. (solely for purposes of Sections 4.13 and 4.14 thereof), including the form of Certificate of Designations and Registration Rights Agreement attached as Exhibits A and B thereto, respectively.	8-K	000-50924	10.1	August 24, 2017
10.5*	Amended and Restated Commitment Letter, dated September 6, 2017, by and among Wells Fargo Bank, National Association, WF Investment Holdings, LLC, Wells Fargo Securities, LLC, Citigroup Global Markets Inc., Bank of America, N.A., Merrill Lynch, Pierce, Fenner & Smith Incorporated, JPMorgan Chase Bank, N.A., SunTrust Bank, SunTrust Robinson Humphrey, Inc. and Beacon Roofing Supply, Inc.				
10.6	Executive Securities Agreement dated as of October 20, 2003 by and between Beacon Roofing Supply, Inc., Robert Buck and Code, Hennessy & Simmons III, L.P.	S-1	333-116027	10.5	May 28, 2004
10.7+	Description of Executive Annual Incentive Plan	10-Q	000-50924	10.1	February 6, 2017
10.8+	Senior Executive Annual Incentive Plan	DEF 14A	000-50924	Appendix A	January 6, 2017
10.9+	Beacon Roofing Supply, Inc. Amended and Restated 2004 Stock Plan	DEF 14A	000-50924	Appendix A	January 7, 2011
10.10+	First Amendment dated as of October 31, 2011 to the Beacon Roofing Supply, Inc. 2004 Stock Plan	10-K	000-50924	10.1	November 29, 201
10.11+	Beacon Roofing Supply, Inc. Amended and Restated 2014 Stock Plan	DEF 14A	000-50924	Appendix A	January 6, 2016
10.12+	Form of Beacon Roofing Supply, Inc. Amended and Restated 2014 Stock Plan Restricted Stock Unit Award Agreement for Non-Employee Directors (Settle at Retirement)	10-Q	000-50924	10.1	May 5, 2017
10.13+	Form of Beacon Roofing Supply, Inc. Amended and Restated 2014 Stock Plan Restricted Stock Unit Award Agreement for Non-Employee Directors (Settle at Vest)	10-Q	000-50924	10.2	May 5, 2017
10.14+	Form of Beacon Roofing Supply, Inc. Amended and Restated 2014 Stock Plan Performance-Based Restricted Stock Unit Award Agreement for Employees	10-Q	000-50924	10.3	May 5, 2017

Exhibit Number	Description	Incorporated by Reference			
		Form	File No.	Exhibit	Filing Date
10.15+	Form of Beacon Roofing Supply, Inc. Amended and Restated 2014 Stock Plan Time-Based Restricted Stock Unit Award Agreement for Employees	10-Q	000-50924	10.4	May 5, 2017
10.16+	Form of Beacon Roofing Supply, Inc. Amended and Restated 2014 Stock Plan Stock Option Agreement	10-Q	000-50924	10.5	May 5, 2017
10.17+	Form of Restrictive Covenant Agreement between Beacon Roofing Supply, Inc. and certain executive officers and schedule of parties to such Agreements	10-Q	000-50924	10.6	February 6, 2016
10.18	Escrow Agreement, dated as of October 25, 2017, among Beacon Escrow Corporation, U.S. Bank National Association, as secured party, and U.S. Bank National Association, as escrow agent.	8-K	000-50924	10.1	October 26, 2017
21*	Subsidiaries of Beacon Roofing Supply, Inc.				
23.1*	Consent of Ernst & Young LLP, Independent Registered Public Accounting Firm				
31.1*	CEO certification pursuant to Section 302 of the Sarbanes-Oxley Act of 2002				
31.2*	CFO certification pursuant to Section 302 of the Sarbanes-Oxley Act of 2002				
32.1*	CEO certification pursuant to Section 906 of the Sarbanes-Oxley Act of 2002				
32.2*	CFO certification pursuant to Section 906 of the Sarbanes-Oxley Act of 2002				
101*	101.INS XBRL Instance 101.SCH XBRL Taxonomy Extension Schema 101.CAL XBRL Taxonomy Extension Calculation 101.LAB XBRL Taxonomy Extension Labels 101.PRE XBRL Taxonomy Extension Presentation 101.DEF XBRL Taxonomy Extension Definition				

+ Management contract or compensatory plan/arrangement
* Filed herewith

We will furnish any of our shareowners a copy of any of the above Exhibits not included herein upon the written request of such shareowner and the payment to Beacon Roofing Supply, Inc. of the reasonable expenses incurred in furnishing such copy or copies.

ITEM 16. 10-K SUMMARY

Not applicable.

SIGNAT URES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

BEACON ROOFING SUPPLY, INC. (REGISTRANT)

By: /s/ JOSEPH M. NOWICKI
Joseph M. Nowicki
Executive Vice President and Chief Financial Officer

Date: November 21, 2017

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

SIGNATURE	TITLE	DATE
/s/ ROBERT R. BUCK Robert R. Buck	Chairman	November 21, 2017
/s/ PAUL M. ISABELLA Paul M. Isabella	President and Chief Executive Officer	November 21, 2017
/s/ JOSEPH M. NOWICKI Joseph M. Nowicki	Executive Vice President and Chief Financial Officer	November 21, 2017
/s/ GREGORY T. JORGENSEN Gregory T. Jorgensen	Vice President and Chief Accounting Officer	November 21, 2017
/s/ CARL T. BERQUIST Carl T. Berquist	Director	November 21, 2017
/s/ RICHARD W. FROST Richard W. Frost	Director	November 21, 2017
/s/ ALAN GERSHENHORN Alan Gershenhorn	Director	November 21, 2017
/s/ PHILIP W. KNISELY Philip W. Knisely	Director	November 21, 2017
/s/ ROBERT M. MCLAUGHLIN Robert M. McLaughlin	Director	November 21, 2017
/s/ NEIL S. NOVICH Neil S. Novich	Director	November 21, 2017
/s/ STUART A. RANDLE Stuart A. Randle	Director	November 21, 2017
/s/ DOUGLAS L. YOUNG Douglas L. Young	Director	November 21, 2017

EXHIBIT 10.5

EXECUTION VERSION

WELLS FARGO BANK, NATIONAL ASSOCIATION
WF INVESTMENT HOLDINGS, LLC
WELLS FARGO SECURITIES, LLC
550 S. TRYON STREET
CHARLOTTE, NC 28202

CITIGROUP GLOBAL MARKETS INC.
390 GREENWICH STREET
NEW YORK, NY 10013

BANK OF AMERICA, N.A.
MERRILL LYNCH, PIERCE, FENNER
& SMITH INCORPORATED
ONE BRYANT PARK
NEW YORK, NEW YORK 10036

JPMORGAN CHASE BANK, N.A.
383 MADISON AVENUE
NEW YORK, NY 10179

SUNTRUST BANK
SUNTRUST ROBINSON HUMPHREY, INC.
3333 PEACHTREE ROAD
ATLANTA, GA 30326

September 6, 2017

Beacon Roofing Supply, Inc.
505 Huntmar Park Drive, Suite 300
Herndon, VA 20170
Attention: Joseph Nowicki

Project Alpine
Amended and Restated Commitment Letter
Senior Secured Credit Facilities
Senior Unsecured Bridge Facility

Ladies and Gentlemen:

Beacon Roofing Supply, Inc., a Delaware corporation (the " ***Borrower*** ", " ***Holdings*** " or " ***you*** "), has advised Wells Fargo Bank, National Association (" ***Wells Fargo Bank*** "), WF Investment Holdings, LLC (" ***WF Investments*** "), Wells Fargo Securities, LLC (" ***Wells Fargo Securities*** " and, collectively with Wells Fargo Bank and WF Investments, " ***WF*** "), Citi (as defined below), MLPFS (as defined below), JPMorgan Chase Bank, N.A. (" ***JPMCB*** "), SunTrust Robinson Humphrey, Inc. (" ***STRH*** ") and SunTrust Bank (" ***SunTrust Bank*** " and, collectively with STRH, " ***SunTrust*** ") (each of the foregoing, as applicable, a " ***Commitment Party*** " and, collectively, the " ***Commitment Parties*** ", " ***we*** " or " ***us*** ") that the Borrower desires to consummate the Transactions (as defined in Exhibit A hereto (such exhibit, the " ***Transactions Description*** ")). Capitalized terms used in this letter agreement but not defined herein shall have the meanings given to them in the Exhibits (as defined below) hereto. For the purposes of this Commitment Letter and the Fee Letter referred to below, " ***Citi*** " shall mean Citigroup Global Markets Inc. (" ***CGMI*** "), Citibank, N.A., Citicorp USA, Inc., Citicorp North America, Inc. and/or any of their affiliates as Citi shall determine to be appropriate to provide the services contemplated herein. For the purposes of this Commitment Letter and the Fee Letter referred to below, " ***MLPFS*** " shall mean Merrill Lynch, Pierce, Fenner & Smith Incorporated, Bank of America, N.A. and any other registered broker-dealer wholly-owned by Bank of America Corporation to which all or substantially all of Bank of America Corporation's or any of its subsidiaries' investment banking, commercial lending services or related businesses may be transferred , without notice to the Borrower or any other party hereto, following the date of this Commitment Letter .

Upon the terms and subject to the conditions described in this letter agreement and the attached Exhibit A, Exhibit B, Exhibit C, Exhibit D and Exhibit E (collectively, the " ***Exhibits*** " and, together with this amended and restated letter agreement, this " ***Commitment Letter*** "), (a) (i) each of Wells Fargo Bank, Citi, MLPFS, JPMCB and SunTrust Bank is pleased to inform the Borrower of its several (but not joint) commitment to provide the percentage of the aggregate principal amount of the Term Loan Facility (as defined in the Transactions Description) set forth opposite its name on Schedule A hereto, (ii) each of Wells Fargo Bank, Citi, MLPFS, JPMCB and SunTrust Bank is pleased to inform the Borrower of its several (but not joint) commitment to provide the percentage of the aggregate principal amount of the ABL Facility Increase (as defined below) set forth opposite its name on Schedule B hereto (it being understood that the sum of (A) the commitments of lenders under the Existing ABL Credit Agreement as in effect on the date hereof plus (B) the Commitments of Wells Fargo Bank, Citi, MLPFS, JPMCB and SunTrust Bank hereunder in respect of the ABL Facility Increase are not less than $1,300,000,000) and (iii) each of WF Investments, Citi, MLPFS, JPMCB and SunTrust Bank is pleased to inform the Borrower of its several (but not joint) commitment to provide the percentage of the aggregate principal amount of the Bridge Facility (as defined in the Transactions Description) set forth opposite its name on Schedule C hereto. In addition, effective on the Closing Date for the ABL Facility, each Commitment Party in its capacity as a lender under the Existing ABL Credit Agreement agrees to consent to the amendment and restatement of the Existing ABL Credit Agreement on terms consistent with those set forth on Exhibit C to this Commitment Letter, including the extension of the Maturity Date (as defined in Exhibit C) to the date that is five years from the Closing Date.

Citi, Wells Fargo Bank, MLPFS, JPMCB and SunTrust Bank, in their capacity as initial lenders of the Senior Secured Facilities (as defined below), are each referred to herein as an " ***Initial Bank Lender*** "; Citi, WF Investments, MLPFS, JPMCB and SunTrust Bank, in their capacity as initial lenders of the Bridge Facility, are each referred to herein as an " ***Initial Bridge Lender*** "; the Initial Bank Lenders and the Initial Bridge Lenders, in such capacity, are each referred to as an " ***Initial Lender*** " and collectively, as the " ***Initial Lenders*** ". For purposes hereof, the term " ***ABL Facility Increase*** " means the amount equal to the increase in the aggregate amount of the commitments for the ABL Facility from the aggregate amount of the commitments in effect under the Existing ABL Credit Agreement as of the date hereof. This Commitment Letter amends and restates in its entirety that certain commitment letter, dated as of August 24, 2017, among WF, Citi and you (the " ***Prior Commitment Letter*** ").

For the purposes of this Commitment Letter and the Fee Letter referred to below, the term " ***Facilities*** " shall mean: (1) senior secured credit facilities comprised of the Term Loan Facility and the ABL Facility (together, the " ***Senior Secured Facilities*** ") and (2) the Bridge Facility.

Section 1. Title and Roles .

You hereby appoint (i) each of WF, Citi, MLPFS, JPMCB and STRH to act, and each of WF, Citi, MLPFS, JPMCB and STRH hereby agrees to act, as a joint bookrunner and joint lead arranger with respect to the Facilities, including in connection with the amendment, extension, repricing, increase or replacement of indebtedness and/or commitments under the Existing ABL Credit Agreement (as defined in the Transactions Description) in connection with the Transactions (each in such capacity, an " ***Arranger*** " and, collectively in such capacities, the " ***Arrangers*** ", it being understood that the Borrower agrees that JPMCB may perform its responsibilities hereunder through its affiliate, J.P. Morgan Securities LLC) and each of WF, Citi, MLPFS , JPMCB and STRH hereby agrees to use commercially reasonable efforts to arrange and obtain consents for an amendment and restatement of the Existing ABL Credit Agreement on the terms set forth on Exhibit C, including an extension of the maturity date thereunder to five years after the Closing Date (as defined therein), (ii) Citi to act, and Citi hereby agrees to act, as sole administrative agent and collateral agent with respect to the Term Loan Facility, (iii) Wells Fargo Bank to act, and Wells Fargo Bank hereby agrees to act, as sole administrative agent and collateral agent with respect to the ABL Facility and (iv) WF Investments (or an affiliate selected by it) to act, and WF Investments (or such affiliate) hereby agrees to act, as sole administrative agent with respect to the Bridge Facility, in each case upon the terms and subject to the conditions described in this Commitment Letter. You agree that no additional agents, co-agents, bookrunners or lead arrangers will be appointed, or other titles conferred, and no compensation (other than that expressly contemplated by this Commitment Letter and the Fee Letter referred to below) will be paid to any other person in order to obtain commitments to the Facilities unless you and the Commitment Parties shall so agree. It is understood and agreed that MLPFS , JPMCB and STRH shall not be physical bookrunners and that (a) Citi will have primary authority for managing the syndication of the Term Loan Facility and (b) WF will have primary authority for managing the syndication of the ABL Facility and the Bridge Facility. It is further understood and agreed that (a) (x) Citi shall have "left side" placement in any and all marketing materials or other documentation used in connection with the Term Loan Facility and shall hold the leading role and responsibilities conventionally associated with such "left" placement and (y) WF will appear to the immediate "right" of Citi in such marketing materials or other documentation in respect of the Term Loan Facility, and MLPFS , JPMCB and STRH will appear to the "right" of WF (in such order) in such marketing materials or documentation and (b) (x) WF shall have "left side" placement in any and all marketing materials or other documentation used in connection with the ABL Facility and the Bridge Facility and shall hold the leading role and responsibilities conventionally associated with such "left" placement and (y) Citi will appear to the immediate "right" of WF in such marketing materials or other documentation in respect of the ABL Facility and the Bridge Facility, and MLPFS , JPMCB and STRH will appear to the "right" of Citi (in such order) in such marketing materials or documentation.

Section 2. Syndication .

The Commitment Parties reserve the right, prior to and/or after the execution of the definitive documentation with respect to the Facilities (including any security agreements, intercreditor agreement, ancillary agreements and certificates or other documents delivered in connection therewith) (collectively, the " ***Operative Documents*** ") to syndicate all or a portion of their commitments under the Facilities to one or more other banks, financial institutions, investors and other lenders identified by us in consultation with you and subject to your consent (such consent not to be unreasonably withheld, conditioned or delayed) (the lenders providing any of the Facilities, together with the Initial Lenders, are collectively referred to herein as the " ***Lenders*** "); *provided* that we agree not to syndicate our commitments to (x) certain banks, financial institutions, investors, other institutional lenders and other entities, in each case, identified by name in writing to us prior to August 24, 2017, (y) those persons that are competitors of you, your subsidiaries or the Acquired Company that are identified by name in writing to us from time to time or (z) any affiliates of the persons identified under clause (x) or (y) above that are clearly identifiable as such by name or identified by name in writing (such persons, collectively, the " ***Disqualified Institutions*** ") and that none of the Disqualified Institutions may become a Lender or participant in respect of any of the Facilities. Subject to the foregoing and the last sentence of Section 1 above, Citi and WF will manage all aspects of the syndication of the Facilities in consultation with the Borrower, including the timing of the commencement of syndication efforts, the timing of all offers to potential Lenders, the determination of all amounts offered to potential Lenders, the selection of Lenders and the allocation of commitments among the Lenders. Notwithstanding any other provision of this

Commitment Letter to the contrary and notwithstanding any syndication, assignment or other transfer by any Initial Lender, (a) no Initial Lender shall be relieved, released or novated from its obligations hereunder (including its obligation to fund its applicable percentage of the Facilities on the Closing Date) in connection with any syndication, assignment or other transfer until after the initial funding of the Facilities on the Closing Date, (b) no such syndication, assignment or other transfer shall become effective with respect to any portion of the Initial Lenders' commitments in respect of the Facilities until the initial funding of the Facilities on the Closing Date and (c) unless the Borrower agrees in writing, each Initial Lender shall retain exclusive control over all rights and obligations with respect to its commitments in respect of the Facilities, including all rights with respect to consents, waivers, modifications, supplements and amendments, until the Closing Date has occurred.

Without limiting your obligations to assist with syndication efforts as set forth herein, it is understood that our commitments hereunder are not conditioned upon the syndication of, or receipt of commitments in respect of, the Facilities and in no event shall the commencement or successful completion of syndication of the Facilities, nor the obligation to assist with syndication efforts as set forth herein (including, without limitation, any of your agreements in this paragraph or the following paragraph), constitute a condition to the commitment hereunder or the funding of the Facilities on the Closing Date. The Arrangers may commence syndication efforts promptly upon the execution of this Commitment Letter and as part of their syndication effort it is the Arrangers' intent to have Lenders commit to the Facilities as soon as reasonably practicable (and in any event prior to the Closing Date). Until the earlier of (i) the 60th day following the date of the consummation of the Acquisition with the proceeds of the initial funding under any of the Facilities (or, if any portion of the Term Loan Facility is funded into escrow as provided in the Arranger Fee Letter (as defined below), with the proceeds of such escrowed funds and the initial funding under the remainder of the Facilities) (the date of such consummation and funding, the " ***Closing Date*** ") and (ii) the date upon which a Successful Syndication (as defined in the Arranger Fee Letter) is achieved (such earlier date, the " ***Syndication Date*** "), the Borrower hereby agrees to assist, and use its commercially reasonable efforts to cause the Acquired Company to assist, us in achieving a syndication that is reasonably satisfactory to us and you as soon as reasonably practicable after August 24, 2017. The Borrower's assistance in achieving such syndication shall include but not be limited to: (i) making appropriate members of the senior management, representatives and non-legal advisors of the Borrower (and, to the extent not in contravention of the Acquisition Agreement, using its commercially reasonable efforts to make appropriate members of the senior management, representatives and non-legal advisors of the Acquired Company) available to participate in meetings and conference calls with potential Lenders and/or ratings agencies at such times and places as the Arrangers may reasonably request; (ii) using its commercially reasonable efforts to ensure that the syndication efforts benefit from the existing lending relationships of the Borrower (and, to the extent practical and appropriate, of the Acquired Company); (iii) assisting (including, using its commercially reasonable efforts to cause its non-legal advisors, and the Acquired Company and its non-legal advisors, to assist) in the preparation (and/or providing to us) of a customary confidential information memorandum for each Facility, other customary marketing materials and any other information reasonably requested by any Arranger with respect to the Borrower and its subsidiaries, the Acquired Company or the Transactions in connection with the syndication (collectively, the " ***Company Materials*** ") and using its commercially reasonable efforts to ensure that the Arrangers shall have received as promptly as reasonably practicable after August 24, 2017 and in any event no later than 15 business days prior to the earlier of (x) the Closing Date and (y) December 8, 2017, all necessary information to complete each such confidential information memorandum (including executed customary authorization letters in respect thereof that include a customary "10b-5" representation); (iv) using its commercially reasonable efforts (A) to procure a rating of each of the Facilities by Moody's Investors Service, Inc. (" ***Moody's*** ") and Standard & Poor's Rating Services (" ***S&P*** ") as promptly as reasonably practicable after August 24, 2017 and in any event prior to the commencement of syndication of any of the Facilities (but no specific rating) (it being understood that the Arrangers shall, in accordance with their customary practice, assist the Borrower in procuring credit ratings by providing assistance that would customarily be provided by investment banks in their capacity as arrangers in connection with arranging credit facilities of a like nature) and (B) to maintain a corporate family rating or corporate rating, as applicable, of the Borrower from each of Moody's and S&P (but no specific rating) and (v) deliver to the Arrangers, promptly upon receipt thereof, all financial and other information reasonably requested by the Arrangers, including customary projections; *provided* that, for the purposes of clause (iii) above, November 22, 2017 through November 24, 2017 and December 22, 2017 through January 1, 2018 shall not be deemed to be business days. You also agree to use your commercially reasonable efforts to assist the Arrangers in obtaining field examinations and appraisals for the ABL Facility prior to the Closing Date.

In addition, you agree to deliver to us prior to the Closing Date projected balance sheets, income statements, statements of cash flows and availability of the Borrower and its subsidiaries giving effect to the Transactions and covering the term of the ABL Facility, which projections shall be on a monthly basis for the twelve-month period following the Closing Date, a quarterly basis for the twelve-month period thereafter and on an annual basis thereafter for the term of the ABL Facility, in each case with the results and assumptions in all of such projections in form and substance reasonably satisfactory to the Arrangers and, to the extent the Borrower may prepare them prior to the Closing Date, any updates and modifications to the projected financial statements of the Borrower and subsidiaries previously received by the Arrangers.

The Borrower acknowledges that (i) the Arrangers may make available the Company Materials on a confidential basis to potential Lenders by posting the Company Materials on Intralinks, SyndTrak Online, Debtdomain, the internet, email and/or similar electronic transmission systems (the " ***Platform*** ") and (ii) certain of the potential Lenders may be public side Lenders (*i.e.* , Lenders that do not wish to receive material non-public information with respect to you, your subsidiaries, the Acquired Company or any securities of any thereof) (each, a " ***Public Lender*** "). The Borrower agrees that at the request of any Arranger, it will assist us in preparing a version of the information package and presentation to be provided to potential Lenders that does not contain any material non-public information concerning you, your subsidiaries, the Acquired Company or any securities of any thereof for purposes of United States federal and state securities laws (any such information, " ***MNPI*** "). You also agree, at our request, to identify Company Materials that are suitable for distribution to Public Lenders by clearly and conspicuously marking the same as "PUBLIC" (it being understood that such information shall nonetheless be subject to the confidentiality provisions contained herein). All information that is not specifically identified as "PUBLIC" (including Projections (as defined below)) shall be treated as being suitable only for posting to private Lenders. By identifying any Company Materials as suitable for distribution to Public Lenders (including by marking any documents, information or other data "PUBLIC") you shall be deemed to have authorized the Commitment Parties and the Lenders to treat such Company Materials as not containing MNPI. You also agree to provide us with customary authorization letters for inclusion in the Company Materials that represents that any Company Materials identified as "PUBLIC" does not include MNPI and exculpates us with respect to any liability related to the use or misuse of the contents of the Company Materials by the recipients thereof. The Arrangers agree to treat any Company Materials that are not marked "PUBLIC" as being suitable only for posting on a portion of the Platform not designated "Public Lender". To ensure an orderly and effective syndication of each Facility, the Borrower agrees that, until the Syndication Date, it will not, and will not permit any of its subsidiaries to (and the Borrower will use commercially reasonable efforts to not permit the Acquired Company to), syndicate, issue, place, arrange or attempt to syndicate, issue, place or arrange, or announce or authorize the announcement of the syndication, issuance, placement or arrangement of, any debt facility or debt security (including, without limitation, the renewal of any thereof, but excluding the Facilities and excluding any additional borrowings under any existing revolving credit facilities of the

Borrower, the Acquired Company or any of their respective affiliates and any ordinary course capital leases, purchase money indebtedness, equipment financings, letters of credit and surety bonds) without the prior written consent of the Arrangers if such syndication, issuance, placement or arrangement could reasonably be expected to impair the primary syndication of any of the Facilities.

Section 3. Conditions .

The commitments of each Commitment Party hereunder to fund its respective portion of the Facilities on the Closing Date and the agreements of each of the Arrangers to perform the services described herein are subject solely to the satisfaction (or waiver by each of the Commitment Parties) of the following conditions precedent: (a) except as set forth in clause (iii) of Schedule 3.16 to the Acquisition Agreement (or as set forth in any other schedule to the Acquisition Agreement to the extent that the relevance of any fact or item or contents set forth therein is reasonably apparent), since December 31, 2016, no Group Company (as defined in the Acquisition Agreement) has suffered a Material Adverse Effect (as defined below) and no effect, development, event, change, state of facts, circumstance or occurrence exists that has had or is reasonably expected to have a Material Adverse Effect, (b) subject to the Limited Conditionality Provisions (as defined below), the negotiation, execution and delivery of the Operative Documents by the Borrower and the Guarantors on the terms set forth in this Commitment Letter and with respect to any terms not specifically set forth herein, subject to the applicable Documentation Principles, on terms reasonably satisfactory to the Borrower and the Arrangers, and (c) in the case of each of the Facilities, the satisfaction (or waiver by each of the Commitment Parties) of the other conditions set forth in Exhibit E hereto (clauses (a), (b) and (c), collectively, the " ***Funding Conditions*** "); it being understood that there are no conditions (implied or otherwise) to the commitments hereunder other than the Funding Conditions (and upon satisfaction or waiver of the Funding Conditions, the initial funding (and, if any portion of the Term Loan Facility is funded into escrow as provided in the Arranger Fee Letter, the release and application of the proceeds of such escrowed funds) under the applicable Facilities shall occur (except to the extent of any gross proceeds from Notes or the Common Shares issued in lieu of the Bridge Facility or a portion thereof)).

For purposes of this Commitment Letter, " ***Material Adverse Effect*** " means any effect, state of facts, development, event, change, occurrence or circumstance that (x) has had, or is reasonably likely to have, individually or in the aggregate, a material adverse effect upon the financial condition, business, or results of operations of the Group Companies, taken as a whole; provided, however, that any adverse effect, state of facts, development, event, change, occurrence or circumstance arising from or related to (i) conditions generally affecting the economy, credit or financial or capital markets in the United States or elsewhere in the world, including any changes in interest or exchange rates, (ii) any national or international political or social conditions, including acts of war (whether or not declared), sabotage or terrorism, or any escalation or worsening of any such acts of war (whether or not declared), sabotage or terrorism, (iii) changes in GAAP, (iv) changes in any laws, rules, regulations, orders, or other binding directives issued by any Governmental Entity, (v) any change that is generally applicable to the industries or markets in which the Group Companies operate, (vi) the public announcement of the transactions contemplated by the Acquisition Agreement, (vii) any failure by Seller to meet any projections, forecasts or revenue or earnings predictions (provided that, unless subject to another exclusion set forth in this definition, the underlying cause of any such change may be taken into account in determining whether there has been a Company Material Adverse Effect), (viii) any action required or contemplated by the Acquisition Agreement and/or the Ancillary Documents, including the completion of the transactions contemplated thereby, (ix) any action taken by Seller or any of the Group Companies at Borrower's written request, or (x) any change resulting from the consummation of the transactions contemplated by the Acquisition Agreement or the Ancillary Documents, including any such change relating to the identity of, or facts and circumstances relating to, Seller and including any actions taken by the Group Companies' customers, suppliers or personnel, shall not be taken into account in determining whether a "Material Adverse Effect" has occurred; provided, however, that any change or effect referred to in clauses (i), (ii), (iii), (iv) and (v) immediately above may be taken into account in determining whether a Material Adverse Effect has occurred to the extent that such change or effect has a materially disproportionate effect on the Group Companies relative to other companies in the industries or markets in which the Group Companies operate or (y) would reasonably be expected to prevent the consummation of the transactions contemplated by the Acquisition Agreement . Capitalized terms used in this paragraph shall have the meanings ascribed to such terms in the Acquisition Agreement as in effect on August 24, 2017.

Notwithstanding anything set forth in this Commitment Letter, the Fee Letter referred to below or the Operative Documents, or any other letter agreement or other undertaking concerning the financing of the Transactions to the contrary, (i) the only representations and warranties, the making and accuracy of which shall be a condition to availability of the Facilities on the Closing Date, shall be (x) such of the representations and warranties made by or on behalf of the Acquired Company in the Acquisition Agreement as are material to the interests of the Lenders (in their capacities as such), but only to the extent that you (or any of your affiliates) have the right to terminate your (or its) obligations (or to refuse to consummate the Acquisition) under the Acquisition Agreement as a result of a breach of any of such representations and warranties (to such extent, the " ***Acquisition Agreement Representations*** ") and (y) the Specified Representations (as defined below) made by the Borrower and Guarantors in the Operative Documents and (ii) the terms of the Operative Documents shall be in a form such that they do not impair the availability of the Facilities on the Closing Date if the Funding Conditions are satisfied (it being understood that to the extent any Collateral (other than Collateral in which a security interest may be perfected by (A) the filing of a UCC or PPSA financing statement, (B) taking delivery and possession of stock (or other equity interest) certificates of wholly-owned subsidiaries and related stock powers executed in blank (other than certificates of "branch" subsidiaries of the Acquired Company that are lost or misplaced and cannot be reissued prior to the Closing Date after use of commercially reasonable efforts) or (C) the filing of a short form security agreement with the United States Patent and Trademark Office or the United States Copyright Office or Canadian equivalent) cannot be delivered or a security interest therein cannot be created or perfected on the Closing Date after your use of commercially reasonable efforts to do so, then the creation and/or perfection of the security interest in such Collateral shall not constitute a condition precedent to the availability of the Facilities on the Closing Date but, instead, may be accomplished pursuant to arrangements and timing to be reasonably and mutually agreed by the parties hereto acting reasonably (but in any event no less than 90 days, with extensions available in the reasonable discretion of the Term Loan Administrative Agent and the ABL Administrative Agent). For purposes hereof, " ***Specified Representations*** " means the representations and warranties set forth in the Operative Documents (with respect to the Borrower and its subsidiaries, after giving effect to the Transactions) relating to the legal existence of the Borrower and the Guarantors; power and authority, due authorization, execution and delivery, in each case, related to the entering into, borrowing under, guaranteeing under, performance of, and, subject to the parenthetical beginning "it being understood" appearing in the preceding sentence, granting of security interests in the Collateral pursuant to, the Operative Documents; the enforceability of the Operative Documents; the execution and performance of the Operative Documents not conflicting with or violating the Borrower's or any Guarantor's organizational documents; Federal Reserve margin regulations; the Investment Company Act of 1940, as amended; solvency of the Borrower and its subsidiaries on a consolidated basis as of the Closing Date (after giving effect to the Transactions and as determined pursuant to Exhibit E hereto); USA PATRIOT Act; use of proceeds not violating laws applicable to sanctioned persons and not violating laws and regulations promulgated by OFAC, anti-money laundering or the Foreign Corrupt Practices Act; and, subject to the parenthetical beginning "it being understood" appearing in the preceding sentence, the creation, validity, perfection and priority (subject to customary permitted liens to be agreed consistent with the Documentation Principles) of the security interests granted in the Collateral. The provisions of this paragraph are referred to as the " ***Limited Conditionality Provisions*** ".

Section 4. Commitment Termination; Reduction .

Each Commitment Party's commitment hereunder and the other obligations set forth in this Commitment Letter will terminate on the earliest of: (a) the consummation of the Acquisition with or without the funding of any of the Facilities, (b) February 28, 2018; *provided* that to the extent that the Termination Date (as defined in the Acquisition Agreement as in effect on August 24, 2017) is extended in accordance with Section 7.1(b) of the Acquisition Agreement (as in effect on August 24, 2017), the date under this clause (b) shall automatically be extended to August 31, 2018 and (c) the date the Acquisition Agreement is terminated (such earliest date, the " ***Termination Date*** ").

Section 5. Fees .

As consideration for our commitments and other obligations hereunder and our agreement to perform the services described herein, you agree to pay (or to cause to be paid) to us the fees set forth in this Commitment Letter and in the amended and restated arranger fee letter dated the date hereof among you and the other parties thereto (such amended and restated arranger fee letter, as amended, amended and restated, supplemented or otherwise modified, the " ***Arranger Fee Letter*** ") and in the amended and restated administrative agents fee letter dated the date hereof among you and the other parties thereto (such amended and restated administrative agents fee letter, as amended, amended and restated, supplemented or otherwise modified, together with the Arranger Fee Letter, the " ***Fee Letter*** "). The terms of the Fee Letter are an integral part of our commitments and other obligations hereunder and our agreement to perform the services described herein and constitute part of this Commitment Letter for all purposes hereof. Each of the fees described in this Commitment Letter and the Fee Letter shall be nonrefundable when paid except as expressly set forth therein.

Section 6. Indemnification .

The Borrower shall indemnify and hold harmless each Commitment Party, its affiliates, and each Commitment Party's and such affiliates' respective directors, officers, employees, agents, trustees, representatives, attorneys, consultants and advisors (each, an " ***Indemnified Person*** ") from and against any and all claims (including, without limitation, shareholder actions), damages, losses, liabilities and expenses (including, without limitation, reasonable and documented out-of-pocket fees and disbursements of counsel), that may be incurred by or asserted or awarded against any Indemnified Person (including, without limitation, in connection with or relating to any investigation, litigation or proceeding or the preparation of a defense in connection therewith), in each case arising out of or in connection with or by reason of this Commitment Letter, the Prior Commitment Letter or any fee letter related thereto, the Fee Letter or the Operative Documents, or the transactions contemplated hereby or thereby or any use of the proceeds thereof (any of the foregoing, a " ***Proceeding*** "), except to the extent such claim, damage, loss, liability or expense is (i) found in a final non-appealable judgment by a court of competent jurisdiction to have resulted from the bad faith, gross negligence or willful misconduct of or material breach of its funding obligations hereunder by such Indemnified Person or any of its affiliates or (ii) the result of any Proceeding that is not the result of an act or omission by you or any of your affiliates and that is brought by an Indemnified Person against any other Indemnified Person (other than any claims against any Commitment Party in its capacity or in fulfilling its role as Arranger, administrative agent, collateral agent or any similar role under any of the Facilities). The foregoing indemnity, in the case of legal fees and expenses, is limited to one counsel to all Indemnified Persons taken as a whole and, solely in the case of an actual or reasonably perceived conflict of interest, one additional counsel to all affected

Indemnified Persons, taken as a whole and, if reasonably necessary, of one local counsel in any relevant material jurisdiction to all such Indemnified Persons, taken as a whole and, solely in the case of such conflict of interest, one additional local counsel to all affected Indemnified Persons taken as a whole. In the case of an investigation, litigation or other proceeding to which the indemnity in this paragraph applies, such indemnity shall be effective whether or not such investigation, litigation or proceeding is brought by the Borrower, any of its directors, security holders or creditors, an Indemnified Person or any other person, or an Indemnified Person is otherwise a party thereto and whether or not the Transactions are consummated.

In no event shall any party hereto be liable on any theory of liability for any special, indirect, consequential or punitive damages (including, without limitation, any loss of profits, business or anticipated savings); *provided* that nothing contained in this paragraph shall limit your indemnity and reimbursement obligations for such damages awarded to third parties to the extent set forth in the immediately preceding paragraph.

You shall not be liable for any settlement of any Proceeding effected without your written consent (which consent shall not be unreasonably withheld, conditioned or delayed), but if settled with your written consent or if there is a judgment in any such Proceeding, you agree to indemnify and hold harmless each Indemnified Person from and against any and all losses, claims, damages, liabilities and expenses by reason of such settlement or judgment in accordance with the other provisions of this Section 6.

You agree that, without our prior written consent, neither you nor any of your subsidiaries will settle, compromise or consent to the entry of any judgment in any pending or threatened claim, action or proceeding in respect of which indemnification could be sought under the indemnification provision of this Commitment Letter (whether or not we or any other Indemnified Person is an actual or potential party to such claim, action or proceeding), unless such settlement, compromise or consent includes an unconditional release of each Indemnified Person from all liability arising out of such claim, action or proceeding and does not include a statement as to or an admission of fault, culpability or failure to act by or on behalf of any Indemnified Person.

The Borrower acknowledges that information and other materials relative to the Operative Documents and the Transactions may be transmitted through the Platform. No Indemnified Person will be liable to the Borrower or any of its affiliates or any of its security holders or creditors for any damages arising from the use by unauthorized persons of information or other materials sent through the Platform that are intercepted by such persons, except to the extent such liability is determined by a final non-appealable judgment by a court of competent jurisdiction to have resulted from the bad faith, gross negligence or willful misconduct of or material breach of its funding obligations hereunder by such Indemnified Person or any of its affiliates.

Section 7. Costs and Expenses .

The Borrower shall pay, or reimburse the Commitment Parties promptly following demand for (but in no event prior to the earlier of (a) the Closing Date or (b) the termination of each Commitment Party's commitments hereunder in accordance with the terms of Section 4 hereof), all reasonable and documented out-of-pocket costs and expenses incurred by the Commitment Parties in connection with the Facilities and the preparation, negotiation, execution and delivery of this Commitment Letter, the Prior Commitment Letter and any fee letter related thereto, the Fee Letter and the Operative Documents, including, without limitation, the reasonable fees, disbursements and other charges of counsel identified on the exhibits hereto, regardless of whether any of the transactions contemplated hereby is consummated. The

Borrower shall also pay all reasonable and documented out-of-pocket costs and expenses of the Commitment Parties (including, without limitation, the reasonable fees, disbursements and other charges of counsel (limited to one counsel to all Commitment Parties taken as a whole and, solely in the case of an actual or reasonably perceived conflict of interest, one additional counsel to all affected Commitment Parties, taken as a whole and, if reasonably necessary, of one local counsel in any relevant material jurisdiction to all such Commitment Parties, taken as a whole and, solely in the case of such conflict of interest, one additional local counsel to all affected Commitment Parties taken as a whole)) incurred in connection with the enforcement of any of their rights and remedies hereunder.

Section 8. Confidentiality

The Borrower agrees that this Commitment Letter, the Prior Commitment Letter and any fee letter related thereto and the Fee Letter are for its confidential use only and that neither their existence nor the terms hereof will be disclosed by it to any person other than its subsidiaries and the officers, directors, employees, managers, members, partners, accountants, attorneys and other advisors of the Borrower and its subsidiaries (the " ***Borrower Representatives*** "), and then only on a confidential and "need to know" basis in connection with the transactions contemplated hereby; *provided* , *however* , that the Borrower may disclose this Commitment Letter and the contents hereof and, except to the extent specified below, the Fee Letter and the contents thereof: (a) as may be compelled in (i) a judicial or administrative proceeding or in any proceeding or pursuant to the order of any court or administrative agency or upon the request or demand of any regulatory authority or (ii) as otherwise required by law or in any required filings with the Securities and Exchange Commission and to the extent required by applicable regulatory authorities or stock exchanges (but, with respect to this clause (ii) in the case of the Fee Letter and the contents thereof, only as part of disclosure of aggregate sources and uses with respect to the Transactions) (it being understood and acknowledged that the Borrower made the Prior Commitment Letter, but not any fee letter related thereto, publicly available by filing it with the Securities and Exchange Commission on EDGAR); (b) to Moody's or S&P in connection with obtaining a rating of the Facilities (but in the case of the Fee Letter and the contents thereof, only as part of disclosure of aggregate sources and uses with respect to the Transactions); (c) to the Acquired Company and its controlling persons and the officers, directors, employees, managers, members, partners, accountants, attorneys and other advisors of any of the foregoing who are directly involved in the consideration of this matter, in each case on a confidential and "need to know" basis in connection with the transactions contemplated hereby (but in the case of the Fee Letter and the contents thereof, redacted in respect of the amounts, percentages and basis points of compensation set forth therein and the pricing and other terms of the "flex provisions" and "securities demand provisions"); (d) in syndication or other marketing materials relating to the Facilities (but in the case of the Fee Letter and the contents thereof, only as part of disclosure of aggregate sources and uses with respect to the Transactions) or (e) with our prior written consent.

Each Commitment Party, on behalf of itself and its affiliates, agrees that it will use all confidential information provided to it or its affiliates by or on behalf of you hereunder solely for the purpose of providing the services which are the subject of this Commitment Letter and shall treat confidentially all such information; *provided* that nothing herein shall prevent any Commitment Party from disclosing any such information (a) pursuant to the order of any court or administrative agency or otherwise as required by applicable law or regulation or as requested by a governmental authority (in which case such Commitment Party, to the extent permitted by law and except with respect to any audit or examination conducted by bank accountants or any governmental bank authority exercising examination or regulatory authority, agrees to inform you promptly thereof), (b) upon the request or demand of any regulatory authority having jurisdiction over such Commitment Party or any of its affiliates, (c) to the extent that such information becomes publicly available other than by reason of disclosure by any Commitment Party in violation of this paragraph, (d) to the extent that such information is received by any Commitment Party from a third party that is not, in each case to such Commitment Party's knowledge, (i) in such third party's possession illegally or (ii) subject to confidentiality obligations to you or any of your affiliates, to the Acquired Company or any of its affiliates, (e) to the extent that such information is independently developed by any Commitment Party, (f) to any of the Commitment Parties' affiliates and any of their respective employees, legal counsel, independent auditors and other experts or agents who need to know such information in connection with the Facilities and are informed of the confidential nature of such information, (g) to prospective Lenders, participants or assignees of obligations under the Facilities (other than any Disqualified Institution), in each case who agree to be bound by the terms of this paragraph (or language substantially similar to this paragraph) pursuant to standard syndication practices, or to lenders, participants or assignees of obligations under the Existing ABL Credit Agreement in connection with the ABL Facility in accordance with the confidentiality provisions of the Existing ABL Credit Agreement, (h) to Moody's or S&P in connection with obtaining a rating of the Facilities in consultation and coordination with you or (i) for the purposes of establishing a "due diligence" defense. The Commitment Parties' obligations under this paragraph shall automatically terminate and be superseded by the confidentiality provisions in the Operative Documents upon the execution and delivery thereof and, in the event the Operative Documents have not been executed and delivered, shall expire on the date occurring 24 months after August 24, 2017. Nothing in this paragraph shall apply to any information received by a Commitment Party or its affiliates pursuant to its relationship as an agent, lender or issuing bank, as the case may be, under the Existing Term Loan Credit Agreement (as defined in Exhibit B) or the Existing ABL Credit Agreement (which information will be subject to the applicable terms of each such agreement).

You acknowledge that neither any of the Commitment Parties nor any of their affiliates provide accounting, tax or legal advice. You further acknowledge that the Commitment Parties and their affiliates may be providing debt financing, equity capital or other services (including, without limitation, financial advisory services) to other persons in respect of which you, the Acquired Company and your and its respective affiliates may have conflicting interests regarding the transactions described herein and otherwise. You also acknowledge that none of the Commitment Parties or their affiliates has any obligation to use in connection with the transactions contemplated by this Commitment Letter, or to furnish to you, confidential information obtained by them from other persons. As you know, the Commitment Parties are full service securities firms engaged, either directly or through their affiliates, in various activities, including securities trading, commodities trading, investment management, financing and brokerage activities and financial planning and benefits counseling for both companies and individuals. In the ordinary course of these activities, the Commitment Parties and their respective affiliates actively engage in commodities trading or trade the debt and equity securities (or related derivative securities) and financial instruments (including bank loans and other obligations) of the Borrower and other companies which may be the subject of the arrangements contemplated by this Commitment Letter for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and financial instruments. The Commitment Parties or their affiliates also co-invest with, make direct investments in, and invest or co-invest client monies in or with funds or other investment vehicles managed by other parties, and such funds or other investment vehicles may trade or make investments in securities and financial instruments of you, the Acquired Company or other companies which may be the subject of the arrangements contemplated by this Commitment Letter or engage in commodities trading with any thereof.

In addition, the Borrower, WF, MLPFS, JPMCB and SunTrust each acknowledge that the Borrower has retained Citi as financial advisor (in such capacity, the " ***Buy Side Financial Advisor*** ") in connection with the Acquisition. The Borrower, WF, MLPFS, JPMCB and SunTrust each agree not to assert any claim that the Borrower, WF, MLPFS, JPMCB or SunTrust might allege based on any actual or potential conflicts of interest that might be asserted to arise or result from, on the one hand, the engagement of the Buy Side Financial Advisor and, on the other hand, Citi and its affiliates' relationships with the Borrower or each other as described and referred to herein.

In addition, the Borrower, WF, Citi, MLPFS and SunTrust each acknowledge that CRH plc has retained J.P. Morgan Securities LLC as financial advisor (in such capacity, the " ***Sell Side Financial Advisor*** ") in connection with the Acquisition. The Borrower, WF, Citi, MLPFS and SunTrust each agree not to assert any claim that the Borrower, WF, Citi, MLPFS or SunTrust might allege based on any actual or potential conflicts of interest that might be asserted to arise or result from, on the one hand, the engagement of the Sell Side Financial Advisor and, on the other hand, JPMCB and its affiliates' relationships with the Borrower or each other as described and referred to herein.

Section 9. Representations and Warranties .

The Borrower represents and warrants (which representation and warranty, in the case of any information relating to the Acquired Company prior to the Acquisition, is to the best of the Borrower's knowledge) that all factual written information, other than Projections, other forward-looking information and information of a general economic or industry-specific nature, that has been or will hereafter be made available to any of the Commitment Parties or any Lender by or on behalf of the Borrower or any of its representatives in connection with the transactions contemplated hereby (the " ***Information*** ") is and will be, when furnished, true and correct in all material respects and does not and will not, taken as a whole, contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements contained therein not materially misleading in light of the circumstances under which such statements were or are made (after giving effect to all supplements and updates thereto provided prior to the Syndication Date) and (ii) all financial projections, if any, that have been or will be prepared by or on behalf of the Borrower or any of its representatives and made available to any of the Commitment Parties, any Lender or any potential Lender in connection with the transactions contemplated hereby (the " ***Projections*** ") have been or will be prepared in good faith based upon assumptions that are believed by you to be reasonable at the time made and at the time the related financial projections are made available (it being understood that such Projections are as to future events and are not to be viewed as facts, that actual results during the period or periods covered by any such Projections may differ significantly from the projected results and that such differences may be material, that such Projections are subject to significant uncertainties and contingencies many of which are beyond your control, and that no assurance can be given that the projected results will be realized). If, at any time from August 24, 2017 until the later of the Closing Date and the Syndication Date, you become aware that any of the representations and warranties in the preceding sentence would be incorrect in any material respect if the Information or Projections were being furnished, and such representations and warranties were being made, at such time, then you agree to (or, in the case of Information or Projections relating to the Acquired Company and its affiliates, to use commercially reasonable efforts to) promptly supplement the Information and/or Projections so that the representations and warranties contained in this paragraph remain true and correct in all material respects under those circumstances. It is understood and agreed that our commitments hereunder are not conditioned upon the accuracy of the representations made in this Section 9 and in no event shall the accuracy of such representations in and of itself constitute a condition to the commitments hereunder or the funding of the Facilities on the Closing Date.

In arranging and syndicating the Facilities, the Commitment Parties will be entitled to use, and to rely on the representations and warranties in the preceding paragraph relating to, any information furnished to us by or on behalf of the Borrower and its affiliates without responsibility for independent verification thereof.

Section 10. Assignments .

The Borrower may not assign or delegate any of its rights or obligations under this Commitment Letter or the Fee Letter without our prior written consent, and any attempted assignment without such consent shall be null and void. No Commitment Party may assign or delegate any of its rights or obligations under this Commitment Letter or its commitment hereunder (except to one or more of its affiliates) other than as expressly permitted hereunder without the Borrower's prior written consent, and any attempted assignment or delegation without such consent shall be null and void.

Section 11. Amendments .

Neither this Commitment Letter nor the Fee Letter may be amended or any provision hereof waived or modified except by an instrument in writing signed by each party hereto or thereto, as applicable.

Section 12. Governing Law, Etc.

This Commitment Letter (and any claim, controversy or dispute arising under or related to any of the foregoing, whether based on contract, tort or otherwise) shall be governed by, and construed in accordance with, the law of the State of New York, without giving effect to any conflicts of law principles which would result in the application of the laws of another state; *provided* , *however* , that (i) the interpretation of the definition of Material Adverse Effect (and whether a Material Adverse Effect has occurred), (ii) the determination of the accuracy of any Acquisition Agreement Representations and whether as a result of any inaccuracy thereof you (or any of your affiliates) have the right to terminate your (or its) obligations (or to refuse to consummate the Acquisition) under the Acquisition Agreement and (iii) the determination of whether the Acquisition has been consummated in accordance with the terms of the Acquisition Agreement, in each case shall be governed by, and construed in accordance with, the laws of the State of Delaware, without giving effect to any choice of law or conflict of law provision or rule (whether of the State of Delaware or any other jurisdiction) that would cause the application of the law of any jurisdiction other than the State of Delaware.

Each party hereto irrevocably waives all right to trial by jury in any action, proceeding or counterclaim (whether based on contract, tort or otherwise) arising out of or relating to this Commitment Letter, the Fee Letter, the Prior Commitment Letter or any fee letter related thereto, the Operative Documents, the transactions contemplated hereby or thereby or the actions of the parties hereto or any of their affiliates in the negotiation, performance or enforcement of this Commitment Letter.

Each of the parties hereto irrevocably and unconditionally submits to the exclusive jurisdiction of any state or federal court sitting in The City of New York, Borough of Manhattan, over any suit, action or proceeding arising out of or relating to this Commitment Letter, the Fee Letter, the Prior Commitment Letter or any fee letter related thereto, the Operative Documents, the transactions contemplated hereby or thereby or the actions of the parties hereto or thereto or any of their affiliates in the negotiation, performance or enforcement of this Commitment Letter, the Fee Letter, the Prior Commitment Letter or any fee letter related thereto or the Operative Documents, and agrees that all claims in respect of any such action or proceeding shall be brought, heard and determined only in such New York State court or, to the extent permitted by law, in such federal court. Service of any process, summons, notice or document by registered mail addressed to any such party shall be effective service of process against such person for any suit, action or proceeding brought in any such court. Each of the parties hereto irrevocably and unconditionally waives any objection to the laying of venue of any such suit, action or proceeding brought in any such court and any claim that any such suit, action or proceeding has been brought in an inconvenient forum. A final judgment in any such suit, action or proceeding brought in any such court may be enforced in any other courts to whose jurisdiction such party is or may be subject by suit upon judgment.

Section 13. Payments .

All payments under this Commitment Letter and the Fee Letter will, except as otherwise provided herein, be made in U.S. Dollars in New York, New York.

To the fullest extent permitted by law, the Borrower will make all payments under this Commitment Letter and the Fee Letter regardless of any defense or counterclaim, including, without limitation, any defense or counterclaim based on any law, rule or policy which is now or hereafter promulgated by any governmental authority or regulatory body and which may adversely affect the Borrower's obligation to make, or the right of the Commitment Parties to receive, such payments.

Section 14. Miscellaneous.

This Commitment Letter and the Fee Letter contain the entire agreement between the parties relating to the subject matter hereof and supersede all oral statements and prior writings with respect thereto. Section headings herein are for convenience only and are not a part of this Commitment Letter. This Commitment Letter and the Fee Letter are solely for the benefit of the parties hereto and thereto (and Indemnified Persons, to the extent set forth in Section 6), and no other person shall acquire or have any rights under or by virtue of this Commitment Letter or the Fee Letter. This Commitment Letter is not intended to create a fiduciary relationship among the parties hereto, and the Borrower waives, to the fullest extent permitted by law, any claims it may have against any of the Commitment Parties or any of their affiliates for breach of fiduciary duty or alleged breach of fiduciary duty in connection with the transactions contemplated by this Commitment Letter and agrees that none of the Commitment Parties or any of their affiliates shall have any liability (whether direct or indirect) to the Borrower or any of its affiliates in respect of such a fiduciary duty claim or to any person asserting such a fiduciary duty claim on behalf of or in right of the Borrower or any of its affiliates. Any and all services to be provided by any of the Commitment Parties hereunder may be performed, and any and all rights of any of the Commitment Parties hereunder may be exercised, by or through any of such Commitment Party's affiliates and branches, and, in connection with the provision of such services, each Commitment Party may exchange with such affiliates and branches information concerning the Borrower and the other companies that may be the subject of the transactions contemplated by this Commitment Letter and, to the extent so employed, such affiliates and branches shall be entitled to the benefits afforded to the Commitment Parties hereunder, subject to the confidentiality provisions herein.

The indemnification, compensation, reimbursement, sharing of information, absence of fiduciary relationships, jurisdiction, governing law, venue, waiver of jury trial, syndication, market flex and confidentiality provisions contained herein and in the Fee Letter shall remain in full force and effect regardless of whether the Operative Documents shall be executed and delivered and notwithstanding the termination or expiration of this Commitment Letter or the Commitment Parties' commitments hereunder; *provided* that your obligations under this Commitment Letter (other than your obligations with respect to (a) assistance to be provided in connection with the syndication thereof (including supplementing and/or correcting Information and Projections) prior to the Syndication Date and (b) confidentiality) shall be superseded by the provisions of the Operative Documents upon the initial funding thereunder, in each case solely to the extent covered thereby.

We hereby notify you that pursuant to the requirements of the USA Patriot Act, Title III of Pub. L. 107-56 (signed into law October 26, 2001) (the " ***Patriot Act*** "), we and the other Lenders may be required to obtain, verify and record information that identifies the borrower and each guarantor under the Operative Documents, which information includes the name, address and tax identification number and other customary information regarding any such borrower or guarantor that will allow us and the other Lenders to identify any such borrower or guarantor in accordance with the Patriot Act. We and the other Lenders may also request corporate formation documents, or other forms of identification, to verify the information provided. This notice is given in accordance with the requirements of the Patriot Act and is effective as to each Lender. The Borrower hereby acknowledges and agrees that the Commitment Parties shall be permitted to share any or all such information with the Lenders.

Each of the parties hereto agrees that, if accepted by you in the manner required herein, each of this Commitment Letter and the Fee Letter to which it is a party is a binding and enforceable agreement with respect to the subject matter contained herein or therein (including an obligation to negotiate in good faith); it being acknowledged and agreed that the funding of the Facilities is subject solely to the conditions specified herein, including the execution and delivery of the Operative Documents by the parties hereto in a manner consistent with this Commitment Letter (including the applicable Documentation Principles); *provided* that nothing contained in this Commitment Letter obligates you or any of your affiliates to consummate the Acquisition or the other Transactions or to draw down any portion of the Facilities.

If any term, provision, covenant or restriction contained in this Commitment Letter is held by a court of competent jurisdiction to be invalid, void or unenforceable or against public policy, the remainder of the terms, provisions, covenants and restrictions contained herein shall remain in full force and effect and shall in no way be affected, impaired or invalidated. The Borrower and the Commitment Parties shall endeavor in good faith negotiations to replace the invalid, void or unenforceable provisions with valid provisions the economic effect of which comes as close as possible to that of the invalid, void or unenforceable provisions.

This Commitment Letter may be executed in counterparts, each of which will be deemed an original, but all of which taken together will constitute one and the same instrument. Delivery of an executed counterpart of a signature page of this Commitment Letter by facsimile or electronic (pdf) transmission shall be as effective as delivery of a manually executed counterpart hereof.

If the foregoing correctly sets forth our agreement with you, please indicate your acceptance of the terms of this Commitment Letter and of the Fee Letter by returning executed counterparts to this Commitment Letter and the Fee Letter to Scott Joyce, Wells Fargo Securities, LLC, 550 S. Tryon Street, Charlotte, NC 28202 (or by electronic (pdf) transmission to scott.joyce@wellsfargo.com), Justin Tichauer, Citigroup Global Markets Inc., 390 Greenwich Street, New York, New York 10013 (or by electronic (pdf) transmission to justin.s.tichauer@citi.com), Alan B. Clarke II, Bank Of America Corporate Center, 100 N Tryon Street, Charlotte, NC, 28255-0001 (or by electronic (pdf) transmission to alan.clarke@baml.com), Matthew T. O'Keefe, Bank of America Merrill Lynch, 100 Federal Street, MA5-100-09-12, Boston, MA 02110 (or by electronic (pdf) transmission to matthew.o'keefe@baml.com), Joon Hur, J.P. Morgan, 270 Park Avenue, 43rd Floor, New York, NY 10017 (or by electronic (pdf) transmission to joon.hur@jpmorgan.com) and Tommy Parrott, SunTrust Robinson Humphrey, Inc., 3333 Peachtree Road, Atlanta, GA 30326 (or by electronic (pdf) transmission to Tommy.Parrott@SunTrust.com) at or before 11:59 p.m. (New York City time) on September 6, 2017. If you do not return such executed counterparts prior to the date and time provided above, the commitment and other obligations of the Commitment Parties set forth in this Commitment Letter will automatically terminate. Please arrange for the executed originals to follow by next-day courier.

[Signature Pages Follow]

Very truly yours,

WELLS FARGO BANK, NATIONAL ASSOCIATION

By: /s/ Anwar S. Young
Name: Anwar S. Young
Title: Authorized Signatory

WF INVESTMENT HOLDINGS, LLC

By: /s/ Scott Yarbrough
Name: Scott Yarbrough
Title:

WELLS FARGO SECURITIES, LLC

By: /s/ Scott Yarbrough
Name: Scott Yarbrough
Title: Managing Director

CITIGROUP GLOBAL MARKETS INC.

By: /s/ Justin Tichauer
Name: Justin Tichauer
Title: Managing Director

BANK OF AMERICA, N.A.

By: /s/ Paul M. Liptak
Name: Paul M. Liptak
Title: Director

MERRILL LYNCH, PIERCE, FENNER & SMITH INCORPORATED

By: /s/ Paul M. Liptak
Name: Paul M. Liptak
Title: Director

JPMORGAN CHASE BANK, N.A.

By: /s/ Joon Hur
Name: Joon Hur
Title: Vice President

SUNTRUST BANK

By: /s/ Amanda Watkins

Name: Amanda Watkins
Title: Director

[SIGNATURE PAGE TO AMENDED AND RESTATED COMMITMENT LETTER]

SUNTRUST ROBINSON HUMPHREY, INC.

By: /s/ William Challas

Name: William Challas
Title: Managing Director

ACCEPTED and agreed to as of the date
first written above:

BEACON ROOFING SUPPLY, INC.

By: /s/ Joseph Nowicki
Name: Joseph M. Nowicki
Title: Executive Vice President and
Chief Financial Officer

Schedule A

Commitment Party	**Term Loan Facility**
Citibank, N.A.	41%
Wells Fargo Bank, National Association	41%
Bank of America, N.A.	6%
JPMorgan Chase Bank, N.A.	6%
SunTrust Bank	6%

Schedule B

Commitment Party	**ABL Facility Increase**
Wells Fargo Bank, National Association	32 1/2%
Citibank, N.A.	32 1/2%
Bank of America, N.A.	11 2/3%
JPMorgan Chase Bank, N.A.	11 2/3%
SunTrust Bank	11 2/3%

Schedule C

Commitment Party	**Bridge Facility**
WF Investment Holdings, LLC	41%
Citibank, N.A.	41%
Bank of America, N.A.	6%
JPMorgan Chase Bank, N.A.	6%
SunTrust Bank	6%

Exhibit A
to
Commitment Letter

Transactions Description

All capitalized terms used herein but not defined herein shall have the meanings provided in the letter agreement to which this Exhibit A is attached or in the other Exhibits to such letter agreement, as applicable. The following transactions are referred to herein collectively as the " ***Transactions*** ".

1. On the Closing Date (or on a prior date if required to be funded into escrow as provided in the Arranger Fee Letter), the Borrower will obtain a senior secured term loan "B" credit facility in an aggregate principal amount of up to $970,000,000 with the terms set forth in Exhibit B to the Commitment Letter (the " ***Term Loan Facility*** ") and use the net proceeds thereof to (a) repay in full all outstanding indebtedness, pay accrued and unpaid interest, fees and expenses, and terminate all commitments, under the Existing Term Loan Credit Agreement (as defined in Exhibit B), (b) finance the purchase price of the Acquisition and (c) pay any costs, fees and expenses in connection therewith.

2. On the Closing Date, the Borrower will obtain a senior secured asset-based revolving credit facility in an aggregate principal amount of up to $1,300,000,000 with the terms set forth in Exhibit C to the Commitment Letter (the " ***ABL Facility*** ") of which (a) up to $382,000,000 may be borrowed on the Closing Date to finance the purchase price of the Acquisition and (b) up to the Closing Date ABL Borrowing Amount (as defined in Exhibit C) less the amount borrowed pursuant to clause (a) may be borrowed on the Closing Date to (x) refinance outstanding indebtedness, pay accrued and unpaid interest, fees and expenses, and terminate all commitments, under the Existing ABL Credit Agreement (as defined below), and which it is anticipated will be an amendment and restatement of the Credit Agreement, dated as of October 1, 2015, among the US Borrowers and Canadian Borrowers (each as defined in Exhibit C), Wells Fargo Bank, National Association, as administrative agent, swingline lender and issuing bank, the other lenders, agents and other parties party thereto from time to time (as amended, amended and restated, supplemented or otherwise modified through August 24, 2017, the " ***Existing ABL Credit Agreement*** "), and (y) pay any costs, fees and expenses in connection therewith.

3. The Borrower (a) will issue and sell senior notes (such notes, whether issued by the Borrower or a subsidiary of the Borrower, the " ***Notes*** ") in a Rule 144A exempt offering or other private placement on or prior to the Closing Date yielding $1,300,000,000 in gross proceeds (less the Equity Bridge Reduction Amount (as defined below)) and/or (b) will obtain, if and to the extent that the issuance and sale of any Notes on or prior to the Closing Date yields gross proceeds less than $1,300,000,000 minus the Equity Bridge Reduction Amount, a senior unsecured bridge facility in an aggregate principal amount of up to $1,300,000,000 (less any gross proceeds from Notes issued on or prior to the Closing Date and less the Equity Bridge Reduction Amount) with the terms set forth in Exhibit D to the Commitment Letter (the " ***Bridge Facility*** "). The " ***Equity Bridge Reduction Amount*** " means the greater of (i) the amount, if any, by which the aggregate gross proceeds from the Equity Financing (as defined below) is in excess of $498,000,000 and (ii) the amount, if any, by which the sum of (x) $400,000,000 (less the aggregate gross proceeds (if any), up to $400,000,000, from any Preferred Equity Financing consummated prior to the Closing Date and included in subclause (y)) and (y) the aggregate gross proceeds from any Equity Financing consummated prior to the Closing Date, is in excess of $498,000,000.

4. The Borrower will issue and sell shares of a newly-designated series of preferred stock of the Borrower with terms reasonably satisfactory to the Arrangers (it being understood that the terms of the preferred stock set forth in the Investment Agreement and the Certificate of Designation (each as identified and defined in Exhibit E) are satisfactory to the Arrangers) yielding gross proceeds of (i) no less than $400,000,000 and (ii) no greater than $498,000,000 in a private placement on or prior to the Closing Date to an investor previously identified to the Arrangers (such shares, the " ***Preferred Shares*** ", and such issuance and sale, the " ***Preferred Equity Financing*** "). The Borrower may also issue and sell shares of its common stock (the " ***Common Shares*** ") after August 24, 2017 and on or prior to the Closing Date (each, a " ***Common Equity Financing*** " and, together with the Preferred Equity Financing, the " ***Equity Financing*** ").

5. The Borrower will use the proceeds of the Facilities (and the Notes, as applicable), together with the proceeds of the Equity Financing, for the purpose of (a) financing the acquisition (the " ***Acquisition*** ") by the Borrower or one of its wholly-owned subsidiaries of 100% of the outstanding capital stock of Allied Building Products Corp., a New Jersey corporation (" ***Alpine*** ") and Kapalama Kilgos Acquisition Corp., a Delaware corporation (" ***Kilauea*** " and, together with Alpine and their respective subsidiaries, the " ***Acquired Company*** "), pursuant to the Stock Purchase Agreement, dated as of August 24, 2017 by and among the Borrower, Oldcastle, Inc., a Delaware corporation, and Oldcastle Distribution, Inc., a Delaware corporation (together with all schedules, exhibits and annexes thereto, the " ***Acquisition Agreement*** "), (b) repaying in full all outstanding indebtedness for borrowed money, including accrued and unpaid interest, fees and expenses, of the Acquired Company and the Borrower and their respective subsidiaries, and terminating all commitments with respect thereto, other than (i) indebtedness of the Acquired Company permitted to remain outstanding under the Acquisition Agreement, (ii) $300,000,000 aggregate principal amount of the Borrower's 6.375% Senior Notes due 2023 (the " ***Existing Notes*** "), (iii) ordinary course capital leases, purchase money indebtedness, equipment financings, letters of credit and surety bonds, (iv) indebtedness owing by any Loan Party to another Loan Party, (v) certain other limited indebtedness that the Borrower and the Commitment Parties reasonably agree may remain outstanding after the Closing Date (collectively, " ***Surviving Indebtedness*** "), and (vi) the Facilities and (c) paying the fees, costs and expenses referred to below.

6. The Borrower will pay all fees, costs and expenses incurred in connection with the foregoing transactions (including debt prepayment premiums, if any).

Exhibit B
to
Commitment Letter

Beacon Roofing Supply, Inc.
$970,000,000 Senior Secured Term Loan B Facility
Summary of Principal Terms and Conditions

All capitalized terms used herein but not defined herein shall have the meanings provided in the letter agreement to which this Exhibit B is attached or in the other Exhibits to such letter agreement, as applicable.

Borrower :	Beacon Roofing Supply, Inc., a Delaware corporation (the " ***Borrower*** ").
Administrative Agent; Collateral Agent :	Citi will act as sole administrative agent and collateral agent (in such capacities, the " ***Term Loan Administrative Agent*** ") for a syndicate of banks, financial institutions, investors and other lenders, excluding any Disqualified Institutions, in respect of the Term Loan Facility, and will perform the duties customarily associated with such roles.
Syndication Agent	WF will act as sole syndication agent (in such capacity, the " ***Term Loan B Syndication Agent*** " and, together with the Term Loan Administrative Agent, the " ***Term Loan B Agents*** "), and will perform the duties customarily associated with such role.
Arrangers :	Citi, WF, MLPFS, JPMCB and STRH will each act as a joint bookrunner and joint lead arranger (collectively, in such capacities, the " ***Arrangers*** ") for the Term Loan Facility referred to below, and will perform the duties customarily associated with such roles.
Term Loan Facility :	A seven-year senior secured term loan B facility in an aggregate principal amount of up to $970,000,000 (the " ***Term Loan Facility*** ").
Purpose :	The proceeds of the Term Loan Facility will be used by the Borrower on the Closing Date to (a) repay in full all outstanding indebtedness, pay any accrued and unpaid interest, fees and expenses, and terminate any commitments, under the Existing Term Loan Credit Agreement and (b) consummate the other Transactions, including the payment of fees, costs and expenses in connection therewith.
Availability :	The full amount of the Term Loan Facility must be drawn in a single drawing on the Closing Date (or on a prior date if required to be funded into escrow as provided in the Arranger Fee Letter). Amounts borrowed under the Term Loan Facility and repaid may not be reborrowed.

Maturity and Amortization :	The Term Loan Facility will mature on the date that is seven years after the Closing Date. The Term Loan Facility will amortize in equal quarterly installments in an aggregate annual amount equal to 1.00% of the initial aggregate principal amount of the Term Loan Facility, with the balance due on the maturity of the Term Loan Facility.
Uncommitted Incremental Facilities :	The Borrower shall be entitled on one or more occasions to incur additional term loans (the " ***Incremental Term Loans*** ") under (x) the Term Loan Facility (each, an " ***Incremental Term Increase*** "), or (y) a newly established tranche of term loans (an " ***Incremental Term Facility*** "), in each case (x) under the Operative Documents in an aggregate principal amount not to exceed the greater of (A) $675,000,000 and (B) such other amount, so long as on a pro forma basis after giving effect to the incurrence of any such Incremental Term Increase or Incremental Term Facility, as applicable (and after giving effect to any acquisition consummated concurrently therewith and all other appropriate pro forma adjustment events and calculated as if any Incremental Term Increase or Incremental Term Facility, as applicable, were fully drawn on the effective date thereof), the senior secured leverage ratio (to be defined in a manner to be reasonably agreed) is equal to or less than 3.50 to 1.00 and (y) except as provided above, on substantially the same terms as set forth in the Existing Term Loan Credit Agreement, subject to the Term Loan Documentation Principles. Nothing contained herein or in the Commitment Letter constitutes, or shall be deemed to constitute, a commitment by any person to provide any Incremental Term Increase or Incremental Term Facility.
Guarantees :	All obligations of the Borrower under the Term Loan Facility will be unconditionally guaranteed on a joint and several basis and on a senior secured basis (the " ***Guarantees*** ") by each direct or indirect domestic subsidiary of the Borrower (whether owned on the Closing Date or formed or acquired thereafter, including any such subsidiary acquired in the Acquisition) (the " ***Guarantors*** "), in each case subject to customary exceptions and limitations to be substantially the same as those applicable to the guarantee requirements of the Existing Term Loan Credit Agreement and the Subsidiary Guaranty Agreement, dated as of October 1, 2015, among certain subsidiaries of the Borrower, as Subsidiary Guarantors (as defined therein), and Citibank, N.A., as Administrative Agent (as defined therein) (as amended, amended and restated, supplemented or otherwise modified through August 24, 2017, the " ***Existing TLB Guaranty Agreement*** ").

Security :	Subject to the Limited Conditionality Provisions, all obligations of the Borrower under the Term Loan Facility and the Guarantees will be secured (1) on a first-priority basis by substantially all the assets of the Borrower and each of the Guarantors, whether owned on the Closing Date or thereafter acquired consisting of the Term Loan Priority Collateral (as defined in the Intercreditor Agreement, dated as of October 1, 2015, among Wells Fargo Bank, National Association, as the ABL Agent (as defined therein), and Citibank, N.A., as Term Loan Agent (as defined therein) (as amended, amended and restated, supplemented or otherwise modified through August 24, 2017, the " ***Existing Intercreditor Agreement*** ")), and (2) on a second-priority basis (junior only to the security interest securing obligations under the ABL Facility) with respect to the ABL Priority Collateral (as defined in the Existing Intercreditor Agreement), except, in the case of each of clauses (1) and (2), Excluded Assets (as defined in the Existing Intercreditor Agreement), and in each case subject to customary exceptions to be substantially the same as those applicable to the collateral requirements of the Existing Term Loan Credit Agreement and the Collateral Agreement, dated as of October 1, 2015, among the Borrower, certain subsidiaries of the Borrower, as Grantors (as defined therein), and Citibank, N.A., as Administrative Agent (as defined therein) (as amended, amended and restated, supplemented or otherwise modified through August 24, 2017, the " ***Existing TLB Collateral Agreement*** "). " ***Collateral*** " means the Term Loan Priority Collateral and the ABL Priority Collateral. Subject to the Limited Conditionality Provisions, all the above-described pledges, security interests and mortgages shall be created on terms, and pursuant to documentation to be substantially the same as those that secure the obligations under the Existing Term Loan Credit Agreement, and none of the Collateral shall be subject to any other liens (other than in favor of the ABL Facility), subject to customary exceptions to be substantially the same as those applicable to the collateral requirements of the Existing Term Loan Credit Agreement and the Existing TLB Collateral Agreement, subject to the Term Loan Documentation Principles.
Intercreditor Agreement :	The lien priority, relative rights and other creditors' rights issues in respect of the Term Loan Facility and the ABL Facility will be set forth in the Existing Intercreditor Agreement or in another customary intercreditor agreement for a crossing-lien collateral structure that is substantially the same as the Existing Intercreditor Agreement (the " ***Intercreditor Agreement*** ").
Mandatory Prepayments :	The loans under the Term Loan Facility shall be prepaid pursuant to mandatory prepayment provisions that will be substantially the same as the mandatory prepayment provisions of the Existing Term Loan Credit Agreement, subject to the Term Loan Documentation Principles.

Voluntary Prepayments :	Voluntary prepayments with respect to the Term Loan Facility may be made at any time, on notice and in minimum principal amounts the same as provided in the Existing Term Loan Credit Agreement, without premium or penalty (except as otherwise provided below under the caption "Call Protection"); *provided* that voluntary prepayments of LIBOR Loans made on a date other than the last day of an interest period applicable thereto shall be subject to customary breakage costs. Each voluntary prepayment of loans under the Term Loan Facility shall be applied to the remaining installments thereof as directed by the Borrower.
Call Protection :	The occurrence of any Repricing Event (to be defined in a manner substantially the same as in the Existing Term Loan Credit Agreement) prior to the date that is six months after the Closing Date will require payment of a fee (the " ***Prepayment Fee*** ") in an amount equal to 1.00% of the aggregate principal amount of the loans under the Term Loan Facility subject to such Repricing Event.
Interest Rates :	At the Borrower's option, loans under the Term Loan Facility may be maintained from time to time as (x) " ***Base Rate Loans*** ", which shall bear interest at the Base Rate in effect from time to time plus the Applicable Margin or (y) " ***LIBOR Loans*** ", which shall bear interest at the London interbank offered rate for U.S. dollars (adjusted for statutory reserve requirements) as determined by the Term Loan Administrative Agent for the respective interest period (or, if greater at any time, the LIBOR Floor, if applicable) plus the Applicable Margin. " ***Applicable Margin*** " shall mean a percentage per annum equal to in the case of loans under the Term Loan Facility (x) maintained as Base Rate Loans, 1.75%, and (y) maintained as LIBOR Loans, 2.75%. " ***Base Rate*** " shall mean the highest of (w) the rate that the Term Loan Administrative Agent announces from time to time as its prime lending rate, as in effect from time to time, (x) 1/2 of 1% in excess of the federal funds effective rate, (y) the London interbank offered rate for U.S. dollars for an interest period of one month (adjusted for statutory reserve requirements) plus 1.00% and (z) 1.00% per annum. " ***LIBOR Floor*** " shall mean 0.00% per annum. Interest periods of 1, 2, 3 and 6 months or, to the extent agreed to by all applicable Lenders, 12 months, shall be available in the case of LIBOR Loans.

	Interest in respect of Base Rate Loans shall be payable quarterly in arrears on the last business day of each calendar quarter. Interest in respect of LIBOR Loans shall be payable in arrears at the end of the applicable interest period and every three months in the case of interest periods in excess of three months. Interest will also be payable at the time of repayment of any loans and at maturity. All interest on Base Rate Loans and LIBOR Loans shall be based on a 360-day year and actual days elapsed (or, in the case of Base Rate Loans determined by reference to the prime lending rate or the federal funds effective rate, a 365/366-day year and actual days elapsed). Any principal payable under or in respect of the Term Loan Facility not paid when due shall bear interest at the applicable interest rate plus 2.00% per annum. Other overdue amounts (including overdue interest) with respect to the Term Loan Facility shall bear interest at the interest rate applicable to Base Rate Loans under the Term Loan Facility plus 2.00% per annum.
Original Issue Discount/Upfront Fees :	The loans under the Term Loan Facility will be issued to the Lenders participating in the Term Loan Facility at a price of 99.50% (or such greater or lower percentage determined pursuant to the terms of the Arranger Fee Letter) of their principal amount. Notwithstanding the foregoing, (a) all calculations of interest and fees in respect of loans under the Term Loan Facility will be calculated on the basis of their full stated principal amount and (b) at the option of the Arrangers, any original issue discount may instead be effected in the form of an upfront fee to the applicable Lenders.
Conditions Precedent :	The funding of the loans under the Term Loan Facility shall be subject to only those conditions precedent set forth in Section 3 of the Commitment Letter and in Exhibit E to the Commitment Letter.

Documentation :	The Operative Documents with respect to the Term Loan Facility shall be negotiated in good faith and shall be consistent with this Commitment Letter and the Fee Letter and, in each case except as otherwise expressly provided herein or in the Fee Letter, based on (but no less favorable to the Borrower than) the Existing Term Loan Credit Agreement, the Existing TLB Guaranty Agreement, the Existing TLB Collateral Agreement and related security agreements executed and delivered in connection therewith, with additions, deletions, modifications and other changes as you and the Arrangers shall reasonably agree (i) to permit and give effect to the Transactions and other transactions contemplated hereby, (ii) to provide for and give effect to the Guarantees and the security over the Collateral and the arrangements contemplated by the Intercreditor Agreement, (iii) to reflect changes in law or accounting standards or cure mistakes or defects, (iv) to reflect reasonable administrative, agency and operational requirements of the Term Loan Administrative Agent, and (v) to reflect the operational and strategic requirements of the Borrower and its subsidiaries and the Acquired Company in light of their consolidated capital structure, size, industry and practices, in each case, after giving effect to the Transactions, including as reflected in the Projections. The " ***Existing Term Loan Credit Agreement*** " means the Term Loan Credit Agreement, dated as of October 1, 2015, among the Borrower, Citibank, N.A., as administrative agent and collateral agent, the other lenders, agents and other parties party thereto from time to time (as amended, amended and restated, supplemented or otherwise modified through August 24, 2017). This paragraph and the provisions herein are referred to as the " ***Term Loan Documentation Principles*** ". The Term Loan Documentation Principles, the ABL Documentation Principles and the Bridge Documentation Principles are referred to herein, collectively, as the " ***Documentation Principles*** ".
Financial Maintenance Covenant:	None.
Representations and Warranties; Affirmative Covenants; Negative Covenants; Events of Default; Voting; Cost and Yield Protection; Assignments and Participation; Expenses and Indemnification; Governing Law; Forum:	Substantially the same as the Existing Term Loan Credit Agreement, subject to the Term Loan Documentation Principles (it being understood that (a) the documentation for the Term Loan Facility shall include a restriction limiting the Borrower's ability to amend or modify the terms of preferred shares, including the Preferred Shares, in a manner materially adverse to the lenders under the Term Loan Facility, (b) the Preferred Shares shall not be treated as debt for any purpose under the Term Loan Facility, including for purposes of calculating any financial ratios, covenants or tests thereunder and (c) the payment of any dividends in respect of the Preferred Shares that are made in cash under and in accordance with the Certificate of Designation shall be permitted under the Term Loan Facility, in an amount not to exceed $40 million in any fiscal year, so long as no default or event of default shall have occurred and be continuing at the time of or as a consequence of such payment).
Counsel to Term Loan B Agents and Arrangers :	Cravath, Swaine & Moore LLP

Exhibit C
to
Commitment Letter

Beacon Roofing Supply, Inc.
$1,300,000,000 Senior Secured Asset-Based Revolving Loan Facility
Summary of Principal Terms and Conditions

All capitalized terms used herein but not defined herein shall have the meanings provided in the letter agreement to which this Exhibit C is attached or in the other Exhibits to such letter agreement as applicable.

Borrowers :	Each of the wholly-owned subsidiaries of Holdings organized under the laws of a jurisdiction in the United States or Canada with assets to be included in the Borrowing Base after giving effect to the Acquisition (individually, a " ***Borrower*** " and collectively, " ***Borrowers*** "). Such subsidiaries organized under the laws of a jurisdiction in Canada are referred to herein as " ***Canadian Borrowers*** " and such subsidiaries organized under the laws of a jurisdiction in the United States are referred to herein as " ***US Borrowers*** ". All references to subsidiaries of Holdings include such subsidiaries after giving effect to the Transactions.
Guarantors :	Holdings and all of its existing and subsequently acquired or organized direct or indirect subsidiaries that are not Borrowers and are required to provide Guarantees as set forth herein (individually, a " ***Guarantor*** " and collectively, the " ***Guarantors*** ", and together with Borrowers, individually a " ***Loan Party*** " and collectively, " ***Loan Parties*** ").
ABL Administrative and Collateral Agent :	Wells Fargo Bank, National Association will act as sole administrative and collateral agent (in such capacities, " ***ABL Administrative Agent*** ") for a syndicate of banks, financial institutions and other lenders, excluding any Disqualified Institutions, in respect of the ABL Facility.
Syndication Agent :	Citi will act as sole syndication agent (in such capacity, the " ***ABL Syndication Agent*** ", and together with ABL Administrative Agent, the " ***ABL Agents*** ").
Joint Lead Arrangers and Joint Bookrunners :	Wells Fargo Bank, National Association, Citigroup Global Markets Inc., MLPFS, JPMCB and STRH (collectively, in such capacities, the " ***Arrangers*** ").
Lenders :	Wells Fargo Bank, National Association (and/or such other affiliate or branch as it may designate), Citi, MLPFS, JPMCB, SunTrust and such other institutions as may become parties to the financing arrangements as lenders (collectively, " ***Lenders*** "), but excluding Disqualified Institutions.

<u>Letter of Credit Issuers</u> :	Wells Fargo and any other Lender so designated by Holdings from time to time that agrees to act in such capacity and is reasonably acceptable to ABL Administrative Agent (in such capacity, each an " ***Issuing Bank*** ").
<u>Swingline Lender</u> :	Wells Fargo Bank, National Association (and/or such other affiliate or branch as it may designate) (in such capacity, " ***Swingline Lender*** ").
<u>ABL Facility</u> :	The ABL Facility will consist of: (a)a senior secured revolving credit and letter of credit facility provided to US Borrowers of up to the US Loan Limit (the " ***US Facility*** "); and (b)a senior secured revolving credit and letter of credit facility provided to the Canadian Borrowers of up to the Canadian Loan Limit (the " ***Canadian Facility*** "). (c) The US Facility and the Canadian Facility are individually and collectively, the " ***ABL Facility*** ." The term " ***Maximum Credit*** " as used herein means the aggregate of the commitments of Lenders for the US Facility and the Canadian Facility. (d)A Canadian affiliate of ABL Administrative Agent may be the Lender for such Canadian facility and/or agent or sub-agent. Notwithstanding anything to the contrary contained herein, the ABL Loan Documents may include additional customary provisions to reflect applicable matters of Canadian law (whether Federal or Provincial). All references to "$" herein are to the lawful currency of the United States of America. Notwithstanding anything herein to the contrary, SunTrust Bank will not be a Lender under the Canadian Facility. (e)Loan Parties will appoint Holdings to act as the agent for Loan Parties for all purposes of dealing with ABL Administrative Agent, Issuing Banks, and Lenders, including requesting Revolving Loans and Letters of Credit.

Availability :	The revolving loans under the ABL Facility (" ***Revolving Loans*** ") will be available to each Borrower outstanding at any one time of up to the lesser of the aggregate commitments of Lenders in the Canadian Facility or the US Facility, as applicable, or the applicable Borrowing Base of the Borrowers as described below and subject to the terms and conditions of the ABL Loan Documents. The Canadian Facility will be a subfacility included in the ABL Loan Documents to be provided in Canadian dollars and US dollars to the Canadian Borrowers of up to the equivalent of a $100,000,000, subject to any Facility Increase (the " ***Canadian Loan Limit*** "), and subject to the Canadian Borrowing Base. The US Facility will be provided in US dollars to the US Borrowers in an amount of up to $1,200,000,000, subject to any Facility Increase (the " ***US Loan Limit*** ", and together with the Canadian Loan Limit, a " ***Loan Limit*** ") and subject to the US Borrowing Base. Borrowers shall have the right one time during each 12 month period on such terms and conditions as ABL Administrative Agent and Borrowers may agree to decrease the US Loan Limit and contemporaneously increase the Canadian Loan Limit by the same amount (provided , that, in no event shall the Canadian Loan Limit be greater than the equivalent of $125,000,000). Revolving Loans may be drawn, repaid and reborrowed.
Letter of Credit Subfacility :	A portion of the ABL Facility will be available for letters of credit arranged by ABL Administrative Agent and issued by an Issuing Bank (" ***Letters of Credit*** ") in an aggregate amount at any time outstanding not to exceed $80,000,000. Letters of Credit will reduce the amount of the Revolving Loans available under the applicable Borrowing Base and the applicable Loan Limit. Letters of Credit will be issued by the Issuing Bank and each Lender will purchase an irrevocable and unconditional participation in each Letter of Credit.
Swing Line Facility :	A portion of the ABL Facility will be available as swing line loans (" ***Swing Line Loans*** ") with a sublimit on Swing Line Loans to Borrowers outstanding at any time in an amount up to $130,000,000 (allocated between the US Facility and Canadian Facility in amounts to be agreed). Swing Line Loans will reduce the amount of the Revolving Loans available under the applicable Borrowing Base and the applicable Loan Limit. The term " ***Revolving Loans*** " as used herein includes Swing Line Loans, except as otherwise provided herein. Swing Line Loans will be made available by Swing Line Lender and each Lender will purchase an irrevocable and unconditional participation in each Swing Line Loan.
Purpose :	The proceeds of the Revolving Loans under the ABL Facility and the Letters of Credit will be used by Borrowers (a) on the Closing Date, (i) to refinance outstanding indebtedness and pay any accrued and unpaid interest, fees and expenses under the Existing ABL Credit Agreement and (ii) after the application of the proceeds of the Term Loan Facility and Bridge Facility thereto, for the payment of a portion of the consideration payable for the Acquisition (provided , that, in no event will the aggregate amount of the Revolving Loans and Letters of Credit on the Closing Date for the purposes under clause (ii) exceed $382,000,000 nor will the aggregate amount of the Revolving Loans and Letters of Credit on the Closing Date for the purposes under clause (i) and (ii) together exceed (A) if the Closing Date occurs between August 24, 2017 and November 30, 2017, $900,000,000, (B) if the Closing Date occurs between December 1, 2017 and April 30, 2018, $800,000,000 or (C) if the Closing Date occurs between May 1, 2018 and August 31, 2018, $900,000,000 (the applicable borrowing amount referred to in the foregoing clauses (A), (B) or (C), the " ***Closing Date ABL Borrowing Amount*** "), and (b) after the Closing Date, for working capital of Borrowers and their subsidiaries and other general corporate purposes including funding capital expenditures and permitted acquisitions.

Unrestricted Subsidiaries :	Substantially the same as the Existing ABL Credit Agreement, subject to the ABL Documentation Principles.
Facility Increase :	Substantially the same as the Existing ABL Credit Agreement, subject to modification based on the ABL Documentation Principles and with any increase in Incremental Commitments (as defined in the Existing ABL Credit Agreement) not to exceed $500,000,000 in the aggregate.
Guarantees :	Substantially the same as the Existing ABL Credit Agreement, the US Guaranty Agreement (as defined in the Existing ABL Credit Agreement) and the Canadian Guaranty Agreement (as defined in the Existing ABL Credit Agreement), subject to the ABL Documentation Principles.

Borrowing Base :

Subject to the terms below with respect to the Alternative Closing Borrowing Base:

US Borrowing Base . The Revolving Loans to US Borrowers under the US Facility (“ ***US Revolving Loans*** ”) and Letters of Credit for the account of US Borrowers will be subject to availability under the US Borrowing Base calculated as follows:

(a)the amount equal to 85% multiplied by the net amount of eligible accounts of US Borrowers; plus

(b)the amount equal to the lesser of: (i) 70% multiplied by the value of each category of eligible inventory of US Borrowers or (ii) 85% of the Net Recovery Percentage of each category of eligible inventory of US Borrowers multiplied by the value thereof; minus

(c)applicable reserves established by ABL Administrative Agent in its Permitted Discretion in accordance with the terms of the ABL Loan Documents.

Canadian Borrowing Base . The Revolving Loans to Canadian Borrowers under the Canadian Facility (“ ***Canadian Revolving Loans*** ”) and Letters of Credit for the account of Canadian Borrowers will be subject to availability under the Canadian Borrowing Base calculated as follows:

(a)the amount equal to 85% multiplied by the net amount of eligible accounts of Canadian Borrowers; plus

(b)the amount equal to the lesser of: (i) 70% multiplied by the value of each category of eligible inventory of Canadian Borrowers or (ii) 85% of the Net Recovery Percentage of each category of eligible inventory of Canadian Borrowers multiplied by the value thereof; minus

(c)applicable reserves established by ABL Administrative Agent in its Permitted Discretion in accordance with the terms of the ABL Loan Documents.

The US Borrowing Base and the Canadian Borrowing Base are referred to herein as the “ ***Borrowing Base*** ”; provided , that, if the Alternative Closing Borrowing Base (as defined below) is in effect, then the amount available on the Closing Date (but not on any date thereafter) will be the greater of (A) the Closing Date ABL Borrowing Amount or (B) the Borrowing Base.

The “value” of each category of eligible inventory will be determined at the lower of cost or market, consistent with the current practices of Holdings in effect immediately prior to the Closing Date, without regard to the portion of the value of inventory equal to intercompany profit on the sale thereof or to the extent applicable, write ups or write downs in value with respect to currency exchange rates.

The term “ ***Net Recovery Percentage*** ” means the fraction, expressed as a percentage (a) the numerator of which is the amount equal to the recovery on the aggregate amount of the applicable category of eligible inventory at such time on a “net orderly liquidation value” (i.e., net of costs and expenses incurred in connection with liquidation) basis determined by reference to the most recent inventory appraisal received by ABL Administrative Agent in accordance with the requirements of the ABL Loan Documents, and (b) the denominator of which is the cost of the aggregate amount of the eligible inventory subject to such appraisal.

The term “ ***Permitted Discretion*** ” as used in this Term Sheet with reference to ABL Administrative Agent, shall mean a determination made in good faith in the exercise of its reasonable business judgment based on how an asset-based lender with similar rights providing a credit facility of the type set forth herein would act in similar circumstances at the time with the information then available to it.

The right of ABL Administrative Agent to establish reserves will be in accordance with its customary practices in the exercise of its Permitted Discretion and as may be applicable under the circumstances based on its field examination and other due diligence. The amount of any reserve established by ABL Administrative Agent shall have a reasonable relationship to the event, condition or other matter which is the basis for such reserve as determined by ABL Administrative Agent in good faith and to the extent that such reserve is in respect of amounts that may be payable to third parties ABL Administrative Agent may deduct such reserve from the Maximum Credit at any time that such limit is less than the amount of the Borrowing Base. ABL Administrative Agent will provide notice to Holdings as agent for Borrowers of any new categories of reserves that may be established after the Closing Date or any changes in the methodology of the calculation of an existing category of reserves and will consult with Holdings in connection with the basis for such new categories of reserves to the extent Holdings is available in a reasonably timely manner, provided , that, no such consultation shall be required at any time a default or event of default exists or has occurred and is continuing. New categories of reserves may be established after the Closing Date by ABL Administrative Agent in the exercise of its Permitted Discretion based on either: (i) an event, condition or other circumstance arising after the

Closing Date, or (ii) an event, condition or other circumstance existing on the Closing Date to the extent that such event, condition or circumstance has not been identified by a Borrower to the field examiners of ABL Administrative Agent prior to the Closing Date (except to the extent that it may have been identified but ABL Administrative Agent has elected not to establish a reserve with respect thereto as of the Closing Date).

Alternative Closing Borrowing Base :	In the event that as of the Closing Date, ABL Administrative Agent has not received a current third party appraisal of the inventory or a final report from the field examinations of the business and collateral of the Acquired Company, the Borrowing Base shall be deemed to be, for purposes of the initial Revolving Loans and Letters of Credit on the Closing Date, the Alternative Closing Borrowing Base. The " ***Alternative Closing Borrowing Base*** " means after the Closing Date the amount equal to (a) the Borrowing Base calculated as provided above, plus (b) (i) if the Closing Date occurs between August 24, 2017 and November 30, 2017, $300,000,000, (ii) if the Closing Date occurs between December 1, 2017 and April 30, 2018, $275,000,000 or (iii) if the Closing Date occurs between May 1, 2018 and August 31, 2018, $300,000,000. The Alternative Closing Borrowing Base shall only be in effect until the earlier of 60 days after the Closing Date (or such later date as may be agreed by ABL Administrative Agent) or the date ABL Administrative Agent has received the current third party appraisals with respect to the inventory of the Acquired Company and an acceptable draft report or the final report from a current field examination of the Acquired Company, provided , that, ABL Administrative Agent may adjust, in its Permitted Discretion, the Alternative Closing Borrowing Base as to reserves and including only eligible accounts and eligible inventory based on any field examination results at the time that it receives such results and as to the inventory at the time that it receives any appraisal with respect thereto. On and after the receipt by ABL Administrative Agent of the field examination results and appraisals as provided below, Revolving Loans and Letters of Credit shall be provided to Borrowers subject to the terms and conditions of the ABL Loan Documents and availability under the Borrowing Base, which will be calculated in a manner consistent with the definition of the term Borrowing Base as set forth above. In the event that ABL Administrative Agent has not received a current third party appraisal of the inventory and a final report from the field examinations of the business and collateral of the Acquired Company prior to the Closing Date, Borrowers shall use commercially reasonable efforts to provide ABL Administrative Agent and the field examiners and appraisers sufficient access and information to complete such field examinations and appraisal on or before the 60th day after the Closing Date (or such later date as may be agreed by ABL Administrative Agent) and the Arrangers and Holdings each agree to cooperate in good faith to cause such field examinations and appraisals with respect to the Acquired Company to be completed as soon as practicable. If ABL Administrative Agent has not received such appraisals and final report from the field examinations on or prior to the 60th day after the Closing Date (or such later date as may be agreed by ABL Administrative Agent), availability with respect to the collateral of the Acquired Company shall be zero on and after such 60th day (or such later date as may be agreed by ABL Administrative Agent) until ABL Administrative Agent's receipt and reasonable opportunity to review the results of such appraisal and final report from the field examination.
Eligibility :	Criteria for determining eligible accounts and eligible inventory will be in accordance with ABL Administrative Agent's customary practices and consistent with asset-based lending facilities for other similarly situated companies in similar businesses as Borrowers for which it is an agent, and as appropriate under the circumstances as reasonably determined by ABL Administrative Agent pursuant to field examinations and other due diligence and as otherwise may be reasonably acceptable to Holdings (but in no event will the eligibility criteria be less favorable than as set forth in the Existing ABL Credit Agreement), subject to (a) the ABL Documentation Principles, and (b) such modifications as ABL Administrative Agent may otherwise reasonably require in respect of the eligible accounts and eligible inventory of the Acquired Company in its Permitted Discretion.
Mandatory Prepayments :	Substantially the same as the Existing ABL Credit Agreement, subject to the ABL Documentation Principles.
Optional Prepayments :	Substantially the same as the Existing ABL Credit Agreement, subject to the ABL Documentation Principles.
Interest and Fees :	See Schedules 1 and 2 to this Exhibit C.

Security :	Subject to the Limited Conditionality Provisions, to secure all obligations of each Loan Party under the ABL Facility (and including ABL Bank Product Obligations) (1) on a first-priority basis by substantially all the assets of each Loan Party, whether owned on the Closing Date or thereafter acquired consisting of the ABL Priority Collateral (as defined in the Existing Intercreditor Agreement), and (2) on a second-priority basis (junior only to the security interest securing obligations under the Term Loan Facility) with respect to the Term Loan Priority Collateral (as defined in the Existing Intercreditor Agreement), but excluding, in the case of each of clauses (1) and (2), Excluded Assets (as defined in the Existing Intercreditor Agreement). Subject to Limited Conditionality Provisions, all the above-described pledges, security interest and mortgages shall be created on terms, and pursuant to documentation consistent with the ABL Documentation Principles (including, without limitation, in the case of fee interests in real property, by customary items such as satisfactory title insurance and surveys and subject to the delivery of flood certificates and evidence of satisfactory flood insurance, as required by applicable law, provided, that, no mortgage or other security instrument with respect to real property will be executed and delivered until at least twenty days after each Lender has been provided a life of loan flood zone determination and such other documents for each Flood Hazard Property (as defined in the Existing ABL Credit Agreement) as it may reasonably request to complete its flood insurance diligence), and none of the Collateral shall be subject to any other liens (other than in favor of the ABL Facility and the Term Loan Facility), subject to customary exceptions to be mutually agreed. As to specific items of Collateral, ABL Administrative Agent may determine not to perfect its security interest therein based on the minimal value thereof relative to the costs of such perfection. " ***ABL Bank Product Obligations*** " means any obligation on account of (a) any Cash Management Services furnished to any of the Loan Parties or any of their subsidiaries and/or (b) any transaction with ABL Administrative Agent or any Lender or any of their affiliates, which arises out of any Bank Product entered into with any Loan Party and any such person, as each may be amended from time to time. " ***Bank Products*** " means any services of facilities provided to any Loan Party by any Lender or any of its affiliates (but excluding Cash Management Services) including, without limitation, on account of (a) swap contracts, (b) merchant services constituting a line of credit, and (c) supply chain finance services including, without limitation, trade payable services and supplier accounts receivable purchases, but excluding any factoring services. " ***Cash Management Services*** " means any one or more of the following types or services or facilities provided to any Loan Party by any Lender or any of its affiliates: (a) ACH transactions, (b) cash management services, including, without limitation, controlled disbursement services, treasury, depository, overdraft, and electronic funds transfer services, (c) foreign exchange facilities, (d) credit or debit cards, (e) credit card processing services, and (f) purchase cards.
Intercreditor Agreement :	The lien priority, relative rights and other creditors' rights issues in respect of the Term Loan Facility and the ABL Facility will be set forth in the Intercreditor Agreement, which shall be reasonably satisfactory to Borrowers, the Term Loan Administrative Agent and ABL Administrative Agent.
Closing Date :	The date on which the initial borrowings under the ABL Facility are made (the " ***Closing Date*** ").
Term :	The ABL Facility maturity date is October 1, 2020 (the " ***Maturity Date*** "); except to the extent each Lender may agree to a Maturity Date of 5 years from the Closing Date.

Documentation :	The definitive loan documentation (collectively, the " ***ABL Loan Documents*** ") will be mutually agreed upon, the definitive terms of which (including materiality thresholds, baskets, exceptions, qualifications and grace periods) will be negotiated in good faith, and will be consistent with the terms set forth in the Commitment Letter (including this Term Sheet), as modified in accordance with the flex provisions of the Fee Letter and based on (but no less favorable to the Borrower than) the Existing ABL Credit Agreement and related documents executed and delivered in connection therewith, with additions, deletions, modifications and other changes as Borrower and Arrangers shall reasonably agree and subject to modifications to reflect the terms hereof, to give effect to the Transactions (including the Term Loan Facility, the Bridge Facility, the Equity Financing), the Acquisition and other transactions contemplated hereby, to provide for and give effect to the Guarantees and the security over the Collateral and the arrangements contemplated by the Intercreditor Agreement, to reflect changes in law or accounting standards (including, but not limited, to EU bail-in provisions, anti-terrorism, anti-money laundering, FCPA and know your customer provisions) or cure mistakes or defects, to reflect reasonable administrative, agency and operational requirements of ABL Administrative Agent and to reflect the operational and strategic requirements of Holdings and its subsidiaries and the Acquired Company in light of their consolidated capital structure, size, industry, projected performance (including as reflected in the Projections), reporting and accounting systems, Excess Availability, collateral and practices of Holdings, the Acquired Company and their subsidiaries, and shall contain such modifications as Borrowers and ABL Administrative Agent shall mutually agree, provided, that, notwithstanding anything to the contrary contained herein, in no event will any of the terms of the ABL Facility include changes from the Existing ABL Credit Agreement that require the approval of more than Required Lenders under the Existing ABL Credit Agreement, except to the extent that such additional approvals are obtained and in full force and effect (collectively, the " ***ABL Documentation Principles*** ") Borrowers shall use commercially reasonable efforts to obtain collateral access agreements prior to the Closing Date at locations where Collateral of the Acquired Company in excess of $2,500,000 is located and thereafter to the extent not delivered prior to the Closing Date. To the extent that ABL Administrative Agent has not received a reasonably acceptable collateral access agreement for a leased or third party location in a jurisdiction where the landlord or other third party may have a lien on any of the Collateral of the Acquired Company under applicable law or under the terms of the applicable lease, it may establish a reserve in respect of amounts payable under the applicable lease or other agreement with such lessor or other third party (which reserve, as to any one such location, will not exceed three months of rent or other payments owing to the applicable lessor or other third party) (it being understood that to the extent a reserve is imposed then no collateral access agreement shall be required). The delivery of such collateral access agreement shall not be a condition of closing.
Representations and Warranties :	Substantially the same as the Existing ABL Credit Agreement, subject to the ABL Documentation Principles.

Affirmative Covenants :	Substantially the same as the Existing ABL Credit Agreement, subject to the ABL Documentation Principles.

Collateral and Financial Reporting :

The ABL Loan Documents will provide for the following collateral and financial reporting:

(a)monthly borrowing base certificates, (i) so long as Adjusted Excess Availability is not less than the greater of (A) 15.0% of the Loan Cap and (B) $135,000,000 for any 5 consecutive business days and no event of default exists, otherwise weekly and (ii) Borrowers may at any time at their option elect to deliver borrowing base certificates on a weekly basis, provided , that, at any time borrowing base certificates are delivered on a weekly basis under clause (i) or (ii), it shall continue for not less than four consecutive weeks;

(b)field examinations and appraisals as ABL Administrative Agent may from time to time require, but no more than:

(i)1 field examination and 1 appraisal of inventory in any 12 month period at the expense of Borrowers so long as Adjusted Excess Availability is not less than the greater of (A) 15.0% of the Loan Cap or (B) $135,000,000 during such 12 months,

(ii)2 field examinations and 2 appraisals in any 12 month period at the expense of Borrowers if at any time Adjusted Excess Availability during such 12 months is less than or equal to the greater of (A) 15.0% of the Loan Cap or (B) $135,000,000,

(iii)such other field examinations and appraisals as ABL Administrative Agent may request at any time upon the occurrence and during the continuance of an event of default at the expense of Borrowers or at any time at the expense of ABL Administrative Agent;

(c)quarterly financial statements (including management discussion and analysis), except so long as a default or event of default shall have occurred and be continuing, then monthly financial statements;

(d)annual audited financial statements (including management discussion and analysis) and projections;

(e)other financial and collateral reports to be agreed.

The term " ***Loan Cap*** " means, at any time, the lesser of the Maximum Credit or the Borrowing Base at such time (or to the extent that the Alternative Closing Borrowing Base is then applicable, the Alternative Closing Borrowing Base).

The term " ***Adjusted Excess Availability*** " as used herein means at any time, the sum of (a) the Excess Availability, plus (b) Specified Suppressed Availability, plus (c) Qualified Cash.

The term " ***Excess Availability*** " as used herein means at any time, the amount

equal to (a) the Loan Cap minus (b) Revolving Loans, unreimbursed drawings under Letters of Credit and amounts available under Letters of Credit.

The term " ***Specified Suppressed Availability*** " means the lesser of: (a) the amount by which the Borrowing Base exceeds the Maximum Credit at such time or (b) the amount equal to 7.5% of the Maximum Credit less the amount of the Qualified Cash included in the calculation of Adjusted Excess Availability, provided , that, if Excess Availability is less than the greater of (i) 5.0% of the Loan Cap or (ii) $45,000,000, Specified Suppressed Availability shall be zero.

The term " ***Qualified Cash*** " means unrestricted cash and cash equivalents of a Loan Party that are subject to the valid, enforceable and first priority perfected security interest and pledge of ABL Administrative Agent in an investment account or deposit account at ABL Administrative Agent or another institution reasonably satisfactory to ABL Administrative Agent subject to a control agreement (which will limit the terms of withdrawal of such funds by a Loan Party subject to certain conditions) and free and clear of any pledge, security interest, lien, claim or other encumbrance (other than in favor of ABL Administrative Agent and other than in favor of the depository bank or securities intermediary where the deposit account or investment account is maintained for its reasonable and customary fees and charges related to such account), are available for use by such Loan Party without condition or restriction (other than in favor of ABL Administrative Agent), and for which ABL Administrative Agent shall have received evidence, in form and substance reasonably satisfactory to ABL Administrative Agent, of the amount of such cash or cash equivalents held in such deposit account or investment account as of the applicable date of the calculation of the Excess Availability and the satisfaction of the other conditions herein; provided , that, if Excess Availability is less than the greater of (i) 5.0% of the Loan Cap or (ii) $45,000,000, Qualified Cash shall be zero.

<u>Cash Management</u> :	Substantially the same as the Existing ABL Credit Agreement, subject to the ABL Documentation Principles (including the change to the definition of the term "Cash Dominion Event" as set forth below), and Borrowers shall cause the Acquired Company to establish, not later than 90 days after the Closing Date (or such later date as ABL Administrative Agent may agree in its reasonable discretion), a cash management system in form and substance reasonably satisfactory to ABL Administrative Agent; <u>provided</u> , that the Acquired Company shall be under no obligation to move its deposit accounts or cash management system to Wells Fargo Bank or any other depository institution.

" ***Cash Dominion Event*** " means (a) Adjusted Excess Availability is less than the greater of (i) 10.0% of the Loan Cap at any time or (ii) $90,000,000, for any 5 consecutive business days or (b) a Specified Event of Default exists or has occurred and be continuing; <u>provided</u> , that,

(i)to the extent that the Cash Dominion Event has occurred due to clause (a) of this definition, if Adjusted Excess Availability shall be equal to

or greater than the amount in clause (a) of this definition for at least 30 consecutive days, the Cash Dominion Event shall no longer be deemed to exist or be continuing until such time as Adjusted Excess Availability may again be less than such amount and

(ii)to the extent that the Cash Dominion Event has occurred due to clause (b) of this definition, if such event of default is cured or waived or otherwise no longer exists for a period of at least 30 consecutive days, the Cash Dominion Event shall no longer be deemed to exist or be continuing.

The term " ***Specified Event of Default*** " means any event of default arising in connection with (i) a failure to make any payment when due, (ii) any insolvency proceeding (whether voluntary or involuntary), (iii) the failure to deliver a borrowing base certificate or other required borrowing base report, (iv) if ABL Administrative Agent determines in the exercise of its Permitted Discretion that such event shall be a "Specified Event of Default," any representation or warranty contained in any borrowing base certificate being incorrect or (v) the failure to comply with representations and covenants relating to cash management or any financial covenant.

Negative Covenants :

Substantially the same as the Existing ABL Credit Agreement, subject to the ABL Documentation Principles (including the changes with respect to permitted acquisitions described below, the change of the definition of the term "Payment Conditions" as set forth below and the changes in respect of the Preferred Shares as set forth below).

The negative covenant governing acquisitions will expressly allow an acquisition, which satisfies the following conditions: (a) ABL Administrative Agent receives at least 10 business days prior notice; (b) Borrowers certify to ABL Administrative Agent that the acquisition is approved by the board of directors of the entity being acquired; (c) the entity or business being acquired is in the same or reasonably related or ancillary business as Borrowers; (d) if the transaction involves a Loan Party, such party is the surviving person and no change of control occurs; (e) the entity being acquired (unless not required to be a Guarantor) will deliver joinders to the credit documents and any certificated stock or comparable certificates to ABL Administrative Agent; (f) if the consideration for the acquisition (or series of related acquisitions) exceeds $85,000,000, then: (i) Borrowers will deliver a compliance certificate to ABL Administrative Agent at least 5 business days prior to the acquisition showing the Loan Parties are in compliance with the financial covenant (as if there were a Compliance Period), (ii) each of the Payment Conditions is satisfied, and (iii) Borrowers will deliver financial statements on a pro forma basis after giving effect to such acquisition and all indebtedness incurred in connection therewith; (g) Borrowers will deliver to ABL Administrative Agent copies of substantially final acquisition documents in form and substance reasonably satisfactory to ABL Administrative Agent; (h) no default or event of default exists immediately before or after such acquisition; (i) if the consideration for the acquisition (or series of related acquisitions) exceeds $85,000,000, the entity being acquired has positive consolidated EBITDA for

the 4 fiscal quarters immediately prior to the acquisition; and (j) Borrowers deliver to ABL Administrative Agent a certificate that all of the requirements above are satisfied, and provides such other documents reasonably requested by ABL Administrative Agent.

Notwithstanding anything to the contrary set forth above, in the case of any acquisition where the aggregate amount of the consideration payable in respect thereof is less than or equal to $85,000,000, then as to such acquisition instead of satisfying each of the Payment Conditions, Borrowers shall only be required to have the daily average of the Adjusted Excess Availability for the immediately preceding 45 consecutive day period be not less than the greater of (i) 12.5% of the Loan Cap or (ii) $112,500,000, and after giving effect to the acquisition and the making of any payment in respect thereof, on a pro forma basis using the most recent calculation of the Borrowing Base immediately prior to any such payment, the Adjusted Excess Availability shall be not less than such amount..

Assets of any new domestic or foreign subsidiary acquired pursuant to an acquisition will only be eligible after a satisfactory field examination, appraisal and legal diligence and subject to reserves and eligibility criteria based thereon (provided , that, in the case of asset substantially similar to those of Borrowers prior to the acquisition, such assets that otherwise satisfy the applicable eligibility criteria may be included in the Borrowing Base prior to the field examination or appraisal, but in no event shall the aggregate amount of such assets included in the Borrowing Base exceed the lesser of (i) 5.0% of the Loan Cap or (ii) $65,000,000.

" ***Payment Conditions*** " means, at the time of determination with respect to any specified transaction or payment the following:

(a)as of the date of any such transaction or payment, and after giving effect thereto, no Specified Event of Default shall exist or have occurred and be continuing,

(b)as of the date of any such transaction or payment, and after giving effect thereto, either :

(i)the daily average of the Adjusted Excess Availability for the immediately preceding 45 consecutive day period shall be not less than the greater of (A) 17.5% of the Loan Cap or (B) $157,500,000 and after giving effect to the transaction or payment, on a pro forma basis using the most recent calculation of the Borrowing Base immediately prior to any such payment or transaction, the Adjusted Excess Availability shall be not less than the greater of such amounts, or

(ii)both (A) on a pro forma basis using the most recent calculation of the Borrowing Base immediately prior to any such payment or transaction, the daily average of the Adjusted Excess Availability for the immediately preceding 45 consecutive day period shall be not less than the greater of (1) 12.5% of the Loan Cap or (2) $112,500,000 and

after giving effect to the transaction or payment, on a pro forma basis using the most recent calculation of the Borrowing Base immediately prior to any such payment or transaction, the Adjusted Excess Availability shall be not less than the greater of such amounts, and (B) as of the date of any such transaction or payment, and after giving effect thereto, on a pro forma basis, the Fixed Charge Coverage Ratio for the immediately preceding 4 fiscal quarters (or 12 consecutive fiscal months at any time Borrowers are required to provide monthly financial statements) ending on the last day of the applicable fiscal period prior to the date of such payment or transaction for which ABL Administrative Agent has received financial statements shall be at least 1.00 to 1.00;

(c)ABL Administrative Agent shall receive 10 business days prior written notice of such payments and transactions, and

(d)ABL Administrative Agent shall have received a certificate of an authorized officer of Borrowers certifying as to compliance with the preceding clauses and demonstrating (in reasonable detail) the calculations required thereby.

The ABL Loan Documents shall (a) include a restriction limiting the ability of Holdings to amend or modify the terms of the Preferred Shares after the Closing Date in a manner materially adverse to the Lenders and (b) permit the payment of dividends in respect of the Preferred Shares that are made in cash under and in accordance with the Certificate of Designation, in an amount not to exceed $40 million in any fiscal year, so long as no default or event of default shall have occurred and be continuing at the time of or as a consequence of such payment. The Preferred Shares shall not be treated as debt for any purpose under the ABL Facility, including for purposes of calculating any financial ratios, covenants or tests thereunder; provided , that, any dividends paid pursuant to clause (b) of the previous sentence shall be treated as fixed charges for purposes of calculating the Fixed Charge Coverage Ratio.

Financial Covenant :	Minimum Fixed Charge Coverage Ratio of 1.00 to 1.00 as of the end of each fiscal quarter, based on the 4 immediately preceding quarters for which ABL Administrative Agent has received financial statements (or such other period or periods as ABL Administrative Agent and Holdings may agree for periods prior to the first anniversary of the Closing Date and at any time Borrowers are required to deliver monthly financial statements, as of the end of each fiscal month based on the 12 immediately preceding months for which financial statements have been received), provided , that, compliance with such financial covenant shall only be required during a Compliance Period, in which case such financial covenant shall be tested as of the last day of the then most recently completed fiscal period for which financial statements have been delivered and for each quarter end (or month end as applicable) thereafter until the Compliance Period ends. The definitions used for purposes of the Fixed Charge Coverage Ratio will be as set forth in the Existing ABL Credit Agreement. " ***Compliance Period*** " means at any time Adjusted Excess Availability is less than the greater of (i) 10.0% of the Loan Cap or (ii) $90,000,000 and shall continue for the period until Adjusted Excess Availability has been greater than such amount for a period of at least 30 consecutive days.
Events of Default :	Substantially the same as the Existing ABL Credit Agreement, subject to the ABL Documentation Principles.
Conditions Precedent to all Borrowings :	Substantially the same as the Existing ABL Credit Agreement, subject to the ABL Documentation Principles.
Conditions Precedent to Initial Borrowings :	The conditions precedent to the initial borrowings under the ABL Facility will only be those conditions precedent set forth in Section 3 of the Commitment Letter and Exhibit E to the Commitment Letter.
Assignments and Participations :	Substantially the same as the Existing ABL Credit Agreement, subject to the ABL Documentation Principles.
Amendments and Waivers :	Substantially the same as the Existing ABL Credit Agreement, subject to the ABL Documentation Principles.
Cost and Yield Protections :	Customary for facilities and transactions of this type, including customary tax gross-up provisions and including provisions relating to Dodd-Frank, Basel III and FATCA.
Governing Law :	New York but excluding any principles of conflicts of law or other rule of law that would cause the application of the law of any jurisdiction other than the State of New York (other than certain security documents that will be governed by local law as applicable or as the parties may otherwise agree).
Expenses, Waivers and Indemnity :	Substantially the same as the Existing ABL Credit Agreement, subject to the ABL Documentation Principles.

SCHEDULE 1
TO
EXHIBIT C
TO
COMMITMENT LETTER

Interest and Certain Fees

Interest Rate Options :	Borrowers may elect that Revolving Loans (other than Swing Line Loans) bear interest at a rate per annum equal to (a) with respect to Revolving Loans denominated in US dollars (i) the US Base Rate plus the Applicable Margin or (ii) the LIBOR Rate plus the Applicable Margin and (b) with respect to Revolving Loans denominated in Canadian dollars (i) the Canadian Base Rate plus the Applicable Margin or (ii) the Canadian BA Rate plus the Applicable Margin. Swing Line Loans will bear interest at a rate per annum equal to the US Base Rate or Canadian Base Rate (as applicable) plus the Applicable Margin.

As used herein:

" ***Applicable Margin*** " means, with respect to Revolving Loans, other than Swing Line Loans, a percentage determined in accordance with the pricing grid attached hereto as Schedule 2 to the ABL Term Sheet.

" ***Canadian BA Rate*** " means (a) for a Lender that is a Canadian Reference Bank, the CDOR Rate, and (b) for any other Lender, the CDOR Rate plus 0.10%.

" ***Canadian Base Rate*** " means, for any day, a rate per annum equal to the greater of (a) the CDOR Rate existing on such day (which rate shall be calculated based upon an interest period of one month), plus one percentage point, and (b) the "prime rate" for Canadian Dollar commercial loans made in Canada as reported by Thomson Reuters under Reuters Instrument Code <CAPRIME=> on the "CA Prime Rate (Domestic Interest Rate) – Composite Display" page (or any successor page or such other commercially available service or source (including the Canadian Dollar "prime rate" announced by a Schedule I bank under the Bank Act (Canada)) as ABL Administrative Agent may designate from time to time).

" ***Canadian Reference Bank*** " means any one or more of The Bank of Nova Scotia, Bank of Montreal, Royal Bank of Canada, The Toronto-Dominion Bank, Canadian Imperial Bank of Commerce or National Bank of Canada, as ABL Administrative Agent may determine.

" ***CDOR Rate*** " means the average rate per annum as reported on the Reuters Screen CDOR Page (or any successor page or such other page or commercially available service displaying Canadian interbank bid rates for Canadian Dollar bankers' acceptances as ABL Administrative Agent may designate from time to time, or if no such substitute service is available, the rate quoted by a Schedule I bank under the Bank Act (Canada) selected by ABL Administrative Agent at which such bank is offering to purchase Canadian Dollar bankers'

acceptances) as of 10:00 a.m. Eastern (Toronto) time on the date of commencement of the requested interest period, for a term, and in an amount, comparable to the interest period and the amount of the Canadian BA Rate Loan requested (and, if any such rate is below zero, then such rate shall be deemed to be zero).

" ***Eurodollar Reserve Percentage*** " means, for any day, the percentage (expressed as a decimal) which is in effect for such day as prescribed by the Board of Governors of the Federal Reserve System (or any successor) for determining reserve requirements (including, without limitation, any basic, supplemental or emergency reserves) in respect of eurocurrency liabilities or any similar category of liabilities for a member bank of the Federal Reserve System in New York City.

" ***LIBOR*** " means:

(a) for any interest rate calculation with respect to a LIBOR Rate Loan, the rate of interest per annum determined on the basis of the rate for deposits in US Dollars for a period equal to the applicable interest period which appears on Reuters Screen LIBOR01 Page (or any applicable successor page) at approximately 11:00 a.m. (London time) two business days prior to the first day of the applicable interest period (and if any such rate is below zero, LIBOR shall be deemed to be zero). If, for any reason, such rate does not appear on Reuters Screen LIBOR01 Page (or any applicable successor page), then "LIBOR" shall be determined by ABL Administrative Agent to be the arithmetic average of the rate per annum at which deposits in US Dollars in minimum amounts of at least $5,000,000 would be offered by first class banks in the London interbank market to ABL Administrative Agent at approximately 11:00 a.m. (London time) two business days prior to the first day of the applicable interest period for a period equal to such interest period (and, if any such rate is below zero, then such rate shall be deemed to be zero); and

(b) for any interest rate calculation with respect to a US Base Rate Loan, the rate of interest per annum determined on the basis of the rate for deposits in US Dollars in minimum amounts of at least $5,000,000 for a period equal to one month (commencing on the date of determination of such interest rate) which appears on the Reuters Screen LIBOR01 Page (or any applicable successor page) at approximately 11:00 a.m. (London time) on such date of determination, or, if such date is not a business day, then the immediately preceding business day (and if any such rate is below zero, LIBOR shall be deemed to be zero). If, for any reason, such rate does not appear on Reuters Screen LIBOR01 Page (or any applicable successor page) then "LIBOR" for such US Base Rate Loan shall be determined by ABL Administrative Agent to be the arithmetic average of the rate per annum at which deposits in US Dollars in minimum amounts of at least $5,000,000, as applicable, would be offered by first class banks in the London interbank market to ABL Administrative Agent at approximately 11:00 a.m. (London time) on such date of determination for a period equal to one month commencing on such date of determination (and, if any such rate is below zero, then such rate shall be deemed to be zero).

" ***LIBOR Rate*** " means with respect to each interest period for any LIBOR Rate Loan, the rate per annum determined by ABL Administrative Agent by dividing (a) LIBOR for such interest period by (b) a percentage equal to: (i) one minus (ii) the Eurodollar Reserve Percentage.

" ***US Base Rate*** " means the greatest of (a) the Federal Funds Rate plus ½%, (b) the LIBOR Rate (which rate shall be calculated based upon an Interest Period of one month and shall be determined on a daily basis), plus one percentage point, and (c) the rate of interest announced, from time to time, within Wells Fargo at its principal office in San Francisco as its "prime rate", with the understanding that the "prime rate" is one of Wells Fargo's base rates (not necessarily the lowest of such rates) and serves as the basis upon which effective rates of interest are calculated for those loans making reference thereto and is evidenced by the recording thereof after its announcement in such internal publications as Wells Fargo may designate (and, if any such announced rate is below zero, then the rate determined pursuant to this clause (d) shall be deemed to be zero).

Interest rate reference terms will be subject to customary provisions, including applicable reserve requirements, limits on the number of outstanding LIBOR Rate loans and minimum amounts of each LIBOR Rate loan.

Unused Line Fee:	Borrowers shall pay to ABL Administrative Agent, for the account of Lenders (to the extent and in accordance with the arrangements by and among Lenders) an unused line fee calculated at 0.25% per annum multiplied by the difference between the Maximum Credit and the average outstanding Revolving Loans and Letters of Credit during the immediately preceding quarter, payable quarterly in arrears. Swing Line Loans will not be considered in the calculation of the unused line fee.
Letter of Credit Fees :	Borrowers shall pay to (a) ABL Administrative Agent, for the account of Lenders (to the extent and in accordance with the arrangements by and among Lenders), on the daily outstanding balance of Letters of Credit, a letter of credit fee calculated at a rate per annum based on the then Applicable Margin for Revolving Loans using the LIBOR Rate and (b) to Issuing Bank, a fronting fee equal to 0.125% per annum, in each case under clauses (a) and (b), payable quarterly in arrears. In addition, Borrowers shall pay customary issuance, arranging and other fees of the Issuing Bank.
Default Rate :	After a bankruptcy or payment default and for so long as the same is continuing, or at the election of the Required Lenders, upon the occurrence of any other event of default and for so long as the same is continuing, the applicable rates of interest and rate for letter of credit fees shall be increased by 2% per annum above the otherwise then applicable rates.

Rate and Fee Basis; Payment Dates :

All per annum rates and fees will be computed on basis of actual days elapsed over a 360 day year (or 365 or 366 days, as the case may be, in the case of Revolving Loans for which the Base Rate is used). In the case of Revolving Loans for which the LIBOR Rate is used, interest is payable on the last day of each relevant interest period or in the case of an interest period longer than 3

months, then within 3 months, in arrears, and in the case of Revolving Loans for which the Base Rate is used, interest is payable quarterly in arrears.

SCHEDULE 2
TO
EXHIBIT C
TO
COMMITMENT LETTER

Tier	Quarterly Average Excess Availability	Applicable LIBOR Margin	Applicable Base Rate Margin	Applicable Canadian BA Rate Margin
1	Equal to or greater than 66 2/3% of the Maximum Credit	1.25%	0.25%	1.25%
2	Greater than or equal to 33 1/3% of the Maximum Credit but less than 66 2/3% of the Maximum Credit	1.50%	0.50%	1.50%
3	Less than 33 1/3% of the Maximum Credit	1.75%	0.75%	1.75%

The Applicable Margin for the interest rates shall be the applicable percentage calculated based on the percentage set forth in Tier 2 of the chart above until the last day of the first full calendar quarter after the Closing Date. The interest rates will be adjusted every three months thereafter based on the chart above

The Applicable Margin shall be calculated and established once every three months, effective as of the first day of such three month period and shall remain in effect until adjusted thereafter as of the last day of the month at the end of such three month period.

The term " ***Applicable Margin*** " as used in the Term Sheet means, at any time (subject to the paragraph above): (a) as to Revolving Loans for which interest is calculated based on the US Base Rate or the Canadian Base Rate, the Applicable Base Rate Margin set forth above, (b) as to Revolving Loans for which interest is calculated based on the LIBOR Rate, the Applicable LIBOR Margin set forth above, and (c) as to Revolving Loans for which interest is calculated based on the Canadian BA Rate, the Applicable Canadian BA Rate Margin as set forth above, in each case determined if the Quarterly Average Excess Availability for the immediately preceding three month period is at or within the amounts indicated for such percentage.

The term " ***Quarterly Average Excess Availability*** " shall mean, at any time, the daily average of the aggregate amount of the Excess Availability for the immediately preceding three month period, commencing on the first day of such three month period

Exhibit D
to
Commitment Letter

Beacon Roofing Supply, Inc.
$1,300,000,000 Senior Unsecured Bridge Facility
Summary of Principal Terms and Conditions

All capitalized terms used herein but not defined herein shall have the meanings provided in the letter agreement to which this Exhibit D is attached or in the other Exhibits to such letter agreement, as applicable.

Borrower:	The Borrower under the Term Loan Facility.
Joint Lead Arrangers and Joint Bookrunning Managers:	Wells Fargo Securities, CGMI, MLPFS, JPMCB and STRH will act as the joint lead arrangers and joint bookrunning managers (in such capacity, the " ***Bridge Arrangers*** ").
Lenders:	WF Investments, CGMI, MLPFS, JPMCB and SunTrust (or one or more of their respective affiliates) and a syndicate of financial institutions and other entities arranged by the Bridge Arrangers with your reasonable approval (excluding Disqualified Institutions) (the " ***Bridge Lenders*** ").
Administrative Agent:	WF Investments (in such capacity, the " ***Bridge Administrative Agent*** ").
Syndication Agent:	CGMI will act as sole syndication agent (in such capacity, the " ***Bridge Syndication Agent*** " and, together with the Bridge Administrative Agent, the " ***Bridge Agents*** ").
Bridge Loans:	Unsecured senior bridge facility (the " ***Bridge Facility*** ") consisting of bridge loans (the " ***Bridge Loans*** ") in an aggregate principal amount of (A) $1,300,000,000 less (B) the aggregate gross proceeds of the Notes, if any, issued on or prior to the Closing Date (including pursuant to an escrow arrangement) and less the Equity Bridge Reduction Amount.
Purpose :	The proceeds of the Bridge Loans will be used by the Borrower on the Closing Date to consummate the Transactions, including the payment of fees, costs and expenses in connection therewith.
Availability:	The full amount of the Bridge Facility must be drawn in a single drawing on the Closing Date. Amounts borrowed under the Bridge Facility and repaid or prepaid may not be reborrowed.

Documentation:	The Operative Documents with respect to the Bridge Loans (collectively, the " ***Bridge Loan Documentation*** ") will include, among other items, a bridge loan agreement, guarantees and other appropriate documents, including an exhibit with the form of the indenture in connection with the issuance of any Exchange Notes as contemplated below. The Bridge Loan Documentation shall be negotiated in good faith and shall be consistent with the Commitment Letter (including this Exhibit D) and the Fee Letter and, in each case except as otherwise expressly provided herein or in the Fee Letter, based on (but no less favorable to the Borrower than) the Indenture, dated as of October 1, 2015, by and among the Borrower, the subsidiary guarantors party thereto, and U.S. Bank National Association, as trustee (as amended, supplemented or otherwise modified through August 24, 2017, the " ***Existing Indenture*** "), as modified to reflect the nature of the Bridge Facility as a credit agreement, with additions, deletions, modifications and other changes as you and the Bridge Arrangers reasonably agree (i) to permit and give effect to the Transactions and other transactions contemplated hereby, (ii) to provide for and give effect to the Guarantees, (iii) to reflect changes in law or accounting standards or cure mistakes or defects, (iv) to reflect reasonable administrative, agency and operational requirements of the Bridge Administrative Agent, and (v) to reflect the operational and strategic requirements of the Borrower and its subsidiaries and the Acquired Company in light of their consolidated capital structure, size, industry and practices, in each case, after giving effect to the Transactions, including as reflected in the Projections. The provisions of this paragraph are referred to as the " ***Bridge Documentation Principles*** . "
Ranking:	The Bridge Loans and the Guarantees thereof will be senior debt of the Borrower and the Guarantors, respectively, *pari passu* with all other unsecured senior debt of the Borrower and the Guarantors.
Guarantors:	The guarantors under the Term Loan Facility (each a " ***Guarantor*** "; and its guarantee is referred to herein as a " ***Guarantee*** ").
Security:	None.
Interest:	Interest rates and fees in connection with the Bridge Loans and the Exchange Notes will be as specified in the Arranger Fee Letter and on *Schedule I* attached hereto.

Maturity/Exchange:	The Bridge Loans will mature on the date (the " ***Initial Maturity Date*** ") that is twelve months after the Closing Date. If any Bridge Loan has not been repaid in full on or prior to the Initial Maturity Date, subject to payment of the Bridge Rollover Fee (as defined in the Arranger Fee Letter), the Bridge Loans will automatically be converted into term loans (each, an " ***Extended Term Loan*** ") due on the date that is eight years after the Closing Date. The Extended Term Loans will be governed by the provisions of the Bridge Loan Documentation and will have the same terms as the Bridge Loans except as expressly set forth on *Schedule II* hereto. Lenders under the Extended Term Loans will have the option at any time or from time to time to receive Senior Unsecured Exchange Notes (the " ***Exchange Notes*** ") in exchange for such Extended Term Loans having the terms set forth on *Schedule III* hereto; *provided* that the Borrower may defer the issuance of Exchange Notes until such time as the Borrower has received requests to issue an aggregate principal amount of Exchange Notes equal to at least $100,000,000.

Mandatory Prepayment:	Subject to any restrictions set forth in the Operative Documents with respect to the Senior Secured Facilities and the Intercreditor Agreement (solely with respect to clauses (b) and (c) below), the Borrower will be required to prepay the Bridge Loans on a pro rata basis, at par plus accrued and unpaid interest with: (a)100% of the net cash proceeds from the issuance of the Notes and/or any other indebtedness (other than the Senior Secured Facilities) by the Borrower or any of its subsidiaries, subject to baskets and other exceptions to be mutually agreed upon; (b)100% of the net cash proceeds from any issuance of equity securities of, or from any capital contribution to, the Borrower, subject to exceptions to be mutually agreed upon; and (c)100% of the net cash proceeds of all non-ordinary course asset sales, insurance and condemnation recoveries and other asset dispositions by the Borrower or any of its subsidiaries, subject to reinvestment rights and exceptions to be mutually agreed upon, *provided* that with respect to clause (b) and (c) above the Bridge Loan Documentation shall provide that such net proceeds may be applied to prepay either of the Senior Secured Facilities in lieu of the Bridge Facility if required under the terms of the Operative Documents with respect to the applicable Senior Secured Facility. Each such prepayment will be made together with accrued interest to the date of prepayment, but without premium or penalty (except breakage costs related to prepayments not made on the last day of the relevant interest period). In the event any Bridge Lender or affiliate of a Bridge Lender purchases Securities from the Borrower pursuant to the securities demand provisions in the Arranger Fee Letter, the net cash proceeds received by the Borrower in respect of such Securities may, at the option of such Bridge Lender or affiliate, be applied first to prepay the Bridge Loans of such Bridge Lender or affiliate rather than pro rata (*provided* that if there is more than one such Bridge Lender or affiliate then such net cash proceeds will be applied pro rata to prepay the Bridge Loans of all such Bridge Lenders or affiliates in proportion to such Bridge Lenders' or affiliates' principal amount of Securities purchased from the Borrower) prior to being applied to prepay the Bridge Loans held by other Bridge Lenders.
Change of Control:	Upon any change of control (to be defined in the Bridge Loan Documentation), the Borrower will be required to offer to prepay the entire outstanding principal amount of the Bridge Loans (plus any accrued and unpaid interest) at par plus a prepayment fee equal to 1% of such outstanding principal amount.
Voluntary Prepayment:	Subject to the provisions of the Senior Secured Facilities, the Bridge Loans may be prepaid at any time, in whole or in part, at the option of the Borrower, upon notice and in a minimum principal amount and in multiples to be agreed upon, at 100% of the principal amount of the Bridge Loans prepaid, plus all accrued and unpaid interest and fees (including any breakage costs) to the date of the repayment.
Conditions Precedent to Funding:	The funding of the loans under the Bridge Facility shall be subject to only those conditions precedent set forth in Section 3 of the Commitment Letter and in Exhibit E to the Commitment Letter.
Representations and Warranties:	Subject to the Bridge Documentation Principles and the Limited Conditionality Provisions, the Bridge Loan Documentation will contain usual and customary representations and warranties for facilities of this type and substantially similar to the representations and warranties contained in the Operative Documents with respect to the Term Loan Facility (subject to the Term Loan Documentation Principles), with such changes as are reasonably appropriate in connection with the Bridge Facility.
Covenants:	Subject to the Bridge Documentation Principles and the Limited Conditionality Provisions, the Bridge Loan Documentation will contain affirmative covenants comparable to those contained in the Operative Documents with respect to the Term Loan Facility (and also including a covenant to comply with the securities demand provisions in the Arranger Fee Letter, a customary offering cooperation covenant and a covenant to use all commercially reasonable efforts to refinance the Bridge Loans as soon as practicable) and incurrence-based negative covenants consistent with the Bridge Documentation Principles; *provided* that prior to the Initial Maturity Date, the indebtedness, lien and restricted payments covenants may be more restrictive than those contained in the Operative Documents with respect to the Term Loan Facility and/or the Existing Indenture. The Bridge Loan Documentation will not include any financial maintenance covenants.

Events of Default:	Prior to the Initial Maturity Date, the Bridge Loan Documentation will contain events of default (and, as appropriate, grace periods and threshold amounts) consistent with the Bridge Documentation Principles (and no more restrictive than those set forth in the Operative Documents with respect to the Term Loan Facility), including without limitation an event of default for failure to pay fees specified in the Fee Letter.
Yield Protection and Increased Costs:	Usual and customary for facilities similar to the Bridge Facility including customary tax gross up provisions.
Assignments and Participations:	Consents . Each Bridge Lender will, subject in certain circumstances to the approval of the Bridge Administrative Agent and the Borrower (such consent not to be unreasonably withheld or delayed), be permitted to make assignments in acceptable minimum amounts. Participations will be permitted without the consent of the Borrower or the Bridge Administrative Agent. No Assignment or Participation to Certain Persons . No assignment or participation may be made to natural persons, the Borrower or any of its affiliates or subsidiaries or to any Disqualified Institution.
Required Lenders:	On any date of determination, those Bridge Lenders who collectively hold more than 50% of the aggregate outstanding Bridge Loans (the " ***Required Lenders*** ").
Amendments and Waivers:	Amendments and waivers of the provisions of the Bridge Loan Documentation will require the approval of the Required Lenders, except that (a) the consent of all Bridge Lenders directly adversely affected thereby will be required with respect to: (i) reductions of principal, interest, fees or other amounts, (ii) except as provided under "Maturity/Exchange" above, extensions of scheduled maturities or times for payment (other than for purposes of administrative convenience), (iii) increases in the amount of any Bridge Lender's commitment, (iv) additional restrictions on the right to exchange Extended Term Loans for Exchange Notes or any amendment to the rate of such exchange, (v) changes in call dates or call prices (other than notice provisions) and (vi) changes in pro rata sharing provisions, and (b) the consent of 100% of the Bridge Lenders will be required with respect to customary matters, including (i) to permit the Borrower to assign its rights under the Bridge Loan Documentation, (ii) to modify any voting percentages and (iii) to release of all or substantially all of the value of the Guarantees (other than in connection with transactions permitted pursuant to the Bridge Loan Documentation), and (c) the consent of the Bridge Administrative Agent will be required to amend, modify or otherwise affect its rights and duties.
Indemnification:	Substantially similar to the Operative Documents with respect to the Term Loan Facility

Expenses:	The Borrower shall pay (a) all reasonable out-of-pocket expenses (including, without limitation, reasonable fees and expenses of counsel thereto) of the Bridge Administrative Agent (promptly following written demand therefore) associated with the syndication of the Bridge Facility and the preparation, negotiation, execution, delivery and administration of the Bridge Loan Documentation and any amendment or waiver with respect thereto and (b) all reasonable out-of-pocket expenses (including, without limitation, reasonable fees and expenses of counsel thereto) of the Bridge Administrative Agent and the Bridge Lenders promptly following written demand therefore in connection with the enforcement of the Bridge Loan Documentation or protection of rights (in each case subject to restrictions and limitations substantially similar to those set forth in the Operative Documents with respect to the Term Loan Facility).
Governing Law and Forum:	Substantially similar to the Operative Documents with respect to the Term Loan Facility
Waiver of Jury Trial and Punitive and Consequential Damages:	Substantially similar to the Operative Documents with respect to the Term Loan Facility
Counsel for the Bridge Arrangers and the Bridge Agents:	Cravath, Swaine & Moore LLP.

Schedule I
to
Exhibit D
to
Commitment Letter
Interest Rates on the Bridge Loans

All capitalized terms used herein but not defined herein shall have the meanings provided in the letter agreement to which this Schedule I to Exhibit D is attached or in the Exhibits to such letter agreement, as applicable.

Interest Rate:	The Bridge Loans will bear interest for the first three month period commencing on the Closing Date at a variable rate per annum (the " ***Applicable Interest Rate*** ") equal to the sum of (a) the three-month LIBOR Rate plus (b) a spread equal to 4.75%. The Applicable Interest Rate will increase by an additional 0.50% following each three-month period after the Closing Date **.** Notwithstanding the foregoing, the interest rate on the Bridge Loans will not at any time prior to the Initial Maturity Date exceed the Total Cap (as defined in the Arranger Fee Letter). Interest will be payable quarterly in arrears and on the Initial Maturity Date and will be calculated on the basis of the actual number of days elapsed in a year of 360 days. Upon the occurrence of a Demand Failure Event (as defined in the Arranger Fee Letter), all outstanding Bridge Loans will accrue interest at the Total Cap. The "LIBOR Rate" will be defined and calculated as specified in the Operative Documents with respect to the Term Loan Facility; *provided* that at no time will the LIBOR Rate be deemed to be less than 0.00% per annum.
Default Rate:	(a) Automatically upon the occurrence and during the continuance of any payment event of default or upon a bankruptcy event of default of the Borrower or any Guarantor or (b) at the election of the Required Lenders, upon the occurrence and during the continuance of any other event of default, all outstanding principal, fees and other obligations under the Bridge Facility will bear interest at a rate per annum of 2.00% in excess of the rate then applicable to the Bridge Loans, payable on demand of the Bridge Administrative Agent. Such Default Rate may be in excess of any cap or limitation on yield or interest rate set forth in the Commitment Letter or in the Fee Letter.

Schedule II
to
Exhibit D
to
Commitment Letter
Extended Term Loans
Summary of Proposed Terms and Conditions

All capitalized terms used herein but not defined herein shall have the meanings provided in the letter agreement to which this Schedule II to Exhibit D is attached or in the Exhibits to such letter agreement, as applicable.

Borrower:	The Borrower.
Guarantors:	Same as the Guarantors of the Bridge Loans.
Security:	None.
Ranking:	Same as the Bridge Loans.
Maturity:	Eight years from the Closing Date.
Interest Rate:	The Extended Term Loans will bear interest at the Total Cap.
Default Rate:	Same as the default rate for the Bridge Loans.
Mandatory Prepayment:	Same as the Bridge Loans.
Voluntary Prepayment:	The Extended Term Loans may be prepaid, in whole or in part, in minimum denominations to be agreed, at par, plus accrued and unpaid interest upon not less than one business day's prior written notice, at the option of the Borrower at any time.
Change of Control:	Same as the Bridge Loans.
Covenants, Events of Default and Offers to Repurchase:	The covenants, events of default and offers to repurchase (other than with respect to a change of control as described above) that would be applicable to the Exchange Notes, if issued, will also be applicable to the Extended Term Loans in lieu of the corresponding provisions applicable to the Bridge Loans.
Governing Law and Forum:	Same as the Bridge Loans.

Schedule III
to
Exhibit D
to
Commitment Letter
Exchange Notes
Summary of Proposed Terms and Conditions

All capitalized terms used herein but not defined herein shall have the meanings provided in the letter agreement to which this Schedule III to Exhibit D is attached or in the Exhibits to such letter agreement, as applicable.

Issuer:	The Borrower.
Guarantors:	Same as the Guarantors of the Bridge Loans.
Security:	None.
Principal Amount:	The Exchange Notes will be available only in exchange for the Extended Term Loans. The principal amount of the Exchange Notes will equal 100% of the aggregate principal amount of the outstanding Extended Term Loans for which they are exchanged and will have the same ranking as the Extended Term Loans for which they are exchanged.
Ranking:	Same as the Bridge Loans.
Maturity:	Eight years from the Closing Date.
Interest Rate:	The Exchange Notes will bear interest at the Total Cap.
Default Rate:	Same as the default rate for the Bridge Loans.
Mandatory Redemption:	No mandatory redemption provisions other than 101% change of control put and customary asset sale offer to redeem provisions, subject to the Bridge Documentation Principles.
Optional Redemption:	The Exchange Notes will be non-callable until the third anniversary of the Closing Date. Thereafter, each Exchange Note will be callable at par plus accrued interest plus a premium equal to 75% of the interest rate on such Exchange Note, which premium shall decline ratably on each subsequent anniversary of the Closing Date to zero on the date that is two years prior to the maturity date of the Exchange Notes.
Registration Rights:	None.

Right to Resell Notes:	Any Bridge Lender (and any subsequent holder) will have the absolute and unconditional right to resell the Exchange Notes to one or more third parties, whether by assignment or participation and subject to compliance with applicable securities laws.
Covenants; Events of Default:	The Exchange Notes shall be subject to covenants and events of default that are consistent with the Bridge Documentation Principles and based on those contained in the preliminary offering memorandum or prospectus, if any, used to market the Notes.
Defeasance; Satisfaction; and Discharge:	The Exchange Notes shall be subject to defeasance and satisfaction and discharge provisions that are consistent with the Bridge Documentation Principles and based on those contained in the preliminary offering memorandum or prospectus, if any, used to market the Notes.
Governing Law and Forum:	Same as the Bridge Loans.
Counsel to the Bridge Arrangers:	Cravath, Swaine & Moore LLP.

Exhibit E
to
Commitment Letter

Summary of Additional Conditions Precedent

All capitalized terms used herein but not defined herein shall have the meanings provided in the letter agreement to which this Exhibit E is attached or in the other Exhibits to such letter agreement, as applicable. The initial borrowing under the Facilities shall be subject to the following additional conditions precedent:

1. The Acquisition shall be consummated substantially contemporaneously with the initial funding under the Facilities (or, if any portion of the Term Loan Facility is funded into escrow as provided in the Arranger Fee Letter, substantially contemporaneously with the application of the proceeds of such escrowed funds to consummate the Acquisition and the initial funding under the remainder of the Facilities) in accordance with the terms described in the Acquisition Agreement (together with all schedules, exhibits and annexes thereto) (without any amendment, modification, supplement or waiver thereof or any consent thereunder that is material and adverse to the Lenders or the Arrangers without the prior written consent of the Arrangers, which consent shall not be unreasonably withheld, conditioned or delayed (it being understood and agreed that (x) any decrease in the purchase price of less than 15% shall not be deemed to be materially adverse to the Lenders or the Arrangers if the amounts to be funded under the Facilities are reduced by the full amount of such decrease with such decrease to be allocated among the Facilities as determined by the Arrangers, (y) any decrease in the purchase price of 15% or greater shall be deemed to be materially adverse to the Lenders and Arrangers and (z) any increase in the purchase price of less than 15% shall not be deemed to be materially adverse to the Lenders or the Arrangers if the amount of such increase is funded with proceeds of additional equity)). The Acquisition Agreement (together with all schedules, exhibits and annexes thereto) shall be in form and substance reasonably satisfactory to the Arrangers; *provided* that the Arrangers agree that the Acquisition Agreement (together with all schedules, exhibits and annexes thereto) provided to WF and Citi on August 23, 2017 at 5:15 p.m. Eastern Time is satisfactory in form and substance to the Arrangers.

2. The Borrower shall have received gross proceeds from the Equity Financing in an amount not less than $498,000,000. The Preferred Equity Financing shall be consummated substantially contemporaneously with the initial funding under the Facilities (or, if any portion of the Term Loan Facility is funded into escrow as provided in the Arranger Fee Letter, substantially contemporaneously with the application of the proceeds of such escrowed funds to consummate the Acquisition and the initial funding under the remainder of the Facilities) in accordance with the terms described in the Investment Agreement by and among the Borrower, CD&R Boulder Holdings, L.P. and Clayton, Dubilier & Rice Fund IX, L.P. (together with all schedules, exhibits and annexes thereto, the "***Investment Agreement***") and the Certificate of Designation, in each case provided to WF and Citi on August 23, 2017 at 6:03 p.m. Eastern Time (each without any amendment, modification, supplement or waiver thereof or any consent thereunder that is material and adverse to the Lenders or the Arrangers without the prior written consent of the Arrangers, which consent shall not be unreasonably withheld, conditioned or delayed), it being acknowledged and agreed by the Arrangers that such Investment Agreement and Certificate of Designation, and the terms of the Preferred Shares set forth therein, are satisfactory in form and substance to the Arrangers.

3. The Acquisition Agreement Representations shall be true and correct to the extent required by the Limited Conditionality Provisions and the Specified Representations shall be true and correct in all material respects (or in all respects, if qualified by materiality).

4. Subject to the Limited Conditionality Provisions, the Arrangers shall have received customary legal opinions, perfection certificates, UCC financing statements, collateral and security documents consistent with the Commitment Letter, corporate documents and officers' and public officials' certifications; a customary notice of borrowing; lien search results (to the extent requested at least ten business days prior to the Closing Date); organizational documents; customary evidence of authorization to enter into the Operative Documents; and good standing certificates in jurisdictions of formation/organization, in each case of the Borrower and the Guarantors. The Term Loan Administrative Agent and the ABL Administrative Agent shall have received a customary solvency certificate from the chief financial officer of the Borrower in the form attached hereto as Annex E-I.

5. After giving effect to the consummation of the Transactions, the Borrower and its subsidiaries (including, without limitation, the Acquired Company) shall have no outstanding debt for borrowed money or outstanding preferred equity other than (a) debt under the Facilities, (b) Surviving Indebtedness and (c) the Preferred Shares.

6. Subject in all respects to the Limited Conditionality Provisions, (a) the Term Loan Administrative Agent shall have a perfected, (i) first priority lien on and security interest in all Term Loan Priority Collateral and (ii) second priority lien on and security interest in all ABL Priority Collateral and (b) the ABL Administrative Agent shall have a perfected, (i) first priority lien on and security interest in all ABL Priority Collateral and (ii) second priority lien on and security interest in all Term Loan Priority Collateral (in the case of each of clauses (a) and (b), free and clear of all liens, other than liens securing Surviving Indebtedness (excluding the Existing Notes) and other customary exceptions to be agreed upon).

7. All fees required to be paid on the Closing Date pursuant to the Commitment Letter and the Fee Letter and out-of-pocket expenses required to be paid on the Closing Date pursuant to the Commitment Letter (to the extent invoiced at least three days prior to the Closing Date) shall, upon the initial borrowing under the Facilities, have been paid.

8. Each of the Arrangers shall have received, at least five business days prior to the Closing Date, all documentation and other information required by regulatory authorities under applicable "know your customer" and anti-money laundering rules and regulations, including, without limitation, the PATRIOT Act, that such Arranger has requested at least 11 business days prior to the Closing Date.

9. The Arrangers shall have received (a) (i) audited consolidated balance sheets and related statements of income and cash flows of the Borrower and its consolidated subsidiaries for the three most recently completed fiscal years ended at least 60 days prior to the Closing Date (it being acknowledged that the Arrangers have previously received such financial statements for the fiscal years ended September 30, 2014, 2015 and 2016) and (ii) unaudited consolidated balance sheets and related statements of income and cash flows of the Borrower and its consolidated subsidiaries for each fiscal quarter (other than any fourth fiscal quarter) ended after the most recent audited financial statements delivered pursuant to clause (a)(i) above and at least 45 days prior to the Closing Date (it being acknowledged that the Arrangers have previously received such financial statements through and including the fiscal quarter ended June 30, 2017), (b) (i) audited combined balance sheets and related statements of income and cash flows of the Acquired

Company for the three most recently completed fiscal years ended at least 90 days prior to the Closing Date (it being acknowledged that the Arrangers have previously received such financial statements for the fiscal years ended December 27, 2014, January 2, 2016 and December 31, 2016) and (ii) unaudited combined balance sheets and related statements of income and cash flows of the Acquired Company for each fiscal quarter ended after the most recent audited financial statements delivered pursuant to clause (b)(i) above and at least 45 days prior to the Closing Date (it being acknowledged that the Arrangers have previously received such financial statements through and including the fiscal quarter ended July 1, 2017) and (c) a pro forma consolidated balance sheet and related pro forma consolidated statement of income of the Borrower as of, and for the twelve-month period ending on, the last day of the most recently completed four-fiscal quarter period for which financial statements of the Borrower pursuant to clause (a) above has been delivered, in each case prepared after giving effect to the Transactions as if the Transactions had occurred as of such date (in the case of such balance sheet) or at the beginning of such period (in the case of such income statement).

10. The Arrangers shall have received the financial statements required to be delivered pursuant to paragraph 9 above and all other financial, marketing and other information customarily provided by borrowers in the preparation of a confidential information memorandum for the syndication of each of the Facilities (the " ***Required Information*** "). The Arrangers shall have been afforded a period (the " ***Marketing Period*** ") of 15 consecutive business days (ending on the business day immediately prior to the Closing Date) after receipt of the Required Information to syndicate each of the Facilities; *provided* that (x) such 15 consecutive business day period will not commence earlier than September 5, 2017, (y) such 15 consecutive business day period shall not be required to be consecutive to the extent it would include November 23, 2017 through November 26, 2017 (which dates shall not count for purposes of satisfying the 15 consecutive business day requirement) and (z) if such period has not ended on or before December 21, 2017, it shall not commence earlier than January 2, 2018.

11. The ABL Administrative Agent shall have received a closing borrowing base certificate using, if applicable, the Alternative Closing Borrowing Base and otherwise consistent with the Commitment Letter.

12. With respect to the Bridge Facility, (a) investment banks satisfactory to the Arrangers (each, an " ***Investment Bank*** ") shall have been engaged to publicly sell or privately place the Notes and the Investment Banks and the Arrangers shall have received a complete printed preliminary prospectus or preliminary offering memorandum or preliminary private placement memorandum (collectively, an " ***Offering Document*** ") suitable for use in a customary high-yield road show relating to the issuance of the Notes, which contains all audited and unaudited historical and pro forma financial statements (including, in the case of audited financial statements, the auditors' report thereon) and other data to be included therein (including other financial data of the type and form customarily included in offering memoranda), and all other data that the Securities and Exchange Commission would require in a registered offering of such Notes (other than those items customarily excluded from a Rule 144A offering memorandum) or would be necessary for the Investment Banks to receive customary "comfort" (including "negative assurance" comfort) from independent accountants in connection with the offering of the Notes (*provided* that clause (a) of this condition shall be satisfied if such Offering Document excludes sections that would customarily be provided by an Investment Bank (including a "Description of Notes"), but is otherwise complete) and (b) the Investment Banks shall have been afforded a period of at least 15 consecutive business days following receipt of an Offering Document, that includes information satisfying clause (a) above for the entirety of such period, to seek to place the Notes with qualified purchasers thereof; *provided* that (x) such 15 consecutive business day period will

not commence earlier than September 5, 2017, (y) such 15 consecutive business day period shall not be required to be consecutive to the extent it would include November 23, 2017 through November 26, 2017 (which dates shall not count for purposes of satisfying the 15 consecutive business day requirement) and (z) if such period has not ended on or before December 21, 2017, it shall not commence earlier than January 2, 2018. The comfort letters to be provided by the independent accountants of the Borrower and the Acquired Company shall be in customary form, and the auditors shall be prepared to deliver such letters at the pricing date (it being understood that receipt of the comfort letter shall not be a condition for commencing such 15 business day period). If the Borrower shall in good faith reasonably believe that it has delivered the Offering Document required to be delivered pursuant to clause (a) of this paragraph (12), the Borrower may deliver to the Arrangers written notice to that effect (stating when it believes it completed any such delivery), in which case the Borrower shall be deemed to have satisfied its requirements to deliver an Offering Document under clause (a) of this paragraph (12) on the date such notice is received by the Arrangers and the 15 business day marketing period under clause (b) above shall commence as follows: (x) subject to clause (y) and (z) below, on the date such notice is received by the Arrangers; (y) if such notice is received prior to September 5, 2017, on September 5, 2017; or (z) if such notice is received after December 21, 2017 and prior to January 2, 2018, on January 2, 2018, in each case unless the Arrangers in good faith reasonably believe that the Borrower has not delivered the Offering Document required to be delivered pursuant clause (a) of this paragraph (12) and, within three business days after their receipt of such notice from the Borrower, the Arrangers deliver a written notice to the Borrower to that effect (stating with specificity which information is required to satisfy the Borrower's requirements under clause (a) of this paragraph (12) for purposes of compliance with this condition only).

1.

Annex E-I

FORM OF SOLVENCY CERTIFICATE

[_______], 201[_]

This Solvency Certificate (this " ***Certificate*** ") is furnished to the Administrative Agent and the Lenders pursuant to Section [____] of the Credit Agreement, dated as of _________ ____, 201[_], among [_________] (the " ***Credit Agreement*** ") . Unless otherwise defined herein, capitalized terms used in this Certificate shall have the meanings set forth in the Credit Agreement.

I, [ ], the Chief Financial Officer of the Borrower (after giving effect to the Transactions), in that capacity only and not in my individual capacity (and without personal liability), DO HEREBY CERTIFY on behalf of the Borrower that as of the date hereof, after giving effect to the consummation of the Transactions (including the execution and delivery of the Acquisition Agreement and the Credit Agreement, the making of the Loans and the use of proceeds of such Loans on the date hereof):

1. The sum of the liabilities (including contingent liabilities) of the Borrower and its subsidiaries, on a consolidated basis, does not exceed the fair value of the present assets of the Borrower and its subsidiaries, on a consolidated basis.
2. The present fair saleable value of the assets of the Borrower and its subsidiaries, on a consolidated basis, is greater than the total amount that will be required to pay the probable liabilities (including contingent liabilities) of the Borrower and its subsidiaries as they become absolute and matured.
3. The capital of the Borrower and its subsidiaries, on a consolidated basis, is not unreasonably small in relation to their business as contemplated on the date hereof.
4. The Borrower and its subsidiaries, on a consolidated basis, have not incurred and do not intend to incur, or believe that they will incur, debts or other liabilities, including current obligations, beyond their ability to pay such debts or other liabilities as they become due (whether at maturity or otherwise).
5. The Borrower and its subsidiaries, on a consolidated basis, are "solvent" within the meaning given to that term and similar terms under applicable laws relating to fraudulent transfers and conveyances.
6. For purposes of this Certificate, the amount of any contingent liability has been computed as the amount that, in light of all of the facts and circumstances existing as of the date hereof, represents the amount that can reasonably be expected to become an actual or matured liability.
7. In reaching the conclusions set forth in this Certificate, the undersigned has (i) reviewed the Credit Agreement and other Loan Documents referred to therein and such other documents deemed relevant, (ii) reviewed the financial statements (including the pro forma financial statements) referred to in Section [ ] of the Credit Agreement (the " ***Financial Statements*** ") and (iii) made such other investigations and inquiries as the undersigned has deemed appropriate.

8. The financial information and assumptions which underlie and form the basis for the representations made in this Certificate were fair and reasonable when made and were made in good faith and continue to be fair and reasonable as of the date hereof.

9. The undersigned confirms and acknowledges that the Administrative Agent and the Lenders are relying on the truth and accuracy of this Certificate in connection with the Commitments and Loans under the Credit Agreement.

[Remainder of Page Intentionally Left Blank]

IN WITNESS WHEREOF, I have executed this Certificate this as of the date first written above.

[__________]

By:

Name:

Title: Chief Financial Officer

EXHIBIT 21

REGISTRANT'S SUBSIDIARIES

The following table sets forth, as of September 30, 2017, the Registrant's significant operating subsidiaries and other associated companies and their respective incorporation jurisdictions. The Registrant owns 100% of the voting securities of each of the subsidiaries listed below. There are no subsidiaries not listed in the table, which would, in the aggregate, be considered significant.

Active Subsidiaries	**State of Incorporation**
Beacon Sales Acquisition, Inc.	Delaware
Beacon Canada, Inc.	Delaware
Beacon Roofing Supply Canada Company	Nova Scotia

EXHIBIT 23.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in the following Registration Statements:

1) Registration Statement (Form S-8 No. 333-210416) pertaining to the Beacon Roofing Supply, Inc. Amended and Restated 2014 Stock Plan,

2) Registration Statement (Form S-8 No. 333-193904) pertaining to the Beacon Roofing Supply, Inc. 2014 Stock Plan,

3) Registration Statement (Form S-8 No. 333-172142) pertaining to the Beacon Roofing Supply, Inc. 2014 Stock Plan (As Amended and Restated Effective February 8, 2011),

4) Registration Statement (Form S-8 No. 333-150773) pertaining to the Beacon Roofing Supply, Inc. 2004 Stock Plan (As Amended and Restated Effective October 22, 2007),

5) Registration Statement (Form S-8 No. 333-128379) pertaining to the Beacon Sales Acquisition, Inc. 401(k) Profit Sharing Plan,

6) Registration Statement (Form S-8 No. 333-119747) pertaining to the Beacon Roofing Supply, Inc. 1998 Stock Option Plan and 2004 Stock Plan,

7) Registration Statement (Form S-4 No. 333-209548) of Beacon Roofing Supply, Inc.,

8) Registration Statement (Form S-3 No. 333-210415) of Beacon Roofing Supply, Inc.; and

9) Registration Statement (Form S-3 No. 333-220506) of Beacon Roofing Supply, Inc.;

of our reports dated November 21, 2017 with respect to the consolidated financial statements of Beacon Roofing Supply, Inc. and the effectiveness of internal control over financial reporting of Beacon Roofing Supply, Inc., included in this Annual Report (Form 10-K) of Beacon Roofing Supply, Inc. for the year ended September 30, 2017.

/s/ ERNST & YOUNG LLP

Tysons, Virginia
November 21, 2017

EXHIBIT 31.1

CERTIFICATION PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Paul M. Isabella, certify that

1. I have reviewed this annual report on Form 10-K of Beacon Roofing Supply, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 21, 2017

/s/ PAUL M. ISABELLA

Paul M. Isabella
President and Chief Executive Officer

CERTIFICATION PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Joseph M. Nowicki, certify that:

1. I have reviewed this annual report on Form 10-K of Beacon Roofing Supply, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
    a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
    b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
    c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
    d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
    a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
    b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 21, 2017

/s/ JOSEPH M. NOWICKI

Joseph M. Nowicki

Executive Vice President and Chief Financial Officer

EXHIBIT 32.1

CERTIFICATION PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report of Beacon Roofing Supply, Inc. (the "Company") on Form 10-K for the year ended September 30, 2017, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Paul M. Isabella, the Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ PAUL M. ISABELLA

Paul M. Isabella
President and Chief Executive Officer

November 21, 2017

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906, has been provided to Beacon Roofing Supply, Inc. and will be retained by Beacon Roofing Supply, Inc. and furnished to the Securities and Exchange Commission or its staff upon request.

This certification accompanies the Report pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 and shall not, except to the extent required by the Sarbanes-Oxley Act of 2002, be deemed filed by the Company for purposes of Section 18 of the Securities Exchange Act of 1934, as amended.

EXHIBIT 32.2

CERTIFICATION PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report of Beacon Roofing Supply, Inc. (the "Company") on Form 10-K for the year ended September 30, 2017, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Joseph M. Nowicki, the Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ JOSEPH M. NOWICKI

Joseph M. Nowicki
Executive Vice President and Chief Financial Officer

November 21, 2017

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906, has been provided to Beacon Roofing Supply, Inc. and will be retained by Beacon Roofing Supply, Inc. and furnished to the Securities and Exchange Commission or its staff upon request.

This certification accompanies the Report pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 and shall not, except to the extent required by the Sarbanes-Oxley Act of 2002, be deemed filed by the Company for purposes of Section 18 of the Securities Exchange Act of 1934, as amended.